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British Columbia
Financial and Economic
REVIEW

Fifty-seventh Edition



BRITISH
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Ministry of Finance and Corporate Relations

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Message from the Minister

I am pleased to present the 57th edition of the *British Columbia Financial and Economic Review*.

As a plain language source of information on the province's economy and finances, the *Review* is one of government's most popular publications. It describes our people, industries, government, major programs and Crown Corporations.

The *Review* is a useful and authoritative tool for a broad range of users, from the financial community seeking reliable statistical information, to students looking for substantial but easy-to-understand descriptions of provincial programs and priorities.

This year, we have highlighted our province's economic relationship with the Asia Pacific Rim, labour market trends and the Canada-U.S. Softwood Lumber Agreement. In addition, we have examined pensions in British Columbia and the Provincial Emergency Program.

Your comments and suggestions help us improve the *Review* and are most welcome. Please contact the editors at the address below:

The Editors
B.C. Financial and Economic Review
Ministry of Finance and Corporate Relations
Room 100, 617 Government Street
Victoria, British Columbia V8V 1X4

A handwritten signature in black ink, appearing to read 'Andrew Petter', written in a cursive style.

Andrew Petter
Minister of Finance and Corporate Relations.

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Chapter One

Economic Review



Sawmill on the North Arm of Fraser River

1: Economic Review¹

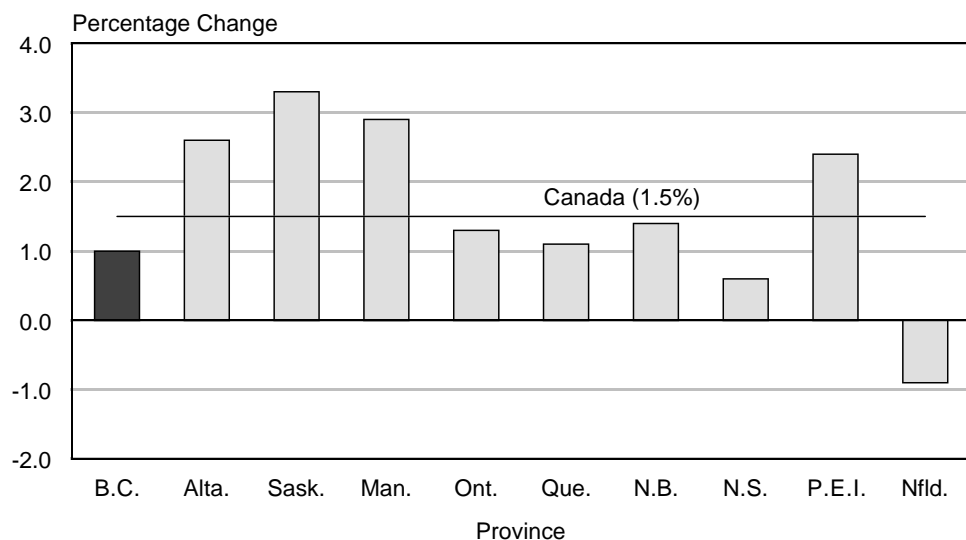
British Columbia Overview

Nineteen-ninety-six was a relatively slow year for the British Columbia economy, following the strong gains of the early 1990s. Nonetheless, 1996 marked the twelfth consecutive year of economic expansion in the province. Real gross domestic product (GDP) grew 1.0 per cent in 1996, roughly the same pace as the previous year. Consumer spending strengthened due to increased demand for services, and residential investment recovered some of the ground lost in 1995. However, total capital investment declined due to weakness in non-residential investment. Sharply lower foreign demand for key natural resource products caused export volumes to decline in 1996, and led to a deterioration in the province's net export position. Government expenditure on goods and services was unchanged in real terms as fiscal restraint at all levels of government continued.

Employment growth accelerated to 2.5 per cent in 1996 — a gain of 44,000 jobs — from 1.7 per cent in 1995. Growth in employment was closely matched by labour force growth. As a result the unemployment rate declined only slightly to 8.9 per cent from 9.0 per cent in 1995.

National economic growth was also slow in 1996 as Canadian real GDP rose 1.5 per cent. The chart shows economic growth rates for the provinces.

Chart 1.1 Provincial Real GDP Growth, 1996



Source: Statistics Canada

¹ Chapter 1 and Appendix 1 are based on data and information available as of August 29, 1997.

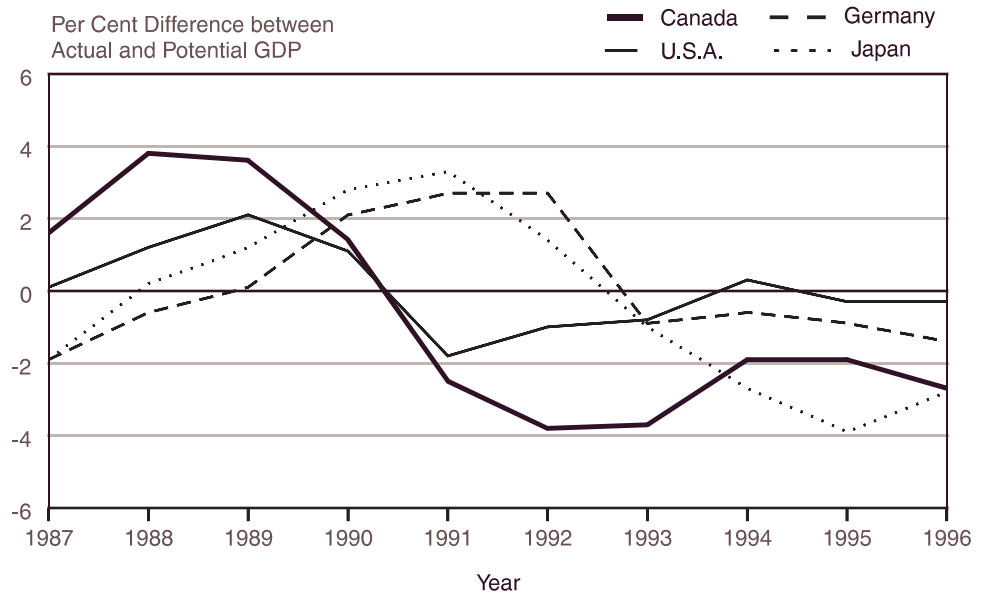
External Environment

International Economy

World economic output growth grew an estimated 4.0 per cent in 1996, and growth in the economies of British Columbia's trading partners was stronger on balance. However, the effect of this growth on British Columbia exports was offset by weak demand for key commodities. The United States (U.S.) economy entered a fifth year of economic expansion, and the Japanese economy recovered to post its strongest gain in five years. Slow output growth in Germany and France restrained overall growth in Europe, while economic growth in the United Kingdom (U.K.) continued at a healthy pace. Growth in newly-industrializing Asian countries slowed to more sustainable rates. Moderate inflation was the norm for most industrialized countries.

Chart 1.2 shows the output gap, the percentage difference between potential output and actual output, for the U.S., Canada, Japan and Germany.

Chart 1.2 Output Gaps



Source: OECD, June 1997

The U.S. economy expanded 2.8 per cent in 1996, up from 2.0 per cent in 1995, due to stronger consumer spending and investment. Labour markets were tight in 1996 — employment grew by 2.3 per cent while the unemployment rate declined to 5.4 per cent from 5.6 per cent in 1995. Despite this, wage settlements remained modest and inflation slowed to 2.8 per cent from 3.3 per cent. The combination of strong economic growth and stable inflation resulted in the U.S. being dubbed the “Goldilocks” economy — not too hot, not too cold, just right. Housing investment rose as the number of housing starts increased 9.6 per cent to 1.48 million units, and business investment increased as a result of healthy corporate profits. Production in the auto sector increased due to strong sales, despite labour disputes that idled some plants in the second quarter.

Real GDP growth in Germany slowed to 1.4 per cent from 2.0 per cent in 1995. It was the same situation in France, where economic growth slowed to 1.5 per cent from 2.1 per cent. Most European countries continued to be afflicted by double-

digit unemployment rates. The notable exception was the U.K., where the unemployment rate declined from 8.2 per cent in 1995 to 7.5 per cent. Government fiscal restraint in order to qualify for European Monetary Union (EMU) in 1999 was widespread.

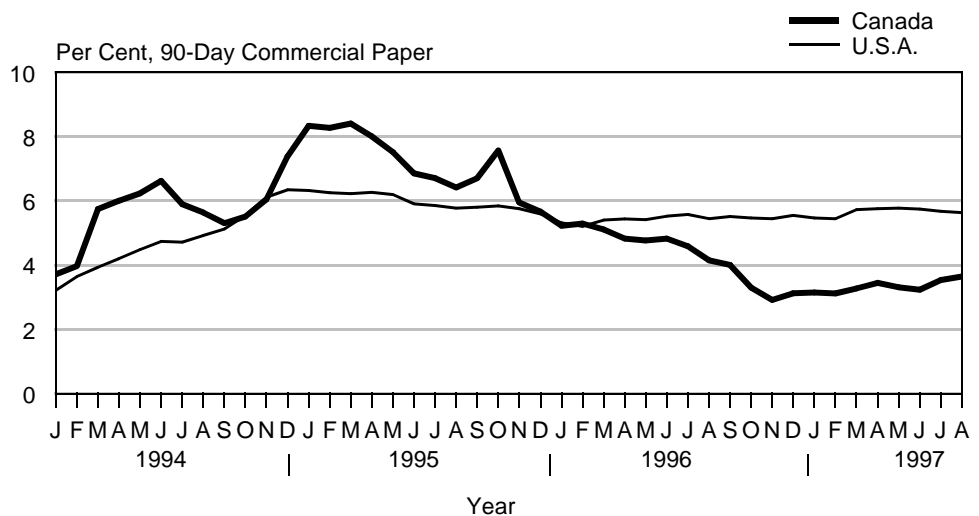
Economic output in Japan grew 3.6 per cent in 1996, up from 1.4 per cent in 1995. The economy started the year in a fragile state, burdened with an historically high unemployment rate, a deflationary environment, and bad-debt problems in the financial sector. Government fiscal and monetary stimulus stabilized prices by mid-year, while a devaluation in the yen boosted exports. Housing starts were strong during the year, aided by record low interest rates and re-building efforts after the Kobe earthquake in January 1995. The crisis caused by the insolvency of several Japanese banking institutions continued to weigh on the economy, spurring government reform and deregulation of the Japanese financial sector.

The Chinese economy grew a rapid 9.7 per cent in 1996, compared with 10.5 per cent the previous year. The economies of many other Asian countries slowed due to a shake-out in consumer electronics, computers and chip-making. South Korea — the second largest market for British Columbia exports in the Pacific Rim after Japan — grew 7.1 per cent, while Taiwan grew 5.6 per cent, Hong Kong 4.5 per cent, and Australia 4.0 per cent.

Financial Markets

Canadian financial markets were relatively stable in 1996 as memory of the Quebec referendum in late 1995 faded, allowing markets to focus on economic fundamentals. Two factors dominated monetary conditions in 1996 — the weak national economy and the improving government fiscal situation. Economic conditions allowed the Bank of Canada to reduce interest rates steadily throughout the year; by year end the three-month treasury bill rate had declined to 3.0 per cent, 2.5 percentage points lower than at the start of the year.

Chart 1.3 Canadian and United States Short-term Interest Rates



Source: Bank of Canada

Importance of Asia Pacific

Canada's Gateway

British Columbia and the Asia Pacific Region

From an economic perspective, the 21st century is being regarded as the Asia Pacific century. With its fast economic growth, large markets, trade and investment opportunities, and cultural diversity, the Asia Pacific region has been a major contributor to British Columbia's economic growth and prosperity. In the future, it will continue to be vital for jobs, trade, investment, infrastructure, immigration, tourism, education, and culture.

The Asia Pacific region is defined here as including Japan, China, Taiwan, North Korea, South Korea, Hong Kong, Malaysia, Brunei Darussalam, Singapore, Laos, Mongolia, Indonesia, Phillipines, Macau, Thailand, Vietnam, Australia, New Zealand, and Fiji.

Asia Pacific has been by far the fastest growing region in the world economy. Over the last decade, the major Asian economies have experienced growth rates two to three times higher than the most dynamic North American or European nations. The Asia Pacific region is forecast to remain a top economic performer for years to come.

Equally important is the rapid growth of the region's population. If combined with the Indian sub-continent, Asia Pacific currently has over half the world's population. By the year 2000, it is estimated that it will account for about 60 per cent of the world's population, produce more than 50 per cent of the world's goods and services, and account for over 60 per cent of global trade. This heralds large emerging markets around the region that will provide stimulus to economic growth and provide new opportunities for British Columbia investors and exporters.

British Columbia is Canada's Asia Pacific "gateway" not only due to its natural geographic advantage, but also because of government and private sector initiatives that have further developed its competitive edge.

Geography has given the province a natural advantage in trade with the Asia Pacific region. For example, British Columbia offers the shortest Great Circle route from western North America to many points within these key trading areas. As an air gateway, Vancouver has a natural geographic advantage as it has the shortest air route between North America and many north Asian destinations. It is 1,150 kilometres closer to Tokyo, Hong Kong and Singapore than Los Angeles. This saves passengers and air carriers roughly 3.5 hours round-trip flying time.

In addition to its advantageous location and proximity to the world's largest markets, British Columbia has other competitive advantages which include world-class infrastructure, a highly skilled and productive workforce, and an abundance of natural resources and low cost energy. The province's traditional resource economy, centred on forestry and mining, is diversifying. British Columbia's service sector and knowledge-based industries now provide major sources of growth.

Although geography has provided British Columbia with a natural advantage, this by itself is not sufficient to ensure that the province remains an Asian gateway. The province has made many improvements in sea, air, rail and road infrastructure to establish British Columbia as an important transportation hub. These include a newly expanded international airport in Vancouver, continental rail and highway networks, and extensive sea links to the world with deep-sea terminals. In addition, Vancouver is rapidly developing as an international centre for trade, investment and finance due to government and private sector efforts to establish the city as a trading centre. Vancouver is now home to:

- an International Maritime Centre, a non-profit society that markets British Columbia to international shipping companies, and facilitates the establishment of international shipping-related operations in the province;
- an International Financial Centre which assists registered financial institutions to benefit from tax and regulatory exemptions under provincial legislation while conducting international financial business with non-residents of Canada;



British Columbia-Asia Pacific Trade Relations

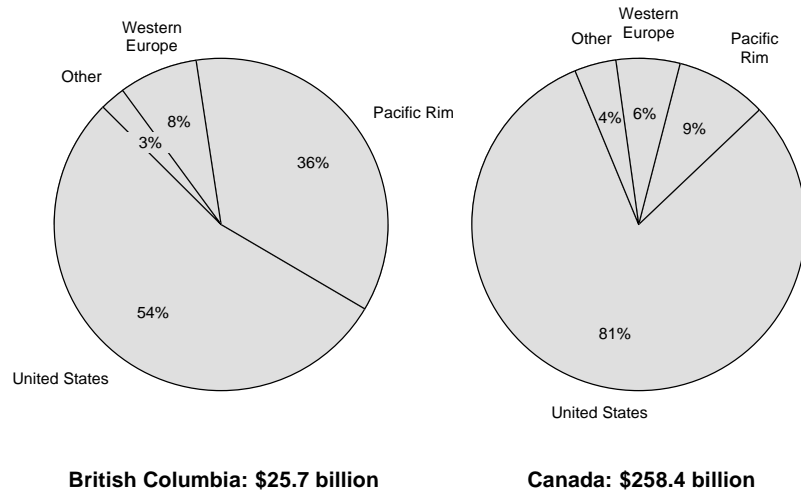
- the Asia Pacific Foundation, an independent, non-profit organization that advances knowledge and understanding between the peoples and institutions of Canada and the Asia Pacific region;
- one of the world's seven international arbitration centres; and
- GLOBE conferences (e.g., GLOBE '96).

In addition, during 1997 Vancouver is hosting the 5th annual meeting of the Asia Pacific Parliamentary Forum, the 4th World Chinese Entrepreneurs Convention, and the meeting of the leaders of the 18 member economies of the Asia Pacific Economic Cooperation (APEC).

Largely due to its trade with the Asia Pacific economies, British Columbia has a much more diversified export market profile than that of Canada as a whole, with a significantly larger percentage of exports going to the Asia Pacific region. For many years, Asia Pacific has been second only to the United States as an export destination for the province.

In 1996, Asia Pacific markets accounted for \$9.2 billion or 36 per cent of British Columbia's total exports. In contrast, Canada exported 9 per cent of its goods to the Asia Pacific region. Five of British Columbia's top 10 export destinations were Asia Pacific economies.

Chart 1 British Columbia and Canada Commodity Exports by Destination, 1996



Source: Statistics Canada

APEC

APEC is an international forum for promoting trade and economic co-operation among its 18 member economies in the Asia Pacific region. APEC members are: Australia, Brunei Darussalam, Canada, Chile, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Philippines, Singapore, Chinese Taipei, Thailand, and the United States.

As chair of APEC in 1997, Canada is hosting the fifth annual APEC economic leaders' meeting in Vancouver in November 1997. The APEC meetings offer opportunities to highlight British Columbia as Canada's Asian gateway and to showcase its trade and investment potential locally, nationally, and internationally. The total cost of staging the meeting is estimated at over \$30 million, with the federal government covering the majority of the costs. The provincial government has committed funding of \$5 million. The APEC meeting is a significant and prestigious event which will bring an estimated 10,000 visitors to the province, including international media, senior business representatives, and government leaders.



Chapter 1: Economic Review

The spread between Canadian and U.S. interest rates widened throughout 1996 as interest rates declined in Canada and rose slightly in the U.S. Three-month treasury bill rates started the year below comparable U.S. securities and by year end, Canadian rates were below U.S. rates at terms out to ten years. This was partly a reflection of the relatively weak Canadian economy, but also the stronger fiscal situation at all levels of government. At the end of 1996, the dollar was valued at 73.4 U.S. cents, up 0.6 per cent from 73.0 cents twelve months earlier. The dollar increased 1.4 per cent against the currencies of Canada's ten largest trading partners and rose strongly against the Japanese yen (up 12.5 per cent) and German deutschemark (8.3 per cent).

Canadian Economy

The Canadian economy grew 1.5 per cent in 1996, down from 2.3 per cent in 1995. Domestic growth picked up while the trade sector weakened after having fuelled much of the previous three years' growth. Real consumer spending rose 2.4 per cent, while stronger residential construction and machinery and equipment investment boosted business investment in fixed capital by 7.8 per cent. Government spending declined for the third year in a row as a result of ongoing federal and provincial expenditure restraint. Export volume growth slowed to 3.5 per cent and was outpaced by imports. Final domestic demand, which excludes net exports and inventory accumulation, expanded by 2.5 per cent.

Canadian economic growth strengthened from an annual rate of 1.3 per cent in the first half of the year to 2.8 per cent in the second half. The auto sector was twice faced with work disruptions in 1996 — in the second quarter as a strike by U.S. auto parts workers affected Canadian production and again in the fourth quarter due to a four-week strike by General Motors' workers in Ontario. Ontario public sector workers were on strike for six weeks, which accounted for most of the 151 per cent increase in worker-days lost in 1996. Corporate pre-tax profits were unchanged in 1996, in part due to slower export growth.

Employment increased 1.3 per cent in 1996, a gain of 170,000 jobs. Full-time employment rose by 90,000 and part-time employment by 80,000. The unemployment rate rose to 9.7 per cent from 9.5 per cent in 1995, as labour force growth outpaced employment growth.

Total wages and salaries increased 2.9 per cent in 1996, due to the increase in employment and a 2.1 per cent rise in average weekly earnings. Personal disposable income rose a modest 1.0 per cent; however, consumption continued to rise as the ratio of debt-to-personal disposable income rose to 96.5 per cent, a 3.6 percentage point increase from 1995. Inflation increased a modest 1.6 per cent in 1996. Core inflation — which excludes volatile food and energy prices and indirect taxes — was 1.5 per cent, in the lower part of the Bank of Canada's 1 to 3 per cent target band. Wage settlements increased by 0.9 per cent, the same pace as in 1995.

Consumer confidence was weak for much of the year, and limited retail sales growth to 2.6 per cent. Activity was stronger in the housing sector, as housing starts rose 12.4 per cent from a 35-year low in 1995, and existing home sales rose 27 per cent. Falling interest rates boosted affordability along with falling house prices — new home prices declined throughout the year, and existing home prices were down 0.4 per cent in December 1996 from twelve months earlier.

British Columbia Economy

Population

British Columbia's population as of December 31, 1996 was 3,902,547, an increase of 2.2 per cent, or 83,048 from a year ago. Of this increase, 63,885 was due to in-migration while the rest was due to natural increase (births minus deaths). Total in-migration rose 4.9 per cent from 1995 as international migration rose 15.9 per cent to 42,735 and interprovincial migration fell 12.0 per cent to 21,150.

Labour and Income Developments

Employment rose by 2.5 per cent in 1996, a gain of 44,000 jobs. Full-time employment rose by 31,000 while part-time employment increased by 13,000. Labour force growth was 2.4 per cent, slower than employment, which allowed the unemployment rate to decline slightly to 8.9 per cent from 9.0 per cent in 1995.

Other significant labour market and income developments in 1996 included:

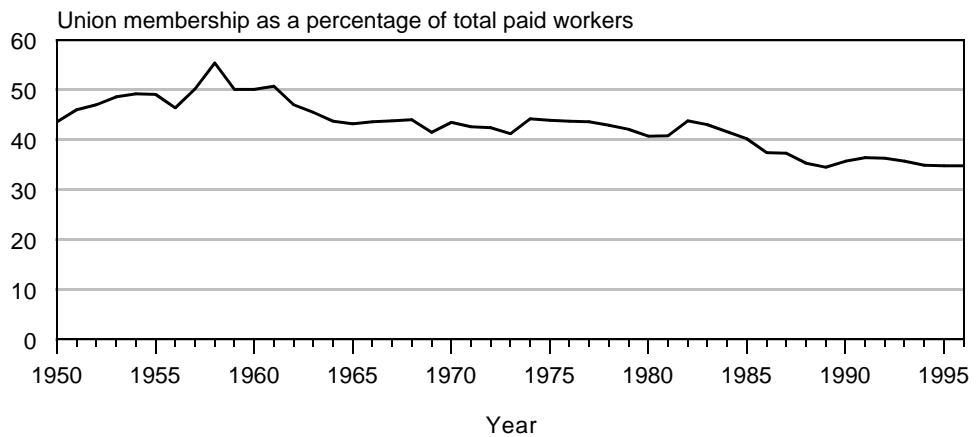
- A 2.6 per cent increase in female employment and a 2.4 per cent rise in male employment.
- A 12.5 per cent increase in self-employment, or 37,000 jobs, which accounted for most of the gain in total employment. The increase in self-employment was concentrated in construction, manufacturing and business, community and personal services. Self-employment as a percentage of total employment rose to 18.5 per cent from 16.8 per cent.
- A 2.1 per cent rise in service sector employment and a 3.6 per cent increase in goods employment. Agricultural employment rose sharply, but was offset by a 9.1 per cent decline in other primary sector employment. Manufacturing rose 7.8 per cent, and construction employment increased 0.8 per cent. Transportation, communications and utilities employment fell 1.4 per cent while retail/wholesale trade was unchanged. Community, business and personal services employment rose by 2.9 per cent, and accounted for half of all job growth.
- The number of paid employees rose 0.5 per cent. However, total paid hours worked increased just 0.1 per cent, as the average number of hours worked per employee declined.
- Personal disposable income rose 1.6 per cent, mainly due to a 3.6 per cent increase in wages and salaries. Average weekly earnings rose 2.2 per cent.
- Consumer bankruptcies rose 36 per cent in response to increased consumer debt levels.

Prices and Wages

Price increases for the economy as a whole were modest. The British Columbia consumer price index (CPI) rose 0.9 per cent in 1996. Shelter costs declined due to lower mortgage rates and housing prices, and clothing prices were unchanged. By December 1996, the year-over-year inflation rate had fallen to 0.7 per cent.

Wage increases reached in collective agreements averaged 0.6 per cent, down from 1.3 per cent in 1995. The number of worker-days lost due to labour disputes was up 33 per cent from 1995, but was only half the most recent peak reached in 1992.

Chart 1.4 Unionization Rate in British Columbia

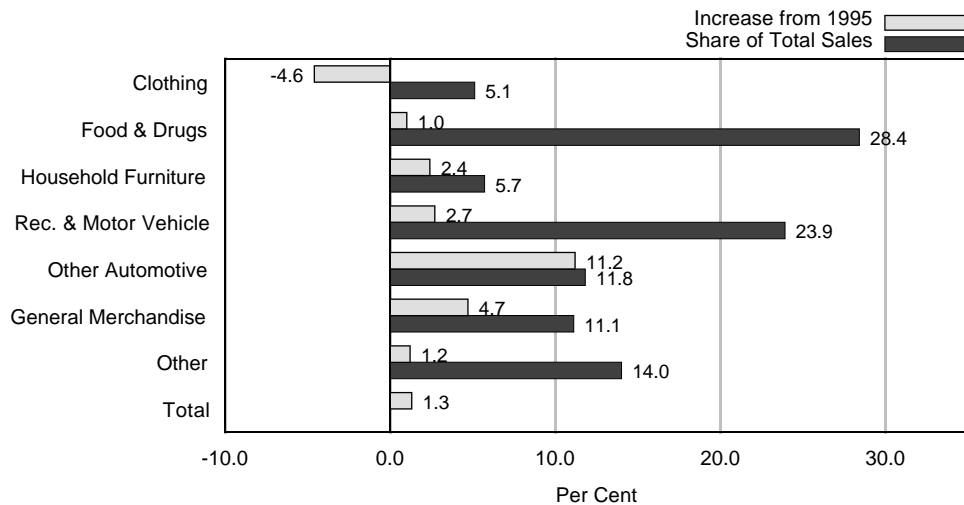


Source: B.C. Ministry of Labour

Consumer Expenditure and Housing

The total value of retail sales increased 1.3 per cent in 1996, as growth slowed from 6.3 per cent in 1995. One factor in the slowdown in retail sales growth was a severe winter storm in Southwest British Columbia at the end of 1996. Sales rose in the automotive parts and service, household furnishings, food and drug and general merchandise sectors, but declined in the clothing sector. Auto dealer sales rose 2.7 per cent. The volume of new vehicle sales fell for the second year, by 3.0 per cent; however, the value of new car sales rose by 6.4 per cent as a shift to higher-priced trucks, vans and sport utility vehicles continued.

Chart 1.5 Retail Sales by Trade Group, 1996



Source: Statistics Canada

A pickup in in-migration, and increased affordability contributed to a modest 2.2 per cent increase in housing starts in 1996, to 27,641 units. Existing home sales rose 24.3 per cent, in part due to lower house prices which in December 1996 were down 3.7 per cent from a year ago. Lower interest rates also contributed to sales growth. Non-residential building permits fell 0.7 per cent in 1996, while residential permits rose 19.0 per cent.

Capital Investment Total investment in the province declined 3.4 per cent in 1996 to \$18.6 billion (see Table 1.1). Public sector investment rose 2.4 per cent. Private sector investment — which accounts for 80 per cent of total investment — declined by 4.8 per cent. Residential investment rose 1.6 per cent but was more than offset by a 9.5 per cent decline in non-residential investment — half of which was due to lower forest sector investment.

Table 1.1 British Columbia Capital Investment, 1996

	Construction		Machinery and Equipment		Total	
	(\$ million)	(per cent)	(\$ million)	(per cent)	(\$ million)	(per cent)
Public.....	2,968.3	-1.0	836.0	16.8	3,804.3	2.4
Private.....	9,798.1	-5.1	4,968.7	-4.3	14,766.8	-4.8
Residential.....	6,691.4	1.6	—	—	6,691.4	1.6
Non-Residential.....	3,106.7	-16.9	4,968.7	-4.3	8,075.4	-9.5
Total.....	<u>12,766.4</u>	-4.2	<u>5,804.7</u>	-1.7	<u>18,571.1</u>	-3.4

Source: Statistics Canada.

The investment figures for 1996 include spending on major capital projects across the province. New provincial public capital spending was frozen halfway through the year due to government fiscal restraint, but work continued on a number of projects including the Vancouver Island Highway, the construction of three high-speed ferries, and a new ferry terminal in Nanaimo (completed in 1997). Other transportation upgrades included a container port terminal at Roberts Bank in Delta (opened in May 1997) and the completion of the Vancouver International Airport expansion.

The largest ongoing project in Vancouver was the Coal Harbour redevelopment which will create a large volume of residential, commercial office and public-use areas. In the resource sector, continuing projects included modernization of the existing lead smelter in Trail, expansion of the Quinsam Coal Mine near Campbell River, and construction of the Mount Polley gold/copper mine in the Cariboo region. New investment in the forest sector included capacity upgrades by Fletcher Challenge at Elk Falls, Mackenzie and Quesnel. Timber West also began updating its sawmill in Elk Falls, and Canfor invested in plants in Prince George and Williams Lake. Westcoast Energy continued to upgrade its pipeline facilities to allow shipment of northeast natural gas to market.

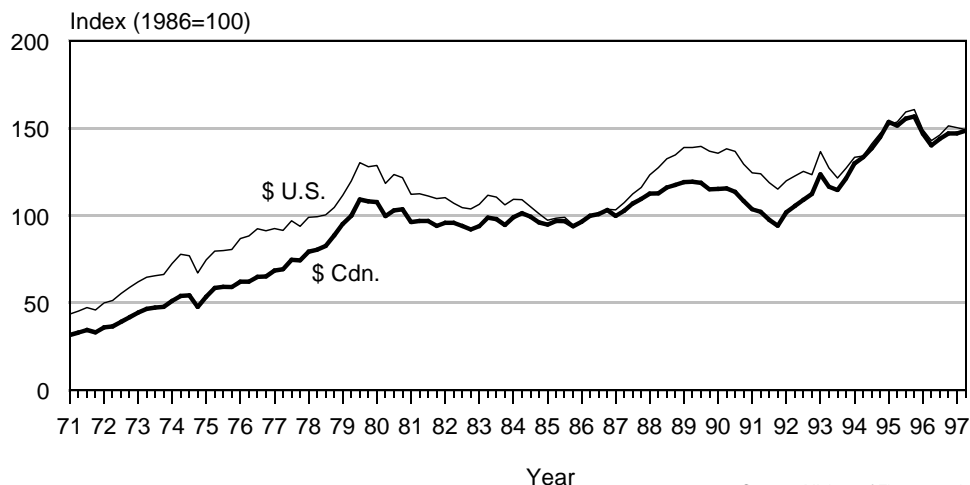
Exports The total value of merchandise exports declined 4.6 per cent in 1996. Exports to the U.S. — the destination for over half of British Columbia's exports — grew 4.4 per cent in 1996, as the strong housing market pushed up prices for the province's lumber. However, the value of exports to Japan fell 6.2 per cent due to the dollar's appreciation against the yen and sharply lower pulp and paper prices. Exports to the rest of the Pacific Rim declined, although trade with China increased. Exports to Western Europe² fell 32.5 per cent, again mainly due to lower pulp and paper prices.

² Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Italy, Ireland, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

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Much of the decline in merchandise exports was due to lower world prices for pulp, newsprint and copper, which offset higher lumber prices. The Ministry of Finance and Corporate Relations' export commodity price index fell 6.3 per cent in Canadian dollar terms (5.8 per cent in U.S. dollar terms). Pulp and newsprint prices plunged at the start of the year from all-time highs, as new supply came onstream in other parts of the world and an inventory overhang developed. By year end, prices had partly recovered but pulp prices fell from an average of \$888 U.S. a tonne in 1995 to around \$590 in 1996, while newsprint fell from \$676 U.S. a tonne to \$652. Lumber averaged \$352 U.S. per thousand board feet in 1996, up from \$251 U.S. in 1995. The quota introduced on softwood lumber shipments to the U.S. increased price volatility as producers adjusted output to meet quarterly quotas. (See topic box in Chapter 4 for a discussion of the Canada-U.S. softwood lumber agreement.) Copper prices fell sharply in mid-1996 due to an attempt by the Sumitomo Corporation's commodities trading arm to manipulate the world market; prices for the year were down 22 per cent in U.S. dollar terms. Natural gas prices increased by 5.8 per cent, while coal prices rose 1.6 per cent.

Chart 1.6 British Columbia Export Commodity Price Index



Source: Ministry of Finance and Corporate Relations

Growth by Industry

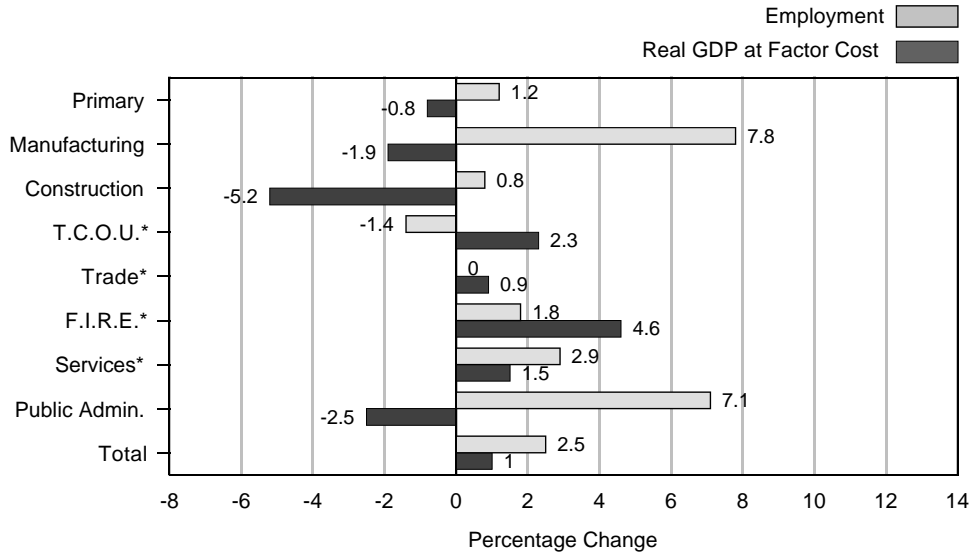
Goods sector output was down 1.8 per cent in 1996, while services output rose 2 per cent. The primary sector fell 0.8 per cent due to lower agriculture, logging, and fishing activity, offset by increased mining activity. Manufacturing output fell 1.9 per cent, and construction fell 5.2 per cent due to a decline in overall capital construction. Transportation, storage, communications and utilities output rose 2.3 per cent, and wholesale/retail trade output rose 0.9 per cent. The output of the finance, insurance and real estate sector rose 4.6 per cent, in part reflecting stronger real estate and mortgage activity. Community, business and personal services output rose 1.5 per cent, while government sector output fell 2.5 per cent.

Growth by Component of Demand

There are five main components of aggregate demand: consumer expenditure, capital investment, government current expenditure, exports and imports. Real GDP rose 1.0 per cent in 1996. Real personal consumption rose 3.4 per cent due to increased spending on services. Government spending rose 0.2 per cent and

capital investment declined 0.9 per cent. Exports fell 0.7 per cent, while imports grew 0.4 per cent. Final domestic demand, which excludes net exports and inventories, rose 2.0 per cent. Slower inventory accumulation reduced overall real GDP growth.

Chart 1.7 Real GDP and Employment by Industry, 1996



* T.C.O.U.: transportation, communications, and utilities
 Trade: wholesale and retail
 F.I.R.E.: finance, insurance, and real estate
 Services: community, business, and personal

Source: Statistics Canada

Current Situation

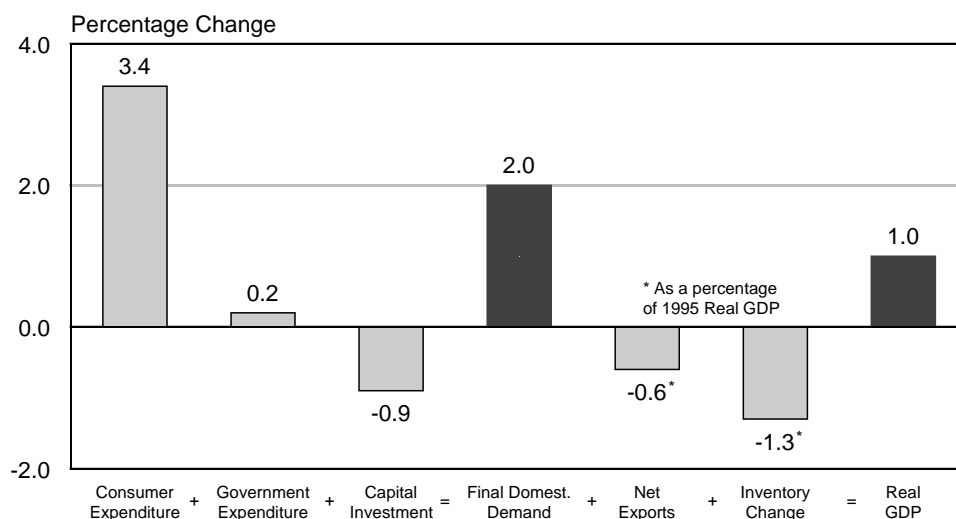
The pace of British Columbia economic activity increased in the first half of 1997 compared to the first half of 1996. A moderate but broadly based recovery appears to be underway, with exports, manufacturing shipments and retail trade up from a year ago. However, employment declined in the early months of 1997 before recovering at mid-year to above the December 1996 peak.

The performance of British Columbia's major trading partners has been better than expected during the first six months of 1997. Strong economic growth in North America during the first half was partly offset by sluggish growth in the Japanese and continental European economies. The U.S. economy grew at a 4.4 per cent annual rate in the first half of 1997, up from a 3.1 per cent pace in the second half of 1996. Growth slowed to 3.6 per cent in the second quarter after rising to 4.9 per cent in the first quarter. To date, the absence of any significant inflation pressure has kept U.S. interest rates low despite strong economic growth.

Japanese economic activity surged in the first quarter of 1997 as consumers rushed to purchase big ticket items in advance of an April 1 increase in the nation's consumption tax rate. Preliminary figures show that consumer spending and overall growth slowed significantly in the second quarter. Growth in Europe has been held in check by fiscal restraint measures, with the U.K. the only major economy showing strong growth.

The Canadian economy grew 4.9 per cent in the second quarter, up from 3.7 per cent in the first quarter. Real GDP in the first half of 1997 was up 3.3 per cent from the same period in 1996, due to a broadly-based increase in final domestic demand. Higher levels of consumer confidence, spurred by employment growth and low interest rates, contributed to increased purchases of autos and new houses. Canadian job growth has accelerated in recent months with employment increasing by over 200,000 between December 1996 and July 1997. The summer 1997 issue of the *Bank of Canada Review* stated that “. . . the Bank expects the economy to continue to expand vigorously (at an average rate of around 4 per cent through to the fourth quarter of 1997)”.

Chart 1.8 Components of Real GDP Growth, 1996



Source: Statistics Canada

Overall monetary conditions were accommodative in the first half of 1997. Low inflation and Canada's improving fiscal situation helped keep interest rates low during the first half of the year. Canadian short-term interest rates were 2 percentage points below their U.S. counterparts while long-term Canadian bond yields were similar to U.S. rates. Accelerating growth in the national economy and exchange rate weakness prompted the Bank of Canada to raise its key Bank rate by one-quarter percentage point in late June. The rate increase helped boost the dollar into the upper 72 U.S. cent range, but the dollar weakened in August. At the end of August, the Canadian dollar was down 1.6 per cent against the U.S. currency since the start of the year, and unchanged against the G-10 currencies. Financial market turmoil in southeast Asia resulted in currency devaluations in Thailand, Indonesia, Malaysia, Singapore and the Phillipines, but had a negligible effect on the Canadian dollar, in contrast to the Mexican peso crisis a year and a half earlier.

The value of international merchandise exports was up 9.9 per cent during the first six months of 1997 after declining 6.4 per cent for all of 1996. With the average price of the province's export commodities up approximately 3 per cent in Canadian dollar terms during the first half of this year, the volume of

merchandise exports rose about 7 per cent. Lumber prices have rebounded from relatively low levels in late 1995 and early 1996, and newsprint and pulp prices have risen from lows of \$500 U.S. to around \$575 at mid-year. Copper prices have recovered some of the ground lost in 1996, and zinc and molybdenum prices are up sharply. However, gold prices continue to be weak. Natural gas prices fell sharply in the second quarter after a runup in the previous two quarters.

The recovery in provincial exports is related to the 7.4 per cent rise in the value of manufacturing shipments during the first half of 1997. The flow of goods to and from British Columbia will be facilitated by the opening of the new container port at Roberts Bank earlier this year.

British Columbia employment rose slightly on a seasonally-adjusted basis between December 1996 and July 1997 after recording a significant increase in the last quarter of 1996. Employment levels remain above those recorded in the first seven months of 1996; on a year-to-date basis, the number employed was up 2 per cent in July. Much of this year-to-date increase was due to rising numbers of self employed. The seasonally-adjusted unemployment rate averaged 8.6 per cent in the first seven months of 1997, unchanged from the first seven months of 1996.

Total net in-migration to British Columbia continues to slow from the levels recorded earlier in the decade. Net in-migration to British Columbia was 12.7 per cent lower during the first quarter than a year ago. The decline is mainly due to a slowdown in the inflow of migrants from other provinces, as the economic recovery in the rest of Canada attracts increasing numbers of job seekers. Interprovincial migration totalled 1,153 persons in the first quarter, down from 3,747 persons in the first quarter of 1996. Net international in-migration, on the other hand, has been relatively stable with a net inflow of 10,498 persons in the first quarter compared to 9,597 in the same period last year. The handover of Hong Kong control to China on July 1 had little immediate effect on immigration flows to and from British Columbia.

Consumer spending in British Columbia has recovered after weakening during 1996. Sales have been volatile, however, with unseasonable weather contributing to wide month-to-month swings. During the first half of 1997, retail sales rose 4.8 per cent while sales volumes of new cars and trucks were up 13.6 per cent.

Housing activity rebounded in the second quarter of 1997 after declines in the two previous quarters. Urban housing starts were up 0.2 per cent in the first seven months of 1997 while sales of existing houses in the year-to-June period rose 3.6 per cent. Housing affordability has improved with average prices below the peaks reached in recent years and low interest rates improving financing terms.

Statistics Canada's mid-year survey of private and public investment intentions suggests that capital spending will rise 9.9 per cent in 1997 to total \$20.4 billion following a 3.4 per cent decline in 1996. The increase in planned capital spending is broadly based with all major sectors planning to boost investment in 1997. While the survey indicates planned housing investment is expected to increase by 7.2 per cent this year, building permits have moved in the opposite direction, declining by 7.9 per cent during the first half of 1997.

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Total wages and salaries were up 4.7 per cent in the first five months of the year compared to the same period in 1996 while average weekly earnings were up 2.7 per cent. Labour Canada figures indicate major wage settlements provided increases averaging 1.5 per cent during the first half of the year. Private sector settlements have been above public sector wage increases for some time. Increases in consumer prices have been held down by the moderate growth in economic activity and declines in housing costs. Inflation in British Columbia, as measured by the consumer price index, averaged only 0.8 per cent during the first seven months of 1997, the lowest rate of all the provinces.

At the end of August, the Ministry of Finance and Corporate Relations forecast of 2.2 per cent economic growth in 1997 appeared to be on track. However, developments in the forest sector posed some risk to this outlook. A strike that began on July 14 halted operations at three Fletcher Challenge pulp and paper mills in British Columbia. The disruption has idled 2,400 mill workers. An equal number of forest workers were affected by the shutdown of the Skeena Cellulose pulp mill at Prince Rupert and affiliated sawmills and logging operations in the region. Negotiations were underway between the mill's creditors and unions representing the workers on arrangements that could lead to re-opening of the mill.

Chapter Two

Financial Review



Canadian Currency

2: Financial Review¹

Historical Overview

The provincial government's finances are closely tied to the performance of the province's economy. During the early 1980s, the international recession and the subsequent slow recovery in British Columbia caused provincial revenue to weaken while provincial spending increased. This resulted in budget deficits of about \$1 billion per year from 1982/83 to 1986/87.

Between 1987/88 and 1989/90, a strong turnaround in the provincial economy and various revenue measures led to an improvement in the government's finances. In 1988/89 and 1989/90, the government recorded annual surpluses of \$736 million and \$456 million, respectively.

After 1989/90, slower economic growth and continuing cutbacks to federal transfers dampened revenue growth while government spending continued to increase in response to growing demand for government services, partly caused by high in-migration. This led to government deficits beginning in 1990/91, and also resulted in the emergence of a structural deficit. (The structural deficit is the component of the deficit that will not disappear as the economy recovers.)

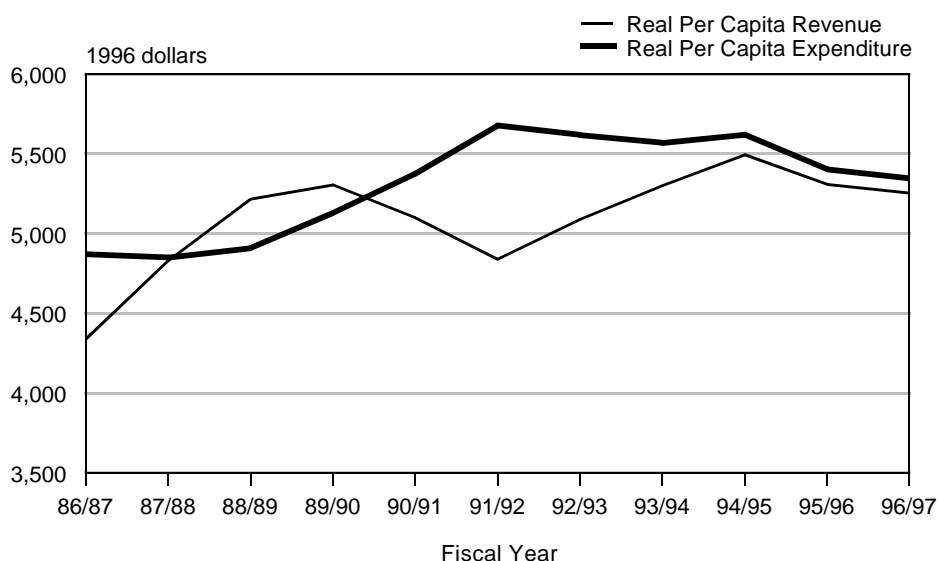
The provincial deficit peaked at \$2.5 billion in 1991/92. Beginning in 1992/93, revenue measures and government action to reduce spending growth helped to reduce both the actual and structural deficits.

Chart 2.1 shows how the provincial government's real per capita revenue and expenditure have changed as a result of changes in the economy and the government's fiscal policies. Real per capita revenue and expenditure remained fairly constant in the early 1980s, with real per capita revenue exceeding real per capita spending until 1986/87. In 1987/88 and 1988/89, real per capita revenue increased significantly due to a strengthening economy and revenue measures; it remained higher than real per capita expenditure until 1989/90. In the following two years, real per capita revenue declined while real per capita expenditure increased, mainly due to a slowdown in the provincial economy.

The government's deficit-reduction efforts narrowed the gap between real per capita revenue and expenditure, from \$838 (1996 dollars) in 1991/92 to \$91 in 1996/97. The gap narrowed slightly between 1994/95 and 1996/97, as both revenue and expenditure fell in real per capita terms.

¹ Revenue, expenditure and surplus (deficit) information in this chapter is presented on a consolidated revenue fund basis based on preliminary unaudited *1996/97 Public Accounts* information. Figures are consistent with the government's organization and accounting policies effective March 31, 1997, which include the effect of capitalization for certain assets held by the consolidated revenue fund. For comparative purposes, information for certain prior years has been restated. For additional information and a glossary of terms used in this chapter, see Appendix 2.

Chart 2.1 Real Per Capita Revenue and Expenditure



Real per capita revenue fell 1.0 per cent in 1996/97, compared to a 3.4 per cent decrease in 1995/96 and a 3.7 per cent increase in 1994/95. Lower revenue from federal transfers and from other miscellaneous sources accounted for most of the decline in 1996/97.

Real per capita spending declined 1.1 per cent in 1996/97, compared to a 3.9 per cent decline in 1995/96 and a 0.9 per cent increase in 1994/95 (which included one-time expenditures for the Vancouver Island natural gas pipeline assistance agreement).

Appendix Tables A2.4 to A2.9 provide historical data on revenue and expenditure, including growth rates, per capita amounts and revenue and expenditure as a per cent of gross domestic product. A glossary of terms used in this chapter is also included in Appendix 2.

1996/97 Overview

Slower-than-expected economic growth and weaker-than-expected commodity prices caused provincial government net revenue to be \$408 million or 2 per cent below the 1996/97 budget estimate. Lower revenue from natural resources, various taxes, fines and other revenue sources was partially offset by higher contributions from the federal government and Crown corporations. Net revenue totalled \$20.3 billion, up 2.3 per cent from the previous year. This compares to revenue growth of 1.3 per cent in 1995/96. In 1996/97, an additional \$630 million of dedicated revenue was collected by the government on behalf of, and transferred to, provincial Crown corporations and agencies (see Table 2.1).

Expenditure in 1996/97 totalled \$20.6 billion, up \$43 million from budget and 2.2 per cent higher than in 1995/96. During the year, unexpected spending pressures emerged, particularly in the Ministries of Health, Human Resources, and Attorney General and for the BC Benefits program. The government responded with general spending cuts which resulted in 12 of the 16 ministries being under budget by year end.

The consolidated revenue fund had a deficit of \$352 million in 1996/97, compared to the budget estimate of a \$98 million surplus. The 1996/97 deficit was slightly lower than the comparable deficit for 1995/96.

Table 2.1 Summary of Operating and Financing Transactions Consolidated Revenue Fund¹

(Unaudited)	Budget Estimate 1996/97 ²	Preliminary Actual 1996/97	Actual 1995/96 ²
		(\$ millions)	
Gross revenue.....	21,294.0	20,881.0	20,401.6
Less: Dedicated revenue transferred to Crown corporations and agencies ³	(635.0)	(629.6)	(601.0)
Net revenue.....	20,659.0	20,251.4	19,800.6
Expenditure.....	20,561.0	20,603.6	20,156.0
Surplus (deficit).....	98.0	(352.2)	(355.4)
Net receipts (disbursements) from financing and working capital transactions ⁴	(45.0)	(420.0)	145.4
Decrease (increase) in cash and temporary investments.....	—	(21.2)	154.0
Net (increase) decrease in government direct debt ⁵	53.0	(793.4)	(56.0)

¹ Figures based on preliminary 1996/97 Public Accounts information.

² Expenditure figures for 1995/96 and the 1996/97 budget estimate have been restated to reflect a change in accounting policy in respect of tangible capital assets. The effect of this restatement reduces 1995/96 expenditure by \$14 million, and the 1996/97 budget estimate by \$11 million. Further information is shown in Appendix 2 — Accounting Changes Effective in 1996/97.

³ Includes dedicated revenue collected on behalf of, and transferred to, British Columbia Transit, BC Transportation Financing Authority and Forest Renewal BC. Further information is provided in Appendix 2.

⁴ Financing and working capital transactions represent either a source or use of funds, such as the payment or collection of loans and accounts payable/receivable, or non-cash transactions including allowances for doubtful accounts. They do not cause a change in the annual surplus (deficit) but only a change in the composition of the government's assets and liabilities.

⁵ Includes direct debt incurred for government operating purposes and does not include debt incurred by, or on behalf of, Crown corporations and agencies.

The provincial government's financial requirements consisted of the deficit, net disbursements for financing and working capital transactions totalling \$420 million, and a \$21-million increase in cash balances. These requirements were met by increasing government direct debt by \$793 million in 1996/97. Requirements for financing and working capital transactions were higher than expected mainly due to lower-than-expected collections of revenue accounts at the end of 1995/96, lower proceeds from the disposition of fines, and higher-than-expected accounts outstanding from Crown corporations at year end.

Accounting Policy

In this chapter, preliminary unaudited results for 1996/97 are presented on a basis that includes the effect of a change in accounting policy with respect to capitalization of certain assets held by the consolidated revenue fund. This is consistent with the government's accounting policies effective March 31, 1997 and with the basis used in the *1997/98 Estimates*. As a result, the *1996/97 Estimates* and 1995/96 actual results have been restated for comparability.

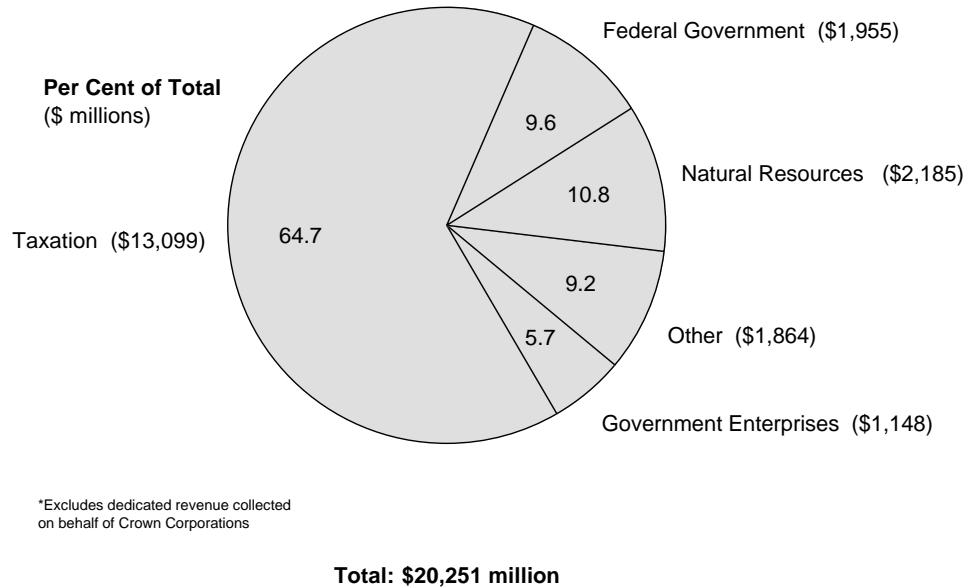
Prior to the accounting policy change, the consolidated revenue fund deficit in 1996/97 was \$368 million compared to a deficit of \$369 million in 1995/96. The effect of applying a capitalization accounting policy reduced the 1996/97 deficit by \$16 million and 1995/96 deficit by \$14 million. Further information is provided in Appendix 2.

Revenue

Net revenue of the consolidated revenue fund totalled \$20,251 million in 1996/97, \$408 million below budget but up 2.3 per cent from the previous year. An additional \$630 million in dedicated revenue was collected on behalf of, and

transferred to certain provincial Crown corporations and agencies in 1996/97. Chart 2.2 provides a breakdown of government revenues by source. Appendix 2 provides a breakdown of dedicated revenue transferred to provincial Crown corporations and agencies.

Chart 2.2 Consolidated Revenue Fund Revenue by Source, 1996/97*



Taxation revenue of \$13,099 million was \$120 million below budget but 4.7 per cent higher than in 1995/96. Lower-than-budgeted revenue from corporation income, social service, property and other taxes was partially offset by higher-than-budgeted revenue from personal income tax.

Provincial personal and corporation income taxes are collected by the federal government and remitted to the province in regular instalments based on federal government projections. Prior-year adjustments are made in the following year when actual tax collections are known. However, the province records personal income tax revenue on an accrual basis; revenue is the estimated tax due for the fiscal year regardless of the timing of the actual cash receipts. Corporation income tax revenue is generally recorded when received.

Personal income tax revenue was \$73 million above budget due to the impact of higher-than-expected assessments for the 1995 taxation year, partly offset by higher-than-expected deductions for BC Family Bonus entitlements for 1996/97, and a lower forecast of British Columbia personal income growth in 1996. BC Family Bonus entitlements of \$87 million, representing 30 per cent of total entitlements, were deducted from personal income tax revenue in 1996/97 — the remainder was reported as program expenditure. Corporation income tax revenue was \$103 million below budget but 10 per cent higher than in 1995/96. The decline from budget was due to a lower federal forecast of national corporate profits in 1996, and a smaller-than-expected prior-year adjustment for the 1995 tax year due to a lower British Columbia share of the tax base.

Social service tax revenue of \$3,076 million was \$75 million below budget but up 2.6 per cent from the previous year. The decline from budget was mainly due to

lower-than-expected machinery and equipment spending in 1996 and weaker-than-expected sales of taxable durable goods. Social service tax revenue does not include \$9 million of dedicated sales tax on short-term car rentals received by the BC Transportation Financing Authority in 1996/97.

Property tax revenue of \$1,257 million was \$18 million below budget but up slightly from 1995/96 due to lower-than-expected property assessments. In 1996/97, home owner grants of \$453 million were deducted from property tax revenue.

Fuel tax revenue of \$688 million was \$15 million above budget and 1.4 per cent higher than 1995/96. The increase from budget was mainly due to the delay in transferring an additional one cent per litre of motor fuel tax revenue to the BC Transportation Financing Authority, partially offset by an \$11 million jet fuel tax remission to Canadian Airlines International. Fuel tax revenue does not include \$136 million of dedicated revenue collected for British Columbia Transit and the BC Transportation Financing Authority in 1996/97.

Other tax revenues of \$1,466 million were \$13 million below budget but 5.3 per cent higher than in 1995/96. Tobacco tax revenue was \$13 million above budget and 1.2 per cent higher than the previous year due to higher taxed consumption volumes. The volume increase in 1996/97 contrasted a 6.7 per cent decline in 1995/96, partially due to tighter enforcement. A pickup in housing sales resulted in property transfer tax being \$8 million above budget. Sales volumes increased 8.7 per cent from 1995/96 levels. Corporation capital tax was \$37 million or 8.4 per cent lower than budget due to lower-than-expected instalments received for the current year and higher-than-expected refunds in respect of previous taxation years.

Natural resource revenue of \$2,185 million was \$216 million below budget but 7.9 per cent higher than in 1995/96. Lower-than-budgeted revenue from forests and minerals was partly offset by higher-than-budgeted revenue from petroleum, natural gas and water resources.

Revenue from petroleum and natural gas royalties was \$35 million or 16 per cent above budget due to strong commodity prices. North American oil prices averaged US \$22 per barrel in 1996, up 19 per cent from the previous year, while average natural gas field prices rose 24 per cent over the same period. These higher prices and significant new discoveries also contributed to revenue from sales of Crown land drilling rights being \$69 million higher than budget. Revenue from minerals was \$34 million below budget and 39 per cent lower than in the previous year, mainly due to lower copper and molybdenum prices and higher-than-expected refunds in respect of 1995/96 assessments.

Forests revenue of \$1,408 million was \$292 million below budget but up 4.5 per cent from 1995/96. The decline from budget was mainly due to lower revenue from timber sales (down \$176 million), the small business forest enterprise program (SBFEP) (down \$37 million) and logging tax (down \$76 million). Timber sales revenue was below budget mainly due to lower-than-expected stumpage rates. Rising lumber prices did not affect stumpage rates until

the last half of the year, and only partially offset the effect of lower-than-expected stumpage rates during the first half of the year. Harvest volumes were slightly below budget as lower-than-expected Coast volumes were partially offset by higher Interior volumes. Despite the relatively high lumber prices during the year, British Columbia companies did not significantly raise production as many firms had reached duty-free limits imposed under the Canada-U.S. Softwood Lumber agreement.

Volumes harvested under SBFEP were almost 12 per cent less than expected due to weak market demand and lower chip prices. Accelerated harvesting by major licensees, in order to reach assigned five-year cut targets, resulted in a further reduction of demand for SBFEP timber. A sharp decline in pulp prices and forest sector profits that occurred in late 1995 and continued in 1996 resulted in lower logging tax revenue. Forests revenue does not include \$485 million of stumpage revenue under the Forest Renewal Plan, received by Forest Renewal BC in 1996/97.

Other revenue of \$1,864 million was \$154 million below budget and 2.1 per cent lower than in the previous year. Fee and licence revenue was \$16 million below budget mainly due to lower revenue from Crown land sales and motor vehicle licences and permits, partially offset by higher revenue from Medical Services Plan premiums. Investment earnings were \$6 million above budget due to higher-than-expected gains from sales of sinking fund investments when interest rates were low. Miscellaneous revenue was \$158 million below budget mainly due to lower-than-expected revenue from fines (down \$94 million) lower recoveries of prior-year expenditures and other year-end adjustments (down \$64 million).

Contributions from government enterprises of \$1,148 million were \$36 million above budget and 19 per cent higher than in 1995/96. The dividend from the British Columbia Hydro and Power Authority was \$65 million above budget due to higher domestic and export revenues and lower finance charges. British Columbia Lottery Corporation profits were \$4 million above budget due to higher ticket sales in response to large jackpots in the early part of the year. Other Crown corporation contributions were \$34 million below budget mainly because of lower dividends from the British Columbia Buildings Corporation, British Columbia Systems Corporation, Whistler Land Corporation and British Columbia Railway Company.

Contributions from the federal government of \$1,955 million were \$46 million above budget but down 18 per cent from 1995/96. The Canada health and social transfer (CHST), which replaced the former Established Programs Financing and Canada Assistance Plan programs, was \$23 million below budget as more of the entitlement was received through tax point transfers. (CHST revenue is the amount of the provincial entitlement after deducting 13.5 points of personal income tax and one point of corporation income tax from the total entitlement.) Other federal contributions were \$69 million above budget due to a \$27-million partial recovery of Canada Assistance Plan entitlements withheld by the federal government in 1995/96, a \$22-million contribution in support of provincial immigration programs, and additional revenue due to the extension of the *National Training Act* and Vocational Rehabilitation of Disabled Persons agreements.

**Table 2.2 Revenue by Source
Consolidated Revenue Fund¹**

(Unaudited)	Budget Estimate 1996/97 ²	Preliminary Actual 1996/97	Actual 1995/96 ²	Change ³
		(\$ millions)		(per cent)
Taxation Revenue:				
Personal income.....	5,217.0	5,289.8	4,993.1	5.9
Corporation income.....	1,450.0	1,347.3	1,225.2	10.0
Social service.....	3,151.0	3,076.4	2,999.6	2.6
Property.....	1,275.0	1,257.2	1,245.4	0.9
Fuel.....	673.0	688.1	678.4	1.4
Other.....	1,479.0	1,465.7	1,392.4	5.3
Less commissions on collection of public funds.....	(26.0)	(25.2)	(24.6)	2.4
	<u>13,219.0</u>	<u>13,099.3</u>	<u>12,509.5</u>	4.7
Natural Resource Revenue:				
Petroleum and natural gas.....	350.0	453.5	314.9	44.0
Minerals.....	81.0	47.2	77.5	(39.1)
Forests.....	1,700.0	1,407.9	1,347.9	4.5
Water.....	255.0	264.1	267.7	(1.3)
Other.....	17.0	13.8	19.0	(27.4)
Less commissions on collection of public funds.....	(2.0)	(1.1)	(1.1)	—
	<u>2,401.0</u>	<u>2,185.4</u>	<u>2,025.9</u>	7.9
Other Revenue:				
Fees and licences.....	1,574.0	1,558.3	1,482.2	5.1
Investment earnings.....	126.0	131.7	167.1	(21.2)
Miscellaneous.....	377.0	218.7	277.7	(21.2)
Less commissions on collection of public funds.....	(59.0)	(45.1)	(23.5)	91.9
	<u>2,018.0</u>	<u>1,863.6</u>	<u>1,903.5</u>	(2.1)
Contributions from Government Enterprises:				
Liquor Distribution Branch.....	587.0	587.8	567.1	3.7
British Columbia Hydro and Power Authority.....	214.0	279.3	114.8	143.3
British Columbia Lottery Corporation.....	262.0	266.2	244.2	9.0
Other.....	49.0	14.8	41.5	(64.3)
	<u>1,112.0</u>	<u>1,148.1</u>	<u>967.6</u>	18.7
Contributions from the Federal Government:				
Canada health and social transfer.....	1,798.0	1,775.0	2,222.1	(20.1)
Other.....	111.0	180.0	172.0	4.7
	<u>1,909.0</u>	<u>1,955.0</u>	<u>2,394.1</u>	(18.3)
Total Revenue	<u>20,659.0</u>	<u>20,251.4</u>	<u>19,800.6</u>	2.3

¹ Figures based on preliminary 1996/97 Public Accounts information. Figures exclude dedicated revenue collected on behalf of, and transferred to, Crown corporations and agencies.

² Figures for 1995/96 and the 1996/97 budget estimate have been restated to show commissions and/or remunerations received by agents for administration, management and collection of revenue and other accounts on behalf of the provincial government. This restatement does not affect total revenue.

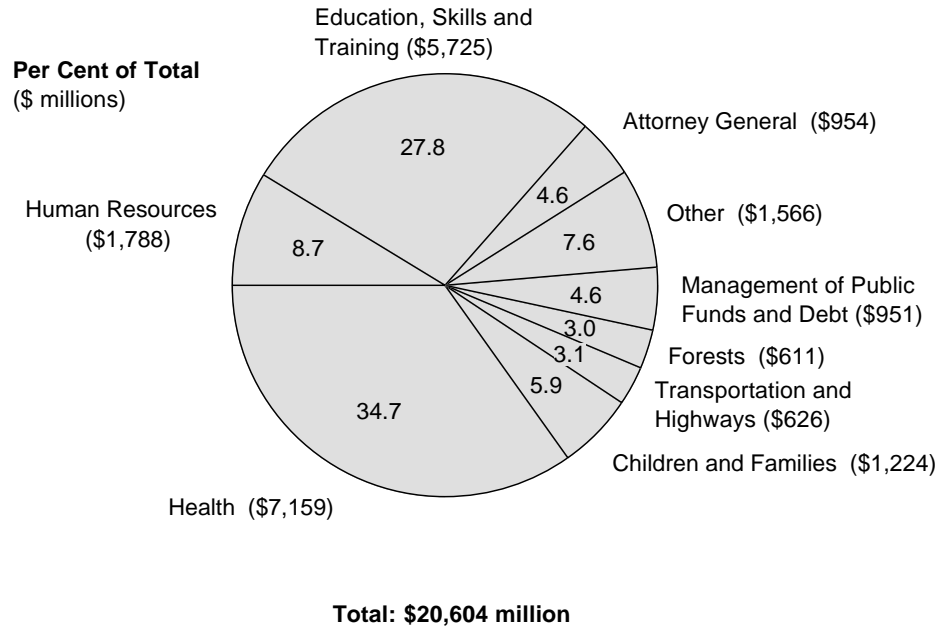
³ Percentage change between 1996/97 preliminary actual and 1995/96 actual.

Expenditure

Expenditure for 1996/97 totalled \$20,604 million, \$43 million above budget and \$448 million or 2.2 per cent higher than 1995/96. During the year, unexpected expenditure pressures emerged, particularly in the Ministries of Health, Human Resources, and Attorney General and for the BC Benefits program. In September, Treasury Board directed ministries to achieve offsetting expenditure savings. As a result, 12 of the 16 ministries were below budget by year end.

In 1996/97, five ministries — Health; Education, Skills and Training; Human Resources; Children and Families; and Attorney General — accounted for 82 per cent of total provincial government expenditure. Interest payments on the government’s direct debt accounted for 4.6 per cent of expenditure (see Chart 2.3).

Chart 2.3 Consolidated Revenue Fund Expenditure by Ministry, 1996/97



Expenditure results by ministry are shown in Table 2.3. Changes in expenditure authorizations since the 1996 budget are summarized in Appendix Table A2.3.

Expenditure by the Ministry of Aboriginal Affairs of \$28 million was \$4 million below budget and down 11.5 per cent from the previous year mainly because of lower spending requirements in support of the land claims negotiation process.

Ministry of Agriculture, Fisheries and Food expenditure of \$61 million was up slightly from last year but \$7 million below budget because of lower disbursements for agriculture assistance.

Ministry of Attorney General spending was \$48 million higher than budget at \$954 million. Increased expenditures for flood damage (up \$21 million), criminal injury compensation (up \$15 million), and higher utilization of corrections programs (up \$18 million) were partly offset by a reduction in estimated liabilities under the *Crown Proceeding Act*. Ministry spending was \$59 million higher than in the previous year mainly due to increased expenditure for corrections programs (up \$15 million); the *Crown Proceeding Act* (up \$10 million); police services (up \$9 million); and court services (up \$8 million).

Spending by the Ministry for Children and Families totalled \$1,224 million in 1996/97, \$26 million below budget due to lower-than-expected demand for child day-care services (down \$19 million) and in other programs. Ministry spending was \$91 million or 8.0 per cent higher than comparable spending for last year because of expanded services under the new *Child, Family and Community*

Services Act, which included the hiring of additional social workers, and transition costs related to the closure of Woodlands and Glendale hospitals.

Ministry of Education, Skills and Training expenditure of \$5,725 million was \$43 million below budget because of program cost saving measures and lower-than-expected demand for skills development programs. Ministry spending was \$187 million or 3.4 per cent higher than in 1995/96 mainly because of higher operating contributions to schools (up \$95 million) and increased contributions for school debt service (up \$68 million). Public school enrolment increased 2.0 per cent, while the average cost per pupil rose 0.6 per cent. Independent school enrolment increased 3.2 per cent. Contributions to post-secondary educational institutions and organizations of \$1,110 million were unchanged from 1995/96, while related debt servicing contributions rose \$20 million. Spending for skills development increased \$19 million while administration costs decreased \$13 million.

Ministry of Employment and Investment expenditure of \$134 million was \$21 million below budget mainly due to program cost saving measures which included the Build BC special account (down \$9 million) and the Science and Technology special account (down \$4 million) and other ministry savings (\$8 million). At the end of 1995/96, the ministry assumed responsibilities of the former Ministry of Energy, Mines and Petroleum Resources and the British Columbia Trade Development Corporation. Compared to 1995/96, spending decreased \$22 million or 14 per cent mainly due to lower expenditures for energy, minerals and trade development programs. Spending through the Build BC special account decreased \$11 million and contributions to the British Columbia Ferry Corporation decreased \$5 million.

Ministry of Environment, Lands and Parks expenditure of \$244 million was \$10 million higher than budget because of additional expenditures for land exchanges, partially offset by savings achieved in other programs. Ministry expenditures were down \$26 million from the previous year mainly because of lower land purchases for parks and recreation.

Ministry of Finance and Corporate Relations expenditures of \$97 million were \$17 million below budget. The government-wide freeze on vehicle purchases reduced spending through the Purchasing Commission Working Capital special account while other programs undertook cost saving initiatives. Ministry spending was \$13 million or 12 per cent lower than the previous year due to fewer government-wide vehicle purchases, increased recoveries within the Provincial Treasury special account, and spending reductions in other areas.

Ministry of Forests spending of \$611 million was \$44 million or 6.7 per cent below budget. Lower-than-budgeted expenditures for silviculture programs were partially offset by higher-than-expected forest fire suppression costs. Ministry expenditures were \$79 million or 11.4 per cent lower than in 1995/96 due to the termination of the federal-provincial forest resource development agreement and reduced expenditure in silviculture programs. Forest fire suppression expenditures were slightly lower than in 1995/96.

**Table 2.3 Expenditure by Ministry¹
Consolidated Revenue Fund**

(Unaudited)	Budget Estimate ² 1996/97	Preliminary Actual 1996/97	Actual ² 1995/96	Change ³
		(\$ millions)		(per cent)
Legislation.....	24.3	30.6	26.6	15.0
Auditor General.....	7.4	7.1	7.7	(7.8)
Office of the Child, Youth and Family Advocate.....	1.0	1.0	0.7	42.9
Conflict of Interest Commissioner.....	0.2	0.1	0.2	(50.0)
Elections B.C.....	24.0	18.9	7.3	158.9
Information and Privacy Commissioner.....	2.6	2.4	2.1	14.3
Ombudsman.....	4.8	4.8	5.0	(4.0)
Office of the Premier.....	2.4	2.4	2.1	14.3
Aboriginal Affairs.....	32.0	27.6	31.2	(11.5)
Agriculture, Fisheries and Food.....	68.1	61.0	60.8	0.3
Attorney General.....	905.6	954.0	895.5	6.5
Children and Families.....	1,250.6	1,224.4	1,133.3	8.0
Education, Skills and Training.....	5,768.0	5,725.1	5,538.2	3.4
Employment and Investment.....	155.1	134.3	156.6	(14.2)
Environment, Lands and Parks.....	234.1	244.0	269.9	(9.6)
Finance and Corporate Relations.....	114.1	97.1	110.2	(11.9)
Forests.....	655.3	611.3	690.1	(11.4)
Health.....	7,080.7	7,158.5	6,865.3	4.3
Human Resources.....	1,715.5	1,788.4	1,911.0	(6.4)
Labour.....	36.9	32.8	36.2	(9.4)
Municipal Affairs and Housing.....	440.5	418.6	398.5	5.0
Small Business, Tourism and Culture.....	141.9	134.8	138.8	(2.9)
Transportation and Highways.....	628.1	626.4	657.9	(4.8)
Women's Equality.....	40.0	36.7	35.8	2.5
Other Appropriations:				
Management of Public Funds and Debt.....	1,001.0	950.7	977.3	(2.7)
Contingencies and New Programs.....	51.0	48.7	21.6	125.5
BC Benefits.....	143.1	244.6	140.6	74.0
Corporate Accounting System.....	12.9	8.5	8.5	—
Environmental Assessment and Land Use Coordination.....	17.7	15.7	14.1	11.3
Environmental Boards and Forest Appeals Commission.....	2.2	0.9	1.9	(52.6)
Forest Practices Board.....	4.3	3.0	1.9	57.9
Office of the Police Complaints Commissioner.....	0.5	0.1	—	—
Public Sector Employers' Council.....	2.1	1.7	1.7	—
Public Service Employee Relations Commission.....	12.5	24.9	28.6	(12.9)
Office of the Transition Commissioner for Child and Youth Services.....	7.2	1.0	0.3	233.3
Amortization of change in unfunded pension liability.....	(24.9)	(36.0)	(24.9)	44.6
Insurance and Risk Management Special Account.....	9.2	12.1	15.4	(21.4)
South Moresby Implementation — Forestry Compensation Special Account.....	—	1.1	—	—
Accounting policy change — tangible capital assets ²	(11.0)	(15.7)	(14.1)	11.3
Commission on Resources and Environment.....	—	—	2.1	(100.0)
TOTAL EXPENDITURE	<u>20,561.0</u>	<u>20,603.6</u>	<u>20,156.0</u>	2.2

¹ Figures based on preliminary 1996/97 Public Accounts information.² Expenditure figures for 1995/96 and the 1996/97 budget estimate have been restated to reflect the government's organization and accounting policies effective March 31, 1997. This includes a change in accounting policy in respect of tangible capital assets, which reduces 1995/96 total expenditure by \$14.1 million and the 1996/97 budget estimate by \$11.0 million.³ Percentage change between 1996/97 preliminary actual and 1995/96 actual.

Ministry of Health expenditure was \$78 million above budget at \$7,159 million. Spending was higher than budgeted for the Medical Services Plan (up \$78 million), Pharmacare (up \$30 million), doubtful account allowances (up \$16 million) and emergency health services (up \$7 million). These were partially offset by lower-than-budgeted spending for debt servicing and building occupancy (down \$19 million), contributions to British Columbia Transit (down \$6 million) and for administration and other programs (down \$28 million). Ministry spending rose \$293 million or 4.3 per cent from 1995/96. This included increased spending for provincial and regional health programs (up \$169 million), medical protection and enhancement (up \$39 million), Pharmacare (up \$33 million), and the Medical Services Plan (up \$24 million).

Spending by the Ministry of Human Resources totalled \$1,788 million in 1996/97, up \$73 million from budget because of higher-than-expected income assistance expenditures. However, as a result of the introduction of the BC Benefits program, along with other initiatives to improve work incentives, the average income assistance caseload decreased by 10.4 per cent in 1996/97 (compared to a 3.5-per-cent increase in the previous year). Compared to 1995/96, ministry expenditures fell by \$123 million or 6.4 per cent.

Ministry of Municipal Affairs and Housing spending of \$419 million was \$22 million below budget mainly due to lower-than-expected grant disbursements to local governments for infrastructure projects, and savings achieved in other areas. Spending was \$20 million or 5.0 per cent higher than in 1995/96, primarily due to increased expenditures for housing support programs.

Ministry of Small Business, Tourism and Culture expenditure of \$135 million was \$7 million below budget and down 2.9 per cent from 1995/96 because of reduced community and regional development program expenditures.

Ministry of Transportation and Highways expenditure of \$626 million was slightly below budget. Higher-than-budgeted spending due to a delay in the transfer of motor vehicle branch responsibilities to the Insurance Corporation of British Columbia (ICBC) was offset by lower-than-budgeted spending for highway rehabilitation. Ministry spending was \$32 million lower than in 1995/96 mainly due to the transfer of responsibilities to ICBC in 1996/97. During 1996/97, the ministry undertook \$358 million of capital construction, on a cost-recovery basis, on behalf of the BC Transportation Financing Authority, a decrease of \$42 million from 1995/96.

Management of Public Funds and Debt expenditure of \$951 million was \$50 million below budget and 2.7 per cent lower than in 1995/96 because of lower interest rates.

BC Benefits expenditure of \$245 million was \$102 million above budget and \$104 million higher than comparable spending in 1995/96, due to higher-than-expected utilization of the BC Family Bonus program.

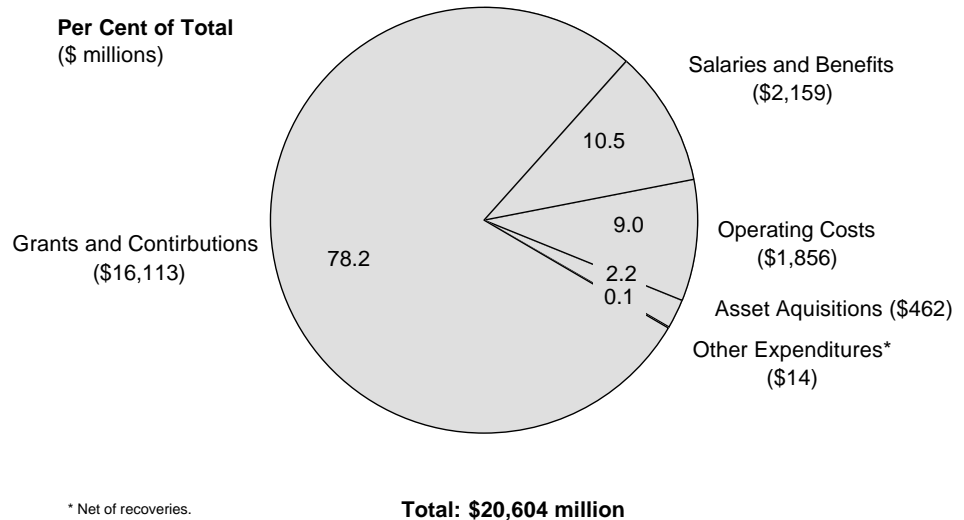
Expenditure for the Public Service Employee Relations Commission was \$12 million above budget due to transition costs related to a reduction in the number of government employees in 1996/97. Additional transition costs were funded through the Contingencies and New Programs vote.

Expenditure for 1996/97 includes a negative adjustment of \$36 million to reflect the annual amortization of a reduction in the unfunded pension liability of the Public Service Superannuation Fund. The latest actuarial valuation shows an estimated surplus of \$209 million as of the March 31, 1996 valuation date, compared to a liability of \$140 million on March 31, 1993. The surplus portion of the valuation will be refunded annually over 15 years as a reduction to employer contributions, while the reduction in the unfunded liability is being amortized over the 11-to-12-year expected remaining service life of the related employee group. A similar annual adjustment will be recorded in future years until the full amount of the reduction has been amortized.

Expenditure in 1996/97 also includes a negative adjustment of \$16 million to reflect a change in accounting policy in respect of tangible capital assets held by the consolidated revenue fund. Appendix 2 and the *1996/97 Public Accounts* provide additional information on the effects of this change.

Chart 2.4 shows the provincial government's spending in 1996/97, according to expenditure type.

Chart 2.4 Expense by Group Account Classification, 1996/97



Over three-quarters of provincial government spending in 1996/97 was for grants and contributions to schools, hospitals, universities and colleges, local governments and income assistance to individuals. Salaries and benefits for direct employees accounted for 10.5 per cent of spending. Operating costs, which include office operations, utilities, information systems, building rentals, professional services, travel, and advertising and publications, made up 9 per cent of spending. Asset acquisitions accounted for 2.2 per cent of spending. This

category includes gross expenditures for land, buildings, machinery, furniture and information systems equipment (adjusted to remove amounts capitalized and to add amounts for depreciation, in accordance with the government's accounting policy for tangible capital assets). Other expenditures include interest charges on direct debt, which equalled 4.6 per cent of total spending, and recoveries from outside of government, which reduce government spending.

Net Deficiency

In 1996/97, the consolidated revenue fund had a deficit of \$352 million. This increased the net deficiency of the consolidated revenue fund to \$12.5 billion at March 31, 1997 (see Appendix Table A2.1).

Beginning with the *1995/96 Public Accounts*, the government began to phase in a change in accounting policy to capitalize certain tangible capital assets. The adoption of this accounting policy for certain tangible capital assets held by the consolidated revenue fund has resulted in prior period adjustments which reduced the accumulated net deficiency. Further information is provided in Appendix 2.

Provincial Government and Crown Corporation Financing

The provincial government and its Crown corporations and agencies incur debt to and finance operations and capital projects. Borrowing for operations is required when revenues fall short of expenditures, and to meet other cash requirements such as loans and investments. Borrowing for capital projects finances the building of schools, hospitals, roads and other forms of infrastructure. These investments provide essential services which benefit present and future generations of British Columbians.

Provincial net debt² is classified as either taxpayer-supported or self-supporting. Taxpayer-supported debt includes direct debt incurred for government operations, and debt of Crown corporations and agencies that require an operating or debt service subsidy from the provincial government, or that receive dedicated taxation revenues. Self-supporting debt includes the debt of commercial Crown corporations and agencies, and debt of the warehouse borrowing program. Commercial Crown corporations generate sufficient revenues to cover interest costs and repay principal, and may pay dividends to the provincial government. The warehouse borrowing program takes advantage of market opportunities to pre-borrow for future requirements. The funds remain invested until they are needed by the government or its Crown corporations and agencies.

Debt Trends

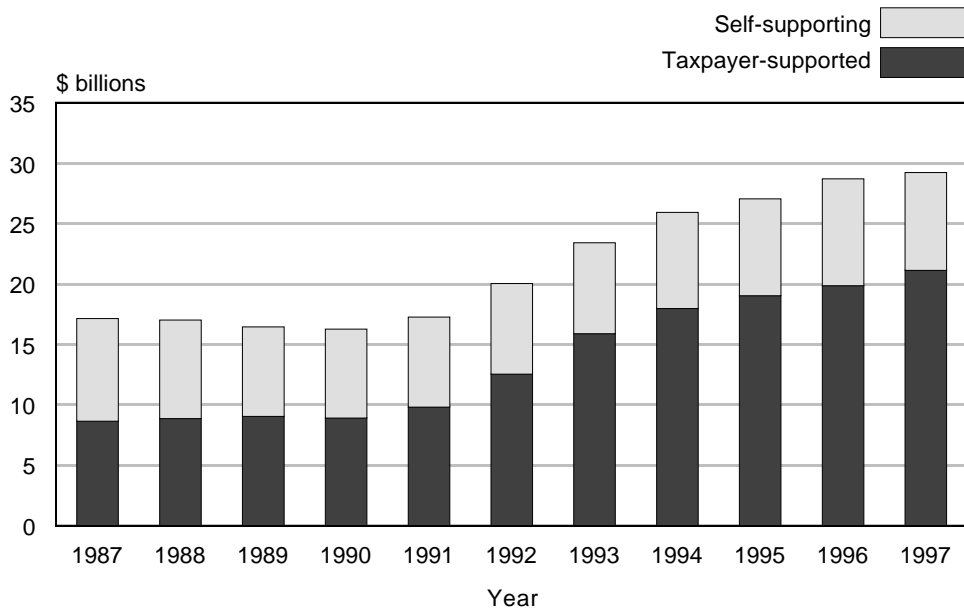
The international recession of the early 1980s seriously weakened the province's fiscal position and caused a sharp increase in taxpayer-supported debt. At March 31, 1985, total provincial net debt peaked at 31.4 per cent of provincial gross domestic product (GDP). The subsequent recovery in the provincial economy led to an improvement in the province's fiscal position and a reduction in net debt outstanding. At March 31, 1990, provincial debt totalled \$16.3 billion or 21.7 per cent of GDP.

In the early 1990s, large deficits and borrowing to fund schools, hospitals and other social capital projects caused taxpayer-supported debt to rise relative to GDP. The government's efforts to eliminate its deficit have moderated the growth in taxpayer-supported debt relative to GDP.

² Debt information in this chapter is presented on a total debt basis, which includes direct, guaranteed and non-guaranteed debt of the government (consolidated revenue fund) and its Crown corporations and agencies.

Chart 2.5 shows that total provincial net debt rose from \$17.1 billion at March 31, 1987 to \$29.2 billion at March 31, 1997. During this period, taxpayer-supported debt increased \$12.5 billion, to reach \$21.1 billion. On the other hand, self-supporting debt declined \$390 million to \$8.1 billion at March 31, 1997.

Chart 2.5 Provincial Net Debt for Fiscal Years Ended March 31



Total provincial net debt increased \$527 million in 1996/97. At March 31, 1997, it equalled 28.2 per cent of GDP, with taxpayer-supported net debt equal to 20.4 per cent of GDP. According to the various rating agencies, British Columbia had one of the lowest levels of taxpayer-supported debt in relation to GDP of all provinces.

Appendix Tables A2.11 to A2.13 provide historical data on net debt, including supplementary information on debt as a per cent of GDP, growth rates and debt per capita amounts.

Credit Rating

A credit rating is an evaluation of a borrower's ability and willingness to pay interest and to repay principal. A credit rating affects the borrower's debt servicing costs and the investor's rate of return since an investor will demand a higher interest rate on a more risky, lower-rated security.

Table 2.4 provides an interprovincial comparison of credit ratings. The table shows that overall British Columbia was one of the highest-rated provinces in Canada.

Financing Process

Debt is incurred by the provincial government and its Crown corporations and agencies through a variety of financing methods. These include:

- debt issued by the government for its own purposes;
- fiscal agency debt borrowed directly by the government with proceeds re-lent to Crown corporations and agencies;
- debt issued in advance of actual requirements and held under the warehouse borrowing program;

Table 2.4 Interprovincial Comparisons of Credit Ratings, August 1997

Province	Rating Agency ¹			
	Moody's Investors Service	Standard and Poor's	Dominion Bond Rating Service	Canadian Bond Rating Service
British Columbia	Aa2	AA	AA	AA +
Alberta	Aa2	AA	AA	AA +
Saskatchewan	A3	A –	A (Low)	A
Manitoba	A1	A +	A	A +
Ontario	Aa3	AA –	A (High)	AA
Quebec	A2	A +	A (Low)	A
New Brunswick	A1	AA –	A	A +
Nova Scotia	A3	A –	BBB (High)	A –
Newfoundland	Baa1	BBB +	BBB (Low)	BBB
Prince Edward Island	A3	n.r. ²	BBB (High)	BBB

¹ The rating agencies assign letter ratings to borrowers. The major categories, in descending order of credit quality are: AAA/Aaa; AA/Aa; A; BBB/Baa; BB/Ba and B. The "1", "2", "3", "high", "low", "+", and "-" modifiers show relative standing within the major categories. For example, AA+ exceeds AA and Aa2 exceeds Aa3.

² Not rated.

- debt incurred directly by Crown corporations and others with a provincial government guarantee of the repayment of principal and interest; and
- debt incurred directly by Crown corporations and agencies with no provincial government guarantee of debt repayment.

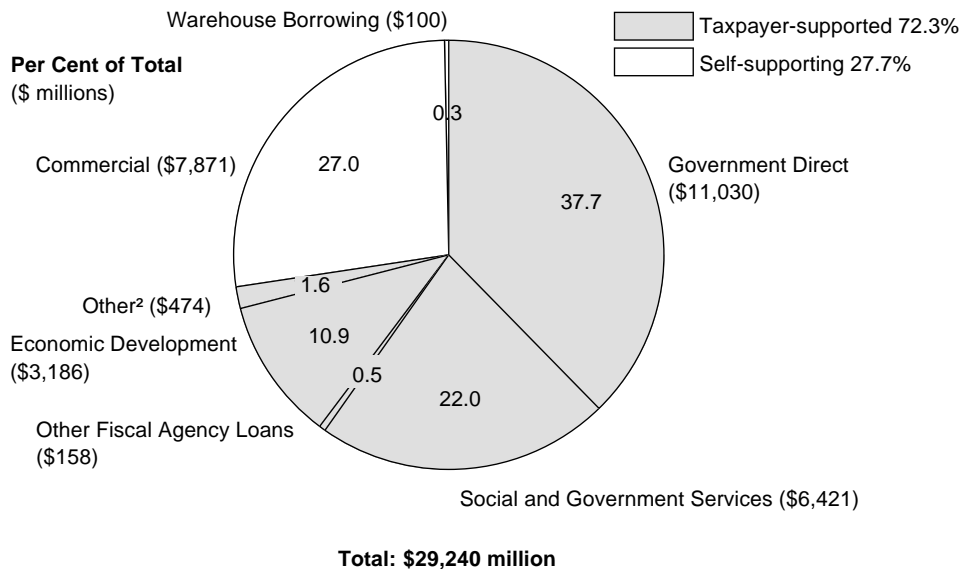
Most Crown corporation and agency borrowing is done through the fiscal agency program. Under this program, the government acts as a fiscal agent by borrowing directly in financial markets and relending the funds to Crown corporations and agencies. This program provides lower-cost financing to Crown corporations due to the province's strong credit rating and its ability to borrow at lower interest rates. Borrowing and financing costs remain the responsibility of the Crown corporation or agency. However, in certain cases, the provincial government provides a contribution to pay for all or part of the debt service costs.

In order to provide for the orderly repayment of debt, the provincial government and Crown corporations establish sinking funds for virtually all debt with a term of five years or more. At March 31, 1997, sinking fund balances totalled \$4.5 billion for guaranteed, fiscal agency and government direct debt. Debt with a term of one year or more will be 52 per cent covered by sinking funds at maturity, based on current assumed rates of return.

Provincial Debt

Provincial debt at March 31, 1997 totalled \$29.2 billion. This total includes provincial government direct debt, fiscal agency debt and guarantees, warehouse borrowing, other provincial government guarantees, and non-guaranteed debt of Crown corporations and agencies (see Chart 2.6). Appendix Table A2.11 provides further detail on the composition of net debt.

Chart 2.6 Provincial Net Debt at March 31, 1997¹



¹ Net of sinking funds and unamortized discounts.
² Includes other guaranteed and non-guaranteed debt, \$125 million of which is self-supporting (0.4% of total net debt).

Government Direct Debt

Provincial government direct debt funds government operations, including refinancing of maturing debt and other financing transactions. At March 31, 1997, provincial government direct net debt totalled \$11 billion, up \$793 million from March 31, 1996. The increase was used to finance the government's \$352-million deficit, net disbursements for financing and working capital transactions totalling \$420 million, and a \$21-million increase in cash and temporary investment balances.

The government was unable to achieve a planned \$53-million decrease in direct debt in 1996/97. This was mainly due to lower-than-expected revenue which resulted in an operating deficit. Also, requirements for financing and working capital transactions were higher than expected due to lower-than-expected collections of revenue accounts at the end of 1995/96, lower proceeds from the disposition of fines and higher-than-expected accounts outstanding from Crown corporations at year end (see Table 2.1 and Appendix Table A2.2).

Other Guaranteed and Non-Guaranteed Debt

At March 31, 1997, fiscal agency debt and guarantees totalled \$17.9 billion, an increase of \$419 million from the previous year; the warehouse borrowing program totalled \$100 million; and non-guaranteed debt totalled \$245 million.

Most fiscal agency debt and guarantees relate to capital projects undertaken by provincial Crown corporations and agencies. Some projects financed through capital borrowing in 1996/97 included:

- continued construction of fast ferries to service the Vancouver-Nanaimo route;
- completion of the Duke Point ferry terminal south of Nanaimo;
- continued construction of the Vancouver Island highway;
- replacement of the Applied Industrial Technology Centre in Kamloops;

- construction of the TRIUMF laboratory in Vancouver; and
- construction of a new cancer clinic in Kelowna.

There are seven categories of provincial government debt in addition to government direct debt. The amount of outstanding debt for each category is summarized in Chart 2.6.

- *Commercial Crown corporations and agencies* finance the construction and maintenance of transmission lines and generating facilities in the case of the British Columbia Hydro and Power Authority (B.C. Hydro), and rail systems and dock facilities in the case of the British Columbia Railway Company. These corporations are self-supporting as they generate revenue from the sale of services at commercial rates and pay their own operating expenses, including debt service charges. During 1996/97, debt of commercial Crown corporations decreased \$48 million, mainly due to the retirement of some high-interest-rate debt of B.C. Hydro.
- *Economic development Crown corporations and agencies* finance ferry terminal and fleet expansions, public transit construction and maintenance projects, and highway construction projects around the province. Although these corporations generally sell services directly to the public, their revenue may not cover their operating expenses and debt servicing payments. Since these corporations provide economic benefits to the province, the government provides some grants or other forms of assistance to them, including the dedication of provincial revenue. Net debt of economic development Crown corporations and agencies increased \$556 million in 1996/97. The BC Transportation Financing Authority used net new borrowing of \$325 million to help finance the construction of highways. The British Columbia Ferry Corporation increased its debt by \$183 million to finance upgrades to its vessel fleet and terminal facilities. British Columbia Transit increased its debt by \$32 million, primarily to finance the purchase of new buses and to expand transit services.
- *Social and government services Crown corporations and agencies* finance capital construction of hospitals, schools, post-secondary educational institutions and justice facilities. Debt service requirements are met through provincial grants or rental payments and, for hospitals, partly through local property tax levies. During 1996/97, net debt for this category increased \$285 million, mainly for capital construction of schools, hospitals and post-secondary institutions. The provincial government contributed \$802 million for debt servicing to health and school districts and post-secondary institutions in 1996/97.
- *Other fiscal agency loans* are provided to universities and colleges to finance the construction and maintenance of residence and parking facilities. Loans are also provided to local governments and improvement districts to help finance local water and sewer projects. Debt service requirements are met through local property taxes and, for universities and colleges, through user fees. During 1996/97, debt in this category decreased \$316 million mainly due to the defeasance of the outstanding debt of the Greater Vancouver Sewerage and Drainage District and the Greater Vancouver Water District. These district agencies will meet their future borrowing requirements through the Municipal Finance Authority of British Columbia.
- *Other guarantees* include loan guarantees provided to private-sector firms and individuals through various provincial programs. These include student financial assistance, loan guarantees to agricultural producers, and guarantees issued

under economic development assistance programs. These guarantees are not direct obligations of the province except in the event of default by the borrowers who received the guarantee. During 1996/97, this debt declined \$59 million because of expiring loan guarantees issued under the former British Columbia home mortgage assistance and second mortgage programs, and lower guarantees for student financial assistance due to a change in the program in 1995/96. At March 31, 1997, other guarantees totalled \$229 million.

- *The warehouse borrowing program* takes advantage of market opportunities to borrow money in advance of actual requirements. This debt is eventually allocated to either the provincial government or its Crown corporations and agencies. In the interim, the money is invested and earns interest at market rates. In 1996/97, \$795 million of warehouse debt was used by the provincial government to meet its own financial requirements, leaving a balance of \$100 million at March 31, 1997.
- *Non-guaranteed debt* represents debt assumed by a government body without a provincial government guarantee. Most of this debt consists of mortgages, or is used to finance hydroelectric power projects in the Columbia River basin. As a result of an accounting change in 1996/97, non-guaranteed debt of school districts, hospital districts and societies, and post-secondary institutions is excluded from total provincial debt. At March 31, 1997, non-guaranteed debt totalled \$245 million, of which \$121 million was taxpayer-supported and \$124 million was self-supporting.

Debt Indicators

The government uses a number of financial indicators to help the public understand provincial borrowing and its fiscal impact. Table 2.5 provides an historical summary of the financial indicators recommended by the Auditor General.

In 1995, the government sought advice from a panel of business and labour representatives to design a debt management plan. The government received the panel's advice but adopted debt benchmarks which exceeded those suggested by the panel. The subsequent slowdown in the provincial economy demonstrated that the benchmarks adopted by the government were not sustainable. As a result, the government again consulted with the business/labour panel. The panel repeated its earlier advice and recommended that the government adopt the benchmarks originally proposed.

The 1997 budget introduced a financial management plan which incorporated the panel's recommendations. The key goals of the plan are to:

- balance the provincial government's operating budget (consolidated revenue fund);
- reduce the provincial government's direct debt over 20 years;
- reduce taxpayer-supported debt as a share of the provincial economy to 15 per cent by 2015; and
- cap annual interest costs on taxpayer-supported debt at 9 per cent of revenue.

The government issues an annual *Debt Statistics Report* in conjunction with the *Public Accounts*. This report shows the government's progress in meeting its financial management plan targets and provides further details on provincial debt.

Table 2.5 Key Debt Indicators¹

	For fiscal year ending March 31				
	1993	1994	1995	1996	1997
Debt to revenue (per cent)					
Total provincial	95.8	97.3	94.0	97.4	97.7
Taxpayer-supported	85.3	87.0	85.0	87.0	91.1
Debt per capita (\$)²					
Total provincial	6,736	7,253	7,369	7,630	7,585
Taxpayer-supported	4,572	5,030	5,186	5,279	5,485
Debt to GDP (per cent)³					
Total provincial	27.0	28.4	27.4	28.2	28.2
Taxpayer-supported	18.3	19.7	19.3	19.5	20.4
Interest bite (cents per dollar of revenue)⁴					
Total provincial	8.8	8.2	8.8	8.9	8.0
Taxpayer-supported	6.9	7.2	7.6	7.7	7.3
Interest costs (\$ millions)					
Total provincial	2,142	2,186	2,546	2,609	2,388
Taxpayer-supported	1,293	1,494	1,711	1,749	1,691
Interest rate (per cent)⁵					
Taxpayer-supported	9.7	9.4	8.9	8.9	8.2
Background Information:					
Revenue (\$ millions)					
Total provincial ⁶	24,441	26,653	28,774	29,474	29,940
Taxpayer-supported ⁷	18,641	20,665	22,392	22,843	23,199
Total debt (\$ millions)					
Total provincial	23,422	25,927	27,050	28,713	29,240
Taxpayer-supported ⁸	15,896	17,981	19,037	19,866	21,144
Provincial GDP (\$ millions)	86,698	91,228	98,555	101,945	103,631
Population (thousands at July 1)	3,477	3,575	3,671	3,763	3,855

¹ As a result of an accounting change in 1996/97, figures for 1995 onwards have been restated to exclude revenue and non-guaranteed debt (and related interest expense) for school districts, hospital districts and societies, and post-secondary institutions.

² The ratio of debt to population (e.g. 1996/97 debt divided by population at July 1, 1996).

³ The ratio of debt outstanding at fiscal year end to provincial nominal gross domestic product (GDP) for the calendar year ending in the fiscal year.

⁴ The ratio of interest costs (less sinking fund interest) to revenue. Figures for 1995 and onward include capitalized interest expense in order to provide a more comparable measure to outstanding debt.

⁵ Weighted average.

⁶ Includes revenue of the consolidated revenue fund plus revenue of all Crown corporations and agencies.

⁷ Excludes revenue of commercial Crown corporations and agencies.

⁸ Excludes debt of commercial Crown corporations and agencies, funds held under the province's warehouse borrowing program, and non-guaranteed debt of the British Columbia Lottery Corporation, Liquor Distribution Branch, British Columbia Railway Company and Columbia Basin Power Company.

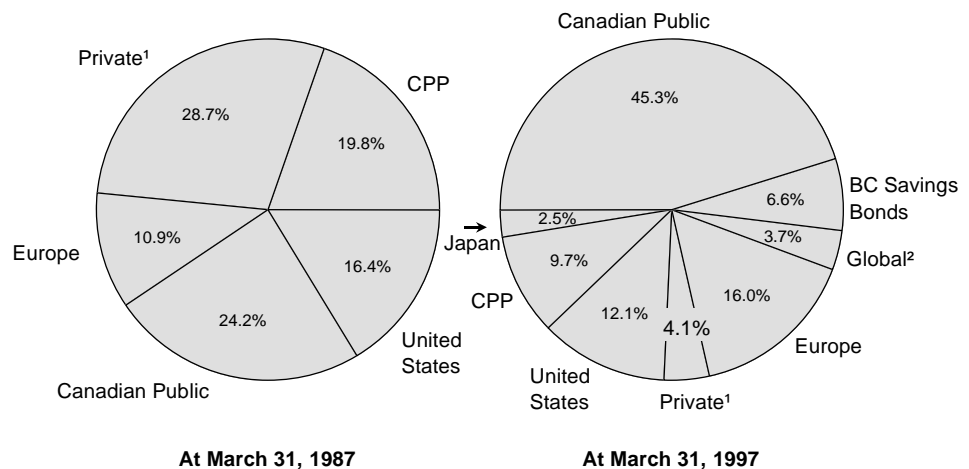
Sources of Funds

In order to minimize financing costs, the provincial government raises funds through a variety of instruments and capital markets, depending upon financial market conditions. Canadian public-sector debt has increased rapidly in recent years. This has placed enormous pressure on domestic capital markets and has forced provinces to diversify their borrowing programs into foreign capital markets to minimize borrowing costs.

The British Columbia government borrows from a variety of sources, including public financial markets in Canada, the United States, Europe and Asia, and private

institutional lenders. In all cases, debt is payable in either Canadian or U.S. dollars. Since 1987, borrowing sources have shifted from private placements towards public issues (see Chart 2.7).

Chart 2.7 Sources of Debt Outstanding



¹ Includes borrowings from provincial trustee funds.
² A global debt security is offered simultaneously to investors in Canada, the United States, Europe and Asia.

The province continues to diversify its borrowing sources to cultivate strong domestic and international investor demand for British Columbia's debt securities to help minimize financing costs. A broad investor base is also important given increased competition for funding from other provinces and the need for multiple funding sources in the face of volatile capital markets.

Measures are also taken to ensure the best possible management of new and existing debt. These measures include:

- refining debt management parameters and performance benchmarks. The Ministry of Finance and Corporate Relations has been working with major international investment banks to implement a state-of-the-art, debt management performance measurement system;
- working with major international firms to establish appropriate debt strategies to balance interest rate costs and risk for the provincial government and major Crown corporations; and
- increasing use of financial products, such as interest rate and currency swaps, to manage interest rate and foreign currency exchange risks.

Banking and Cash Management

The Provincial Treasury Division of the Ministry of Finance and Corporate Relations acts as the province's banker. It provides for the banking requirements of government ministries, Crown corporations and other agencies. Provincial Treasury actively manages an annual cash flow of \$500 billion to ensure that investment earnings are maximized and borrowing costs minimized. Overall, Provincial Treasury is responsible for 2,500 bank accounts, 50 different banking systems and agreements with 33 financial institutions. Other measures to maximize earnings and minimize costs include:

- government-wide use of a purchasing card program to reduce administrative costs;
- use of automated collection and disbursement technologies, including electronic data interchange and electronic funds transfer, that accelerate revenue collection and reduce banking costs associated with making payments;
- acceptance of debit (bank) cards at all British Columbia liquor stores and debit/credit cards at selected government offices, to reduce the cost of handling cash, and improve security and customer convenience;
- use of an offset interest program that electronically combines bank balances of government entities with the balance of the government's accounts to earn a better return on funds; and
- contracting out specific revenue collection activities, such as the collection of motor vehicle fines, to reduce administrative costs.

Trust Funds

Trust funds are administered by the government for external parties, but are not part of the provincial government's consolidated revenue fund. At March 31, 1997, trust funds under administration totalled \$41.5 billion, up \$4.4 billion from March 31, 1996. These included:

- superannuation, pension and long-term disability funds established for public-sector employees totalling \$28.1 billion;
- sinking funds, established by the government, Crown corporations and other public bodies for the retirement of long-term debt, totalling \$4.5 billion;
- defeased trust funds, set aside to repay outstanding debt where the government has certified that there are sufficient funds to service and repay debt over its remaining term, totalling \$1.1 billion;
- investment funds of the Workers' Compensation Board totalling \$5.9 billion;
- investment funds of Crown corporations and agencies, including working capital surplus to their immediate needs and funds for capital transactions, totalling \$1.2 billion;
- public trustee and official administrators trust funds totalling \$573 million; and
- other trust funds, including Supreme Court suitors' funds, totalling \$97 million.

Although trust funds are external to government, investment performance has significant implications on the long-term costs to taxpayers (such as pension contributions). Consequently, the government ensures that trust fund assets are managed to generate strong investment returns.

Trust funds are managed by the Office of the Chief Investment Officer in accordance with the *Trustee Act*, the *Financial Administration Act*, and the *Pension Benefits Standards Act*. With the approval of the trustee, investments can be diversified into a wide range of asset classes including equities, real estate, mortgages and foreign securities. Funds are managed to minimize investment risk and improve long-term return.

Other Liabilities

The provincial Public Service Superannuation Fund is estimated to have a surplus of \$209 million, based on an actuarial valuation date of March 31, 1996. This compares to a liability of \$140 million as of the previous valuation date on March 31, 1993.

The provincial government also administers certain pension funds on behalf of third parties. The provincial shares of the estimated unfunded liability of these funds are as follows: Municipal Pension Plan (school board support staff and hospital employees) — \$742 million liability, based on an actuarial valuation date of December 31, 1994; and Teachers' Pension Plan — \$1.8 billion liability, based on an actuarial valuation date of December 31, 1993.

Other pension plans administered by the provincial government are not reflected in the government's statement of financial position because the provincial government is not responsible for any surpluses or deficiencies of these plans.

Chapter Three

The Province and Its People



Logger Sports — Squamish

3: The Province and Its People¹

Physical Attributes

Geography

British Columbia is located on Canada's Pacific coast, and has a land and freshwater area of 95 million hectares. It is Canada's third largest province and comprises 9.5 per cent of the country's total land area. The province is nearly four times the size of Great Britain, 2.5 times larger than Japan, and larger than any American state except Alaska.

British Columbia's 7,022-kilometre coastline supports a large shipping industry through ice-free, deep-water ports. The province has about 8.5 million hectares of grazing land, 1.8 million hectares of lakes and rivers, and 950,000 hectares of agricultural land that is capable of supporting a wide range of crops.

Physiography

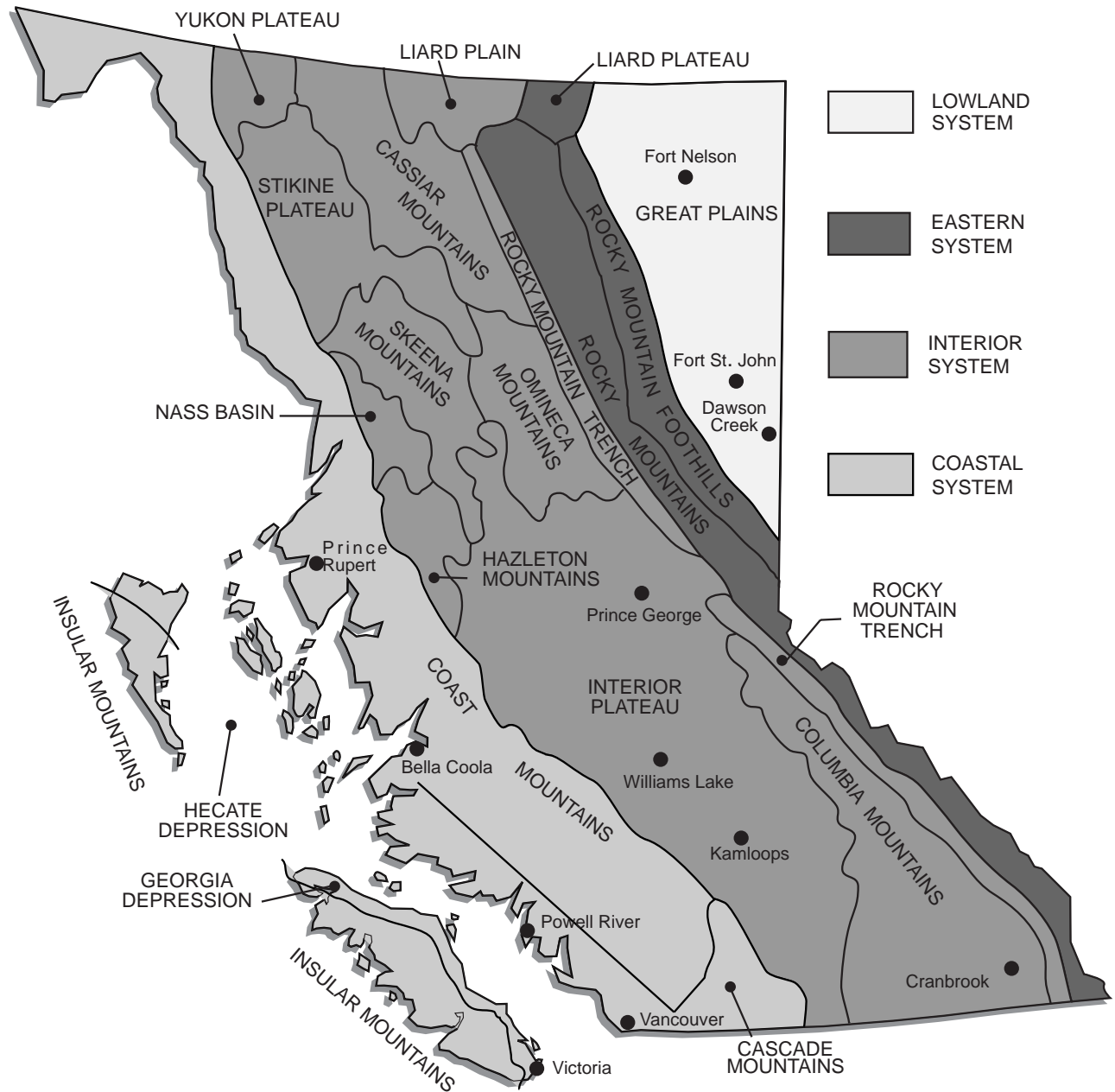
British Columbia is characterized by mountainous topography, but also has substantial areas of lowland and plateau country. The province has four basic regions (see Map 3.1), a north-westerly trending mountain system on the coast, a similar mountain system on the east, and an extensive area of plateau and mountain country between the two. The north-eastern corner of the province is lowland, a segment of the continent's Great Plains.

The western system of mountains averages about 300 kilometres in width and extends along the entire British Columbia coast and the Alaska panhandle. The Coast Mountains contain some of the tallest peaks in the province. The western system includes the Insular Mountains that form the basis of Vancouver Island and the Queen Charlotte Islands. These islands help to shelter the waters off the mainland coast of British Columbia, which form an important transportation route for people and products.

The interior of British Columbia is a plateau of rolling forest and grassland, 600 to 1,200 metres in average elevation. North of Burns Lake the interior becomes mountainous, but plateau terrain returns just south of the Yukon boundary in the area drained by the Liard River. The southern interior's water system is dominated by the Fraser River, which has a drainage area covering about one-quarter of the province. The Rocky Mountains, in the eastern mountain system, rise abruptly on the southern British Columbia-Alberta boundary and are cut by passes which provide dramatic overland transportation routes into the province. The Rocky Mountain Trench lies immediately to the west of the Rockies. This extensive valley, the longest in North America, is a geological fault zone separating different earth plates. It is the source of many of British Columbia's major rivers, including the Peace, Columbia and Fraser.

¹ Chapter 3 and Appendix 3 are based on data and information available as of August 29, 1997.

Map 3.1 Physiographic Regions



Climate and Vegetation

Coastal British Columbia has abundant rainfall and mild temperatures associated with a maritime climate. The Pacific coast has an average annual rainfall of between 155 and 440 centimetres, while the more sheltered coasts of eastern Vancouver Island and the mainland along the Strait of Georgia average between 65 and 150 centimetres. Canada's longest frost-free periods of over 180 days per year are enjoyed along the edges of the coastal zone and far inland along the Fraser River valley. Temperatures fall quickly up the steep slopes of the Coast Mountains. The predominant trees in this coastal region are the western hemlock, western red cedar and balsam (amabilis fir) in the wetter parts, and Douglas fir and grand fir in the drier areas.

The interior region of British Columbia has a mainly continental type of climate, although not as severe as that of the Canadian prairies. Considerable variation in climate occurs, especially in winter, as mild Pacific storms bring relief from cold spells. The southern interior has the driest and warmest climate of the province. In the valleys, annual precipitation ranges from less than 30 centimetres to 50 centimetres, while daily temperatures can average over 20 degrees Celsius in July and just under freezing in January. The climate becomes more extreme further north and precipitation increases. The frost-free period here is short and unreliable. Lodgepole pine is the dominant tree of commercial value in the interior.

The north-east region of the province is an extension of the western prairie region of Alberta. It has a continental climate that is more extreme than that of the northern interior region. However, it does have long hot summers and a frost-free period long enough to grow grain, forage and other crops.

Mineral Deposits

The complex geological processes that formed British Columbia are reflected in the distribution of its mineral resources. Belts of distinctive rocks, each with characteristic mineral deposits, run northwest-southeast through the province. As a result, the character of the province's mineral resources varies most markedly west to east. The dominantly volcanic terrains to the west contain deposits of copper, iron, gold, silver and molybdenum, while the sedimentary rocks to the east are rich in lead, zinc and silver. For the same reason, most of the coal, natural gas and all resources formed by various sedimentary processes, are located along the eastern margin of British Columbia. Industrial minerals occur throughout the province.

Economic History

For thousands of years prior to the arrival of European settlers, British Columbia was populated by aboriginal peoples. Most of these people lived along the lower reaches of major salmon rivers, with the rest located throughout the south and east interior, central plateaus, and remote mountainous areas of what is now northern British Columbia. Local economies were largely based on hunting and harvesting, but many First Nations also engaged in significant trading activity, especially those with access to river and ocean trade routes. These economies supported vigorous, diverse and active cultures.

European contact began in 1774 when a Spanish sailing ship commanded by Juan Perez anchored south of Nootka Sound. An extended visit by Captain James Cook to Nootka Sound in 1778 established Britain's interest in the region. The visit set

Chapter 3: The Province and Its People

the stage for the fur trade, which flourished until the middle of the 19th century. Captain John Meares established a trading post at Nootka in 1777, loading a vessel with furs and wooden spars for shipment to China. This represented the first reported trade in timber from British Columbia.

Fur traders of the North West Company explored the interior of the province; Alexander Mackenzie, Simon Fraser and David Thompson each explored different routes from British North America to the sea. Alexander Mackenzie reached the Pacific Ocean near Bella Coola in 1793. Simon Fraser founded Fort St. James on Stuart Lake and Fort George at the confluence of the Nechako and Fraser Rivers in 1806 and 1807, respectively. Both were established in the name of the North West Company.

The North West Company and the Hudson's Bay Company amalgamated in 1821. In 1843, the Hudson's Bay Company established Fort Victoria as its western depot, in anticipation of the loss of its depot at what is now Vancouver, Washington. In 1846, the Oregon Treaty established the United States-British Columbia border at the 49th parallel, 200 miles north of the lower Columbia River. The Hudson's Bay Company established the first mechanized sawmill in British Columbia near Victoria in 1848.

The discovery of gold in the Fraser River in 1858 attracted thousands of people to the area. Victoria, as the supply centre, was suddenly transformed from a trading post to a city. New Westminster, Hope and Yale also came into prominence as a result of the gold rush. However, the brief economic boom during the gold rush years did not provide a firm base for continued rapid growth.

Transportation

The lack of immigrants, capital and a large domestic market made the prospect of a rail link to eastern Canada attractive to British Columbia residents. In 1871, with the Dominion government's promise of an all-Canadian railway to the Pacific coast, British Columbia joined Confederation.

Completion of the Panama Canal in 1914 opened new markets in Europe, giving further impetus to the development of the forest industry, food processing and mineral smelting. Expansion of the province's ports facilitated the shipment of prairie grain.

World War II gave a boost to the British Columbia economy, increasing demand for the province's base metals and forest products. Construction of the Alaska Highway during the war, and service improvements to the Pacific Great Eastern Railway (now British Columbia Railway) helped to open up the northern and central areas of the province.

Forest Products

Major development of forest resources started after the completion of the Canadian Pacific Railway in 1886 and expanded with market conditions as transportation systems improved. Pulp production began in 1909, while Fraser Mills, near New Westminster, began producing plywood in 1913. Coastal sawmills exported lumber to world markets while interior sawmills found their first important market in the prairie settlement boom prior to World War I.

Pulp and paper mills, producing sulphite pulp and newsprint, were built at sites offering abundant water, energy and wood supplies. The rapid expansion of demand for paper products, associated with changed packaging techniques in the post-war period, shifted the emphasis to kraft or sulphate pulp.

Through the years, new technology has allowed greater use of the province's forest resources and increased the industry's efficiency and productivity.

Mining and Mineral
Fuels

Mining activity began with the working of Vancouver Island coal deposits in the 1840s, but placer gold attracted the most attention in this early period. Production of lode gold and copper overshadowed other minerals until the 1920s when the huge Sullivan lead-zinc mine at Kimberley came into full production. In the 1960s, emphasis again shifted to copper as new markets and technology permitted development of large, low-grade, open-pit mines. Commercial production of natural gas and oil in the Peace River area began with completion of the main gas and oil pipelines in 1957 and 1961, respectively. The coal mining industry was reactivated in the late 1960s when Japanese steelmakers began purchasing large quantities of coking coal from British Columbia mines. Coal production increased dramatically in 1984 with the opening of two north-east coal mines.

Fishing

The fishing industry has also been important throughout the economic history of the province. Salmon canning began in 1870 on the Fraser River, spreading quickly northwards. Canning made possible the export of salmon to distant markets. Some canning activity was displaced in the 1960s and 1970s by the development of freezing technology, which led to operations becoming more centralized in Vancouver and Prince Rupert. The 1970s also saw the development of a major roe herring fishery in the province's coastal waters and, in the 1980s, the cultivation of fish and shellfish species (i.e. fish farming) emerged.

Agriculture

Fur traders introduced agriculture to British Columbia in the first quarter of the 19th century in order to reduce their dependence on distant and costly sources of food. Grain, vegetables and fruit crops were grown, and dairy cattle and horses were kept at many trading posts. Demand for agricultural products increased considerably with the influx of goldseekers. Commercial farming and interior cattle ranching began during the mining booms. Activity expanded with the settlement of lands opened by the coming of the railways. Irrigation projects in the Okanagan and Kootenays, and land reclamation programs in the lower Fraser Valley and at Creston, provided rich new productive capacity. Cultivation of grain and seed crops began in the Peace River region after the turn of the century.

Tourism

Tourism emerged as a global phenomenon in the post-war period. Rising income levels, more leisure time and improved transportation systems resulted in increased tourism activity, a trend that was shared by British Columbia. Tourism activity was given a further boost by Expo 86, the international exposition held in Vancouver, which recorded over 22 million visits and gave British Columbia world-wide exposure. Both Vancouver and Victoria have world-class convention centres. In addition, considerable tourism-related development has taken place in recent years at Whistler, the international ski resort 124 kilometres north of Vancouver, and elsewhere in the province.

Chapter 3: The Province and Its People

Manufacturing	Manufacturing in British Columbia has historically been resource-based and dominated by the production of wood and paper products. However, the emergence of other manufacturing activities, particularly in the 1980s, provided greater diversification to the province's manufacturing sector. Important secondary manufacturing sectors now include fabricated metal products, printing and publishing, transportation equipment, and machinery industries.
Use of High-Technology	The past 15 years have seen an increase in both the production and use of high-technology in the province, and the need for workers who can use computers and software. Graduates of the province's universities are applying their knowledge in industries such as information technology, communications, aerospace, health, biotechnology and engineering. Industries as diverse as manufacturing, financial services and transportation make use of advanced technology to increase efficiency and reduce costs.

Recent developments in the province's industrial sectors are outlined in Chapter 4.

Population

British Columbia is the only province that has consistently had a population growth rate above the national average since it joined Confederation. This trend continued in 1996; at July 1 the population of the province was 2.5 per cent higher than a year earlier. Only the Yukon had a higher growth rate at 3.8 per cent. The national average growth rate for the same period was 1.2 per cent.

British Columbia's population on December 31, 1996 was estimated at 3,902,547 persons, representing 12.9 per cent of Canada's total population. This is an increase from an 11.5 per cent share in December 1986, and translates to an average annual compound increase in population of 2.5 per cent. The national average annual increase for the same period was 1.4 per cent. See Appendix A3.1 for municipal population estimates.

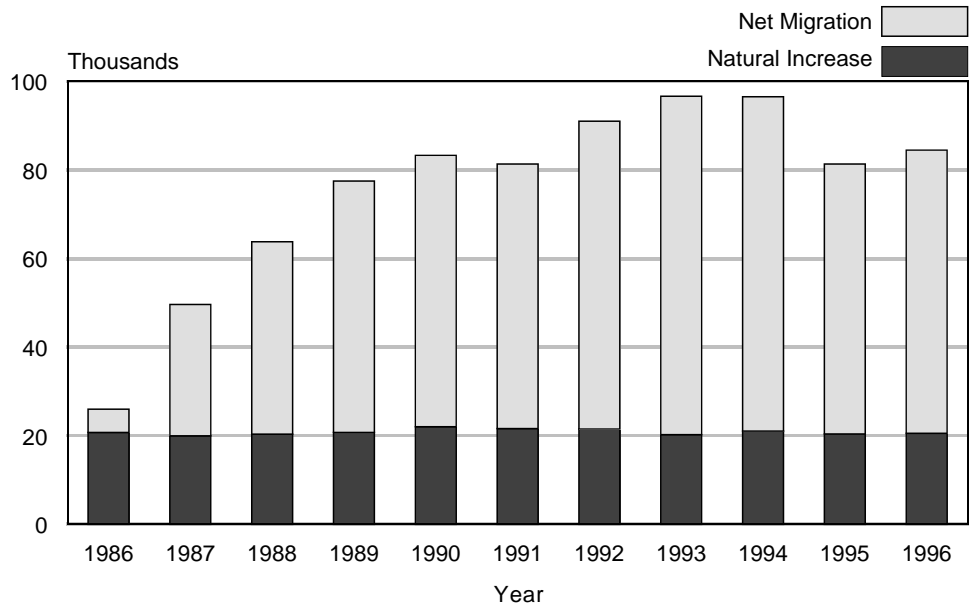
The primary reason for the relatively strong growth in British Columbia is migration from the rest of Canada and the world. With its pleasant climate and spectacular scenery, British Columbia has long been a popular destination for migrants from within Canada. In addition, its location on the Pacific Rim has made British Columbia an attractive destination for immigrants from Asian countries.

Components of Population Change

Population change can be divided into two components: migration, which encompasses both the movement of people to and from the province, and natural increase, which is the net result of births minus deaths. Migration has always been an important factor in British Columbia's population growth, and in recent years has increased in significance.

Over the past 10 years, net migration has accounted for 75 per cent of the province's population growth, with natural increase contributing the remaining 25 per cent. Chart 3.1 displays the relative importance of the two components of population growth over the 1986 to 1996 period. The magnitude of natural increase has remained stable, while net migration has fluctuated with economic cycles.

Chart 3.1 Major Components of British Columbia Population Change

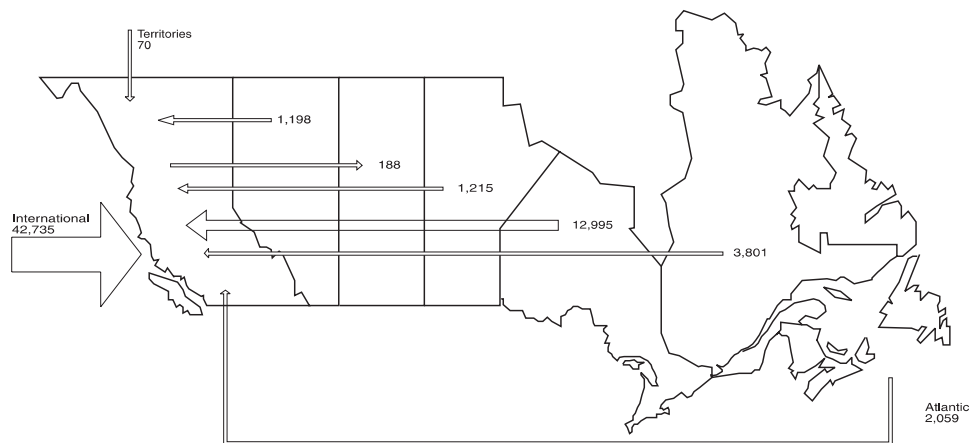


Source: Statistics Canada

Migrants to British Columbia tend to be younger, on average, than existing residents. They bring with them a higher average level of educational attainment, as a larger share of the migrant population holds university degrees. They also tend to have a higher level of occupational skills, as witnessed by the greater proportion of migrants in managerial and professional occupations.

During 1996, there was a net increase in population as a result of migration from the rest of Canada of 21,150 persons, down from the 24,023 recorded during 1995. This decline in interprovincial migration was largely the result of a reduction in the net inflow of population from Alberta, and was a reflection of the strong

Map 3.2 Net Population Movement (Calendar year 1996)



Note: Net population movement represents total inflow less total outflow.

Source: Statistics Canada

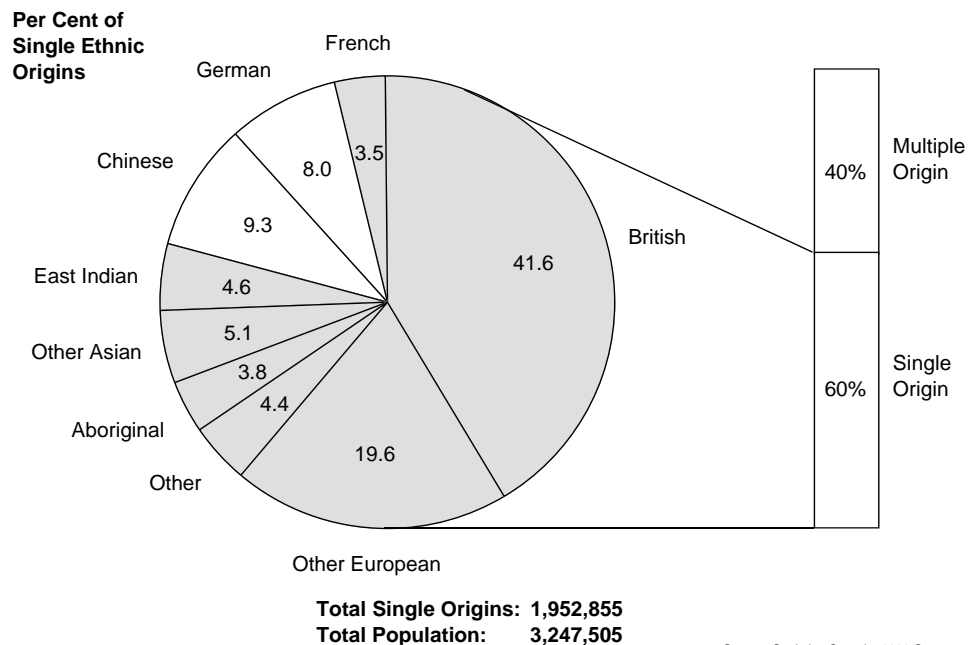
economic growth in Alberta and falling unemployment rates relative to those in British Columbia. Despite the decline in net in-migration to British Columbia during 1996, healthy net inflows of population were recorded from all areas of Canada with the exception of Saskatchewan (see Map 3.2). In addition to net inflows from other provinces, there was a net gain of close to 43,000 people through international migration.

The origin of these immigrants has changed over time. Historically, the bulk of the immigrant population came from Europe. Europe is still a significant source, but is declining as a share of overall migration. More recently, Asia has become the predominant source of immigrants to British Columbia.

Ethnicity

British Columbia has a diverse ethnic mosaic. Traditionally, British has been the most common ethnic origin, followed distantly by other European groups. With the shift in immigration patterns for the province, there has been a corresponding gradual shift in the province's ethnic make-up. While British is still by far the most common ethnic origin, some Asian groups have surpassed other European groups. Results from the 1991 Census indicate that Chinese has replaced German as the second largest ethnic group in the province (see Chart 3.2).

Chart 3.2 Single Ethnic Origins in British Columbia, 1991



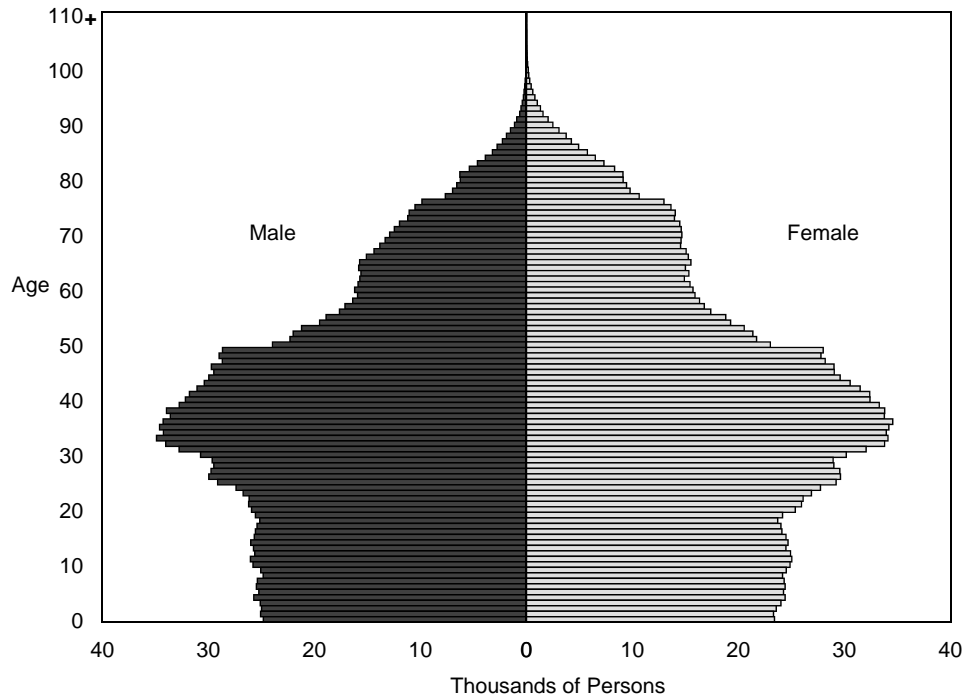
The linguistic make-up of British Columbia is also changing as a result of shifting sources of immigration. English represents by far the largest proportion of languages spoken, with over 81 per cent of British Columbians having English as their mother tongue in 1991. In addition, over 91 per cent of British Columbians said that English was the language used at home. After English, those

British Columbians reporting one mother tongue spoke Chinese most frequently (4.4 per cent), followed by German (2.5 per cent), Punjabi (1.8 per cent), and French (1.4 per cent).

Age Structure of the Population

The age structure of British Columbia is shaped largely by the post-war baby boom and the subsequent drop in birth rates. The effects of the baby boom can easily be seen in the bulge in population between the ages of 25 and 44. This age group accounted for 33.1 per cent of the population in 1996 (see Table 3.1).

Chart 3.3 British Columbia Population by Age and Sex, 1996



Source: Statistics Canada

As baby boomers age, so too will the province's population. The median age in 1996 was 35.7 years, compared to 32.7 years in 1986. The combination of increased life expectancies and low fertility rates relative to the past will ensure that this ageing trend will continue. Population ageing is reflected by the growing proportion of the population over the age of 64. In 1996, 12.8 per cent of population was over the age of 64, up from 11.9 per cent in 1986. As baby boomers start to reach this age group, the proportion aged 65 and over will grow even faster.

The consequences of an ageing population will be numerous. Demand for products and services used by the elderly will rise, while the emphasis in social service expenditures will likely shift towards health care funding and away from education.

Table 3.1 British Columbia Population by Age Group (July 1)

Age Group	1986		1996		Change 1986–1996
	(thousands)	(per cent)	(thousands)	(per cent)	(per cent)
0–4.....	210	7.0	244	6.3	16.4
5–17.....	530	17.5	650	16.9	22.7
18–24.....	345	11.4	363	9.4	5.3
25–44.....	990	32.8	1,276	33.1	28.9
45–64.....	587	19.4	829	21.5	41.3
65 and over.....	359	11.9	493	12.8	37.1
Total.....	<u>3,020</u>	<u>100.0</u>	<u>3,855</u>	<u>100.0</u>	27.6

Note: Totals may not add due to rounding.
Source: Statistics Canada.

Family Structure of the Population

The definition and structure of the family has changed over time as demographic, social and economic changes have occurred. Shifting societal values have made some forms of families more acceptable than in the past. About 82 per cent of British Columbians lived in families in 1991. Of these families, 12 per cent were headed by a lone parent, up from just under 11 per cent in 1981. There are also more common-law unions. In 1991, 11 per cent of British Columbia families were common-law unions, up from 8 per cent in 1981. Fewer families reported children living at home partly because people are living longer, and partly because people are choosing not to have children due to the availability of reliable birth control methods and more women pursuing careers outside the home. In 1991, 54 per cent of husband/wife families had children living at home (56 per cent for legally married couples, and 37 per cent for common-law couples), compared to 58 per cent in 1981.

Regional Population Change

Growth in British Columbia over the 10 years between 1986 and 1996 was concentrated in three regions: Mainland/Southwest, Vancouver Island/Coast, and Thompson/Okanagan (see Table 3.2). The Mainland/Southwest region, which contains the Greater Vancouver Regional District, experienced the greatest growth. During the last 10 years, its population share increased to 55.9 per cent from 54.4 per cent. All other regions experienced some decline in their share of the total population, except Vancouver Island/Coast and Thompson/Okanagan, which had marginal increases.

The three regions that sustained the most growth are also the regions with the highest population densities. They account for 87 per cent of the provincial population, but less than 25 per cent of the land mass of the province. The Greater Vancouver Regional District had a population density of 638 people per square kilometre in 1996, compared to 4 people per square kilometre for all British Columbia.

There are several reasons for the continued centralization of the population into the southern part of the province, and in particular, the Census Metropolitan Areas of Vancouver and Victoria. One is the shift in economic activity toward more service-oriented activities that prosper in more heavily populated areas. Another is the dependence of other regions on resource-based industries. These industries have undergone restructuring in recent years, which has undermined employment growth.

Table 3.2 British Columbia Population by Region (July 1)

Development Region	1986	1991	1996	Change	
				1986–1991	1991–1996
		(thousands)		(per cent)	
Vancouver Island/Coast.....	560.4	630.7	716.2	12.5	13.6
Mainland/Southwest.....	1,643.8	1,887.1	2,154.2	14.8	14.2
Thompson/Okanagan.....	356.4	397.6	474.0	11.6	19.2
Kootenay.....	138.1	138.5	153.4	0.3	10.7
Cariboo.....	155.8	156.4	174.0	0.4	11.2
North Coast.....	65.1	67.7	73.0	4.0	7.7
Nechako.....	41.2	41.7	45.9	1.1	10.2
Northeast.....	59.5	60.1	64.4	0.9	7.3
British Columbia.....	<u>3,020.4</u>	<u>3,379.8</u>	<u>3,855.1</u>	11.9	14.1

Note: Totals may not add due to rounding.

Source: BC STATS, Ministry of Finance and Corporate Relations.

As the population ages, the retirement base in the province will grow. The Vancouver Island/Coast and the Thompson/Okanagan regions are popular locations for retirement, and this has contributed to growth in these areas. The ageing population means an increasing demand for services, which helps explain the growing tertiary sector.

There is a great deal of regional diversity in terms of ethnicity within British Columbia. For example, of those reporting Chinese as a single ethnic origin, 93 per cent reside within the Mainland/Southwest region, and comprise almost 15 per cent of the population in that region. By contrast, Chinese comprises just over 2 per cent of the Vancouver Island/Coast region's ethnic make-up (single origin only), which has the second largest concentration of Chinese. In the northern regions, particularly the North Coast region, the distinguishing characteristic is a high percentage of people of aboriginal ethnic origin. Of those reporting a single ethnic origin in the North Coast region, 32 per cent were aboriginal. This is compared to just under 4 per cent for British Columbia as a whole. The other notable regional distinction is the greater incidence of people reporting British as an ethnic origin in the Vancouver Island/Coast region (58 per cent, compared to 40 per cent for British Columbia as a whole).

Labour Market

The British Columbia labour market continues to display healthy growth. The labour force grew 2.4 per cent in 1996 and employment increased by 2.5 per cent to 1,806,000 persons. Both full-time and part-time employment increased, with over 70 per cent of the net gains registered in full-time work. British Columbia is the only province which has not experienced a decrease in employment in any year over the last decade. (See Chapter 1 and Appendix Table A3.2 for further details on labour market conditions.)

Labour Force

In recent decades, one of the most significant changes in British Columbia's labour force has been the growth in the number of women participants. Between 1986 and 1996, the female labour force increased by 36.5 per cent, outpacing female population growth at 29.0 per cent. In 1996, there were 898,300 females, or 58.6 per cent of women aged 15 years and over, in the labour force. The male

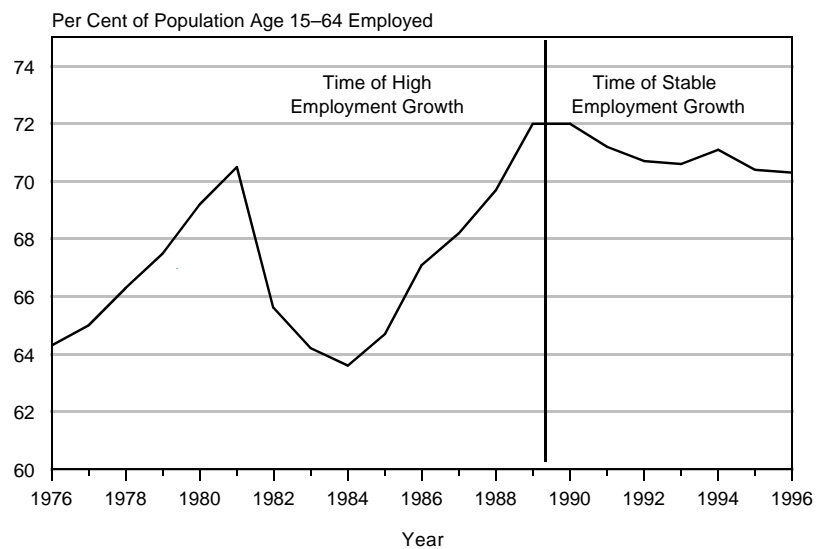
Introduction

British Columbia Labour Market Trends

Most western economies have experienced continued rises in unemployment rates, and British Columbia has been no exception. While the very high levels of unemployment during the early 1980s have not been repeated, recent unemployment rates have been generally higher than in the 1970s.

However, the unemployment rate highlights only one aspect of the labour market. Job creation has been very strong in British Columbia over the last decade, substantially outpacing population growth in the latter half of the 1980s. Over the last five years, employment growth has kept up with the population increase. The 1990s have been a time of relatively stable employment rates at historically high levels.

Chart 1 British Columbia Employment Rate



The 1980s

The past twenty years can be divided into two distinct periods. Up until 1989, the overriding dynamic of the labour market was the increased participation rate of women. The proportion of women in the workforce was on a definite upward trend.

The British Columbia job market was able to accommodate this large growth in the demand for jobs primarily because of increased demand by families for services normally provided by women in the home, such as child care, food preparation and house cleaning. Also, demand for public services in the health, education, and social services sectors increased. Many of the new jobs required skills in which women were well trained. Between 1976 and 1989, the proportion of women with paid employment climbed from 48 per cent to 63 per cent.

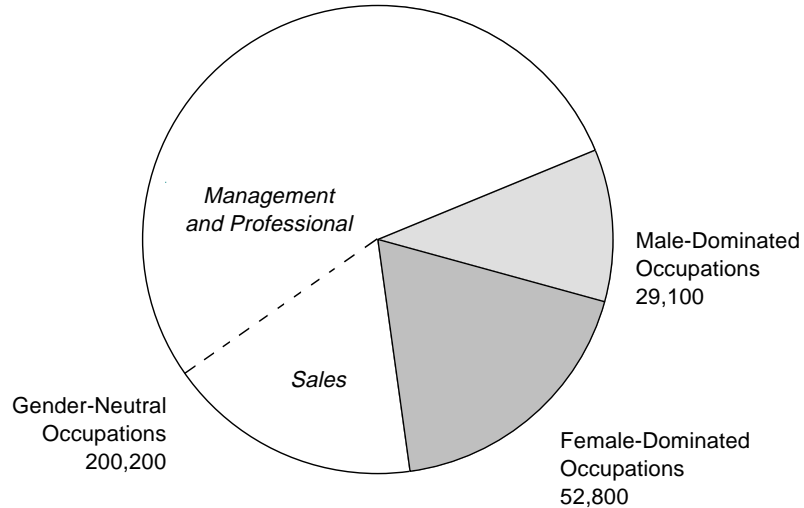
In the late 1980s, the proportion of men aged 15 to 64 who had jobs was 80 per cent, a level comparable to that of the late 1970s. In other words, employment growth for men kept up with their population growth. Male jobs lost in the manufacturing and primary industries were offset by management and professional job growth.



The 1990s

Since 1989, there has been relative stability in the proportion of the population who have jobs. The average hours worked per employed person have also been stable although there have been shifts in the distribution of hours, with more people working part-time and more people working over 40 hours per week. However, there have been noticeable shifts in the types of jobs available in the 1990s.

Chart 2 Job Creation 1989 to 1996



Firstly, gender neutral occupations now represent the high growth areas. The 1990s have not seen a major shift in the male/female ratio of jobs as was the case in the previous decade. The second major trend is the increasing importance of highly-skilled managerial and professional jobs. The educational attainment of the workforce further emphasizes this change.

In 1990, 40 per cent of those employed had either a college certificate or diploma, or a university degree. This proportion has climbed because the lesser-educated portion of the workforce has retired and the better-educated young have found jobs. In 1996, 50 per cent of the employed workforce had post-secondary credentials — a 10 percentage point increase for the six years since 1990.

In terms of skills demanded by employers, the pay structure reflects the increased demand for higher skilled employees. Contrary to the 1980s when the low and the high paid jobs increased while the mid-range jobs declined in importance, the first half of the 1990s saw the low paid, unskilled jobs decline in favour of the middle and higher paid jobs.

Youth

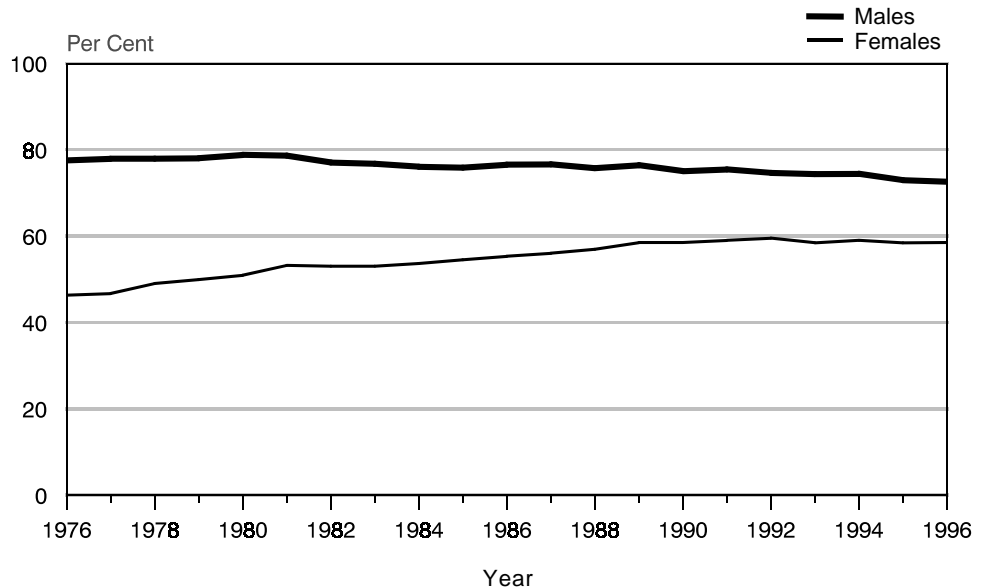
Between 1989 and 1996, the proportion of the 15 - 24 age group with jobs declined from 65 per cent to 53 per cent. However, their school participation increased to a level that almost offset the decline in their employment rate. Currently, 51 per cent attend school full-time compared to 43 per cent in 1989. But unemployment remains high and the gap between the unemployment rates for the young and the rest of the workforce has widened.

One reason why this generation is finding it difficult to obtain work is demographics. They are the children of the early baby boomers and constitute a bulge flowing into the labour market that exceeds the outflow of retirees. Coupled with downsizing in the public sector, which had traditionally been an important source of employment for the better-educated young, there have been fewer job opportunities for youth. However as the baby boomers retire, more employment opportunities are expected to appear.



participation rate, on the other hand, decreased from 76.6 per cent in 1986 to 72.6 per cent in 1996. As a result, the proportion of the labour force comprised of women has grown steadily, from 42.5 per cent in 1986 to 45.3 per cent in 1996 (see Chart 3.4).

Chart 3.4 British Columbia Labour Force Participation Rates



Source: Statistics Canada

A skilled and well-educated labour force is essential in order to prosper in today's competitive international marketplace. In 1996, 60 per cent of the labour force had attended or had graduated from a post-secondary institute, compared with 41 per cent in 1986. The proportion of those in the work force who had completed some type of post-secondary education (university degree, college certificate or diploma, or trade certificate) rose to 48 per cent from 26 per cent over this ten year period.

Employment

Over the last 10 years, the number of people employed in British Columbia has increased by 33.4 per cent. The manufacturing and resource-based sectors are an important part of British Columbia's economy, but they are less important in terms of number of people employed than they were 10 years ago. Between 1986 and 1996, employment in British Columbia's service-producing sector grew by 33.9 per cent, an increase of 348,600 jobs. Over the same period, traditional industries like mining and fishing experienced declines in employment.

Unemployment

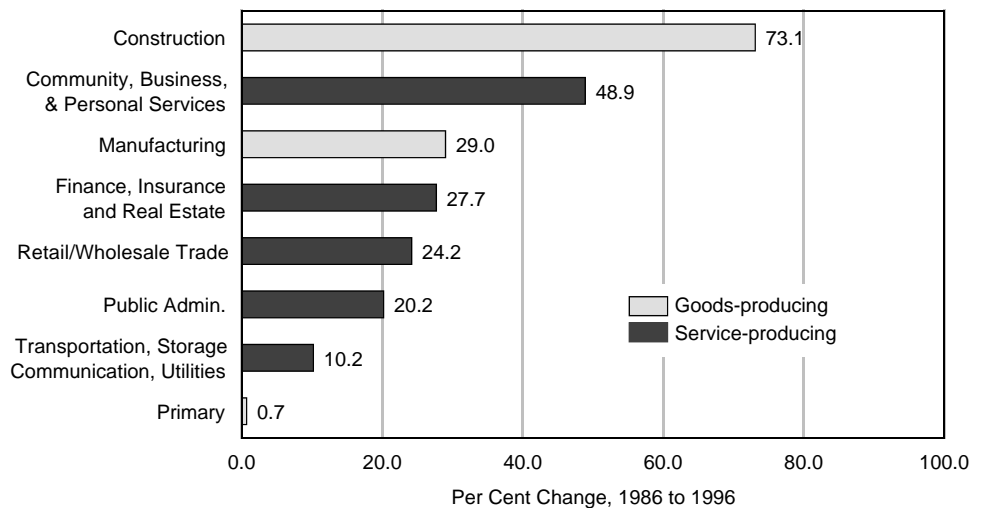
In 1996, the provincial unemployment rate was 8.9 per cent, compared to the Canadian average of 9.7 per cent. This was the sixth consecutive year the British Columbia unemployment rate was below the national average. Because of this, British Columbia remains an attractive destination for workers from other provinces as indicated by large inflows of working-age migrants in recent years.

Table 3.3 Characteristics of the British Columbia Labour Force

Characteristics	1986		1996	
	(000)	(per cent)	(000)	(per cent)
Labour force.....	1,548	100.0	1,982	100.0
Sex				
Male.....	890	57.5	1,083	54.6
Female.....	658	42.5	898	45.3
Age Group				
15-24.....	334	21.6	309	15.6
25-44.....	819	52.9	1,072	54.1
45-64.....	374	24.2	576	29.1
65 and over.....	21	1.4	26	1.3
Educational Attainment				
0-8 years.....	96	6.2	50	2.5
9-13 years.....	825	53.3	736	37.1
<i>Some secondary.....</i>	—	—	258	13.0
<i>Graduated from high school.....</i>	—	—	478	24.1
Some post-secondary.....	218	14.1	235	11.9
Post-secondary certificate or diploma.....	189	12.2	612	30.9
University degree.....	220	14.2	349	17.6

Note: Totals may not add due to rounding.
Source: Statistics Canada.

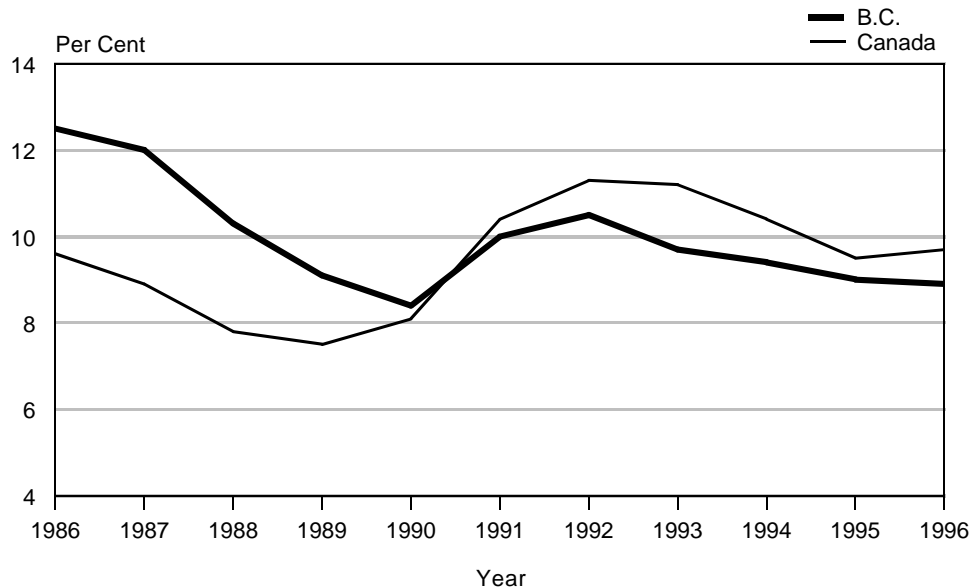
Chart 3.5 British Columbia Employment Change by Industry, 1986 to 1996



Source: Statistics Canada

The average duration of unemployment for British Columbians was 19.8 weeks in 1996, well below the national average duration of 24.0 weeks. Unemployed persons aged 45 years and over experienced more difficulty in finding employment. For this age group, the duration of unemployment averaged 28.3 weeks.

Chart 3.6 Unemployment Rate: British Columbia and Canada



Source: Statistics Canada

In December 1996, there were 102,561 persons in British Columbia between the ages of 19 and 64 receiving employment insurance benefits, representing 4.2 per cent of the population aged 19-64. The number of persons receiving employment insurance can vary as a result of seasonal employment. Individuals who are no longer entitled to employment insurance benefits and cannot find work are likely to apply for income support.

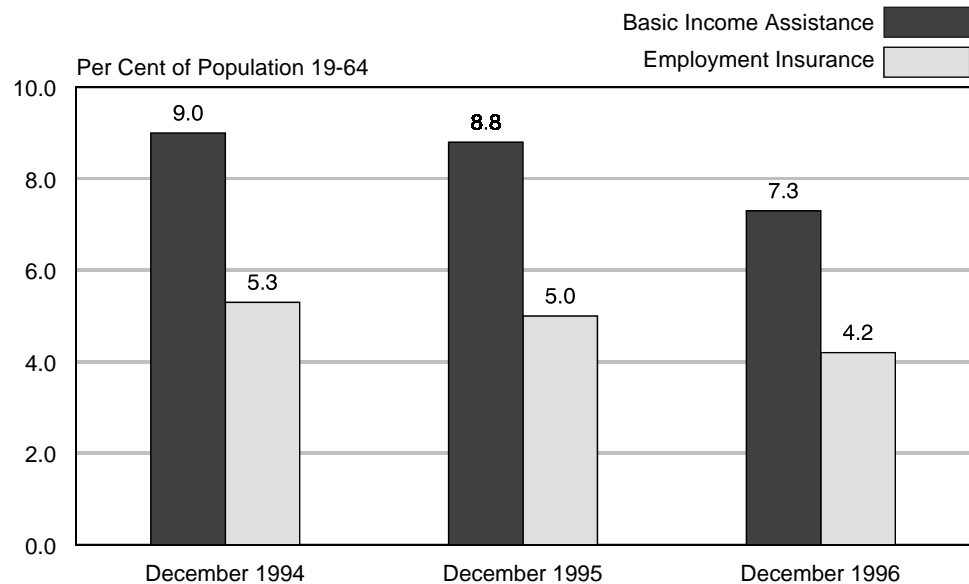
In December 1996 there were 175,711 persons aged 19-64 receiving basic income assistance² in British Columbia, representing 7.3 per cent of the 19-64 year old population. This was down considerably from the 206,021 recipients recorded in December 1995, when the per cent of 19-64 year old population receiving assistance was 8.8 per cent. Of those 175,711 persons receiving basic assistance in December 1996, 52.4 per cent were single recipients, 27.3 per cent were single parent recipients, 14.2 per cent were two parent family recipients and 6.2 per cent were couples.

Income

Average weekly earnings in British Columbia reached \$607.54 in 1996, an increase of 2.2 per cent, or \$12.85 over 1995. Goods producing industries recorded a 3.8 per cent increase in earnings to \$781.69, while the service producing industries recorded a more modest increase of 1.6 per cent to \$563.70. On an industry basis, average weekly earnings were highest in the mining and forestry industries.

Statistics Canada's fixed-weighted average hourly earnings index for British Columbia increased 2.5 per cent in 1996. This index is the best measure of economy-wide wage change as it attempts to neutralize the impact of occupational and industrial shifts on the change in earnings.

² Basic income assistance includes all recipients of basic BC Benefits except for disabled persons, children living in the home of a relative, seniors aged 65 and over, and aboriginal people living on reserves.

Chart 3.7 Basic Income Assistance and Employment Insurance Benefits

Source: Ministry of Human Resources;
Human Resources Development Canada;
BC STATS, Ministry of Finance and Corporate Relations

Personal income, which comprises all forms of income accruing to individuals, reached an estimated \$91.9 billion in 1996, up 2.5 per cent from 1995. On a per person basis, average personal income for British Columbians was \$23,857 in 1996, virtually unchanged from 1995. Total wages and salaries, the largest component of personal income, totalled \$51.1 billion in 1996, a 3.6 per cent increase from 1995.

Table 3.4 Average Weekly Earnings¹ in British Columbia

Industry	1990	1995	1996
	(dollars)		
Logging and forestry.....	716.49	846.84	894.48
Mines, quarries and oil wells.....	874.48	1,000.85	1,029.96
Manufacturing.....	628.96	734.31	772.53
Construction.....	598.48	688.16	686.84
Goods-producing industries.....	646.07	753.40	781.69
Transportation, communication and other utilities.....	686.67	771.98	794.69
Trade.....	395.96	473.28	470.75
Finance, insurance and real estate.....	539.91	655.89	728.85
Community, business and personal services.....	422.86	505.84	517.70
Public administration.....	683.37	800.78	794.50
Service-producing industries.....	470.73	554.76	563.70
Industrial aggregate.....	512.04	594.69	607.54

¹ Including overtime.
Source: Statistics Canada.

Regional Profiles

The province is divided into eight “development” regions. The following provides a brief overview of each of these regions. Appendix Tables A3.3 and A3.4 provide historical population figures and employment population ratios for the regions. A more detailed examination of these regions, and 73 smaller geographic areas within the regions, can be found in the *British Columbia Regional Index* (see product order form at the back of this publication).

Vancouver Island/ Coast



The Vancouver Island/Coast region comprises all of Vancouver Island, numerous smaller islands and a section of the coastal mainland stretching from Powell River to Bella Coola. Rugged mountains predominate, except for a narrow coastal plain extending along the east coast of Vancouver Island. A regular ferry service links the Island to various points on the mainland, and the Island Highway, which has recently been upgraded, serves the eastern portion of the Island. The Gold River and Tofino highways provide easy access to the west coast. The region covers 9.8 per cent of the total land area of the province and accounts for 18.6 per cent of the population.

The region is second only to the Mainland/Southwest in terms of population and economic activity. Its population is concentrated in Victoria, the provincial capital, and population density diminishes from south to north. The Capital region is a major centre for trade, tourism, education, public administration and a small but growing high technology sector. Elsewhere, the primary and resource-related manufacturing industries provide the region's main economic support with forest products in the leading role. There are six pulp and paper mills on Vancouver Island and one at Powell River; logging and sawmilling activity is widespread. Farming, commercial and sport fishing, aquaculture and mining (the latter near Campbell River and Port Hardy) are well represented. Tourism and the retirement industry also contribute to economic activity, particularly in the southern part of the region.

Mainland/Southwest



The Mainland/Southwest region is geographically the smallest region with only 4.2 per cent of the province's land area; however, it is the most populous region by far with 55.9 per cent of the province's population. The region consists of the lower Fraser Valley, associated uplands and the mountains that border them. It also encompasses part of the adjacent mainland coast connected to Vancouver by the coastal ferry system, as well as the Squamish and Lillooet River valleys which are linked to Lillooet through Anderson and Seton Lakes.

The Lower Mainland is the leading centre for many of the activities in the province, including manufacturing, services, trade, farming and fishing. The urban centre of Greater Vancouver is the hub for most financial, educational, tourist, transportation, cultural and industrial activity in the region, while the resource industries play a major role in the less densely populated areas. The forest resource industries are particularly significant in the Squamish, Lillooet, Hope-Fraser Canyon, Sunshine Coast, Kent-Harrison and Mission areas. In the Squamish area, railcar maintenance, port operations and tourism provide additional economic support. In the Chilliwack area, agriculture is the dominant resource activity.

The provincial high technology sector is centred in this region due to the proximity of university and other research enterprises, a large market, and extensive air, sea and land transportation facilities. Information technology dominates the sector, however, engineering, aerospace and health technologies are also strong components.

Thompson/Okanagan



The Thompson/Okanagan region covers the Okanagan, Similkameen, Nicola and Thompson valleys, as well as the highway-rail corridor from Golden to the Fraser Canyon at Lytton. The region contains a diverse topography, ranging from high mountains and fertile valleys to a desert region at the southern end of the Okanagan Valley. The region contains 10.8 per cent of the provincial land area and 12.3 per cent of the population.

The predominant industries in the region are forestry, mining, agriculture and tourism. Manufacturing, transportation and trade services are also key contributors to the economy. Much of the western half of the region is prime cattle range, while forest industry activity is widespread throughout the region.

The Highland Valley area, south-west of Kamloops, contained a number of copper/molybdenum mines which are now consolidated into a single operation that is one of the largest in the world. Mineral exploration activity continues, and future mining activities will depend on favourable prices and resolution of environmental concerns associated with development.

Kamloops and Kelowna are the region's largest communities with extensive local economies based on trade, administration, services and manufacturing. Kamloops is a major transportation centre with a jet service airport, two major railways and the Trans Canada and Coquihalla highways serving the Alberta to Vancouver corridor. Tourism and the retirement industries provide considerable economic benefit to the entire region, but particularly in the Okanagan and Shuswap areas.

Kootenay



The Kootenay region is located in the south-eastern portion of the province, with the United States to the south, Alberta to the east and the Okanagan to the west. It represents 6.7 per cent of the provincial land area and contains 4 per cent of the population. The region is characterized by a series of north-south oriented valleys separated by high mountain ranges and containing a number of reservoirs for power generation facilities (Columbia and Kootenay River waterways). Five large lakes, Kootenay, Arrow, Slokan, Duncan and Kooconusa, cover extensive areas of the Kootenay Region.

The mining and forestry industries play a major role in the region's economy. Coal mining is particularly dominant in the eastern portion of the region, and those employed in mining in this region constitute approximately one quarter of the provincial total in that category. Forestry-based industries exert a large influence on the economy of much of the Kootenay Region, with two large pulp mills at Skookumchuk and Castlegar, and an abundance of lumber mills throughout the region. Other major industries are the Sullivan Mine at Kimberley, and the Cominco lead-zinc smelter that it supplies at Trail. These two industries account for the majority of employment in these two areas. Agriculture, particularly cattle ranching, is distributed throughout the region as well.

Chapter 3: The Province and Its People

The Creston Valley is also well-known for its grain, fruit and vegetable industries. As the Kootenay region diversifies, tourism and the service industry are becoming substantial contributors. Cranbrook is the regional centre for trade and services in the eastern part of the region, while Nelson fulfils that role in the western portion.

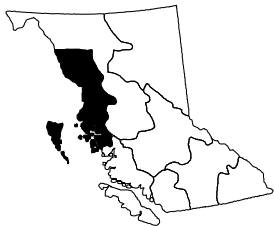
Cariboo



The Cariboo region encompasses 13.5 per cent of the province's land area, and 4.5 per cent of the population. Bounded by high mountains on the east and south-west, the region is primarily a plateau comprised of modest, rolling hills. It is heavily forested, but lower elevations provide excellent areas for raising beef cattle. The Fraser River loops through the region, forming the boundary between the Chilcotin and Cariboo districts in the southern portion of the region.

The economy of the region is fairly diversified. Forestry provides the main economic support throughout the region, with virtually every community deriving at least part of its income from forest-related activities. There are seven pulp and paper mills in the region and numerous lumber mills throughout. Agriculture plays an important role for some areas, particularly the region's southern portion which is the centre of cattle ranching in British Columbia. Mining has had an historical significance and is still an important contributor to the economy of some areas in the region. The area from Quesnel to Barkerville has a long history of placer and lode gold mining. Currently, there is a large open-pit copper-molybdenum mine located near Williams Lake, a small low-grade gold mine near Quesnel, and a large copper-gold mine is currently under construction near Likely. There is also further potential for several mineral deposits that will likely be exploited when markets are favourable. There is a greater emphasis on the tertiary sector in Prince George, and it has developed as the leading trade, administration, manufacturing and service centre in the northern part of the province on the strength of its central location on the rail and highway systems. It is also home for the main campus of the University of Northern British Columbia.

North Coast



The North Coast region borders the Pacific Ocean and the Alaska Panhandle and includes the Queen Charlotte Islands. It is the fourth largest of the eight regions, covering 12.5 per cent of the province. The region includes only 1.9 per cent of the provincial population and most of the residents are concentrated near Prince Rupert, Terrace, Kitimat, Stewart and New Hazelton. Rugged mountains and deeply cut river valleys characterize the diverse topography of the region.

The economy of the region is as diverse as its topography. The coastal communities rely heavily on fishing and fish processing. There is logging on the Queen Charlotte Islands and in the southern two-thirds of the mainland portion of the region. Pulp and paper mills are located at Prince Rupert and Kitimat, and major sawmills at Terrace, Kitwanga and Hazelton. Mining and forestry are the chief economic activities in the Stewart area. Prince Rupert and Terrace are the leading administrative and service centres for the region. Kitimat was established in the early 1950s to house Alcan's aluminium smelter complex, but its industrial base has since expanded to include forest products and petrochemical production. Tourism is providing new opportunities in much of the region.

Nechako



The Nechako region is the second largest of the development regions, containing 21 per cent of the provincial land area but only 1.2 per cent of the population. The bulk of the population lives in communities along the rail-highway corridor from Smithers to Vanderhoof and Fort St. James. The terrain is composed of a high, rolling or hilly plateau bounded by rugged mountains on the west and north-eastern borders. There is little or no commercial forest cover in the northern half, but forests are extensive in the south where they support a large part of the local economy.

Forest-based industries are particularly important in the Smithers-Houston, Burns Lake and Vanderhoof areas. Mining is the primary economic activity in the northern part of the region, and has a substantial impact on the economy of much of the southern part of the region as well. Although some significant mine closures have occurred in recent years, there is considerable mineral potential in the area. Widespread mineral exploration and development is currently centred primarily on precious metals, but large deposits of base metals and coal (at Mount Klappan and Telkwa) offer future potential. Due to the climate and terrain, intensive agricultural activity is limited to the Bulkley Valley near Smithers and an area surrounding Vanderhoof.

Northeast



The Northeast region is the largest of the province's regions. It represents 21.5 per cent of the land area of the province and 1.7 per cent of the population. Generally, the terrain is flat in the east, resembling the Interior Plains of North America, and mountainous in the west, resembling the rest of the province. Grain, forage crops and beef cattle traditionally provided the economic base of the triangle extending from Chetwynd to Dawson Creek and Fort St. John. Over the 1950s to 1970s period, the forest industry, oil and natural gas, and hydroelectric power projects provided much of the region's economic growth. In the 1980s, growth was largely attributable to the development of coal mines south-west of Dawson Creek in the vicinity of the community of Tumbler Ridge. The oil and natural gas industry is again experiencing growth, and is one of the leading sources of employment, particularly in the Fort St. John area. Further development of the vast coal resources and increased utilization of forest resources will provide for future economic growth in this region.

Chapter Four

Industrial Structure and Performance



Myra Falls Mine

4: Industrial Structure and Performance¹

Introduction

The development of British Columbia's rich endowment of natural resources has helped shape the province's economic structure. Primary and secondary forest production, and other natural-resource-based industries such as agriculture, mining and fishing (including aquaculture) play an important role in British Columbia's economy. In addition to its direct contribution to economic output, the resource sector creates a demand for the goods and services produced by a variety of non-resource-based industries. Other industries, however, owe their strength in recent years to factors such as a growing population, increased specialization, and developing markets for new types of goods and services.

With a surplus of natural-resource-based products and a population too small to support local production of a full range of goods and services, the province specializes in certain sectors, relying heavily on international and interprovincial trade for those commodities which are not produced domestically. As a result, economic activity in all sectors is sensitive to developments in world markets. Fluctuations in international commodity prices have contributed to periods of rapid growth followed by economic downturns.

Industrial Structure

The distribution of industrial output within the goods sector reflects the importance of natural resources. The goods-producing sector, including the construction and utilities industries, produced 27 per cent (\$18.5 billion) of the province's total gross domestic product (GDP)² and employed 430,000 people in 1996. Primary industries, which include agriculture, fishing, logging and mining, produced a real GDP of \$4.3 billion and employed 84,000 British Columbians in 1996. Real GDP in the manufacturing industries (sawmills, pulp mills, factories, smelters, etc.), which, for the most part, process primary resource products into goods of higher value, totalled \$8.1 billion, and the sector employed 207,000 people.

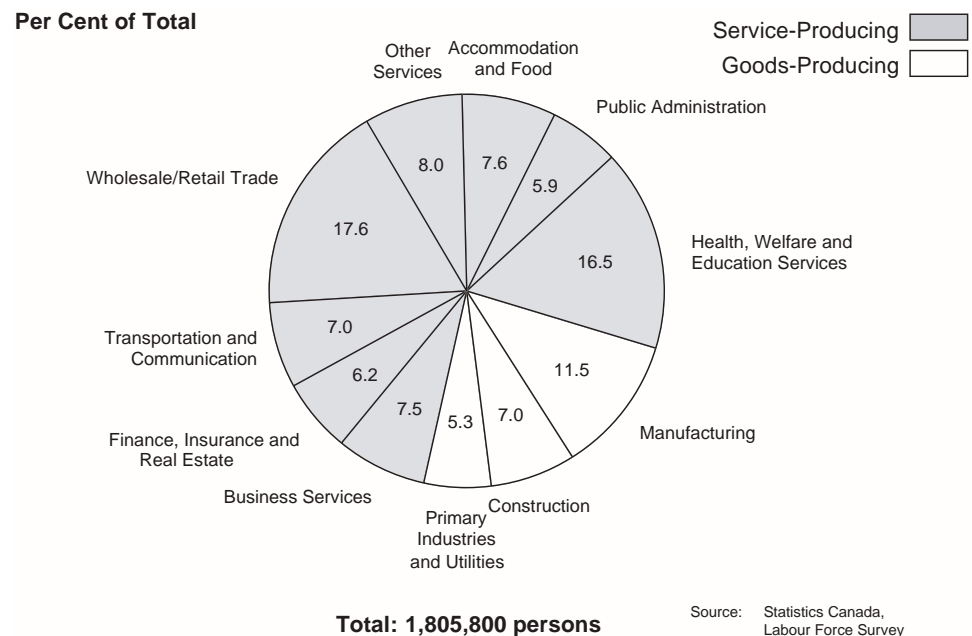
Almost three-quarters (73 per cent) of British Columbia's total GDP originates in the service sector, which generated a total GDP of \$50.5 billion in 1996. Service-producing industries employed 1,377,000 people, or three out of every four workers in the province. Industries within the service sector include: transportation, communications and storage; wholesale and retail trade; finance, insurance and real estate; community, business and personal services; and public administration and defence.

¹ Chapter 4 and Appendix 4 are based on data and information available as of August 29, 1997.

² Gross domestic product at factor cost in constant 1986 dollars.

Growth in many of the service industries is related to developments in the goods-producing sector. For example, transportation services are highly dependent on the movement of forest and mineral products to foreign markets, while some business services, such as customs brokerage, have emerged to facilitate export flows. Similarly, a new construction project could generate work for engineering consulting firms (community, business and personal services sector), retailers (wholesale and retail trade) and trucking firms (transportation, communications and storage sector). Other service industries, such as education, health and public administration, are less directly related to the goods sector.

Chart 4.1 British Columbia Employment by Sector, 1996



International Trade

In 1996, merchandise exports of British Columbia origin totalled \$25.7 billion, down 5 per cent from 1995. Exports were equivalent to 28 per cent of the province's total gross domestic product in 1996.

British Columbia's ports play an important role in the movement of goods from other parts of Canada to foreign markets. Similarly, a significant portion of commodities imported through the province's ports, such as automobiles and consumer electronics from Japan and South Korea, are destined for other parts of Canada.

Historically, natural resource products have dominated provincial exports. Forest products alone accounted for 59 per cent of 1996 international exports, while mining, energy and fishing made up a further 20 per cent.

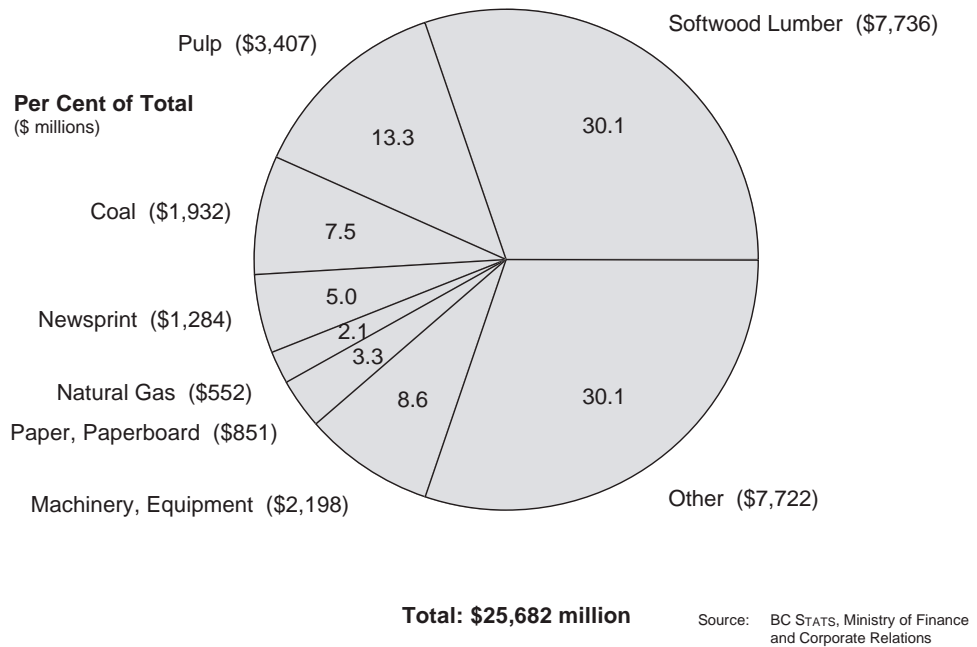
More than 85 per cent of lumber shipments and almost all coal produced in British Columbia is destined for other countries. In most secondary manufacturing sectors, a much lower portion of production is exported internationally; however,

in high-technology industries there is a heavy reliance on world markets. Many firms in this group were specifically established to meet international demand, and over 50 per cent of the production of all high-technology firms is exported.

Commodity Exports

In 1996, British Columbia's softwood lumber exports were valued at \$7.7 billion, a 6 per cent rise from 1995. Softwood lumber accounted for 30 per cent of the province's international exports in 1996. Most of the lumber (62 per cent) was destined for the United States, while 32 per cent went to Japan and 4 per cent to the European Union.

Chart 4.2 British Columbia Merchandise Exports by Commodity, 1996



Exports of pulp and paper products fell 30 per cent to \$5.7 billion in 1996, mainly due to a 39 per cent drop in the value of pulp exports, which fell from \$5.5 billion in 1995 to \$3.4 billion in 1996. Paper and paperboard exports (excluding newsprint) also fell, dropping 5 per cent to \$851 million. Newsprint exports fell 17 per cent to \$1.3 billion from \$1.6 billion in 1995. The United States replaced the European Union as British Columbia's largest market for pulp exports in 1996. Thirty-two per cent of the province's pulp exports were shipped to the United States. Twenty-seven per cent went to the European Union, and 17 per cent went to Japan. Most of the province's newsprint exports (63 per cent) were shipped to the United States, which was also the largest market for non-newsprint paper and paperboard (60 per cent).

Coal remained British Columbia's leading mineral export in 1996, accounting for 8 per cent of total exports. Coal exports were valued at \$1.9 billion in 1996, up 36 per cent from the previous year. Most of this coal (58 per cent) was purchased by Japan.

Metallic minerals worth \$1.6 billion were exported from British Columbia in 1996, with 54 per cent going to the Japanese market. The leading metal exports were

Chapter 4: Industrial Structure and Performance

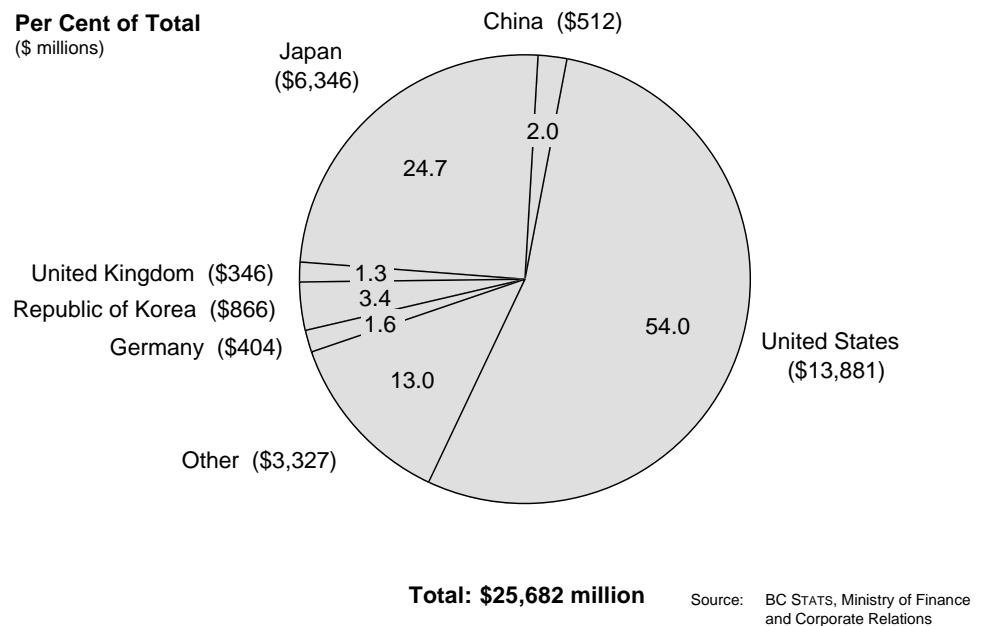
copper ores and concentrates (\$552 million), aluminum (\$526 million) and unwrought zinc (\$273 million).

High technology commodities are a small but growing part of British Columbia's exports. Exports of high technology commodities were valued at \$563 million in 1995 (the most recent year for which data are available), an increase of 8 per cent from 1994. Nearly three-quarters of these exports were destined for the United States.

Export Markets

Three large markets absorb the bulk of the province's exports. In terms of the value of 1996 exports, the United States received 54 per cent, Japan 25 per cent and the European Union 8 per cent. In addition, 11 per cent went to Pacific Rim countries other than Japan (see Chart 4.3 and Table A1.10).

Chart 4.3 British Columbia Merchandise Exports by Country, 1996



This export profile is significantly different from that of Canada as a whole. In 1996, 81 per cent of total Canadian exports were destined for the United States, while 6 per cent went to the European Union, 4 per cent to Japan and 5 per cent to other Pacific Rim countries. British Columbia exports accounted for 58 per cent of total Canadian exports to Japan and 23 per cent of exports to other Pacific Rim nations.

Machinery and equipment, such as electronic products, motor vehicles, and similar goods accounted for 9 per cent of British Columbia's total exports in 1996. Most of these products (71 per cent) were exported to the United States.

British Columbia exports to the European Union are mainly raw or semi-processed natural resources. The portion of British Columbia exports destined for the

European Union has generally been declining during the 1990s, although Europe still remains an important market for traditional resource products. The European Union share of British Columbia exports declined from 16 per cent to 8 per cent between 1990 and 1996. Pulp and lumber accounted for 48 per cent and 15 per cent respectively of British Columbia's exports to the European Union in 1996. Another 13 per cent was in coal and 4 per cent in canned salmon.

Export Opportunities

With excellent transportation facilities, abundant land, energy and other natural resources, and a strategic location on the Pacific Rim (one of the fastest growing market regions in the world), British Columbia is well positioned to increase its exports to world markets and to further diversify its economy. Provincial trade development initiatives build on these strengths and provide support for trade and investment.

The province's export opportunities are also largely influenced by multilateral trade negotiations, and other trade agreements. For more information, see Chapter 5.

Infrastructure

British Columbia's economic development is highly dependent on its transportation and communications infrastructure. Businesses rely on dependable transportation systems to move their products to market and receive supplies, while communications systems are necessary for the rapid exchange of information required in today's business environment. Fortunately, the province boasts a modern, efficient and extensive transportation and communications system.

Highways

British Columbia's extensive highway network provides all-weather access to most regions of the province. There are approximately 23,710 paved kilometres of provincial highways, 17,930 unpaved kilometres and 2,720 bridges. This network allows for the efficient movement of British Columbia's resource products and opens up the province to residents and tourists.

British Columbia's highways are used by an increasing number of people and vehicles. As of December 31, 1996, there were approximately 3.4 million licensed drivers. The number of vehicles licensed in British Columbia reached 2 million passenger vehicles and 716,117 commercial vehicles — an increase of 1.2 per cent and 1.4 per cent respectively over the previous year.

Significant challenges face the province in the coming years, as the demand for highway improvements must meet the needs of a complex and diverse society. Planning activities are underway in many parts of the province to determine which improvement actions to pursue. Planning activities are integrated with both land use planning and other modes of transportation planning. The principal focuses for highway planning are in the Lower Mainland, Okanagan Valley, Trans-Canada Corridor east of Kamloops and on Highway 9 from Cache Creek to McKenzie junction.

A continued emphasis has been placed on maintenance and rehabilitation activities to protect current investments in the provincial highway system. Investment in major capital projects address transportation problems in rapidly growing areas of the province. Projects include:

- the Vancouver Island Highway project, which includes upgrading to freeway standard the Victoria approach of the Trans-Canada Highway; upgrading to arterial standard the Trans-Canada Highway between Mill Bay and Nanaimo; construction of the Nanaimo Parkway, a new expressway around Nanaimo; a new inland expressway from Parksville to Campbell River; and upgrading to arterial standard the Duke Point Road from Route 1 to the new British Columbia Ferry Corporation terminal;
- improvement of the Highway 91 system north of the Alex Fraser Bridge in Richmond through construction of the Hamilton and Westminster interchanges;
- the construction of a third lane each way from Grandview Highway Interchange to the Cape Horn Interchange dedicated to high occupancy vehicle (HOV) use on the Trans-Canada Highway;
- public consultation, planning and preliminary engineering for the Lions Gate Bridge across Burrard Inlet to determine the preferred replacement or rehabilitation scheme;
- public consultation and preliminary engineering in support of selecting the preferred infrastructure for widening the Okanagan Lake Bridge and improving the bridge approaches;
- a corridor management plan for the Trans-Canada Highway from Kamloops to the Alberta border to define future capital projects, and immediate improvements east of Kamloops through Salmon Arm;
- the recently completed Barnet-Hastings project, which has increased people-moving capacity through Port Moody and Burnaby by adding HOV lanes and bypassing the Port Moody commercial district;
- upgrades to Highway 3, including a grade separated railway crossing between Fernie and Sparwood, and realignment through Cranbrook; and
- upgrades to highways in northern British Columbia including Highway 37 at Bell Bridge near Stewart, Highway 97 at Pine Pass near Chetwynd, several passing lanes on Highway 97 in the Prince George area, and an extension of the Nisga'a Highway from Greenville to Kincolith in the Nass Valley.

Major capital projects are funded by the BC Transportation Financing Authority. More information on the authority is provided in Chapter 7.

Railways

British Columbia has about 6,800 kilometres of mainline track operated by the British Columbia Railway Company (BC Rail), Canadian National (CN), Canadian Pacific Railway Company (CPR), Burlington Northern Santa Fe Railroad, Union Pacific Railroad, and Southern Railway of British Columbia.

All of these railways have extensive freight hauling operations. In addition, CPR Coastal Marine Operations operates a rail car and commercial motor vehicle

Chapter 4: Industrial Structure and Performance

marine transport service to Vancouver Island, and CN operates the “Aquatrain” service from Prince Rupert to Whittier, Alaska.

BC Rail is part of the BCR Group, a non-government funded Crown corporation operating in full competition with the private sector in all its businesses. BC Rail operates exclusively in British Columbia, between North Vancouver and Fort Nelson, with branch lines to Fort St. James, Mackenzie, Dawson Creek and Tumbler Ridge in northeastern British Columbia’s coal fields. It has interline connections to all points in North America served by rail.

South of Vancouver, BC Rail owns, maintains and controls traffic on a 37 kilometre line over which other railways carry coal from southeastern British Columbia to a deep-sea, bulk-loading facility at Roberts Bank.

BC Rail carries a variety of the province’s resources, including forest products, coal, minerals and metal concentrates to domestic, trans-border and overseas connecting points. The other strategic business units within the operating railway company are — intermodal services, which operates a fleet of piggyback equipment, road vehicles, warehouses, and reload facilities; passenger services; fleet management; and international rail consultants.

BC Rail has 2,197 employees stationed in more than 20 communities throughout the province.

In 1996, BC Rail secured in-bound movements for the Royal Oak Mines Inc.’s Kemess mine, that is under construction, and is at present negotiating a long-term freight transportation contract for out-bound concentrates. It also concluded a freight transportation agreement for the new Imperial Metals’ Mount Polley gold/copper mine.

Due to recent regulatory changes, there are now new opportunities to transport additional grain on the BC Rail line. The railway is increasing the size of its grain-car fleet and working closely with producers to handle more Peace River area products. It is continuing work on a detailed feasibility study in a joint venture with Mitsui Matsushima and Globaltex Industries to establish a low capital cost, low volume coal mine adjacent to BC Rail tracks near Chetwynd. It is pursuing other potential joint ventures in the resource sector for additional railway traffic.

The two major national railways are also active in British Columbia. During 1996, CN spent about \$55 million on various capital projects in province, and it has combined its two British Columbia operating districts into one unit based in Delta.

While CN’s investments in British Columbia were mainly to raise tonnage capacity on all its mainline trackage, it also invested in signal equipment to enable it to operate extended or double subdivision train runs. CN operating crews now travel about 386 kilometres in one shift compared to about 193 kilometres, or a single subdivision. This has increased productivity. CN also continued upgrading its Kitimat subdivision by renewing the line’s bridges.

In recent years, CPR invested heavily in infrastructure and facilities throughout British Columbia. In 1995 and 1996, CPR invested a total of more than \$135 million on a number of capital works projects consisting mostly of basic rail infrastructure, and the replacement of rail, ties and ballast. This work, which continues in 1997, is required to upgrade CPR's roadway to handle increased traffic volumes and to accommodate higher capacity rail cars that move bulk commodities to and from tidewater.

CPR's investment in British Columbia is increasing in 1997, with \$85 million of the railway's system wide spending for the year, including capital outlays and expenses, ear-marked for projects in the province. Through the 1997 capital works season, CPR will lay 115 kilometres of new rail; upgrade bridges, culverts, signals, communications systems, and rail transfer facilities; and start construction of a state-of-the-art intermodal terminal at Pitt Meadows, east of Vancouver. This facility will replace CPR's former Mayfair terminal and will provide more capacity for the growing international intermodal trade.

In November 1995, CPR entered into a partnership with *West Coast Express*, the new, 65 kilometre, commuter rail service between Mission and downtown Vancouver. The service uses CPR tracks, which were upgraded to handle high-speed passenger operations.

The Burlington Northern Santa Fe Railroad enters British Columbia at two points in the lower mainland, Blaine and Sumas, and near Trail in the Kootenays. The coastal line from Seattle has connections to Roberts Bank/Delta Port and to Vancouver, where it links with the major Canadian railways.

The Union Pacific Railroad enters southeastern British Columbia at Kingsgate, where it connects to the CPR system.

The Southern Railway of British Columbia is a short-line railway, which runs about 110 kilometres from New Westminster up the Fraser Valley to Chilliwack. It serves local industries and shippers and is a major link carrier between industrial facilities and ports, including Annacis Island, and the CN, CPR and the Burlington Northern Santa Fe Railroad.

The opening of the Delta Port Container Terminal, at Roberts Banks, in June 1997 was a major event for railways and shippers. This facility, designed for the largest container ships, will enhance the efficiency and volume of international trade.

Amtrak, BC Rail, Rocky Mountain Railtours and VIA Rail provide scheduled passenger service within the province:

- Amtrak's daily passenger service to Seattle operates from Vancouver's multi-modal passenger terminal, Pacific Central Station.
- BC Rail provides scheduled passenger services between North Vancouver and Prince George, operates the *Royal Hudson* steam excursion train from North Vancouver to Squamish during the summer, and offers specialized charter

services over its rail system. A summer excursion train, the *Whistler Explorer*, operates from the Whistler resort community north to Kelly Lake and provides sightseers with a journey through spectacular mountain scenery.

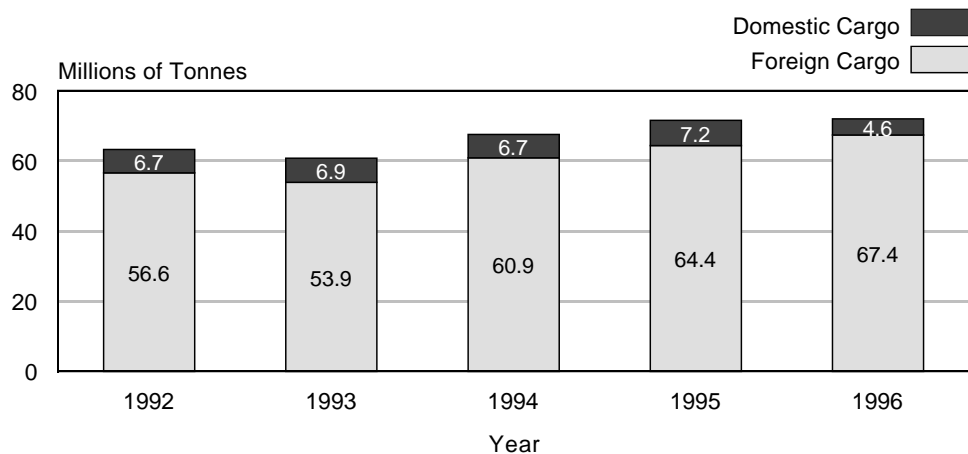
- Rocky Mountain Railtours operates the *Rocky Mountaineer*, a seasonal passenger service that caters to tourists. It runs during daylight hours between Vancouver and Banff/Calgary or Jasper, with an overnight stop in Kamloops.

VIA Rail provides passenger services on three lines in British Columbia: from Vancouver via Jasper to Edmonton and eastern Canada; from Jasper to Prince Rupert via Prince George; and, between Victoria and Courtenay on Vancouver Island. In April 1996, the Skeena route (Prince Rupert-Prince George-Jasper) was converted to a daylight service with three journeys in each direction every week.

Deep Sea and Coastal Shipping

Total shipments through the Port of Vancouver reached a record high of 72 million tonnes in 1996. This is a one per cent increase over the 1995 record of 71.5 million tonnes. Container traffic had the biggest gain (24 per cent) as 616,700 TEUs (20 foot equivalent units) were shipped in 1996, up from 426,000 TEUs in the previous year.

Chart 4.4 Port of Vancouver Cargo Tonnage



Source: Vancouver Port Corporation

Bulk cargo, accounting for 85 per cent of Vancouver's total tonnage, was up two per cent to 61.1 million tonnes. Much of this growth was due to the five per cent increase in coal shipments, which totalled a record 27.8 million tonnes in 1996. Grain shipments remained relatively unchanged at 12.2 million tonnes, about 10 per cent lower than anticipated due to a year end shortfall in scheduled grain deliveries by rail to port terminals.

General 1996 cargo volumes declined to 5.8 million tonnes due to the transfer of about two million tonnes of domestic cargo to the neighbouring Fraser Port. Other general cargo components, mainly forest products, remained relatively unchanged from recent years.

At the Port of Prince Rupert, total 1996 cargo shipments decreased by 12.5 per cent to 9.8 million tonnes. Coal and grain shipments were down

15 per cent and 20 per cent respectively over the previous year. Wood product exports were up 13 per cent to 707,000 tonnes.

Waterborne commerce is important in the overall transportation system that serves many British Columbia communities. Shipping and ferry services are provided by:

- tug and barge operations that connect major centres with small communities on British Columbia's major islands and the mainland coast. Small coastal vessels provide passenger and freight services;
- the British Columbia Ferry Corporation, which operates a fleet of drive-on, drive-off vessels that provide freight and passenger service on routes between the Lower Mainland, Vancouver Island, Gulf Islands and other coastal points. During the 1996/97 fiscal year, the corporation carried 22.3 million passengers, a 1.1 per cent decrease over the previous year, and 8.2 million vehicles, a 1.7 per cent decline over the previous fiscal year; and
- the Ministry of Transportation and Highways, which operates ferry services on 17 inland routes. During the 1996/1967 fiscal year, these ferries carried five million passengers and 2.8 million vehicles.

For the 14th consecutive year, scenic cruise traffic along the British Columbia coastline to Alaska set a new record in 1996. There were 289 sailings in 1996, up from 283 in 1995. The cruise ships carried about 701,500 revenue passengers, an 18 per cent increase over 1995. The 1997 cruise season forecast is 295 sailings with 750,000 revenue passengers.

Air Transport

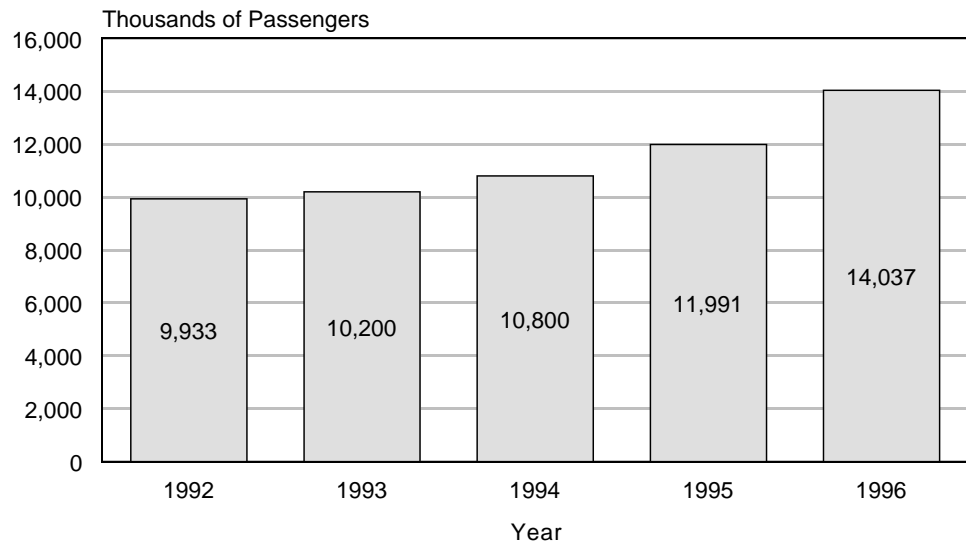
Local, regional, and national air carriers, operating throughout British Columbia, provide scheduled and charter services to domestic and foreign destinations. They use a network of more than 150 land-based airports, water-based facilities, and heliports.

Air Canada and Canadian Airlines International, along with their respective partners, Air BC and Canadian Regional Airlines, provide major domestic and international air services. In 1996, two new air carriers, Greyhound Air and WestJet, each based in western Canada, began operations between Vancouver International Airport and major centres in selected provinces.

In 1996 there were 33 foreign and domestic airlines providing international and trans-border services through Vancouver International Airport. More than 14 million passengers arrived at or departed from the airport, up from 12 million in 1995 (see Chart 4.5). The airport handled 330,364 aircraft movements in 1996. Airport activities directly employed about 18,100 people and indirectly provided 24,000 more jobs.

The airport has benefited from the 1995 Canada-United States Open Skies Agreement — 20 non-stop routes to the United States now operate from Vancouver (up from eight), and trans-border traffic increased by 37 per cent between 1994 and 1996.

Chart 4.5 Arrivals and Departures at Vancouver International Airport



Source: Vancouver International Airport Authority

To accommodate and enhance traffic growth, the airport authority is undertaking a major modernization and expansion program. In 1996, the authority opened a new international terminal building, a new control tower, and a second parallel runway.

Under the National Airports Policy (NAP), introduced in 1994, the operation and management of 29 federally owned/operated airports in British Columbia will be turned over to locally-based Canadian Airport Authorities or municipal authorities by the year 2000. This transfer will allow greater local input and adaptation of services to meet local needs. However, it will affect local airport operating and capital financing requirements, airport user services and fees, security standards, and emergency services.

The provincial government has extended the use of Crown land for airports affected by NAP by providing free Crown land grants required to operate these airports and allowing leases of additional Crown land to assist airports in becoming economically viable. It has also allowed certain exemptions from property taxes.

Pipelines

There are more than 17,000 kilometres of pipelines for gathering and transmitting natural gas in British Columbia, and about 5,200 kilometres of pipelines for gathering and transmitting oil.

Electricity Transmission System

British Columbia's electricity transmission system consists primarily of the B.C. Hydro Integrated System and the West Kootenay Power System. In addition, several municipal utilities own and maintain their own transmission and distribution systems. The B.C. Hydro Integrated System and West Kootenay Power systems have a total of 19,338 kilometres of 60 kilovolts and higher transmission lines and 55,698 kilometres of 60 kilovolts and lower distribution lines.

Natural gas, oil and electricity transmission and distribution lines in British Columbia are regulated by the British Columbia Utilities Commission or the National Energy Board of Canada.

Communications

British Columbia has a modern communications infrastructure comprised of facilities to provide broadcasting, cable, computing and telecommunications and information services. The broadcasting, cable and telecommunications industries in British Columbia are under federal jurisdiction and regulated by the Canadian Radio-Television and Telecommunications Commission (CRTC).

There are 11 television broadcasting stations operating in the province with 84 per cent of households subscribing to cable television. British Columbians are also well served with local phone services with BC TEL providing 2.5 million access lines throughout the province. The City of Prince Rupert Telephone Company and Northwestel provide local service in the Prince Rupert area and along the Alaska Highway, respectively. The cellular market, served by BC TEL Mobility and Cantel, now has more than 500,000 subscribers in British Columbia. New personal communications service providers have been licensed and began deploying their networks in 1997.

The communications industry is undergoing a major transition as a result of two factors: increasing competition in telecommunications services; and, the convergence of the broadcasting, cable, computing and telecommunications industries.

The CRTC's decisions to expand competition in long-distance services and reform the regulatory framework are having a major impact on the telecommunications industry. Long distance competition has seen the growth of new service providers, such as AT&T Canada, Sprint Canada, and Westel, but BC TEL remains the largest long-distance service provider with more than 70 per cent of the long-distance market.

On May 1, 1997, the CRTC released several decisions which will open up all telecommunications services to competition. It established the terms and conditions for entry by new local-service providers into the local phone-exchange market. These new competitors are expected to begin providing services over the next two years, particularly in large urban areas, such as the lower mainland.

The CRTC also announced the principles and components for a new price cap regulatory regime (the price cap regulation will replace the current rate-of-return regulation on January 1, 1998). Price caps are designed to imitate a competitive marketplace by controlling prices rather than controlling the profits earned by the phone companies.

The CRTC's May 1997 decision to introduce competition in local phone services allows cable companies to enter the local phone service market. At the same time, the CRTC announced that it would allow phone companies to apply for cable licences as of June 16, 1997. This convergence of services and facilities of previously separate computing, cable, broadcasting and telecommunications

industries means that companies with particular transmission methods will now be able to provide other services. This should result in new multi-media services for customers.

The changes in technology, policy and regulation will increase the variety of services and change the type of service providers, as well as alter the way people work, plan, learn, and do business. In recognition of these changes, the provincial government developed its Electronic Highway Accord with public and private stakeholders to enable all British Columbians to have access to networks and services, and to allow them to participate in an information-based society.

Forestry

Productive forest land covers approximately 49.9 million hectares or 52.9 per cent of the province, of which 48.0 million hectares are provincial Crown land managed by the government. About 96 per cent of forested land is coniferous, giving British Columbia approximately half of the national softwood inventory. Western hemlock is the predominant species logged in coastal forests, while spruce (mainly white spruce) and pine (mainly lodgepole pine) are the major interior species (see Appendix Table A4.1).

In 1996, the British Columbia timber harvest was 75.2 million cubic metres, down two per cent from 1995 (see Appendix Table A1.2). Thirty per cent of the harvest was on the coast and the remaining 70 per cent was in the interior.

The forest sector continues to be the dominant force in British Columbia's economy with 1996 shipments totalling \$16.5 billion or half of the total manufacturing shipments for the province. Direct forest sector employment, consisting of forestry, wood products, and paper and allied industries, averaged 101,000 persons (per Labour Force Survey) in 1996. Forest product exports in 1996 totalled \$15.1 billion and accounted for 59 per cent of provincial exports.

Lumber

Softwood lumber produced in British Columbia includes many different species, sizes and grades. End uses include residential and non-residential construction, industrial uses, and repair and remodelling. Markets for British Columbia's softwood lumber are highly competitive with individual producers being price takers.

Lumber production in British Columbia totalled 32.7 million cubic metres in 1996, up less than one per cent from 1995. Demand for North American lumber reached near-record levels in 1996, with one significant indicator of demand, U.S. housing starts, rising eight per cent to 1.48 million units. Rising demand fuelled a significant increase in lumber prices, with the price of the bellwether product spruce-pine-fir 2x4's averaging \$352 U.S. per thousand board feet in 1996. The Canada-United States Softwood Lumber Agreement may have also contributed to the price increase (see the topic box in this chapter for more information on the agreement).

Lumber remains British Columbia's largest export product. In 1996, \$7.7 billion worth of lumber was exported internationally, up six per cent from 1995. This represented almost 90 per cent of provincial lumber production. The United States

Map 4.2 Pulp and Paper Mills (1996)

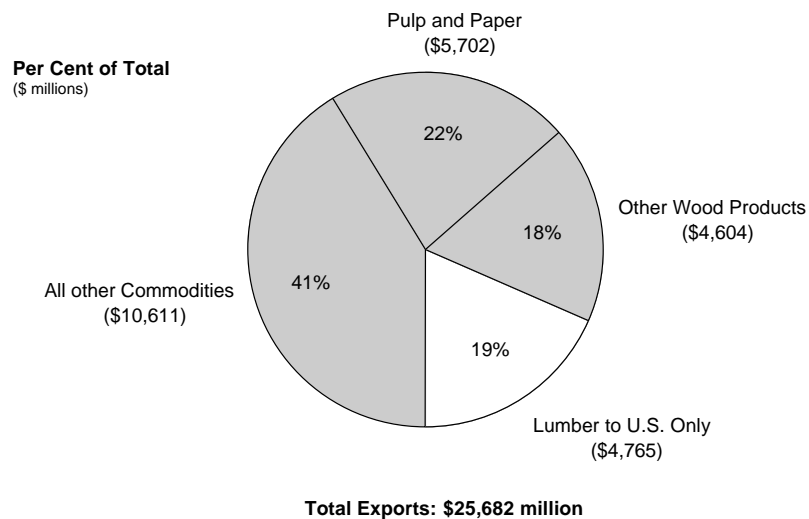


Introduction

The Canada-United States Softwood Lumber Agreement

British Columbia's lumber industry, as well as the province's economy as a whole, depends heavily on softwood lumber exports to the United States. In 1996, exports of this one commodity to the United States represented 19 per cent of the total value of British Columbia's international exports (see Chart 1). The maintenance of this trade is critical to the maintenance of jobs and economic stability in all regions of the province.

Chart 1 Lumber Exports to the U.S. as a Share of 1996 B.C. Origin Exports



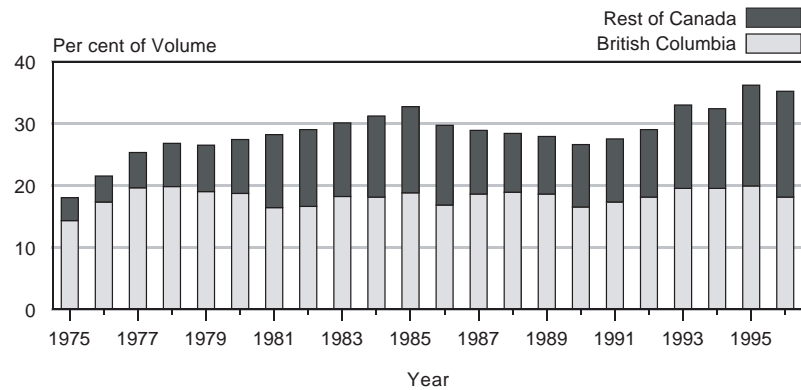
Source: Statistics Canada

Countervail Trade Actions

Over the past two decades, British Columbia's share of the United States softwood lumber market has fluctuated between 14 and 20 per cent. Canada's share, however, has increased, from approximately 18 per cent in 1975 to 36 per cent in 1995 (see Chart 2). United States lumber interests have responded to this change in market composition by initiating three countervail trade actions against Canadian exporters over the past 15 years:

- The first ended in May 1983 with the United States Department of Commerce finding that the Canadian timber pricing system did not confer a countervailable subsidy.
- The second ended in December 1986 with the two countries signing a Memorandum of Understanding where Canada agreed to impose a 15 per cent tax on exports of lumber to the United States.
- The third ended in August 1994 with a successful Canadian challenge under the dispute settlement provisions of the Canada-United States Free Trade Agreement. As a result, the United States refunded \$800 million of countervailing duties collected from Canadian exporters. The two countries also agreed to launch a "consultative mechanism" under which forest industry concerns would be discussed.
- Government and industry representatives engaged in consultations with the United States throughout 1995. An initial agreement-in-principle regarding softwood lumber was announced in February 1996 and the two countries signed a final agreement in May 1996.



Chart 2 Canadian Share of the U.S. Softwood Lumber Market

Source: Statistics Canada,
American Forest and Paper Association

Five-Year Agreement

Throughout the process, securing maximum access to the United States market at minimum cost was the primary goal of government and forest industry negotiators. Effective April 1, 1996, Canada and the United States entered into a five-year agreement concerning the export of Canadian softwood lumber. The structure of the agreement is as follows:

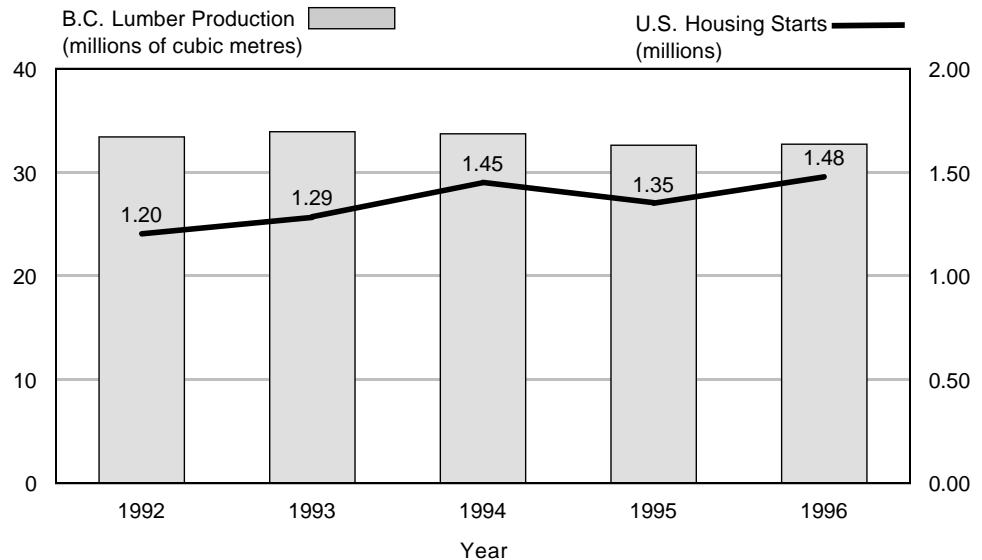
- In exchange for a United States commitment not to launch any trade action on Canadian softwood lumber exports for the next five years, Canada agreed to implement an export fee system on lumber from British Columbia, Alberta, Ontario and Quebec. No fee is applied to lumber produced in Atlantic Canada, Manitoba, Saskatchewan, or the territories.
- The agreement permits 14.7 billion board feet of softwood lumber from the four covered provinces to be exported to the United States each year free of fees. Lumber shipped in excess of the quota limit is subject to a two stage export tax of \$50 U.S. per thousand board feet for the first excess 650 million board feet (lower fee base quota) and \$100 U.S. per thousand board feet for any additional shipments. The quota year runs from April 1 of a calendar year to March 31 of the following year and is monitored on a quarterly basis.
- On October 31, 1996 approximately 14.2 billion board feet (97 per cent) of the fee-free and 490 million board feet (75 per cent) of the lower-fee-base softwood lumber quota were allocated to each of the four covered provinces. Individual lumber producers and remanufacturers from British Columbia received 59 per cent of the total allotment, Alberta 7.7 per cent, Ontario 10.3 per cent and Quebec 23 per cent. The allocation was based on recent export performance including indirect exports through wholesalers.
- The remaining 500 million board feet of fee-free and 160 million board feet of lower-fee-base quota were held in a New Entrant reserve and a Transitional Adjustment reserve by the federal government and subsequently allocated to new entrants and other companies with atypical export performances. Since exporters from British Columbia received a relatively small portion of this reserved quota, its share of the total fee-free quota volume was less than 59 per cent. It is estimated that in total, British Columbia exporters received approximately 8,370 billion board feet (57 per cent of the 14.7 billion board feet) of fee-free quota in the first quota year.
- The agreement also provides for a temporary increase in exports of 92 million board feet without fee for each calendar quarter when the average spruce-pine-fir (SPF) delivered Great Lakes price exceeds a "trigger price" of \$405 U.S. per thousand board feet for the first two years of the agreement and \$410 U.S. for subsequent years. The trigger price was exceeded for the last three quarters of 1996 providing an extra 276 million in fee-free quota. This quota was also allocated to new entrants and "hardship" cases.

The Canada - United States Softwood Lumber Agreement provides a potential respite in the softwood lumber trade conflict. For the duration of the agreement, government and the forest industry will avoid time consuming and expensive trade disputes. Also, Canadian exporters enjoy predictable access to the United States lumber market. While the agreement is not without cost, the limitations on Canadian lumber exports to the United States are considered to be preferable to a fourth countervail trade case.



is the main market for British Columbian lumber. Exports to the U.S. totalled \$4.8 billion in 1996, up 14.5 per cent from 1995. Exports to Japan, the main offshore market, fell three per cent to \$2.5 billion in 1996. Exports to the European Union were \$296 million in 1996, down 16 per cent from 1995.

Chart 4.6 British Columbia Lumber Production and U.S. Housing Starts



Source: Statistics Canada and U.S. Department of Commerce

Structural Panels

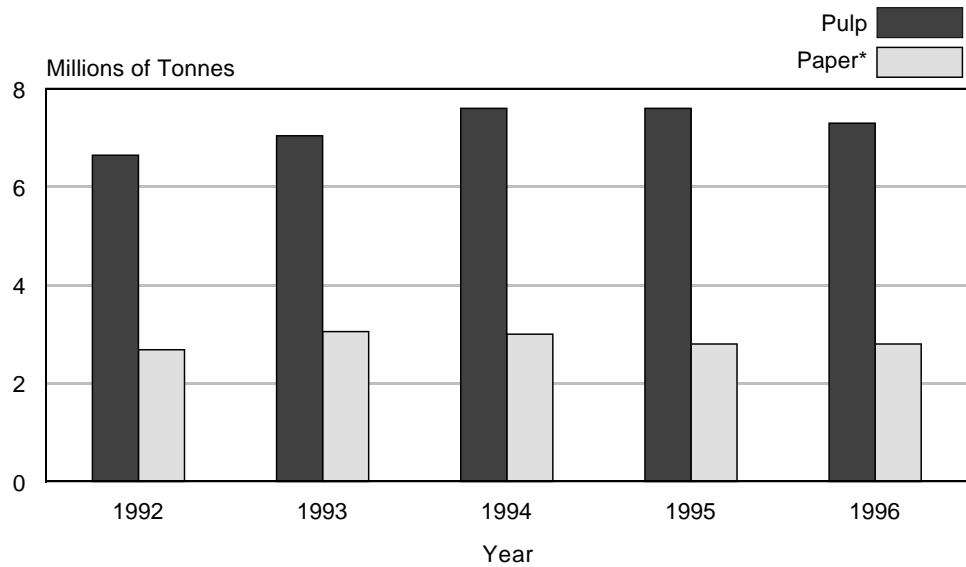
The structural panel product category is made up of plywood and oriented strandboard (OSB) — a reconstituted product made from relatively low value logs. End uses include residential and non-residential construction, industrial market, and repair and remodelling. The two panel products are substitutes in many applications and plywood continues to face competition from OSB, which is less costly to manufacture. Although prices for the two products have historically tended to move together, dramatic increases in North American OSB capacity led to a marked price divergence in 1996. Provincial plywood production was 1.5 million cubic metres in 1996, unchanged from 1995. The average price for 9.5 mm Canada softwood plywood was \$388 per thousand square feet in 1996, down one per cent from 1995. The 1996 average price for 7/16" OSB was \$261 per thousand square feet, down 25 per cent from 1995.

Pulp and Paper

British Columbia total pulp production was 7.3 million tonnes in 1996, down four per cent from the previous year, and market pulp shipments fell four per cent to 4.4 million tonnes. Total pulp exports decreased 38 per cent year-over-year to \$3.4 billion. A decrease in world demand and drawing down of accumulated inventories contributed to the softening pulp market during 1996. The average price of northern bleached softwood kraft pulp in 1996 was \$588 U.S. per tonne, down 39 per cent from 1995.

Total paper and paperboard production totalled 2.8 million tonnes in 1996, unchanged from 1995. Newsprint production was up less than one per cent at

Chart 4.7 British Columbia Pulp and Paper Production



*Includes newsprint and other paper and paperboard.

Source: Canadian Pulp and Paper Association

1.4 million tonnes. The major market for British Columbia newsprint is the west coast of the United States where the price of standard newsprint was down four per cent in 1996 to \$652 U.S. per tonne.

Minerals

Mining is a cornerstone of British Columbia's economy, historically and today. Beginning with Vancouver Island's coal mines and the Cariboo's placer gold camp, the province has been one of the world's great mining regions for more than 150 years and British Columbians are recognized for their expertise in mineral exploration and mine development. With abundant mineral resources and a skilled labour force, mining in British Columbia is set for continued development in the years ahead.

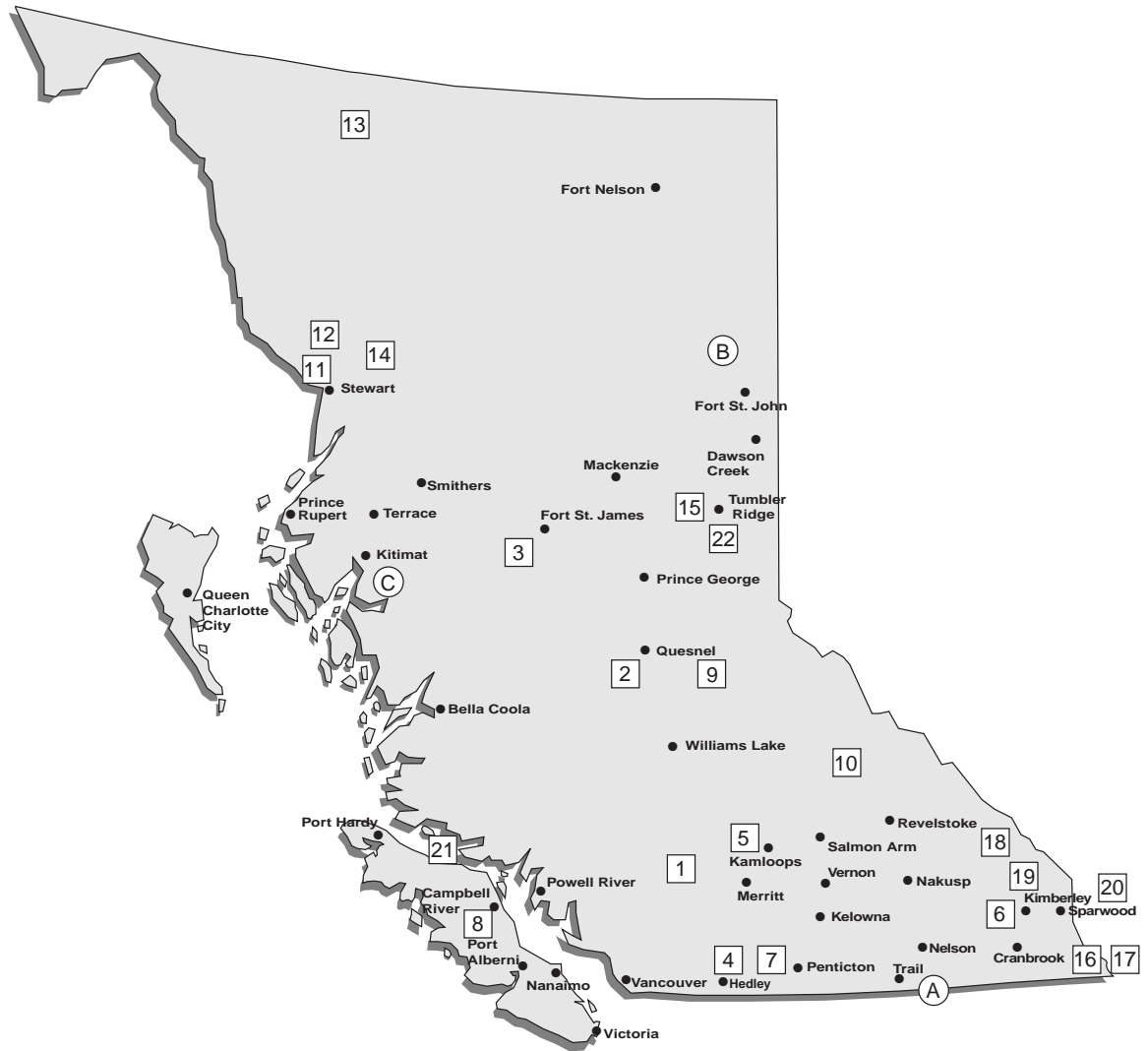
Most of British Columbia lies within the Western Cordillera, a geological formation known to contain a wide variety of valuable minerals. Over the past three decades, technological advances in exploration and mining and new domestic and foreign markets have resulted in increased mineral products production, including oil and natural gas.

The value of solid minerals produced in British Columbia was estimated at \$3.1 billion in 1996, a 10.4 per cent decrease from \$3.4 billion in 1995.

Coal

In 1996, coal sales totalled \$1.1 billion, or 35 per cent of all mineral value. Sales of metallurgical coal, used in steel-making, increased by more than 10 per cent in 1996 to \$1 billion as coal companies continued to improve productivity and develop new markets. Sales of thermal coal, used in power generation, also rose to \$79 million. Eight coal mines were in production in the province during 1996: two at Tumbler Ridge in northeast British Columbia; one at Campbell Lake on Vancouver Island; and, five in southeast British Columbia — three near Sparwood and two near Elkford.

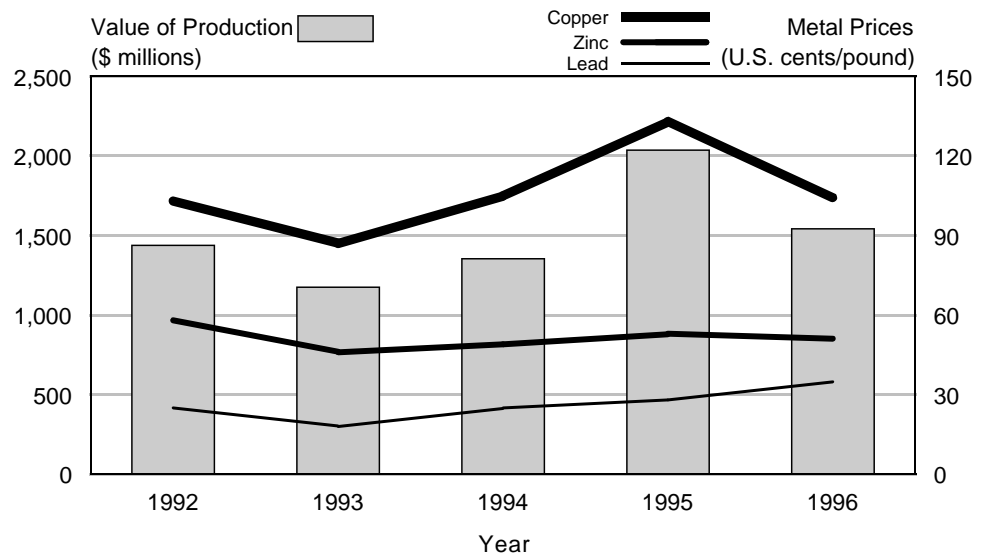
Map 4.3 Operating Mines (1996)



Metals

The total value of all metals produced in 1996 was \$1.5 billion, a 23.5 per cent decrease over 1995. This decrease resulted from lower prices for copper and molybdenum and reduced production. Copper remained the most valuable metal, with \$730 million in mine shipments. Average copper prices fell to \$1.04 U.S. per pound in 1996 from \$1.33 U.S. per pound in 1995. The copper production decrease reflected the January closure of Bethlehem Resources Corp.'s Goldstream Mine in Revelstoke, the November closure of Similco Mine Ltd.'s mine in Princeton, and lower production at the Highland Valley Copper mine northwest of Merritt.

Chart 4.8 British Columbia Metallic Minerals — Total Production and Selected Prices



Source: Ministry of Employment and Investment;
Metals Week

Gold and silver prices remained on par with 1995 average levels. The value of all gold produced declined by three per cent to \$317 million in 1996 after increasing by almost 60 per cent in 1995. The value of silver production was \$109 million, a 2.8 per cent increase over 1995.

Molybdenum's market prices declined significantly in 1996 with total production valued at \$93.5 million, down from \$203 million in 1995. Molybdenum is used world-wide as an alloying agent in steel fabrication and in the lubricant industry. It is mined and processed at Placer Dome Ltd.'s Endako Mine at Fraser Lake in the Nechako region. Molybdenum was also mined as a co-product of copper ores at Gibraltar Mines Ltd.'s mine at Granite Mountain in the Cariboo and at the Highland Valley Copper mine northwest of Merritt.

Higher world prices for lead and increased zinc production boosted revenues from Cominco Ltd.'s Sullivan mine at Kimberley and Westmin Resources Ltd.'s Myra Falls Mines at Buttle Lake on Vancouver Island. The value of lead produced was \$57.9 million in 1996. Zinc production was valued at \$222 million, a 15.5 per cent increase over 1995.

Chapter 4: Industrial Structure and Performance

Non-Metals (Industrial Minerals and Structural Materials)

The production value of non-metallic mineral commodities totalled \$463 million in 1996. Structural materials totalled \$419 million, and industrial minerals were valued at \$44 million. By value, cement (\$180 million) and sand and gravel (\$159 million) are the two largest components of structural materials. Magnetic dolomite was the most important industrial mineral. Other non-metallic minerals produced during the year included lime and limestone, gypsum, silica, sulphur, jade, barite, granite, marble, and various other stone products.

Mineral Exploration

Exploration activity increased by more than 30 per cent over 1995. Preliminary estimates from federal/provincial/industry surveys indicate that \$116.5 million was invested in exploration programs in 1996. Most exploration activity continued to occur in the province's northwest and south-central regions. Total provincial mineral claim-staking activity increased by more than 15 per cent in 1996 with 37,414 mineral claim units recorded, up from 31,699 units recorded in 1995.

Energy

British Columbia has a diverse and abundant energy-resource base, with significant exports of coal and natural gas. About three quarters of British Columbia's oil supply is imported, mainly from Alberta, and in 1996 the province was a net exporter of electricity. Chart 4.9 provides a breakdown of energy production and consumption in 1996.

Chart 4.9 Primary Energy Production and Consumption, 1996

Production (per cent of total)	Consumption (per cent of total)	Type of Use (per cent of total)
Oil 4	Oil 36	Commercial 12
Hydroelectricity 12		Residential 14
Natural Gas 36		Transportation 35
Wood Residue 9		Industrial 39
Coal 39		Hydroelectricity 18
		Natural Gas 29
	Wood Residue 16	
	Coal 1	

Source: Ministry of Employment and Investment; Statistics Canada

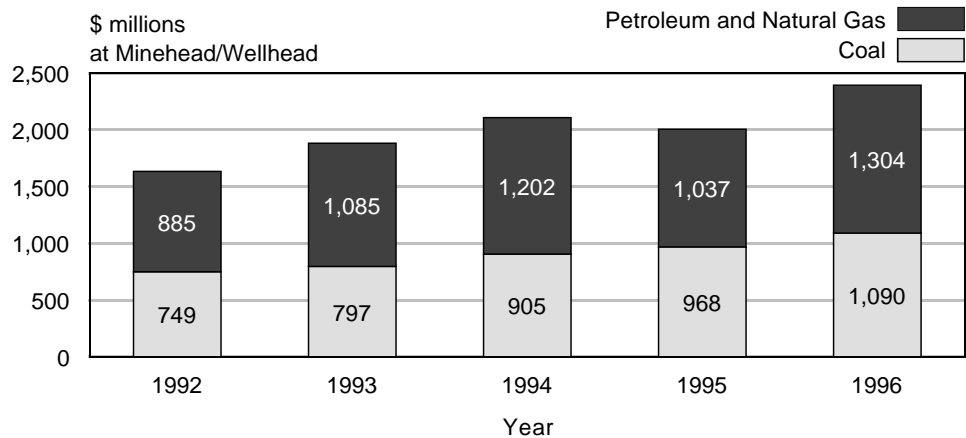
Petroleum and Natural Gas

Petroleum and natural gas exploration increased in 1996 with 461 wells drilled. This was a five per cent increase over 1995. Gas prices increased slightly and exploration continued to concentrate on natural gas due to expected long-term

increases in demand. Appendix Tables A4.5 and A4.7 provide indicators of activity in the petroleum and natural gas industry.

The value of natural gas production increased 22 per cent from 1995, while the value of crude oil production increased by 35 per cent.

Chart 4.10 Value of British Columbia Mineral Fuels Production



Source: Ministry of Employment and Investment

The province's northeast region, which overlays part of the Western Canada Sedimentary Basin, is the only area where oil and gas is produced. Gas is processed at 18 plants, many of which recover sulphur and liquid by-products. Processing at the new Peggo plant, east of Fort Nelson, began in 1996, and two more plants have been approved under the *Environmental Assessment Act*. In addition, an expansion is planned at the natural gas liquids plant at Taylor, near Fort St. John, now owned by Solex Developments Company Inc.

The main gas transmission pipeline from the Peace River area to Vancouver and the British Columbia/Washington State border was built in the mid-1950s. Since then, the province's pipeline system has extended north to the Fort Nelson area, west to Prince Rupert, and right across the southern portion of the province as shown in Map 4.4. Natural gas pipelines now serve markets in the lower mainland, Vancouver Island (from Campbell River to Victoria), the Cariboo, the Okanagan, the Kootenays, the northeast region, and communities from Prince George to Prince Rupert.

Three main pipeline systems transport crude oil to facilities in Taylor, and three other pipelines transport products to the British Columbia and Alberta systems. Crude oil is transported south via a pipeline to Kamloops and then by the Trans-Mountain Pipeline from Edmonton to Vancouver. In addition, two pipelines have been proposed to transport oil and natural gas from Taylor to Alberta.

The province's two oil refineries are located at Prince George and Burnaby. The proportion of British Columbia's crude oil refined at different locations varies from

Map 4.4 Provincial Pipeline Network and Major Hydroelectric Dams

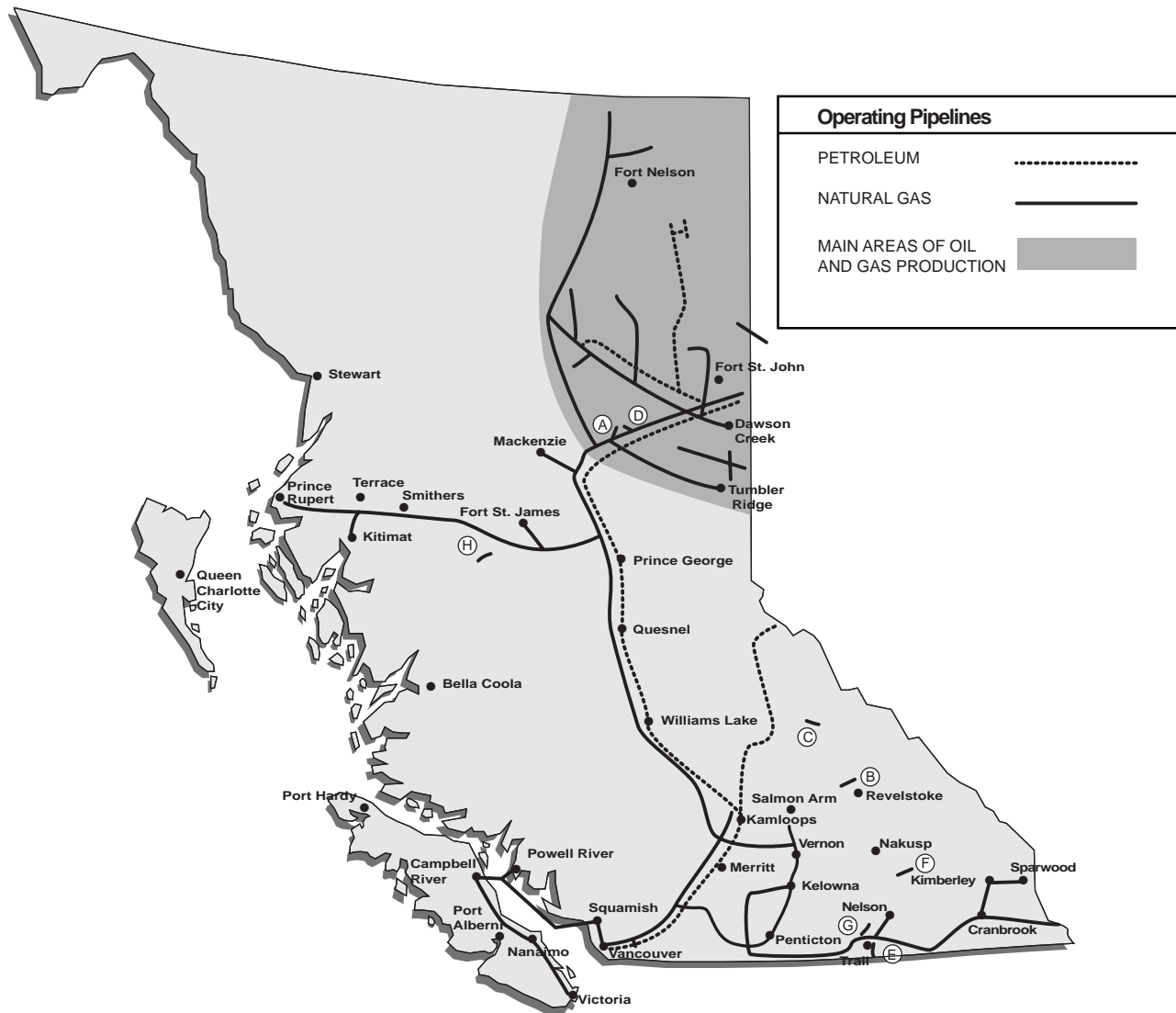
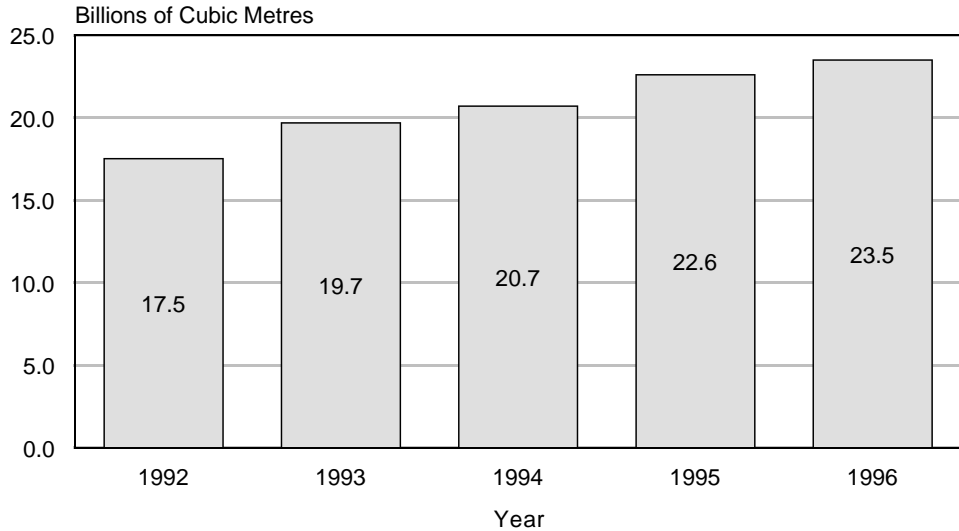


Chart 4.11 British Columbia Natural Gas Production



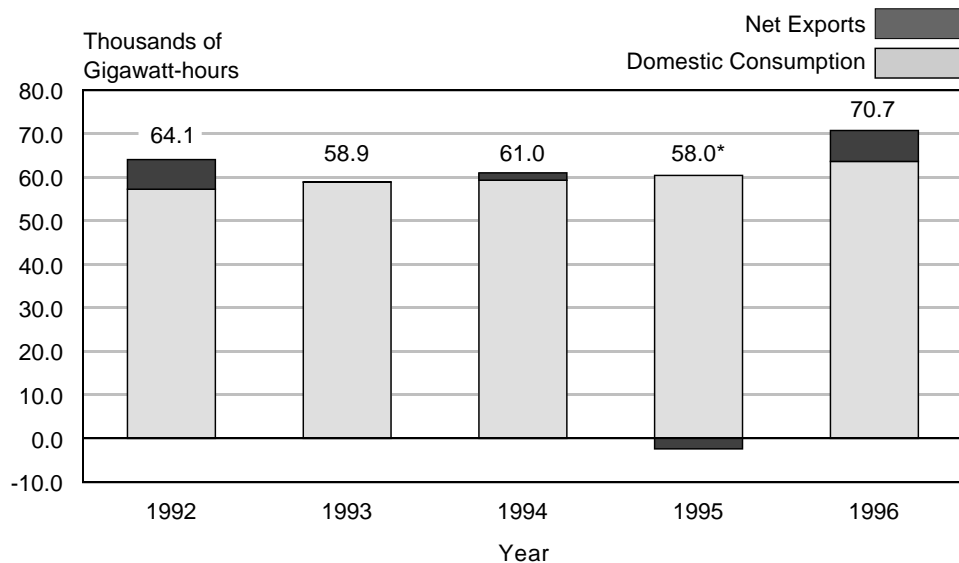
Source: Ministry of Employment and Investment

month to month. During the first half of 1996, about 25 per cent was refined in Prince George and 40 per cent in Burnaby. The rest was exported for refining in Alberta and Washington State. During the first quarter of 1997, each of the two refineries refined 25 per cent of the province's crude oil production; the rest was exported.

Electric Generation

Total electricity generated in the province was 70,733 gigawatt-hours in 1996, a 22 per cent increase over 1995. Hydroelectric generation increased by almost 33 per cent, while thermal generation decreased by 46 per cent. Domestic consumption increased by five per cent to 63,632 gigawatt-hours. As a result, the province had a trade surplus in electricity of 7,101 gigawatt-hours.

Chart 4.12 British Columbia Electric Power Production



* Domestic consumption exceeded production in 1995.

Source: Statistics Canada

Agriculture

Only 3 per cent of total provincial land is arable or potentially arable, although up to 30 per cent of the province has some agriculture potential. Farm holdings (21,835 farms in 1996) cover 2.5 million hectares, of which 560,000 hectares are in crops and 1.41 million hectares are for pasture or grazing. An estimated 10 million hectares, of which over 8.5 million hectares are Crown land, are classed as open or forested grazing land used by the ranching industry.

All arable soils have been mapped and classified on the basis of quality, and the best classes have been placed within the Agricultural Land Reserve (ALR) to be maintained for agricultural and related purposes. Slightly over 4.7 million hectares of land are in the ALR.

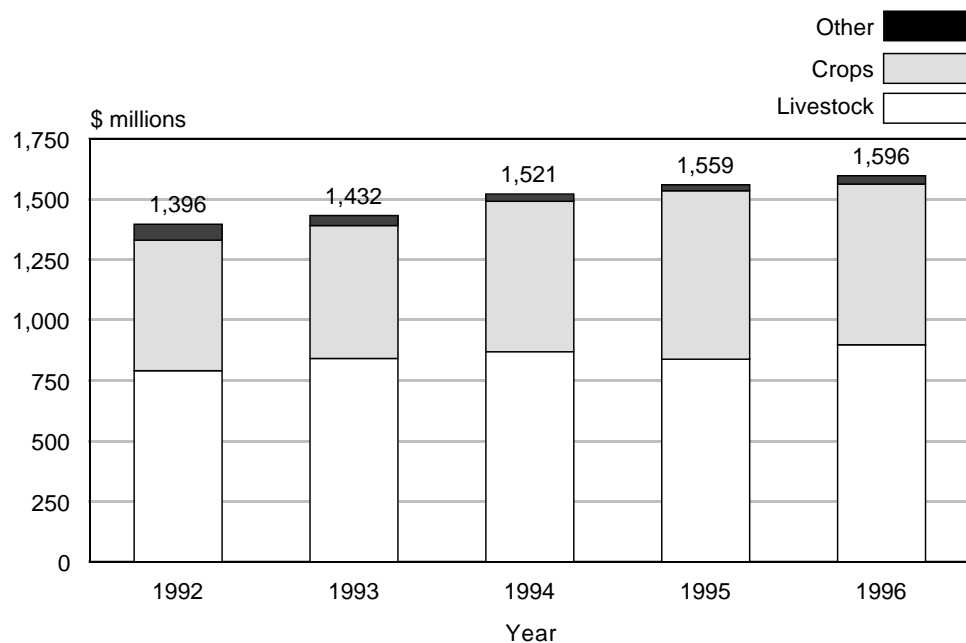
According to the 1996 Census of Agriculture, the average census farm had an area of 116 hectares. However, farm size varies greatly depending on the type of activity, from thousands of hectares in grain or ranching enterprises to less than five hectares in mushroom, greenhouse and poultry businesses. These latter enterprises have higher investments in building structures than in land.

Agriculture in British Columbia is distinguished by its diversity. Some of the activities carried out by provincial farmers include: dairy farming, cattle ranching, poultry raising, and growing of grain, tree fruits, vegetables, berries, grapes, mushrooms, bulbs, ornamental flowers, shrubs and herbs. Agriculture is the province's third largest resource industry, behind forestry and mining.

Farm Cash Receipts

British Columbia ranks sixth among the provinces in gross farm revenues (farm cash receipts). Farm cash receipts were estimated at \$1,596 million in 1996, up marginally (2.4 per cent) from the previous year (see Chart 4.13 and Appendix

Chart 4.13 British Columbia Farm Cash Receipts



Source: Statistics Canada

Table A4.9). Total production expenses in 1996, including depreciation, increased 7.8 per cent to \$1,604 million, resulting in negative net income. Significantly higher feed costs resulting from a world-wide recovery of grain prices, led the increase in expenses. Farm wages were the second highest factor in reduced net income.

Livestock and Related Products

Dairy farming accounts for 19 per cent of total farm cash receipts. Large dairy herds are concentrated in the Lower Mainland, southeastern Vancouver Island and the North Okanagan-Shuswap area. Smaller concentrations are found near Creston, Smithers, Vanderhoof, Prince George, Dawson Creek and Fort St. John.

Cattle ranching is carried out primarily on range lands of the southern and central interior, the Peace River district and the Kootenays. Hog and poultry production is concentrated near Greater Vancouver and Victoria, although most population centres support these activities.

Receipts from livestock and related products increased 7.1 per cent to \$897 million in 1996. Receipts from dairy products increased 4.6 per cent, while receipts from cattle and calves dropped by 2.8 per cent. Receipts from hogs rose 9.0 per cent, similarly poultry and egg receipts increased 17.4 per cent and 9.3 per cent respectively. Smaller commodities such as honey and furs exhibited larger changes. Honey was down 13.8 per cent and fur receipts increased 97.9 per cent.

Fruit, Vegetable, Grain and Other Crops

Southern interior valleys, principally the Okanagan, are well-suited for the production of tree fruits and grapes. The cooler, wetter climate of the lower Fraser Valley and the southern Vancouver Island favours berry crops and vegetables. Greenhouse crops, nursery products, mushrooms and other specialty crops are also concentrated in the southwestern corner of the province, in a more temperate climate with a high level of sunshine. Most of the province's grain, oilseed and forage seeds are grown in the Peace River district in the north. Farm cash receipts from these crops decreased 4.4 per cent to \$665 million in 1996.

Fisheries

More than 80 species of finfish and shellfish are grown, harvested and marketed by British Columbia's seafood industry. In 1996, the total landed value of the British Columbia seafood harvest was \$572 million, with finished processed products fetching an estimated total of \$942 million wholesale (see Chart 4.14 and Appendix Table A4.10).

Salmon (wild and farmed) is the most important commodity of the agri-food industry, despite a significant reduction in the wild salmon catch in 1996. Salmon accounted for 48 per cent of the total wholesale value of all British Columbia seafood products, followed by roe herring, shellfish and groundfish species.

Structure of the Seafood Industry

Both federal and provincial authorities exercise control over the seafood industry. The Federal Department of Fisheries and Oceans is responsible for the conservation and management of the marine, commercial and recreational fisheries. The Aquaculture and Commercial Fisheries Branch of the British Columbia Ministry of Agriculture, Fisheries and Food has responsibility for the commercial aquaculture industry, the wild marine plant and oyster industries, the nontidal commercial fisheries and all seafood after they are caught and removed from the water.

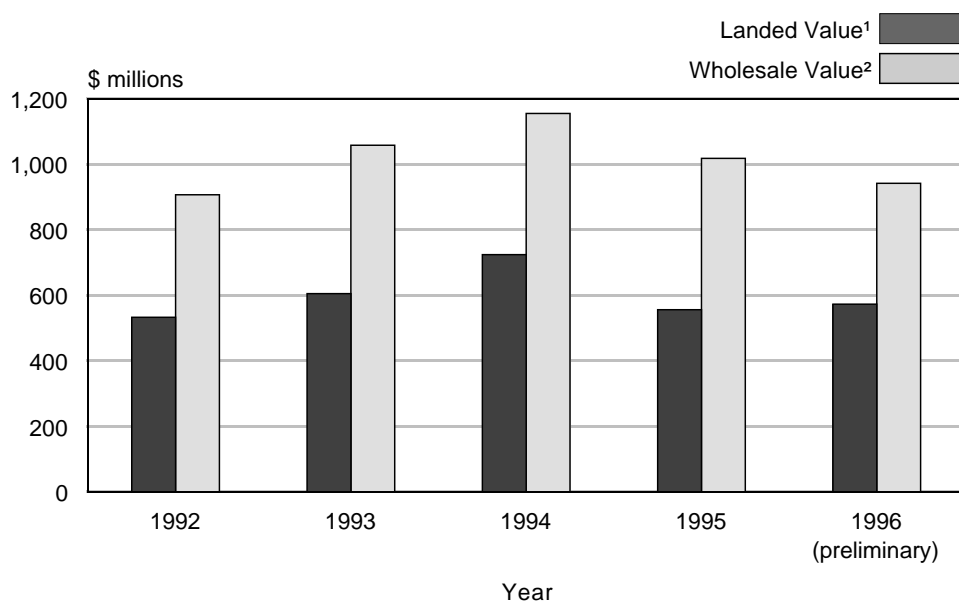
Chapter 4: Industrial Structure and Performance

There were 14,164 commercial fishers' registration cards validated in 1996, while seafood processing plants and aquaculture operations supported approximately 6,300 and 3,000 jobs respectively.

The seafood industry operates all along the British Columbia coast. The province's 185 seafood processing plants are concentrated in the Lower Mainland, Vancouver Island and Prince Rupert areas. Salmon farms are mainly located in and around the northeast and west coasts of Vancouver Island, while most shellfish farms are situated in the Georgia Basin, mainly in the Baynes Sound area. Trout farms are located throughout the province, with major concentrations in the Lower Mainland and Thompson/Okanagan areas.

In 1996, the federal government's "Mifflin Plan" caused a major restructuring of the seafood industry and a significant reduction of the salmon fleet to about 3,100 vessels. About 60 per cent of the province's total fishing fleet of 5,500 vessels, excluding packers and floating processors, operated outside the Lower Mainland.

Chart 4.14 British Columbia Fish Production



¹ Value of raw fish landed at dock.
² Value of fish wholly or partly processed, and raw fish sold through brokers.

Source: B.C. Ministry of Agriculture, Fisheries and Food; Department of Fisheries and Oceans, Canada

Salmon

The wild salmon harvest in 1996 was 34,200 tonnes, down 29 per cent from 1995. For the second consecutive year the harvest was well below the industry's long-term average. The wild salmon catch had a landed value estimated at \$96 million and a wholesale value, including the production value of imported salmon processed in British Columbia, of \$276 million. Farmed salmon (aquaculture production) had a wholesale value of \$172 million, bringing the total salmon production to \$448 million in 1996. The 1996 canned salmon pack totalled 990,000 cases, about half of which was derived from processing salmon caught by Alaskan fishers. Salmon, which may be sold fresh, frozen, filleted or smoked for specialty markets, is not included in these figures.

Herring The value of herring landings increased marginally in 1996 to \$93.5 million. The wholesale value of \$178 million was down slightly due to a weaker Japanese market where herring roe is a traditional delicacy.

The herring roe fishery occurs in the spring of each year and, after the roe is extracted from the mature fish, the carcasses are processed for animal feed and fertilizer. A small food and bait fishery also contributes to catch values.

Halibut Halibut landings were relatively unchanged from 1995 at 4,100 tonnes. In 1996, the price paid to fish harvesters declined while the wholesale value of halibut products rose 14 per cent in 1996 to \$50.9 million.

Aquaculture Oceanographic conditions along the province's coast line have provided for the cultivation of fish and shellfish species. The commercial cultivation of the Pacific oyster dates back to the beginning of the 1900s. Today there are 15 finfish and shellfish species actively being farmed, with others being considered for pilot projects.

In 1996, licenses were issued for 135 marine finfish, 83 freshwater fish, 358 marine shellfish and 57 finfish/shellfish hatchery operations. The total farm gate value of the aquaculture industry is estimated at \$167 million — \$155 million for marine salmon, \$11 million for shellfish, and less than \$1 million for freshwater species.

Exports In 1996, exports of fish and seafood products were valued at \$851 million. Of this, salmon exports accounted for \$339 million, herring \$199 million (99 per cent of which is roe) and halibut \$34 million. Japan was the largest market for fishery products in 1996. The U.S. was second, followed by the European Union and Hong Kong. British Columbia's seafood products account for more than half of all food and agricultural product exports, and have increased 22 per cent since 1991.

Manufacturing

The province's manufacturing industries are largely resource-based with a major emphasis on forest products, food, metal fabricating and refined petroleum products. Printing and publishing, and transportation equipment manufacturing are becoming increasingly important.

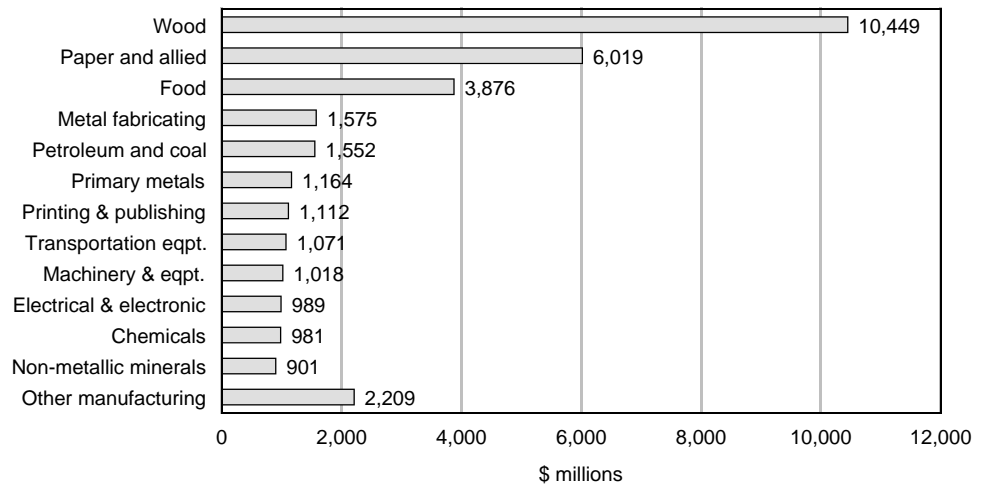
The manufacturing sector employed 207,000 persons, and produced a real GDP of \$8.1 billion in 1996, 12 per cent of total real GDP. Total manufacturing shipments were valued at \$32.9 billion, 4 per cent lower than in 1995 (see Appendix Table A4.11).

The wood and paper and allied industries dominate the province's manufacturing sector, accounting for 50 per cent of the total value of manufacturing shipments in 1996. There is a growing emphasis on value-added products for export. For example, a higher portion of pulp production is being used to make specialized paper products, and more lumber is now remanufactured into siding, furniture components, door and window stock, and other end-use products.

Other major industries include food processing, fabricated metal products, petroleum and coal products, transportation equipment, printing and publishing,

and the machinery industries. Manufacturing also includes consumer-oriented industries, such as furniture and fixtures, plastics, and sports and fashion clothing. New products in the general consumer category include pet supplies, sports equipment and a wide range of specialty foods and beverages. The electronics group is particularly noted for its achievements in communications, remote sensing and computer technology.

Chart 4.15 British Columbia Manufacturing Shipments by Industry, 1996



Source: Statistics Canada

Food and beverage processing is the third most important manufacturing industry, making up 14 per cent of the total value of manufacturing shipments in 1996. Locally-produced agricultural products are used to produce canned and frozen fruits and vegetables; fruit drinks; wine; fresh, canned and frozen fish; poultry; dairy products; and beef and pork products. Sugar, soft drinks, coffee and tropical fruit preparations are produced using imported raw materials. The food processing industry is largely concentrated in the Lower Mainland, Okanagan Valley and southern Vancouver Island, although some dairy products, meats and animal feeds are produced in other parts of the province.

Geographic
Distribution of
Manufacturing Activity

The location of resources, population centres and transportation facilities determines the regional distribution of manufacturing activity within British Columbia. The Greater Vancouver area has developed into the province's major manufacturing centre followed by Vancouver Island. The Prince Rupert-Kitimat area is involved in forest products, fish processing, aluminum refining, and methanol and ammonia production. Wood products, food and beverage processing, trucks, mobile homes, and recreational vehicles are the principal manufacturing industries in the Okanagan. Trail, in the Kootenay region, is the location of a major lead-zinc smelter and a fertilizer plant. The rest of the province is largely dominated by the manufacturing of forest products (see also Chapter 3, Regional Profiles).

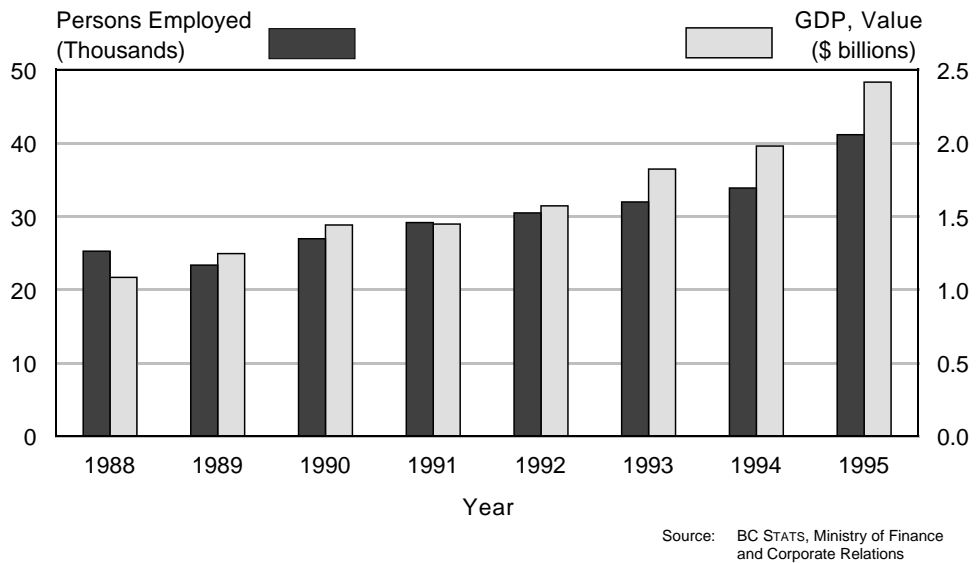
High-Technology in
British Columbia

There is no commonly accepted definition of what constitutes a high-technology industry. Various definitions have been proposed relating to factors such as the technical complexity of production processes, the use of "high-technology"

equipment, the “knowledge intensity” of employment, the level of industry research and development, and the particular nature of the goods and services produced. These definitions cover both the development and use of technology, knowledge and information in producing goods and services.

Although a common definition is lacking, a specific set of industries is considered to be part of the high-technology sector in British Columbia. These industries include computer and related services, engineering and other scientific services, aircraft and aircraft parts, pharmaceuticals, and electronics.

Chart 4.16 High Technology Sector



The province’s high technology sector produces an estimated 3 per cent of the economy’s GDP. Since 1988, the sector has outpaced growth in the overall economy, driven by the engineering services, scientific and technical services, and computer and related services industries. Several industries in the manufacturing sector have also shown strong growth, notably communication and other electronic equipment. Employment growth has been strong and steady, with the number of jobs in the sector increasing by more than a quarter since 1988 to 41,000 in 1995; 79 per cent of these workers provide high technology services, while 21 per cent are employed in manufacturing. Exports of high technology commodities, most of which are destined for use in the United States, have more than doubled since 1988.

In addition, many manufacturing industries which are based on processing primary products and natural resources use advanced technology to speed production and reduce costs. Employment in these industries has become increasingly knowledge intensive, requiring workers to use computers, software, mathematics and problem-solving skills.

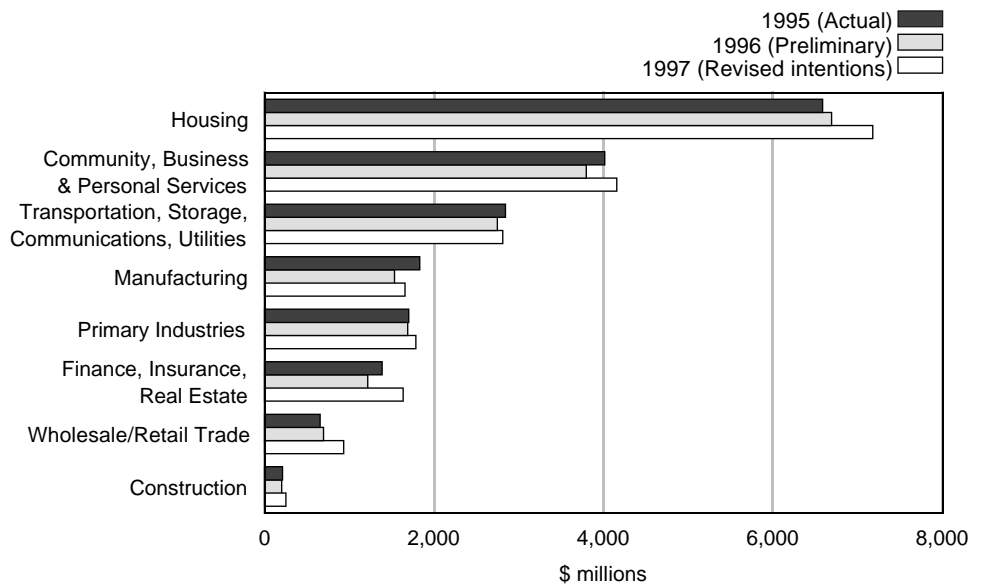
Greater use of high-technology products is also evident in the service sector, an area that many consider synonymous with low skills, low productivity and low

wages. In fact, researchers now suggest that the high-technology revolution has had the biggest impact on the service sector. Software advances and the plunging price of computing power have produced innovations such as the delivery of financial services through automated teller machines, the tracking and management of retail inventories with point-of-sale computers, and computer programs to solve complex scheduling, routing and equipment problems for transportation companies. These developments have made services a “high-technology” sector in many respects, notably in the skills and knowledge required of workers.

Capital Expenditures

Capital expenditures are an important indicator of the level of economic activity in the province. In 1996, new capital outlays on residential and non-residential construction, machinery and equipment in British Columbia totalled \$18.6 billion, 3 per cent less than in 1995. According to Statistics Canada’s mid-year investment intentions survey, capital expenditures in the province in 1997 are expected to increase by 10 per cent to \$20.4 billion, reversing the declines of the previous two years (see Chart 4.17 and Appendix Table A1.7). An anticipated 16 per cent increase in new non-residential construction is the main reason for the strength in capital investment. Increases of 7 per cent for residential construction and 6 per cent for investment in machinery and equipment are also expected in 1997.

Chart 4.17 Capital Expenditures in British Columbia, 1995 to 1997



Source: Statistics Canada

Machinery and Equipment

During 1996, expenditures on new machinery and equipment totalled \$5.8 billion, a decrease of 2 per cent from 1995. Major areas of investment were in the finance and insurance (\$821 million), transportation and storage (\$743 million), and communications and other utility (\$675 million) industries. Manufacturers invested \$1.3 billion in machinery and equipment in 1996, down 14 per cent from the previous year, as expenditures by manufacturers of paper and wood products declined. Capital expenditures on machinery and equipment are expected to increase 6 per cent (to \$6.2 billion) in 1997.

Non-residential Construction

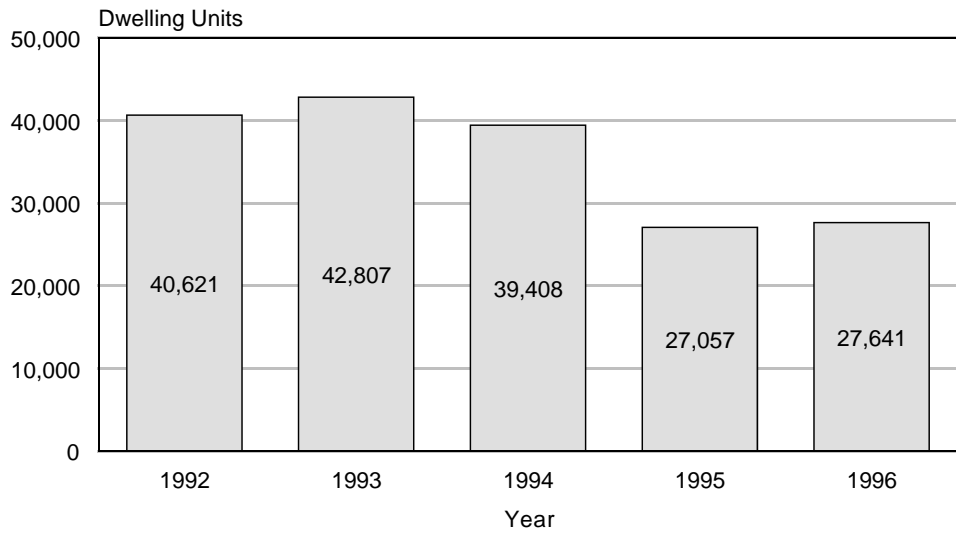
Investment in non-residential construction fell 10 per cent to \$6.1 billion in 1996. Investment in construction projects was down in most sectors of the economy. Construction activity in the paper and wood manufacturing sector dropped following strong gains in the previous year. However, some industries, such as retail trade, education, health and social services, recorded strong growth in non-residential construction during 1996. Capital expenditures on non-residential construction are expected to rebound in 1997, rising 16 per cent to \$7.1 billion.

Residential Construction

Residential housing is an important part of the construction industry because of its market size, broad regional employment implications and social importance. Total investment in residential construction projects was \$6.7 billion in 1996, up 2 per cent from the level in the previous year. Based on Statistics Canada's mid-year survey of private and public investment intentions, investment in residential construction is expected to strengthen in 1997, rising 7 per cent to \$7.2 billion.

Housing starts rose slightly in 1996 to 27,641 units, following the sharp drop in the previous year. Starts of single and row housing increased in 1996, while starts of apartments continued to decline (see Appendix Table A4.12).

Chart 4.18 Housing Starts in British Columbia



Source: Canada Mortgage and Housing Corporation

Major Projects

Construction is a significant economic activity in all regions of the province. Public services and housing command a large share of the total capital expenditures.

In the industrial sector, a continuous effort to achieve higher production and pollution control levels and to diversity into new value-added products has required a high level of expenditures. In the transportation sector, major projects continue to account for a large proportion of public and private expenditures. They include: the \$1.2-billion Vancouver Island Highway; the \$800-million British Columbia Ferry Corporation's 10 year development plan; and the \$137-million Squamish Highway.

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A number of large residential and commercial projects are partially accommodating the province's rapid population growth. The most noteworthy are: Concord Pacific Development's \$3-billion Pacific Place, Marathon Realty's \$1-billion Coal Harbour development, Westin Bayshore Development's \$400-million Bayshore Gardens, Bosa Development's \$350-million Citygate Complex in Vancouver, Intrawest Properties' \$700-million Gateway Centre and the \$300-million King George Park development in Surrey, and Station Hill Park Development Corporation's \$300-million City in the Park Condominium Project in Burnaby.

British Columbia has a growing ski mountain resort industry, which has resulted in expansions, or proposed expansions at Whistler/Blackcomb (\$30-million), Sun Peaks (\$65-million), Big White (\$26-million), Cypress Bowl (\$40-million), Mount Washington (\$10-15 million), Panorama (\$20-million), Fernie Snow Valley (\$15-million), Jumbo Glacier (\$552-million), Coyote Resort (\$250-million) and Brohm Ridge (\$160-million).

Major project completions since March 1996 include: the \$224-million Deltaport container terminal in Delta, the \$170-million modernization of the Cominco lead-zinc smelter in Trail, the \$160-million upgrading of the Barnet Highway between Burnaby and Port Moody, West Fraser Timber's \$110-million fibreboard plant in Quesnel, Finley Forest Industries' \$110-million pulp mill upgrade in Mackenzie, the \$86-million expansion of the University of Victoria, the \$80-million Palisades Condominium Towers in Vancouver, Slocan Forest Products' \$70-million pulp mill expansion in Taylor, the \$60-million Cameron Island condominium project in Nanaimo, Fletcher Challenge's \$57-million mini-chip pulp mill expansion in Mackenzie, and Westcoast Gas Services' \$48-million natural gas processing plant in Jedney.

Large projects starting in 1996, in addition to those continuing from 1995 or noted previously, include: the \$598-million Greater Vancouver Regional District sewage treatment facilities, the \$279-million upgrade of the BC Hydro and Power Authority's Burrard thermal generating plant, the \$102-million Mt. Polley gold-copper mine, the \$400-million expansion of Westcoast Energy Inc.'s pipeline system, Weldwood of Canada's \$115-million new sawmill and plywood mill upgrade, the \$390-million Kemess South copper-gold mine, the \$197-million Huckleberry copper mine, a \$145-million upgrade of MacMillan Bloedel's pulp and paper mill in Powell River, and numerous additions to public transportation, health, and education facilities across the province.

A more detailed and up-to-date listing of major projects within the province can be found in the *British Columbia Major Projects Inventory* (see product order form at the back of this publication).

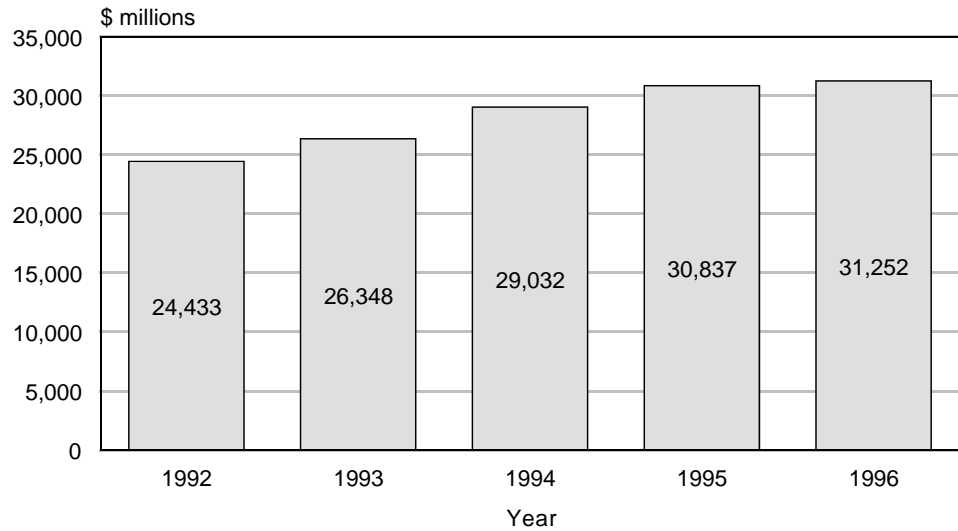
Retail Trade

British Columbia's retail trade sector contributed \$4.8 billion, or 7 per cent of the economy's real GDP at factor cost in 1996.

The value of retail sales reached \$31.3 billion in 1996, up one per cent from \$30.8 billion in 1995. The sources of strength within the retail sector were automotive parts and accessories (up 16 per cent to \$1.5 billion), gasoline service

stations (up 7 per cent to \$2.2 billion) and drug stores (up 6 per cent to \$1.7 billion). Sales by recreational and motor vehicle dealers decreased 3 per cent to \$7.5 billion in 1996, following a substantial increase in the previous year. Retail sales grouped according to type of business are shown in Appendix Table A4.13.

Chart 4.19 British Columbia Retail Sales



Source: Statistics Canada

In 1996, the retail trade sector employed 226,000 people, or 13 per cent of the province's work force. Employment in retail trade decreased slightly between 1995 and 1996, in contrast to the 2.5 per cent increase for the economy as a whole.

Business, Amusement and Recreation, and Personal Services

The business services sector includes such diverse enterprises as advertising, accounting, management consulting, architecture, computer services and consulting engineering. Motion picture production and distribution, staged entertainment, sports and recreation clubs, spectator sports and gambling operations are included in the amusement and recreation sector. Personal services comprise a wide range of activities, including hairdressing salons and barber shops, laundries and dry cleaners, funeral services, shoe repair, travel agents and many other business operations providing services to individuals. Also included in the personal services sector are the activities of private households, religious organizations, and other non-profit organizations.

Business Services

The business services sector is one of the fastest growing areas of the provincial economy. In 1996, the sector's real GDP totalled \$3.1 billion, slightly more than the total GDP of the province's education industry. Since 1984, real GDP in the business services sector has increased by 86 per cent, and employment has more than doubled, rising from 58,000 to 135,000 people. For the economy as whole, GDP has increased 45 per cent since 1984, while employment has grown 43 per cent.

In addition to creating jobs, the business services industry contributes to the economy by helping other industries improve productivity, add value to products,

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and open up new markets. Business services to foreign clients are also an important source of export earnings. Due to British Columbia's expertise in areas such as transportation, communications, forest products and hydroelectric engineering, continued growth in exports of business services is expected.

Amusement and Recreation Services

The amusement and recreation industry is another sector of the economy that has shown above-average growth since 1984. Total employment in the sector has more than doubled, increasing from 17,000 to 39,000 people. GDP growth for this sector has also been strong, at 40 per cent. The amusement and recreation service sector contributed \$1 billion to provincial GDP in 1996.

British Columbia has an expanding and developing motion picture production and distribution industry. A growing number of movies, feature films, and television productions are being shot in the province. Over one hundred film and television productions were produced in British Columbia in 1996, accounting for a record \$537 million in production spending. North Shore Studios is Canada's largest film and television studio, and the Bridge Studios in Burnaby has one of the largest special effects stages in North America.

Other industries in this sector which have experienced strong growth since the mid-1980s include recreation clubs and services, and the gambling industry. The activities of the province's many fine arts and cultural organizations have also contributed to growth in this sector during the last decade.

Personal Services

Personal services are often provided by small, owner-operated establishments. This sector has experienced healthy growth since 1984. Real gross domestic product has increased 53 per cent, to \$1.1 billion, while employment has grown 38 per cent to 47,000. The demand for many of the services provided by this sector, such as hairdressing, laundry, or funeral services, is usually strongly correlated with population growth.

Finance, Insurance and Real Estate

The finance, insurance and real estate (FIRE) sector comprises a diverse group of businesses, including chartered banks, trust companies, credit unions, consumer loan companies, insurance carriers and agencies, real estate brokers, investment dealers, and operators of commercial buildings and residential dwellings. About a fifth (\$14.2 billion) of British Columbia's gross domestic product originates in the FIRE sector. Of this total, \$8.1 billion represents the imputed value of rent on owner-occupied dwellings (the imputed rental income is an estimate of how much rental income homeowners could earn if instead of living in their homes, they chose to rent them out). The remaining \$6.1 billion of the sector's GDP originates in the activities of finance, insurance and real estate companies. In 1996, there were 113,000 jobs in the FIRE sector, making up 6 per cent of total provincial employment. Over half (64,000) of the jobs in FIRE were in the insurance and real estate industries.

Banking

During 1996, chartered bank deposits/liabilities in British Columbia grew 21 per cent, to \$131.2 billion by year-end. Total personal savings deposits decreased slightly in 1996, as a 10 per cent increase in chequable savings deposits was offset by declines in fixed-term deposits and non-chequable savings deposits.

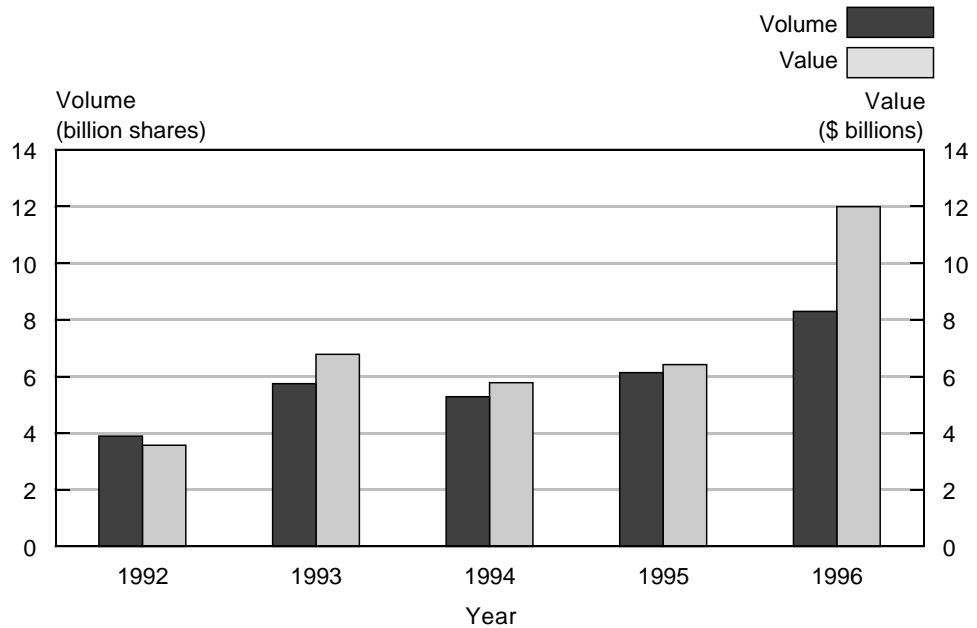
Chartered bank loans/assets in British Columbia reached \$128.2 billion by year-end 1996, a gain of 19 per cent. The value of personal loans increased 7 per cent, residential mortgage lending rose 11 per cent, and loans to businesses increased to 5 per cent above the 1995 level.

At credit unions within the province, deposits rose 8 per cent to \$17.3 billion by the end of 1996. Loans by credit unions increased 10 per cent to \$16.1 billion.

Vancouver Stock Exchange

The Vancouver Stock Exchange (VSE) is one of five stock exchanges in Canada. It specializes in raising capital for small and medium-sized companies, and is widely viewed as North America's leading venture capital market. In 1996, 8.3 billion shares were traded on the VSE, up 35 per cent from the previous year. The value of shares traded increased 87 per cent to \$12.0 billion, surpassing the previous record of \$6.8 billion set in 1993.

Chart 4.20 Shares Traded on the Vancouver Stock Exchange



Source: Vancouver Stock Exchange

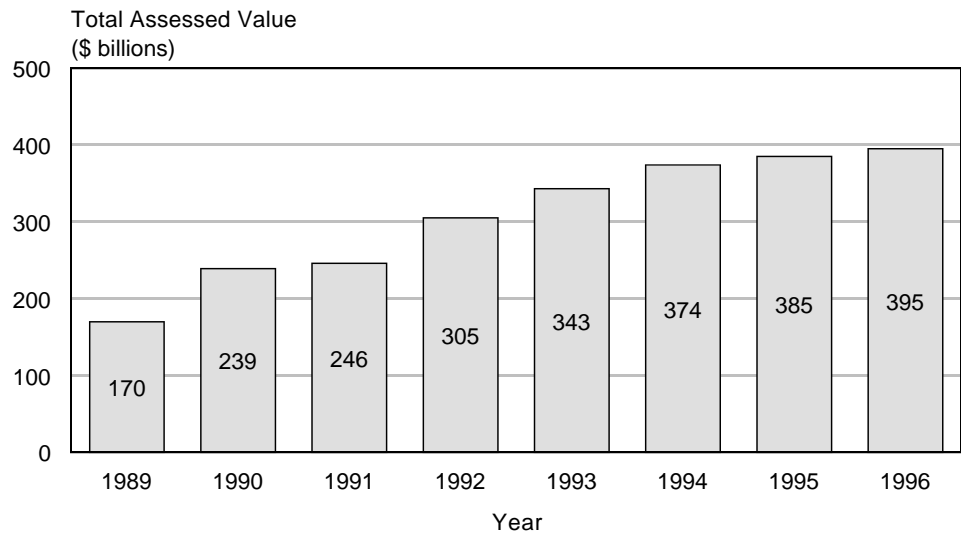
The VSE Composite Index measures the overall share value of companies listed on the exchange. It rose 50 per cent between the end of 1995 and the end of 1996. Resource stocks were the major source of strength, increasing 87 per cent during the year. The value of venture company stocks also showed strong gains, up 45 per cent from the end of 1995.

Real Estate

Over the last decade, real estate activity in most parts of British Columbia has varied greatly. The total assessed value of properties in British Columbia, as determined by the British Columbia Assessment Authority, increased moderately in 1996 due in part to continued provincial in-migration. As at July 1, 1996,

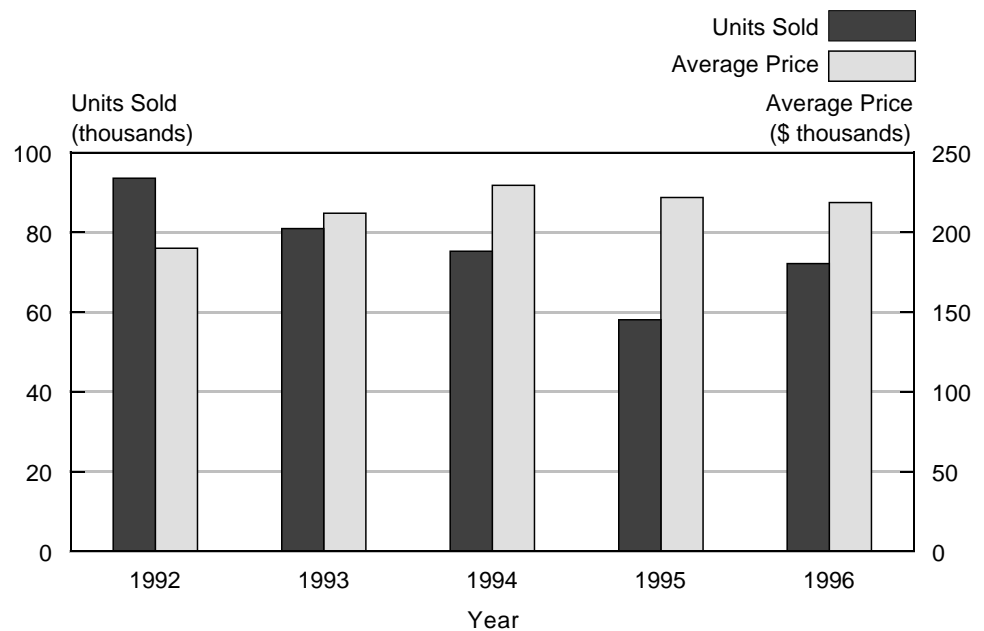
assessment roll values reached \$395.2 billion, an increase of 2.8 per cent, or \$10.8 billion over 1995. This increase largely reflects new construction and increased market values of properties in some regions of the province.

Chart 4.21 Total Assessed Value of Properties in British Columbia



Source: B.C. Assessment Authority

Chart 4.22 British Columbia Multiple Listing Service (MLS) Residential Sales



Source: Canadian Real Estate Association

Information from the Multiple Listing Service (MLS) gives some indication of recent activity with respect to sales of residential properties. During 1996, MLS sales in British Columbia increased 24 per cent from the 1995 level. In total, 72,182 MLS sales of residences were reported, up from 58,082 in the previous year. Average residential prices were slightly lower than in 1995, falling 1 per cent to \$218,687. The Canadian average residential MLS selling price increased 0.5 per cent to \$151,071.

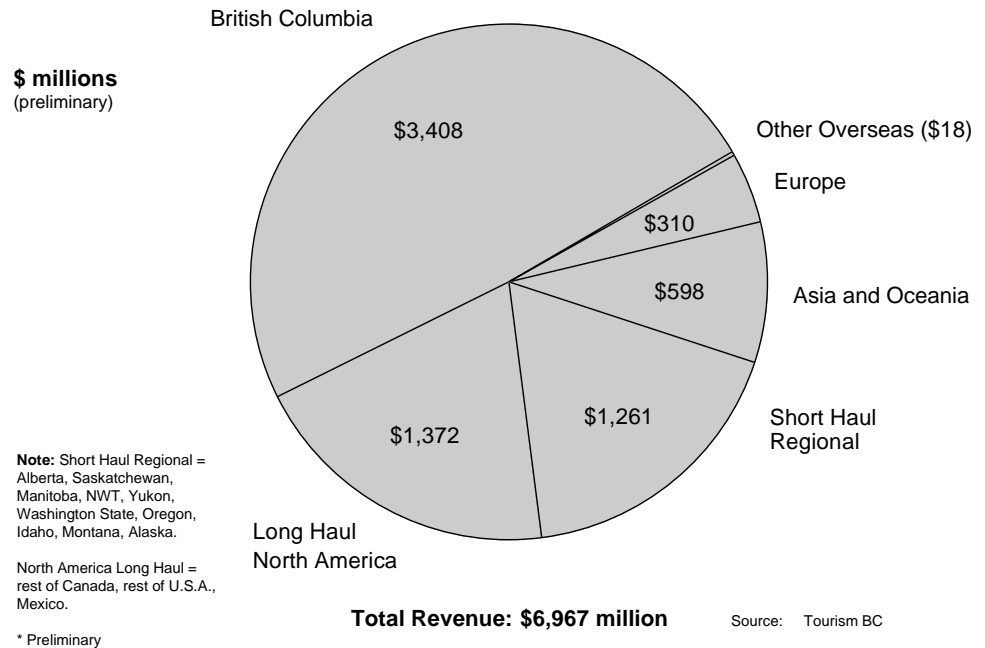
Tourism

In 1996, Tourism British Columbia undertook a comprehensive analysis of the characteristics of visitors to British Columbia and the contribution of tourism to the provincial economy. This study resulted in new baseline measures of the value of tourism in British Columbia which better reflect the economic contribution of the tourism industry. The province’s scenic attractions combined with its clean, safe image makes it an attractive destination for Canadians, as well as international tourists. British Columbia offers a wide diversity of products and experiences for touring residents and to visitors.

Tourism Revenue

Tourism continued to play an important role in the provincial economy in 1996. Resident and non-resident visitors contributed \$7 billion in 1996. In all, 27.7 million overnight visitors were recorded in British Columbia during 1996.

Chart 4.23 British Columbia Overnight Tourism Revenue by Origin, 1996*



The largest contributors to tourism room revenue in the province are British Columbia residents — in 1996, British Columbia residents spent \$3.4 billion while travelling overnight in the province. Unlike resident travellers, for whom a significant number of trips are same-day, non-resident visitors primarily come to British Columbia for visits of one or more nights. Visitors from the “short haul” regional markets (Alberta, Saskatchewan, Manitoba, Northwest Territories, Yukon,

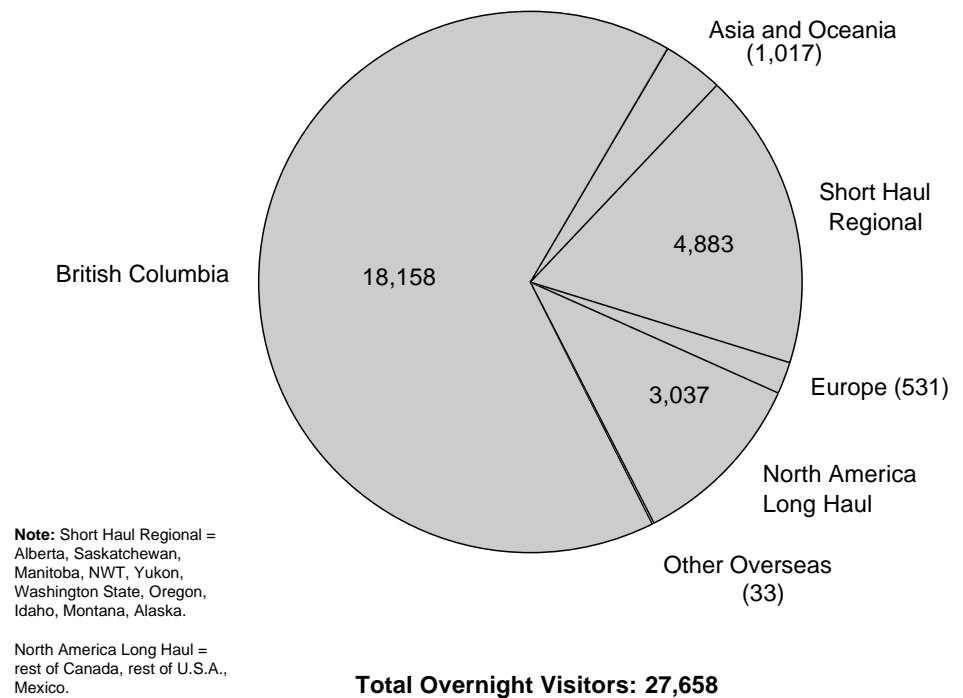
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Washington State, Oregon, Idaho, Montana and Alaska) spent \$1.3 billion in 1996 on overnight trips to the province. Overnight revenue from the North America “long haul” markets (Ontario and other Canadian provinces, California and other American states, and Mexico) was \$1.4 billion. Revenue from the overseas markets was \$926 million in 1996 — \$598 million from the Asia/Pacific region and \$310 million from Europe.

Tourism Markets

In 1996, there were 27.7 million overnight visitors to British Columbia. British Columbia residents continue to be the largest group of travellers, accounting for 66 per cent of overnight trips taken in the province. Overnight visits from the short haul regional market included 2.7 million trips from Canadian residents and 2.2 million trips from American residents. Overnight visits from the North American “long haul” market included 981,000 from Canadian long haul visitors, and 2 million from United States long haul visitors. More than 1.5 million overnight visitors came from the overseas market in 1996 — 1 million from the Asia/Pacific and 531,000 from Europe.

Chart 4.24 British Columbia Overnight Visitors by Origin, 1996*
(thousands of persons)



* Preliminary

Source: Tourism BC

Cultural Activity

Cultural activities play a key role in enhancing the quality of life in British Columbia’s communities and make a substantial contribution to the province’s economy and industrial diversity.

The cultural sector encompasses individuals and organizations working in a range of disciplines (performing, literary, visual and media arts), cultural industries (film

production, publishing, sound recording, craft and design), and the archaeology and heritage sectors. This sector also includes facilities such as museums, performance centres, heritage sites, libraries, cinemas, broadcasting centres, archives, galleries and sales outlets for cultural products.

British Columbians are among the most active participants in the arts and culture in Canada. More British Columbia residents read regularly, attend cinemas and go to museums than other Canadians, and are more likely to be directly involved in the arts as members of arts organizations, volunteers and donors.

Employment	The size of the cultural labour force in British Columbia has increased by 72 per cent between 1981 and 1994, a growth rate more than twice that of the general labour force. Approximately 48,000 people are now employed in cultural activities. The sector enjoys higher than average rates of self employment, and is gender-balanced.
Museums, Galleries, and Historic Sites	A total of 463 public heritage institutions attracted 10 million visitors in 1994/95. These institutions include 309 museums, 37 galleries, 67 historic sites, 23 archives, and 27 natural history or botanical sites.
Film and Television Production	The film and television industry in British Columbia grew by 24 per cent in 1996 totalling \$537 million. Production included 34 feature films, 16 television series and 52 movies for television. An additional estimated \$80 million was spent on commercial shoots. The industry employed 8,500 people full-time with another 16,500 part-time employees. British Columbia now ranks as the third largest production centre in North America behind Los Angeles and New York.
Performing Arts	In 1994/95, 1.8 million people attended 5,695 performances by British Columbia's 66 professional performing arts groups and spent approximately \$19.6 million on tickets (see Appendix Table A4.18)
Publishing	British Columbia's 42 book publishers have nearly 3,000 titles in print, 83 per cent of which are authored by British Columbians, including 400 new titles published in 1994. Total sales of British Columbia publishers were \$28 million in 1994.
Recorded Sound	British Columbia's music industry is represented by approximately 1,200 business organizations employing over 7,000 people. The industry generated \$335 million in revenues in 1994/95.

Chapter Five

The Provincial Government and Intergovernmental Relations



British Columbia Legislative Chamber

5: The Provincial Government and Intergovernmental Relations

Overview

The structure of the British Columbia government is based on British parliamentary tradition and precedent. Prior to 1866, British Columbia was composed of two British-controlled Crown colonies, one on Vancouver Island and a second on the mainland. In 1866, the Union Proclamation joined these colonies to form the Crown Colony of British Columbia, and on July 20, 1871, British Columbia entered into Confederation with Canada. Although the Colony of Vancouver Island had a parliamentary form of government as far back as 1856, the first fully elected government was not instituted in British Columbia until the autumn after Confederation with Canada. Responsible government was achieved in late 1872 when the Lieutenant Governor acquiesced to an executive council that was responsible to the legislative assembly.

The Constitutional Framework

Upon entering Confederation, British Columbia came under the authority of the *British North America Act, 1867 (BNA Act)*, a statute of the British parliament. Until 1982, the *BNA Act* defined the major national institutions and established the division of authority between the federal and provincial governments. In 1982, the *BNA Act* was renamed the *Constitution Act, 1867* and its amendments were incorporated into the *Constitution Act, 1982*. The *Constitution Act, 1982*, which also includes the Canadian Charter of Rights and Freedoms, is part of the *Canada Act, 1982*. With the passage of the *Canada Act, 1982*, the British Parliament ended its legal right to legislate for Canada.

Canada, as a federal state, divides legislative powers between the federal and provincial governments.

The Provincial Government

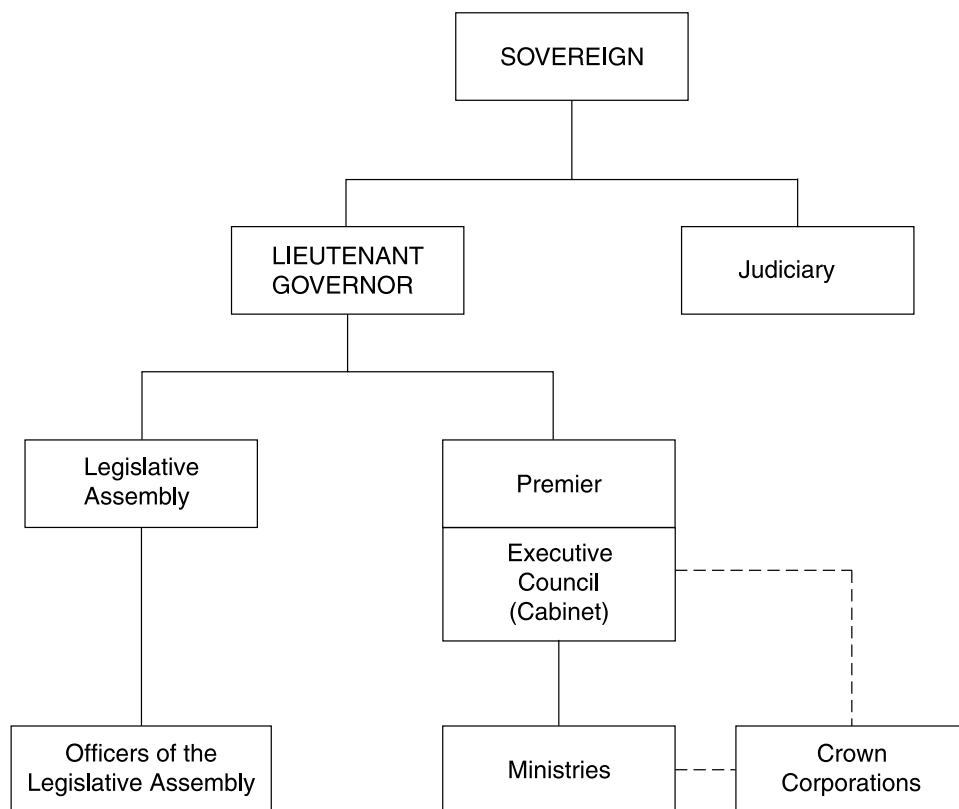
British Columbia's government is modelled after the British system. Functionally there are three main branches: the legislature, the executive and the judiciary (see Chart 5.1).

The Legislature

Legislative powers in British Columbia are exercised by a single legislative chamber, which is elected for a term of up to five years. The legislature consists of the Lieutenant Governor and the 75 elected members of the legislative assembly. The legislative assembly represents the people of British Columbia in the conduct of the province's affairs. The assembly is required by law to meet at least once a year with a normal session lasting several months. However, special sessions can last just a few days or many months, depending on the nature of the government's business.

Six officers report directly to the legislative assembly and are completely independent of government. Their functions are described below.

Chart 5.1: The Government of British Columbia¹



¹ The Lieutenant Governor, the Executive Council and Members of the Legislative Assembly are listed in Appendix 8. Crown Corporations are listed in Appendix 7.

Auditor General

The Auditor General provides independent assessments of the financial statements provided by government to the legislative assembly. The Auditor General also conducts audits and evaluations of government operations, the reliability of financial reporting, and compliance with applicable laws and regulations. In addition, the Auditor General recommends ways to improve public-sector administration.

Chief Electoral Officer

The Chief Electoral Officer is an officer of the legislature responsible for the voter registration process, and the conduct of elections and plebiscites in the province. The Chief Electoral Officer is also responsible for the registration of all political parties, constituency associations, candidates and leadership contestants, as well as their respective financial agents and auditors. In addition, the Chief Electoral Officer conducts compliance investigations and audits of annual and election financing returns of all registered entities.

Child, Youth and Family Advocate

The Child, Youth and Family Advocate has a mandate to ensure that the rights and interests of children, youths and their families relating to designated services are protected and advanced, and that children and youths have access to appropriate and effective review and appeal processes. As well, the Advocate supports, promotes and coordinates the establishment of advocacy services for children, youths and their families in their local communities, and provides information and advice to government and communities about designated services for these groups. The Advocate reports annually to the Legislature and may make recommendations about legislation, policies and practices respecting services for, or the rights of, children, youth and their families.

Conflict of Interest Commissioner

The *Members' Conflict of Interest Act* defines and addresses conflicts of interest, and apparent conflicts of interest, of members of the legislative assembly. Under the act, the Conflict of Interest Commissioner is appointed by the legislative assembly to carry out three functions — to annually prepare and file a public disclosure statement with respect to the financial affairs of each member of the legislative assembly; to respond to requests for opinions and advice with respect to compliance with the act from individual members, the executive council and the legislative assembly; and, when requested, to provide an opinion on allegations of contravention of the act. The Commissioner files an annual report with the legislative assembly and may, at the request of the executive or the legislative assembly, undertake and report on any assignment the Commissioner considers appropriate.

Information and Privacy Commissioner

The Information and Privacy Commissioner is responsible for monitoring and enforcing compliance with the *Freedom of Information and Protection of Privacy Act*. The act provides for public access to records held by public bodies and defines limited exceptions to the right of access. It also establishes strict standards about how public bodies collect, use and disclose personal information, and guarantees the individual's right to see that information and to make corrections. Any applicant who is denied access to information by a decision of a public body may ask the Information and Privacy Commissioner to review the decision. The Commissioner has the power to issue binding orders with which the government must comply within 30 days.

Ombudsman

Under the *Ombudsman Act*, the Ombudsman is responsible for investigating complaints of unfair administrative practices within provincial government ministries, Crown corporations, and certain other public authorities including schools, school boards, colleges, universities, hospitals, and the governing bodies of professional and occupational associations.

The Executive

The executive is composed of the Lieutenant Governor and the executive council. The Lieutenant Governor is the Queen's representative in British Columbia and holds a largely ceremonial place in the modern provincial government. By constitutional custom, the Lieutenant Governor is appointed by the Governor General of Canada for a term usually lasting five years.

The Lieutenant Governor, on the advice of the premier, appoints members of the executive council and is guided by the executive council's advice as long as it holds the confidence of the legislative assembly. Following a general election, the

Chapter 5: The Provincial Government and Intergovernmental Relations

Lieutenant Governor calls upon the leader of the political party with the largest number of elected members to serve as premier and to form the provincial government.

The Lieutenant Governor, on the recommendation of the premier, convenes, prorogues and dissolves the legislative assembly and gives Royal Assent to all measures and bills passed by the assembly before they become law.

The executive council, or cabinet, is headed by the premier and is composed of selected members of the ruling party. Ministers are the head of government ministries, and are usually members of cabinet (see Appendix 8). At present, the British Columbia government is composed of 16 ministries.

Cabinet determines government policy and is held responsible by the legislative assembly for the operation of the provincial government. Deputy ministers are the chief operating officers of ministries and are appointed by cabinet. Deputy ministers are responsible for carrying out government policies and for managing the work of their ministries.

The Judiciary

The Judiciary performs functions which are central to the orderly operation of society. Judges hear and give judgment in criminal prosecutions, and in actions arising from disputes between private citizens or between the government and private citizens. Judges apply both judge-made law, known as “common law,” and laws made by the Parliament of Canada and provincial legislatures. The Judiciary is increasingly called on to determine whether laws passed by governments conform with the values expressed in the Canadian Charter of Rights and Freedoms.

The British Columbia judicial system is made up of the Provincial Court of British Columbia, the Court of Appeal of British Columbia and the Supreme Court of British Columbia. The Provincial Court includes Small Claims Court, Adult Criminal Court, Youth Court and Family Court. Provincial Court judges are appointed by the provincial government. Court of Appeal and Supreme Court judges are appointed by the federal government.

The federal judicial system includes the Tax Court of Canada, the Federal Court of Canada (Appeals Division and Trial Division), and the Supreme Court of Canada. The Federal Court of Canada hears cases in limited areas of exclusively federal jurisdiction, for example, reviewing decisions made by federal tribunals such as the Canada Labour Relations Board. The Supreme Court of Canada is the court of final resort and hears selected appeals from the Federal Court of Appeal and provincial Courts of Appeal.

Provincial Government Jurisdiction

Under Canada’s constitutional framework, the province has ownership and jurisdiction over natural resources and is responsible for education, health and social services, municipal institutions, property and civil rights, the administration of justice and other matters of purely provincial or local concern. Provincial programs are described in Chapter 6.

Provincial Taxes

To meet its financial commitments, the provincial government has authority to collect revenue through direct taxation within provincial boundaries and to borrow on provincial credit. The 1982 amendments to the *Constitution Act, 1867* gave the provincial government additional taxing authority over natural resources, including indirect taxation.

Income Tax Rates

The British Columbia personal income tax rate for the 1997 taxation year is 51 per cent of basic federal tax. This means that a typical British Columbia taxpayer is required to remit \$51 in income tax to the provincial government for every \$100 of basic federal income tax, which is calculated before the addition of federal surtaxes and subtraction of federal refundable credits. High-income earners are also required to pay a surtax of 30 per cent of provincial tax in excess of \$5,300 plus 24.5 per cent of provincial tax in excess of \$8,745. This surtax is reduced by \$50 per dependant. A two income family of four with one spouse earning \$35,000 and the other \$20,000, and with typical major deductions being claimed, would pay provincial income tax approximately equal to six per cent of total income in 1997.

The *British Columbia Income Tax Act* provides for the BC Family Bonus; a monthly benefit for low and modest income families with children. The maximum BC Family Bonus is \$103 per child per month and is paid to families with annual net incomes of \$18,000 or less. Families with annual net incomes in excess of \$18,000 can receive a reduced payment. Payments began in July 1996 and about 220,000 British Columbia families received payments in the first year of the program.

British Columbia's general corporate income tax rate is 16.5 per cent and the small business rate is 9 per cent. The small business rate only applies to the first \$200,000 of active business income earned in the year by a Canadian-controlled private corporation. In addition, a corporation's small business deduction is clawed back when its corporate capital exceeds \$10 million, and is eliminated completely when its corporate capital exceeds \$15 million.

Corporation Capital Tax Rate

The corporation capital tax is applied to the adjusted paid-up capital of general corporations at a rate of 0.3 per cent. Banks, trust companies and credit unions are taxed at a rate of three per cent if their net paid-up capital exceeds \$750 million; otherwise a rate of one per cent applies. For general corporations, adjusted paid-up capital includes share capital, retained earnings and surpluses, liabilities, and deferred credits of a corporation. Deductions are allowed for current accounts payable, investments in other corporations, allocations of net paid-up capital to other jurisdictions, and qualifying expenditures on specific new capital assets. Certain corporations are exempt from the tax, such as corporations or associated groups of corporations with net paid-up capital of less than \$1.5 million.

Social Service Tax Rates

The general tax rate on purchases and leases of tangible personal property under the *Social Service Tax Act* is seven per cent. The tax also applies to certain services, including legal services, telecommunication services, pay television services, repair of certain tangible personal property and, in the Vancouver Regional Transit Service Area, non-residential, off-street parking. Liquor products are taxed at ten per cent and passenger vehicles are taxed at between seven and

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ten per cent depending on the vehicle's value (i.e. vehicles under \$32,000 are taxed at seven per cent, vehicles between \$32,000 and \$33,000 at eight per cent, vehicles between \$33,000 and \$34,000 at nine per cent, and vehicles valued at \$34,000 or more at ten per cent). For purchases of passenger vehicles, the tax applies to the purchase price less the value of tangible personal property (normally the trade-in vehicle) taken as partial payment for the purchased vehicle. The act also imposes fixed levies on purchases of lead-acid batteries weighing two kilograms or more and pneumatic vehicle tires (\$5 per battery and \$3 per tire) to raise revenue for environmental purposes, and on short-term rentals of passenger vehicles (\$1.50 per day) to help the BC Transportation Financing Authority finance and construct high-priority transportation projects.

Real Property Tax Rates

British Columbia, local governments and certain regional boards all levy taxes on occupiers of real property. Independent, market-value assessments are performed annually by the British Columbia Assessment Authority. Property is divided into nine classes under the *Assessment Act*, and three assessment rolls are created with slightly different tax bases. Few exemptions apply, but a grant to owners of a primary residence in British Columbia under the *Home Owner Grant Act* provides significant relief from residential property tax.

British Columbia levies the province-wide school tax under the *School Act*. A single rate is set for each of the eight non-residential property classes, with rates varying from \$4.50 to \$15.00 per thousand dollars of taxable assessed value. Residential school tax rates are different in each of the province's fifty-nine school districts, and range from \$2.439 to \$9.000 per thousand dollars of taxable value. The higher rates apply in school districts with lower average assessed values.

British Columbia also levies a property tax in unincorporated areas through the *Taxation (Rural Area) Act*. Province-wide rates for the nine property classes range from \$0.50 to \$4.50 per thousand dollars of taxable value.

Municipal governments levy property taxes under the *Municipal Act* to fund about three quarters of their responsibilities. Rates vary by municipality and by property class. Regional districts, hospital districts and other minor taxing jurisdictions also levy property taxes. Their tax rates vary but the tax ratios between classes are established by the provincial government.

Other Tax Rates

The tax rate on hotel accommodation is eight per cent, of which 1.65 percentage points is dedicated to Tourism British Columbia. This new Crown corporation uses the dedicated funding to promote development and growth of the tourism industry throughout the province. Municipalities, regional districts and other eligible entities may request that the provincial government levy an additional tax of up to two per cent on their behalf. The revenue from the additional tax must be used to fund tourism-related projects or to promote tourism. Additional hotel accommodation taxes are currently levied on behalf of the resort municipality of Whistler; the cities of Vancouver, Victoria and Prince Rupert; the districts of Oak Bay and Saanich; and the town of Smithers.

Provincial fuel tax rates are 11 cents per litre for clear gasoline and 11.5 cents per litre for clear diesel. This includes 2 cents per litre of clear fuel tax collected on

behalf of the BC Transportation Financing Authority, which uses the funds to help finance high-priority transportation projects. Additional taxes on clear fuels are collected on behalf of the Vancouver and the Victoria Regional Transit Commissions, in their respective transit service areas, to cover part of the local share of transit costs. In Vancouver, the province collects 4 cents per litre, and in Victoria, the province collects 2.5 cents per litre.

Compressed natural gas, and 85 per cent or higher methanol or ethanol blends, used to propel motor vehicles are exempt from provincial fuel tax. On June 1, 1997 the tax exemption for auto propane expired. It is now taxed at the social service tax rate of 7 per cent.

Qualifying disabled people are eligible for a rebate of provincial tax paid on fuel purchased for use in their own vehicles, up to an annual maximum of \$400.

The tobacco tax rate is 11 cents per cigarette and 11 cents per gram of loose tobacco.

The property transfer tax is imposed upon application to register a transfer of an interest in real property at a land title office. The tax is payable by the person taking title to the property (the transferee) at a rate of one per cent on the first \$200,000 of fair market value transferred and two per cent on the balance. A variety of exemptions are provided, including an exemption for eligible first-time home buyers.

Other provincial taxes, including the horse racing tax, insurance premium tax, real property tax, logging tax, mining tax, and mineral land tax, are described in Appendix Table A5.1, which lists major provincial taxes, exemptions and tax credits. Appendix Table A5.2 provides an interprovincial comparison of tax rates.

Recent Provincial Government Legislation of Financial Significance

The following legislation of financial significance was enacted by the legislature during the 1997 spring session. Appendix Table A5.3 provides more details on major tax changes effective in 1997.

The *Budget Measures Implementation Act, 1997* amended the following provincial statutes:

- The *Corporation Capital Tax Amendment Act, 1997* amended the investment allowance provisions to disallow a deduction for certain investments in foreign bank accounts, insurance companies, and exempt Crown corporations.
- The *School Act* was amended to maintain 1997 average gross residential school taxes at 1996 levels by adjusting school property tax rates in response to changes in average assessed values.
- The *Taxation (Rural Area) Act* was amended to maintain average gross residential rural area taxes at 1996 levels by reducing the residential rural area tax rate to reflect the roughly 2.5 per cent increase in average residential assessed values in the rural areas.

- The *Municipal Act, Taxation (Rural Area) Act* and the *Vancouver Charter* were amended to eliminate the property tax exemption for properties designed for abating pollution. This applies to new properties or properties not already exempted in 1996. This measure ensures equal treatment for producers who build non-polluting facilities and is consistent with the “polluter pay” principle. Properties that were tax exempt in 1996 will continue to be exempt.
- The *Tobacco Tax Act* was amended to increase the tobacco tax rate for loose tobacco (e.g. cigarette, pipe and chewing tobacco) from 8.4 cents per gram to 11 cents per gram, effective March 26, 1997. This is equivalent to the rate imposed on manufactured cigarettes on a per gram basis. The tax rate increase is based on the recognition that health risks and costs associated with tobacco use depend primarily on the amount, rather than the form, of the tobacco consumed.
- The *Motor Fuel Tax Act* was amended to allow the transfer of an additional 1 cent per litre clear fuel tax to the BC Transportation Financing Authority (BCTFA) to fund priority transportation projects, effective April 1, 1997. The clear fuel tax rate paid by consumers is unchanged at 11 cents per litre for clear gasoline and 11.5 cents per litre for clear diesel. This change was previously announced in the 1996 Budget, but the transfer did not take place in 1996/97 because the revenue requirements of the BCTFA were less than expected.

Propane used in motor vehicles is taxed at the general social service tax rate of 7 per cent on the base price, effective June 1, 1997.

The tax on clear gasoline and clear diesel increased by 1 cent per litre in the Victoria Regional Transit Commission area, effective July 1, 1997. The province collects the tax on behalf of the commission to provide funds for improving the public transit system in that region.

- The *Hotel Room Tax Act* was amended to allow the transfer of 1.65 percentage points of the 8 per cent provincial hotel room tax to Tourism British Columbia, a new provincial Crown corporation, effective April 1, 1997. The revenue from the Tourism British Columbia portion of the tax will be used to promote development and growth of the tourism industry throughout British Columbia. The general hotel room tax rate paid by consumers remains unchanged at 8 per cent.

International Relations

The provincial government undertakes a number of activities in recognition of the importance of foreign trade, investment and international relations to the British Columbia economy.

Trade and Investment

The provincial government, mainly through the Ministry of Employment and Investment, works closely with the Canadian federal government to help ensure that foreign markets are opened to British Columbia exports. For example from 1994 to 1997, the province participated in all of the Team Canada trade missions (to China, India, Pakistan, Indonesia, Malaysia, Korea, the Philippines and Thailand).

The British Columbia Trade and Investment Office promotes British Columbia exports of goods and services and fosters the expertise needed to compete in export markets. The office also encourages foreign investment in British Columbia. For more information on programs to promote trade and investment, see Chapter 6.

Asia Pacific Economic Cooperation

The Asia Pacific Economic Cooperation (APEC) is an international forum for promoting Cooperation trade and economic cooperation among its 18 member economies in the Asia Pacific region. APEC members are: Australia, Brunei Darussalam, Canada, Chile, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, Chinese Taipei, Thailand, and the United States. As the Asia Pacific region is an important market for British Columbia, Canada selected Vancouver as the host site for the APEC economic leaders' meeting in November 1997.

The APEC meeting is a significant and prestigious event which involves an estimated 10,000 people, including senior government and business leaders and the international media. The APEC meeting offers a unique opportunity to highlight British Columbia as Canada's Pacific Gateway, and to showcase the province's trade and investment opportunities locally, nationally, and internationally. British Columbia will also enhance its activities with specific programs for business, youth, and civil societies stakeholders' groups.

International Trade Agreements

Foreign exports account for 25 per cent of British Columbia's Gross Domestic Product, and they support a large portion of the province's total employment. Imports also play an important role in creating jobs, because much of this commodity inflow supports further production in the province. Many firms use imports, along with British Columbia's resources and workers, in value-added activities, which contribute to the province's economic growth. Therefore, the implementation and operation of international trade agreements have a major impact on British Columbia's economy.

Multilateral Trade Negotiations

The Uruguay Round of Multilateral Trade Negotiations (MTN), involving more than 100 countries who are signatories to the General Agreement on Tariffs and Trade (GATT), began in 1986 to develop a more open and equitable world trading system. It was the largest and the most complex set of international negotiations ever undertaken.

Almost half of British Columbia's exports are destined to markets other than the United States, particularly in the Pacific Rim region. Therefore, the provincial government placed a great deal of importance on MTN's successful conclusion so that British Columbia could gain increased access to the markets of its non-United States trading partners.

The provincial government has strongly advanced its trade interests which include the following:

- elimination of tariff and non-tariff barriers, particularly on natural resource-based products;
- improved GATT rules governing the use of countervailing duty laws; and
- establishment of a multilateral framework of obligations to regulate international trade in services.

Chapter 5: The Provincial Government and Intergovernmental Relations

World Trade Organization

The Final Act of the Uruguay Round, signed in April 1994 by 117 countries including Canada, established the World Trade Organization (WTO) to integrate GATT with a new General Agreement on Trade in Services and an agreement on Trade-Related Aspects of Intellectual Property Rights. WTO and its constituent agreements came into force on January 1, 1995. Negotiations are continuing in a number of unresolved areas.

The provincial government welcomed this multilateral effort to lower barriers to international trade because British Columbia is a trading province. Overall, the province's trade interests will be advanced as further access to foreign markets is gained.

North American Free Trade Agreement

The North American Free Trade Agreement (NAFTA) and two parallel accords on labour and the environment came into effect on January 1, 1994. NAFTA extends the scope of the Canada-United States Free Trade Agreement to Mexico, and provides for freer trade in goods and services, with duties generally being phased out over 10 years.

While the federal government agreed to bind Canada with respect to measures under federal jurisdiction, it did not agree to bind the provinces because the parallel accords on labour and the environment involve subjects primarily within provincial jurisdiction. Negotiations aimed at reaching a federal/provincial/territorial agreement on co-managing the accords in Canada were held in July 1994. Most jurisdictions have not yet ratified the agreement.

The provincial government generally supports efforts by the federal government to secure better access to foreign markets for Canadian exporters through its participation in international trade agreements. However, the provincial government opposed NAFTA and urged the federal government not to proclaim Canada's implementing legislation until concerns, such as the establishment of trade rules governing subsidies and the protection of water and other resources, were satisfactorily addressed.

Canada-Chile Free Trade Agreement

Canada and Chile signed a comprehensive free trade agreement, similar in scope to NAFTA, on November 18, 1996. The provincial government ensured that Canada's negotiating objectives reflected British Columbia's economic interests.

Canada/United States Treaties

A number of treaties between Canada and the United States (U.S.) have a direct impact on British Columbia. The provincial government works to maintain a strong relationship with neighbouring U.S. states. The province is also a member of the Pacific North West Economic Region (PNWER) consisting of Alaska, Alberta, British Columbia, Idaho, Montana, Oregon, and Washington State. PNWER's goal is to increase regional collaboration in areas of mutual interest regarding economic development.

Pacific Salmon Treaty

The Pacific Salmon Treaty between Canada and the U.S., signed in 1985, was intended to provide for the conservation and equitable distribution of migrating Pacific salmon. However, numerous treaty provisions have expired, and efforts to renegotiate the treaty, and to develop new long-term arrangements, have been

unsuccessful. Lack of a treaty has resulted in the U.S. increasing its interception of salmon returning to spawn in Canadian waters. Further, the southeastern Alaska harvest of chinook salmon is threatening some sensitive stocks on the west coast of Vancouver Island. The province supports the provisions of the original treaty, and has been actively seeking its renegotiation.

Columbia River Treaty

The Columbia River Treaty, which was entered into by Canada and the U.S. in the 1960's, requires that the U.S. provide specified amounts of electricity to British Columbia (downstream benefits) in return for the storage and flow regulation provided by three dams on the British Columbia portion of the Columbia River. The treaty runs until at least 2024. Rights to the downstream benefits and obligations to build and operate the dams were transferred to British Columbia under a 1963 agreement with Canada. The downstream benefits were sold in the 1960s to a group of U.S. utilities for thirty years, and revert back to provincial control in stages between 1998 and 2003.

In November 1996, a treaty agreement was signed to return the downstream benefits over existing transmission lines, thereby avoiding the construction of a new transmission corridor in the Okanagan valley which was required under the original treaty. The province is working with U.S. and Canadian authorities on developing further treaty arrangements whereby downstream benefits, surplus to British Columbia's requirements, may be sold directly to clients in the U.S.

Other International Relations

The province has also been involved in other international discussions regarding the environment, forestry, labour, transportation and investment. Further information can be obtained directly from responsible ministries.

Education

The Ministry of Education, Skills and Training provides opportunities for British Columbia students and educators to be involved in international education programs. Through these programs, discussed in Chapter 6, British Columbia's education and training expertise is extended to a global community and the education of all British Columbians is enhanced and enriched by the incorporation of a broader international view.

Federal-Provincial Relations

British Columbia is actively developing and pursuing policies to advance provincial interests and priorities in all federal-provincial matters, to harmonize federal-provincial activities in areas of shared jurisdiction, to bring greater accountability and stability to federal-provincial fiscal relations, and to strengthen national unity through reform and renewal of national social programs. Agreements have been reached with the federal government on a number of British Columbia priorities over the past year including infrastructure funding, labour market training, immigration, and enhancing Vancouver as the gateway to the Asia-Pacific region.

Agreement on Internal Trade

In July 1994, the provincial premiers signed an Agreement on Internal Trade. The objectives of the agreement are to reduce and eliminate barriers to the free movement of persons, goods, services and investment within Canada, and to establish a more open, efficient and stable domestic market. The modest agreement reduces some specific barriers and provides a framework for future negotiations.

Chapter 5: The Provincial Government and Intergovernmental Relations

Under the agreement, British Columbia secured a code of conduct restricting the use of investment incentives. This is intended to preclude unfair enticement of investment from other provinces. The provincial government will ensure that the agreement does not lead to lower environmental, labour or consumer standards.

In current negotiations on procurement, British Columbia has refused to accept provisions for the MASH (municipalities, academic institutions, social services, schools and hospitals) sector which will impose undue administrative costs and burdens, or adversely affect the province's ability to maintain and improve health and social services. British Columbia has also insisted on its right to continue to use purchasing by Crown corporations as a lever for regional and economic development.

Canada- British Columbia Infrastructure Works

In December 1993, the First Ministers agreed to a three-year national infrastructure program consisting of \$6 billion in matching contributions from federal, provincial/territorial, and municipal governments (or private sector partners). In February 1994, British Columbia signed an agreement with Canada which provided for \$675 million (cost-shared equally by the federal government, the province and local partners) to be spent on infrastructure works over the three-year period. About 85 per cent of the program funding was allocated to water, sewer and local transportation projects with the remaining 15 per cent allocated to other physical infrastructure projects that enhance public services and provide significant economic benefits.

In December 1996, the federal government offered to enhance its program funding for the 1997/98 fiscal year. In April 1997, British Columbia reached an agreement to participate in the enhanced program with the federal government. The agreement provides for an additional \$51.7 million each from the federal, provincial and local partners. Priorities for the enhanced program include road and transit improvements, telecommunications services and cultural projects.

Social Policy Renewal

At the 1996 Annual Premier's Conference, provincial premiers established a Council of Ministers on Social Policy Renewal to coordinate an approach to overarching social policy issues of national importance. The council has supported progress in several sectors to advance the priorities identified by the premiers. A number of these priorities, such as a provincial/territorial vision for the health system of the future and the National Child Benefit (modelled on the BC Family Bonus), have progressed significantly.

In the coming year, the council will continue to coordinate activities related to the premiers' priorities as well as work with sector councils on the integration and harmonization of benefits and services for people with disabilities, on the development of a national youth employment strategy, and a national children's agenda. Options for new approaches to governing Canada's social union will also be developed, as well as strategies to deal with provincial/territorial concerns related to the federal off-loading of costs to provide services for Aboriginal people.

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National Child Benefit	<p>British Columbia has been instrumental in negotiating the National Child Benefit (NCB) with the federal and provincial governments. Under NCB, the federal government will provide an additional \$600 million per year for low-income families with children through creation of the Canadian Child Tax Benefit in July 1998. When this occurs, the provinces will decrease benefits for income assistance recipients by a corresponding amount. The funds will then be re-invested into programs for children in low-income families that meet the NCB objectives of helping to prevent and reduce child poverty, and to promote family attachment to the workforce. The overall income for families on income assistance will be maintained.</p>
Canada-British Columbia Agreement on Labour Market Development	<p>An agreement between Canada and British Columbia on labour market development was signed in April 1997. The agreement provides for shared responsibility for the employment benefits and support measures available under the <i>Employment Insurance Act</i>. Joint decision-making will occur in the areas of planning, program design, and priority setting for programs and clients. The federal government retains responsibility for delivering programs and for managing some cross-Canada activities (such as national sectoral partnerships).</p> <p>The agreement guarantees that the federal government will spend \$1.5 billion on labour market development activities in British Columbia over the next five years. The agreement will also reduce duplication of programs and services, and will help ensure that employment programs are designed to reflect the employment opportunities that exist in the province.</p> <p>The partnership agreement is the first step in a two-phase process. The second phase, with final details to be negotiated, will lead to a transfer of federal programs and administrative resources, including about 470 federal employees, to the provincial government by September 1998.</p>
Fisheries Management	<p>In April 1997, Canada and British Columbia signed an agreement on managing Pacific fisheries. The agreement creates a new partnership between British Columbia and Canada for conserving and managing resources, and includes the establishment of a Canada-British Columbia council of fisheries ministers to coordinate major salmon resource and habitat issues; establishment of a Pacific Fisheries Resource Conservation Council to provide advice on salmon conservation issues; creation of a Fisheries Renewal Advisory Board to improve coordination of habitat restoration and enhancement initiatives; and a commitment to fund further habitat restoration projects.</p>
Other Canada-British Columbia Agreements	<p>In March 1997, the provincial and federal governments resolved a dispute over British Columbia's three-month residency requirement for receiving income assistance. The province removed the residency requirement and Canada reduced the penalty imposed for the action to \$20.3 million (the actual savings realized while the residency requirement was in effect) from \$46.9 million. A payment for the difference of \$26.6 million will be made to the province.</p> <p>The federal government acknowledged the increased pressures on provincial and community services caused by a large inflow of new residents from abroad and</p>

Introduction

Jurisdiction for Pensions

Non-contributory Public Pensions

Pensions in British Columbia

British Columbia's retirement income system is a complex set of arrangements involving the federal government, the provincial government, municipalities, employers, unions, pensioners' organizations, and individuals making their own preparations for retirement. This topic box highlights the inter-connectedness of the many components in this system, and the need for consultation in developing reforms to individual programs that will have impacts across the whole system.

Prior to 1951, pensions were held to be a matter of exclusive provincial jurisdiction. Public pensions were administered by the provincial governments, were cost-shared with the federal government, and were all income-tested. Following World War II, there was growing public demand for a universal public pension, but only the federal government possessed the financial resources to provide one. As a result, in 1951 the Constitution was amended to enable the federal government to pass legislation pertaining to pensions, and Old Age Security was introduced. In 1964, the Constitution was amended again, to broaden the federal government's new legislative capacity regarding pensions to include supplementary survivor benefits and disability benefits. This constitutional amendment was made to enable Parliament to pass the legislation required for the Canada Pension Plan.

The constitutional amendments of 1951 and 1964 did not diminish the existing power of provincial legislatures with respect to pensions. The jurisdiction for pensions is consequently concurrent, and some constitutional scholars argue that it is the only example in the Constitution of Canada of concurrency with provincial paramountcy. This view has not been tested in the Supreme Court of Canada, but if valid it would imply that federal pension legislation would be inoperative if it were inconsistent with provincial legislation.

Today the federal government operates two non-contributory public pension programs: Old Age Security (OAS) and Guaranteed Income Supplement (GIS). Both of these programs are now income-tested. In 1997, OAS paid \$4,808 per year to all citizens and landed immigrants residing in Canada who had reached age 65 and had ten years of residency in Canada. These OAS benefits are taxable, and are also subject to a claw-back of fifteen cents per dollar of individual income in excess of \$53,215. GIS is more narrowly targeted on low-income seniors. In 1997 it paid a maximum of \$5,714 per year for single seniors and a total of \$7,444 per year for senior couples. GIS is non-taxable, and is subject to a claw-back rate of 50 cents per dollar of other family income, starting at the first dollar.

In its 1996 budget, the federal government announced its intention to replace OAS and GIS in the year 2001 with a new income-tested, non-contributory, public pension called Seniors Benefit. Under this program, future low-income seniors will receive slightly more income support than they would have under OAS and GIS, but future middle and upper income seniors will receive significantly less. Another important component of the Seniors Benefit proposal is the elimination of the existing age and pension income tax credits.

British Columbia operates two programs that supplement or are received in place of OAS and GIS benefits. An income assistance program delivered by the Ministry of Human Resources, part of the BC Benefits package of programs, provides ongoing financial aid for seniors who do not qualify for OAS and GIS benefits. Recent immigrants to Canada, for example, may need this assistance. As of June 1997, there were 1,899 seniors (age 65 and over) benefitting from this program.



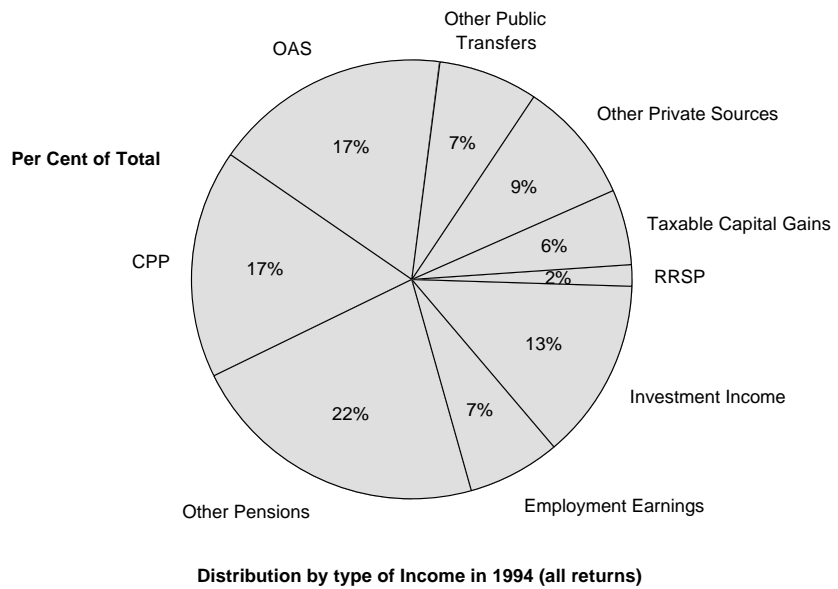
Canada Pension Plan

The Seniors Supplement is an automatic income top-up program for seniors who receive OAS and GIS, but who still do not have enough income from all sources to reach a minimum income threshold. As of June 1997, this threshold was \$11,188 per year for a single person, and \$18,627 for couples, and the maximum top-up was \$592 for a single senior, and \$723 for a couple.

All of the above pensions are non-contributory and income tested. They are also all unfunded, or “pay-as-you-go”, arrangements. British Columbians contribute to these pension programs through the taxes they pay throughout their lifetimes.

The Canada Pension Plan (CPP) is a partially funded, earnings-related (or contributory), public pension plan. It covers virtually all individuals who earn income through participation in the labour force. It is administered by the federal government, but it is co-managed, with the provinces playing a stewardship role in the plan. In 1997, the CPP collects contributions from employers and employees totalling six per cent of “contributory earnings”, or earnings between an exemption of \$3,500 and a ceiling of \$35,800. The maximum annual CPP retirement benefit paid in 1997 is \$8,842. The CPP also pays important survivor, disability, and death benefits.

Chart 1 Income of British Columbia Seniors



Note: Capital gains election income is excluded.

Source: Taxation Statistics by Province, Revenue Canada

The Canada Pension Plan exists through federal legislation, but any amendments to it require the consent of two thirds of the participating provinces having two thirds of the population of the participating provinces. Quebec operates its own pension plan, the Quebec Pension Plan (QPP). However, Quebec counts as a “participating province” because the provisions of the QPP have to be kept roughly parallel to those of the CPP in order to preserve pension portability.



Registered Pension Plans (RPPs), and Registered Retirement Savings Plans (RRSPs)

In February 1997, the federal government announced that it had reached agreement with eight provinces to pass a package of amendments to the CPP. British Columbia agreed with several measures in the package that would increase the size of the CPP Fund and diversify its investment strategy. However, British Columbia could not support the full package because of other measures that unnecessarily placed much of the burden of CPP reform on vulnerable groups such as the disabled, widows, low-wage workers and women. Saskatchewan also could not support the package. As the combined populations of British Columbia and Saskatchewan are not sufficient to stop CPP amendments, the proposed reforms are expected to be implemented on January 1, 1998.

RPPs are employer-sponsored pension plans that many employees participate in as an employee benefit. In 1995, there were a total of 619,843 British Columbians who were active members of pension plans, including plans registered in British Columbia and elsewhere. This represented 32.3 per cent of the province's labour force and 40.1 per cent of its province's paid workers. The labour force includes the unemployed and those temporarily out of the labour market.

RRSPs are more typically individual retirement savings arrangements, though there are now also group RRSPs that are sometimes organized by employers. In 1995, 710,000 British Columbia taxfilers contributed \$2.84 billion to RRSPs. This represented 13.6 per cent of total Canadian taxfilers, and 15.0 per cent of total RRSP contributions.

The popularity of both RPPs and RRSP rests in large part on the income tax deferral provisions that makes either of these arrangements an attractive investment vehicle for workers, and a tax-efficient benefit in an employer's compensation package.

The tax treatment of RPPs and RRSPs is set by the federal government through its income tax legislation. Since provincial income taxes are computed as a percentage of federal income taxes, the tax deferral for RPPs and RRSPs affects both federal and provincial government revenues. In fiscal year 1996/97 this "tax expenditure" cost the government of British Columbia \$1.4 billion.

The quality and security of RPPs in British Columbia is subject to the provincial *Pension Benefit Standards Act* (PBSA). The PBSA sets minimum standards for plan eligibility, vesting, portability, survivor benefits, employer contributions and disclosure to members. It provides for pension plan solvency and funding standards, requires actuarial review for certain pension plans, and approves the means for locked-in pension transfers. The PBSA is administered by the Pension Benefit Standards Branch, Ministry of Labour. As of July, 1997, the Branch oversaw some 917 employer-sponsored pension plans in both the private and public sectors. Another 77 plans had applied for registration, or were in the process of being transferred to British Columbia from other jurisdictions.

British Columbia's Statutory Pension Plans

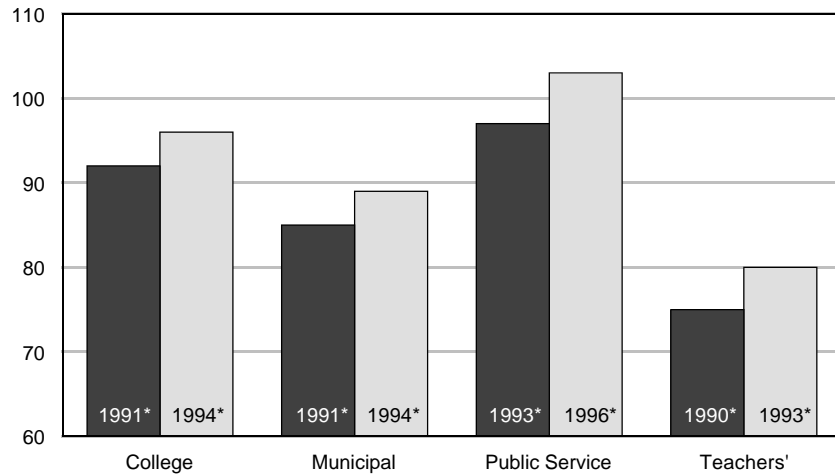
The Superannuation Commission of the Ministry of Finance and Corporate Relations, administers nine public sector pension plans. These are the Public Service, Municipal, College, Teachers' and Members of the Legislative Assembly pension plans, and the plans for four Crown Corporations. Currently these pension plans have combined assets of over \$28 billion, 740 participating employers, 248,500 contributors (12% of the labour force), and almost 70,000 pensioners.

The financial health of the public pension plans is assessed through an independent actuarial valuation every three years (see Chart 2). The financial positions of the four major statutory plans (Public Service, Municipal, College and Teachers') have substantially improved in the most recent valuations. The Public Service Pension Plan has shown an actuarial surplus as at March 1996.



Chart 2 British Columbia Statutory Pension Funds

Actuarial Value of Assets as a Per Cent of Fund Liabilities



*Year of Valuation

Need for Consultation

In a complex set of interacting programs, major changes to individual programs in the system can have far-reaching effects. Cuts in one program can increase costs in other programs that supplement it. Tax-backs and claw-backs from multiple programs can combine to create very high “effective marginal tax rates” on seniors’ incomes. This in turn can produce strong disincentives to the very savings and self preparation behaviours that other programs in the system are trying to encourage.

British Columbians are preparing, both individually and collectively, for the coming retirement of the baby boom generation. There is a clear need for recognition of the many complex interconnections within the retirement income system, and for consultation prior to introducing major changes to pension programs.



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from other provinces. Canada agreed to increase its funding for immigrant settlement in British Columbia by \$22.4 million in 1996/97 and in each of the next two fiscal years.

Canada and British Columbia agreed to work together to enhance British Columbia's ability to act as Canada's gateway to the Asia-Pacific region. Canada will dedicate \$60 million over the next two years to fund joint projects totalling at least \$120 million.

British Columbia House

The provincial government's presence in the nation's capital is maintained by British Columbia House. It represents the provincial government at certain federal-provincial meetings and provides contact and liaison with federal ministers and officials on provincial priorities. It also promotes the province's economic development and diversification interests, particularly in the area of federal procurement.

Federal-Provincial Fiscal Arrangements

The federal government supports a number of provincial programs through conditional and unconditional grants and, by agreement, collects provincial income tax.

Current fiscal arrangements have contributed to an imbalance between provincial revenue and expenditure responsibilities. Since 1982/83, the federal government has shifted part of its deficit problem to the provinces by unilaterally reducing transfer payments. The unilateral reductions cost British Columbia \$3.3 billion in 1996/97 and are expected to cost \$4.1 billion in 1997/98.

Prior to 1996/97, federal transfers were delivered to the provinces via three programs: equalization payments, the Canada Assistance Plan (CAP) and Established Programs Financing (EPF). Starting in 1996/97, CAP and EPF were combined into a single, smaller block fund called the Canada Health and Social Transfer (CHST). Equalization continues as a separate program.

Equalization

The federal government's equalization program provides cash payments to provinces with relatively low revenue-raising ability to help them maintain a reasonable standard of public services without unduly high tax rates. Under the program, each province's revenue-raising capacity is measured against the average of five representative provinces, and payments are made by the federal government to bring below-average provinces up to the five-province standard. British Columbia does not qualify for equalization payments.

Canada Health and Social Transfer

In 1996/97, federal transfers to provinces in support of health, post-secondary education and social services were combined into a single block fund called the Canada Health and Social Transfer (CHST). At the same time, the federal government imposed significant cuts in the level of transfers to provinces.

As a block fund, CHST entitlements are not related to the level of provincial spending on health, post-secondary education and social services, and are not allocated by the federal government among the three program areas. CHST

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transfers are allocated by the provinces according to their own spending priorities. The CHST is not unconditional, however. The federal government may withhold payments from provinces that violate the *Canada Health Act* (a condition previously attached to EPF transfers) or impose residency requirements on eligibility for social assistance (a condition previously attached to CAP transfers).

As a growing province, British Columbia faces increasing demand for its health, post-secondary education and social services, at a time when federal transfers for these programs are declining sharply. In the first two years of the CHST (1996/97 and 1997/98), federal cash transfers to British Columbia will fall by \$600 million, or 28 per cent. British Columbia's 1997/98 CHST cash transfer of \$1.6 billion will cover only about 12 per cent of provincial expenditures on health, post-secondary education and social services; ten years ago, federal transfers covered 30 per cent of these expenditures.

British Columbia is further disadvantaged by the fact that the formula used to allocate the CHST between provinces is partly based on population growth, and partly based on historical allocations which discriminate against British Columbia, Alberta and Ontario. These historical allocations incorporate the "cap on CAP", an arbitrary restriction on transfers for social services imposed on the three provinces in 1990. While the population share or "per capita" component of the CHST allocation formula will gradually be increased over time, it will still constitute only 50 per cent of the allocation by 2002/03.

Although originally scheduled to continue to fall until 2000/01, CHST cash transfers to all provinces combined are now expected to be frozen at the 1997/98 level of \$12.5 billion until 2002/03. This new cash "floor" has been put in place to ensure a level of stability in future cash transfers. However, there is no indication that this floor will be adjusted to take into account inflation or population growth.

Other Federal
Government
Contributions

The provincial government has agreements with the federal government in several other areas, including infrastructure, forestry, agriculture, fisheries, youth corrections, training, public school education, and the rehabilitation of disabled persons. Most of these agreements are of limited duration. Federal government contributions to British Columbia for these programs totalled \$180 million in 1996/97.

Tax Collection

While provinces levy their own personal and corporate income taxes, most provinces, including British Columbia, have authorized the federal government to collect these taxes on their behalf. Nine provinces participate in the personal income tax collection agreement, and seven participate in the corporate income tax agreement. Quebec collects its own personal and corporate income taxes, while Ontario and Alberta collect their own corporate income taxes.

The advantage of having the federal government collect provincial taxes is that each taxpayer files only one tax return for payments of both federal and provincial income taxes. Under the agreement between Canada and British Columbia, the province must adopt income tax legislation and regulations similar to those of the federal government. This reduces provincial government control over its own tax base.

For several years, western provinces have been calling for the creation of an independent revenue collection agency to: increase provincial income tax policy flexibility and allow for a broader range of tax credits; provide more accountability and transparency by moving to levy provincial tax rates directly on income; and improve, through new governance arrangements, the responsiveness of federal administration to provincial concerns. However, the Canadian Customs and Revenue Agency recently proposed by the federal government does not meet these objectives.

Local Governments

Local governments in British Columbia consist of incorporated municipalities, regional districts, school districts, regional hospital districts and special-purpose improvement districts.

The 151 incorporated municipalities, which include 43 cities, 52 districts, 15 towns, 40 villages and one Indian government district, provide facilities such as roads, waterworks and sewers, as well as a wide range of social, recreation and protection services.

The 27 regional districts incorporated under the *Municipal Act*, including municipal and other local areas, provide services efficiently over a large area. Almost all of the province is included within regional district boundaries. The Stikine region is the only unincorporated area in the province.

There are 15 active regional hospital districts within the province. The boundaries of 14 of these districts correspond to the boundaries of 7 regional health boards and 7 community health services societies. The boundary of the Greater Vancouver Regional Hospital District includes 4 regional health board boundaries. The regional health boards, along with 34 community health councils, will be responsible for most health services in each region, including hospitals, long-term care facilities, home support services, public health units, alcohol and drug services, and mental health services.

School districts, incorporated under the *School Act*, coordinate school administration throughout the province. These districts usually combine adjacent municipal and non-municipal areas. In May 1996, the government reduced the number of school districts from 75 to 59. This initiative, along with other administrative efficiencies in all districts, will save \$27 million in 1997/98, and up to \$30 million annually thereafter.

Finally, there are 281 improvement districts, primarily in non-municipal areas, incorporated under the *Municipal Act* or the *Water Act*. Services that may be provided by improvement districts include waterworks, fire protection, irrigation, street lighting, drainage, garbage disposal, sewage disposal, parks and playgrounds, dyking, community halls, cemeteries and mosquito control.

Municipal Finance Authority of British Columbia

The Municipal Finance Authority is incorporated under the *Municipal Finance Authority Act* as a central agency to provide financing of capital requirements and interim financing, pooled leasing, and short-term investment opportunities for regional districts and municipalities in British Columbia. Recently, amendments to the *Municipal Finance Authority Act* extended the interim financing and short-term investment programs to other public institutions in British Columbia.

All regional districts, their member municipalities (except the City of Vancouver) and four special-purpose districts are required to finance their long-term capital requirements through the authority. The authority issues its own securities and lends the proceeds to the regional districts at whose request the financing was undertaken. The authority's bonds are rated AAA by Canadian Bond Rating Service and Aaa by Moody's Investors Service.

Obligations of the authority are neither obligations of, nor guaranteed by, the provincial government. The combined credit-worthiness of all the regional districts and their member municipalities, which together encompass almost all of the taxable land and improvements in the province, stands behind the authority's obligations. In addition, a debt reserve fund is maintained to satisfy obligations in the event that sufficient funds are not available to meet payments or sinking fund contributions. If the Board of Trustees of the authority is of the opinion that payments made from the debt reserve fund will not be recovered within a reasonable period, it will, and under certain circumstances must, levy rates on all taxable land and improvements in the province sufficient to restore the fund to its previous level.

As of June 30, 1997, the outstanding long-term debt of the authority was \$2,054 million, while the debt reserve fund balance was \$214 million.

Since December 31, 1990, the authority has operated an interim financing program for regional districts and municipalities that provides temporary financing for capital projects, short-term debts of a capital nature and current expenditures, in anticipation of the receipt of tax revenues. Participation in the program is voluntary. As of June 30, 1997, the short-term debt outstanding was \$36 million.

The authority also operates three pooled investment funds (a bond fund, an intermediate fund and a money market fund) for the purpose of holding and investing money received from regional districts, municipalities and public institutions in British Columbia. Participation in the funds is voluntary. As of June 30, 1997, the net assets of these funds totalled \$852 million.

In 1995, the authority combined interim financing and pooled leasing into one program. All commonly leased assets from office equipment to rolling railway stock are eligible for financing under this program.

British Columbia Assessment Authority

The British Columbia Assessment Authority (BC Assessment) was incorporated in 1974 under the *Assessment Authority Act*. BC Assessment is an independent, publicly-funded corporation governed by a board of directors reporting to the Minister of Municipal Affairs and Housing. The chief executive officer of BC Assessment is the assessment commissioner. Both the board and the commissioner are appointed by the Lieutenant-Governor in Council.

BC Assessment is responsible for establishing and maintaining an independent, uniform and efficient real property assessment system throughout British Columbia in accordance with the *Assessment Act*. The act requires the authority to produce annual rolls with assessments at market value.

A new assessment roll is completed by December 31 of each year, based on the market value of properties as of July 1. Individual assessment notices are sent to all property owners at the beginning of each January. For example, an assessment notice issued in January 1997 estimates the property's value on July 1, 1996 and is used by tax authorities to determine 1997 property taxes. A common valuation date provides fairness and ensures an equitable base for property taxation.

BC Assessment also determines the appropriate classification for each property in British Columbia. The government has established nine classes of property for which different tax rates may be set. Table 5.1 shows the assessed values for the property classes as of July 1, 1995 and July 1, 1996.

Table 5.1 Assessed Values of Property Classes as of July 1

Property Class #	Property Class Description	Values Assessed as of July 1		Per Cent Change
		1995	1996	
(\$ millions)				
1	Residential	277,185	283,941	2.4
2	Utility	16,303	16,066	-1.5
3	Unmanaged forest	30	45	47.5
4	Major industry	5,605	5,616	0.2
5	Light industry	3,423	3,482	1.8
6	Business/other	69,701	73,093	4.9
7	Managed forest	843	1,022	21.3
8	Recreational/non-profit	10,034	10,624	5.9
9	Farm	1,323	1,330	0.6
	Total	384,447	395,219	2.8

Note: Percentages may not calculate due to rounding.
Source: British Columbia Assessment Authority.

The assessment roll, once certified by the assessor and authenticated by the Courts of Revision, is presented to the tax jurisdictions (municipal and provincial governments) to form the basis of their tax rolls. Property valuation by BC Assessment is subject to legislated appeal procedures through the Courts of Revision and the Assessment Appeal Board.

BC Assessment maintains an extensive and up-to-date information database on all properties in British Columbia which consistently exceeds international appraisal standards. In addition to providing information in the form of assessment rolls, the authority also provides accurate property and value information to tax authorities through a program of information-sharing. For a fee, the information can be provided through electronic database access, microfiche and custom reporting to property owners; municipal, provincial and federal government agencies; realtors; appraisers; lawyers; bankers; title search companies; and others.

BC Assessment's operations are financed primarily through a province-wide levy on properties. Other revenue sources include the sale of information services and

products to various levels of government, the private sector, and national and international markets. BC Assessment is exploring opportunities for better public property information services and the potential to expand its revenue base.

Provincial-Local Relations

The provincial government funds a number of programs for local governments including a local government grants program, grants in lieu of property taxes and a home owner grant program. In addition, significant financial contributions are made to school districts and regional hospital districts (see Chapter 6 for details).

Local Government Grants Program

The *Local Government Grants Act* provides part of a funding framework for provincial government support to local jurisdictions. The act establishes annual unconditional grants to municipalities and regional districts, and other grants to local governments and related organizations based on amounts appropriated by the government's annual *Supply Act*.

Unconditional grants (municipal basic, municipal general and regional district basic) totalled \$142 million in 1996/97. Municipal basic and municipal general grants were terminated in 1996/97. New small community protection grants and municipal equalization grants are estimated to total \$83 million in 1997/98. Proposed 1997/98 funding for conditional grants (sewer, water, local government restructure and planning) is \$106 million. The provincial share of the Canada-British Columbia Infrastructure Works Program in 1997/98 is estimated at \$36 million, and the balance of committed funds will be spent in 1998/99 (all projects under the program must be completed by March 31, 1999). Appendix Table A5.4 contains additional details on local government programs.

Grants in Lieu of Property Taxes

Under the *Municipal Aid Act*, the provincial government pays grants in lieu of property taxes on a considerable amount of exempt Crown property. These grants are equal to the assessed value of the property, multiplied by the applicable municipal and regional district tax rates, including the debt service levy. Many provincial Crown entities also pay grants to municipalities on a similar or different basis. In 1996/97, an estimated \$61 million in grants-in-lieu of taxes was paid by the provincial government, provincial Crown corporations and other provincial bodies. This included \$37 million by the British Columbia Hydro and Power Authority and \$16 million by the British Columbia Buildings Corporation on behalf of provincial government ministries. The principal examples of exempt property for which no grants are paid are hospital property and vacant land.

Provincial Home Owner Grant

The Provincial Home Owner Grant Program reduces property tax levies for eligible homeowners. In 1997, the grant to each eligible homeowner, to be applied first against the local school tax levy, is \$470. An additional \$275 grant is available to eligible homeowners aged 65 years or over, to eligible persons with disabilities (as defined in the homeowner grant regulations or those receiving an allowance under the *Disability Benefits Program Act (BC)*), and to eligible persons receiving an allowance under the federal *War Veterans Allowance Act* or the *Merchant Navy Veteran and Civilian War-related Benefits Act*. Minimum taxes payable of \$350 (\$100 for those eligible for the additional grant) reduce the amount of the grant available.

Entitlement to the grant is phased out above a specified threshold. The 1997 provincial budget raised the phase-out threshold to \$525,000 of assessed property

value, from \$475,000. The grant is eliminated entirely once the assessed value reaches \$572,000 (\$599,500 for those eligible for the additional grant).

Aboriginal Peoples

Between 100,000 and 170,000 Aboriginal people reside in British Columbia. While the 1991 Census reported 170,000 people having some aboriginal ancestry — including North American Indian, Metis and Inuit — the Indian Register maintained by the federal government lists about 100,000 Status Indians. Of the 620 different First Nations in Canada, 198 (about 32 per cent) are located in British Columbia. However, British Columbia's reserves are generally smaller than reserves in the rest of Canada; there are over 1,600 in the province, which comprise 70 per cent of the total number of reserves in all of Canada.

Treaty Negotiations

The provincial government maintains a government-to-government relationship with First Nations in British Columbia. An integral part of the relationship is the provincial government's pledge to undertake treaty negotiations to achieve fair and equitable settlements of First Nations' land claims, and to define the scope of First Nations' self-government.

In September 1992, British Columbia, Canada and the First Nations Summit signed an agreement to create the British Columbia Treaty Commission, an independent body, whose role is to facilitate the modern treaties of the province. In December 1993, the Commission began receiving statements of intent from First Nations to negotiate treaties. As of May 1997, 50 statements of intent had been received and 39 sets of negotiations were underway.

In June 1993, the governments of Canada and British Columbia agreed on a method for sharing the costs of treaty settlements in this province. Under the agreement, the federal government bears primary responsibility for the cash portion of settlements. British Columbia bears primary responsibility for providing Crown land and resources.

In March 1996, the provincial and federal governments reached an agreement-in-principle on a treaty with the Nisga'a in northwestern British Columbia. Negotiations to reach a final treaty are now in progress. The treaty will be subject to ratification by the Nisga'a, federal and provincial governments.

Issues being negotiated at the treaty tables are lands and resources and a greater measure of self-government for First Nations. The provincial government is also working with aboriginal communities to transfer certain social programs to the control of First Nations agencies. For example, several First Nations have assumed delegated responsibility for aboriginal child and family protection services.

Taxation

The federal *Indian Act* grants Indian bands property tax power over both aboriginal and non-aboriginal occupiers of reserve lands. Local governments and the province continue to have the power to tax non-aboriginal occupiers of reserves.

In 1990, the provincial government introduced the *Indian Self-Government Enabling Act*, which is designed to remove or reduce provincial and other local

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taxes from properties which would be subject to an Indian band tax. As a result of this legislation, the potential for double taxation of reserve leaseholders is prevented in the case of those bands which pass taxation by-laws. Under the legislation, bands must choose one of three taxation options which have been established to prevent possible overlap with provincial and municipal taxation.

The province has also made provisions, subject to the agreement of First Nations, for the continued availability of the home owner grant for residents of reserve lands who pay property taxes.

Based on the Nisga'a agreement-in-principle, the Nisga'a government would tax Nisga'a citizens on Nisga'a land, a tax delegation agreement would be negotiated to enable the Nisga'a to collect property taxes from non-Nisga'a occupiers of Nisga'a land, and the tax exemption now available for Nisga'a citizens under the *Indian Act* would be phased out. British Columbia, Canada and the Nisga'a would coordinate their respective tax systems on Nisga'a lands.

Chapter Six

Major Provincial Programs



Youth Job Training

6: Major Provincial Programs

Introduction

The strength of a society depends on many of the economic and financial conditions discussed in the previous chapters. It also depends on the availability and quality of public goods and social services. Under Canada's constitution, the province is responsible for education, health, social services, municipal institutions, property and civil rights, and the administration of justice. The province also owns and has jurisdiction over natural resources. While the constitution defines the bounds of provincial activities, the design of institutions and programs to respond to social needs within these areas of jurisdiction has been influenced by the economy, geography, and natural and human history of the province.

This chapter describes the provinces's major programs, and is organized into five sections:

- social programs;
- protection of people, property and the environment;
- commercial and financial regulation;
- business and trade development; and
- natural resource development.

Appendix 6 summarizes major provincial programs, and Appendix 9 provides a phone list of government agent offices across the province. More detailed information about specific programs may be obtained directly from the ministries or agencies responsible for the programs. Appendix 10 provides a phone list of ministry contacts. Information about many provincial programs and initiatives is also available on the Internet (see Appendix 11). The address for the British Columbia government Internet home page is <http://www.gov.bc.ca/bchome.html>.

Social Programs

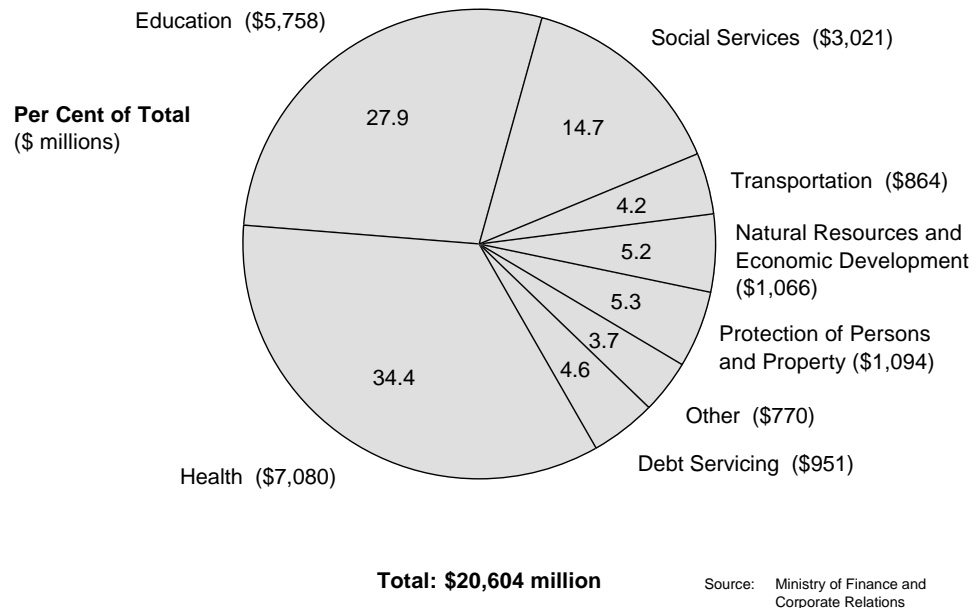
The provincial government provides social programs in the areas of health, social assistance, education and training, labour services, housing, and culture. Social programs respond to the needs of British Columbians as patients, students, families, and workers. Social programs ensure that those in need have access to the necessities of life, and enhance the quality of society.

Chapter 6: Major Provincial Programs

Health Programs

As shown in the chart below, spending on health care accounted for about one-third of total provincial expenditures. Total spending on the province's health programs during 1996/97 was over \$7 billion.

Chart 6.1 Expense by Function, 1996/97



Better Teamwork, Better Care

In November 1996, the Ministry of Health announced its “Better Teamwork, Better Care” approach to regionalization. This initiative is the result of a province-wide assessment of the New Directions plan, which was temporarily suspended in June 1996. The essential elements are the same — local management of health services to provide better health care for British Columbians, with increased effectiveness, efficiency, and accountability. The “Better Teamwork, Better Care” approach also emphasizes reduced bureaucracy, and increased attention to differences in the delivery of health care services in urban and rural settings.

In 1997/98, responsibility for the delivery of health services will be transferred to 11 Regional Health Boards, 7 Community Health Services Societies and 34 Community Health Councils. Services to be provided by these bodies include acute care, continuing care, mental health services, and public health programs totalling \$3.9 billion.

Medical Services Plan

The Medical Services Plan (MSP) offers comprehensive medical care coverage. The plan also covers supplementary services provided by chiropractors, optometrists, physiotherapists, massage practitioners, podiatrists, naturopaths, and specific oral surgery procedures performed in hospitals. Over 97 percent of British Columbians are covered by MSP, while the federal government provides health care insurance under special statutes to other residents such as armed forces personnel. The plan is administered by the Medical Services Commission, which consists of nine members equally representing practitioners, the general public and government.

MSP expenditures during 1996/97 amounted to \$1.7 billion. Subscriber premiums funded approximately one-half of this expenditure, with the rest being funded from general revenue. Premium assistance was also provided to lower-income persons.

During 1996/97, MSP expenditures were distributed as follows:

- \$1.59 billion was paid to physicians and surgeons including \$1.42 billion in fees for service, \$109 million for alternative payments, and \$61 million to the physicians' education, disability, liability, and pension funds.
- \$125 million was paid to supplementary benefit practitioners; and
- \$36 million was spent on program management.

Pharmacare

Pharmacare subsidizes the costs of a variety of prescription drugs and related items, such as insulin and specific medical items for diabetics, some orthotics and prosthetics, and approved home oxygen systems. Expenditures for this program were \$425 million during 1996/97.

Most British Columbians are eligible for compensation for 70 per cent of expenditures in excess of \$600. Personal costs are limited to a maximum of \$2,000 per family unit per year, beyond which Pharmacare covers 100 per cent of costs. For families receiving MSP premium assistance at the time the prescription is dispensed, Pharmacare pays 100 per cent of the drug costs in excess of \$600 incurred during the year.

Seniors (aged 65 and over) receive free drugs and supplies, but are required to pay associated dispensing fees to an annual maximum of \$200 per person. Residents of licensed long-term care facilities and private hospitals, medically-dependent children under the at-home program, clients of the home oxygen program and eligible income assistance recipients receive program benefits at no personal cost.

Regional Programs

During 1996/97, more than \$4.4 billion was spent on regional programs, or about 60 per cent of the Ministry of Health's expenditures. Regional programs include provincial programs and regional health programs, as well as expenditures for debt servicing and building occupancy.

Provincial Programs

Almost \$1.1 billion was spent on the following provincial programs during 1996/97:

- *Provincial hospital operating contributions* funded the operating and equipment costs of seven provincial hospitals: St. Paul's Hospital, Vancouver Hospital and Health Sciences Centre, British Columbia Children's Hospital, British Columbia Cancer Agency, British Columbia Rehabilitation Society, British Columbia Women's Hospital and Health Centre, and Sunny Hill. Payments were also made to out-of-province hospitals for services provided to British Columbia residents.

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- *Forensic psychiatric services* provided psychiatric assessment and treatment services to individuals with apparent mental disorders who were in conflict with the law, generally in response to an order by the courts. Adult services are provided at the 174 bed Forensic Psychiatric Institute in Port Coquitlam, as well as on an outpatient basis and via travelling clinics throughout the province. Youth psychiatric services, formerly administered by the Ministry of Health, were transferred to the Ministry for Children and Families in 1996/97, and are described below under social service programs.
- The *kidney dialysis/medical supply program* provided services and supplies to persons suffering from kidney failure, hemophilia and thalassaemia. Equipment and services are provided to persons in their homes, as well as in hemodialysis clinics in selected communities throughout the province.
- *Special programs/other funded agencies* provided funding for the Arthritis Society, the Canadian Blood Agency, the Canadian Red Cross, the Health Employers Association of British Columbia, the British Columbia Health Care Risk Management Society, and the British Columbia Drug and Poison Information Centre. Funds are also provided to special programs such as the screening mammography program run by the British Columbia Cancer Agency; the clinical clerkship, and interns and residents programs at the Vancouver Hospital and Health Sciences Centre; and the reproductive care program administered by the British Columbia Women's Hospital and Health Centre.
- *Health protection and safety division* operated the British Columbia Centre for Disease Control, which coordinates health services for the control of communicable diseases, including sexually transmitted diseases and tuberculosis, and manages a provincial health laboratory. The program is also involved in environmental health assessment; enforcement of tobacco reduction measures; radiation exposure control; milk, meat, fish and food safety initiatives; public health protection; and licensing of facilities caring for dependent persons.
- The *head injury program* provided support to approximately 315 individuals with traumatic head injuries who required extraordinary residential and rehabilitation support to remain in their community. The program also offered support programs for families and friends of these head injury patients.
- *Health services for community living* coordinated the activities of nurses, occupational therapists, and physiotherapists who assisted adults with mental handicaps to remain safe and supported in their home communities.

Regional Health Programs

More than \$3.1 billion was spent on the following regional health programs during 1996/97.

- *Acute care hospital contributions* funded the operating and equipment costs of 113 hospitals throughout British Columbia including acute care hospitals, extended care hospitals, and diagnostic and treatment centres.
- *Community health services* provided a broad range of community health initiatives including AIDS prevention, special care and population health programs. Alcohol and Drug Services, and Child and Youth Services, which were formerly administered by the Ministry of Health, were transferred to the Ministry for Children and Families in 1996/97, and are described below with other social service programs.

- *Continuing care residential services* provided residential care and support for physically and mentally infirm persons, most of whom are elderly and can no longer function independently due to chronic health-related disabilities. Most of these residential services are provided in long-term care facilities, although group homes and family care homes are also utilized.
- *Continuing care community support services* provided home support, adult day care and meals-on-wheels. Home support provided in-home services to persons (mostly elderly) who have health related problems which restrict their ability to independently perform basic daily living tasks. Adult day services organized and supervised social and recreational activities in group settings. Meals-on-wheels delivered meals to the homes of persons who are unable to cook and/or buy groceries for themselves.
- *Continuing care transition services* provided home nursing care, long-term care assessment and case management, and community rehabilitation. Home nursing care enabled people to remain in their homes during an acute, chronic or terminal illness. Long-term care assessment and case management helped to ensure that the level and type of long-term care provided matched an individual's specific care needs. Community rehabilitation involved consultation, occupational therapy and physiotherapy for persons with functional disabilities.
- *Adult and seniors mental health services* provided assessment, treatment and community support services for adults and seniors with serious and persistent mental illness. Inpatient and outpatient services such as counselling, medication management, rehabilitation, housing, and family support programs are provided through Mental Health Centres, Community Service Agencies and Riverview Hospital.
- *Child and youth mental services*, which were formerly administered by the Ministry of Health, were transferred to the Ministry for Children and Families in 1996/97, and are described below in the services for children section of this chapter.
- *Public health field operations* supported health units across the province which deliver a variety of public health services. Specific services include public health nursing, environmental health inspection, licensing of community care facilities, speech and audiology services, dental health services, nutrition services, and public health engineering. Grants were also paid to municipalities to cover public health services which they provide directly. Effective April 1, 1997, 80 per cent of funding for public health nursing, speech, audiology, nutrition, and dental services was transferred to the Ministry for Children and Families.

*British Columbia
Health Research
Foundation*

The British Columbia Health Research Foundation supports health research within the province by providing grants for research projects and human resource development. Grants are awarded for university and hospital research in three broad areas — population health, health services and clinical care, and basic biomedical science. Community-based research is supported through grants for research projects on community issues and through training support to develop research skills. In 1996/97, the foundation awarded 166 grants worth \$5.5 million.

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Emergency Health Services Commission

The Emergency Health Services Commission provides ambulance service and pre-hospital care. Currently, 876 full-time and 2,274 part-time paramedics work from 405 ambulances and 25 support vehicles based in 190 community facilities. During 1996/97, there were 386,762 ground ambulance trips and 6,530 air ambulance trips. Emergency health services expenditures totalled \$122.9 million in 1996/97.

Vital Statistics

The Vital Statistics Special Operating Agency administers the *Vital Statistics Act*, *Name Act*, and Part II of the *Wills Act* including the registration of vital events, and the registration of name changes.

During the 1996 calendar year, the Agency registered 45,883 births, 27,361 deaths, 22,833 marriages and 47,784 will notices, issued 202,280 certificates and performed 12,720 will searches. The Agency also maintains the Health Registry, a health status registry of genetic birth defects and disabling conditions, performs research using vital statistics records and provides assistance to genealogical researchers. These services are available at offices in Victoria, Vancouver, Kelowna and Prince George, as well as through a regional network of district registrars and marriage commissioners and issuers of marriage licences.

Additional Health Services

The Ministry of Human Resources also provides a range of essential health services to eligible recipients of income assistance. These include medical equipment and supplies, medical transportation and optical and dental services. In 1996/97, the ministry spent approximately \$54.3 million on these programs.

Social Services

The Ministry of Human Resources is responsible for providing income support to those in need, and providing community-based support services such as hostels and emergency shelters. Total expenditure during 1996/97 was \$1.8 billion.

In September 1996, the government announced the creation of the Ministry for Children and Families which brought together services from five ministries to streamline the delivery of child and family services, and strengthen the province's child protection system. The Ministry for Children and Families provides services to children, families, persons with developmental or multiple disabilities, and youth and adults who misuse alcohol or other drugs. Total expenditure on services to children and families was \$1.2 billion in 1996/97.

Income Support

Income assistance is provided to eligible British Columbia residents 25 years of age and over who cannot provide the necessities of life for themselves and their dependents. Eligible youth between the ages of 19 and 24 are provided with a youth allowance while participating in job search or education and training programs. Disability benefits are also provided for eligible disabled persons. Total expenditures in 1996/97 were \$1.6 billion.

In March 1997, assistance in either form was provided to 321,315 individuals, including 130,073 dependents. Table 6.1 provides a breakdown, by family type, of the total income assistance caseload.

Table 6.1 Income Support Caseload at March 31

Category	1995	1996	1997	Change 1996-1997
				(per cent)
Single Men.....	92,436	86,746	78,142	-9.9%
Single Women.....	43,999	41,637	38,964	-6.4%
Child with Relative.....	4,064	4,176	4,150	-0.6%
Couples.....	9,040	8,823	8,136	-7.8%
Two-Parent Families.....	15,922	16,253	13,090	-19.5%
One-Parent Families.....	56,324	57,047	48,760	-14.5%
Total Income Support.....	<u>221,785</u>	<u>214,682</u>	<u>191,242</u>	-10.9%

Source: Ministry of Human Resources

*Prevention,
Compliance and
Enforcement Division*

Income support programs are intended to be used only by those legitimately in need. The objective of the Prevention, Compliance and Enforcement Division is to reduce fraud and abuse of the ministry's income support programs, by means of prevention initiatives balanced by a strong enforcement program. In 1996/97, 14,590 investigation files were opened, 365 charges were laid, and 188 convictions obtained.

BC Benefits Program

During 1996/97, the BC Benefits program significantly changed the way income assistance is provided to clients. Introduced in January 1996, BC Benefits includes four major initiatives:

- the *Family Bonus* program, which started in July 1996, provides a monthly subsidy for low and modest income families with children;
- the *Healthy Kids* program, effective April 1996, provides dental and vision care benefits for children in low income families;
- the *Youth Works* program, which ends welfare for young people, began in January 1996. Instead of welfare, young people who need help will get the support they need as they participate in job search and work preparation programs; and
- the *Welfare to Work* program, for employable adults 25 and over which provides access to job search, work preparation, and work experience or training programs, subject to availability.

The Youth Works and Welfare to Work programs are also discussed in the skills development section of this chapter.

*Emergency
Social Services*

Through the Emergency Social Services program, the Ministry of Human Resources coordinates the work of 5,500 volunteers in 120 communities who deliver essential services to individuals and families forced from their homes during the first 72 hours of emergencies such as urban fires, floods, landslides, blizzards, and gas leaks. Expenditures in 1996/97 were \$700,000.

*Community
Services Fund*

This program provides community-based funding for additional pre-employment training programs for income assistance clients who face multiple barriers to moving towards independence and employment. The budget for 1996/97 was \$4 million.

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Hostels and Emergency Shelters

As of March 1997, the Ministry of Human Resources funded 34 hostels, 7 emergency shelters, and 2 safehouses for youth aged 16 to 19 in a total of 26 communities. There were 540 hostel beds, 98 shelter beds and 12 beds for youth. Total expenditures in 1996/97 were \$14.2 million.

Child and Family Services

Government has undertaken several initiatives to improve provincial services for children including the creation of:

- the Ministry for Children and Families (services are described below);
- the Children's Commission, which oversees the child-serving systems of government. The Commission has legislative authority to review and resolve complaints concerning the rights of children in the care of or in the receipt of services from the Ministry for Children and Families; monitor the plans of children in care; review and investigate child fatalities and critical injuries; and report on the government's progress in implementing changes; and
- the Office of the Child, Youth and Family Advocate, which ensures that the rights and interests of children and youths are protected and advanced. In addition, the Advocate is responsible for informing government and communities about the quality and availability of child and youth serving programs. More information about the Advocate is provided in chapter 5.

Changes to service delivery methods reflect recommendations from two key reports on child and family services — the *Report of the Gove Inquiry into Child Protection*, and the *Morton Report: British Columbia's Child, Youth and Family Serving System, Recommendations for Change*.

Ministry for Children and Families

In September 1996 a new Ministry for Children and Families was created. The new ministry brought together services from five ministries to streamline child and family services and to strengthen the province's child protection system. The ministry is also responsible for implementing recommendations of the Gove Inquiry and the Morton Report.

The ministry's focus is to provide child-centred, integrated services that promote and protect the healthy development of children and youth while recognizing their attachment to family and community. The ministry has structured service delivery on a local level to ensure that programs and services are responsive to the needs of children, youth and family in their communities. Quality assurance, accountability and openness are fundamental elements for the successful delivery of services.

Four goals form the basis for all ministry planning and service delivery initiatives:

- promote the healthy development and functioning of children, youth, and families;
- protect children and youth from abuse, neglect and harm;
- support adults with developmental and multiple disabilities to live successfully and participate in the community; and
- ensure public safety.

Services are provided by 4,500 direct ministry staff working collaboratively in multidisciplinary teams in 300 offices throughout the province, and by about 20,000 people who provide services on the ministry's behalf. Total expenditures for child and family services was \$1.2 billion in 1996/97.

Services for Children

The Ministry for Children and Families provides child protection services, services for children with special needs, school-based social equity programs, public and community health services, and mental health services.

- *Child protection services* are provided by community social workers who work with families, foster parents, contracted agencies, other ministry staff, and community partners to protect the province's children. These services include investigation of reports of child abuse or neglect, placement of children in foster care or group homes, and providing services for children in the ministry's care.
- *Services for children with special needs* are provided to families, and include home support and respite services, as well as summer programs which assist students with special needs to maintain skills learned during the school year. In 1996/97, 9,889 families received these services.
- *School-based equity programs* ensure that students from low income families who are at risk receive the support they need to succeed academically, and to develop the social skills and confidence needed to function in society. These programs include the School Meals Program and Inner City School Program (which are described elsewhere in this chapter under education and skill development programs), the Community Schools Program, and Early Academic Intervention programs. Expenditures on these programs totalled \$23.8 million in 1996/97.
- *Public and community health services* provide rehabilitation and support services to children with developmental and medical needs, audiological assessments and hearing services for infants and school children, speech and language services, dental education and prevention services, and the promotion of good nutrition through training, support and consultation services.
- *Mental health services* provide assessment and treatment for children and youth who suffer from mental illness or behaviour disorders, or who are survivors of abuse and trauma. In addition, specialized services provide crisis response and suicide prevention counselling, and sexual abuse intervention. Over 12,000 children and youth receive services each year from the province's 40 mental health centres and the Greater Vancouver Mental Health Services Society. In 1996/97, \$55 million was spent on child and youth mental health services.

Services for Families

The Ministry for Children and Families delivers services directly to families, and provides subsidies to enable families to secure the support they need.

- *Direct family support services* enable parents to acquire the skills or support necessary to address factors which affect their ability to parent. Direct services include services for parents who have children with exceptional physical, social or behavioural needs which may affect the stability of the family, and, where appropriate, teaching parents homemaking skills and basic child care. In 1996/97, the government spent \$67.6 million on family support services.

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- *Child care programs* assist communities to improve the quality, affordability, and accessibility of child care services. Approximately two-thirds of the children under 13 years of age in British Columbia require non-parental care, only 11 per cent of which have access to a licensed child care facility. In 1996/97, \$173 million was spent on child care programs.
- The new *Adoption Act* came into force in November 1996. The act provides for greater openness in adoptions and access to information, and identifies the factors to be considered when determining the best interests of the child. Adoption services are delivered by the Ministry for Children and Families, licensed agencies, five community organizations, and by volunteer groups. In 1996/97, the provincial government spent \$3.4 million on adoption programs.
- *Alcohol and drug services* provide both clinical treatment and prevention services to adults and youth through day treatment and residential treatment facilities, and through specific school-based prevention programs. In 1996/97, school-based prevention programs were presented to 50,000 secondary school students.

Services for Youth

In addition to services available to children and youth, such as mental health services, and services available to youth and adults, such as alcohol and drug services, the Ministry for Children and Families provides specific services to youth. The ministry supports youth in a variety of social circumstances including youth who are still connected to their families, youth who are at risk, and youth who have lost connection with their families and communities.

- *Direct services for youth* include parent-teen mediation services to resolve family conflicts; the Reconnect Program, which provides intervention and support services for street youth; short term, emergency accommodation for youth who are at risk; and the Vancouver Action Plan to assist youth involved in the sex trade to leave the streets.
- *Youth forensic psychiatric services* provide court-ordered and court-related assessment and treatment for young offenders. The ministry also provides intensive residential care and treatment for psychiatrically ill youth through the Maples Adolescent Treatment Program. In 1996/97, \$18 million was spent on forensic psychiatric services for 3,155 youth.
- *Youth corrections programs* provides administrative services for youth custody centres, probation officers, and prevention programs including community-based outreach, counselling and therapy services.

Services for Adults with Developmental and Multiple Disabilities

The Ministry for Children and Families contracts with societies, agencies and individuals to provide programs that offer training and support for adults with mental handicaps or multiple disabilities, and help them to live as independently as possible in the community. In 1996/97, 8,083 adults received these services. The ministry also works with societies and agencies, both private and non-profit, to develop community residences for adults. In 1996/97, approximately 4,435 adults received community-based residential support and care.

Office for Disability Issues

The Office for Disability Issues (ODI) is responsible for coordinating policy and program initiatives across government that affect persons with disabilities. Coordination efforts are focused on three key areas: education, training and employment; community living support; and transportation.

The ODI was established in June, 1995 as part of an 18-month pilot project — the Strategy to Coordinate Disability Issues. The pilot phase came to a close at the end of December 1996. An operational mid-term review and a final evaluation were conducted. The final report, *On Track*, outlined a range of options and recommendations for the future of the Strategy. A modified model, based on involvement of the community of persons with disabilities, is expected to be completed by the fall of 1997.

Services for Seniors

The provincial government provides a variety of programs for senior citizens that support and enhance their independence, well-being and health. Several ministries operate these service programs.

- The *seniors supplement* provides a guaranteed minimum income for seniors in receipt of the federal government's old age security, guaranteed income supplement and spousal allowance payments. As of March 31, 1997 recipients totalled 36,514. Expenditure for the program, operated by the Ministry of Finance and Corporate Relations, was \$18.2 million in 1996/97.
- The *bus pass program* subsidizes bus passes to aid and encourage the mobility of eligible low-income senior citizens and disabled recipients. The program is operated by the Ministry of Finance and Corporate Relations. Net program expenditure was \$11.3 million in 1996/97.
- The *senior citizen counsellor program* enables volunteer senior citizens to provide other seniors information on community services and programs, as well as emotional support and counselling. In 1996/97, the program was administered by the Ministry of Human Resources through an agreement with the Ministry for Children and Families at a cost of \$0.4 million.
- *Shelter Aid for Elderly Renters (SAFER)* provides cash assistance to citizens aged 60 and over who pay more than 30 per cent of their gross income in rent. Approximately 12, 630 seniors qualify monthly. Expenditure for the program, operated by the British Columbia Housing and Management Commission, an agency of the Ministry of Municipal Affairs and Housing, was \$21 million in 1996/97.

Housing Programs

A number of federal and federal/provincial programs provide subsidies to housing developments for families with children, seniors (see previous section), and persons with disabilities. In addition, HOMES BC is a provincial-led program which assists non-profit societies and co-operatives to develop and manage affordable family housing and housing for individuals who are homeless or at risk of homelessness. The program supports local innovation and creativity and offers non-profit groups the flexibility to develop their own solutions to community housing needs.

There are four components to the HOMES BC program:

- *new options for home ownership* stimulates new methods of producing and managing affordable home ownership units;
- *community housing initiatives* assists non-profit community groups to increase access to affordable housing through education, research and advocacy;
- *homeless/at risk housing* assists non-profit groups to meet the housing needs of vulnerable individuals who can live independently with limited support services; and

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- *non-profit housing* assists non-profit and cooperative groups to develop mixed income social housing.

For more information on HOMES BC see Appendix Table A6.1.

The British Columbia Housing Management Commission manages provincially-owned subsidized rental units, provides subsidies and administrative oversight for private non-profit and co-operative housing units, and builds and manages special purpose group homes (also see chapter 7). The government also acquires, services and develops land for social housing and group homes through its holding company, the Provincial Rental Housing Corporation.

Women's Programs

The Ministry of Women's Equality works closely with other ministries to ensure that issues relating to women's equality are reflected in policy, legislation, services, and programs across government. Key priorities for the ministry are to achieve economic security for women, prevent violence against women, and ensure that women's health issues are addressed equitably.

The ministry's Stopping the Violence program is aimed at preventing violence against women, and supporting services for women who have experienced violence. In 1997/98, the ministry will fund 84 transition houses, safe homes and second-stage houses which provide temporary shelter for women and their children. The ministry also funds counselling programs in over 100 communities for women who have experienced violence.

The Ministry of Women's Equality also delivers programs in partnership with other government ministries. These programs include the Aboriginal Family Violence program, sexual assault/women's assault centres, intervention programs for men who assault, and Children Who Witness Abuse programs. Additionally, the ministry administers a community-based violence prevention grant program called A Safer Future for BC Women.

The ministry funds 38 women's centres, and takes an active role in strengthening communities by working with organizations throughout the province to plan and provide services to women, by providing education bursaries, and through public education activities.

The ministry's 1997/98 budget of approximately \$38 million includes funds for all Stopping the Violence Initiatives, transition houses, counselling programs, women's centres, bursaries, prevention projects, and public education.

Education and Skills Development Programs

The provincial government spent \$5.8 billion on primary, secondary and post-secondary education, employment training, vocational rehabilitation and adjustment programs during 1996/97.

Public Schools

The public school system is a free, universal, secular system which encompasses all grades from kindergarten to grade 12. Public school education is offered through attendance at public schools or by home schooling, distance education, and education provided in correctional or other institutions. Attendance is

compulsory for children between 5 and 16 years of age. The length of the 1996/97 school year, as measured by the number of days in session, was 194 days. During the 1996/97 school year, approximately 607,000 pupils were taught in 1,201 elementary schools and 532 secondary and combination schools.

The public education system in British Columbia is currently made up of 59 school districts, each with an elected board of trustees which governs under the School Act, and one Francophone Education Authority.

Block funding is the method used to calculate the government's annual financial allocation for public school education. The government establishes an average per pupil amount each year, which is multiplied by total actual enrolment to establish the block of funds for public education. The average per pupil amount may be adjusted each year to reflect economic changes, and can also be adjusted to reflect significant changes in program requirements. The average per pupil amount for 1996/97 was \$5,779.

The allocation to each school district varies depending on the relative cost of program delivery. The allocation ensures equitable public education programs in all 59 school districts. School boards wishing to spend more than their approved budgets must seek taxpayer approval through local referendums to assess additional residential school property taxes.

During 1996/97, expenditure for public school education exceeded \$3.9 billion, and included contributions to school district operating budgets of \$3.5 billion through block funding, and contributions of \$395 million for the provincial share of interest and sinking fund charges for capital construction projects and equipment purchases.

Some accountability mechanisms for the public school system include performance measurement through provincial examinations, national and international assessments, and school accreditation, and reporting such as school district annual reports. Minimum spending targets have been set for special and aboriginal education, and maximum amounts have been specified for school district spending on administration. Clear goals are currently being established for other programs. Schools and districts will be held accountable for progress toward accomplishing these goals, rather than only management of expenditures. School boards are held accountable for their expenditures of public funds through annual financial and enrolment audits, and through the annual budget process.

Independent Schools

Independent schools must meet the requirements of the *Independent School Act* in order to receive provincial funding. During the 1996/97 school year there were 350 registered independent schools, with a total enrolment of approximately 56,000 pupils. The provincial government provided grants totalling \$126.6 million to support the operating costs of 290 funded independent schools with about 48,000 students.

*Francophone
Education Authority*

Section 23 of the *Canadian Charter of Rights and Freedoms* guarantees an education in the French language to the French speaking minority living in British Columbia. In an effort to meet British Columbia's constitutional obligations

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under the Charter, the Province has created a Francophone Education Authority (FEA). The FEA manages and delivers Francophone education to eligible students residing in 18 school districts in the Lower Mainland and southern Vancouver Island areas, whose parents choose to exercise their rights under section 23.

The FEA was established in 1995 by regulation of the Lieutenant Governor in Council, and the first election of directors and delegate members has been held. At the direction of the British Columbia Supreme Court, in June 1997 the province introduced amendments to establish this Francophone governance scheme in the *School Act*. The province and the federal government have a three-year, 50/50 cost-sharing agreement in support of start-up costs associated with the management and control of Francophone education in the FEA's territorial jurisdiction.

School Meal Program

The School Meal Program is based on the premise that hungry children are unable to learn and cannot concentrate on their school work. A recent evaluation of the program found that there is a high overall level of satisfaction with the program among students and teachers. Teachers recorded improvements in student health, classroom behaviour, knowledge of nutrition, happiness, well-being, and readiness for learning as a result of the program. Approximately 39,000 students in 292 schools participated in the program. The government spent \$14.8 million on this program in 1996/97. For 1997/98 this funding has been transferred to the Ministry of Children and Families.

Inner City School Program

The Inner City Schools Program provides support to children of low-income families living in potentially dangerous, urban environments. The programs are tailored to specific communities, and are designed to help children and youth to develop the social skills and confidence needed to function successfully in society.

The 1996/97 budget for the program was \$5.5 million. Through the program youth/cultural workers, counsellors and teaching assistants improve the support available to students. Approximately 50,000 children have received support, and 103 schools have participated in the program. For 1997/98 this funding has been transferred to the Ministry of Children and Families.

New Directions in Distance Learning

New Directions in Distance Learning is intended to offer interactive courses to grade 11 and 12 students in rural schools. In 1996/97, the program registered 350 students in 26 courses at over 34 sites.

Special Education Services

In 1996/97, the Ministry of Education, Skills and Training allocated \$392 million to provide support services to over 66,000 students with a range of special needs in the public school system. A further \$23 million supported students in provincial programs in correctional and treatment facilities, and in other specialized settings. Provincial service for technology-dependent students, and the provision of alternate format materials for blind students, accounted for another \$3 million.

International Education — School Level

A goal of international education is to effectively deliver educational services which enhance academic, cultural and economic links with the world community, particularly the Asia Pacific region. Financial assistance is provided by the ministry to offices in Taiwan, Japan and Hong Kong to promote British Columbia as a destination for international students. In the 1996/97 school year, there were 3,882 international students attending schools throughout the province.

International education activities also include a British Columbia–Germany Student Exchange Program, and a Teacher Exchange Program with the United Kingdom, France, New Zealand, Australia, Switzerland, Germany, and some western states of the United States. The ministry also administers the Young Visiting Teachers in British Columbia Program on behalf of the Japanese government. This program brings 20 Japanese teachers to British Columbia for six weeks to study the education system and to teach about Japan and the Japanese language. The costs are paid by the Japanese government.

*International
Education — Post-
Secondary Level*

There are over 6,000 international students enrolled in public post-secondary programs in British Columbia. The Ministry of Education, Skills and Training provides an annual grant to support the activities of the British Columbia Centre for International Education (BCCIE). BCCIE coordinates the marketing of international education in publicly-funded institutions, pursues contracts for international projects, and sponsors professional development activities in support of the province's post-secondary institutions. The centre also facilitates the internationalization of campus, community and curriculum at British Columbia public post-secondary institutions. The ministry, through BCCIE, administers the Asia Students and Scholars Awards Program, the British Columbia Asia Pacific Grant Program, and the Mexico Grant Program.

Universities

British Columbia has five publicly-funded universities which offer a broad selection of undergraduate, graduate and professional programs: the University of British Columbia (UBC) in Vancouver, Simon Fraser University (SFU) in Burnaby, the University of Victoria (UVic) in Victoria, the University of Northern British Columbia (UNBC) in Prince George, and Royal Roads University (RRU) in Victoria. The first four of these universities had enrolment of approximately 48,000 full-time and 23,000 part-time students during the 1996/97 school year. RRU began operating in July 1996 as an independent degree-granting institution offering undergraduate and graduate level programs after opening on a limited basis in September 1995. Plans are also underway for a new technical university to serve the Fraser Valley.

In 1996/97, the provincial government contributed \$528 million to the university system to fund operating expenses, enrolment growth and special initiatives. About 76 per cent of university operating expenses are funded by the provincial government, 22 per cent through tuition fees and 2 per cent through other revenue sources.

The province's universities are also centres of basic and applied research. Most university research is supported by grants and contracts from government agencies, private foundations and industrial corporations. UBC, SFU, UVic and UNBC attracted an estimated \$182 million in external funding for research in 1995/96.

The university matching program, initiated in 1988/89, is intended to run until 1999/2000. Through this program private-sector donations to British Columbia's universities have been matched by the provincial government, and have been used to fund scholarships, bursaries, endowed chairs, research equipment and capital projects. During the first nine years of the program, \$108 million in provincial funds have been allocated, with UBC receiving approximately

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50 per cent, SFU 25 per cent and UVic 21 per cent. UNBC, which entered the program in 1992/93, received the remaining 4 per cent. In 1996/97, the province contributed \$2.5 million to the program. In addition to the above, \$24 million in debenture capital was provided to UBC under the matching program.

Colleges and Institutes

An extensive college and institute system provides academic, technical, vocational, career and adult basic education programs. The programs are administered through 16 community colleges, five institutes and the Open Learning Agency. During 1996/97, about 36,000 full-time and 56,000 part-time academic, career and technical students, and approximately 17,400 full-time vocational students attended British Columbia colleges and institutes. Five of the colleges — Kwantlen, Fraser Valley, Malaspina, Cariboo and Okanagan — are designated university colleges which offer selected courses of study leading to bachelor degrees.

In 1996/97, the provincial government contributed \$673 million to the British Columbia colleges and institutes system to fund operating expenses, enrolment growth, special initiatives and capital debt servicing. Approximately 86 per cent of total operating revenues are provided by provincial grants. The remaining requirements are met through tuition fees and other revenues.

The government allocates annual grants to all colleges and two institutes to provide support services for adult students with disabilities. In addition, provincial expenditures of \$7.9 million funded 1,036 spaces in Adult Special Education programs at the colleges.

Justice Institute

In 1996/97, there were 49,000 course registrations at the Justice Institute of British Columbia at its New Westminster, Maple Ridge, and Boundary Bay sites, and from across the province through distance education. The institute provides specialized training for people who work in the justice system (e.g. police officers and corrections workers) and in public safety-related occupations (e.g. fire fighters and paramedics).

Open Learning Agency

The Open Learning Agency (OLA) helps to develop and maintain distance education delivery methods and course materials. OLA offers degree programs in general studies, arts and science, business administration, technology, and fine arts. In addition, several university degrees, trades and technology programs, and professional development program certificates are offered through partnership with post-secondary institutions provincially and internationally.

Courses may be delivered on-line, by mail, through teleconferencing and video-conferencing, and via the Knowledge Network, OLA's television service. The Knowledge Network provides formal instruction along with general educational programming to learners throughout the province. In 1996, the Knowledge Network was available to 95 per cent of British Columbia households, and an average of 440,000 viewers per week tuned in to its programming.

In 1996/97, the OLA received \$22.4 million in provincial operating grants for distance education activities, and 13,202 students were enrolled in Open University and Open College courses through the OLA. A total of 316 credentials were granted — 129 students received undergraduate university degrees, and 187 students received college certificates or diplomas.

The OLA's Workplace Training Systems continued to work with businesses, and government agencies to develop and deliver training and retraining programs to employees and the unemployed.

The OLA also offers an International Credential Evaluation Service (ICES) and participates in the Western Universities Telecourse Consortium (WUTC). ICES was introduced in January 1996 to provide evaluations of secondary and post-secondary credentials for immigrants and Canadians educated abroad. WUTC members provide video materials for telecourses to educational broadcasters and other universities.

Student Assistance

Students attending post-secondary institutions are eligible for a variety of financial assistance programs depending on the student's merit and need. During 1996/97, \$113 million in loans was allocated under the British Columbia student loans program, and an additional \$45 million was disbursed under scholarship and grant programs. Student loan remissions of \$13 million were also provided.

The Ministry of Education, Skills and Training administers student financial assistance in the form of grants and repayable loans, available from the federal and provincial governments. In 1996/97, the weekly maximums which could be borrowed were \$260 for students without dependent children, and \$385 for students with dependent children (up from \$235 and \$360 per week in 1995/96). Under the loan remission program, students are eligible for remission of the portion of their loan over a certain threshold upon timely completion of a credential, and the fulfilment of other criteria. The loan remission thresholds, in 1996/97, increased to \$18,500 from \$17,000 for a first credential (degree, diploma, or certificate), and to \$23,500 from \$22,000 for a second credential.

Under a risk sharing agreement between the provincial government and lending institutions which began in August 1995, financial institutions assume full responsibility for student loan collection and losses due to defaults. In return, the government pays banks a five percent premium on the value of all student loans at the start of repayment, but expects to save several million dollars over the next decade by not having to pay for loan defaults. The government continues to determine eligibility for student loans.

Institution-Based Training

The Institution-Based Training initiative is intended to improve access to post-secondary training for Youth Works and Welfare to Work participants on a province-wide basis. In 1996/97, 20 post secondary institutions participated in the initiative. The major program activities include providing adequate support services to increase student retention and success, ensuring the maximum number of students are served through institutional base funding, and expanding program activity in areas where programs are fully utilized and student demand is high. Institutions are providing support and training to an average of 150 new participants above pre-established baseline levels. During 1996/97, Expanded Capacity funding provided 850 full-time equivalent spaces in post-secondary institutions for the Youth Works and Welfare to Work student group.

Chapter 6: Major Provincial Programs

Skills Development

The Skills Development Division, in partnership with individuals, employers, unions, community organizations, and other private and public partners, develops and implements labour force training and adjustment strategies to enable clients to obtain or maintain employment in a continuously changing labour market. The Division provides support and services to youth aged 19 to 24, and to students in transition to the workplace; persons aged 25 and over on income support; persons with disabilities; workers who require skills upgrading or face job loss; and employers who are fostering a training culture.

Youth Works and Welfare to Work Programs

The programs offered by the Ministry of Education, Skills and Training under Youth Works/Welfare to Work are designed to provide those receiving income assistance with the training and skills needed for employment in British Columbia's changing economy, and to help them form long-term attachments to the labour force.

- *Workplace-Based Training* is designed to assist participants to make the transition from social assistance to the workplace through relevant work-related training. Projects provide participants with opportunities to develop skills needed for long-term employability, while giving employers an incentive to train and hire people on income assistance. In 1996/97, the program assisted 2,840 individuals.
- *Youth Works and Welfare to Work* are two elements of BC Benefits, which has significantly changed the way income assistance is provided. (BC Benefits is discussed in the Social Services section of this chapter.)

Youth Works replaces welfare for employable young people between the ages of 19 and 24. Youth will receive a living allowance as long as they continue to actively participate in each of three phases of the program — independent job search, assisted job search, and employability programs.

Welfare to Work is a new approach for helping adults, aged 25 to 59, who are unemployed. Welfare to Work parallels Youth Works with one major difference; while Youth Works guarantees access to work preparation, education and training programs, Welfare to Work programs are subject to availability.

Industry Training and Adjustment Programs

The Ministry of Education Skills and Training (MEST), and the Ministry of Employment and Investment (MEI) deliver programs to identify and respond to skills shortages in the labour force, and to assist businesses, employees and communities with re-training and adjustment.

- *Small Business Training Partnerships* (MEST) assisted small businesses to form partnerships for pooling resources to develop human resource strategies, identify common training needs, and undertake skills development activities for their employees. The program provided funding to groups of small businesses to share the costs of developing and delivering training or skills upgrading for their employees. In 1996/97, 30 Small Business Training Partnerships were formed benefiting approximately 5,000 workers. This program is not available in 1997/98.
- *The Sectoral Training Partnerships Program* (MEST) provided funding to industry sector associations to share the costs of identifying training needs, and delivering training and skills upgrading to the employees of member businesses. The program also placed an emphasis on developing long-term training

strategies and building a training infrastructure to support and sustain future human resource development requirements. In 1996/97, the program established 21 Sector Training Partnerships benefiting approximately 10,000 workers. This program is not available in 1997/98.

- *The Industrial Adjustment Service* (MEST) is a federal-provincial initiative which acts as a catalyst to assist business, labour and communities to develop adjustment plans to help workers and their employers adjust to economic and/or technological change. In 1996/97, the program assisted 150 employers/industries and 12,400 workers.
- *The Program for Older Worker Adjustment* (MEST) is a federal-provincial program which provides income support to older workers who have permanently lost their jobs through closures and downsizing. In 1996/97, 298 workers were assisted. The program is cost-shared with the federal government on a 70/30 basis (federal/provincial). The federal government is withdrawing support for this program in 1997/98.
- *Student Summer Works* (MEST) is a \$6.2 million student summer jobs program. The program assists employers to create employment and training positions for students from May 1 to September 1. In 1996/97, the program created almost 2,900 jobs, exceeding its target of 2,500. In 1997/98, the program is expected to create 3,300 positions.
- *Natural Resources Community Fund* (MEI) provides emergency assistance to communities that are facing immediate or anticipated difficulties from permanent closure or downsizing of resource industries. The fund provides for training, re-training, or skills development for displaced workers; job creation and maintenance initiatives; worker relocation assistance; and funding support for local government operating expenses in cases of major economic disruptions.
- *The Job Protection Commission* (MEI) strives to minimize job losses resulting from business closures, particularly in single-industry communities. Since its inception in March 1991, the commission's activities have resulted in the completion of 378 projects. These include special projects and economic and mediation plans which involved about 38,000 jobs.

*Vocational
Rehabilitation Services*

Vocational Rehabilitation Services (VRS) is a comprehensive province-wide program for persons with disabilities. Through its direct service network and its community-based partners, VRS provides assessment, counselling, training, financial assistance, technical aids, restorative goods, and job placement assistance and follow-up. VRS assisted over 6,070 clients in 1996/97.

*Environment Youth
Team*

The Ministry of Environment, Lands and Parks administers the Environment Youth Team. This program subsidizes the employment of youth, aged 16 to 24, by organizations and businesses to work on environmental and outdoor recreational projects. In 1996, the program created more than 1,400 positions across the province.

*Science and
Technology Jobs*

The Science and Technology Branch of the Information Science and Technology Agency administers a program that encourages employers to create new jobs for recent graduates in science and technology fields. The programs share the salary cost of these new jobs with employers.

Chapter 6: Major Provincial Programs

Labour Programs and Services

The Ministry of Labour promotes good relations between employers and workers, ensures that basic standards of working conditions and compensation are met, and promotes apprenticeship training programs. The ministry also ensures that pension plans in the province meet basic standards.

Apprenticeship Programs

Apprenticeship training programs combine in-class technical training and on-the-job training. The apprenticeship system is a partnership between industry, apprentices, government, and training providers. The system provides counselling and consultation support for more than 14,000 apprentices in approximately 170 trades.

The Ministry of Labour and the Ministry of Education, Skills and Training are working to establish an Industry Training and Apprenticeship Commission (ITAC). ITAC will be the governing body responsible for industry training and apprenticeship. The commission will be composed of representatives from business, labour, education and training providers, and government. Almost \$70 million in funding and resources, from industry training and apprenticeship programs currently administered by the ministries of Labour and Education, Skills and Training, will flow to ITAC. Legislation to create ITAC is being developed, and planned for introduction during the next legislative session.

Employment Standards

The Employment Standards Branch (ESB) ensures minimum standards of employment in the workplace pursuant to the *Employment Standards Act* which regulates conditions of employment, including hours of work and overtime, payment of wages, minimum wage, annual vacation, child employment, pregnancy and parental leaves, and termination of employment. The branch also enforces the *Skills Development and Fair Wage Act* (SDFWA).

In 1996, the branch received 21,356 employment standards complaints and, through direct intervention, collected over \$10 million in unpaid wages on behalf of workers. The branch also began issuing determinations (instead of tickets) to cite violation of the SDFWA. Nineteen determinations were issued against companies citing contraventions of the SDFWA. In 1996, the branch began focusing on early intervention, sectoral compliance and client education in an effort to become less complaint-driven and more proactive in the community.

The branch also provides investigation and mediation services for the Labour Relations Board (LRB) and the Collective Agreement Arbitration Bureau (CAAB). ESB investigated 1,408 LRB files, and mediated 330 CAAB files in 1996. The branch also received 363 SDFWA complaints from persons working on government-funded construction projects.

Employment Standards Tribunal

The Employment Standards Tribunal was established under the *Employment Standards Act* in November 1995 to resolve disputes regarding the application and interpretation of the act, and to consider appeals regarding decisions made by officers of the Employment Standards Branch. The tribunal may also recommend exemptions from the act and regulations. During 1996, the tribunal received 771 appeals and held 179 hearings.

Labour Relations Board

The Labour Relations Board (LRB) was established with the proclamation of the *Labour Relations Code* in January 1993. The Chair of the LRB monitors all labour disputes in the province, adjudicates major policy issues, and liaises with the labour relations community. The chair can investigate and make recommendations to the Minister of Labour on whether a labour dispute poses a threat requiring the designation of essential services.

During 1996, over 3,400 applications for resolution were filed with the LRB under the code. During the year, the LRB granted 430 union certifications, compared to 393 in 1995. In addition, approximately 333 collective bargaining mediation cases were handled in 1996. The Mediation Division also delivered 12 relationship enhancement programs in 1996.

Collective Agreement Arbitration Bureau

The Collective Agreement Arbitration Bureau was established under the *Labour Relations Code* in July 1994 to ensure that unresolved grievances between employers and trade unions are settled fairly and promptly to reduce the costs and time delays generally associated with grievance arbitration. The bureau provides trained arbitrators and settlement officers to resolve grievances, and maintains a register of arbitrators. During 1996/97, the bureau received 854 applications for arbitration.

Pension Standards Branch

The Pension Standards Branch administers the *Pension Benefits Standards Act* and related regulations. This legislation is designed to protect the interests of British Columbia pension plan members by setting minimum standards for pension plans in areas such as eligibility, vesting, portability, funding investments, and disclosure to members; and, by approving locked-in registered retirement savings plans and life income fund contracts.

Superannuation Commission

The Superannuation Commission in the Ministry of Finance and Corporate Relations administers nine British Columbia public sector pension plans — the Public Service, Municipal, College, Teachers', and Members of the Legislative Assembly pension plans, and pension plans for four Crown corporations. The Commission is one of the largest pension plan administrators in Canada. The pension plans it manages have combined assets of over \$27 billion, 740 participating employers, 220,000 active contributors and 66,000 pensioners. The Commission manages the collection of over \$1.2 billion in contribution revenue and a pension payroll of \$850 million annually.

The number of new retirements is anticipated to steadily increase over the next five years, with a projected doubling of caseload within ten years as the "baby boom" generation ages. The Commission's caseload is also significantly impacted by public sector restructuring and down-sizing. To meet this increased demand, the Commission's primary focus through to the year 2000 is to replace existing outdated pension administration systems, and to work on strategies, in partnership with plan employers, for improved pension data management.

The financial health of each pension plan is evaluated through an independent actuarial valuation at least every three years. A key measure used to assess the health of pension plans is the unfunded liability as a percentage of the membership payroll covered by the plan. Based on that key measure, the financial

position of the four major statutory plans (College, Municipal, Teachers', Public Service) has substantially improved on the most recent valuations. The Public Service Pension Plan has an actuarial surplus as of March 1996 (see Table 6.2).

Table 6.2 Unfunded Liability (Surplus) as a Percentage of Payroll

Pension Fund	Unfunded Liability (Surplus)	Valuation Date	Unfunded Liability (Surplus)	Valuation Date
College.....	11%	1994	22%	1991
Municipal.....	36%	1994	50%	1991
Public Service.....	(10)%	1996	10%	1993
Teachers'.....	92%	1993	120%	1990

Source: Superannuation Commission

Workers' Compensation Board

The Workers' Compensation Board (WCB) is a statutory agency responsible for the administration of the *Workers Compensation Act*. The WCB provides rehabilitation services and financial compensation to workers injured in the course of their employment. In the case of fatal injuries, benefits are provided to dependent survivors. Benefits include wage loss payments equivalent to 75 percent of a worker's average weekly earnings to a maximum of \$55,800 per year (in 1997). All medical and rehabilitation costs are covered by the WCB's health care benefits program. Vocational rehabilitation services may be provided in addition to other benefits to reduce or remove the effects of an injury or disability.

The WCB covers virtually all workers in the province through assessments paid by 150,000 registered employers. The average assessment rate for 1997 is \$2.28 per \$100 of assessable worker payroll. WCB revenues totalled more than \$1.5 billion for 1996 (\$1 billion in assessments, and \$534 million in investment income), and the board had assets of nearly \$6 billion. Expenses for compensation costs were \$1 billion, with administration and other expenses totalling \$192 million. As of December 31, 1996, the WCB was 95 percent funded with an unfunded liability of \$324 million. The WCB expects to be 98 percent funded by the end of 1997.

The WCB's highest priority is the prevention of workplace injuries and disease. In 1996, the injury rate decreased 25 per cent from 1990 to 5 injuries per 100 person-years of employment from 6.7 injuries per 100 person-years of employment. In 1997, WCB will continue to assist employers and workers to reduce the frequency and severity of workplace injuries, with an ongoing emphasis on young workers and workers in high risk occupations. A review of all WCB health and safety regulations is nearing completion. To date, regulations have been revised or developed in such areas as agriculture, fishing, fire protection, first aid, hearing conservation, and violence in the workplace.

A series of independent reviews of WCB activities began in 1991. This review process resulted in publication of five administrative inventories which describe compensation services, occupational safety and health, medical programs, dispute resolution systems, and assessments. A follow-up to the 1992 study on occupational safety and health, and a study on vocational rehabilitation services will be published in 1997. The administrative inventories, and other WCB publications, are available through WCB offices located in 11 centres around the province and at the head office located in Richmond.

A royal commission on the workers' compensation system is currently underway. The commission will report by September 30, 1997 on occupational safety and health, and fatality benefits. The commission's final report is expected by October 31, 1998.

The WCB also administers the *Criminal Injury Compensation Act* on behalf of the Ministry of Attorney General. The criminal injury program compensates victims and immediate family members for any of 56 criminal offences set out in the act, and those injured while assisting police officers. The program allowed 3,499 claims in 1995 (the last year for which claim information is available) at a cost of \$22.2 million.

Workers' Compensation Review Board

The Workers' Compensation Review Board is an independent administrative tribunal which considers appeals made by workers, their dependents, or employers concerning decisions made by officers of WCB with respect to a worker. The board conducts hearings in 14 communities throughout the province, and in 1996 it rendered 9,587 findings.

Criminal injury compensation appeals are heard by an appeal committees appointed by WCB from among the adjudicative staff of the Workers' Compensation Review Board. In 1996, 248 appeals were considered by the appeal committees.

Compensation Advisory Services

Workers' and employers' advisors assist workers and employers in their dealings with the WCB. Workers' advisors advise injured workers and their dependents on policies and benefits covered by the WCB, and assist workers in cases involving complex legal and medical issues or important policy questions. Workers' advisors also provide training seminars to professional associations and unions. During 1996/97, over 82,400 calls were received by the workers' advisor's office, and 26 training seminars were held.

Employers' advisors provide advice, assistance and training to employers on claims, assessments, occupational health and safety, legislation, policy, and appeals. During 1996/97, the employers' advisor's office handled 47,637 inquiries, and 6,297 file preparation and reviews. In addition, the employers' advisors held 130 training seminars for employers.

Public Service and Public Sector Human Resource Management

The Public Service Employee Relations Commission (PSERC) was established in July 1993 when the *Public Service Act* was introduced. PSERC provides leadership, direction and assistance to ministries and agencies in the following areas: employee benefits administration, central payroll and personnel information services, job classification, organizational design, employee development, staffing, workforce adjustment, employment equity, labour negotiations and contract interpretation.

The Labour Relations Branch of PSERC received 897 grievances from five bargaining units, 459 of which went to formal arbitration. The Classification Branch resolved a total of 202 classification appeals.

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The Public Service Appeal Board assesses whether the merit principle was properly applied in appealed public service job competitions. During 1996/97, the board received 106 appeals from employees who were unsuccessful candidates in job competitions in the public service, and held 27 hearings.

Public Sector Employers Council

Established in July 1993 by the *Public Sector Employer's Act*, the Public Sector Employers Council (PSEC) is a link between the government and other public sector bodies. PSEC's role is to coordinate human resource and labour relations policies and practices among public sector employers. The council is chaired by the Minister of Finance and Corporate Relations and includes seven cabinet ministers, or deputy ministers, and seven public sector employer representatives.

In 1996, the council coordinated inter-sectoral collective bargaining objectives; reviewed and approved pay equity plans; reviewed and approved exempt compensation standards for employers; and developed, administered, and tracked the implementation of compensation guidelines for public sector bargaining.

Aboriginal Programs

Ministries provide services to Aboriginal people, some of which are funded by Canada due to its unique fiduciary obligation to First Nations. The province cost shares or provides supplementary services through other initiatives. For example, in addition to regular funding for students in the public school system, the provincial government provides additional targeted funds for the provision of Aboriginal education programs to students of Aboriginal ancestry. For the 1996/97 school year, funding averaged just over \$1,000 per student for the 35,691 students of Aboriginal ancestry. Programs include language and culture programs, intended to develop fluency and understanding in a First Nations language and culture; and Aboriginal support programs, which provide community-based assistance (such as home-school coordination and elder counselling) intended to help students succeed in school.

The provincial government also provided \$7.8 million in 1996/97 for education and training programs and support programs for Aboriginal students in British Columbia's post-secondary system. Under the Aboriginal Post-Secondary Education and Training Policy Framework, funding is provided for Aboriginal education coordinators in all public colleges and institutes and for programs at public institutions and Aboriginal institutions and organizations in partnerships with public institutions. In addition, since 1995 two Aboriginal post-secondary institutions have been designated for public funding under the *College and Institute Act* — the Institute of Indigenous Government in Vancouver and the Nicola Valley Institute of Technology in Merritt.

The Ministry of Aboriginal Affairs has primary responsibility for fostering a new relationship with Aboriginal people, based on equality and respect, so that Aboriginal people can fulfill their aspirations for self-determining and self-sustaining communities, thereby enabling all British Columbians to enjoy the social and economic benefits of cooperation and certainty. This goal is being accomplished primarily by negotiating treaties with First Nations and the federal government.

The ministry administers the First Citizens' Fund which provides loans to help Aboriginal people start, expand or upgrade businesses; bursaries for Aboriginal post-secondary students; and grants to friendship centres. The ministry also funds the First Peoples' Cultural Foundation which supports Aboriginal heritage, language and cultural programs throughout the province.

More information on aboriginal issues is provided in Chapter 5.

Culture, Heritage,
Recreation and Sports

The Ministry of Small Business, Tourism and Culture supports culture, heritage, recreation and sport activities in British Columbia. These programs are intended to strengthen communities and regions throughout the province.

Cultural Services

The Cultural Services Branch manages 26 programs which provide operating and project assistance for professional and community arts development; support touring programs; bestow arts awards; and support cultural industries. The majority of these programs are administered under the authority of the British Columbia Arts Council, an independent agency established by the *Arts Council Act*. Total disbursements by the branch to artists and cultural organizations in 1996/97 were over \$15 million.

*Heritage Conservation
and BC Heritage Trust*

The Heritage Branch provides leadership in the protection, conservation, preservation, and presentation of historic buildings, industrial structures, and significant elements of British Columbia's maritime, agricultural, and transportation history. The branch manages a network of 28 heritage sites throughout the province. Total attendance at these sites exceeded 250,000 people in fiscal 1996/97, and generated an estimated \$2.8 million in fees and on-site spending.

The Heritage Branch also provides staff support to the BC Heritage Trust which assists community groups, businesses, First Nations bands, and other agencies involved with heritage issues. The Trust awards cost-sharing heritage project grants for restoration, community heritage planning, archaeology projects, feasibility and assessment studies, operations of non-profit heritage organizations, and scholarships. Trust funds often 'kick start' heritage projects, enabling communities to attract financial contributions from other donors. In 1996/97, the Trust provided \$735,000 to support 76 projects, and this investment levered over \$2.5 million in total project investment.

Archaeology Branch

The Archaeology Branch promotes the protection, and preservation of the province's archaeological resources. The branch reviews development proposals for potential impacts on archaeological sites, manages a permit system to regulate activities that may affect archaeological sites, and sets standards for archaeological work. The branch also maintains the Provincial Heritage Register, and manages the Provincial Heritage Site Designation Process.

*Royal British Columbia
Museum*

Since its founding in 1886, the Royal British Columbia Museum (RBCM) has collected about 10 million items that document and describe the natural and human history of this province. A small fraction of this vast collection is on display at any time; the remainder is in safekeeping. Over the past year, 27,208 items were added to those collections. About 600,000 visitors went through the galleries during 1996, and 25,000 school children visited the museum through RBCM's school programs.

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BC Film Commission

The BC Film Commission markets the services of British Columbia companies providing production, post-production and ancillary services to the international film and television industry, and provides ongoing support to film production activities in the province.

Library Services

The Library Services Branch of the Ministry of Municipal Affairs and Housing provides operating and other grants to public library boards and supports public libraries through consultation, training, and technical services. The branch promotes information sharing among British Columbia's public libraries, and provides technical and financial support for a provincial inter-library loan system. The branch also produces audio books for people with visual or neurological impairments, and provides access to library materials for individuals with special needs.

Building on the successful Internet Access and Internet Training programs designed and delivered by the Library Services Branch in 1996, two new Internet programs were launched in 1997. The Youth and the Internet pilot program funded ten public libraries to hire local youth to work with other library staff and with community youth groups to train library users in Internet search skills. The program was developed by the branch in partnership with the Premier's Youth Office and the Information, Science and Technology Agency. Funding of \$865,000 was provided to public libraries, cultural agencies, and community networks through the Communities Connect program, to support the establishment and maintenance of unique, community-based information on the Internet of special relevance to British Columbians.

Recreation and Sport

The Recreation and Sport Branch promotes increased access to recreation and sport for British Columbians of all ages, backgrounds and geographic locations. Branch programs and services support the goal of building stronger communities and healthier individuals — from the recreational participant to the high-performance athlete — through recreation and sport.

The branch's athlete and participant development program supports individuals through workshops, funding, recognition and high-performance initiatives, and leads British Columbia's participation in the Canada and Western Canada Games. The organization development program provides operational and program support to provincial sport and recreation organizations. The recruitment, education and retention of coaches is supported through the coaching and leadership development program. In addition, the regional and community development program provides recreation and sport opportunities to communities across the province through regional multi-sport centres, support to local recreation commissions, and support for the operation of the BC Games.

Community Grants

The Community Grants Branch provides grants to communities and non-profit community-based organizations through four granting programs. Capital funding grants are provided to non-profit societies and local governments through BC 21 Community Projects and Canada-British Columbia Infrastructure Works. Grants for in-province travel assistance for youth focused sports, schools, and non-profit groups are provided through the In-Province Travel program. Annual grants are also awarded to selected youth and health-related volunteer organizations through the annual granting program.

Multiculturalism and Immigration

Programs related to multiculturalism and immigration are provided through the following branches in the Ministry of Attorney General and Ministry Responsible for Multiculturalism, Human Rights and Immigration — Multiculturalism BC, Immigration Policy, Business Immigration, and Community Liaison.

Multiculturalism BC

British Columbia has a diverse ethnic mosaic. Multiculturalism BC initiatives and programs promote cross-cultural understanding and respect, and equity of participation for all British Columbians by implementing the objectives of the *Multiculturalism Act*. Multiculturalism BC facilitates the responses of government, crown corporations, and public institutions to cultural diversity; works to end racism and discrimination; and promotes institutional change to achieve inclusive institutions and culturally sensitive service delivery.

Immigration Policy

In 1996, approximately 50,000 immigrants arrived in British Columbia. The Immigration Policy Branch develops provincial policy to support the government's goals for immigration and the settlement and integration of newcomers. The branch negotiates immigration-related agreements with the Canadian federal government, and conducts research and analysis on the social and economic impacts of immigration on the province.

Business immigration is discussed in the International Trade and Investment Programs section of this chapter.

Community Liaison

The Community Liaison Branch works in partnership with community organizations, groups and individuals throughout British Columbia to deliver programs that fulfil the government's commitment to eliminate racism, promote cross-cultural understanding, remove barriers to full participation in society, and assist in immigrant settlement.

- *British Columbia immigrant settlement* contributions provided \$2.5 million to non-profit organizations that support the settlement and integration of newcomers in communities throughout the province.
- *Core funding* contributed \$750,000 in administrative support to non-profit organizations which deliver direct settlement services to newcomers or improve cross-cultural understanding.
- *British Columbia anti-racism and multiculturalism* provided \$1.2 million to non-profit organizations which promote the elimination of racism, cross-cultural understanding, community development, culturally based conflict resolution, and institutional change and sensitization.
- *Institutional change* provided \$242,000 to assist public institutions improve service delivery to a multicultural public.
- *Heritage language grants* provided about \$170,000 to community-based and recognized heritage-language schools that preserve and promote heritage languages where language instruction would not be available through existing language programs.

Protection of People, Property and the Environment

Human Rights

The provincial government safeguards human rights, coordinates law enforcement and the justice system, ensures public safety, and designs and administers programs that protect the environment.

Effective January 1, 1997, the British Columbia *Human Rights Code* replaced the British Columbia *Human Rights Act*. Under the Code, the British Columbia Human Rights Commission and the British Columbia Human Rights Tribunal replaced the British Columbia Council of Human Rights. The Commission is responsible for investigating and mediating human rights complaints, promoting the purposes of the Code, and educating the public about the Code. The Human Rights Tribunal adjudicates cases referred to it by the Commission.

Administration of Justice

The Ministry of Attorney General administers the justice system, which ensures the equitable and efficient protection of individual and public rights. During 1996/97, Ministry of Attorney General expenditure was \$954 million.

Criminal Justice

The Criminal Justice Branch contributes to the protection of society by preparing for and conducting prosecutions diligently and fairly. The branch operates under the authority of the *Crown Counsel Act* and is responsible for prosecutions under the *Criminal Code of Canada*, the *Young Offenders Act*, and provincial statutes in the trial and appeal courts of British Columbia and the Supreme Court of Canada. The branch also provides direct services to victims and witnesses throughout the court process.

Community Justice

The Community Justice Branch, either directly or in coordination with other justice system partners and community groups, provides services to the public to ensure that people have access to justice services, and to increase community involvement in crime prevention and alternative solutions to justice issues. The branch works with communities of all kinds — socio-economic, ethnic, and religious communities, as well as those defined by geographic boundaries — to develop locally applicable and attainable objectives, and to design, implement, and manage crime prevention, justice reform and community safety programs. The branch funds and administers a variety of contracts for justice-related services, including the family maintenance enforcement program, and provides direct services to the public through the Community Crime Prevention Program, Youth Programs and the Victim Services Program. The branch is also responsible for legal aid services, and for developing the province's alternate dispute resolution policy.

Consumer protection services provided by the Community Justice Branch are discussed in the Commercial and Financial Regulation section of the chapter.

Court Service

There are 103 Provincial Courts (of which 76 are permanently staffed), 42 Supreme Courts (nine of which are for filings only) and four Appeal Courts in British Columbia. The Court Services Branch provides facilities for these courts and a variety of services, including: case processing, case trial support services, financial transaction management, court security, and prisoner guarding and escort. The branch also manages court interpreters, and informs the public on all matters relating to the courts.

As a separate and independent arm of the justice system, the Judiciary plays an integral role in the administration of justice. See Chapter 5 for more information on provincial and superior courts in British Columbia.

<i>Legal Services</i>	<p>The Legal Services Branch provides legal services to government on civil matters. The branch advises government and other agencies on legal matters; prepares legislation, regulations and orders-in-council; and acts for government in civil suits and tribunal proceedings.</p>
<i>Victim Services</i>	<p>The Victim Services Division provides services to victims of crime, or to persons who have been affected by crime in their communities, through provincially-funded victim services agencies across the province. There are 146 programs operating through community agencies and local police forces to provide justice system information, practical assistance, emotional support, and referrals for victims of crime. All victim-serving programs have a coordinator who provides training for community volunteers.</p> <p>The division establishes and implements policies, procedures and programs to respond to the issues of violence against women in relationships, child abuse and neglect, sexual assault, elder abuse, crime victims and criminal injuries compensation. The division also provides training and support for coordinators of all victims programs.</p>
<i>Family Justice Programs</i>	<p>Family Justice Programs Division is responsible for several programs relating to the family justice system:</p> <ul style="list-style-type: none">• <i>Family maintenance enforcement</i> enrolls, monitors and enforces maintenance orders and registered agreements that require individuals to provide continuing financial support to their families. Government delegates powers under the <i>Family Maintenance Enforcement Act</i> to a contracted organization that operates the enforcement program.• The <i>reciprocals</i> program has a statutory responsibility in cases crossing jurisdictional boundaries to designate courts within British Columbia, and transmit documents to reciprocating jurisdictions for the purposes of confirming, varying and enforcing maintenance orders and agreements.• <i>Family search</i> has the authority to search for missing individuals to obtain, vary and enforce custody, access, guardianship and maintenance orders.
<i>Community Crime Prevention</i>	<p>The community crime prevention program supports existing crime prevention initiatives, and helps local communities develop and implement programs to increase community safety and security. The program also administers the Attorney General's Crime Prevention Awards.</p>
<i>Youth Programs</i>	<p>The Youth Programs Division works to prevent gang crime and youth violence through public education and awareness, resource development, workshop and seminar presentations, project funding and, most importantly, youth involvement. The division works with government ministries, police forces, public agencies, youth and immigrant serving agencies, probation authorities, community groups, and youth. The division serves as the secretariat for the Inter-Ministerial Committee on Criminal Gangs.</p>
<i>Law Courts Education Society</i>	<p>The Law Courts Education Society provides province-wide legal education to schools; community groups; immigrant, minority and First Nations organizations; and the general public. Programs focus on explaining the operation of the</p>

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provincial court system and criminal and civil trial procedures. Services include materials development, court watching sessions for school students and other groups, meetings with judges and other court personnel, and specialized training programs.

Land Titles

The Land Title Branch provides for the registration of ownership of land based on the Torrens land title registration system. This system ensures security of title and other interests of land such as mortgages, life estates, leases, rights of way, easements and liens registered against the land. In performing the duties described in the *Land Title Act*, the branch fulfils a quasi-judicial function. The branch also provides for the development and maintenance of a computerized land title system that enables quick access to land title information for about 2,000,000 parcels of land. Land title offices are located in Victoria, New Westminster, Kamloops and Prince George.

Law Enforcement and Public Safety

The Ministry of Attorney General is responsible for law enforcement and issues of public safety, including police services, correctional facilities, and a variety of regulatory, inspection and emergency services.

Coordinated Law Enforcement Unit

The Coordinated Law Enforcement Unit (CLEU) works to suppress the power and influence of organized and major crime in British Columbia, and to bring those involved in organized criminal activity before the courts. In addition to carrying out investigations, CLEU takes the lead in developing provincial policy and legislation related to organized crime, and liaises with the federal government on issues related to national policy and legislation to deter organized crime.

Police Services

The Police Services Division oversees policing and law enforcement functions in British Columbia. The division manages the financing and organization of the provincial police force through the contracted services of the Royal Canadian Mounted Police. The division also develops policy and administers police and law enforcement programs, including: special provincial constable programs, designated policing and law enforcement units, policing on aboriginal reserves, protection of witnesses, auxiliary/reserve constables, training of municipal constables through contributions to the Justice Institute of British Columbia, training of police board members, policing standards, and auditing police departments and other law enforcement units.

Corrections

The Corrections Branch promotes public safety, provides opportunities for offenders to change, and assists families to resolve conflict. Corrections staff include probation officers, correctional officers, and family justice counsellors.

The branch delivers correctional programs and services to incarcerated and remanded adults in 19 provincial institutions — two specialized pre-trial centres; and five secure, two medium, and ten open custody centres. The Burnaby Correctional Centre for Women operates both secure and open correctional settings, and incarcerates federally sentenced female offenders under an exchange of services agreement with the federal government.

Sixty-three community offices are responsible for community-based assessment, supervision and programs for adult offenders and accused persons. Community correctional services include diversion, bail supervision, pre-sentence reports,

probation and conditional sentence supervision; electronic monitoring assessments and supervision; and parole assessment and supervision.

The Provincial Releasing Authority provides administrative support to an independent release board, hears appeals on temporary absence decisions, and contributes to policy development on provincial conditional release matters.

Based in province-wide Family Justice Centres, counsellors help separated or separating couples to resolve family disputes in a non-adversarial, child-centred way. They also prepare child custody and access reports for court purposes, and offer parent education programs that focus on helping children cope with the process of separation.

Security Programs

The Security Programs Division administers the *Private Investigators and Security Agencies Act*. The division licenses and inspects security businesses (such as alarm services, armoured car services, locksmiths, private investigators, security consultants and security patrols) and their employees (except for employees of armoured car services). The division works with industry to develop standards for the private security industry; and develops policy for the administration and regulation of the industry. The division also responds to complaints from the public regarding the operation of the private security industry. In response to the Oppal Commission of Inquiry into Policing in British Columbia, the division developed a mandatory training strategy for security patrol personnel.

The division also administers the firearms control provisions of the *Criminal Code of Canada*. This includes licensing and inspecting firearms businesses and museums with firearms; approving shooting clubs for use of restricted firearms; administering the firearms acquisition certificate program; storing and disposing of seized firearms; and advising and informing the police and the public about firearm policy and law. The division also administers the Canadian Firearms Safety Education Program using 450 volunteer instructors.

Security Programs is responsible for maintaining the Central Registry of Protection Orders, a system for ensuring that police have access to accurate, current information on peace bonds and civil restraining orders.

The division administers the *Criminal Records Review Act*, implemented January 1, 1996. Under the act, mandatory criminal record checks are done on current and new employees working with children in organizations that are operated, licensed by, or receive operating funds from the provincial government.

Provincial Emergency Program

In cooperation with other ministries, agencies and Crown corporations, the provincial emergency program (PEP) in the Ministry of Attorney General coordinates emergency preparedness, response and recovery activities of the provincial government to mitigate suffering and property loss caused by emergencies and disasters.

Chapter 6: Major Provincial Programs

PEP coordinates provincial government planning, training and standards for emergency preparedness; advises and assists local governments in planning for, responding to, and recovering from emergencies and disasters; directs government response operations for emergencies not specifically assigned to a ministry or government agency, or coordinates actions in support of a specific ministry; provides financial assistance to disaster victims; and supports and assists over 16,000 registered volunteers, along with other volunteer agencies and service groups. More information on PEP is provided in a topic box in this chapter.

Independent Agencies, Boards and Commissions

The Ministry of Attorney General supports numerous independent agencies, boards and commissions by helping resolve administrative problems and policy issues, and by providing administrative assistance to the independent commissions of inquiry established by the government.

Public Trustee

The Office of the Public Trustee is an independent body responsible for protecting the legal rights and financial interests of all children under 19 years of age, adults who are vulnerable, and the estates of deceased or missing persons. The Public Trustee ensures adequate legal representation, manages finances, acts as trustee, monitors private trustees, investigates complaints of financial abuse, and reviews lawsuit settlements for any injured child. The Public Trustee secures assets and administers estates for deceased and missing persons.

Legal Services Society

The Legal Services Society provides legal assistance to people who apply and qualify for legal aid. The society also provides public legal information and education services. The society is an independent, non-profit organization governed by the *Legal Services Society Act* of British Columbia, and is managed by a 15 member board of directors. It is funded by the provincial government, the Law Foundation, the Notary Foundation, and the federal government through cost-sharing programs.

Expropriation Compensation Board

Under the *Expropriation Act*, the board determines the amount of money to be paid for expropriated land when a public agency needs to acquire property that an owner does not wish to sell.

The British Columbia Gaming Commission

The British Columbia Gaming Commission regulates gaming activities staged by charitable and religious organizations that use bingos, casinos or ticket raffles to raise funds for their organizations. The commission sets policies, establishes the terms and conditions for the conduct of games, and acts as the licensing authority. In 1996/97, the commission approved 5,788 licences which generated gross revenues of \$650 million, charitable proceeds of \$130.7 million, and \$15.3 million in government licence fees.

Environment Programs

The Ministry of Environment, Lands and Parks (MELP) is responsible for the management, protection and enhancement of British Columbia's environment. This includes the management and allocation of Crown land; the protection and management of provincial parks, recreation areas and ecological reserves; and information management relating to the land base of the province. Ministry programs are carried out through regional offices across the province. During 1996/97, ministry expenditures totalled \$244 million.

**Program
Responsibilities**

The Provincial Emergency Program

The Provincial Emergency Program (PEP) is a branch of government charged with coordinating British Columbia's emergency planning and response to natural hazards and other public emergencies.

Under the authority of the *Emergency Program Act* and associated regulations, PEP monitors the hazards and risks facing British Columbia, coordinates provincial preparedness, coordinates the provincial government's response to emergencies and disasters, and provides advice and assistance to individuals and local governments in the development of local emergency management organizations, local emergency programs, and individual and business emergency planning. PEP's annual operating budget is \$3.4 million, and an additional \$12 million is committed through the *Emergency Program Act* vote.

PEP administers two major funding programs in British Columbia:

- *Disaster Financial Assistance (DFA)* is designed to help individuals whose homes are uninhabitable due to an emergency or disaster, when insurance is not reasonably and readily available, and or to help businesses, farmers and voluntary organizations recover from uninsurable emergencies and disasters.

The program provides assistance with 80 per cent of costs to a maximum of \$100,000 per principal residence, small business or farm with a \$1,000 deductible in each case. DFA is also available to assist municipalities with extraordinary costs associated with emergency response and recovery, and provincial ministries and agencies with infrastructure damage. DFA is cost-shared with the federal government on a sliding scale for large-scale events.

- *Joint Emergency Preparedness Program* is a federal/provincial cost-sharing arrangement which provides funds to local governments to undertake emergency preparedness projects that support national objectives and priorities.

Through its 24-hour Emergency Coordination Centre, PEP is the nerve centre for emergency response agencies looking for outside assistance, and it receives reports of dangerous goods spills, floods, earthquakes, industrial accidents, missing persons and other events. If a major disaster occurs, PEP will open a provincial field response centre to permit coordination with other provincial agencies and liaison with local emergency responders.

Thousands of emergency volunteers across the province provide critical services in areas of emergency planning and preparedness, search and rescue, and emergency social services and communications. Volunteers, once registered with their local emergency program, are supported by PEP through training, Workers Compensation Board coverage, third party liability insurance and some direct funding. PEP also hosts an annual volunteer recognition award ceremony.

Over the last 50 years, the focus of emergency preparedness in Canada and British Columbia has shifted from preparing for an "enemy attack" to preparing for natural disasters and industrial accidents, as reflected in the current federal and provincial statutes.

Emergency planning and response starts at the lowest level and moves up; that is, individual, families and businesses have the primary responsibility to prepare for emergencies — and people should expect to be left to their own resources for the first 72 hours after a disaster such as a major earthquake.



**Emergency
Planning and
Response**

- *Local Governments* — in British Columbia, local governments have the responsibility to plan for and respond to emergencies within their borders and/or competence. They are required under the *Emergency Program Act* to create an emergency measures organization, and to develop and implement emergency plans.
- *Provincial Government* — the role of provincial government is to provide support to local government, and if necessary to establish a regional response. The province also takes the lead in areas of its own jurisdiction (e.g. forest fires and oil spills) and coordinates assistance from outside the province when it is needed.
- *Federal Government* — through Emergency Preparedness Canada, the federal government is responsible for promoting awareness of emergency preparedness through public information and training, and for conducting emergency planning in coordination with the province.

Two of the major disasters to which PEP has responded in recent years are:

- Between May and August 1997, provincial agencies responded to major flooding and flood threat in numerous communities across British Columbia, involving damage estimated at \$40.4 million. Provincial Field Response Centres were set up in Burnaby, Nelson, Kamloops, Penticton, Terrace and Prince George. At least six provincial government ministries, as well as municipal governments and agencies, were involved. Throughout the spring freshet, more than 50 flood prevention works projects were undertaken to upgrade dikes and protect roads and bridges in critical parts of the province.
- On July 20, 1994, after a long period of hot dry weather, the Penticton Forest District and Penticton Fire Department responded to the report of a wildland fire. At its peak, over 700 people including an aerial assault fleet unequalled ever before in the province were involved in fighting the blaze. The final size of the Garnet fire was 5,498 hectares. As a result, 18 homes were lost and 3,000 people were evacuated. The community of Penticton rallied to support the evacuees through the Provincial Emergency Program. Service groups, businesses and individuals volunteered hundred of hours, financial aid, housing and food to the evacuees.

British Columbia has specific plans in place for responding to an earthquake, a tsunami, severe flooding and other similar events, and conducts regular exercises of these plans. The next exercise, *Thunderbird III*, is slated for January 1998 and will simulate response to a volcanic eruption of Mount Baker in the northwestern United States that could seriously affect the Lower Fraser Valley region of the province.

Through PEP, British Columbia maintains international relationships on emergency planning and response issues:

- British Columbia is an active participant in the Western States Seismic Council, whose 1997 annual conference will be held in Victoria.
- The PEP Training Academy at the New Westminster Justice Institute has an international reputation, and provides emergency planning and response training to clients around the world.
- In 1996, British Columbia hosted the Pan Pacific Hazards Conference in Vancouver, receiving over 300 papers from emergency planning and response experts from around the Pacific Rim.
- British Columbia has agreements with all adjacent provinces, territories and states to assist each other in case of emergencies or disasters.



International Partnerships

The Sustainable Environment Fund

The Sustainable Environment Fund (SEF) special account is dedicated to ministry programs which protect, renew and enhance the environment. Revenue sources include environmental levies, discharge fees under the *Waste Management Act*, and contributions from the private sector. In 1996/97, \$34 million was spent from the special account for environmental initiatives.

Environment and Land Programs — Headquarters

The Environment and Resource Management Department comprises the following branches:

- *Air Resources* develops, implements, and manages comprehensive air quality assessment and improvement programs for the ministry.
- *Fisheries* has overall responsibility for managing freshwater fish and fish habitat in British Columbia.
- *Pollution Prevention and Remediation Branch* develops and implements environmental management systems within the municipal, industrial and small business sectors.
- *Water Management* develops and implements standards, programs and strategies for water allocation, water quality, groundwater management and public safety.
- *Wildlife* designs, implements and manages programs to conserve and protect provincial wildlife resources and their habitats as mandated by the *Wildlife Act* and other provincial and federal statutes.
- *Crown Lands* is responsible for land acquisition, supports the management of public (Crown) land, and administers the Crown Land Special Account.
- *Crown Land Registry Services* is the trustee for the Crown land records of British Columbia. The branch also fulfills the role of the Surveyor General by maintaining the quality and integrity of the survey structure of the province.
- *Geographic Data BC* is responsible for topographic mapping, geodetic survey control, and the acquisition of air photographs and satellite imaging. The branch also operates LandData BC, which enables clients to search for and order geographic information via the Internet.
- The *Resources Inventory Branch* provides integrated inventories, mapping and inventory-related information services for fish, wildlife, habitats, and water resources; manages environmental laboratory activities and standards; and operates specialist data and advice centres such as the Conservation Data Centre for rare and endangered species information and the River Forecast Centre for flood and drought forecasts.

Environment and Land Programs — Regions

MELP delivers programs across the province through seven regional offices. Regional staff issue regulation permits, licences and approvals; enforce all aspects of environment legislation; and conduct inventories and studies to improve environmental management. Regional offices also operate fish and wildlife compensation programs funded by the British Columbia Hydro and Power Authority in the Peace-Williston and Columbia Basins, and coordinate watershed restoration and associated inventory projects funded by Forest Renewal BC.

Chapter 6: Major Provincial Programs

The ministry manages and allocates public (Crown) land covering over 90 per cent of the province's total area of nearly 93 million hectares. Crown land is made available to protect the environment, and promote economic growth, regional development and settlement. Environmental sustainability and land-use principles form the basis for responsible land allocation decisions.

Including leases, licences, rights-of-way, and land reserves, the ministry managed 29,600 tenures in 1996/97. Over 5,000 of the tenures are reserves, including those used for conservation and recreational purposes. Leases and licences provide access to land for a variety of purposes including farming, grazing, oil and gas development, communication sites, ski hills, commercial and industrial uses, recreation, and residential purposes.

The Resource Stewardship Branch of the Environment and Lands Regions Division carries out the following functions:

- The *Habitat* program maintains the diversity of habitats and ecosystems, including those of rare and endangered species, and advocates resource management alternatives that favour ecological integrity.
- *Environmental Assessment* ensures that ministry policies and legislation are considered and incorporated during project analysis.
- The *Land and Water Section* assists regional staff to address land and water planning, management and administration issues and ensures coordinated and consistent land and water management.
- *Aboriginal Relations* provides corporate leadership, policy direction, regional support, advice and information to promote positive relationships between MELP and First Nations.
- *Enforcement, Emergencies and Regional Support* coordinates enforcement of environmental legislation, as well as prevention and response measures for major environmental emergencies. A Special Investigations Unit investigates serious illegal activities that impact on the environment.

Environmental Assessment Office

The Environmental Assessment Office is responsible for implementing the province's *Environmental Assessment Act* which was proclaimed in June 1995. The legislation allows all British Columbians to provide input as part of the decision making process on proposals for major projects and developments. The act is designed to mitigate environmental impacts at the same time as ensuring long-term economic and social sustainability for the province.

Land Use Coordination Office

The Land Use Coordination Office (LUCO) was created in January 1994 to improve the corporate direction and coordination of all inter-ministry land-use planning initiatives. LUCO sets the government's direction on land-use strategies, while ministries implement specific programs. LUCO ensures that corporate priorities for land-use related initiatives are reflected in individual ministry budgets and work plans, coordinates the various work plans, monitors ministry programs, recommends plans and provides progress reports to Cabinet.

LUCO also coordinates the protected areas strategy, a provincial land-use planning process that was established in 1992 to protect representative examples of the natural diversity of the province, as well as cultural, heritage, and recreational features. The goal of the protected areas strategy is to protect approximately 12 per cent of the province's territory by the year 2000.

Corporate Resource Inventory Initiative

The corporate resource inventory initiative is a multi-ministry project to undertake resource inventories to support provincial land-use planning activities and First Nations initiatives. The project supports local resource management plans, strategic land-use planning, the protected areas strategy, and other Land Use Coordination Office initiatives.

Environmental Appeal Board

The Environmental Appeal Board, operating under the provisions of the *Environment Management Act*, hears appeals to decisions made under environmental legislation. In 1996/97, 120 appellants filed appeals against 97 licences, permits or orders/decisions of the Director of Waste Management, the Director of Wildlife, the Comptroller of Water Rights, the Administrator of the *Pesticide Control Act*, and environmental health officers under the *Health Act*. The board conducted 53 hearings, and issued 69 decisions.

Parks

MELP administers and manages British Columbia's provincial parks system and ecological reserves. Under the *Park Act*, the ministry administers a system of 518 parks spread over 8 million hectares. Park land is managed to conserve its natural values for appropriate use, enjoyment, and inspiration of the public. To serve 25 million park visitors each year, 11,000 campsites, 400 day-use areas, and 114 boat ramps are provided within provincial parks. In addition, 139 ecological reserves have been established covering 159,500 hectares. These reserves are permanent sanctuaries established for scientific research and educational use, and for the preservation and protection of British Columbia's unique plant and animal life.

The ministry also administers regulations governing river rafting, and supports the British Columbia Heritage Rivers Board in the recognition of valuable river corridors.

Forest Renewal BC Initiatives

The Forest Renewal BC Management Branch manages Forest Renewal BC initiatives delivered by MELP, including watershed restoration, enhanced forestry, biodiversity research, natural resource inventories, and forest recreation. More information on Forest Renewal BC is provided in Chapter 7.

The branch also administers two funding programs:

- The *Habitat Conservation Trust Fund* supports fish and wildlife habitat enhancement and land purchases using revenues derived from a surcharge on angling, hunting, trapping and guiding licences. During 1996/97, 154 projects were funded at a cost of \$4.9 million.
- The *Public Conservation Assistance Fund* provides \$50,000 annually in grants for volunteer conservation projects.

Commercial and Financial Regulation

The provincial government is responsible for regulating commercial and financial activity in British Columbia. Government activity in this area ensures the protection of consumers, the integrity of financial markets and institutions, and promotes a stable operating environment for business.

Consumer Services

The Ministry of Attorney General promotes fairness and understanding in the marketplace through the development, administration and enforcement of consumer legislation. The Community Justice Branch investigates consumer complaints, develops consumer policies and legislation to regulate the activities of various agencies and businesses, and enforces the provisions of consumer legislation. (Other functions of the branch are discussed in the Administration of Justice section of this chapter.)

Investigation Services

The Consumer Operations Division is responsible for using mediation and negotiation to handle complaints, investigate alleged violations of the province's consumer protection laws, prepare enforcement reports and initiate enforcement action where appropriate. Major areas of consumer complaint concern deceptive and misleading practices by sellers. The principal complaints investigated involved *Motor Dealer Act* offences, used vehicle purchases, home renovation services, advertising offences, and miscellaneous purchase complaints.

In 1996/97, the division received more than 100,000 complaints and inquiries, opened 1,664 investigation files, performed 741 inspections, laid 78 criminal charges, and issued 192 warnings. The division also successfully resolved 893 consumer complaints resulting in over \$1 million in restitution.

Travel Services

The travel services program administers the *Travel Agents Act* and its regulations to ensure that all persons and travel agencies in the province selling or offering retail or wholesale travel services are registered. As of March 31, 1997, there were 1,150 registered travel agencies in the province.

During 1996/97, \$367,100 was paid out of the Travel Assurance Fund to compensate 35 eligible consumers who had prepaid their travel services but did not receive those services. The fund balance as of March 31, 1997, was \$1.8 million.

Motor Dealer Licensing

The Motor Dealer Licensing Division is responsible for administering the *Motor Dealer Act*, the Motor Dealer Customer Compensation Fund Regulation, and the Motor Dealer Consignment Sales Regulation. The division protects consumers by defining specific requirements that must be met by motor dealers prior to licensing. In 1996/97, the division licensed 1,650 dealers.

Regulations also provide protection by mandating full disclosure of vehicle history by dealers, as well as coverage up to \$20,000 for losses by individual customers. During 1996/97, the Motor Dealer Customer Compensation Fund paid out \$121,026 to 41 consumers. As of March 31, 1997, the fund balance was \$979,401.

Direct Sellers

The Registrar of Direct Sellers administers the Direct Seller Regulation under the *Consumer Protection Act*. Currently, 152 direct seller (door-to-door sales) companies are licensed and bonded. Salespersons and agents representing direct

seller companies are required to produce proof of licensing, including photo identification, when soliciting consumers door-to-door.

*Cemeteries and
Funeral Services*

The Registrar of Cemeteries and Funeral Services regulates the establishment and operation of cemeteries and crematoria. Most cemeteries are required to create and maintain perpetual care funds, which represent a minimum of 25 per cent of the price of each plot sold and \$10 for each memorial marker installed. These funds are held in trust by financial institutions, and now amount to approximately \$45 million. The operators can use the income from funds to defray maintenance costs. The registrar also approves and regulates the selling of pre-arranged cemetery and funeral service plans, and ensures that monies received from consumers are deposited with savings institutions pursuant to specific trust agreements. As of March 31, 1997, 130 funeral homes, 435 funeral directors, and 306 embalmers were licensed to operate in the province.

*Debtor Assistance and
Debt Collection*

The Debtor Assistance Section of Consumer Operations offers counselling services to consumers with debt problems, and assists borrowers and lenders with debt repayment problems. In 1996/97, the section counselled and screened 8,732 clients, arranged 1,004 repayment plans for debtors facing financial hardship, and helped return over \$6.1 million to creditors.

The Debt Collection Section administers the *Debt Collection Act*, licenses bailiffs and collectors, handles complaints and administers the posting of bonds. The section licensed 152 agencies and 1,057 collectors in 1996/97, and handled 4,115 complaints.

Credit Reporting

The Credit Reporting Section administers the *Credit Reporting Act* which regulates credit reporting agencies. The section handles complaints regarding individual credit records, and liaises with credit reporting agencies. There were 22 registered agencies and 256 complaints in 1996/97.

Residential Tenancy

The Residential Tenancy Office provides information to landlords and tenants on their legal rights and responsibilities; improves public awareness of *Residential Tenancy Act* provisions; and administers dispute resolution processes using government appointed arbitrators and mediators. Arbitrators may issue orders dealing with a wide range of residential tenancy issues, including debts, damages, reviews of rent increases, notices of termination, possession, repairs and services. Claims of up to \$10,000 may be arbitrated, and arbitrator's orders can be enforced through the courts. In 1996/97, the branch answered more than 302,000 telephone enquiries, conducted over 55,000 personal interviews, and scheduled more than 25,000 arbitration hearings and 75 mediation applications.

Liquor Control and
Licensing

The Liquor Control and Licensing Branch is responsible for controlling access to and encouraging the responsible use of alcohol. The branch issues and transfers licenses for the resale and manufacture of liquor; approves and monitors product advertising; inspects licensees to ensure they comply with the law; maintains public relations with law enforcement, local government and other regulatory agencies; takes appropriate compliance action for contravention of the *Liquor Control and Licensing Act* and its regulations; and liaises with stakeholders to develop effective policy and legislation.

Chapter 6: Major Provincial Programs

As of March 31, 1997, there were ten categories of liquor licences in British Columbia and 7,348 licensed premises. There were also 77 licensed manufacturers producing alcoholic beverages. These ranged from small farm wineries and cottage breweries to large commercial distilleries, breweries, and wineries. There were 28,251 Special Occasion Licence Permits issued, and the branch received 2,614 applications for advertising approvals. Enforcement problems resulted in 290 warning letters being issued, 69 hearings and 54 suspensions. A total of \$5.69 million in administrative receipts were collected for services.

For information and statistics pertaining to the Liquor Distribution Branch, see Chapter 7.

Transportation Safety

The Ministry of Transportation and Highways (MoTH) promotes the safe and efficient movement of people and resources within the provincial transportation system. A safe transportation system minimizes the economic and human costs associated with moving goods and people, thus enhancing provincial economic competitiveness and improving the overall quality of life. The ministry plans, designs, constructs, operates and maintains highways in a manner that facilitates safe transportation. Safety improvement is an important objective of the ministry's capital, rehabilitation and maintenance programs. Highway sites with safety concerns are addressed by highway safety improvement and guardrail programs. MoTH also partners with the Insurance Corporation of British Columbia (ICBC) to provide programs that promote and enhance transportation safety.

Motor Vehicle Branch

The Motor Vehicle Branch licenses drivers; makes decisions concerning individuals' medical fitness to drive; takes action with respect to dangerous drivers' records; hears appeals of certain administrative licensing and certification decisions made by ICBC; conducts appeals of sanctions issued under the Administrative Driving Prohibition/Vehicle Impoundment programs; and sets policy and standards in these areas. During 1996, responsibility for the branch was transferred to ICBC from MoTH.

Motor Carrier Commission

The Motor Carrier Commission regulates extra-provincial and intra-provincial motor carriers, including the commercial trucking industry, buses and taxis. The commission is responsible for promoting adequate and efficient service, safety on public highways, and sound economic conditions in the provincial transportation industry. The commission's operational arm is the Motor Carrier Department which accepts applications, conducts investigations, issues licence documentation, and collects revenue on behalf of the commission.

Infrastructure Safety and Standards

The Safety and Standards Department of the Ministry of Municipal Affairs and Housing provides services to ensure safe living and working conditions. Inspection services relate to the building code; fire prevention and investigation; installation and operation of boilers and pressure vessels, elevators, amusement rides, gas and electrical systems, and aerial tramways; and intra-provincial railways. Standards development, safety education, and safety assurance activities are undertaken by the department in conjunction with industry.

Corporations and
Financial Institutions

The Ministry of Finance and Corporate Relations is responsible for regulating financial and commercial activities under provincial jurisdiction.

The Financial and Corporate Sector Policy Branch provides policy advice on legislation and issues regarding corporate law, personal property, real estate, financial institutions, securities, and marketing of financial services and products.

The Corporate and Personal Property Registries Special Operating Agency administers registration for corporations, partnerships, societies and cooperative associations; registers and searches security interests against personal property; and registers ownership and location details of manufactured homes in the province. Major client groups are agents, lawyers, notaries, financial institutions and the general public. The agency's strategic direction is to provide all of its services electronically, so that clients can conduct business through remote access. The agency has recently automated the Manufactured Homes Registry to provide electronic searches and remote transport permits, and intends to enhance its Personal Property Registry to receive electronic submissions of change statements.

*Financial Institutions
Commission*

The Financial Institutions Commission (FICOM) regulates the financial services sector. FICOM reports to the Minister of Finance and Corporate Relations and administers the *Financial Institutions Act* and the *Credit Union Incorporation Act*. FICOM also manages the Credit Union Deposit Insurance Corporation (CUDIC).

The Superintendent of Financial Institutions has also been appointed the Superintendent of Real Estate and the Registrar of Mortgage Brokers, and is responsible for administering the *Real Estate Act*, the *Mortgage Brokers Act* and the *Condominium Act*. In addition, the superintendent is responsible for the *Insurance (Captive Company) Act*.

FICOM protects depositors against insolvency of a trust company or credit union, and protects insurance policy holders against insolvency of an insurance company. The commission safeguards consumers against improper marketing of financial and real estate products and services. FICOM works with two self-regulatory organizations, the Real Estate Council of British Columbia and the Insurance Council of British Columbia, to oversee the activities of real estate agents; salespersons and property managers; and insurance agents, salespersons and adjusters. Through CUDIC, FICOM also insures credit union deposits and non-equity shares up to a maximum of \$100,000 per separate deposit per credit union.

As of March 31, 1997, there were 99 credit unions in the province with total assets of \$19.8 billion; 49 trust companies with total deposits in British Columbia of \$8.1 billion; 296 insurance companies with annual premium revenues from British Columbia operations of almost \$3.5 billion; 16 captive insurance companies; and 1,335 registrants under the *Mortgage Brokers Act*. In addition, there were 18,580 registrants under the *Real Estate Act* and 20,987 insurance agents, salespersons and adjusters under the *Financial Institutions Act*.

*British Columbia
Community Financial
Services Corporation*

The British Columbia Community Financial Services Corporation was established in 1994 to provide financial services to residents of Vancouver's inner city area who may not otherwise have access to basic banking services. Four Corners Community Savings was opened by the corporation in Vancouver's Downtown

Chapter 6: Major Provincial Programs

Eastside area in April 1996. This community-based financial institution is operated by the corporation and is regulated by the Superintendent of Financial Institutions.

British Columbia Securities Commission

The British Columbia Securities Commission is an independent Crown agency responsible for administering and enforcing the *Securities Act*. The commission ensures that investors have access to the information needed to make informed investment decisions; provides rules of conduct for securities market participants; establishes qualifications and standards of conduct for people registered to advise investors and to trade on their behalf; and protects the integrity of the securities markets and the confidence of investors.

In 1995, the *Securities Act* was amended to structure the commission as an independent Crown agency with greater financial autonomy; increase the maximum number of commissioners; create a securities policy advisory committee to advise the commission on administrative, regulatory and legislative matters; create a new system for the regulation of investor relations activities; empower the commission to make legally binding rules to regulate conduct and practices; strengthen the commission's investigation and enforcement functions; and streamline and consolidate the legislation for securities and exchange contract dealers.

In 1996/97, the commission had a staff of 166 people and operating expenses of \$13.1 million, funded by registration, prospectuses and other filing fees paid by the industry. 1996/97 was a year of record capital market activity; 13,772 individuals and 235 firms were registered to trade in securities (up almost 12 per cent from the previous year). The commission received 1,770 prospectuses and 729 requests for discretionary exemptions from legislative requirements. The commission also sanctioned 29 respondents through its hearing decisions, and sanctioned 37 other respondents through settlement agreements with the Executive Director. Local and national prospectuses (not including mutual funds) qualified issuers to raise over \$41 billion this past year. The commission web site (www.bcsc.bc.ca) was expanded to enhance public access to investment and regulatory information. The commission's Public Information Centre received 5,320 requests for public files, and distributed 24,000 commission brochures.

Business and Trade Development

Chapter 4 describes the industrial composition of the provincial economy, and highlights the physical infrastructure — highways, rail lines, airports, deep sea ports and communications networks — which support economic development. The provincial government also supports trade, and fosters economic growth and diversification through programs which provide information and advice to small businesses, encourage entrepreneurship and co-operative developments, enhance scientific and technological capacity, and increase British Columbia's competitiveness in domestic and overseas markets.

Small Business and Cooperative Development Programs

The Ministry of Small Business, Tourism and Culture (MSBTC) targets its resources to support small business and co-operative development in British Columbia through one-stop business registration, programs for youth entrepreneurship, promotion of co-operatives, providing business information through the Canada/BC Business Service Centre, and ongoing consultations. MSBTC consults with the small business community on an ongoing basis to determine future programming

needs, and to address gaps in service. The ministry consults with small business owners and operators, Chambers of Commerce, the Canadian Federation of Independent Businesses, the Canadian Co-operators Association and other co-operative stakeholders. Appendix Table A6.2 outlines some financial incentive programs provided by the ministry.

Government Agent Services

Government Agents (GAs) provide public access to a wide array of provincial government services, programs, and information through 58 local offices. GAs do not administer their own programs, but deliver over 50 programs for more than 30 provincial government ministries and agencies. Collectively, GAs serve a population of 1.5 million, process an average of 11,000 transactions per day, and collect about \$7 million per day in revenue. For a list of Government Agent offices, see Appendix 9.

One-Stop Business Registration

The recently introduced One-Stop Business Registration program is a user-friendly computer program that enables new and existing businesses to complete multiple government applications quickly and efficiently. The program is available at personal computer workstations in nine locations across the province.

Canada/BC Business Service Centre

MSBTC provides ongoing support to business through the joint federal/provincial Canada/BC Business Service Centre in Vancouver. The centre provides market data and statistics, information about basic legal requirements, industry specific business planning guides, and information on importing and exporting. The centre maintains an award winning Internet website, <http://www.sb.gov.bc.ca/smallbus/sbhome.html>, which includes a complete business plan package with the Interactive Business Planner.

You BET!

The Youth Business and Entrepreneurship Training program (You BET!) is designed to increase youth awareness of business careers. You BET! provides information on how to start a new business, and introduces youth to business networks and resources. In 1996, 1,600 young people participated in the program.

Co-operative Development

In 1997/98, MSBTC will focus on Co-operative Development and Youth Entrepreneurship. These programs focus on enhancing job creation, economic growth and improving community life by promoting partnerships in both the co-operative and business sectors.

The Co-operative Development Program has four strategic thrusts:

- using the co-op model as a vehicle to stimulate economic and community development;
- using the co-op model as an alternative service delivery mechanism;
- creating a receptive culture in British Columbia toward co-operatives through information and education; and
- updating the *Co-operative Association Act*.

Chapter 6: Major Provincial Programs

Science and Technology	<p>The Science and Technology Branch of the Information Science and Technology Agency provides leadership, coordination, and funding to enhance British Columbia's scientific and technological capacity and the development of the high technology sector. The branch provides programs and funding for research and development, technology commercialization, development infrastructure for high technology, human resources development and career encouragement, and awareness of British Columbia's scientific and technological capability. In 1996/97, the branch invested \$21.9 million in these areas. The branch's major programs are listed below.</p> <ul style="list-style-type: none">• <i>Technology BC</i> provides assistance for companies to develop new products, processes or high technology services, and for university/business collaborations to further develop technologies and solve industry problems. This program is administered by the Science Council of British Columbia.• <i>Technology Assistance Program</i> focuses on small, medium-sized and regional companies, and provides research or engineering assistance for small projects to enhance industrial outputs or develop new products or processes.• <i>Market Assessment of Research and Technology</i> provides assistance to researchers to determine the market potential of their discoveries and innovations at the pre-competitive stage of development.• <i>Product Development Fund</i> assists the development of new products or processes involving the application of advanced systems technologies to meet industrial needs.• <i>University Industry Liaison Offices</i> assists universities to identify new technologies with commercial potential developed by their researchers, and to identify commercial partners for further development and commercialization of innovations.
International Trade and Investment Programs	<p>The International Branch of the Ministry of Employment and Investment (MEI) develops provincial trade policies and provincial trade negotiation strategies, and advances the province's interests in trade disputes.</p>
<i>Trade Policy</i>	<p>The trade policy unit develops provincial trade policy options and strategies. The unit advances British Columbia's positions for international and internal trade negotiations, including the General Agreement on Tariffs and Trade; the North American Free Trade Agreement and its parallel accords on labour and the environment; Canadian intergovernmental negotiations on interprovincial trade; and other trade and investment-related negotiations.</p>
<i>Trade Advisory</i>	<p>The trade advisory unit co-ordinates the provincial government's involvement in the implementation of international trade agreements, and represents the provincial government's interests in disputes and issues arising from these agreements. The unit also reviews other ministries' policy and program initiatives to ensure they are consistent with Canada's international trade agreement obligations.</p>
<i>Institutional Infrastructure for International Business</i>	<p>The Ministry of Employment and Investment is responsible for developing institutional infrastructure for international business activity in British Columbia, including:</p>

- the International Financial Centre in Vancouver, which assists registered financial institutions to benefit from tax and regulatory exemptions under provincial legislation while conducting international financial business with non-residents of Canada;
- the Asia Pacific Foundation, an independent, non-profit organization that advances knowledge and understanding between the peoples and institutions of Canada and the Asia Pacific region; and,
- the International Maritime Centre, a non-profit society that markets British Columbia to international shipping companies, and facilitates the establishment of international shipping-related operations in the province. Twenty companies have relocated to, or established head offices in, British Columbia creating more than 300 permanent skilled jobs.

British Columbia Trade and Investment Office

The British Columbia Trade and Investment Office (BCTIO) was established within the Ministry of Employment and Investment in March 1996. It provides one-stop access for both investors and exporters by combining the functions of the former British Columbia Trade Development Corporation, the British Columbia Investment Office, and the ministry's Industry and Investment Division. The creation of BCTIO has resulted in a more coordinated, integrated, and effective approach to industry development, investment, and export activities.

Business Immigration

The Investment Facilitation Branch of BCTIO monitors investment activities, and facilitates business investment under the investor and entrepreneur immigration programs of the federal *Immigration Act*. The branch works with British Columbia businesses and development agencies, and with prospective and new immigrant investors and entrepreneurs, to identify investment and partnership opportunities which will advance the provincial government's economic development objectives. To attract qualified, experienced business people, the branch conducts targeted marketing activities, domestic orientation seminars, investment match-making and individual counselling. It also facilitates the immigration of essential management personnel for corporations wishing to relocate to British Columbia.

Immigrants entering British Columbia under the investor category must invest a minimum of \$350,000 over a five-year period in business activities acceptable to the provincial government. In 1996, 682 investors — 54 per cent of Canada's total — located in British Columbia. Immigrants entering under the entrepreneur category are expected to actively manage a business investment of at least \$150,000 in the Lower Mainland, or at least \$90,000 elsewhere in the province. In 1996, British Columbia was the stated destination for 1,065 entrepreneurs — about one third of Canada's total. Significant numbers of immigrant entrepreneurs also arrive in British Columbia via other provinces.

Tourism Programs

The Ministry of Small Business, Tourism and Culture fosters growth in British Columbia's tourism industry. The Tourism Division operated as a Special Operating Agency during most of 1996, and became a crown corporation in June 1997 with the passage of the *Tourism British Columbia Act*. The corporation is responsible for promoting the development and growth of the tourism industry, and for increasing tourism revenue and employment throughout the province. The corporation receives funding from a 1.65-per-cent share of revenue raised from the 8-per-cent provincial hotel room tax. Tourism British Columbia's share of the hotel

room tax revenue is estimated at \$18 million in 1997. A 15-member board, comprised of representatives from the tourism industry and from government, provides direction for the corporation's activities.

Government Services

The Ministry of Finance and Corporate Relations provides services to the provincial government and to some Crown corporations and agencies, including purchasing, vehicle management, protocol services, and business and demographic statistics and analysis. Other products and services include printing, publishing, stationery products, mail processing and distribution, warehousing, product distribution, and the disposal of surplus Crown assets. The Purchasing Commission spent \$220 million for goods and \$130 million for services in 1996/97.

Natural Resource Development

The provincial government encourages efficient, sustainable, and environmentally-sensitive management of the province's natural resources — forests, minerals, oil and gas, hydroelectricity, agricultural land, and fisheries — to ensure the long-term economic prosperity of the province.

Forest Management

Forests cover nearly two-thirds of the province. The British Columbia government has a higher degree of responsibility for forest management than most other jurisdictions in the world because the government owns more than 90 per cent of the province's forest land.

The provincial *Forest Practices Code* is a comprehensive package of legislation, regulations, standards and field guides to govern forest practices in British Columbia. The code applies to more than 93 per cent of British Columbia's forest land, including all private land in Tree Farm Licences (TFLs) and woodlot licences. The code sets rigorous standards for forest management, and enforces them with tough penalties to ensure that forest practices are environmentally sustainable.

With the exception of some private lands, the Ministry of Forests is responsible for making timber available to the forest industry at an approved rate of harvest, through cutting permits or licences. For this and other related purposes, the province is divided into forest management units — 37 timber supply areas and 34 tree farm licences. Responsibility for timber harvesting and related forest management activities is shared by the Ministry of Forests and the licensees. In 1996, the timber harvest was 75.2 million cubic metres (see appendix table A4.2).

The allowable annual cut (AAC) is defined as the allowable rate of timber harvest from a specified area of land. The chief forester sets AACs in accordance with Section 8 of the *Forest Act*. By law, in British Columbia, the AAC must be reassessed at least once every five years. The Timber Supply Review program began in 1992 with the goal of updating timber supply information in each of the 37 timber supply areas (TSAs) and 34 TFLs throughout the province. The main objectives of the Timber Supply Review are to:

- identify the economic, environmental and social information that reflects current forest management practices, including the effect on short-and long-term timber supply;

- identify where improved information is required for future timber supply forecasts; and,
- provide the chief forester with information to make any necessary adjustments to the allowable annual cuts.

The first round of the Timber Supply Review was completed in December 1996. Overall, the Timber Supply Review resulted in a 325,000 cubic metre (0.5 per cent) decline in the provincial AAC. Local impacts of the Timber Supply Review varied significantly with AAC reductions in 32 management units, increases in 19 units, and no change in 20 units. Also, as a result of this review, there have been changes in the types of wood available under the AAC, and in the types of terrain where harvesting occurs. Work is underway on the second round of the Timber Supply Review. By December 2001, new AACs will be determined for all TSAs and TFLs.

Forest Renewal Plan

In April 1994, the government announced a forest renewal plan to enhance the productive capacity and environmental values of forest lands, create jobs, provide training for forest workers, and strengthen communities that depend on the forest industry. Forest Renewal BC (FRBC) is the Crown corporation established to implement the plan. The corporation is a partnership between government, the forest industry, workers, First Nations, environmental groups, and communities. More information on FRBC is provided in Chapter 7.

Jobs and Timber Accord

The Jobs and Timber Accord, an agreement between government and the forest industry, was announced in June 1997. The accord represents the commitment of both parties to work co-operatively to increase the number of direct jobs in British Columbia's forest sector by 22,400 by the year 2001.

Forest Revenue

The ministry is also responsible for setting the price of Crown timber and for collecting timber-related revenues. Net revenue (excluding transfers to FRBC) associated with the harvesting of Crown timber was \$1.4 billion in 1996/97. This includes revenue from timber sales under the Small Business Forest Enterprise Program.

Small Business Forest Enterprise Program

The Small Business Forest Enterprise Program (SBFEP) sells Crown timber throughout the province to individuals and small firms. The Ministry of Forests, which manages SBFEP, constructs access roads and bridges to develop timber for future sales, and undertakes silviculture and other forest management activities in SBFEP areas.

SBFEP accounts for 9.3 million cubic metres or 13 per cent of the Crown allowable annual cut. In 1996/97, 65 per cent of SBFEP volumes were awarded through a competitive process to the highest bidder, and the remaining 35 per cent was allocated to bid proposal sales. These sales are awarded to firms that submit the best proposal for remanufacturing lumber or producing specialty wood products to increase regional economic diversification and enhance employment opportunities. Current registration in SBFEP is approximately 2,100 independent firms and individuals of which 1,750 are loggers and 350 are timber processors. The timber processors include independent primary sawmills, shake and shingle plants, lumber remanufacturers and specialty wood producers.

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In 1996/97 SBFEP collected revenues from timber sales of \$347 million, of which \$24 million was transferred to FRBC. Ministry program expenditures were \$149 million, including almost \$120 million paid to contractors to construct roads, reforest land, measure and protect the timber resource and assist in the planning of forest management activities.

Reforestation and Silviculture

Provincial silviculture activities include monitoring standards of reforestation on Crown and regulated private forest lands; reforesting certain types of previously logged Crown forest land with commercially valuable trees; improving the value and productivity of the provincial forest resource; and providing tree seeds and seedlings. The number of seedlings planted yearly on Crown land, by private industry and government, reached an all time high of 258 million in 1995.

Starting in 1994/95, FRBC began funding stand tending and backlog reforestation silviculture work. The FRBC business plan projects ongoing investment in silviculture work, combined with the achievement of job creation and training goals established by the *BC Forest Renewal Act* and the Jobs and Timber Accord.

Table 6.3 Silviculture Funding in British Columbia

	Ministry Operations ¹	Small Business Enterprise Account	Forest Renewal BC	Forest Resource Development Agreement ²	Training and Employment Programs	South Moresby Park Replacement	Total ³	Change
	(\$ millions)						(per cent)	
1989/90.....	134.7	10.3		65.6	4.5	2.2	217.3	5.9
1990/91.....	185.0	17.8		1.7	4.5 ⁴	3.2	212.2	-2.3
1991/92.....	200.6	20.2		20.0	4.2 ⁴	2.5	247.5	16.6
1992/93.....	184.5	22.3		23.2	6.7 ⁴	1.7	238.4	-3.7
1993/94.....	183.3 ⁵	28.9		31.7	13.4 ⁶	2.1	259.4	8.8
1994/95.....	155.9	34.7	10.0	32.0	9.8 ⁷	1.2	243.6	-6.1
1995/96.....	84.6	33.0	25.4	30.0	—	1.1	174.1	-28.5
1996/97 ⁸	60.0	31.0	65.7	—	—	1.0	157.7	-9.4

Source: Ministry of Forests.

¹ Due to a change in reporting procedures, administration is not reported in Ministry Operations numbers from 1994/95 onward.

² Includes federal funding under the agreement.

³ Excludes silviculture expenditures by forest industry required under harvesting agreements.

⁴ Funded by the Ministry of Social Services.

⁵ Includes funding from the Build BC Special Account.

⁶ Forest Worker Development Program, which includes funding from Ministry of Social Services and the Build BC Special Account.

⁷ Forest Worker Development Program, which includes funding from Ministry of Skills, Training and Labour and the Build BC Special Account.

⁸ Estimate.

Forest Protection and Fire Suppression

The forest protection program protects British Columbia's forest and range resources from wildfires. Wildfires increasingly threaten people and developments outside of and adjacent to organized communities. Protection of human life, private property and improvements are especially important. During the 1996 fire season, there were 1,343 wildfires that burned 22,048 hectares of land.

In addition to fire suppression, the program also provides for the use of fire under prescribed conditions to meet specific land and resource management objectives, such as improving range lands for domestic livestock; improving habitat and forage for wildlife; preparing areas for reforestation; and reducing wildfire hazards.

During 1996/97, \$82.3 million was spent on the fire suppression program — \$45.2 million to prepare for the fire season and \$37.1 million to directly fight wildfires. In comparison, \$84.1 million was spent in 1995/96 to suppress 1,487 wildfires.

Mineral and Energy
Resource Management
Programs

The Ministry of Employment and Investment regulates the energy and minerals industries to ensure British Columbians get maximum benefits from developing these resources. The ministry regulates oil and gas exploration and production activities, mine worker safety, and mine reclamation practices; administers laws relating to mineral, oil and gas tenures, and resource revenue collection; and conducts economic, geological, and statistical studies.

In the industrial minerals sector, a provincial initiative promotes the marketing of provincial industrial minerals to countries in the Pacific Rim and Europe.

The ministry and the Geological Survey of Canada continued in the second year of the five-year Nechako Plateau-Babine Porphyry Belt mapping program to detail the Nechako River, Fort Fraser, and parts of Smithers and Prince George areas.

The ministry's geoscience programs focus on frontier areas with development potential but where geological information is poor or lacking (Toodoggone South, Gataga, Tatogga, Sitlika and Babine), and also on regions where existing mines are expected to close in the next few years, such as in the East Kootenays and the northern Selkirks.

The results of the 1995 East Kootenay airborne geological survey, funded by the provincial government, were released in July 1996 and early 1997. Several new mineral claims were staked as a result of the survey. Results of the Regional Geochemical Survey of the Cry Lake area were also released in 1996. Numerous new mineral claims were staked and exploration is continuing in the area.

*British Columbia
Prospector's Assistance
Program*

The British Columbia Prospector's Assistance Program supports grassroots exploration for new mineral deposits by individual prospectors and provides 75 per cent of eligible costs to a maximum of \$10,000 per year, per individual. In 1996/97 the program awarded grants totalling nearly \$509,000 to 68 of 123 applicants. Sixty-five per cent of the grants were issued to prospectors exploring for lode base and precious metal deposits. Sixteen of the grant recipients had concluded agreements with exploration companies or other investors for further exploration as of January 31, 1996.

Oil and Natural Gas

In 1996/97, the provincial government issued three long-term and 21 short-term natural gas energy removal certificates under its natural gas removal policy, which ensures security of supply and fair market pricing. A total of 11.4 billion cubic metres of natural gas was exported in 1996 — 10.3 billion cubic metres to the United States, and 1.1 billion cubic metres to the rest of Canada.

Imperial Oil is continuing a four-year, enhanced, oil-recovery pilot project in northeastern British Columbia. The project could result in a commercial initiative generating \$250 million and creating 250 person-years of direct employment.

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- Clean Choice Program* The Clean Choice Program provides grants to help customers in the Vancouver Island, Sunshine Coast, Squamish and Powell River areas reduce the costs of converting homes and businesses to natural gas. From the program's introduction in 1991 to June 1, 1997, a total of 32,147 Clean Choice grants worth \$19 million were paid to residents and businesses.
- Energy Efficiency Act* British Columbia was one of the first provinces to bring in energy efficiency legislation. Standards introduced under the *Energy Efficiency Act* since 1991 have cut energy costs for homes and businesses. There are now minimum energy efficiency standards for residential, commercial, and industrial products sold in British Columbia. Energy efficiency regulations are based on national standards developed by organizations such as the Canadian Standards Association and the Canadian Gas Association.
- Electricity* The North American power sector is undergoing deregulation, which will result in more competition for monopoly utilities and greater customer choice. The conditions driving these changes are not as prevalent in British Columbia, because of the province's low-cost, hydroelectric-based system. However, the provincial government is monitoring the changing market to ensure that British Columbia's electricity sector remains competitive with neighbouring jurisdictions, and continues to benefit from electricity trade through increased access to markets in the United States.
- Electricity sector initiatives will ensure that British Columbia retains its enviable position as one of the lowest cost jurisdictions in North America. Key initiatives include the following:
- British Columbia Hydro and Power Authority (B.C. Hydro), at the provincial government's direction, is continuing to diversify its resource base to create jobs and opportunities for private sector investors. B.C. Hydro will acquire more than 300 megawatts of new capacity from wood-residue and natural-gas-fired cogeneration projects at Prince George, Skookumchuk, and Campbell River. As electricity demand grows, there will be more opportunities for private sector involvement in developing cogeneration projects.
 - After a 1995 public review by the British Columbia Utilities Commission, B.C. Hydro took steps to provide new services to its customers. B.C. Hydro became the first utility in Canada to develop a tariff for wholesale transmission services, which provide other utilities and independent power producers with access to B.C. Hydro's transmission system for wholesale transactions. The commission reviewed and approved these services for implementation in January 1996. In 1996, B.C. Hydro also introduced an experimental program that offers industrial customers real-time pricing at market-based rates for a portion of their electrical loads.
 - On March 26, 1997, the provincial government created a special task force to examine the need for further electricity market reforms in British Columbia. The task force's mandate is to develop measures to help ensure job creation and economic development; greater choice for electricity consumers; continued public stewardship of the province's hydroelectric endowment; reasonable access for electricity producers; maintenance of high-reliability standards; access to export markets for electricity; and continued incorporation of environmental and social considerations in the electricity industry's management and regulation. The task force is expected to report on its findings by December 31, 1997.

- The Columbia River Treaty's downstream power benefits revert to the provincial government's control between 1998 and 2003. The provincial government is committed to use this power (1,400 megawatts of peak capacity and 4,800 gigawatt-hours per year of electrical energy) to promote economic development and job creation in the province. New legislation makes the downstream power benefits available to existing and new industries to create and preserve jobs in British Columbia. The provincial government is also prepared to sell amounts of the downstream power benefits not required in British Columbia to purchasers in Alberta and the United States under short and medium-term contracts.

Columbia River Treaty

Under the Columbia River Treaty and agreements with Canada, British Columbia will receive 1,400 megawatts of downstream benefits power, in stages between 1998 and 2003, as 30-year sales agreements made in the 1960s expire. This power is Canada's 50 per cent share of the increased power-generating potential in the United States that is attributable to flow regulation provided by the three, large storage dams constructed on the British Columbia portion of the Columbia Basin.

In November 1996, an agreement was reached to return the downstream benefits at no charge to British Columbia over existing transmission lines, thereby avoiding the creation of a new transmission corridor in the Okanagan Valley that the Treaty would have otherwise required. There are now legislative measures to use the downstream benefits as part of British Columbia's economic development and jobs strategy.

Columbia River Basin Accord

The Columbia Basin Trust was established in July 1995, by the provincial government's *Columbia Basin Trust Act*, to manage the region's share of downstream benefits from the Columbia River Treaty and to deliver social, environmental and economic benefits to the Basin and its residents.

The provincial government entered into an agreement with the Trust to provide financing under three programs: power project funding of \$250 million over ten years; a regional benefit amount of \$45 million paid in April 1996 for investment purposes; and Trust operations and programs development funding of \$32 million over sixteen years. The provincial government also committed to join the Trust in power project joint ventures through its agent, Columbia Power Corporation (see Chapter 7), and to provide the corporation with \$250 million of funding over ten years for that purpose. By supplementing their funding by borrowing, the Trust and CPC will aim for total power project investment in the Columbia Basin of \$1 billion over a ten-year period.

Agriculture, Fish and Food Programs

The Ministry of Agriculture, Fisheries and Food is guided by two broad strategic objectives. The first is to undertake policies and programs that enable the agri-food industry to be competitive, encourage industry diversification and investment, and stimulate job creation. The second is to undertake resource management and planning to maintain the quality and availability of land and water for the province's agriculture and fish industries.

Income and Price Stabilization

The provincial and federal governments participate in a four-year bilateral agreement which provides three types of safety net programs for agriculture: crop insurance, income stabilization, and other programs such as agricultural investment funds.

Chapter 6: Major Provincial Programs

The crop insurance program insures farmers against effects of crop losses due to uncontrollable natural hazards. In the 1996 crop year, 1,255 British Columbia farmers obtained crop insurance coverage. Insurance premiums are paid by farmers and the provincial and federal governments. Premiums totalled \$7.8 million, while \$5.6 million was paid out in compensation.

Multi-peril Crop Insurance was introduced in 1997 to increase the number of farms and crops insured. The value of crops covered is expected to more than double, from \$78 million in 1996, to \$160 million in 1997. This is to be achieved by redirecting the premium subsidy from a flat rate schedule of 50 per cent of all types of coverage sold in 1996, to a full subsidy on the basic coverage, with extra coverage available at an unsubsidized rate. The basic coverage is available for \$100 per insurance policy plus \$75 per crop covered. Farmers producing any of the 30 crops eligible for insurance now have more flexibility to purchase a package of insurance that meets their risk management needs and budgets.

Market prices for agricultural commodities can vary dramatically from year to year. The Net Income Stabilization Account program (NISA) protects farmers from income losses resulting from decreased market prices, or increased production costs. This program is managed by the federal government which directs contributions by both the federal and provincial governments, and contributions by farmers, to farm savings accounts. Withdrawals from the accounts by farmers will occur during years of low income.

Other programs are available under the National Safety Nets framework agreement, which has nearly doubled federal funding in the province for the years 1995/96 to 1998/99. Currently there are eleven agricultural investment funds in British Columbia, administered by commodity organizations, with assets totalling \$40 million.

Agricultural Financing Programs

The Feeder Associations Loan Guarantee Program encourages the rearing of cattle and sheep within the province, instead of exporting them to feedlots in the United States or Alberta. The province guarantees repayment of 25 per cent of outstanding loans. In 1996/97, eleven associations purchased a total of 27,041 animals valued at \$10.3 million under the program. The associations are able to borrow up to \$39 million on the strength of the provincial government guarantee. No claims have been made against the program since its inception in 1990. The value-added contribution to the economy from this program was \$7 million, and 56 employment years.

Agriculture, Fisheries and Food Development

The Quality Wine and Grape Development Fund is a six-year \$3 million industry development fund which is cost-shared with industry. The fund provided \$400,000 during 1996/97 for marketing, promotion, research and industry development.

The Partners in Progress Program develops partnerships which build industry self-reliance, take advantage of market opportunities, resolve local issues, and develop new business ideas within the agriculture, fisheries and food sectors. During 1996/97, 57 projects were approved with a total value of \$950,000. The province contributed funding of \$400,000 with most of the balance coming from the private sector.

In December 1996, the provincial and federal government signed a three-year, \$1.9 million Farm Business Management Agreement. The agreement's primary objective is to improve the financial viability of farm operations by upgrading the business management skills of Canada's farm managers so that they are able to compete more effectively in domestic and international markets.

In February 1997, the federal government announced funding for a new agricultural industry organization, the BC Investment Agriculture Foundation. The Foundation has received federal funding commitments of \$21.8 million under the Canada-British Columbia Agricultural Safety Net Agreement, and \$2.78 million under the Canadian Adaptation and Rural Development Fund. The Foundation will fund initiatives that foster increased long-term growth, employment, and competitiveness in the province's agriculture, food and associated industries.

Farm Practices Protection

The *Farm Practices Protection (Right to Farm) Act*, proclaimed in April 1996, is designed to improve the relationship between farm and non-farm neighbours, and to protect farming from the pressures created by increasing levels of urbanization. Farmers who follow practices which meet the requirements of the act are exempt from local nuisance bylaws.

The act also creates a dispute resolution process. In the first year that the act was in effect, the Ministry of Agriculture, Fisheries and Food handled over 300 farm practices cases via its informal 'concerns' process. In only six instances were formal complaints filed with the Farm Practices Board, and two of these were subsequently withdrawn.

Aquaculture and Commercial Fisheries Programs

The Aquaculture and Commercial Fisheries Branch facilitates the development of a competitive and environmentally responsible fisheries/aquaculture sector that enhances the economic strength of communities, and the province, by encouraging industry diversification, investment and employment.

The provincial government's commercial fisheries management programs conserve and manage wild oyster stocks, marine plants and associated habitats, and facilitate development and diversification of the commercial fisheries and aquaculture industries. These programs maintain population and habitat inventories; manage, license and regulate fresh water commercial fisheries and aquaculture enterprises; conduct biophysical inventories; license and regulate fish processors, buyers, vendors and fish brokers; and represent the province in international fisheries negotiations. Specific aquaculture programs include brood stock development, knowledge development and technology transfers.

Fisheries Development and Diversification

The Fisheries Development and Diversification Program is a provincial initiative funded by the Ministry of Agriculture, Fisheries and Food and the Ministry of Employment and Investment, and cost-shared with federal agencies and industry. The program promotes responsible fishing practices, conservation and management technology; sustainable diversification and development; and value-added opportunities in the seafood sector.

Seven projects totalling \$631,000 were supported in 1996/97. Provincial contributions to these initiatives exceeded \$133,500. The projects include seafood

Chapter 6: Major Provincial Programs

product diversification, new and under-utilized species development, technologies to improve the biological knowledge of marine resources, responsible fishing technologies, by-product utilization, and enhancement of existing fisheries databases.

Under the Partners in Progress program, 17 projects totalling over \$5 million were also supported, with a provincial contribution of just over \$1 million.

Canada/ British Columbia Agreement on the Management of Pacific Salmon Fishery

In July 1996, the Canada/British Columbia Memorandum of Understanding on Roles and Responsibilities was signed. The understanding focused on two key elements: a review of federal and provincial roles and responsibilities in the salmon fishery; and a review to identify impacts of, and improvements to, the federal Pacific Salmon Revitalization Plan (the Mifflin Plan) for restructuring the province's commercial salmon fleet. *Tangled Lines*, the report of the tripartite panel which reviewed the Mifflin Plan, made a number of recommendations to mitigate the impacts of the plan.

The review of roles and responsibilities resulted in the Canada/British Columbia Agreement on the Management of Pacific Salmon Fishery Issues, signed in April 1997. This agreement represents a significant breakthrough in British Columbia's quest for a greater role in the fisheries management. The agreement will provide new measures to protect fish stocks and habitat, stimulate job creation in the fishery sector, and provide new powers for fishing communities and stakeholders. The agreement establishes the Canada/British Columbia Council of Fisheries Ministers, the Pacific Fisheries Conservation Council, and the Fisheries Renewal Advisory Board. In addition, under the agreement Canada and British Columbia will each provide \$15 million for habitat restoration, and have committed to streamline services delivered by the two governments.

Agricultural Land Commission

The Agricultural Land Commission is an independent agency of the provincial government which identifies and protects the province's agricultural land. The commission's function is to preserve agricultural land, as designated in the agricultural land reserve, for present and future farm use. The commission decides on applications for inclusion, exclusion, subdivision, and non-farm use of land in the reserve which includes over 4.7 million hectares of land, or about 5 per cent of British Columbia's total land area.

The commission, as established under the *Agricultural Land Commission Act*, reports to Cabinet through the Ministry of Agriculture, Fisheries and Food. The commission encourages the establishment and maintenance of British Columbia's farms by preserving agricultural land, encouraging the use of land in the reserve in a way compatible with agricultural purposes, and by assisting local governments in the preparation of community land-use plans. In conjunction with local authorities, the commission is also responsible for the enforcement and administration of the *Soil Conservation Act* which regulates soil removal and the deposit of fill in the reserve.

The commission also provides advice on policy documents affecting agricultural land use throughout the province including official community plans and bylaws developed by local governments, transportation and utility corridor proposals, and reviews of agricultural land reserve boundaries. The commission actively participates in the growth strategies and "Right to Farm" planning processes.

Chapter Seven

Crown Corporations and Agencies



West Coast Express

7: Crown Corporations and Agencies

Introduction

Crown corporations and agencies are entities established or acquired by the government and have a significant impact on British Columbia's economy and its citizens. These entities provide energy, insurance, transportation and telecommunications services to provincial residents, and building, land management and property assessment services to provincial and local governments.

There are three types of Crown corporations:

- Commercial Crown corporations generate revenue from the sale of services at commercial rates and pay their own operating expenses, including debt service charges.
- Economic development Crown corporations generally sell services to the public. These corporations undertake projects that provide economic benefits to the province, but may not break even. Therefore, they may receive some financial assistance from the government or receive dedicated revenue.
- Most of the remaining Crown corporations and agencies receive government financial assistance to administer social and government services.

The operations of Crown corporations are recorded in their own financial statements, which are subject to audit by the Auditor General or by private sector auditors. The government's consolidated revenue fund financial statements reflect transactions between the government and its Crown corporations and agencies. Combined financial results of the government and its Crown corporations and agencies are reported in the government's summary financial statements (see introduction to Appendix 2 for more details).

The Crown Corporations Secretariat (CCS) in the Ministry of Employment and Investment provides central agency support to government, including financial and economic analysis, on all major operational and strategic issues in the Crown corporations sector. CCS helps to ensure that Crown corporations operate within the financial and policy parameters set by Cabinet.

Appendix Table A7.9 lists major British Columbia Crown corporations and agencies by type and function, as well as their general mailing addresses and telephone numbers. Appendix 7 also includes five-year comparative financial information for certain Crown corporations. Appendix Table A2.11 summarizes the outstanding net debt of provincial Crown corporations and agencies.

Commercial Crown Corporations

British Columbia Hydro and Power Authority

British Columbia Hydro and Power Authority (B.C. Hydro) is the province's largest Crown corporation and the third largest electric utility in Canada. It serves 1.5 million customers in an area containing over 94 per cent of British Columbia's population. Between 43,000 and 54,000 gigawatt-hours of electricity are generated annually, depending upon prevailing water levels, with more than 80 per cent produced by major hydroelectric generating stations on the Columbia and Peace Rivers. Electricity is delivered to customers through an interconnected system of over 72,000 kilometres of transmission and distribution lines. B.C. Hydro's installed generating capacity at March 31, 1997 was 10,829 megawatts.

Development and Strategic Plans

During 1996/97, the British Columbia Utilities Commission provided interim approval for an updated tariff for wholesale transmission services which provide other utilities and independent power producers with access to B.C. Hydro's transmission system for wholesale transactions. The Commission also approved interim extension of B.C. Hydro's real-time pricing rate, a service that offers industrial customers market-based energy rates for a portion of their energy loads.

The provincial government has appointed a task force which will investigate potential changes to the electricity market to allow customers greater choice in services and in their power supplier. The task force is to provide options and recommendations to the government by December 31, 1997. B.C. Hydro has taken an active role in advising the task force.

Also during the year, the provincial government enacted legislation which freezes the electrical rates charged to residential customers from January 1, 1996 to March 31, 1999.

Results of Operations

Net income for the year ended March 31, 1997 was \$339 million, \$189 million higher than 1995/96. The increase in net income was principally due to an increase in electricity trade and domestic revenues, and lower finance charges (see Table 7.1).

Revenues

Residential revenues of \$866 million were \$44 million, or 5.4 per cent higher than in 1995/96 due to continued strong customer growth and colder temperatures in the Lower Mainland, Vancouver Island and Northern regions of the province. More than 26,000 residential customers were added to Hydro's system during the year.

Revenue from light industrial and commercial customers was \$809 million, up \$19 million, or 2.4 per cent over 1995/96. Most of this increase resulted from the addition of almost 2,500 new customers during the year.

Large industrial revenues were \$471 million compared with \$492 million for the previous year. Mine closures, temporary pulp and paper plant shutdowns and decreased sales to chemical customers, partially due to reduced demand for chemicals from the pulp and paper industry, resulted in lower revenues for 1996/97.

Table 7.1 British Columbia Hydro and Power Authority Financial and General Operating Data

Fiscal year ended March 31,	1997	1996	Change 1996-1997
Electric			(per cent)
Installed generating and capacity .....(megawatts) ¹	10,829	10,851	-0.2
Number of customers .....(thousands)	1,503	1,473	2.0
Electricity sold (domestic) .....(gigawatt-hours) ²	44,658	44,395	0.6
Electricity sold (export) .....(gigawatt-hours)	9,826	2,427	—
Peak one-hour demand .....(megawatts)	8,267	8,451	-2.2
Residential service — average revenue per kilowatt hour .....(cents)	6.1	6.1	—
Gross revenue	(\$ millions)	(\$ millions)	(per cent)
Domestic	2,239	2,218	0.9
Electricity trade	164	51	—
Total	<u>2,403</u>	<u>2,269</u>	5.9
Net operating income	<u>339</u>	<u>150</u>	126.0
Net capital assets (outstanding book value)	9,187	9,179	0.1
Long-term debt	7,392	7,608	-2.8
Retained earnings	1,201	1,141	5.3
Dividend to the province	279	115	143.0

¹ Megawatt = one million watts.

² Gigawatt-hour = one million kilowatt-hours.

Source: British Columbia Hydro and Power Authority.

Electricity Trade

Electricity trade gross revenue, which represents sales and exchange of electricity in the western United States and Alberta, was \$164 million, an increase of \$113 million compared to the previous year. A high volume of surplus energy was available for sale in the electricity trade market as a result of higher-than-average inflows into the reservoirs and from a drawdown of the Williston Lake reservoir. The drawdown was a precautionary measure due to two sinkholes detected at the W.A.C. Bennett Dam.

Cost of Energy

Energy costs amounted to \$514 million, an increase of \$15 million or 3 per cent from 1995/96. This compares with a 16.4 per cent increase in sales volumes. High reservoir levels earlier in the year, greater water inflows into the reservoirs and the required draw down of the Williston Lake reservoir allowed B.C. Hydro to use a greater proportion of low-cost hydro generation to meet its increased energy requirements. The increased use of hydro generation resulted in reduced short-term energy purchases and curtailed use of the Burrard thermal generating station, resulting in a significantly lower average unit cost of energy compared with 1995/96.

Expenses

Operations, maintenance and administration (OMA) expenses of \$415 million were \$17 million higher than in 1995/96. These costs increased primarily because of \$28 million in additional spending to investigate, survey and remediate the two sinkholes at the W.A.C. Bennett Dam. Excluding costs associated with the sinkholes, OMA expenses declined by \$11 million despite over 29,000 customer additions to the electric system during the year.

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Depreciation and amortization expenses increased to \$322 million from \$307 million in the previous year. The increase reflects more assets in service to support customer growth.

Finance charges decreased to \$625 million from \$746 million in 1995/96. Lower short-term borrowing rates, the refinancing of existing debt at lower rates, and a lower average level of net debt outstanding were the primary reasons for the \$121 million decline.

Payment to Province

During 1996/97, B.C. Hydro paid a dividend to the province of \$279 million, compared to \$115 million in the previous year. The higher dividend was due to the increase in B.C. Hydro's net income and an amendment to the directive which defines the calculation of the dividend payment to the province for the years 1996/97, 1997/98 and 1998/99. The amendment requires the annual dividend to be based on 85 per cent of distributable surplus, and supercedes the allowed return on equity formula that was used in previous years.

Capital Expenditures

Capital expenditures totalled \$328 million, compared to \$364 million in 1995/96. This included expenditures to expand and improve the distribution system to serve customer growth, and for upgrades to substation, transmission line, control and communications, and generation systems.

British Columbia Railway Company

British Columbia Railway Company (BC Rail), Canada's third largest railway, operates 2,314 kilometres of mainline track and 638 kilometres of industrial and yard track and sidings throughout British Columbia (see Map 4.1, Chapter 4). Connections at North Vancouver, Prince George and Dawson Creek provide the railway with access to the North American railway network. Deep-sea bulk-loading facilities are located at North Vancouver (Vancouver Wharves) and Squamish, and a separate 37-kilometre rail line connects transcontinental rail carriers to Roberts Bank, a port facility for coal mines in southeastern British Columbia and Alberta.

In addition to rail operations and deep-sea terminal facilities, BC Rail has a diversified revenue base which includes a real estate development company (BCR Properties), a telecommunications firm (Westel Telecommunications), and a joint venture management company (BCR Ventures). Nearly 44,000 acres of land and approximately 500 leases are administered by BCR Properties. Westel Telecommunications provides voice data and video image services to businesses and residences throughout British Columbia over 2,000 kilometres of communication lines. BCR Ventures was created in early 1996 to develop new rail traffic through joint ventures in resource development projects along the BC Rail system.

Although publicly owned, BC Rail operates as a commercial entity and competes in the private sector with other railways, trucking firms, land developers, port operators and telecommunications companies.

Operations

Details of consolidated operating results of BC Rail are shown in Table 7.2. Operating revenues for 1996 were \$419 million, a 1.5 per cent decrease from the previous year. Operating expenses totalled \$349 million, a 1.6 per cent increase from 1995. Net income for the year was \$36 million, down from \$47 million in 1995. A \$4 million dividend was declared payable to the provincial government in March 1997, in respect of the 1996 operating year.

Table 7.2 British Columbia Railway Company Consolidated Summary Income Statement and Operating Data

Fiscal year ended December 31,	1996	1995	Change 1995-1996
	(\$ thousands)	(\$ thousands)	(per cent)
Operating revenue	418,669	425,121	-1.5
Operating expense	348,565	343,045	1.6
Operating income	70,104	82,076	-14.6
Interest	(27,200)	(28,740)	-5.4
Income and capital taxes	(6,607)	(6,634)	-0.4
Net income	36,297	46,702	-22.3
Number of carloadings	202,816	221,371	-8.4
Tons hauled	16,893,000	17,977,000	-6.0
Employees at year end	2,340	2,480	-5.6
Revenue per main track kilometre	181	184	-1.6

Source: British Columbia Railway Company.

Although BC Rail continues to diversify its revenue base, rail freight continues to be the company's core business. Revenues are derived from transporting the following commodities, shown as a percentage of total revenue tonnage:

Coal	35 per cent
Wood chips	15 per cent
Lumber	13 per cent
Miscellaneous forest products	11 per cent
Pulp	9 per cent
Other	17 per cent

Capital Expenditure

In 1996, BC Rail committed \$135 million to plant and equipment investment to improve customer service, employee productivity and safety. Expenditures included track and road bed improvements, the purchase of new railcars and upgrading of existing railcars to meet customer requirements, terminal improvements at Vancouver Wharves, and completion of an office building in Prince George.

1996 Highlights

BC Rail's net income of \$36 million represented the 16th year of profitability for the company out of the last 17 years of operation. Management initiatives implemented by each subsidiary during the year focused on customer service and revenue diversification.

All of BC Rail's operating companies compete in an environment driven by market forces and a strong commercial ethic. However, in contrast to privately-owned enterprises, economic benefits from BC Rail's activities flow directly or indirectly back to the province in the form of dividend payments, stable employment and local purchases of goods and services. In addition to paying dividends, BC Rail spent more than \$419 million in British Columbia in 1996 — \$233 million in purchases of goods and services and engineering contracts; \$152 million in payroll and pension payments; and \$34 million in provincial taxes. The company also undertook \$20 million in construction projects during the year.

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1996 marked the completion of BC Rail's first strategic five-year plan. Major accomplishments in the initial five-year plan included diversification into real estate, wharfage and telecommunications services. Plan 2001, a new five-year plan, has the following key goals:

- increase revenues and market share through service improvements and strategic pricing initiatives;
- continue to increase productivity and operate as cost-effectively as possible; and
- pro-actively develop new rail traffic through joint venture initiatives.

Insurance Corporation of British Columbia

The Insurance Corporation of British Columbia (ICBC) was established in 1973 under the *Insurance Corporation Act* to administer Autoplan, a compulsory automobile insurance program. Under Autoplan, all licensed motor vehicle owners in the province are required to buy basic insurance which includes accident benefits, third party legal liability protection and under-insured motorist protection. ICBC also offers motorists extended third party legal liability and other optional coverage in competition with private sector insurance carriers.

ICBC operates on a non-profit basis. Insurance premiums are collected from over two million motorists and the money is invested to generate revenue to help pay for insurance claims. Government policy requires that motorist premiums cover the cost of claims incurred. During 1996/97, the provincial government enacted legislation which freezes basic car and truck insurance rates from January 1, 1996 to December 31, 1997.

Table 7.3 Insurance Corporation of British Columbia Operating Data

Fiscal year ended December 31,	1996	1995 ¹	Change 1995-1996
	(\$ thousands)	(\$ thousands)	(per cent)
Revenue			
Premium income	2,276,566	2,253,161	1.0
Investment income	348,498	315,122	10.6
	<u>2,625,064</u>	<u>2,568,283</u>	2.2
Claims and expenses			
Claims incurred	2,125,476	1,967,308	8.0
Other expenses	634,465	538,721	17.8
	<u>2,759,941</u>	<u>2,506,029</u>	10.1
Net income (loss)	<u>(134,877)</u>	<u>62,254</u>	—
Vehicle policies	2,452,000	2,390,000	2.6
Average premium	\$890	\$917	-2.9
Number of reported claims for policy year	949,000	849,000	11.8
Unpaid claims	3,666,052	3,387,968	8.2
Average number of employees ²	4,160	3,923	6.0
Investments at year end	(\$ thousands) 4,927,785	4,582,717	7.5
Total assets	(\$ thousands) 5,306,572	4,962,905	6.9
Rate stabilization reserve fund	(\$ thousands) 210,304	345,181	-39.1

¹ Some of the statistics for the prior year have been restated to conform with current practices.

² Average number of employees for 1996 include 95 employees of the Motor Vehicle Branch transferred from the Ministry of Transportation and Highways on November 18, 1996. If these employees had been included for the entire year, the average number of employees for 1996 would have been 4,510.

Source: Insurance Corporation of British Columbia.

Responsibility for most of the operations of the Motor Vehicle Branch in the Ministry of Transportation and Highways, and a portion of motor vehicle licence revenue, were transferred to ICBC in 1996. The corporation now administers vehicle licensing and registration, and issues drivers' licences.

ICBC supported numerous traffic safety initiatives during the year, including the implementation of photo radar cameras; development of the administrative driving prohibition and vehicle impoundment programs; continued funding of enhanced speed corridor enforcement activities; expanded support for the drinking driving *CounterAttack* program; and municipal assistance for intersection and roadway improvements. ICBC also supported expanded fine collection measures and the introduction of a state-of-the-art digitized photo driver's licence system.

Operations

ICBC reported net loss of \$135 million from its operations in 1996, compared to a net profit of \$62 million in the previous year. The main reasons for the loss were higher-than-expected claim costs due to adverse weather conditions, increased litigation costs and larger court awards.

ICBC sold 2.5 million Autoplan policies, and generated \$2.3 billion in premium income in 1996. Premium revenues are invested until money is required to make claim payments. In 1996, investment income totalled \$349 million, or \$142 per insurance policy. The number of claims reported during 1996 was 949,000, an increase of 11.8 per cent from 1995. The cost of settling claims increased by 8 per cent to \$2.1 billion.

Liquor Distribution Branch

The Liquor Distribution Branch (LDB) manages the distribution of alcoholic beverages in British Columbia in accordance with the *Liquor Distribution Act*. LDB's corporate objectives are to provide a high level of customer service, meet provincial government revenue targets, provide suppliers with controlled and fair access to the marketplace, foster a healthy business environment for the province's alcohol beverage industry, and encourage responsible and moderate use of alcohol.

Table 7.4 Liquor Distribution Branch Summary Income Statement

Fiscal year ended March 31,	1997	1996	Change 1996-1997
	(\$ millions)	(\$ millions)	(per cent)
Sales	1,539.7	1,498.1	2.8
Less discounts and commissions	40.0	38.6	3.6
Net sales	1,499.7	1,459.5	2.8
Cost of merchandise sold	751.9	733.1	2.6
Gross margin	747.8	726.4	2.9
Operating expenses	164.0	162.0	1.2
	583.8	564.4	3.4
Other income	3.3	3.1	6.5
Net income	587.1	567.5	3.5

Source: Liquor Distribution Branch.

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At March 31, 1997, there were 222 government liquor stores (up from 220 in the previous fiscal year), and 142 rural agency stores. Rural agency stores are located in premises that may also sell non-alcoholic products. During 1996/97, the value of LDB retail sales increased 2.8 per cent to \$1.5 billion, and net income increased by 3.5 per cent to \$587 million (see Table 7.4).

British Columbia
Lottery Corporation

The British Columbia Lottery Corporation has responsibility for the conduct and management of lottery games within British Columbia, and cooperates with other provinces in the conduct and marketing of nation-wide games. The corporation has its headquarters in Kamloops and employs over 350 people throughout the province.

The corporation offers nine lottery games, seven of which are conducted solely by the corporation. The remaining two are a joint undertaking with the Interprovincial Lottery Corporation. The corporation's products are available through a network of licensed retailers throughout British Columbia.

Table 7.5 British Columbia Lottery Corporation Summary Income Statement

Fiscal year ended March 31,	1997	1996	Change 1996-1997
	(\$ millions)	(\$ millions)	(per cent)
Sales	867.5	797.0	8.8
Direct expenses			
Prizes	456.5	416.7	9.6
Retailer commissions	57.6	54.4	5.9
Ticket printing and bingo paper	15.7	15.6	0.6
Sales less direct expenses	<u>337.7</u>	<u>310.3</u>	8.8
Operating expenses			
Administrative expenses	52.8	52.8	—
Amortization	5.7	3.3	72.7
Interest and other income	(5.2)	(6.4)	-18.8
Goods and services tax	11.5	10.0	15.0
	<u>64.8</u>	<u>59.7</u>	8.5
Net income	<u>272.9</u>	<u>250.6</u>	8.9
Distribution of net income			
Government of Canada	6.7	6.5	3.1
Province of British Columbia	<u>266.2</u>	<u>244.1</u>	9.1
	<u>272.9</u>	<u>250.6</u>	8.9

Source: British Columbia Lottery Corporation.

Operations

The corporation's sales increased 8.8 per cent to \$867 million in 1996/97, mainly due to large *Lotto 649* jackpots and the introduction of *Club Keno*. Prizes paid to lottery players increased 9.6 per cent to \$456 million. Net income to the provincial government was \$266 million, an increase of 9.1 per cent. Details of operating results are given in Table 7.5.

Columbia Power Corporation

Columbia Power Corporation (CPC) is wholly owned by the province of British Columbia. It was established under the *Company Act* in April 1994 to administer hydroelectric assets and resources acquired from Cominco Ltd. CPC received the rights to expand the electricity-generating capacity at Cominco's Brilliant and Waneta dams. CPC will also acquire, for resale, seasonal surplus power in the amount of 250 gigawatt hours per year from Cominco Ltd. until December 31, 1998. CPC will represent the province in joint ventures with the Columbia Basin Trust to undertake power projects with respect to the Columbia Basin Accord (see Chapter 6 for more information on the accord).

In May 1996, CPC and the Columbia Basin Trust jointly purchased the Brilliant Dam and generating station from Cominco. Additional power project investment opportunities are currently being pursued.

Economic Development Crown Corporations

BC Transportation Financing Authority

The BC Transportation Financing Authority (BCTFA) was established in 1993 by the *Build BC Act* to coordinate, plan, finance, build and maintain transportation infrastructure in British Columbia. BCTFA works with provincial government ministries and transportation Crown corporations and agencies to ensure that transportation investments meet the province's priority needs. BCTFA also works with local governments to develop regional and corridor transportation and land-use strategies.

BCTFA looks for ways to improve the transportation system through more efficient use of existing infrastructure and the construction of new transportation systems. The authority develops a capital plan that sets provincial priorities for investment in new highway infrastructure. Projects undertaken are managed by the Ministry of Transportation and Highways on BCTFA's behalf, or by the private sector in partnership with BCTFA. The ministry recovers its capital costs from BCTFA.

BCTFA services the capitalized debt of these projects through a one-cent-per-litre surcharge on gasoline and motor fuel (increased to two cents per litre effective April 1, 1997) and a \$1.50-per-day surcharge on car rentals. During 1996/97, this revenue amounted to \$62 million, up slightly from the previous year (see Table 7.6). Investment revenue is generated from cash reserves and through partnerships with public agencies and the private sector. During 1996/97, the BCTFA invested \$358 million in transportation infrastructure.

Major activities of BCTFA in 1996/97 included:

- continued development of multi-modal transportation plans for the Lower Mainland and the Okanagan Valley;
- the evaluation of highway project proposals using multiple account evaluation, and the development and adoption of a highways capital plan setting out priorities for a five-year period;
- financing and monitoring of highway capital expenditures, including the Vancouver Island Highway project, Lower Mainland traffic congestion relief projects, and highway improvements throughout the province;

Table 7.6 BC Transportation Financing Authority Consolidated Statement of Income¹

Fiscal year ended March 31,	1997	1996	Change 1996-1997
	(\$ thousands)	(\$ thousands)	(per cent)
Revenue:			
Dedicated revenue ²	62,516	62,277	0.4
Other ³	37,014	31,878	16.1
	<u>99,530</u>	<u>94,155</u>	5.7
Expenditures: ⁴			
Operations and administration ⁵	56,631	52,221	8.4
Grant Program ⁶	3,953	2,006	97.1
Amortization	4,240	1,782	137.9
Interest ⁷	9,420	3,447	173.3
	<u>74,244</u>	<u>59,456</u>	24.9
Net income	<u>25,286</u>	<u>34,699</u>	-27.1

¹ This statement includes results of Highway Constructors Ltd. (HCL), a wholly-owned subsidiary responsible for administering employment and training on the Vancouver Island Highway Project.

² Dedicated revenue includes one cent per litre of motor fuel tax and a \$1.50 per day sales tax on car rentals.

³ Includes investment revenue net of related interest expense and revenue from HCL.

⁴ During the year, the authority undertook \$358 million of transportation/infrastructure projects. These capital expenditures are accounted for in the authority's balance sheet. Completed infrastructure is amortized on a straight-line basis over its estimated useful life, generally 30 years.

⁵ Includes \$16.5 million (\$17.1 million in 1996) paid to the Ministry of Transportation and Highways for general operating expenses that were not specifically attributable to individual capital construction projects.

⁶ During the year, grants of \$4 million were paid under the Air Transport Assistance Program, the Cycling Network Program and the Alternative Transportation Program.

⁷ Interest on borrowing used to finance construction work in progress is capitalized. Upon project completion, interest capitalization ceases, and related borrowing costs are expensed.

Source: BC Transportation Financing Authority.

- continuing direction of Highway Constructors Ltd., a wholly-owned subsidiary, in its mandate to hire local workers and promote safety for the Vancouver Island Highway project, to provide employment opportunities for people from traditionally disadvantaged groups, and to expand its operations to all provincial highway projects valued at more than \$50 million;
- completion of transportation infrastructure for the Quinsam coal mine near Campbell River;
- provision of grants through the Air Transport Assistance Program to 14 local airport improvement projects; and
- provision of grants, cost-shared with municipalities through the Cycling Network Program, to 19 communities.

British Columbia
Transit

British Columbia Transit (BC Transit) was established in 1978 to ensure a uniform provincial policy for urban transit. As well as providing transit services in the regions of Vancouver and Victoria, the corporation operates in 47 other communities throughout the province.

BC Transit manages a provincial fleet of 2,000 vehicles, including 150 SkyTrain cars, 28 commuter rail cars, two SeaBus ferries, and numerous other physical assets, such as transit exchanges, garages and park & ride facilities. BC Transit also funds transportation for persons with disabilities who are unable to use conventional public transit vehicles. This custom transit service, known as handyDART, serves many communities throughout the province.

Transit systems are financed through direct operating revenues from fares and advertising, and a funding formula specifying the shares of operating costs to be covered by the provincial and municipal governments. In Greater Vancouver and Victoria, municipal government contributions may be raised through a combination of property taxes, electrical power levies and gasoline taxes. In the rest of the province, municipal government contributions come from general municipal revenues.

Rapid Transit

BC Transit has overall responsibility for the construction and operation of both light and heavy rail transit systems. In November 1995, BC Transit introduced *West Coast Express*, a commuter rail service for residents of the Lower Mainland. *West Coast Express* runs along 65 kilometres of track between Mission and downtown Vancouver, stopping at eight stations. Five trains, each consisting of five cars, run westbound to downtown Vancouver in the morning rush hour and eastbound to Mission in the afternoon rush period. BC Transit, in cooperation with CP Rail Systems, is responsible for the commuter rail infrastructure and its operations.

SkyTrain, the province's automated light rapid transit system, runs from Waterfront Station in downtown Vancouver to King George Station in Surrey City Centre. In January 1996, SkyTrain's tenth anniversary of service was coupled with the official introduction of 20 new cars, bringing the SkyTrain fleet to 150 fully-automated vehicles.

In 1996/97, BC Transit introduced express bus service on selected routes in the Vancouver region. The corporation will begin work on planned Rapid Bus and Light Rail routes in the near future.

Table 7.7 British Columbia Transit Statement of Operating Expenditures and Recoveries

Fiscal year ended March 31,	1997	1996	Change 1996-1997
	(\$ thousands)	(\$ thousands)	(per cent)
Expenditures			
Transit operations	354,036	325,978	8.6
Administration	53,293	53,480	-0.3
Property leases and taxes	9,909	9,548	3.8
Depreciation and amortization	59,763	61,149	-2.3
Debt servicing ¹	165,810	161,534	2.6
	<u>642,811³</u>	<u>611,689</u>	5.1
Recoveries			
Contributions from the provincial government	281,369	270,887	3.9
Contributions from municipalities	140,141	130,341	7.5
Operating and investment revenue	216,763	205,150	5.7
Other ²	3,738	4,311	-13.3
	<u>642,011³</u>	<u>610,689</u>	5.1

¹ Includes obligations under capital leases.

² Includes the portion of net expenditure which relates to depreciation for contributed assets.

³ The difference is funded through a \$0.8 million dividend (\$1 million in 1995/96) declared by BC Transit's subsidiary, BC Transit Captive Insurance Company.

Source: British Columbia Transit.

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<i>Operations</i>	<p>During 1996/97, BC Transit's total ridership was 153 million passengers, an increase of 3.9 per cent from the previous year. Total expenditures increased 5.1 per cent to \$643 million. These expenditures were partly funded through provincial government contributions of \$281 million and municipal government contributions of \$140 million, with the remainder coming from operating revenues (see Table 7.7).</p>
<i>Ten-Year Plan</i>	<p>BC Transit's 10-year transit development plan is designed to meet transit service requirements over the next decade, and is based on three main goals — to increase the number and proportion of people who use public transit; to shape urban growth and help reduce sprawl; and to ensure that people are well-served by transit, especially those who do not have cars or have difficulty getting around. The plan provides for transit route expansions and improvements, and for the development of a more effective transit system in Greater Vancouver and other regions of the province.</p>
British Columbia Ferry Corporation	<p>The British Columbia Ferry Corporation (BC Ferries) commenced operations on January 1, 1977. The ferry system it operates originally started in 1960 when the provincial government opened frequent ferry service between the Lower Mainland and Vancouver Island with two vessels and 225 employees. BC Ferries now has a fleet of 40 vessels, with another one under construction, and it has 2,900 permanent employees and 1,700 casual workers. The ferry system, one of the largest in the world, operates on 26 routes and includes 43 marine terminals plus seven other sites.</p> <p>BC Ferries is an integral part of British Columbia's coastal transportation system, linking many small islands in the Strait of Georgia to either Vancouver Island or to the Lower Mainland, and connecting Vancouver Island to the Lower Mainland with three separate routes. Service is also provided from Prince Rupert, on British Columbia's north coast, to the Queen Charlotte Islands (Haida Gwaii) and to the northern end of Vancouver Island.</p> <p>The ferry system is operated as a single corporate entity. Catamaran Ferries International Inc. (CFI) is a wholly-owned subsidiary of BC Ferries that commenced operations in April 1996 for the purpose of constructing high-speed ferries for the corporation, and for sale in the international market.</p>
<i>Operations</i>	<p>During 1996/97, revenue decreased 2.9 per cent to \$360 million, while operating expenses rose 3.8 per cent to \$389 million. The decrease in revenue was mainly due to a decline in traffic and passenger volumes. Operating expenses increased due to higher fuel costs, implementation of a new mid-coast service, maintenance costs related to completed capital expansion over the last several years, and one-time charges to salaries, wages and benefits that do not affect on-going labour costs. Amortization costs rose 6.1 per cent as new assets were placed into service. The corporation reported a net loss of \$77 million for the year (including \$9 million for training and infrastructure costs related to the high-speed ferry program, and CFI's operating loss of \$1 million).</p>

Table 7.8 British Columbia Ferry Corporation Summary Income Statement and Operating Data

Fiscal year ended March 31,	1997	1996 ¹	Change 1996-1997
	(\$ millions)	(\$ millions)	(per cent)
Operating revenue	360.3	371.2	-2.9
Operating expense	388.8	374.6	3.8
Amortization	38.3	36.1	6.1
Catamaran Ferries International Inc. loss and investment in training and infrastructure	9.7	—	—
Net income (loss)	<u>(76.5)</u>	<u>(39.5)</u>	93.7
Provincial/Federal contribution	26.5	30.7	-13.7
Asset additions	132.4	60.3	119.6
Traffic			
Vehicles	8,163	8,304	-1.7
Passengers	22,269	22,512	-1.1
Capacity utilization (annual average)			
Vehicles	53%	53%	
Passengers	31%	31%	

¹ Certain figures for 1996 have been restated to conform with the presentation used in 1997.
Source: British Columbia Ferry Corporation.

Ten-Year Capital Plan

In June 1994, the provincial government announced a ten-year capital plan for the corporation which featured a new mid-Vancouver Island terminal at Duke Point near Nanaimo; construction of high-speed vehicle and passenger ferries for the Nanaimo-Horseshoe Bay route; new ferries to replace aging vessels including the *Queen of Prince Rupert* on the northern routes and the *Queen of Sidney* on the Comox-Powell River run; a comprehensive vessel and terminal rehabilitation and maintenance program; and upgrading of terminal facilities at Tsawwassen, Swartz Bay, Horseshoe Bay and Departure Bay.

Major capital plan projects completed to date include the Duke Point terminal (June 1997) and the first century-class vessel, the *Skeena Queen* (launched January 1997 and commenced service in May 1997).

Victoria Line Limited

Victoria Line Limited (VLL) operated a car and passenger cruise ferry, the *Royal Victorian*, between Seattle and Victoria from May through October. The ferry service was sold to Clipper Navigation Inc. of Seattle in March 1997. Clipper Navigation will lease the ferry and other operational assets of VLL for three to five years. The company will have the option to buy the assets after three years.

Forest Renewal BC

In June 1994, Forest Renewal BC (FRBC) was established as a Crown corporation responsible for planning and implementing a program of investments to renew British Columbia's forest economy. Investment programs include enhancing the productive capacity and environmental value of forests, creating jobs and providing training for forest workers, and strengthening local communities that depend on the forest industry.

Table 7.9 Forest Renewal BC Statement of Operations and Equity

Fiscal year ended March 31,	1997	1996	Change 1996-1997
	(\$ thousands)	(\$ thousands)	(per cent)
Revenues			
Statutory Forest Revenue	485,328	451,679	7.4
Investment Income	35,568	30,557	16.4
	<u>520,896</u>	<u>482,236</u>	8.0
Expenditures			
Project Expenditures	395,486	145,203	172.4
General Administration	8,367	6,232	34.3
Salaries, Wages and Benefits	8,148	4,773	70.7
Professional Services	3,173	1,764	79.9
Board Fees and Expenses	356	416	-14.4
	<u>415,530</u>	<u>158,388</u>	162.3
Net Revenue	<u>105,366</u>	<u>323,848</u>	-67.5
Equity, Beginning of Year	<u>745,746</u>	<u>421,898</u>	76.8
Equity, End of Year	<u>851,112</u>	<u>745,746</u>	14.1

Source: Forest Renewal BC.

The corporation is governed by an 18-member board of directors representing a partnership of forest companies, forest workers, environmental groups, First Nations, communities and government. Regional offices have been established in Campbell River, Cranbrook, Kamloops, Prince George, Smithers and Williams Lake.

FRBC takes some of the stumpage revenues paid by forest companies to harvest timber on Crown land, and invests it back into the land, forests, forest workers and communities that rely on the forests for their economic wellbeing. The corporation is entitled to 80 per cent of the incremental revenue attributable to changes in stumpage fee rates which were implemented on April 30, 1994. In 1996/97 stumpage revenue amounted to \$485 million.

FRBC makes investments under five key activity areas — land and resources, environment, workforce, communities, and value added. FRBC invests in programs and projects that would not otherwise be undertaken by government or the private sector. The corporation's guiding investment principles include community stability, environmental and economic sustainability, job creation, ecological integrity, regional equity and sensitivity, broad stakeholder involvement, and First Nations participation.

In 1996/97, Forest Renewal BC invested \$395 million in programs and projects throughout the province. The corporation has established a \$400-million program continuity fund to ensure that funds remain available for program commitments during years when revenue falls below existing or planned expenditure levels.

Okanagan Valley Tree
Fruit Authority

The Okanagan Valley Tree Fruit Authority was established as a Crown corporation under the *Okanagan Valley Tree Fruit Authority Act* of 1990, to provide leadership and financial assistance for the revitalization of the interior tree fruit industry.

During 1996/97, the authority had revenue of \$3.2 million which included a \$2.9 million contribution from the British Columbia government. The authority spent \$6 million during the year, with \$2.7 million of the total used for orchard renovation programs, and \$2.2 million for income stabilization education and training.

Approximately 1,000 acres of orchard land will be replanted in 1997, the highest total to date. Replanting under the program will increase current farm gate revenues from \$50 million in 1995 to an estimated \$77 million per year by the end of the decade. When all of the replanted acreage comes into production, farm gate revenue is expected to increase to \$85 million per year.

B.C. Pavilion
Corporation

The B.C. Pavilion Corporation is responsible for operating and managing B.C. Place Stadium, the Vancouver Trade and Convention Centre, the Robson Square Conference Centre, the Bridge Studios, and Tradex — a convention and trade show facility located in the Fraser Valley.

Fiscal 1996/97 was the corporation's best operating year as it recorded a funding requirement for operations of \$1.3 million. Revenues were \$27 million, a 2.3 per cent increase from the previous year. Event costs were \$12.8 million, leaving a gross margin of \$14.1 million. Facility expenses were \$19.5 million, including \$0.8 million for site preparation and remediation costs at Bridge Studios. The provincial government provided an operating subsidy of \$1.3 million, and an additional \$3.4 million for capital asset additions.

Pacific National
Exhibition

The Pacific National Exhibition (PNE) is a Crown corporation responsible for the management of an annual fair. The PNE also operates the Playland Amusement Park, and plans future exhibits and events related to the development of agriculture, other industries in Canada and community development interests.

During 1996/97, revenue from operations amounted to \$30.4 million while expenditures totalled \$34.9 million. More than one million people attended the 1996 fair.

Social and Government Services Crown Corporations and Agencies

British Columbia
Buildings Corporation

The British Columbia Buildings Corporation (BCBC) was established in 1977 to provide accommodation and real estate services to the provincial government. BCBC raises operating funds by charging government ministries rent for office space, based on equivalent rates in the commercial market. In 1996/97, 88 per cent of the corporation's revenue was received from government ministries.

Net income for 1996/97 was \$39.4 million, up 18.3 per cent from 1995/96. Revenues increased 1.8 per cent to \$424 million, while expenses increased

1 per cent to \$329 million. This allowed BCBC to issue a dividend of \$10 million to the provincial government.

As specified in its strategic plan, BCBC is continuing efforts to minimize costs and to identify targets for reducing accommodation costs to government. These targets will be met via several strategies, including the uses of innovative solutions such as alternative:

- workplace strategies (e.g. satellite offices, virtual offices, hotelling and non-territorial offices);

Table 7.10 British Columbia Buildings Corporation Summary Income Statement

Fiscal year ended March 31,	1997	1996 ¹	Change 1996-1997
	(\$ millions)	(\$ millions)	(per cent)
Revenue			
Rentals	391.1	365.7	6.9
Other income	25.6	36.0	-28.9
Gains on sale of properties	7.3	14.8	-50.7
	<u>424.0</u>	<u>416.5</u>	1.8
Expenses			
Lease costs	135.5	125.0	8.4
Operation and maintenance	85.3	92.4	-7.7
Amortization	48.0	43.9	9.3
Client requested projects	17.7	24.0	-26.3
Property taxes and grants	16.6	15.0	10.7
Energy	16.4	15.9	3.1
General and administration	9.8	9.9	-1.0
	<u>329.3</u>	<u>326.1</u>	1.0
Net income before interest	94.7	90.4	4.8
Interest expense	(55.3)	(57.1)	-3.2
Net income	<u>39.4</u>	<u>33.3</u>	18.3

¹ Certain figures for 1996 have been restated to conform with the presentation used for 1997.
Source: British Columbia Buildings Corporation.

- procurement methods in project delivery; and
- financing solutions, such as joint ventures and public/private partnerships, to reduce capital requirements.

British Columbia
Assessment Authority

The British Columbia Assessment Authority (BC Assessment) is an independent, publicly funded corporation with responsibility for establishing and maintaining real property assessments throughout British Columbia according to the *Assessment Act*. For the year ended December 31, 1996, BC Assessment received \$59.7 million in revenue, primarily through levies on all taxable properties. The levies are collected on behalf of the authority by municipalities and the Ministry of Finance and Corporate Relations through annual property tax notices. Chapter 5 provides more information on the authority.

Provincial Rental Housing Corporation	The Provincial Rental Housing Corporation was incorporated under the <i>Company Act</i> in 1961, and holds property for social and other low cost housing on behalf of the government. The subsidized rental housing units of the corporation are managed and operated by the British Columbia Housing Management Commission, which records the related rental revenue and is responsible for all of the operating and administrative activities and related costs. At March 31, 1997, the corporation had a net investment of \$287 million in these rental properties.
British Columbia Housing Management Commission	<p>Established in 1967, the British Columbia Housing Management Commission (BCHMC) is responsible for developing new social housing under the province's Homes BC program, and for administering a variety of other federal/provincial housing programs. BCHMC manages the public housing stock and administers agreements relating to units managed by non-profit societies. The commission ensures that provincial housing policy is reflected in its programs and that services are provided in a cost effective manner.</p> <p>During 1996/97, BCHMC was responsible for managing 7,932 subsidized rental units on which rents are calculated at 30 per cent of tenants' incomes. Similar rent supplements were available for tenants of 26,100 eligible non-profit and designated private-sector housing units, including 3,810 units of special needs housing. In addition, the commission provided operating and interest subsidies for a further 2,513 units. In March 1997, BCHMC assumed responsibility for the Shelter Aid for Elderly Renters (SAFER) program from the provincial government. In 1996/97, contributions to the commission from the provincial government amounted to \$63 million, while the Canada Mortgage and Housing Corporation contributed \$73 million.</p>
Provincial Capital Commission	The Provincial Capital Commission helps protect and enhance the amenity values of the Capital Improvement District, which includes the City of Victoria, the municipalities of Esquimalt and Oak Bay, the Saanich Peninsula and the Western Communities. The commission also operates the Crystal Garden in downtown Victoria. Since 1956, the commission has undertaken over 150 community enhancement projects.
British Columbia School Districts Capital Financing Authority	As the borrowing agency for the capital funding requirements of public school districts, this authority raised \$401 million in the 1996/97 fiscal year. At March 31, 1997, it had \$2.8 billion in net debt outstanding, consisting of \$0.3 billion in guaranteed debt and \$2.5 billion in fiscal agency debt.
British Columbia Educational Institutions Capital Financing Authority	This authority is the borrowing agency for the capital funding requirements of universities, colleges and provincial institutes. The authority borrowed \$198 million in 1996/97. At March 31, 1997, it had \$1.3 billion in net debt outstanding, consisting of \$0.1 billion in guaranteed debt and \$1.2 billion in fiscal agency debt.
British Columbia Regional Hospital Districts Financing Authority	As the borrowing agency for the capital funding requirements of regional hospital districts, this authority raised \$143 million in 1996/97. At March 31, 1997, it had \$1.4 billion in net debt outstanding, consisting of \$0.3 billion in guaranteed debt and \$1.1 billion in fiscal agency debt.

Appendices



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Appendix 1: Economic Review

Table A1.1 Components of British Columbia Population Change

Year	Net Migration			Net N.P.R. ¹	Returning Canadians ²	Natural Increase			Total Population Increase ³	Population — End of Period (December 31) ³
	Interprovincial	International	Total			Births	Deaths	Total		
1975.....	(2,864)	19,745	16,881	796	4,801	36,281	19,151	17,130	41,645	2,531,500
1976.....	(1,490)	11,820	10,330	(320)	4,788	35,848	18,788	17,060	32,130	2,563,600
1977.....	15,507	7,134	22,641	(217)	4,307	36,691	18,596	18,095	43,837	2,607,500
1978.....	20,698	3,756	24,454	(317)	4,260	37,231	19,058	18,173	45,581	2,653,100
1979.....	33,241	9,151	42,392	791	4,070	38,432	19,204	19,228	65,492	2,718,500
1980.....	40,165	18,193	58,358	1,491	3,763	40,104	19,371	20,733	83,357	2,801,900
1981.....	21,565	15,516	37,081	3,268	3,352	41,474	19,857	21,617	65,256	2,867,200
1982.....	(2,019)	10,939	8,920	(649)	3,860	42,747	20,707	22,040	34,770	2,901,900
1983.....	4,029	6,376	10,405	545	3,682	42,919	19,827	23,092	38,323	2,940,300
1984.....	3,505	4,491	7,996	363	3,779	43,911	20,686	23,225	35,962	2,976,200
1985.....	(3,199)	3,649	450	1,775	3,933	43,127	21,302	21,825	28,582	3,004,800
1986.....	910	4,337	5,247	4,497	3,987	41,967	21,213	20,754	33,870	3,038,700
1987.....	17,618	12,023	29,641	5,848	3,729	41,814	21,814	20,000	57,733	3,096,400
1988.....	25,865	17,536	43,401	8,475	3,244	42,930	22,546	20,384	74,019	3,170,400
1989.....	37,367	19,324	56,691	8,986	3,216	43,769	22,997	20,772	88,180	3,258,600
1990.....	38,704	22,539	61,243	2,792	3,089	45,617	23,577	22,040	87,680	3,346,300
1991.....	34,572	25,130	59,702	(28)	3,304	45,612	23,977	21,635	84,613	3,430,275
1992.....	39,458	29,994	69,452	5,873	3,387	46,156	24,615	21,541	100,253	3,530,528
1993.....	37,455	38,904	76,359	(3,451)	3,343	46,026	25,764	20,262	96,513	3,627,041
1994.....	33,354	42,104	75,458	(5,690)	3,406	46,998	25,939	21,059	94,233	3,721,274
1995.....	24,023	36,872	60,895	13,479	3,426	47,640	27,215	20,425	98,225	3,819,499
1996.....	21,150	42,735	63,885	(4,854)	3,447	47,825	27,255	20,570	83,048	3,902,547

¹ Net N.P.R. is the net change in non-permanent residents, which includes persons residing temporarily in Canada who hold a student, work, or minister's permit, or who are refugee claimants.

² Returning Canadians are Canadians who emigrated from Canada in the past, and who are returning with the intention of once again becoming permanent residents.

³ Components may not add to totals due to the revision of population statistics based on information collected during subsequent census years. The revisions are not distributed back to relevant components due to insufficient data.

Source: Statistics Canada.

Table A1.2 Summary of Economic Activity for British Columbia

	Units	1985	1986	1987
Annual aggregate indicators				
Population ¹	(thousands)	2,990.0	3,020.4	3,064.6
Nominal gross domestic product (at market prices).....	(\$ millions)	52,781	55,527	62,073
Personal income.....	(\$ millions)	46,681	48,876	52,772
Capital investment.....	(\$ millions)	10,189	9,576	10,781
Business incorporations.....	(number)	15,578	17,064	18,691
Labour statistics				
Labour force.....	(thousands)	1,512	1,548	1,579
Employment.....	(thousands)	1,297	1,354	1,390
Unemployment rate.....	(per cent)	14.2	12.5	12.0
Prices and earnings				
Consumer price index (British Columbia).....	(1986=100)	97.1	100.0	103.0
Consumer price index (Vancouver).....	(1986=100)	96.8	100.0	103.1
B.C. export commodity price index (Cdn. \$).....	(1986=100)	95.6	100.0	104.5
Average weekly earnings.....	(\$)	438.59	440.43	454.22
Wages and salaries.....	(\$ millions)	26,073	27,288	29,711
Financial indicators				
Prime rate.....	(per cent)	10.58	10.52	9.52
Canada/U.S. exchange rate.....	(U.S. cents)	73.25	71.97	75.41
Conventional (5-year) mortgage rate.....	(per cent)	12.18	11.22	11.14
Other indicators				
Manufacturing shipments.....	(\$ millions)	19,858	20,240	23,374
Retail sales ²	(\$ millions)	16,016	17,416	19,160
Housing starts.....	(number)	17,969	20,687	28,944
Non-residential building permits.....	(\$ millions)	812	912	999
Tourism GDP.....	(\$ millions)	2,186	2,520	2,643
High-tech GDP.....	(\$ millions)	n.a.	n.a.	n.a.
B.C. product exports.....	(\$ millions)	12,779	13,179	16,236
Commodity data				
Lumber production.....	(thousand m ³)	32,994	31,468	37,336
Log production (timber scaled).....	(thousand m ³)	76,869	77,503	90,592
Market pulp shipments.....	(000 tonnes)	3,298	3,628	4,136
Newsprint, other paper and paperboard production.....	(000 tonnes)	2,500	2,602	2,753
Petroleum and natural gas production.....	(\$ millions)	1,050	778	732
Coal production.....	(000 tonnes)	22,613	20,837	22,587
Solid mineral production.....	(\$ millions)	2,378	2,440	2,768
Electric power generated.....	(GW.h)	59,126	50,759	63,066
Farm cash receipts.....	(\$ millions)	1,061	1,104	1,120
Landed value of fish products.....	(\$ millions)	379	405	455

¹ As at July 1. Data take into account the adjustments for net census undercount and non-permanent residents.

² Historical retail sales include the old federal manufacturer's sales tax (FST); data for 1991 onwards does not include the GST.

All amounts shown are subject to revision.

Source: BC STATS, Ministry of Finance and Corporate Relations, based on federal, provincial and industry data.

Appendix 1: Economic Review

1988	1989	1990	1991	1992	1993	1994	1995	1996	Change 1995-1996
									(per cent)
3,128.2	3,209.2	3,300.1	3,379.8	3,476.9	3,574.6	3,670.8	3,762.9	3,855.1	2.5
68,571	74,808	78,790	81,453	86,698	91,228	98,555	101,945	103,631	1.7
58,235	64,975	71,797	74,947	78,284	81,910	85,610	89,730	91,970	2.5
12,710	15,925	17,202	17,216	17,368	18,006	20,403	19,227	18,571	-3.4
18,703	21,817	19,550	18,528	20,406	22,955	25,774	23,846	22,848	-4.2
1,611	1,676	1,704	1,762	1,809	1,845	1,913	1,935	1,982	2.4
1,444	1,524	1,561	1,585	1,619	1,666	1,733	1,762	1,806	2.5
10.3	9.1	8.4	10.0	10.5	9.7	9.4	9.0	8.9	-1.1
106.7	111.5	117.6	123.8	127.2	131.6	134.2	137.3	138.5	0.9
106.8	111.5	117.6	123.7	127.4	132.0	134.7	138.0	139.1	0.8
114.4	117.6	112.8	99.0	106.9	118.8	135.9	154.1	144.4	-6.3
464.44	494.93	512.04	531.80	545.89	558.18	577.92	594.69	607.54	2.2
32,591	36,457	39,768	41,132	43,131	45,089	47,282	49,338	51,126	3.6
10.83	13.33	14.06	9.94	7.48	5.94	6.88	8.65	6.06	-29.9
81.24	84.45	85.71	87.28	82.73	77.51	73.22	72.86	73.34	0.7
11.60	12.05	13.24	11.16	9.52	8.70	9.34	9.22	7.94	-13.9
25,516	26,596	25,329	23,259	24,852	27,143	31,048	34,169	32,916	-3.7
20,802	22,791	24,200	23,538	24,433	26,348	29,032	30,837	31,252	1.3
30,487	38,894	36,720	31,875	40,621	42,807	39,408	27,057	27,641	2.2
1,647	1,801	1,832	1,803	2,082	1,944	1,772	1,971	1,957	-0.7
2,816	3,054	3,276	3,398	3,464	3,592	3,918	4,143	n.a.	n.a.
1,083	1,245	1,441	1,447	1,571	1,822	1,979	2,415	n.a.	n.a.
17,830	18,334	16,648	15,215	16,353	19,016	22,834	26,911	25,682	-4.6
36,736	35,952	33,515	31,406	33,396	33,935	33,671	32,611	32,671	0.2
86,808	87,415	78,318	73,677	74,006	79,239	75,649	76,472	75,213	-1.6
4,141	4,189	3,547	4,014	3,825	4,040	4,763	4,572	4,390	-4.0
2,878	2,846	2,994	2,721	2,692	3,067	2,947	2,836	2,824	-0.4
735	783	897	834	884	1,084	1,203	1,036	1,304	25.9
24,813	25,134	24,366	24,848	18,094	20,629	22,580	24,350	26,179	7.5
3,224	3,180	2,971	2,755	2,537	2,347	2,677	3,437	3,095	-10.0
60,943	57,655	60,662	62,981	64,058	58,774	61,015	58,006	70,733	21.9
1,204	1,254	1,296	1,324	1,396	1,432	1,521	1,559	1,596	2.4
573	513	559	492	533	605	724	556	572	2.9

Table A1.3 British Columbia Nominal Gross Domestic Product by Industry (at factor cost)

Year	Agriculture	Fishing and Trapping	Forestry and Logging	Mining	Manufacturing	Construction	Utilities	Transportation Communication and Storage	Wholesale and Retail Trade	Finance Insurance and Real Estate	Community Business and Personal Services	Public Administration and Defence	Total
(\$ millions)													
1986	541	278	1,205	1,591	7,322	3,134	1,285	5,268	5,973	9,053	11,772	3,025	50,447
1987	623	318	1,516	1,777	8,759	3,480	1,495	5,652	6,650	10,307	12,498	3,059	56,131
1988	727	379	1,599	2,078	9,724	3,976	1,483	5,768	7,300	11,312	13,903	3,170	61,418
1989	593	336	1,622	1,848	9,832	4,987	1,557	5,940	8,116	12,832	15,587	3,465	66,714
1990	655	358	1,472	1,700	8,839	5,320	1,730	6,170	8,633	13,649	17,560	3,945	70,030
1991	665	331	1,303	1,642	8,338	5,394	1,933	6,519	8,860	15,127	18,732	4,159	73,002
1992	720	321	1,590	1,473	8,114	5,842	2,039	6,702	9,170	15,780	20,044	4,453	76,248
1993	757	362	1,995	1,592	9,124	5,915	1,961	6,895	10,074	16,854	20,857	4,606	80,993
1994	764	380	2,190	1,811	10,086	6,417	2,066	7,593	11,403	18,467	22,313	4,705	88,195
1995	758	235	2,328	1,881	11,137	6,073	2,016	8,010	11,784	19,375	23,807	4,643	92,047
1996	776	241	2,194	1,931	10,644	5,808	2,135	8,245	12,044	20,305	24,700	4,529	93,550

Growth Rate

Year	Agriculture	Fishing and Trapping	Forestry and Logging	Mining	Manufacturing	Construction	Utilities	Transportation Communication and Storage	Wholesale and Retail Trade	Finance Insurance and Real Estate	Community Business and Personal Services	Public Administration and Defence	Total
(per cent)													
1986	12.0	13.5	2.5	-13.1	14.3	-4.0	-13.7	7.4	7.8	6.4	9.4	4.2	6.2
1987	15.2	14.4	25.8	11.7	19.6	11.0	16.3	7.3	11.3	13.9	6.2	1.1	11.3
1988	16.7	19.2	5.5	16.9	11.0	14.3	-0.8	2.1	9.8	9.8	11.2	3.6	9.4
1989	-18.4	-11.3	1.4	-11.1	1.1	25.4	5.0	3.0	11.2	13.4	12.1	9.3	8.6
1990	10.5	6.5	-9.2	-8.0	-10.1	6.7	11.1	3.9	6.4	6.4	12.7	13.9	5.0
1991	1.5	-7.5	-11.5	-3.4	-5.7	1.4	11.7	5.7	2.6	10.8	6.7	5.4	4.2
1992	8.3	-3.0	22.0	-10.3	-2.7	8.3	5.5	2.8	3.5	4.3	7.0	7.1	4.4
1993	5.1	12.8	25.5	8.1	12.4	1.2	-3.8	2.9	9.9	6.8	4.1	3.4	6.2
1994	0.9	5.0	9.8	13.8	10.5	8.5	5.4	10.1	13.2	9.6	7.0	2.1	8.9
1995	-0.8	-38.2	6.3	3.9	10.4	-5.4	-2.4	5.5	3.3	4.9	6.7	-1.3	4.4
1996	2.4	2.6	-5.8	2.7	-4.4	-4.4	5.9	2.9	2.2	4.8	3.8	-2.5	1.6

Share

Year	Agriculture	Fishing and Trapping	Forestry and Logging	Mining	Manufacturing	Construction	Utilities	Transportation Communication and Storage	Wholesale and Retail Trade	Finance Insurance and Real Estate	Community Business and Personal Services	Public Administration and Defence	Total
(per cent)													
1986	1.1	0.6	2.4	3.2	14.5	6.2	2.5	10.4	11.8	17.9	23.3	6.0	100
1987	1.1	0.6	2.7	3.2	15.6	6.2	2.7	10.1	11.8	18.4	22.3	5.4	100
1988	1.2	0.6	2.6	3.4	15.8	6.5	2.4	9.4	11.9	18.4	22.6	5.2	100
1989	0.9	0.5	2.4	2.8	14.7	7.5	2.3	8.9	12.2	19.2	23.4	5.2	100
1990	0.9	0.5	2.1	2.4	12.6	7.6	2.5	8.8	12.3	19.5	25.1	5.6	100
1991	0.9	0.5	1.8	2.2	11.4	7.4	2.6	8.9	12.1	20.7	25.7	5.7	100
1992	0.9	0.4	2.1	1.9	10.6	7.7	2.7	8.8	12.0	20.7	26.3	5.8	100
1993	0.9	0.4	2.5	2.0	11.3	7.3	2.4	8.5	12.4	20.8	25.8	5.7	100
1994	0.9	0.4	2.5	2.1	11.4	7.3	2.3	8.6	12.9	20.9	25.3	5.3	100
1995	0.8	0.3	2.5	2.0	12.1	6.6	2.2	8.7	12.8	21.0	25.9	5.0	100
1996	0.8	0.3	2.3	2.1	11.4	6.2	2.3	8.8	12.9	21.7	26.4	4.8	100

Note: Gross Domestic Product at factor cost equals Gross Domestic Product at market prices less indirect taxes net of subsidies.

Totals may not add due to rounding. Data for 1994 to 1996 are BC STATS estimates.

Source: Statistics Canada.

Produced by: BC STATS, Ministry of Finance and Corporate Relations.

Table A1.4 British Columbia Real Gross Domestic Product by Industry (at factor cost)

Year	Agriculture	Fishing and Trapping	Forestry and Logging	Mining	Manufacturing	Construction	Utilities	Transportation Communication and Storage	Wholesale and Retail Trade	Finance Insurance and Real Estate	Community Business and Personal Services	Public Administration and Defence	Total
(1986 \$ millions)													
1986	541	278	1,205	1,591	7,322	3,135	1,285	5,268	5,973	9,053	11,772	3,025	50,447
1987	695	235	1,395	1,697	8,220	3,285	1,459	5,675	6,439	9,458	12,170	2,955	53,681
1988	743	261	1,344	1,898	8,412	3,485	1,411	6,036	6,750	9,869	12,961	2,967	56,137
1989	701	339	1,332	1,827	8,379	4,089	1,450	6,029	7,295	10,634	13,674	3,042	58,791
1990	680	383	1,235	1,783	7,883	4,197	1,483	6,145	7,503	10,939	14,485	3,174	59,890
1991	675	344	1,082	1,898	7,455	4,253	1,549	6,103	7,465	11,771	14,616	3,210	60,421
1992	701	330	1,070	1,728	7,856	4,392	1,542	6,302	7,829	12,280	15,051	3,317	62,398
1993	753	418	1,208	1,853	8,094	4,409	1,512	6,432	8,414	12,780	15,502	3,342	64,716
1994	767	342	1,195	1,929	8,275	4,758	1,569	7,002	9,173	13,211	16,089	3,354	67,662
1995	794	231	1,204	2,128	8,249	4,516	1,533	7,298	9,109	13,531	16,484	3,291	68,367
1996	777	216	1,168	2,162	8,089	4,281	1,625	7,409	9,190	14,156	16,738	3,209	69,021

Growth Rate

Year	Agriculture	Fishing and Trapping	Forestry and Logging	Mining	Manufacturing	Construction	Utilities	Transportation Communication and Storage	Wholesale and Retail Trade	Finance Insurance and Real Estate	Community Business and Personal Services	Public Administration and Defence	Total
(per cent)													
1986	10.4	-3.1	-1.4	-0.2	0.7	-5.5	-11.8	4.9	2.6	2.8	3.7	2.4	1.6
1987	28.5	-15.5	15.8	6.7	12.3	4.8	13.5	7.7	7.8	4.5	3.4	-2.3	6.4
1988	6.9	11.1	-3.7	11.8	2.3	6.1	-3.3	6.4	4.8	4.3	6.5	0.4	4.6
1989	-5.7	29.9	-0.9	-3.7	-0.4	17.3	2.8	-0.1	8.1	7.8	5.5	2.5	4.7
1990	-3.0	13.0	-7.3	-2.4	-5.9	2.6	2.3	1.9	2.9	2.9	5.9	4.3	1.9
1991	-0.7	-10.2	-12.4	6.4	-5.4	1.3	4.5	-0.7	-0.5	7.6	0.9	1.1	0.9
1992	3.9	-4.1	-1.1	-9.0	5.4	3.3	-0.5	3.3	4.9	4.3	3.0	3.3	3.3
1993	7.4	26.7	12.9	7.2	3.0	0.4	-1.9	2.1	7.5	4.1	3.0	0.8	3.7
1994	1.9	-18.2	-1.1	4.1	2.2	7.9	3.8	8.9	9.0	3.4	3.8	0.4	4.6
1995	3.5	-32.5	0.8	10.3	-0.3	-5.1	-2.3	4.2	-0.7	2.4	2.5	-1.9	1.0
1996	-2.1	-6.5	-3.0	1.6	-1.9	-5.2	6.0	1.5	0.9	4.6	1.5	-2.5	1.0

Share

Year	Agriculture	Fishing and Trapping	Forestry and Logging	Mining	Manufacturing	Construction	Utilities	Transportation Communication and Storage	Wholesale and Retail Trade	Finance Insurance and Real Estate	Community Business and Personal Services	Public Administration and Defence	Total
(per cent)													
1986	1.1	0.6	2.4	3.2	14.5	6.2	2.5	10.4	11.8	17.9	23.3	6.0	100
1987	1.3	0.4	2.6	3.2	15.3	6.1	2.7	10.6	12.0	17.6	22.7	5.5	100
1988	1.3	0.5	2.4	3.4	15.0	6.2	2.5	10.8	12.0	17.6	23.1	5.3	100
1989	1.2	0.6	2.3	3.1	14.3	7.0	2.5	10.3	12.4	18.1	23.3	5.2	100
1990	1.1	0.6	2.1	3.0	13.2	7.0	2.5	10.3	12.5	18.3	24.2	5.3	100
1991	1.1	0.6	1.8	3.1	12.3	7.0	2.6	10.1	12.4	19.5	24.2	5.3	100
1992	1.1	0.5	1.7	2.8	12.6	7.0	2.5	10.1	12.5	19.7	24.1	5.3	100
1993	1.2	0.6	1.9	2.9	12.5	6.8	2.3	9.9	13.0	19.7	24.0	5.2	100
1994	1.1	0.5	1.8	2.9	12.2	7.0	2.3	10.3	13.6	19.5	23.8	5.0	100
1995	1.2	0.3	1.8	3.1	12.1	6.6	2.2	10.7	13.3	19.8	24.1	4.8	100
1996	1.1	0.3	1.7	3.1	11.7	6.2	2.4	10.7	13.3	20.5	24.3	4.6	100

Note: Gross Domestic Product at factor cost equals Gross Domestic Product at market prices less indirect taxes net of subsidies.

Totals may not add due to rounding.

Source: Statistics Canada.

Produced by: BC STATS, Ministry of Finance and Corporate Relations.

Table A1.5 British Columbia Nominal Gross Domestic Product (at market prices)

Expenditure Based

Year	Consumer Expenditure			Government Expenditure	Government Investment	Residential Construction	Non-Residential Construction	Machinery and Equipment	Business Investment in Inventories	Net Exports	Statistical Discrepancy
	Durable Goods	Semi and Non-Durable Goods	Services								
(\$ millions)											
1986	4,843	13,022	17,383	10,247	1,430	3,137	2,577	2,762	63	(399)	462
1987	5,398	13,756	19,238	10,835	1,427	4,163	2,719	3,383	501	1,046	(393)
1988	6,085	14,681	21,032	11,548	1,333	5,067	3,443	4,338	593	565	(114)
1989	6,779	15,718	23,562	12,595	1,895	7,134	4,084	5,201	396	(2,340)	(216)
1990	6,970	16,786	26,622	13,859	2,036	7,377	4,126	5,300	523	(4,611)	(198)
1991	6,772	17,815	28,546	15,327	2,129	7,839	4,342	4,866	(113)	(5,643)	(427)
1992	6,923	18,684	30,359	16,408	2,086	9,970	4,104	4,159	113	(4,829)	(1,279)
1993	7,465	19,885	31,798	16,981	2,179	10,442	4,089	4,360	284	(5,659)	(596)
1994	8,272	20,999	33,561	17,499	2,753	10,579	5,030	4,727	952	(5,169)	(648)
1995	8,683	21,847	34,955	17,830	2,765	8,923	4,845	4,659	1,447	(4,617)	608
1996	8,878	22,470	37,087	18,058	2,826	9,365	4,302	4,473	(20)	(5,085)	1,277

Growth Rate

Year	Consumer Expenditure			Government Expenditure	Government Investment	Residential Construction	Non-Residential Construction	Machinery and Equipment	Business Investment in Inventories	Net Exports	Statistical Discrepancy
	Durable Goods	Semi and Non-Durable Goods	Services								
(per cent)											
1986	13.2	4.3	6.9	4.7	-14.2	8.7	-20.4	-0.3	—	—	—
1987	11.5	5.6	10.7	5.7	-0.2	32.7	5.5	22.5	—	—	—
1988	12.7	6.7	9.3	6.6	-6.6	21.7	26.6	28.2	—	—	—
1989	11.4	7.1	12.0	9.1	42.2	40.8	18.6	19.9	—	—	—
1990	2.8	6.8	13.0	10.0	7.4	3.4	1.0	1.9	—	—	—
1991	-2.8	6.1	7.2	10.6	4.6	6.3	5.2	-8.2	—	—	—
1992	2.2	4.9	6.4	7.1	-2.0	27.2	-5.5	-14.5	—	—	—
1993	7.8	6.4	4.7	3.5	4.5	4.7	-0.4	4.8	—	—	—
1994	10.8	5.6	5.5	3.1	26.3	1.3	23.0	8.4	—	—	—
1995	5.0	4.0	4.2	1.9	0.4	-15.7	-3.7	-1.4	—	—	—
1996	2.2	2.9	6.1	1.3	2.2	5.0	-11.2	-4.0	—	—	—

Share

Year	Consumer Expenditure			Government Expenditure	Government Investment	Residential Construction	Non-Residential Construction	Machinery and Equipment	Business Investment in Inventories	Net Exports	Statistical Discrepancy
	Durable Goods	Semi and Non-Durable Goods	Services								
(per cent)											
1986	8.7	23.5	31.3	18.5	2.6	5.6	4.6	5.0	0.1	-0.7	0.8
1987	8.7	22.2	31.0	17.5	2.3	6.7	4.4	5.5	0.8	1.7	-0.6
1988	8.9	21.4	30.7	16.8	1.9	7.4	5.0	6.3	0.9	0.8	-0.2
1989	9.1	21.0	31.5	16.8	2.5	9.5	5.5	7.0	0.5	-3.1	-0.3
1990	8.8	21.3	33.8	17.6	2.6	9.4	5.2	6.7	0.7	-5.9	-0.3
1991	8.3	21.9	35.0	18.8	2.6	9.6	5.3	6.0	-0.1	-6.9	-0.5
1992	8.0	21.6	35.0	18.9	2.4	11.5	4.7	4.8	0.1	-5.6	-1.5
1993	8.2	21.8	34.9	18.6	2.4	11.4	4.5	4.8	0.3	-6.2	-0.7
1994	8.4	21.3	34.1	17.8	2.8	10.7	5.1	4.8	1.0	-5.2	-0.7
1995	8.5	21.4	34.3	17.5	2.7	8.8	4.8	4.6	1.4	-4.5	0.6
1996	8.6	21.7	35.8	17.4	2.7	9.0	4.2	4.3	—	-4.9	1.2

¹ SLI: Supplementary Labour Income.

² MII: Miscellaneous Investment Income.

Note: Totals may not add due to rounding.

Source: Statistics Canada.

Produced by: BC STATS, Ministry of Finance and Corporate Relations.

Income Based

GDP Expenditure or Income	Wages Salaries and SLI ¹	Corporation Profits	Interest and MII ²	Accrued Net Income of Farm Operators	Net Income of Non-Farm Unincorporated Business	Inventory Valuation Adjustment	Capital Consumption Allowances	Indirect Taxes Less Subsidies	Statistical Discrepancy	Year
(\$ millions)										
55,527	30,368	4,217	4,617	111	3,976	(249)	7,323	5,627	(463)	.....1986
62,073	32,859	6,302	4,836	121	4,185	(319)	7,555	6,141	393	.....1987
68,571	36,139	7,219	5,659	153	4,445	(263)	7,945	7,160	114	.....1988
74,808	40,318	5,950	7,249	74	4,707	(208)	8,514	7,987	217	.....1989
78,790	44,007	3,500	8,342	75	4,935	50	9,428	8,255	198	.....1990
81,453	46,051	2,915	7,696	107	5,199	(14)	9,916	9,155	428	.....1991
86,698	48,650	3,402	7,650	112	5,478	(505)	10,465	10,165	1,281	.....1992
91,228	50,996	4,141	7,919	158	5,973	(794)	10,916	11,322	597	.....1993
98,555	53,742	5,587	8,854	95	6,289	(514)	11,690	12,164	648	.....1994
101,945	56,324	5,964	3,909	36	6,527	(324)	12,329	12,389	(609)	.....1995
103,631	58,362	5,385	8,839	(40)	6,781	(136)	13,091	12,625	(1,276)	.....1996

Growth Rate

GDP Expenditure or Income	Wages Salaries and SLI ¹	Corporation Profits	Interest and MII ²	Accrued Net Income of Farm Operators	Net Income of Non-Farm Unincorporated Business	Inventory Valuation Adjustment	Capital Consumption Allowances	Indirect Taxes Less Subsidies	Statistical Discrepancy	Year
(per cent)										
5.2	4.2	25.4	2.3	258.1	7.2	—	7.5	1.1	—	.....1986
11.8	8.2	49.4	4.7	9.0	5.3	—	3.2	9.1	—	.....1987
10.5	10.0	14.6	17.0	26.4	6.2	—	5.2	16.6	—	.....1988
9.1	11.6	-17.6	28.1	-51.6	5.9	—	7.2	11.6	—	.....1989
5.3	9.1	-41.2	15.1	1.4	4.8	—	10.7	3.4	—	.....1990
3.4	4.6	-16.7	-7.7	42.7	5.3	—	5.2	10.9	—	.....1991
6.4	5.6	16.7	-0.6	4.7	5.4	—	5.5	11.0	—	.....1992
5.2	4.8	21.7	3.5	41.1	9.0	—	4.3	11.4	—	.....1993
8.0	5.4	34.9	11.8	-39.9	5.3	—	7.1	7.4	—	.....1994
3.4	4.8	6.7	-55.9	-62.1	3.8	—	5.5	1.8	—	.....1995
1.7	3.6	-9.7	126.1	-211.1	3.9	—	6.2	1.9	—	.....1996

Share

GDP Expenditure or Income	Wages Salaries and SLI ¹	Corporation Profits	Interest and MII ²	Accrued Net Income of Farm Operators	Net Income of Non-Farm Unincorporated Business	Inventory Valuation Adjustment	Capital Consumption Allowances	Indirect Taxes Less Subsidies	Statistical Discrepancy	Year
(per cent)										
100	54.7	7.6	8.3	0.2	7.2	-0.4	13.2	10.1	-0.8	.....1986
100	52.9	10.2	7.8	0.2	6.7	-0.5	12.2	9.9	0.6	.....1987
100	52.7	10.5	8.3	0.2	6.5	-0.4	11.6	10.4	0.2	.....1988
100	53.9	8.0	9.7	0.1	6.3	-0.3	11.4	10.7	0.3	.....1989
100	55.9	4.4	10.6	0.1	6.3	0.1	12.0	10.5	0.3	.....1990
100	56.5	3.6	9.4	0.1	6.4	—	12.2	11.2	0.5	.....1991
100	56.1	3.9	8.8	0.1	6.3	-0.6	12.1	11.7	1.5	.....1992
100	55.9	4.5	8.7	0.2	6.5	-0.9	12.0	12.4	0.7	.....1993
100	54.5	5.7	9.0	0.1	6.4	-0.5	11.9	12.3	0.7	.....1994
100	55.2	5.9	3.8	—	6.4	-0.3	12.1	12.2	-0.6	.....1995
100	56.3	5.2	8.5	—	6.5	-0.1	12.6	12.2	-1.2	.....1996

Table A1.6 British Columbia Real Gross Domestic Product (at market prices)

Year	Consumer Expenditure			Government Expenditure	Government Investment	Residential Construction	Non-Residential Construction	Machinery and Equipment	Business Investment in Inventories	Net Exports	Statistical Discrepancy	GDP Expenditure
	Durable Goods	Semi and Non-Durable Goods	Services									
(1986 \$ millions)												
1986....	4,843	13,022	17,383	10,247	1,430	3,137	2,577	2,762	63	(399)	462	55,527
1987....	5,308	13,185	18,710	10,404	1,518	3,902	2,673	3,403	495	466	(378)	59,686
1988....	5,805	13,575	19,903	10,791	1,311	4,332	3,186	4,467	491	(928)	(104)	62,829
1989....	6,261	14,014	21,295	11,180	1,809	5,353	3,581	5,303	398	(4,138)	(187)	64,869
1990....	6,340	14,146	22,868	11,653	1,833	5,462	3,491	5,366	486	(5,388)	(164)	66,093
1991....	6,096	14,168	23,254	12,172	2,072	5,524	3,787	5,565	(18)	(5,909)	(362)	66,349
1992....	6,285	14,547	24,055	12,441	2,000	6,599	3,574	4,882	127	(5,547)	(1,045)	67,918
1993....	6,623	15,098	24,483	12,688	2,115	6,621	3,489	5,243	317	(6,686)	(469)	69,522
1994....	7,144	15,836	25,228	12,809	2,619	6,668	4,164	5,587	471	(7,427)	(489)	72,610
1995....	7,319	16,169	25,768	12,764	2,603	5,808	3,894	5,700	950	(8,138)	434	73,271
1996....	7,450	16,533	26,966	12,795	2,635	6,117	3,380	5,708	31	(8,553)	939	74,001

Growth Rate

Year	Consumer Expenditure			Government Expenditure	Government Investment	Residential Construction	Non-Residential Construction	Machinery and Equipment	Business Investment in Inventories	Net Exports	Statistical Discrepancy	GDP Expenditure
	Durable Goods	Semi and Non-Durable Goods	Services									
(per cent)												
1986....	8.5	1.9	5.9	2.4	-13.5	9.1	-22.6	1.0	—	—	—	1.7
1987....	9.6	1.3	7.6	1.5	6.2	24.4	3.7	23.2	—	—	—	7.5
1988....	9.4	3.0	6.4	3.7	-13.6	11.0	19.2	31.3	—	—	—	5.3
1989....	7.9	3.2	7.0	3.6	38.0	23.6	12.4	18.7	—	—	—	3.2
1990....	1.3	0.9	7.4	4.2	1.3	2.0	-2.5	1.2	—	—	—	1.9
1991....	-3.8	0.2	1.7	4.5	13.0	1.1	8.5	3.7	—	—	—	0.4
1992....	3.1	2.7	3.4	2.2	-3.5	19.5	-5.6	-12.3	—	—	—	2.4
1993....	5.4	3.8	1.8	2.0	5.8	0.3	-2.4	7.4	—	—	—	2.4
1994....	7.9	4.9	3.0	1.0	23.8	0.7	19.3	6.6	—	—	—	4.4
1995....	2.4	2.1	2.1	-0.4	-0.6	-12.9	-6.5	2.0	—	—	—	0.9
1996....	1.8	2.3	4.6	0.2	1.2	5.3	-13.2	0.1	—	—	—	1.0

Share

Year	Consumer Expenditure			Government Expenditure	Government Investment	Residential Construction	Non-Residential Construction	Machinery and Equipment	Business Investment in Inventories	Net Exports	Statistical Discrepancy	GDP Expenditure
	Durable Goods	Semi and Non-Durable Goods	Services									
(per cent)												
1986....	8.7	23.5	31.3	18.5	2.6	5.6	4.6	5.0	0.1	-0.7	0.8	100
1987....	8.9	22.1	31.3	17.4	2.5	6.5	4.5	5.7	0.8	0.8	-0.6	100
1988....	9.2	21.6	31.7	17.2	2.1	6.9	5.1	7.1	0.8	-1.5	-0.2	100
1989....	9.7	21.6	32.8	17.2	2.8	8.3	5.5	8.2	0.6	-6.4	-0.3	100
1990....	9.6	21.4	34.6	17.6	2.8	8.3	5.3	8.1	0.7	-8.2	-0.2	100
1991....	9.2	21.4	35.0	18.3	3.1	8.3	5.7	8.4	—	-8.9	-0.5	100
1992....	9.3	21.4	35.4	18.3	2.9	9.7	5.3	7.2	0.2	-8.2	-1.5	100
1993....	9.5	21.7	35.2	18.3	3.0	9.5	5.0	7.5	0.5	-9.6	-0.7	100
1994....	9.8	21.8	34.7	17.6	3.6	9.2	5.7	7.7	0.6	-10.2	-0.7	100
1995....	10.0	22.1	35.2	17.4	3.6	7.9	5.3	7.8	1.3	-11.1	0.6	100
1996....	10.1	22.3	36.4	17.3	3.6	8.3	4.6	7.7	—	-11.6	1.3	100

Note: Totals may not add due to rounding.

Source: Statistics Canada.

Produced by: BC STATS, Ministry of Finance and Corporate Relations.

Table A1.7 Capital Investment

	1995 ¹	1996 ²	1997 ³	Change 1995–1996	Change 1996–1997
	(\$ millions)			(per cent)	
Agriculture and related industries.....	172.8	180.9	228.3	4.7	26.2
Fishing, hunting and trapping.....	25.5	22.3	18.9	-12.5	-15.2
Logging and forestry.....	172.7	158.0	145.9	-8.5	-7.7
Mining, quarrying and oil well industries.....	1,329.7	1,328.7	1,391.3	-0.1	4.7
Manufacturing.....	1,830.7	1,533.9	1,657.5	-16.2	8.1
Construction.....	211.5	202.3	252.0	-4.3	24.6
Transportation and storage.....	1,336.7	1,250.2	1,188.0	-6.5	-5.0
Communication and other utilities.....	1,505.4	1,496.0	1,622.1	-0.6	8.4
Wholesale trade.....	329.7	223.0	321.5	-32.4	44.2
Retail trade.....	325.5	471.5	612.2	44.9	29.8
Finance and insurance.....	913.2	865.6	1,101.5	-5.2	27.3
Real estate operators and insurance agents.....	473.6	351.8	533.0	-25.7	51.5
Business services.....	227.1	211.1	193.4	-7.0	-8.4
Government services.....	1,943.9	1,784.4	2,357.2	-8.2	32.1
Education services.....	637.6	738.9	640.6	15.9	-13.3
Health and social services.....	270.5	305.4	191.9	12.9	-37.2
Accommodation, food and beverage.....	179.8	165.1	254.6	-8.2	54.2
Other services.....	755.1	590.6	518.0	-21.8	-12.3
Housing.....	6,585.7	6,691.4	7,176.5	1.6	7.2
Total.....	<u>19,226.7</u>	<u>18,571.1</u>	<u>20,404.5</u>	-3.4	9.9
Public investment.....	3,714.4	3,804.3	4,358.7	2.4	14.6
Private investment.....	15,512.3	14,766.8	16,045.9	-4.8	8.7
Total.....	<u>19,226.7</u>	<u>18,571.1</u>	<u>20,404.5</u>	-3.4	9.9

¹ Actual.

² Preliminary.

³ Revised intentions.

Note: Totals may not add due to rounding.

Source: Statistics Canada.

Table A1.8 British Columbia Exports by Major Market and Selected Commodities, 1996

Commodity	U.S.	Japan	European Union ¹	Other Markets	Total — All Countries
	(\$ millions)				
Solid Wood Products.....	5,849	2,886	359	276	9,369
Lumber (softwood).....	4,765	2,457	296	218	7,736
Cedar shakes and shingles.....	217	—	2	2	222
Selected value-added wood products.....	16	154	52	8	230
Plywood (softwood).....	404	151	8	22	585
Other.....	446	124	2	25	597
Pulp and Paper Products.....	2,552	757	1,061	1,332	5,702
Pulp.....	1,104	570	935	797	3,407
Newsprint.....	809	156	26	292	1,284
Paper, paperboard — excluding newsprint.....	514	26	83	229	851
Other.....	125	4	17	14	161
Agriculture and Food other than Fish.....	537	137	26	146	845
Fruit and nuts.....	75	3	1	21	101
Vegetables.....	53	17	2	10	83
Other.....	409	116	23	114	661
Fish Products.....	313	353	91	94	851
Whole fish; fresh, chilled, frozen — excluding salmon.....	57	31	1	6	95
Whole salmon; fresh, chilled, frozen.....	158	52	5	7	222
Salmon; canned, smoked, etc.....	4	11	81	21	117
Other.....	95	259	4	60	418
Metallic Mineral Products.....	310	854	19	412	1,594
Copper ores and concentrates.....	—	399	—	152	552
Molybdenum ores and concentrates.....	13	38	11	7	69
Unwrought aluminum.....	34	346	—	146	526
Unwrought zinc.....	181	13	—	78	273
Other.....	81	57	8	28	175
Energy Products.....	805	1,127	249	513	2,695
Natural gas.....	552	—	—	—	552
Coal.....	44	1,127	249	513	1,932
Electricity.....	121	—	—	—	121
Other.....	88	1	—	1	90
Machinery and Equipment.....	1,565	95	110	427	2,198
Motor vehicles and parts.....	318	36	5	56	415
Electrical/electronic/communications.....	339	20	28	133	520
Other.....	908	39	77	239	1,263
Plastics and Articles of Plastic.....	134	3	1	14	152
Apparel and Accessories.....	142	7	2	1	152
All Other Commodities.....	1,674	128	42	280	2,124
Total.....	<u>13,881</u>	<u>6,346</u>	<u>1,959</u>	<u>3,495</u>	<u>25,682</u>

¹ Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden and the United Kingdom.

Note: Totals may not add due to rounding.

Source: BC STATS, Ministry of Finance and Corporate Relations.

Table A1.9 British Columbia Exports to Major Countries and Market Areas

	1992	1993	Value 1994	1995	1996	Change 1995-1996	Per Cent of Total 1995	Per Cent of Total 1996
	(\$ millions)			(per cent)				
United Kingdom.....	543	311	321	386	346	-10.3	1.4	1.3
Germany.....	428	350	466	694	404	-41.8	2.6	1.6
People's Republic of China.....	244	284	305	499	512	2.4	1.9	2.0
Hong Kong.....	125	149	192	271	258	-4.5	1.0	1.0
Taiwan.....	265	347	361	482	352	-27.0	1.8	1.4
Japan.....	4,133	4,946	5,658	6,768	6,346	-6.2	25.1	24.7
South Korea.....	509	581	738	982	866	-11.9	3.6	3.4
India.....	52	38	58	77	50	-35.0	0.3	0.2
Australia.....	222	224	262	298	244	-18.4	1.1	0.9
Mexico.....	45	47	77	54	49	-9.6	0.2	0.2
United States.....	7,993	10,061	12,355	13,293	13,881	4.4	49.4	54.1
Other.....	1,793	1,677	2,042	3,108	2,375	-23.6	11.5	9.2
Total.....	<u>16,353</u>	<u>19,016</u>	<u>22,834</u>	<u>26,911</u>	<u>25,682</u>	-4.6	<u>100.0</u>	<u>100.0</u>
Market Areas:								
Western Europe ¹	2,084	1,594	1,993	2,944	1,987	-32.5	10.9	7.7
Pacific Rim ²	5,843	6,888	7,898	9,862	9,163	-7.1	36.6	35.7

¹ Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

² Australia, Brunei Darussalam, China, Fiji, Hong Kong, Indonesia, Japan, Laos, Macau, Malaysia, Mongolia, New Zealand, North Korea, Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam.

Note: Totals may not add and percentages may not calculate due to rounding.

Source: BC STATS, Ministry of Finance and Corporate Relations.

Appendix 2: Financial Review

The Financial Cycle

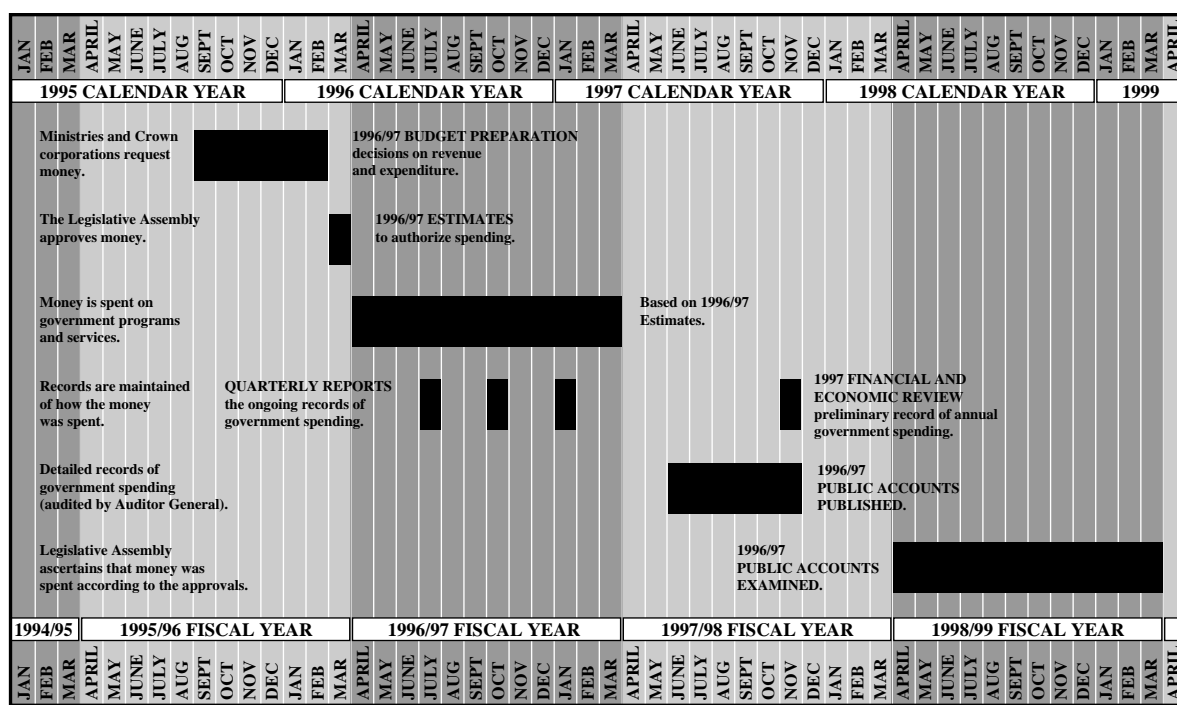
Chart A2.1 summarizes the annual financial process of the provincial government, including certain Crown corporations that depend on direct financial assistance from provincial government ministries. This process consists of four main stages.

- *Planning and Budget Preparation* — each ministry first identifies activities that require funding and submits a proposed budget for review by Treasury Board. Decisions are made on individual ministry budgets based on revenue expectations and current government spending priorities.
- *Implementation and Reporting* — the budget is presented to the Legislative Assembly by the Minister of Finance and Corporate Relations and is accompanied by a document called the *Estimates*. Spending for programs and services under each ministry is grouped in the *Estimates* into packages or “votes”, so called because the legislature debates and then votes on each package. After all votes have been approved, the Legislative Assembly passes a final *Supply Act* to authorize spending for the fiscal year.

Throughout the year, the authorized money is spent on government programs and services as specified in the *Estimates* and approved ministry spending plans. During the fiscal year, the government’s financial activities are closely monitored by Treasury Board. Records are maintained of how the money was spent, and quarterly reports are published to provide regular public updates on the government’s finances.

- *Evaluation* — at the end of the fiscal year, the *Public Accounts* are prepared by the Comptroller General and examined by the Auditor General to ensure that the financial statements fairly present the government’s financial position. The *British Columbia Financial and Economic Review* is published, which provides an overview of the financial results for the year.

Chart A2.1 The Financial Cycle



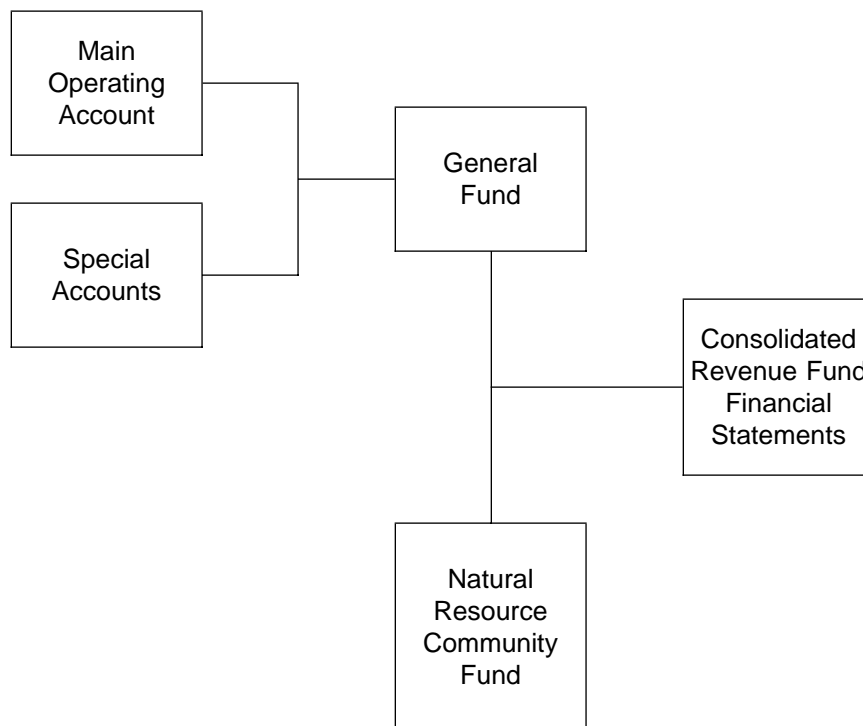
- **Accountability** — the *Public Accounts* are published and presented to the Legislative Assembly, which examines them to ensure that government spending was in accordance with what was approved. The government also issues a debt statistics report along with the *Public Accounts*. This report provides detailed information on the debt of the government and its Crown corporations and agencies, and government’s progress in meeting planned goals and benchmarks. The report also contains an opinion from the Auditor General on the completeness of the information presented. The first debt statistics report was issued in December 1995. The next report will be issued at about the same time as the *1996/97 Public Accounts*.

Government Accounts and Financial Statements

The government conducts its activities through ministries, Crown corporations and agencies.

The accounts relating to the government’s own activities are contained in the consolidated revenue fund. In 1996/97, the consolidated revenue fund included the general fund with its various special accounts, and one special fund — the natural resource community fund. The consolidated revenue fund comprises all money over which the legislature has the power of appropriation (see Chart A2.2).

Chart A2.2 Components of the Provincial Government’s Consolidated Revenue Fund Financial Statements — 1996/97



Appendix 2: Financial Review

Transactions of the consolidated revenue fund are reported in the government's consolidated revenue fund financial statements, which are subject to audit by the Auditor General and published as part of the government's annual *Public Accounts*. These statements also reflect transactions between the government and its Crown corporations and agencies. Revenue and expenditure of the consolidated revenue fund are recorded on an accrual basis of accounting, with certain limited exceptions. Assets are recorded on the government's statement of financial position to the extent that they represent financial claims by the government upon outside parties; are items held for resale, prepaid expenses or deferred charges; or are tangible capital assets acquired. Similarly, liabilities are recorded only if they represent actual or probable financial claims against the government (see next section — Accounting Changes Effective in 1996/97).

The operations of Crown corporations and agencies are recorded in their own financial statements, which are subject to audit by the Auditor General or by private-sector auditors. Information on the combined financial results of the government and its Crown corporations and agencies is not presented in this publication, but is published in the government's summary financial statements as part of the annual *Public Accounts*. Summary information on the financial results of individual Crown corporations and agencies is also published as part of the government's annual *Public Accounts*.

In this appendix, current and historical operating results are presented for the government's consolidated revenue fund in accordance with the government's accounting policies effective March 31, 1997. Specific information on the financial results of certain government Crown corporations and agencies is shown in Chapter 7 and Appendix 7.

Information on debt of the provincial government and its Crown corporations and agencies is shown in Tables A2.11 to A2.13 of this appendix. Additional information is available in the debt statistics report which will be published about the same time as the *1996/97 Public Accounts*.

Accounting Changes Effective in 1996/97

Consolidated Revenue Fund — Capitalization

Up until 1995/96, the provincial government treated most annual capital expenditures on basically a “pay-as-you-go” basis. For the most part, Crown corporation statements were adjusted to this basis when preparing the government's summary financial statements. Beginning with the *1995/96 Public Accounts*, the government began phasing-in a change in accounting policy to capitalize and amortize the costs of certain tangible assets. Capitalization is a process of removing from the government's annual budgetary expenditures, amounts used to acquire tangible capital assets, and adding to annual expenditures, amortization/depreciation expenses associated with those assets.

Beginning in 1995/96, the *Public Accounts* have been prepared using two methods of accounting. The first method uses an accounting basis which excludes the effects of capitalization. This basis provides a comparison of the government's financial results to the original budget projections and to the financial results of previous years. The second method reflects the phasing-in of a capitalization accounting policy.

In the *1995/96 Public Accounts*, a capitalization accounting policy was applied to the consolidated revenue fund for land, buildings, vehicles and computer hardware and software, subject to certain cost valuation thresholds. The policy was not applied to heritage assets, highways and highway infrastructure, fresh water ferries and landings, tugs and barges, marine railways and dry docks, heavy machinery and equipment, dams and water management systems, forestry roads, office furniture and equipment, personal computers and peripheral hardware.

In the *1996/97 Public Accounts*, no new classes have been added but land was withdrawn from the application of capitalization accounting policy and minor changes were introduced for cost valuation thresholds. For comparative purposes, *Public Accounts* have again been prepared using the two methods of accounting.

The following table illustrates the effect of phasing in capitalization accounting policy on the government's surplus (deficit) for 1995/96 and 1996/97. The table shows that excluding the effect of capitalization, the 1996/97 deficit is \$368 million, slightly lower than in 1995/96. Although land has been excluded from the application of capitalization in 1996/97, the table shows that had land been taken into account, it would have resulted in a lower deficit for both 1995/96 and 1996/97.

	Estimated 1996/1997	Preliminary Actual 1996/1997	Actual 1995/1996
\$ millions			
1996/97 Estimates basis (June 1996) — Surplus (deficit), excluding capitalization	87	(368)	(369)
Adjustments to include capitalization policy:			
Deduct: Cost of capital assets (except land) acquired during the year	84	49	38
Add: amortization/depreciation provision	(73)	(33)	(24)
Surplus (deficit) after capitalization (except land)	98	(352)	(355)
Adjustment to capitalize land:			
Deduct: Cost of land capital assets acquired during the year	(3)	25	8
Surplus (deficit) after capitalization (including land)	<u>95</u>	<u>(327)</u>	<u>(347)</u>

Information contained in Chapter 2 and this appendix is presented using the accounting method which incorporates the government's capitalization accounting policies effective March 31, 1997, and is based on preliminary *1996/97 Public Accounts* information. Additional information on the effects of the phasing-in of capitalization on the consolidated revenue fund and the government's summary financial statements is provided in the *1996/97 Public Accounts*.

Summary Financial Statements — Reporting Entity

The combined financial results of the government's consolidated revenue fund and its Crown corporations and agencies are reported in the government's summary financial statements. In the *1995/96 Public Accounts*, financial results (revenue, expenditures, assets and liabilities) for universities, colleges, school districts, and hospital districts and societies were included in the summary financial statements. However, as a result of the expansion, significant issues were identified which need to be addressed (such as budgeting and accountability for all of these organizations). In order to more fully examine these issues, the government has returned to the summary financial statement basis used prior to 1995/96, and has asked the Legislature's standing Public Accounts Committee to study and provide recommendations on the appropriate entity for future reporting on the broader government fiscal situation.

Glossary of Terms¹

Assets — are financial claims of the government upon outside parties and items held for resale. Financial assets include cash and temporary investments; accounts receivable; investments in and amounts due from Crown corporations and agencies; inventories, loans, advances and other investments; mortgages receivable; fiscal agency loans issued for the purchase of assets and recoverable from agencies; prepaid expenses or deferred charges; and other assets.

¹ Further information regarding the terms used in the government's financial statements is available in the *1996/97 Public Accounts*.

Appendix 2: Financial Review

Non-financial assets include fiscal agency loans issued for the purchase of assets that are recoverable only through future government funding to Crown corporations and agencies. They are not considered financial assets because they cannot be used either to discharge liabilities or to provide a source of funds to finance future government operations. This category also includes tangible capital assets acquired or constructed (see Accounting Changes Effective in 1996/97). Assets which are not capitalized under the government's accounting policy are reported at a nominal value of \$1.

Cash and Temporary Investments — include investments and short-term interest-bearing deposits held to meet the day-to-day obligations of the government.

Consolidated Revenue Fund — at March 31, 1997, the consolidated revenue fund consisted of the general fund (including special accounts) and the natural resource community fund (see Chart A2.2).

Debt per Capita — the ratio of debt to total population (e.g. 1996/97 debt divided by population at July 1, 1996).

Debt to GDP — the ratio of debt outstanding at fiscal year end to provincial nominal gross domestic product (GDP) for the calendar year ending in the fiscal year (e.g. 1996/97 debt divided by GDP for 1996).

Dedicated Revenue — represents amounts collected by the government on behalf of, and transferred to, provincial Crown corporations and agencies. In 1996/97, this included British Columbia Transit, the BC Transportation Financing Authority and Forest Renewal BC.

Defeased Trust Funds — are investments set aside to repay outstanding debt, where the government has certified that there are sufficient funds to finance interest payments and principal repayments over the remaining term of the debt issue. Defeased debt is considered extinguished for financial reporting purposes and is, therefore, removed from the balance sheet.

Deficit — represents the excess of expenditure over revenue for a given period.

Deferred Revenue — amounts received prior to the government's fiscal year-end that will be earned and recorded as revenue in future years.

Direct Debt for Government Purposes — consists of funds borrowed by the government to meet its direct financial requirements or to facilitate cash management. In the *Public Accounts*, this is referred to as public debt used for government operating purposes.

Expenditure — consists of obligations incurred by the government for goods, services and grants during the fiscal year. Under the government's accounting policy, expenditure is recorded when an obligation is incurred rather than when a cash payment is made. Under the government's capitalization accounting policy, costs of acquiring/constructing capitalized assets are recorded as assets and amortized/depreciated over the useful life of the assets. Those assets not capitalized are expensed in the year of acquisition.

Expenditure by Function — a system of classifying provincial government expenditures according to the type of service provided. Similar services, which are provided by different ministries, are grouped together into classifications called functions.

Financial Management Plan — a long-term plan to repay the province's direct debt and to cap and reduce the overall cost of debt. Key goals of the plan are to balance the provincial government's operating budget (consolidated revenue fund); reduce the government's accumulated direct (deficit) debt over 20 years; reduce taxpayer-supported debt as a share of the provincial economy to 15 per cent by 2015; and cap annual interest costs on taxpayer-supported debt at 9 per cent of revenue.

Financing and Working Capital Transactions — represent either a source or use of funds and are not considered to be revenue or expenditure. These transactions do not cause a change in the annual surplus (deficit) but only a change in the composition of assets and liabilities. For example, when a loan is made to an individual or firm, the cash balances of the government decline while the balance of loans receivable increases. When the loan is repaid, cash balances increase while loans receivable decrease.

Fiscal Agency Debt — consists of funds borrowed by the provincial government with proceeds re-lent to Crown corporations and agencies. Because Crown corporations and agencies are responsible for debt servicing costs and repayment of principal, the liability arising from government borrowing on behalf of these bodies is matched by the assets (fiscal agency loans) created when the funds are re-lent to Crown corporations and agencies. In the *Public Accounts*, this debt is referred to as public debt used for loans under the fiscal agency loan program.

In the *Public Accounts*, two categories of fiscal agency debt are described. The portion of fiscal agency debt that can be repaid by Crown corporations and agencies without provincial financial assistance is referred to as public debt recoverable from agencies. The portion of fiscal agency debt that can only be repaid by Crown corporations and agencies through future provincial government assistance is referred to as public debt recoverable through future appropriations.

Fiscal Year — the provincial government's financial year, which runs from April 1 to March 31.

General Fund — is the operating account of the provincial government and includes special accounts (see Chart A2.2). Operating, financing and working capital transactions occur within the general fund. Operating transactions include direct expenditure on goods and services; transfer payments and grants; revenue from taxation, royalties, fees, licences and other sources; contributions from government enterprises and the federal government; and transfers from other funds.

Gross Domestic Product (Nominal GDP) — is the value of goods and services produced within the province measured in current dollars. For example, nominal GDP in British Columbia is estimated at \$103.6 billion in 1996 (measured in 1996 dollars).

Gross Domestic Product (Real GDP) — is equal to the value of goods and services produced in British Columbia's economy adjusted for inflation. It is the broadest measure of economic activity and is frequently used to compare the performance of national and provincial economies. The annual percentage change in real GDP is the most often used indicator of economic growth. For example, provincial real GDP in 1996 is estimated at \$74 billion (measured in 1986 dollars). As this is a 1 per cent increase from 1995, the British Columbia economy is therefore estimated to have 1 per cent real growth in 1996.

Guaranteed Debt — consists of borrowing by Crown corporations and agencies, local governments, private-sector firms and individuals for which principal and interest are guaranteed or indemnified by the provincial government.

Infrastructure — includes roads, water and sewer services, ferry and transit systems, schools, hospitals, universities/colleges and other capital works.

Interest Bite — how much of each dollar of provincial revenue is used to pay for debt interest costs.

Liabilities — are claims payable by the government to outside parties including accounts payable and accrued liabilities; amounts due to Crown corporations and agencies; deferred revenue; and public debt issued for government purposes and to finance the fiscal agency loan program. Liabilities also include provisions for certain contingent liabilities such as probable losses on loan guarantees issued by the government, estimated costs to remediate contaminated Crown land, and certain unfunded pension liabilities.

Long-term Debt — are debt obligations issued in domestic or international markets with maturity periods of 1 to 30 years and with an average issue size of \$250 million or more.

Medium-term Notes — are Canadian or U.S. dollar debt obligations with maturity periods of 1 to 30 years and with an average issue size of \$25 to \$75 million. Medium-term notes are considered to be long-term debt.

Natural Resource Community Fund — established effective April 1, 1992, this special fund provides funding for resource-dependent communities experiencing economic difficulties. Under legislation, a share of the provincial government's natural resource revenue is transferred to the fund each year.

Net Assets (Net Liabilities) — represent the excess of the provincial government's financial assets over its liabilities. Net liabilities result if liabilities exceed financial assets. Financial assets are described in the definition of assets.

Appendix 2: Financial Review

Net Equity (Net Deficiency) — net equity is the excess of financial and non-financial assets over liabilities of the provincial government. A negative net equity is referred to as net deficiency. The provincial government's annual deficit (surplus) causes a corresponding increase (decrease) in net deficiency.

Non-Guaranteed Debt — are debt obligations of provincial Crown corporations and agencies which are not guaranteed by the provincial government.

One-time Accounting Adjustments — include adjustments to revenue and expenditure that occur infrequently and may result from changes to accounting policy. Although these adjustments can relate to several fiscal years, they may be recorded in a single year because of difficulties in allocating them to individual years. One-time adjustments are sometimes excluded when making year-over-year comparisons as they may distort trends.

Operating Transactions — include revenue and expenditure transactions of the provincial government, reported according to government's accounting policies.

Revenue — consists of money earned by the government from taxation, resource levies, the sale of goods and services, fees and licences, fines and penalties, investment income, profits from sales of liquor and lotteries, dividends from Crown corporations, and contributions arising from agreements with other governments. With a few exceptions, the government's accounting policy reports revenue when earned rather than when received.

Self-supporting Debt — includes the debt of commercial Crown corporations and agencies which generate sufficient revenue from commercial sales of goods and services to cover their debt interest costs and principal repayments. These corporations and agencies do not receive provincial assistance and may pay dividends to the provincial government.

Short-term Debt — includes short-term promissory notes (commercial paper) with a maturity period of 365 days or less.

Sinking Funds — are funds set aside to provide for the orderly repayment of debt. The provincial government and its Crown corporations and agencies establish sinking funds for most debt issued with terms of five years or more. In the government's financial statements, sinking funds are deducted from gross debt to yield net debt outstanding.

Special Accounts — consist of statutory appropriations established by the legislature to fund specific programs, which may extend over several fiscal years. Examples include the Crown land special account, the small business forest enterprise program special account, and the Build BC special account. Revenue and expenditure of special accounts form part of the provincial government's general fund (see Chart A2.2).

Special Funds — provide statutory authority to spend money that has been earmarked for specific purposes. All revenue, expenditure, assets, liabilities and net equity of special funds are included as part of the provincial government's consolidated revenue fund (see chart A2.2). In 1996/97, there was only one special fund, the natural resource community fund.

Surplus — represents the excess of revenue over expenditure for a given period.

Structural Deficit — represents the budget balance (revenue less expenditure) adjusted for effects of economic fluctuations. A budget deficit can be divided in two parts. The cyclical part of the deficit is caused by changes in economic conditions. The other part is the underlying structural deficit — the deficit that would exist if employment and economic output were at their normal or average levels. For example, when the economy is growing at less than its normal rate, expenditures on social programs tend to be higher than average, while revenues, such as corporation income tax, are lower than average. A return to normal economic conditions after a period of below-average economic growth will eliminate the cyclical part of the deficit but will not eliminate the structural part.

Taxpayer-supported Debt — includes direct debt incurred for government operating purposes and debt of Crown corporations and agencies that generally require an operating or debt service subsidy from the provincial government, or receive dedicated revenue.

Total Provincial Debt — the sum of the government’s direct debt for operating purposes, debt held under the warehouse borrowing program, provincially guaranteed debt of Crown corporations and agencies, other guarantees (e.g. student loan guarantees) and non-guaranteed debt (e.g. non-guaranteed mortgages of provincial Crown corporations and agencies).

Trust Funds — include funds held and administered by the government for third parties and not subject to appropriation by the legislature. These funds include trust deposits, superannuation and pension funds, sinking/defeased funds and other miscellaneous trust funds.

Valuation Allowances — consist of provisions for doubtful accounts and loan guarantees, and provisions for reduction in the value of investments. Under the government’s accounting policy, annual changes in valuation allowances are recorded as expenditure adjustments in 1996/97. Valuation allowances do not include adjustments for tax credits or reassessments.

Warehouse Borrowing Program — to take advantage of market opportunities, government may borrow money in advance of actual requirements. These funds are invested until they are required by the province or its Crown corporations and agencies.

Financial Statements for the Fiscal Year Ended March 31, 1997

The tables in this appendix include financial information of the Government of British Columbia for the year ended March 31, 1997. They summarize the operating results of the consolidated revenue fund and are based on preliminary financial statements prepared by the Office of the Comptroller General from the accounts of the government. Operating results for certain Crown corporations and agencies are provided in Chapter 7 and Appendix 7.

Dedicated Revenues Collected on Behalf of Crown Corporations and Agencies

The government includes, in its financial statements, information on the amounts of revenue collected on behalf of, and transferred to, provincial Crown corporations and agencies. The summary of operating and financing transactions shown in Chapter 2 (see Table 2.1) and in this appendix (see Appendix Table A2.2) provide summary totals of these amounts.

Details on the amounts of revenue collected on behalf of, and transferred to, provincial Crown corporations and agencies for the five years ending March 31 are shown in the following table.

Fiscal Year Ended March 31	1993	1994	1995	1996	1997
	\$ millions				
British Columbia Transit ¹	50.3	69.2	79.2	87.0	81.8
BC Transportation Financing Authority ²	—	30.3	60.4	62.3	62.5
Forest Renewal BC ³	—	—	454.8	451.7	485.3
Total dedicated revenue.....	<u>50.3</u>	<u>99.5</u>	<u>594.4</u>	<u>601.0</u>	<u>629.6</u>

¹ Includes motor fuel tax collected in the Vancouver and Victoria regional transit service areas.
² Includes motor fuel tax and a sales tax on short-term rentals of passenger vehicles.
³ Includes incremental stumpage and royalty revenue resulting from changes in rates introduced under the provincial government’s Forest Renewal Plan on May 1, 1994.

Appendix 2: Financial Review

**Table A2.1 Statement of Financial Position
Consolidated Revenue Fund
As at March 31¹**

(Unaudited)	1993	1994	1995	1996	Preliminary 1997
(\$ millions)					
LIABILITIES					
Accounts payable and accrued liabilities	1,869.5	1,925.6	2,413.1	2,195.5 ²	2,215.7
Amounts due to other governments.....	89.0	256.1	254.1	203.1	175.5
Due to Crown corporations, agencies and trust funds.....	65.7	86.5	288.3	318.1	315.1
Deferred revenue.....	283.7	335.9	360.9	390.8	435.9
Unfunded pension liabilities.....	2,907.0	2,907.0	2,881.5	2,888.6 ²	2,862.4
Public debt used for warehouse program purposes.....	—	—	—	895.2	100.0
Public debt issued for government purposes.....	8,969.5	10,257.1	10,181.1	10,237.1	11,030.5
Public debt used for loans under the fiscal agency loan program.....	9,487.8	11,325.2	12,835.4	14,724.6	15,829.6
	<u>23,672.2</u>	<u>27,093.4</u>	<u>29,214.4</u>	<u>31,853.0</u>	<u>32,964.7</u>
FINANCIAL ASSETS					
Cash and temporary investments	70.9	465.6	215.4	61.4	82.6
Warehouse program investments	—	—	—	895.2	100.0
Accounts receivable.....	1,338.7	1,601.9	2,103.6	2,131.8	2,336.3
Inventories.....	46.8	43.5	40.1	41.5	40.7
Amounts due from other governments.....	482.7	366.0	560.1	630.0	534.4
Investments in and amounts due from Crown corporations and agencies.....	723.7	734.8	746.4	669.6	884.9
Loans, advances and other investments.....	766.5	845.9	659.1	220.0	270.4
Mortgages receivable.....	141.7	156.1	20.6	18.8	17.1
Loans for purchase of assets, recoverable from agencies.....	6,608.6	7,578.3	8,340.6	9,654.0	10,332.9
Other assets.....	65.0	117.3	150.1	139.0	178.4
	<u>10,244.6</u>	<u>11,909.4</u>	<u>12,836.0</u>	<u>14,461.3</u>	<u>14,777.7</u>
Net liabilities.....	13,427.6	15,184.0	16,378.4	17,391.7	18,187.0
NON-FINANCIAL ASSETS					
Loans for purchase of assets, recoverable through future appro- priations	2,899.0	3,745.0	4,493.0	5,068.6	5,496.0
Tangible capital assets.....	—	—	—	161.0 ³	172.9
Work-in-progress on tangible capital assets.....	—	—	—	17.1 ³	20.9
	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,246.7</u>	<u>5,689.8</u>
Net deficiency from government operations ⁴	<u>10,528.6</u>	<u>11,439.0</u>	<u>11,885.4</u>	<u>12,145.0</u>	<u>12,497.2</u>
GUARANTEED DEBT	<u>4,879.7</u>	<u>4,239.6</u>	<u>3,899.1</u>	<u>2,721.1</u>	<u>2,034.6</u>
TRUST FUNDS	<u>27,657.7</u>	<u>30,455.5</u>	<u>32,165.0</u>	<u>37,025.0</u>	<u>41,468.0</u>

¹ Based on data contained in the *Public Accounts* up until 1996. 1997 figures based on preliminary 1996/97 *Public Accounts* information. For comparative purposes, figures for previous years have been restated to be consistent with the presentation used in 1997, and with the government's accounting policies effective March 31, 1997.

² Liabilities include \$68 million for prior period adjustments to record workers' compensation benefits for prior years (\$12 million), contaminated site cleanup liabilities (\$24 million), and the removal of the College Pension Plan surplus (\$32 million).

³ The government changed its accounting policy in 1995/96 to include the capitalization and depreciation of certain tangible capital assets of the consolidated revenue fund. 1995/96 figures reflect a prior period adjustment of \$164 million to record net tangible capital assets for 1994/95 and prior years, plus new additions of \$14 million in 1995/96.

⁴ Changes in the net deficiency between fiscal years reflect the annual deficits (surpluses) recorded for the period. An annual deficit increases the net deficiency, while a surplus reduces the net deficiency. For example, the \$352 million increase in net deficiency between 1996 and 1997 is equal to the annual deficit as shown in Table A2.2.

**Table A2.2 Summary of Operating and Financing Transactions
Consolidated Revenue Fund
For Fiscal Years Ended March 31¹**

(Unaudited)	1993	1994	1995	1996	Preliminary 1997 ²
			(\$ millions)		
Gross revenue ²	16,300.3	18,102.0	20,141.7	20,401.6	20,881.0
Less: Dedicated revenue transferred to Crown corporations and agencies.....	(50.3)	(99.5)	(594.4)	(601.0)	(629.6)
Net revenue.....	16,250.0	18,002.5	19,547.3	19,800.6	20,251.4
Expenditure.....	17,935.7	18,912.9	19,993.7	20,156.0	20,603.6
Surplus (deficit).....	(1,685.7)	(910.4)	(446.4)	(355.4)	(352.2)
Net receipts (disbursements) from financing and working capital transactions.....	(599.2)	17.5	272.2	145.4	(420.0)
Decrease (increase) in cash and temporary investments.....	(74.1)	(394.7)	250.2	154.0	(21.2)
Net (increase) decrease in government direct debt.....	(2,359.0)	(1,287.6)	76.0	(56.0)	(793.4)

¹ Figures are based on the *Public Accounts* up to 1996. 1997 figures based on preliminary *1996/97 Public Accounts* information. For comparative purposes, figures for earlier years have been restated to reflect the government's accounting policies effective March 31, 1997.

² Includes dedicated revenue collected on behalf of, and transferred to, British Columbia Transit, BC Transportation Financing Authority and Forest Renewal BC.

**Table A2.3 Expenditure Appropriations
Consolidated Revenue Fund
For the Fiscal Year Ended March 31, 1997¹**

(Unaudited)	Budget Estimate 1996/97	Other Authorizations	Total Authorizations	Preliminary Actual 1996/97	Net Under Expenditure ²
	(\$ millions)				
Legislation.....	24.3				
Operations — statutory.....		6.3	30.6	30.6	—
Auditor General.....	7.4	—	7.4	7.1	0.3
Office of the Child, Youth and Family Advocate.....	1.0	—	1.0	1.0	—
Conflict of Interest Commissioner.....	0.2	—	0.2	0.1	0.1
Elections B.C.....	24.0	—	24.0	18.9	5.1
Information and Privacy Commissioner.....	2.6	—	2.6	2.4	0.2
Ombudsman.....	4.8	—	4.8	4.8	—
Office of the Premier.....	2.4	—	2.4	2.4	—
Aboriginal Affairs.....	32.0	—	32.0	27.6	4.4
Agriculture, Fisheries and Food.....	68.1	—	68.1	61.0	7.1
Attorney General.....	905.6				
<i>Emergency Program Act</i>		20.7			
Ministry operations — special warrant.....		18.4			
<i>Criminal Injury Compensation Act</i>		14.9			
<i>Crown Proceeding Act</i>		(9.7)			
Liquor control and licensing.....		5.0			
Valuation allowance.....		3.2			
<i>Inquiry Act</i>		1.2			
Inmate work program — statutory.....		(0.5)			
<i>Unclaimed Monies Act</i>		0.4	959.2	954.0	5.2
Children and Families.....	1,250.6	—	1,250.6	1,224.4	26.2
Education, Skills and Training.....	5,768.0	—	5,768.0	5,725.1	42.9
Employment and Investment.....	155.1				
Williston reservoir compensation.....		0.5			
Fort Nelson, Blueberry–Doig Indian Band lands.....		0.2			
Interest on revenue refunds.....		0.1	155.9	134.3	21.6
Environment, Lands and Parks.....	234.1				
Land exchanges.....		17.5			
Crown Land special account.....		5.7			
Valuation allowance.....		0.3	257.6	244.0	13.6
Finance and Corporate Relations.....	114.1				
Purchasing Commission Working Capital special account.....		(16.1)			
Valuation allowance.....		5.5			
Interest on revenue refunds.....		1.0	104.5	97.1	7.4
Forests.....	655.3				
Fire suppression program.....		20.8			
Transfer from General Fund to Small Business Forest Enterprise special account.....		4.0	680.1	611.3	68.8
Health.....	7,080.7				
Ministry operations — special warrant.....		40.5			
Ministry operations — statutory appropriation.....		22.9			
Medical and Health Services special account — statutory appropriation.....		22.7			
Valuation allowance.....		16.5			
Transfer to Medical and Health Care Services special account from Ministry Operations.....		(5.0)			
Collection agency commissions.....		0.2	7,178.5	7,158.5	20.0
Human Resources.....	1,715.5				
Ministry operations — special warrant.....		40.0			
Valuation allowance.....		17.9			
Ministry operations — statutory appropriation.....		15.0	1,788.4	1,788.4	—

**Table A2.3 Expenditure Appropriations
Consolidated Revenue Fund
For the Fiscal Year Ended March 31, 1997¹ — Continued**

(Unaudited)	Budget Estimate 1996/97	Other Authorizations	Total Authorizations	Preliminary Actual 1996/97	Net Under Expenditure ²
			(\$ millions)		
Labour.....	36.9	—	36.9	32.8	4.1
Municipal Affairs and Housing	440.5				
Home owner grants.....		4.0	444.5	418.6	25.9
Small Business, Tourism and Culture.....	141.9				
Valuation allowance		4.3	146.2	134.8	11.4
Transportation and Highways.....	628.1				
Collection commission fees.....		4.6	632.7	626.4	6.3
Women's Equality.....	40.0	—	40.0	36.7	3.3
Other Appropriations:					
Management of Public Funds and Debt.....	1,001.0	—	1,001.0	950.7	50.3
Contingencies and New Programs	51.0	—	51.0	48.7	2.3
BC Benefits	143.1				
Statutory appropriation.....		101.5	244.6	244.6	—
Corporate Accounting System.....	12.9	—	12.9	8.5	4.4
Environmental Assessment and Land Use Coordination ...	17.7	—	17.7	15.7	2.0
Environmental Boards and Forest Appeals Commission ...	2.2	—	2.2	0.9	1.3
Forest Practices Board.....	4.3	—	4.3	3.0	1.3
Office of the Police Complaints Commissioner.....	0.5	—	0.5	0.1	0.4
Public Sector Employers' Council.....	2.1	—	2.1	1.7	0.4
Public Service Employee Relations Commission.....	12.5				
Statutory appropriation.....		14.1	26.6	24.9	1.7
Office of the Transition Commissioner for Child and Youth Services.....	7.2	—	7.2	1.0	6.2
Amortization of change in unfunded pension liability.....	(24.9)	(11.1)	(36.0)	(36.0)	—
Insurance and Risk Management special account.....	9.2				
Statutory appropriation.....		2.9	12.1	12.1	—
South Moresby Implementation — Forestry Compensation special account.....	—				
Statutory appropriation.....		1.1	1.1	1.1	—
Accounting policy change — tangible capital assets.....	(11.0)	(4.7)	(15.7)	(15.7)	—
TOTAL.....	<u>20,561.0</u>	<u>386.8</u>	<u>20,947.8</u>	<u>20,603.6</u>	<u>344.2</u>

¹ Figures based on preliminary 1996/97 Public Accounts information.

² Total authorizations less preliminary actual.

Table A2.4 Revenue by Source
Consolidated Revenue Fund
For Fiscal Years Ended March 31¹

(Unaudited)	1993 ²	1994 ²	1995 ²	1996 ²	Preliminary 1997
Taxation revenue			(\$ millions)		
Personal income ³	4,212.1	4,477.9	4,707.2	4,993.1	5,289.8
Corporation income.....	545.0	719.4	997.8	1,225.2	1,347.3
Social service.....	2,101.2	2,661.1	2,884.4	2,999.6	3,076.4
Fuel.....	591.1	641.8	666.7	678.4	688.1
Tobacco.....	483.3	482.6	516.7	482.3	487.9
Property — residential (school purpose) ⁴	416.2	441.6	469.6	480.5	493.1
Property — business (school purpose).....	638.9	685.7	690.0	701.6	701.8
Property — rural area.....	55.0	57.7	52.0	63.3	62.3
Property transfer.....	353.1	372.6	339.1	266.1	313.3
Corporation capital.....	320.3 ⁵	359.1	399.6	380.2	402.9
Insurance premium.....	131.7	151.7	156.7	175.7	168.6
Hotel room.....	59.4	63.3	76.0	81.7	87.6
Horse racing.....	6.2	5.7	6.9	6.4	5.4
Less commissions on collection of public funds.....	(16.9)	(19.7)	(25.8)	(24.6)	(25.2)
Total taxation revenue	<u>9,896.6</u>	<u>11,100.5</u>	<u>11,936.9</u>	<u>12,509.5</u>	<u>13,099.3</u>
Natural resource revenue					
Petroleum and natural gas					
Natural gas royalties.....	76.4	134.2	130.8	94.1	173.4
Permits and fees.....	66.3	214.0	219.5	168.1	205.8
Petroleum royalties.....	54.1	44.8	49.8	52.7	74.3
	<u>196.8</u>	<u>393.0</u>	<u>400.1</u>	<u>314.9</u>	<u>453.5</u>
Minerals.....	42.1	46.4	65.5	77.5	47.2
Forests					
Timber sales ⁶	540.5 ⁵	709.3	1,042.9	889.4	1,036.0
Small Business Forest Enterprise Program.....	176.1	282.5	374.8	312.6	323.1
Logging tax.....	(6.3)	21.9	69.1	134.1	40.4
Other forests revenue.....	11.0	17.9	12.1	11.8	8.4
	<u>721.3</u>	<u>1,031.6</u>	<u>1,498.9</u>	<u>1,347.9</u>	<u>1,407.9</u>
Water resources.....	289.4	284.8	261.8	267.7	264.1
Wildlife Act — fees and licences.....	15.8	16.8	18.6	19.0	13.8
Less commissions on collection of public funds.....	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)
	<u>304.1</u>	<u>300.5</u>	<u>279.3</u>	<u>285.6</u>	<u>276.8</u>
Total natural resource revenue	<u>1,264.3</u>	<u>1,771.5</u>	<u>2,243.8</u>	<u>2,025.9</u>	<u>2,185.4</u>
Other revenue					
Fees and Licences					
Medical Services Plan premiums.....	776.6	778.7	805.2	822.4	853.3
Motor vehicle licences and permits.....	238.2	277.5	306.1	326.3	321.9
Ministry of Attorney General fees.....	78.3	84.4	84.0	82.8	95.5
Real estate earnings of the Crown Land special account.....	38.2	40.5	54.9	30.5	54.3
Coquihalla highway tolls.....	32.5	35.1	36.9	37.6	38.0
Registry Agency fees.....	29.1	34.2	34.1	34.4	35.8
Vital Statistics Agency fees.....	6.4	6.7	7.7	8.0	8.8
Ministry of Health fees.....	20.0	22.9	23.6	23.3	22.2
Provincial Treasury Operations and Insurance and Risk Management special accounts.....	18.3	18.4	25.0	20.8	22.7
Safety inspection fees.....	14.7	16.4	16.9	16.3	16.1
Waste management fees.....	3.9	10.9	10.8	12.8	15.7
Public gaming licences and permits.....	13.0	12.0	14.6	15.3	16.6
Securities Commission special account.....	10.6	13.2	14.6	— ⁷	—
Fire Services Act.....	7.2	7.0	9.5	8.6	11.0
Property tax collection fees.....	4.4	4.7	4.9	5.8	6.4



Table A2.4 Revenue by Source
Consolidated Revenue Fund
For Fiscal Years Ended March 31¹ — Continued

(Unaudited)	1993 ²	1994 ²	1995 ²	1996 ²	Preliminary 1997
	(\$ millions)				
Financial Institutions Commission	5.7	6.5	6.7	6.6	6.5
Other fees and licences	35.1	36.2	35.8	30.7	33.5
	<u>1,332.2</u>	<u>1,405.3</u>	<u>1,491.3</u>	<u>1,482.2</u>	<u>1,558.3</u>
Less commissions on collection of public funds	(14.8)	(22.7)	(24.5)	(23.0)	(41.1)
	<u>1,317.4</u>	<u>1,382.6</u>	<u>1,466.8</u>	<u>1,459.2</u>	<u>1,517.2</u>
Investment earnings	122.6	128.4	63.1	139.4	131.7
British Columbia Endowment Fund ⁸	46.9	70.6	80.2	27.7	—
Miscellaneous					
Fines and penalties	79.5	87.1	84.7	77.6	77.9
Maintenance of children	17.1	21.2	27.3	18.7	12.6
Insurance claim receipts	16.4	17.8	25.0	25.2	22.0
Other miscellaneous	58.1	105.4	129.1	156.2	106.2
	<u>171.1</u>	<u>231.5</u>	<u>266.1</u>	<u>277.7</u>	<u>218.7</u>
Less commissions on collection of public funds	—	—	—	(0.5)	(4.0)
	<u>171.1</u>	<u>231.5</u>	<u>266.1</u>	<u>277.2</u>	<u>214.7</u>
Total other revenue	<u>1,658.0</u>	<u>1,813.1</u>	<u>1,876.2</u>	<u>1,903.5</u>	<u>1,863.6</u>
Contributions from government enterprises					
Liquor Distribution Branch ⁹	517.1	554.8	568.5	567.1	587.8
British Columbia Hydro and Power Authority	237.6	244.7	198.0	114.8	279.3
British Columbia Lottery Corporation ⁹	227.0	233.8	235.4	244.2	266.2
British Columbia Buildings Corporation	16.6	10.0	20.0	12.0	10.0
British Columbia Railway Company	10.3	—	—	10.0	4.0
WLC Developments Ltd.	—	—	—	15.0	—
Other contributions	7.0	5.0	6.0	4.5	0.8
Total contributions from government enterprises	<u>1,015.6</u>	<u>1,048.3</u>	<u>1,027.9</u>	<u>967.6</u>	<u>1,148.1</u>
Contributions from the federal government					
Canada health and social transfer ¹⁰	2,236.3	2,090.5	2,242.7	2,222.1	1,775.0
Education (public schools)	66.8	68.3	75.4	68.6	71.7
National Training Act	25.0	23.1	25.4	19.8	11.1
Vocational rehabilitation of disabled persons	23.3	25.7	27.6	45.8	29.4
Young Offenders Act	10.5	8.4	8.4	8.4	8.1
Transportation and highways	19.8	18.6	22.8	— ¹¹	—
Economic development	8.3	11.7	11.9	9.6	— ¹³
Public Utilities Income Tax Transfer Act	1.3	2.3	27.7	— ¹²	—
Other payments	24.2	20.5	20.6	19.8	59.7 ¹⁴
Total contributions from the federal government	<u>2,415.5</u>	<u>2,269.1</u>	<u>2,462.5</u>	<u>2,394.1</u>	<u>1,955.0</u>
Total revenue	<u>16,250.0</u>	<u>18,002.5</u>	<u>19,547.3</u>	<u>19,800.6</u>	<u>20,251.4</u>

¹ For comparative purposes, figures for prior years have been restated to be consistent with the presentation used in 1996/97. Figures exclude dedicated revenue collected on behalf of, and transferred to, Crown corporations and agencies. Figures for 1992/93 to 1995/96 are based on annual *Public Accounts* for those years. 1996/97 figures are based on preliminary 1996/97 *Public Accounts* information.

² Revenue has been restated to show commissions and/or remunerations received by businesses or agents for services relating to the administration, collection and management of revenue and accounts on behalf of the government as authorized under various statutes/regulations. Previously, certain revenue amounts were presented net of commissions and fees. This restatement does not affect the total revenue figures for the year.

³ For comparative purposes, revenue has been restated to reflect an accounting change in 1993/94 to record personal income tax on an accrual basis. This change also affects Canada health and social transfer (CHST) revenue as the amount of the CHST entitlement is determined by deducting a tax transfer of 13.5 points of personal income tax and one point of corporate income tax. Revenue includes actual and estimated revenue due to the province regardless of when the cash is received.

⁴ Revenue is shown net of home owner grants (basic and supplementary).

⁵ In 1992/93, corporation capital tax and timber sales revenues were restated due to a change in the method of recording accruals.

⁶ Includes stumpage royalties. Previously, these were shown separately.

⁷ Beginning in 1995/96, the British Columbia Securities Commission was established as a Crown agency outside the consolidated revenue fund.

⁸ The British Columbia Endowment Fund was wound up in June 1995.

⁹ Government revenue may be different from the annual net income reported by the Liquor Distribution Branch and the British Columbia Lottery Corporation due to year-end accounting adjustments and corrections for prior years (see appendix 7).

¹⁰ In 1996/97, the federal government introduced the Canada health and social transfer, replacing the former established programs financing and Canada assistance plan programs.

¹¹ Beginning in 1995/96, the federal ferry subsidy is received directly by the British Columbia Ferry Corporation.

¹² Beginning in 1995/96, the federal government ended its contribution under this act.

¹³ Beginning in 1996/97, the federal government ended its contribution under various economic development programs.

¹⁴ Other payments include federal contributions for flood relief, criminal legal aid, statutory subsidies, South Moresby compensation, student loan administration and other cost-shared programs. The 1996/97 figure includes federal contributions for provincial immigration programs and a partial recovery of Canada assistance plan entitlements withheld in 1995/96.

**Table A2.5 Revenue by Source — Supplementary Information
Consolidated Revenue Fund
For Fiscal Years Ended March 31¹**

(Unaudited)	1993	1994	1995	1996	Preliminary 1997
Per Cent of GDP:					
			(per cent)		
Taxation.....	11.4	12.2	12.1	12.3	12.6
Natural resource.....	1.5	1.9	2.3	2.0	2.1
Other.....	1.9	2.0	1.9	1.9	1.8
Contributions from government enterprises.....	1.2	1.1	1.0	0.9	1.1
Contributions from the federal government.....	2.8	2.5	2.5	2.3	1.9
Total revenue.....	<u>18.7</u>	<u>19.7</u>	<u>19.8</u>	<u>19.4</u>	<u>19.5</u>
Growth Rates:					
			(per cent)		
Taxation.....	10.0	12.2	7.5	4.8	4.7
Natural resource.....	14.8	40.1	26.7	-9.7	7.9
Other.....	2.0	9.4	3.5	1.5	-2.1
Contributions from government enterprises.....	45.0	3.2	-1.9	-5.9	18.7
Contributions from the federal government.....	9.9	-6.1	8.5	-2.8	-18.3
Total revenue.....	11.1	10.8	8.6	1.3	2.3
Per Capita Revenue:					
			(dollars)		
Taxation.....	2,846	3,105	3,252	3,324	3,398
Natural resource.....	364	496	611	538	567
Other.....	477	507	511	506	483
Contributions from government enterprises.....	292	293	280	257	298
Contributions from the federal government.....	695	635	671	636	507
Total revenue.....	<u>4,674</u>	<u>5,036</u>	<u>5,325</u>	<u>5,262</u>	<u>5,253</u>
Real Per Capita Revenue (1996 dollars)	5,089	5,300	5,495	5,308	5,253
— growth rate (per cent).....	5.1	4.2	3.7	-3.4	-1.0

¹ Revenue has been restated to reflect the government's accounting policy at March 31, 1997. Figures exclude dedicated revenue collected on behalf of, and transferred to British Columbia Transit, BC Transportation Financing Authority and Forest Renewal BC.

Note: Per capita revenue is calculated using July 1 population; e.g. 1996/97 revenue divided by population on July 1, 1996. Revenue is converted to real (inflation-adjusted) terms using the consumer price index (CPI) for the corresponding calendar year; e.g. 1996 CPI for 1996/97 revenue.

Totals may not add due to rounding.

**Table A2.6 Expenditure by Function¹
Consolidated Revenue Fund
For Fiscal Years Ended March 31**

(Unaudited)	1993	1994	1995	1996	Preliminary 1997
Health			(\$ millions)		
Hospital care.....	2,835.0	2,897.8	2,954.2	2,993.5	3,140.3
Medical care.....	1,978.0	2,146.0	2,221.9	2,325.9	2,399.8
Preventive care.....	1,090.5	1,166.7	1,329.3	1,392.3	1,449.3
Other health.....	99.4	77.9	81.0	78.2	91.0
Total health.....	6,002.9	6,288.4	6,586.4	6,789.9	7,080.4
Social services.....	2,366.5	2,704.7	2,890.1	3,035.9	3,020.5
Education					
Elementary and secondary.....	3,519.1	3,628.2	3,782.8	3,969.1	4,121.1
Post-secondary.....	1,216.7	1,288.4	1,351.4	1,417.1	1,472.3
Other education.....	68.0	67.1	117.6	109.0	165.0
Total education.....	4,803.8	4,983.7	5,251.8	5,495.2	5,758.4
Protection of persons and property					
Law enforcement.....	346.7	365.1	361.3	375.9	395.9
Police protection.....	133.8	129.3	137.6	143.7	149.7
Corrections.....	196.9	207.2	235.7	243.0	259.2
Other protection and regulation.....	205.7	285.1	308.5	327.8	289.6
Total protection of persons and property.....	883.1	986.7	1,043.1	1,090.4	1,094.4
Transportation					
Road and air.....	789.4	725.1 ²	626.3	576.7	577.8
Ferries.....	48.0	60.9	35.9	9.4	4.7
Railways.....	13.3	—	—	—	—
Public transit.....	226.9	244.0	246.8	270.3	281.4
Total transportation.....	1,077.6	1,030.0	909.0	856.4	863.9
Natural resources and economic development					
Forests (includes firefighting).....	648.9	654.0	756.6	688.1	613.7
Minerals and mines.....	65.5	57.1	254.4 ³	45.7	26.6
Environment and agriculture.....	281.4	250.5	271.3	242.7	247.6
Fish and game.....	20.1	26.7	28.9	25.9	24.0
Trade and industry.....	139.0	151.5	186.1	171.8	153.6
Total natural resources and economic development.....	1,154.9	1,139.8	1,497.3	1,174.2	1,065.5
Other expenditure					
Local government.....	346.9 ⁴	347.6	317.2	302.1	309.4
Housing support.....	79.1	85.5	108.1	76.3	87.2
Recreation and culture.....	132.7	193.9	176.9	116.0	116.5
Accounting policy change — tangible capital assets.....	—	—	—	(14.1) ⁵	—
Total other expenditure.....	558.7	627.0	602.2	480.3	513.1
General government					
Administration.....	249.2	211.8	221.2	229.8	226.1
Legislature.....	25.5	25.1	25.5	26.5	30.6
Total general government.....	274.7	236.9	246.7	256.3	256.7
Debt servicing.....	813.5	915.7	967.1	977.4	950.7
Total expenditure.....	17,935.7⁴	18,912.9	19,993.7	20,156.0	20,603.6

¹ Expenditure by function has been restated to conform more closely to the presentation used by Statistics Canada. Figures for 1996/97 are based on preliminary 1996/97 Public Accounts information. For comparative purposes, figures for previous years have been restated to be consistent with the presentation used in 1996/97.

² Responsibility for highway capital construction was transferred to the BC Transportation Financing Authority in 1993/94.

³ 1994/95 minerals and mines expenditure includes a one-time \$195-million expenditure to record the renegotiation of the Vancouver Island natural gas pipeline assistance agreement.

⁴ 1992/93 expenditure was reduced \$24.7 million mainly as a result of a prior-year adjustment to record the government's liability for sewer and water grants to municipalities.

⁵ The effect of a change in accounting policy to recognize capitalization and depreciation of tangible capital assets is included in 1995/96 as a \$14.1 million reduction to other expenditures. In 1996/97, expenditure is reduced \$15.7 million with the effect allocated to appropriate functions. Comparative amounts for previous years are not available.

Table A2.7 Expenditure by Function — Supplementary Information
Consolidated Revenue Fund
For Fiscal Years Ended March 31

(Unaudited)	1993	1994	1995	1996	Preliminary 1997
Per Cent of GDP:					
			(per cent)		
Health	6.9	6.9	6.7	6.7	6.8
Social services	2.7	3.0	2.9	3.0	2.9
Education	5.5	5.5	5.3	5.4	5.6
Protection of persons and property	1.0	1.1	1.1	1.1	1.1
Transportation	1.2	1.1	0.9	0.8	0.8
Natural resources and economic development	1.3	1.2	1.5	1.2	1.0
Other expenditure	0.6	0.7	0.6	0.5	0.5
General government	0.3	0.3	0.3	0.3	0.2
Debt servicing	0.9	1.0	1.0	1.0	0.9
Total Expenditure	<u>20.7</u>	<u>20.7</u>	<u>20.3</u>	<u>19.8</u>	<u>19.9</u>
Growth Rates:					
			(per cent)		
Health	6.9	4.8	4.7	3.1	4.3
Social services	18.7	14.3	6.9	5.0	-0.5
Education	6.2	3.7	5.4	4.6	4.8
Protection of persons and property	8.4	11.7	5.7	4.5	0.4
Transportation	-14.6	-4.4	-11.7	-5.8	0.9
Natural resources and economic development	-17.8	-1.3	31.4 ¹	-21.6	-9.3
Other expenditure	-8.8	12.2	-4.0	-20.2	6.8
General government	-4.0	-13.8	4.1	3.9	0.2
Debt servicing	26.6	12.6	5.6	1.1	-2.7
Total Expenditure	4.6	5.4	5.7 ¹	0.8	2.2
Per Capita Expenditure:					
			(dollars)		
Health	1,727	1,759	1,794	1,804	1,837
Social services	681	757	787	807	784
Education	1,382	1,394	1,431	1,460	1,494
Protection of persons and property	254	276	284	290	284
Transportation	310	288	248	228	224
Natural resources and economic development	332	319	408	312	276
Other expenditure	161	175	164	128	133
General government	79	66	67	68	67
Debt servicing	234	256	263	260	247
Total Expenditure	<u>5,159</u>	<u>5,291</u>	<u>5,446</u>	<u>5,356</u>	<u>5,345</u>
Real Per Capita Expenditure (1996 dollars)	5,617	5,568	5,621	5,403	5,345
— growth rate (per cent)	-1.1	-0.9	0.9	-3.9	-1.1

¹ 1994/95 includes a one-time \$195-million expenditure to record the renegotiation of the Vancouver Island natural gas pipeline agreement. Excluding this payment, natural resources and economic development expenditure growth would be 14.4 per cent and 1994/95 total expenditure growth would be 4.7 per cent.

Note: Per capita expenditure is calculated using July 1 population; e.g. 1996/97 expenditure divided by population on July 1, 1996. Expenditure is converted to real (inflation-adjusted) terms using the consumer price index (CPI) for the corresponding calendar year; e.g. 1996 CPI for 1996/97 expenditure.

Totals may not add due to rounding.

**Table A2.8 Historical Revenue by Source
Consolidated Revenue Fund
For Fiscal Years Ended March 31¹
(Unaudited)**

Year	Taxation	Natural Resource	Other Revenue	Contributions From Government Enterprises	Contributions From the Federal Government	Total
(\$ millions)						
1985.....	5,015.3	720.9	886.0	360.3	1,825.0	8,807.5
1986.....	5,237.2	703.7	965.3	398.4	1,855.5	9,160.1
1987.....	5,354.5	657.6	979.2	447.6	2,024.5	9,463.4
1988.....	6,199.8	1,223.0	1,059.9	469.8	2,054.1	11,006.6
1989.....	6,973.0	1,271.4	1,728.8	447.4	2,149.2	12,569.8
1990.....	8,095.7	1,249.2	1,516.9	726.7	2,120.7	13,709.2
1991.....	8,702.5	1,170.7	1,485.6	834.5	2,095.9	14,289.2
1992.....	8,997.3	1,101.0	1,626.1	700.5	2,197.9	14,622.8
1993.....	9,896.6	1,264.3	1,658.0	1,015.6	2,415.5	16,250.0
1994.....	11,100.5	1,771.5	1,813.1	1,048.3	2,269.1	18,002.5
1995.....	11,936.9	2,243.8	1,876.2	1,027.9	2,462.5	19,547.3
1996.....	12,509.5	2,025.9	1,903.5	967.6	2,394.1	19,800.6
1997 (preliminary).....	13,099.3	2,185.4	1,863.6	1,148.1	1,955.0	20,251.4

¹ Revenue has been restated to reflect the government's accounting policy at March 31, 1997. Figures exclude dedicated revenue collected on behalf of, and transferred to, British Columbia Transit, BC Transportation Financing Authority and Forest Renewal BC. Figures for 1984/85 to 1995/96 are based on annual *Public Accounts* for those years. 1996/97 figures are based on preliminary 1996/97 *Public Accounts* information.

**Table A2.9 Historical Expenditure by Function
Consolidated Revenue Fund
For Fiscal Years Ended March 31¹
(Unaudited)**

Year	Health	Social Services	Education	Transportation	Debt Servicing	Other ²	Total
(\$ millions)							
1985.....	3,041.8	1,266.5	2,455.1	1,263.0	274.6	1,500.4	9,801.4
1986.....	3,161.3	1,297.6	2,384.8	1,156.5	341.9	1,784.5	10,126.6
1987.....	3,445.7	1,297.8	2,495.1	905.5	383.6	2,096.4	10,624.1
1988.....	3,684.1	1,348.8	2,662.4	927.7	525.3	1,906.3	11,054.6
1989.....	4,012.2	1,440.2	2,919.7	844.3	529.9	2,087.9	11,834.2
1990.....	4,501.7	1,495.8	3,228.4	1,198.9	510.2	2,318.0	13,253.0
1991.....	5,027.5	1,669.1	4,113.0 ³	1,187.7	531.2	2,534.3	15,062.8
1992.....	5,616.7	1,993.7	4,521.5	1,262.1	642.8	3,117.6	17,154.4
1993.....	6,002.9	2,366.5	4,803.8	1,077.6	813.5	2,871.4	17,935.7
1994.....	6,288.4	2,704.7	4,983.7	1,030.0 ⁴	915.7	2,990.4	18,912.9
1995.....	6,586.4	2,890.1	5,251.8	909.0	967.1	3,389.3	19,993.7
1996.....	6,789.9	3,035.9	5,495.2	856.4	977.4	3,001.2	20,156.0
1997 (preliminary).....	7,080.4	3,020.5	5,758.4	863.9	950.7	2,929.7	20,603.6

¹ Expenditure has been restated to reflect the government's accounting policy at March 31, 1997. Further information is provided in footnotes to Table A2.6. Figures for 1984/85 to 1995/96 are based on annual *Public Accounts* for those years. 1996/97 figures are based on preliminary 1996/97 *Public Accounts* information.

² Other includes: protection of persons and property, natural resources and economic development, general government and other expenditures.

³ Beginning in 1990/91, the provincial government assumed full responsibility for contributions to school districts previously funded through residential school property taxes. As a result, some expenditures formerly financed by local school districts are included as expenditures of the government.

⁴ Responsibility for highway capital construction was transferred to the BC Transportation Financing Authority in 1993/94.

**Table A2.10 Historical Summary of Financial Transactions
Consolidated Revenue Fund
For Fiscal Years Ended March 31
Unaudited**

Year	Revenue	Expenditure	(Surplus) Deficit	Disbursements (Receipts) from Financing/ Working Capital Transactions	Total Financial Requirements (Sources)	Net Increase (Decrease) in Government Direct Debt	(Increase) Decrease In Cash and Temporary Investments ¹
				(\$ millions)			
1970.....	1,248.3	1,244.7	(3.6)	9.3	5.7	—	5.7
1971.....	1,373.3	1,274.1	(99.2)	20.1	(79.1)	—	(79.1)
1972.....	1,557.4	1,473.9	(83.5)	22.8	(60.7)	—	(60.7)
1973.....	1,772.3	1,675.5	(96.8)	13.0	(83.8)	—	(83.8)
1974.....	2,217.2	2,071.3	(145.9)	(22.9)	(168.8)	—	(168.8)
1975.....	2,769.4	2,779.2	9.8	98.6	108.4	—	108.4
1976.....	3,124.1	3,534.4	410.3	(96.6)	313.7	—	313.7
1977.....	3,785.4	3,691.1	(94.3)	150.1	55.8	261.4	(205.6)
1978.....	4,371.8	4,167.8	(204.0)	(54.2)	(258.2)	—	(258.2)
1979.....	4,852.7	4,582.2	(270.5)	26.3	(244.2)	—	(244.2)
1980.....	5,860.0	5,318.2	(541.8)	85.0	(456.8)	(26.1)	(430.7)
1981 ²	5,982.6	6,239.4	256.8	30.1	286.9	(26.1)	313.0
1982.....	7,139.3	7,323.4	184.1	(159.3)	24.8	(26.1)	50.9
1983.....	7,678.1	8,662.3	984.2	265.3	1,249.5	700.0	549.5
1984.....	8,335.1	9,347.2	1,012.1	(223.5)	788.6	713.0	75.6
1985.....	8,807.5	9,801.4	993.9	(111.3)	882.6	879.8	2.8
1986.....	9,160.1	10,126.6	966.5	(105.7)	860.8	721.2	139.6
1987.....	9,463.4	10,624.1	1,160.7	567.9	1,728.6	1,604.8	123.8
1988.....	11,006.6	11,054.6	48.0	154.1	202.1	214.8	(12.7)
1989.....	12,569.8	11,834.2	(735.6)	76.4	(659.2)	(97.5)	(561.7)
1990.....	13,709.2	13,253.0	(456.2)	23.3	(432.9)	(710.6)	277.7
1991.....	14,289.2	15,062.8	773.6	18.5	792.1	517.3	274.8
1992.....	14,622.8	17,154.4	2,531.6	(518.2)	2,013.4	1,884.6	128.8
1993.....	16,250.0	17,935.7	1,685.7	599.2	2,284.9	2,359.0	(74.1)
1994.....	18,002.5	18,912.9	910.4	(17.5)	892.9	1,287.6	(394.7)
1995.....	19,547.3	19,993.7	446.4	(272.2)	174.2	(76.0)	250.2
1996 ³	19,800.6	20,156.0	355.4	(145.4)	210.0	56.0	154.0
1997 (preliminary)	20,251.4	20,603.6	352.2	420.0	772.2	793.4	(21.2)

¹ The definition of items classified as cash and temporary investments has changed over time. The table reports the change in cash and temporary investments based on the accounting classification used during the year reported.

² The provincial government changed from a cash basis to an accrual basis of accounting in 1980/81.

³ Expenditure for 1995/96 has been reduced \$14 million to reflect a change in accounting policy in respect of tangible capital assets.

**Table A2.11 Provincial Net Debt Summary¹
For Fiscal Years Ended March 31**

(Unaudited)	1993	1994	1995	1996	Preliminary 1997
			(\$ millions)		
Provincial Government Direct	8,969.5	10,257.1	10,181.1	10,237.1	11,030.5
Crown Corporations and Agencies					
Commercial:					
British Columbia Hydro and Power Authority.....	7,259.7	7,614.8	7,662.3	7,592.3	7,477.2
British Columbia Railway Company.....	250.4	287.9	310.9	326.1	390.6
Other ²	—	1.5	—	—	3.1
	<u>7,510.1</u>	<u>7,904.2</u>	<u>7,973.2</u>	<u>7,918.4</u>	<u>7,870.9</u>
Economic Development:					
British Columbia Ferry Corporation.....	348.7	418.0	432.8	502.0	684.9
British Columbia Transit.....	1,370.5	1,370.5	1,449.5	1,505.5	1,537.2
BC Transportation Financing Authority.....	—	73.0	275.9	590.4	915.6
Other ³	9.3	20.4	24.1	32.0	48.4
	<u>1,728.5</u>	<u>1,881.9</u>	<u>2,182.3</u>	<u>2,629.9</u>	<u>3,186.1</u>
Social and Government Services:					
British Columbia Assessment Authority.....	5.5	5.9	5.5	7.0	6.2
British Columbia Buildings Corporation.....	578.8	612.3	698.1	719.1	735.4
British Columbia Educational Institutions Capital Financing Authority.....	755.7	958.1	1,117.1	1,240.4	1,345.7
British Columbia Regional Hospital Districts Financing Authority.....	1,049.4	1,079.7	1,255.6	1,331.1	1,373.0
British Columbia School Districts Capital Financing Authority.....	1,392.5	1,787.3	2,257.0	2,506.5	2,770.2
Capital Project Certificate of Approval Program ⁴	369.5	409.6	319.0	311.0	172.1
British Columbia Systems Corporation.....	28.5	26.0	25.9	21.6	19.3
	<u>4,179.9</u>	<u>4,878.9</u>	<u>5,678.2</u>	<u>6,136.7</u>	<u>6,421.9</u>
Other Fiscal Agency Loans:					
Greater Vancouver Sewerage and Drainage District.....	161.5	197.5	187.0	175.1	—
Greater Vancouver Water District.....	102.2	130.2	137.1	131.1	—
Universities and colleges.....	117.8	148.3	173.6	164.3	154.3
Local governments.....	4.4	3.1	3.3	3.3	3.3
	<u>385.9</u>	<u>479.1</u>	<u>501.0</u>	<u>473.8</u>	<u>157.6</u>
Less Amounts held as investments/cash for relending by the Consolidated Revenue Fund and Crown corporations and agencies.....	42.4	29.6	0.7	0.8	0.8
Warehouse Borrowing Program	—	—	—	895.2	100.0
Government, Crown Corporation and Agencies Debt Total	<u>22,731.5</u>	<u>25,371.6</u>	<u>26,515.1</u>	<u>28,290.3</u>	<u>28,766.2</u>
Other Guarantees:					
Student assistance loans.....	179.2	193.1	205.5	173.5	148.4
British Columbia home mortgage assistance and second mortgage programs.....	339.5	162.3	122.4	76.2	53.7
Other ⁵	71.9	70.1	70.8	37.9	26.4
	<u>590.6</u>	<u>425.5</u>	<u>398.7</u>	<u>287.6</u>	<u>228.5</u>
Total Direct and Guaranteed Debt	<u>23,322.1</u>	<u>25,797.1</u>	<u>26,913.8</u>	<u>28,577.9</u>	<u>28,994.7</u>
Non-Guaranteed Debt⁶	<u>99.9</u>	<u>129.8</u>	<u>136.0</u>	<u>134.8</u>	<u>245.3</u>
Total Provincial Debt	<u>23,422.0</u>	<u>25,926.9</u>	<u>27,049.8</u>	<u>28,712.7</u>	<u>29,240.0</u>
Taxpayer-Supported Debt⁷	<u>15,895.9</u>	<u>17,981.1</u>	<u>19,037.2</u>	<u>19,865.7</u>	<u>21,144.2</u>

¹ Net debt is after deduction of sinking funds and unamortized discounts, and excludes accrued interest. Government direct and fiscal agency debt accrued interest is reported in the government's accounts as an account payable. Figures for earlier years have been restated to conform with the presentation used for 1997, which is based on preliminary 1996/97 Public Accounts information.

² Includes WLC Developments Ltd. and the Columbia Power Corporation.

³ Includes the British Columbia Housing Management Commission, the Pacific Racing Association and Victoria Line Ltd.

⁴ Short-term borrowings obtained by financing authorities under the Certificate of Approval Program are used as interim financing of capital construction and are eventually converted to long-term debt.

⁵ Includes loan guarantees to agricultural producers and guarantees issued under economic development assistance programs. Also includes loan guarantee provisions.

⁶ Includes debt of British Columbia Lottery Corporation, Liquor Distribution Branch, British Columbia Railway Company, Columbia Basin Power Company, the Pacific National Exhibition, Provincial Rental Housing Corporation, BC Transportation Financing Authority, British Columbia Ferry Corporation and the Okanagan Valley Tree Fruit Authority that is not guaranteed by the provincial government. Although not a direct obligation of the provincial government, this debt is included as part of total provincial debt because it is incurred by a government body. As a result of accounting changes in 1996/97, figures from 1994/95 onwards have been restated to exclude the non-guaranteed debt of school districts, hospital districts and societies, and post-secondary institutions.

⁷ Excludes debt of commercial Crown corporations and agencies, funds held under the province's warehouse borrowing program, and non-guaranteed debt of the British Columbia Lottery Corporation, Liquor Distribution Branch, British Columbia Railway Company and Columbia Basin Power Company.

**Table A2.12 Provincial Net Debt Summary — Supplementary Information
For Fiscal Years Ended March 31**

(Unaudited)	1993	1994	1995	1996	Preliminary 1997
Per Cent of GDP:					
	(per cent)				
Provincial government direct.....	10.3	11.2	10.3	10.0	10.6
Crown corporations and agencies:					
Commercial.....	8.7	8.7	8.1	7.8	7.6
Economic development ¹	2.0	2.0	2.2	2.6	3.1
Social and government services ¹	4.8	5.3	5.8	6.0	6.2
Other fiscal agency loans.....	0.4	0.5	0.5	0.5	0.2
Warehouse borrowing program.....	—	—	—	0.9	0.1
Other guarantees and non-guaranteed.....	0.8	0.7	0.5	0.4	0.4
Total provincial debt.....	<u>27.0</u>	<u>28.4</u>	<u>27.4</u>	<u>28.2</u>	<u>28.2</u>
Taxpayer-supported debt ²	<u>18.3</u>	<u>19.7</u>	<u>19.3</u>	<u>19.5</u>	<u>20.4</u>
Growth Rates:					
	(per cent)				
Provincial government direct.....	35.7	14.4	-0.7	0.6	7.8
Crown corporations and agencies:					
Commercial.....	0.3	5.2	0.9	-0.7	-0.6
Economic development ¹	12.4	8.4	17.5	20.5	21.1
Social and government services ¹	17.7	17.4	16.5	8.1	4.6
Other fiscal agency loans.....	59.8	24.2	4.6	-5.4	-66.7
Warehouse borrowing program.....	—	—	—	—	—
Other guarantees and non-guaranteed.....	6.7	-19.6	-3.7	-21.0	12.2
Total provincial debt.....	16.9	10.7	4.3	6.1	1.8
Taxpayer-supported debt ²	26.7	13.1	5.9	4.4	6.4
Per Capita Net Debt:					
	(dollars)				
Provincial government direct.....	2,580	2,869	2,774	2,721	2,861
Crown corporations and agencies:					
Commercial.....	2,160	2,211	2,172	2,104	2,042
Economic development ¹	493	520	595	699	826
Social and government services ¹	1,194	1,364	1,547	1,631	1,666
Other fiscal agency loans.....	111	134	136	126	41
Warehouse borrowing program.....	—	—	—	238	26
Other guarantees and non-guaranteed.....	198	155	145	111	123
Total provincial debt.....	<u>6,736</u>	<u>7,253</u>	<u>7,369</u>	<u>7,630</u>	<u>7,585</u>
Taxpayer-supported debt ²	<u>4,572</u>	<u>5,030</u>	<u>5,186</u>	<u>5,279</u>	<u>5,485</u>

¹ Excludes amounts held as investments/cash for relending by the consolidated revenue fund and Crown corporations and agencies.² Excludes debt of commercial Crown corporations and agencies, funds held under the province's warehouse borrowing program, and non-guaranteed debt of the British Columbia Lottery Corporation, Liquor Distribution Branch, British Columbia Railway Company and Columbia Basin Power Company.

**Table A2.13 Historical Provincial Net Debt Summary
For Fiscal Years Ended March 31¹
(Unaudited)**

Year	Provincial Government Direct	Commercial	Economic Development ²	Social and Government Services	Other ³	Less: Amounts Held as Investments by the Consolidated Revenue Fund and Crown Corporations and Agencies ⁴	Total Provincial Debt	Taxpayer- supported Debt ⁵	Total Provincial Debt as a Per Cent of GDP	Taxpayer- supported Debt as a Per Cent of GDP
(\$ millions)										
1970	—	1,661.3	141.5	480.4	—	—	2,283.2	621.9	25.7	7.0
1971	—	1,807.5	172.2	525.3	—	—	2,505.0	697.5	26.9	7.5
1972	—	1,948.1	233.4	559.1	—	—	2,740.6	792.5	26.5	7.7
1973	—	2,061.8	288.2	600.2	—	—	2,950.2	888.4	24.8	7.5
1974	—	2,227.7	401.6	625.9	—	—	3,255.2	1,027.5	22.1	7.0
1975	—	2,649.9	442.2	710.4	—	—	3,802.5	1,152.6	21.8	6.6
1976	—	3,144.3	596.2	827.9	—	—	4,568.4	1,424.1	23.4	7.3
1977	261.4	3,787.4	694.8	1,035.8	—	—	5,779.4	1,992.0	25.1	8.7
1978	261.4	4,464.0	715.8	1,156.2	—	—	6,597.4	2,133.4	25.7	8.3
1979	261.4	4,837.6	709.5	1,311.9	—	165.5	6,954.9	2,117.3	24.2	7.4
1980	235.3	5,704.3	824.1	1,542.1	—	205.2	8,100.6	2,396.3	24.3	7.2
1981	209.2	5,956.1	823.4	1,715.9	—	161.0	8,543.6	2,587.5	22.3	6.8
1982	183.1	7,227.5	972.6	2,104.9	—	314.9	10,173.2	2,945.7	23.0	6.7
1983	883.1	7,691.4	1,194.1	2,724.5	—	136.4	12,356.7	4,665.3	27.8	10.5
1984	1,596.1	8,440.3	1,784.1	2,810.6	78.9	74.4	14,635.6	6,195.3	31.2	13.2
1985	2,475.9	9,082.0	1,234.1	2,695.0	98.1	34.8	15,550.3	6,468.3	31.4	13.0
1986	3,197.1	8,989.5	1,646.0	2,606.6	152.5	38.9	16,552.8	7,563.3	31.3	14.3
1987	4,801.9	8,485.2	1,286.5	2,374.7	213.8	17.0	17,145.1	8,659.9	30.9	15.6
1988	5,016.7	8,148.8	1,192.7	2,434.9	226.7	8.2	17,011.6	8,862.8	27.4	14.3
1989	4,919.2	7,396.4	1,213.5	2,553.7	381.3	8.6	16,455.5	9,059.1	24.0	13.2
1990	4,208.6	7,334.6	1,245.1	2,804.3	727.8	61.1	16,259.3	8,919.4	21.7	11.9
1991	4,725.9	7,438.8	1,288.0	3,078.7	736.4	5.4	17,262.4	9,818.4	21.9	12.5
1992	6,610.5	7,488.1	1,534.1	3,554.8	888.7	35.4	20,040.8	12,547.5	24.6	15.4
1993	8,969.5	7,510.1	1,728.5	4,179.9	1,076.4	42.4	23,422.0	15,895.9	27.0	18.3
1994	10,257.1	7,904.2	1,881.9	4,878.9	1,034.4	29.6	25,926.9	17,981.1	28.4	19.7
1995	10,181.1	7,973.2	2,182.3	5,678.2	1,035.7	0.7	27,049.8	19,037.2	27.4	19.3
1996	10,237.1	7,918.4	2,629.9	6,136.7	1,791.4	0.8	28,712.7	19,865.7	28.2	19.5
1997*	11,030.5	7,870.9	3,186.1	6,421.9	731.4	0.8	29,240.0	21,144.2	28.2	20.4

* Preliminary.

¹ Net debt is after deducting sinking funds. Government purpose and fiscal agency debt excludes accrued interest, which is reported in the government's accounts as an account payable. Guaranteed debt excludes accrued interest from 1984/85 onwards. Amounts from 1977 onwards have been restated to include non-guaranteed debt of the British Columbia Lottery Corporation, British Columbia Railway Company, the Pacific National Exhibition and Provincial Rental Housing Corporation. Amounts from 1995 onward have been restated to include the non-guaranteed debt of the Liquor Distribution Branch, and to exclude the non-guaranteed debt of school districts, hospital districts and societies, and post-secondary institutions.

² Certain economic development debt (for example, agricultural and regional development loan guarantees) has been reclassified as social, government services and other debt. Prior to 1984/85, debt outstanding for the British Columbia Railway Company was classified as economic development debt; beginning in 1984/85, this debt is classified as commercial debt.

³ Includes other fiscal agency loans, warehouse borrowing program, other guarantees and non-guaranteed debt. Also includes loan guarantee provisions.

⁴ Includes cash held for relending under the Fiscal Agency Loan Program.

⁵ Excludes debt of commercial Crown corporations and agencies, funds held under the province's warehouse borrowing program, and non-guaranteed debt of the British Columbia Lottery Corporation, Liquor Distribution Branch, British Columbia Railway Company and Columbia Basin Power Company.

Appendix 3: The Province and Its People

Table A3.1 British Columbia Municipal Population Estimates

Name	Area Type	Estimate 1994	Estimate 1995	Estimate 1996	Name	Area Type	Estimate 1994	Estimate 1995	Estimate 1996
Abbotsford.....	DM ‡	21,473	—	—	Montrose.....	VL	1,268	1,263	1,269
Alert Bay.....	VL	692	689	697	Nakusp.....	VL	1,766	1,758	1,813
Anmore.....	VL	814	831	863	Nanaimo.....	C	69,553	71,236	72,812
Armstrong.....	C	3,806	3,969	4,069	Nelson.....	C	9,518	9,511	9,607
Ashcroft.....	VL	1,949	2,028	2,128	New Denver.....	VL	586	604	604
Belcarra.....	VL	649	648	642	New Hazelton.....	DM	820	817	826
Burnaby.....	C	173,535	176,032	178,922	New Westminster.....	C	47,855	47,292	48,759
Burns Lake.....	VL *	2,014	2,056	2,126	North Cowichan.....	DM	25,150	25,756	26,326
Cache Creek.....	VL	1,189	1,207	1,212	North Saanich.....	DM	10,754	10,867	10,990
Campbell River.....	DM	28,379	29,626	30,672	North Vancouver.....	C	40,752	41,560	41,918
Castlegar.....	C	7,139	7,091	7,257	North Vancouver.....	DM	82,050	81,801	83,302
Central Saanich.....	DM	15,116	15,249	15,611	Oak Bay.....	DM	18,411	18,260	18,243
Chase.....	VL	2,324	2,363	2,466	Oliver.....	T	4,427	4,502	4,490
Chetwynd.....	DM	3,044	3,167	3,271	Osoyoos.....	T	3,895	4,011	4,135
Chilliwack.....	DM	59,092	60,991	62,582	Parksville.....	C *	8,751	9,242	9,576
City of Abbotsford.....	C ‡	—	104,784	107,410	Peachland.....	DM	4,459	4,548	4,619
City of Langley.....	C	21,453	22,660	23,485	Pemberton.....	VL	670	709	811
Clinton.....	VL	714	725	740	Penticton.....	C	31,898	32,021	32,218
Coldstream.....	DM	9,268	9,417	9,518	Pitt Meadows.....	DM *	13,538	13,860	14,445
Colwood.....	C	14,538	14,515	14,672	Port Alberni.....	C	19,051	19,116	19,377
Comox.....	T	11,059	11,495	11,857	Port Alice.....	VL	1,521	1,609	1,626
Coquitlam.....	C	97,439	100,889	103,995	Port Clements.....	VL	539	548	577
Courtenay.....	C *	16,149	17,661	18,420	Port Coquitlam.....	C	43,153	45,668	47,780
Cranbrook.....	C	18,058	18,571	18,780	Port Edward.....	DM	783	784	835
Creston.....	T *	4,748	4,762	4,843	Port Hardy.....	DM	5,390	5,406	5,470
Cumberland.....	VL	2,542	2,614	2,683	Port McNeill.....	T	2,819	2,880	3,014
Dawson Creek.....	C	11,390	11,598	11,730	Port Moody.....	C	20,017	20,447	21,200
Delta.....	DM	95,658	96,815	97,936	Pouce Coupe.....	VL	879	902	960
Duncan.....	C	5,075	5,156	5,330	Powell River.....	DM	13,566	13,705	14,143
Elkford.....	DM	2,813	3,135	3,456	Prince George.....	C	75,129	76,506	77,996
Enderby.....	C	2,837	2,980	3,012	Prince Rupert.....	C	17,365	17,516	17,681
Esquimalt.....	DM	17,737	17,983	17,992	Princeton.....	T	2,959	2,980	3,036
Fernie.....	C	5,048	5,079	5,155	Qualicum Beach.....	T	6,282	6,670	6,874
Fort Nelson.....	T	4,107	4,327	4,484	Quesnel.....	C *	8,335	8,386	8,588
Fort St. James.....	DM	2,137	2,163	2,209	Radium Hot Springs.....	VL	518	544	556
Fort St. John.....	C	14,830	15,042	15,191	Revelstoke.....	C	8,189	8,334	8,507
Fraser Lake.....	VL	1,365	1,444	1,426	Richmond.....	C	139,601	143,683	148,311
Fruitvale.....	VL	2,164	2,213	2,196	Rossland.....	C	3,721	3,719	3,768
Gibsons.....	T *	3,808	3,875	3,937	Saanich.....	DM *	104,283	105,599	106,318
Gold River.....	VL	2,182	2,219	2,279	Salmo.....	VL	1,210	1,218	1,227
Golden.....	T	4,023	4,134	4,107	Salmon Arm.....	DM	14,006	14,622	15,034
Grand Forks.....	C	4,135	4,131	4,184	Sayward.....	VL	408	433	444
Granisle.....	VL	647	649	676	Sechelt.....	DM	7,192	7,369	7,745
Greenwood.....	C	840	833	831	Sechelt Ind. Gov. Dist.....	IGD	767	770	798
Harrison Hot Springs.....	VL	967	1,023	1,060	Sicamous.....	DM	2,913	3,088	3,082
Hazelton.....	DM	355	369	384	Sidney.....	T	10,915	10,999	11,184
Highlands.....	VL	1,201	1,267	1,285	Silverton.....	VL	266	272	277
Hope.....	DM	6,476	6,780	7,032	Slocan.....	VL	299	319	328
Houston.....	DM	3,725	3,772	3,936	Smithers.....	T	5,481	5,685	5,794
Hudson's Hope.....	DM	1,091	1,091	1,115	Spallumcheen.....	DM	5,258	5,395	5,477
Invermere.....	DM	2,545	2,630	2,721	Sparwood.....	DM	4,051	4,144	4,250
Kamloops.....	C	75,151	77,377	79,566	Squamish.....	DM	13,588	14,034	14,284
Kaslo.....	VL	963	955	996	Stewart.....	DM	1,024	1,041	1,033
Kelowna.....	C	90,280	91,980	93,403	Summerland.....	DM	10,965	11,073	11,150
Kent.....	DM	5,099	5,187	5,231	Surrey.....	C	281,298	292,265	300,581
Keremeos.....	VL	1,080	1,091	1,101	Tahsis.....	VL	1,246	1,251	1,224
Kimberley.....	C	6,729	6,857	6,908	Taylor.....	DM	935	1,004	1,066
Kitimat.....	DM	11,775	11,763	12,077	Telkwa.....	VL	1,086	1,200	1,328
Ladysmith.....	T	6,018	6,207	6,362	Terrace.....	C	12,642	13,019	13,372
Lake Country.....	DM †	—	8,550	8,848	Tofino.....	DM	1,234	1,286	1,396
Lake Cowichan.....	VL	2,774	2,978	3,116	Trail.....	C *	8,070	7,970	8,005
Langford.....	DM *	16,533	17,653	17,878	Tumbler Ridge.....	DM	4,020	3,798	3,817
Langley.....	DM	78,477	80,662	83,173	Ucluelet.....	VL	1,693	1,747	1,733
Lillooet.....	VL	1,972	2,037	2,058	Valemount.....	VL	1,191	1,277	1,295
Lions Bay.....	VL	1,415	1,414	1,417	Vancouver.....	C	510,339	521,837	535,699
Logan Lake.....	DM	2,474	2,473	2,530	Vanderhoof.....	DM	4,336	4,421	4,470
Lumby.....	VL	1,559	1,830	1,901	Vernon.....	C *	32,404	33,086	34,059
Lytton.....	VL	364	357	366	Victoria.....	C	75,590	76,591	77,772
Mackenzie.....	DM	5,844	6,009	6,146	View Royal.....	T *	6,511	6,662	6,748
Maple Ridge.....	DM	55,099	56,712	58,342	Warfield.....	VL	1,776	1,742	1,750
Masset.....	VL	1,518	1,540	1,493	West Vancouver.....	DM	41,497	41,755	42,252
Matsqui.....	DM ‡	79,848	—	—	Whistler.....	DM	5,977	6,691	7,348
McBride.....	VL	652	735	764	White Rock.....	C	17,442	17,592	18,044
Merritt.....	C *	6,746	7,065	7,805	Williams Lake.....	C	10,911	11,216	11,398
Metchosin.....	DM	4,674	4,745	4,835	Zeballos.....	VL	259	263	276
Midway.....	VL	646	660	663	100 Mile House.....	DM	1,981	2,032	2,075
Mission.....	DM	30,367	31,150	31,677	Total.....		<u>3,153,398</u>	<u>3,236,522</u>	<u>3,312,436</u>

Note: All figures correspond to municipal boundaries as of July 1 of the year stated. All figures are as of July 1 of the year stated.
 C = City, T = Town, VL = Village, DM = District Municipality, IGD = Indian Government District.

* Denotes a boundary change between 1994 and 1996.

† Denotes a new incorporation.

‡ Abbotsford DM and Matsqui DM amalgamated in 1995 to form the City of Abbotsford.

Source: BC STATS, Ministry of Finance and Corporate Relations.

Table A3.2 Historical Labour Market Activity in British Columbia

Total — Both Sexes				
Year	Labour Force	Employed	Unemployed	Unemployment Rate
		(thousands)		(per cent)
1986.....	1,547.6	1,353.7	193.9	12.5
1987.....	1,579.5	1,390.4	189.0	12.0
1988.....	1,610.5	1,444.3	166.2	10.3
1989.....	1,676.2	1,523.7	152.5	9.1
1990.....	1,703.9	1,561.4	142.4	8.4
1991.....	1,761.5	1,585.1	176.4	10.0
1992.....	1,809.2	1,619.3	189.9	10.5
1993.....	1,845.2	1,665.9	179.3	9.7
1994.....	1,912.8	1,732.8	180.0	9.4
1995.....	1,934.9	1,761.7	173.3	9.0
1996.....	1,981.5	1,805.8	175.7	8.9

Males				
Year	Labour Force	Employed	Unemployed	Unemployment Rate
		(thousands)		(per cent)
1986.....	889.6	779.7	109.9	12.4
1987.....	902.9	798.5	104.4	11.6
1988.....	909.6	820.7	88.9	9.8
1989.....	939.2	857.5	81.7	8.7
1990.....	946.7	868.0	78.7	8.3
1991.....	977.2	874.5	102.7	10.5
1992.....	994.8	884.5	110.2	11.1
1993.....	1,020.7	920.5	100.2	9.8
1994.....	1,052.8	945.7	107.1	10.2
1995.....	1,060.8	963.0	97.8	9.2
1996.....	1,083.1	985.5	97.6	9.0

Females				
Year	Labour Force	Employed	Unemployed	Unemployment Rate
		(thousands)		(per cent)
1986.....	658.1	574.0	84.1	12.8
1987.....	676.5	591.9	84.6	12.5
1988.....	700.9	623.6	77.3	11.0
1989.....	737.0	666.2	70.8	9.6
1990.....	757.2	693.4	63.8	8.4
1991.....	784.3	710.6	73.6	9.4
1992.....	814.5	734.7	79.7	9.8
1993.....	824.5	745.4	79.1	9.6
1994.....	860.1	787.1	72.9	8.5
1995.....	874.1	798.6	75.5	8.6
1996.....	898.3	820.3	78.1	8.7

Note: Totals may not add due to rounding.
Source: Statistics Canada.

Table A3.3 Population by Region (at July 31)

	Region 1 Vancouver Island/Coast	Region 2 Mainland/ Southwest	Region 3 Thompson/ Okanagan	Region 4 Kootenay	Region 5 Cariboo	Region 6 North Coast	Region 7 Nechako	Region 8 Northeast
	(thousands)							
1986.....	560	1,644	356	138	156	65	41	59
1987.....	567	1,681	360	135	156	66	41	59
1988.....	579	1,731	365	134	155	66	41	58
1989.....	594	1,787	372	136	154	66	41	58
1990.....	614	1,841	385	138	156	67	41	59
1991.....	631	1,887	398	139	156	68	42	60
1992.....	648	1,945	416	141	157	68	42	60
1993.....	666	1,996	434	144	162	69	42	61
1994.....	686	2,048	450	147	165	70	43	61
1995.....	703	2,099	462	150	169	71	45	63
1996.....	716	2,154	474	153	174	73	46	64

Note: Population for 1986 includes estimates of the net census undercount and non-permanent residents.

Population for 1991 includes an estimate of the net census undercount.

Population for 1996 is an estimate based on the 1991 census.

Source: BC STATS, Ministry of Finance and Corporate Relations.

Table A3.4 Labour Force Characteristics by Region (1996)

	Region 1 Vancouver Island/Coast	Region 2 Mainland/ Southwest	Region 3 Thompson/ Okanagan	Region 4 Kootenay	Regions 5 Cariboo	Regions 6 and 7 North Coast and Nechako	Region 8 Northeast
Population 15+ (000s).....	562.3	1,729.9	366.5	117.9	122.3	77.8	49.0
Labour Force (000s).....	347.0	1,152.8	227.3	70.7	89.9	57.3	36.3
Employment (000s).....	313.5	1,055.8	203.4	64.5	82.0	53.0	33.6
Unemployment (000s).....	33.5	97.0	24.0	6.3	7.9	4.4	2.7
Unemployment Rate	9.7	8.4	10.6	8.9	8.8	7.7	7.4
Participation Rate	61.7	66.6	62.0	60.0	73.5	73.7	74.1
Employment Rate	55.8	61.0	55.5	54.7	67.0	68.1	68.6

Source: Statistics Canada.

Table A3.5 Employment by Industry in British Columbia

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
	(thousands of persons)										
Total — all industries	1,354	1,390	1,444	1,524	1,561	1,585	1,619	1,666	1,733	1,762	1,806
Primary Industries	83	86	91	88	79	86	77	79	81	83	84
<i>Agriculture</i>	32	32	35	30	28	34	32	34	29	28	34
<i>Forestry</i>	25	27	28	30	26	26	25	26	32	36	28
<i>Fishing and Trapping</i>	8	8	9	8	8	9	7	8	8	5	6
<i>Mining</i>	18	20	19	19	17	16	14	12	12	14	16
Manufacturing	161	167	178	187	184	183	177	187	196	192	207
<i>Food and beverages</i>	21	21	22	20	19	21	19	20	27	21	22
<i>Wood products</i>	48	48	46	52	50	45	49	55	53	47	49
<i>Paper and allied</i>	15	17	21	25	19	20	19	20	20	23	24
<i>Printing, publishing and allied</i>	14	18	18	17	16	17	20	20	20	19	25
<i>Primary metals</i>	11	11	12	9	12	10	8	9	9	10	10
<i>Metal fabrication</i>	11	9	13	12	11	13	11	10	13	12	10
<i>Transportation equipment</i>	6	9	7	9	10	10	8	6	8	9	8
<i>Other manufacturing</i>	35	34	38	43	47	47	43	47	46	51	59
Construction	73	77	92	105	114	110	120	115	141	126	127
<i>General contractors</i>	29	28	37	40	41	43	43	43	50	38	39
<i>Special trade contractors</i>	43	47	56	63	70	64	74	71	88	84	84
Transportation, communication and other utilities	125	128	114	127	136	138	137	136	131	140	138
<i>Transportation</i>	76	76	70	76	83	88	87	85	82	81	85
<i>Communication</i>	37	38	31	38	39	37	38	38	34	43	38
<i>Electric, gas and water utilities</i>	10	12	10	11	12	11	13	14	12	13	12
<i>Storage</i>	*	*	*	*	*	*	*	*	*	*	*
Trade	255	263	271	289	299	287	306	318	303	317	317
<i>Wholesale trade</i>	71	70	70	77	73	77	86	94	82	88	91
<i>Retail trade</i>	183	194	200	212	226	210	218	224	221	229	226
Finance, insurance and real estate	88	85	97	95	95	94	110	101	111	111	113
<i>Finance</i>	44	39	48	49	41	41	42	44	48	48	48
<i>Insurance carriers</i>	11	14	11	13	14	18	16	12	16	17	15
<i>Insurance and real estate</i>	33	31	37	35	40	35	51	46	47	46	49
Service industries	480	492	514	542	569	600	599	628	671	694	715
<i>Education and related services</i>	84	79	88	94	97	107	106	118	123	121	123
<i>Health and welfare services</i>	116	116	132	128	137	148	150	154	160	164	175
<i>Religious organizations</i>	7	7	7	6	6	6	7	7	8	7	7
<i>Amusement and recreational services</i>	25	24	17	22	26	23	24	26	33	35	39
<i>Services to business management</i>	68	76	86	92	99	104	99	106	114	125	135
<i>Personal services</i>	42	40	41	36	39	42	40	42	44	47	47
<i>Accommodation and food services</i>	100	106	106	121	118	121	125	120	137	137	137
<i>Miscellaneous services</i>	39	41	37	42	47	47	48	55	53	59	52
Public administration	88	93	88	92	87	89	94	102	100	99	106
<i>Federal administration</i>	29	29	30	33	31	35	32	33	31	31	36
<i>Provincial administration</i>	33	35	32	32	28	26	33	33	38	38	38
<i>Local administration</i>	25	28	27	27	28	28	29	36	31	30	32
<i>Other government offices</i>	*	*	*	*	*	*	*	*	*	*	*

Note: An asterisk (*) indicates employment of less than 4,000 persons. Totals may not add due to rounding.
 Produced by: BC STATS, Ministry of Finance and Corporate Relations.
 Source: Statistics Canada, Labour Force Survey (unpublished data).

Appendix 4: Industrial Structure and Performance

Table A4.1 Volume of Mature Timber, 1996

Species	Coast Volume	Per Cent of Coast	Interior Volume	Per Cent of Interior	Total Volume	Per Cent of Total
	(million cubic metres)		(million cubic metres)		(million cubic metres)	
Hemlock	1,175	46.1	341	6.9	1,516	20.3
Spruce	116	4.6	1,474	29.9	1,590	21.3
Balsam	411	16.1	859	17.4	1,270	17.0
Lodgepole pine	26	1.0	1,481	30.1	1,507	20.2
Red cedar	296	11.6	98	2.0	394	5.3
Douglas fir	134	5.3	284	5.8	418	5.6
Other coniferous	374	14.7	70	1.4	444	5.9
Deciduous	15	0.6	321	6.5	336	4.5
Total	2,547	100.0	4,928	100.0	7,475	100.0

Note: Total of timber supply areas and tree farm licences. Mature volumes represent gross volumes less decay, waste and breakage. Totals may not add due to rounding.

Source: Council of Forest Industries.

Table A4.2 Timber Scaled (Logged) by Species

Species	1986	1993	1994	1995	1996	1996 Per Cent of Total
			(million cubic metres)			
Lodgepole Pine	18.6	18.5	18.3	18.3	20.4	27.2
Spruce	18.3	16.4	14.8	13.6	14.2	18.9
Hemlock	12.7	13.4	12.6	12.8	10.9	14.4
Balsam	9.7	12.2	11.7	11.4	10.6	14.2
Douglas fir	8.4	7.9	7.8	8.2	8.3	11.0
Cedar	8.0	7.7	6.7	7.3	6.5	8.7
All others	1.8	3.1	3.8	4.9	4.3	5.7
Total	77.5	79.2	75.7	76.5	75.2	100.0

Note: Totals may not add due to rounding.

Source: Ministry of Forests.

Table A4.3 Economic Indicators of Activity in the Forest Sector

Indicator	1992	1993	1994	1995	1996	Change ¹ 1995-1996
Wood production			(million cubic metres)			(per cent)
Timber scaled (logged).....	74.0	79.2	75.6	76.5	75.2	-1.7
Lumber.....	33.4	33.9	33.7	32.6	32.7	0.3
Plywood.....	1.55	1.54	1.55	1.52	1.48	-2.6
Pulp and paper production			(million tonnes)			
Pulp.....	6.65	7.05	7.62	7.61	7.30	-4.1
Newsprint, paper and paperboard.....	2.69	3.07	2.95	2.84	2.82	-0.4
Industrial product price indexes			(1986=100)			
Softwood lumber — British Columbia.....	118.5	164.1	187.1	171.6	189.1	10.2
Douglas fir plywood.....	112.1	139.3	154.1	155.2	159.7	2.9
Bleached sulphate pulp for export.....	106.8	90.0	119.4	193.5	129.4	-33.1
Newsprint for export.....	90.8	98.0	104.8	149.0	153.4	3.0

¹ Percentage change based on unrounded numbers.

Sources: Timber scaled — Ministry of Forests.

Lumber and plywood production — Statistics Canada.

Pulp and paper production — Canadian Pulp and Paper Association.

Industrial product price indexes — Statistics Canada.

Table A4.4 Mineral Production, 1995 and 1996

	Unit	1995		1996 ¹	
		Quantity (000)	Value (\$ millions)	Quantity (000)	Value (\$ millions)
Metals					
Copper.....	(kilograms)	278,930	1,119.2	235,030	730.0
Gold.....	(grams)	19,925	327.6	18,557	316.9
Lead.....	(kilograms)	59,282	51.3	54,477	57.9
Molybdenum.....	(kilograms)	9,113	202.9	8,030	93.5
Silver.....	(grams)	462,259	105.9	476,649	108.9
Zinc.....	(kilograms)	135,912	192.3	159,691	222.1
Other.....		—	17.2	—	12.7
Total.....		—	<u>2,016.4</u>	—	<u>1,542.0</u>
Industrial minerals					
Barite.....		—	1.7	—	2.0
Sulphur in smelter gas.....	(tonnes)	85	6.0	83	6.3
Others.....		—	49.9	—	35.5
Total.....		—	<u>57.6</u>	—	<u>43.8</u>
Structural materials					
Cement.....	(tonnes)	1,669	162.1	1,808	180.0
Sand and gravel.....	(tonnes)	39,024	158.2	37,778	159.0
Stone.....	(tonnes)	7,204	45.9	7,181	50.0
Other.....		—	28.9	—	30.1
Total.....		—	<u>395.1</u>	—	<u>419.1</u>
Coal					
Metallurgical.....	(tonnes)	22,470	912.5	23,615	1,011.0
Thermal.....	(tonnes)	1,880	55.8	2,564	79.3
Total coal.....	(tonnes)	24,350	<u>968.3</u>	26,179	<u>1,090.2</u>
Total solid minerals.....		—	<u>3,437.3</u>	—	<u>3,095.1</u>

¹ Estimate.

Note: Totals may not add due to rounding.

Conversion table:

0.9072 tonnes = one ton.

0.4536 kilograms = one pound.

31.1035 grams = one troy ounce.

Source: Ministry of Employment and Investment.

Appendix 4: Industrial Structure and Performance

Table A4.5 Historical Value of Mineral Production

Year	Metals	Industrial Materials	Structural Materials	Coal	Crude Oil	Natural Gas to Pipeline	Other Oil and Gas	Total	
				(\$ millions)					
1986.....	1,157	134	215	934	230	486	62	3,218	
1987.....	1,492	125	259	893	302	373	56	3,500	
1988.....	1,876	111	258	979	206	477	53	3,960	
1989.....	1,757	125	297	1,001	263	495	25	3,963	
1990.....	1,559	119	313	980	318	537	42	3,868	
1991.....	1,419	86	312	938	247	555	32	3,589	
1992.....	1,438	45	305	749	260	587	38	3,422	
1993.....	1,175	41	335	797	233	810	41	3,432	
1994.....	1,354	47	370	905	259	894	50	3,879	
1995.....	2,016	58	395	968	272	708	57	4,474	
1996 ¹	1,542	44	419	1,074	369	861	74	4,383	

¹ Estimate.

Note: Totals may not add due to rounding.

Source: Ministry of Employment and Investment.

Table A4.6 Historical Value of Metal Production

Year	Copper	Silver	Gold	Zinc	Molybdenum	Lead	Other	Total
				(\$ millions)				
1986.....	629	95	155	138	93	38	9	1,157
1987.....	842	123	239	109	122	50	7	1,492
1988.....	1,117	113	229	212	116	74	14	1,876
1989.....	1,003	105	236	241	112	46	13	1,757
1990.....	985	115	232	103	88	16	6	1,546
1991.....	846	74	238	152	67	33	7	1,419
1992.....	892	53	219	171	55	42	5	1,438
1993.....	721	38	205	114	68	22	8	1,175
1994.....	797	29	206	157	113	43	9	1,354
1995.....	1,119	106	328	192	203	52	17	2,016
1996 ¹	730	109	317	222	93	58	13	1,542

¹ Estimate.

Note: Totals may not add due to rounding.

Source: Ministry of Employment and Investment.

Table A4.7 Indicators of Activity in Petroleum and Natural Gas

Indicator	Unit of Measure	1995	1996	Change 1995-1996 (per cent)
Natural gas production (wellhead) ¹	(billion cubic metres)	22.6	23.5	4.0
Crude oil and condensate.....	(million cubic metres)	2.0	2.2	9.9
Wells authorized.....	(number)	498	597	19.9
Wells drilled.....	(number)	438	461	5.3
Seismic crew-weeks.....	(number)	283	160	-43.5
Provincial reserves				
Marketable gas (remaining reserves).....	(billion cubic metres)	246.0	244.0	-0.8
Oil (remaining reserves).....	(million cubic metres)	20.0	21.0	5.0
Provincial government petroleum and natural gas revenue ²	(\$ millions)	310.1	366.6	18.2

¹ Includes gas coming out of storage (1 billion cubic metres in 1996).

² Fiscal year basis (e.g. 1996 represents the year ending March 31, 1996). Includes royalties, bonus bids, permits, fees, leases and rentals.
Source: Ministry of Employment and Investment.

Table A4.8 Supply and Consumption of Electrical Energy in British Columbia

Year	Supply				Consumption		
	Net Generation		Total Provincial Generation	Receipts From Other Provinces and Imports	Total Provincial Supply	Delivered To Other Provinces and Exports	Total Provincial Consumption
	Hydro	Thermal					
	(gigawatt-hours ¹)						
1986.....	48,923	1,836	50,759	3,345	54,104	4,709	49,395
1987.....	61,057	2,009	63,066	1,203	64,269	13,336	50,934
1988.....	58,573	2,370	60,943	2,351	63,294	9,215	54,078
1989.....	51,082	6,573	57,655	4,500	62,155	6,583	55,572
1990.....	57,245	3,417	60,662	3,233	63,895	6,689	57,206
1991.....	60,149	2,832	62,981	2,272	65,253	7,725	57,528
1992.....	60,555	3,503	64,058	2,685	66,743	9,473	57,270
1993.....	53,057	5,717	58,774	5,691	64,465	5,605	58,860
1994.....	53,979	7,036	61,015	7,836	68,851	9,541	59,311
1995.....	49,814	8,192	58,006	6,385	64,391	3,972	60,419
1996.....	66,300	4,433	70,733	3,289	74,021	10,390	63,632

¹ gigawatt-hour=one million kilowatt-hours.

Note: Totals may not add due to rounding.

Source: Statistics Canada.

Appendix 4: Industrial Structure and Performance

Table A4.9 Historical British Columbia Farm Cash Receipts

Year	Crops		Livestock			Other	Total
	Fruits and Vegetables Including Potatoes	Grain and Other Crops	Dairy Products	Poultry and Eggs	Other Livestock and Products		
	(\$ millions)						
1985.....	210	142	228	153	247	80	1,061
1986.....	222	143	232	159	264	85	1,104
1987.....	231	153	231	170	282	52	1,120
1988.....	234	220	237	177	254	83	1,204
1989.....	236	230	243	198	272	76	1,254
1990.....	209	265	250	215	292	64	1,296
1991.....	239	272	258	216	277	63	1,324
1992.....	279	260	260	217	314	66	1,396
1993.....	269	280	268	235	339	42	1,432
1994.....	304	318	282	256	331	30	1,521
1995.....	355	340	292	269	276	25	1,559
1996 ¹	313	351	306	309	282	34	1,596

¹ Preliminary.

Note: All data have been revised as a result of benchmarking to the 1991 Census of Agriculture. Totals may not add due to rounding.

Source: Statistics Canada.

Table A4.10 Historical British Columbia Fish Production

Year	Wholesale Value ¹					Total Wholesale	Total Landed Value ⁶
	Salmon ²	Halibut ³	Herring	Ground-fish ⁴	Shellfish ⁵		
	(\$ millions)						
1986.....	539	31	88	76	35	769	405
1987.....	438	38	174	103	56	808	453
1988.....	627	30	176	94	72	999	573
1989.....	656	31	158	98	72	1,015	513
1990.....	650	28	169	117	69	1,033	559
1991.....	499	29	147	130	72	877	492
1992.....	496	24	137	133	117	907	533
1993.....	605	38	172	123	120	1,058	605
1994.....	647	53	194	120	139	1,155	724
1995 ⁷	511	45	185	112	163	1,018	556
1996 ⁸	448	51	178	99	163	942	572

¹ Wholesale value includes the value of fish wholly or partially processed, and raw fish sold through brokers.

² Includes salmon aquaculture production and production derived from U.S. salmon.

³ Includes halibut landings at U.S. ports by British Columbia fish harvesters.

⁴ Includes hake landings to foreign vessels, plus minor fish species not listed.

⁵ Includes shellfish aquaculture production.

⁶ Landed value is the value of raw fish landed at the dock.

⁷ Preliminary.

⁸ Estimate.

Note: Totals may not add due to rounding.

Sources: Ministry of Agriculture, Fisheries and Food; Department of Fisheries and Oceans, Canada.

Table A4.11 Value of Manufacturing Shipments

Industry	1994	Per Cent of Total Manufacturing	1995	Per Cent of Total Manufacturing	1996	Per Cent of Total Manufacturing	Change 1995-1996
	(\$ millions)		(\$ millions)		(\$ millions)		(per cent)
Wood.....	11,104	35.8	10,699	31.3	10,449	31.7	-2.3
Paper and allied products.....	5,208	16.8	7,792	22.8	6,019	18.3	-22.8
Food.....	3,484	11.2	3,569	10.4	3,876	11.8	8.6
Fabricated metal products.....	1,428	4.6	1,531	4.5	1,575	4.8	2.9
Refined petroleum and coal.....	1,480	4.8	1,474	4.3	1,552	4.7	5.3
Primary metals.....	886	2.9	1,006	2.9	1,164	3.5	15.7
Printing and publishing.....	1,074	3.5	1,089	3.2	1,112	3.4	2.1
Transportation equipment.....	925	3.0	1,120	3.3	1,071	3.3	-4.4
Machinery (except electrical).....	873	2.8	1,004	2.9	1,018	3.1	1.3
Electrical and electrical products.....	667	2.1	846	2.5	989	3.0	16.9
Chemicals and chemical products.....	922	3.0	995	2.9	981	3.0	-1.4
Non-metallic mineral products.....	864	2.8	861	2.5	901	2.7	4.6
Beverages.....	654	2.1	659	1.9	666	2.0	1.0
Plastics.....	497	1.6	523	1.5	569	1.7	8.8
Furniture and fixtures.....	218	0.7	217	0.6	209	0.6	-3.3
Clothing.....	250	0.8	228	0.7	206	0.6	-9.7
Textile products.....	104	0.3	115	0.3	118	0.4	2.4
Other.....	409	1.3	441	1.3	441	1.3	—
Total.....	31,048	100.0	34,169	100.0	32,916	100.0	-3.7

Note: Based on the 1980 Standard Industrial Classification. Totals may not add due to rounding.

Source: Statistics Canada.

Produced by: BC STATS, Ministry of Finance and Corporate Relations.

Table A4.12 Housing Starts in British Columbia by Type of Structure

Type of Structure	1992	1993	1994	1995	1996	Change 1995-1996
						(per cent)
Single detached.....	21,472	17,787	16,591	11,581	12,447	7.5
Semi-detached.....	1,910	2,767	2,539	1,607	1,528	-4.9
Row.....	5,366	5,389	5,164	2,964	3,364	13.5
Apartment and other.....	11,873	16,864	15,114	10,905	10,302	-5.5
Total.....	40,621	42,807	39,408	27,057	27,641	2.2

Source: Canada Mortgage and Housing Corporation.

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Table A4.13 British Columbia Retail Sales by Trade Group

Trade Group	1994	1995	1996	Change 1995-1996
		(\$ millions)		(per cent)
Supermarkets and grocery stores.....	6,823	7,216	7,169	-0.7
All other food stores.....	501	515	601	16.7
Drugs and patent medicine stores.....	1,541	1,581	1,680	6.3
Shoe stores.....	208	198	186	-6.1
Men's clothing stores.....	229	245	212	-13.5
Women's clothing stores.....	516	580	531	-8.4
Other clothing stores.....	624	651	670	2.9
Household furniture and appliance stores.....	1,386	1,368	1,418	3.7
Other household furnishings stores.....	385	383	404	5.5
Motor vehicle and recreation vehicle dealers.....	6,700	7,679	7,467	-2.8
Gasoline service stations.....	1,957	2,047	2,192	7.1
Automotive parts, accessories and services.....	1,218	1,277	1,486	16.4
General merchandise stores.....	3,104	3,308	3,478	5.1
Other semi-durable goods stores.....	1,169	1,172	1,194	1.9
Other durable goods stores.....	1,020	972	955	-1.7
Other retail stores.....	1,651	1,645	1,609	-2.2
Total — all stores	<u>29,032</u>	<u>30,837</u>	<u>31,252</u>	1.3

Note: Totals may not add due to rounding.
Source: Statistics Canada.

Table A4.14 Indicators of British Columbia Financial Activity

Indicator	Units	1994	1995	1996	Change 1995-1996
					(per cent)
Chartered Banks					
Employees (July).....	(number)	20,470	20,834	22,914 ¹	10.0
Branches (June).....	(number)	887	906	922	1.8
Automated banking machines (October).....	(number)	1,738	1,854	1,968	6.1
Business loans outstanding (December).....	(\$ millions)	11,482	12,165	12,670	4.2
Personal loans outstanding (December).....	(\$ millions)	11,033	11,965	12,832	7.2
Credit Unions (December)					
Credit unions.....	(number)	101	100	100	—
Members.....	(thousands)	1,271	1,334	1,398	4.8
Total assets.....	(\$ millions)	16,398	18,097	19,518	7.9
Vancouver Stock Exchange					
Volume of shares traded.....	(millions)	5,286	6,142	8,320	35.5
Value of shares traded.....	(\$ millions)	5,784	6,422	11,986	86.6
Transactions.....	(thousands)	1,422	1,677	2,695	60.7

¹ December 1995.
Sources: Chartered Banks — Canadian Bankers' Association and Bank of Canada.
Credit Unions — B.C. Central Credit Union.
Vancouver Stock Exchange — Vancouver Stock Exchange.

Table A4.15 British Columbia Real Estate Market Indicators

Indicator	1995	1996	Change 1995-1996
Housing starts (number)			(per cent)
Single units.....	11,581	12,447	7.5
Multiple units.....	15,476	15,194	-1.8
Total.....	<u>27,057</u>	<u>27,641</u>	2.2
Multiple listing service activity			
Sales of listed homes (number).....	58,082	72,182	24.3
Average price (dollars).....	221,860	218,687	-1.4
Apartment vacancy rates ¹ (per cent)			
Vancouver.....	1.2	1.1	—
Victoria.....	2.0	2.6	—
Kamloops.....	2.8	3.2	—
Kelowna.....	3.1	4.0	—
Prince George.....	1.7	4.5	—
Cranbrook.....	3.0	10.8	—

¹ October vacancy rate survey.

Source: Canada Mortgage and Housing Corporation, and Canadian Real Estate Association.

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Table A4.16 British Columbia Tourism Revenue and Overnight Visitors

Origin	Revenue		Revenue Change	Visitors		Visitor Change
	1995	1996 ¹	1995-1996	1995	1996 ¹	1995-1996
	(\$ millions)		(per cent)	(thousands)		(per cent)
British Columbia.....	<u>3,374</u>	<u>3,408</u>	1.0	<u>17,976</u>	<u>18,158</u>	1.0
“Short Haul” Regional						
Alberta.....	533	541	1.5	2,010	2,041	1.5
Other Canadian.....	297	298	0.3	682	686	0.6
Washington State.....	305	311	2.0	1,675	1,704	1.7
Oregon State.....	54	55	1.9	247	251	1.6
Other United States.....	55	56	1.8	197	201	2.0
Subtotal.....	<u>1,243</u>	<u>1,261</u>	1.4	<u>4,810</u>	<u>4,883</u>	1.5
North America “Long Haul”						
Ontario.....	539	548	1.7	741	753	1.6
Other Canadian.....	99	99	—	227	229	0.9
California.....	262	267	1.9	720	733	1.8
Other United States.....	436	444	1.8	1,275	1,298	1.8
Mexico.....	10	14	40.0	16	24	50.0
Subtotal.....	<u>1,346</u>	<u>1,372</u>	1.9	<u>2,980</u>	<u>3,037</u>	1.9
Asia and Oceania						
Japan.....	206	229	11.2	350	389	11.1
Hong Kong.....	70	87	24.3	120	148	23.3
Taiwan.....	51	69	35.3	87	118	35.6
South Korea.....	38	57	50.0	65	96	47.7
Australia.....	55	59	7.3	95	101	6.3
New Zealand.....	16	17	6.3	28	28	—
Other Asia and Oceania.....	69	81	17.4	116	137	18.1
Subtotal.....	<u>506</u>	<u>598</u>	18.2	<u>859</u>	<u>1,017</u>	18.4
Europe						
United Kingdom.....	108	125	15.7	185	214	15.7
Germany.....	88	89	1.1	151	152	0.7
Switzerland.....	15	17	13.3	26	29	11.5
France.....	10	12	20.0	17	21	23.5
Netherlands.....	16	20	25.0	27	34	25.9
Italy.....	6	7	16.7	10	12	20.0
Other Europe.....	36	40	11.1	61	69	13.1
Subtotal.....	<u>277</u>	<u>310</u>	11.9	<u>476</u>	<u>531</u>	11.6
Other overseas.....	<u>13</u>	<u>18</u>	38.5	<u>22</u>	<u>33</u>	50.0
Total.....	<u>6,759</u>	<u>6,967</u>	3.1	<u>27,123</u>	<u>27,658</u>	2.0

¹ Preliminary estimates.

Note: Totals may not add due to rounding.

Source: Tourism British Columbia.

Table A4.17 Performing Arts in British Columbia, 1994/95¹

	Units	Theatre	Music	Dance	Opera	Total
Number of companies..... (number)		35	14	15	2	66
Total performances..... (number)		4,641	458	326	270	5,695
Total attendance..... (number)		1,029,360	512,740	70,153	177,195	1,789,448
Total revenue..... (\$ thousands)		18,209	13,485	3,653	7,228	42,575
Total expenditures..... (\$ thousands)		<u>18,172</u>	<u>13,624</u>	<u>3,441</u>	<u>8,029</u>	<u>43,266</u>
Surplus (deficit)..... (\$ thousands)		<u>37</u>	<u>(139)</u>	<u>212</u>	<u>(801)</u>	<u>(691)</u>

¹ For the period September 1, 1994 to August 31, 1995.

Note: Totals may not add due to rounding.

Source: Statistics Canada.

Appendix 5: The Provincial Government and Intergovernmental Relations

Table A5.1 Provincial Taxes (as of July 1997)

Type and Statute Reference	Tax Base	Tax Rate	Characteristics
Income— <i>Income Tax Act</i>	Taxable income: (1) Corporation..... (2) Personal	16.5% of taxable income (small business rate: 9%). 51% of basic federal tax payable. High income surtax of 30% of provincial tax in excess of \$5,300 plus 24.5% of provincial tax in excess of \$8,745, reduced by \$50 per dependant.	Collected under agreement by Revenue Canada. BC Family Bonus payments to families, refundable sales tax credit, refundable venture capital tax credit for individuals, non-refundable venture capital tax credit for corporations; other non-refundable tax credits for claims against personal and corporate income tax include the logging tax credit, provincial political contributions tax credit and provincial royalty tax credit.
Capital— <i>Corporation Capital Tax Act</i>	Adjusted paid-up capital for general corporations includes share capital, retained earnings and surpluses, liabilities and deferred credits less deductions for current accounts payable, specific investments and purchases of new capital assets. Special definition of adjusted paid-up capital for banks, trust companies, credit unions, and investment dealers.	General Rate: 0.3%. Banks, trust companies, credit unions — if net paid-up capital: greater than \$750 million — 3%; otherwise — 1%.	Associated groups of corporations with net paid-up capital of less than \$1.5 million are exempt from the tax. Family farm, co-operative, non profit and other specified corporations are also exempt. The tax rate is phased in for corporations with net British Columbia paid-up capital between \$1.5 million and \$1.75 million. Special flat fee for corporations above the exemption threshold but with net paid-up capital allocated to British Columbia below the threshold.
Real Property Transfers— <i>Property Transfer Tax Act</i>	Fair market value of property or interest in property transferred.	1% on the first \$200,000 of value transferred and 2% on amounts in excess of \$200,000.	Numerous exemptions are provided, including the transfer of a principal residence, recreational residence or family farm to a related individual, an inter-spousal transfer of property pursuant to a written separation agreement or court order, transfers of property to local governments, transfers of property to a registered charity and educational institution, transfers of property to veterans under the <i>Veterans' Land Act</i> (Canada), transfers of land to be protected, preserved, conserved or kept in a natural state, and transfers of leases less than 31 years in duration. A number of technical exemptions are also provided. Eligible first time home-buyers are exempted from the tax.
Retail Sales— <i>Social Service Tax Act</i>	Purchase and lease price of tangible personal property, repair labour and legal services.	General rate is 7%. Liquor 10%. Passenger vehicles: under \$32,000 — 7%; between \$32,000 and \$33,000 — 8%; between \$33,000 and \$34,000 — 9%; greater than \$34,000 — 10%.	Collected through vendors and lessors registered under the act and paid by purchasers and lessees. The many exemptions generally fall into four categories: (1) items considered to be basic necessities of life such as food, children's clothing and prescription and non-prescription drugs; (2) assistance to certain industries such as the exemption of special equipment used by bona fide farmers, fishermen and aquaculturists and the exemption of grinding media, explosives and drill bits used in mining; (3) safety-related equipment such as high visibility vests, steel-toed boots and life jackets; (4) insulation material for buildings.
Accommodation— <i>Hotel Room Tax Act</i>	Purchase price of accommodation	8%. Eligible local governments may apply to have the province levy an additional tax of up to 2% in specified areas on their behalf.	Exemptions include accommodation rented for a period in excess of two months; lodging provided in hospitals and nursing homes; lodging supplied to employees by employers; lodging on ships or trains; hotel rooms not used for accommodation; charges of \$20 or less per day; charitable institutions; trailer parks and campsites; cabins without utilities and other amenities; and establishments with accommodation for less than four tenants.
Tobacco— <i>Tobacco Tax Act</i>	By cigarette, cigar retail price, and weight on other tobacco products.	11 cents per cigarette; 4 cents to 33 cents per cigar, 77% of retail price on cigars of more than 49 cents to a maximum tax of \$2.50 per cigar; 11 cents per gram of loose tobacco.	

Appendix 5: The Provincial Government and Intergovernmental Relations

Table A5.1 Provincial Taxes (as of July 1997)—Continued

Type and Statute Reference	Tax Base	Tax Rate	Characteristics
Motor Fuel— <i>Motor Fuel Tax Act</i>			The tax generally applies to all fuels used in internal combustion engines. Compressed natural gas, propane and 85% methanol and ethanol blends used to propel motor vehicles are exempt. Qualifying disabled persons who own or lease a vehicle are entitled to refunds of provincial tax paid up to an annual maximum of \$400. The province collects an additional tax on clear gasoline and motive fuel on behalf of local transit commissions to help cover transit costs. The tax amounts to 4 cents per litre in the Vancouver Regional Transit service area and 2.5 cents per litre in the Victoria Regional Transit service area.
	Clear gasoline (unleaded).....	As of July 1, 1997, 11 cents per litre. Includes 2 cents per litre collected on behalf of the BC Transportation Financing Authority.	
	Motive fuel.....	11.5 cents per litre. Includes 2 cents per litre collected on behalf of the BC Transportation Financing Authority.	Tax applies to any fuel except unleaded gasoline, gasohol, natural gas, propane and butane used in a motor vehicle. Refunds of 0.5 cents are available for motive fuel used in private passenger vehicles.
	Auto Propane	7 per cent.....	Base price of propane used in automobiles is taxed at the social services tax rate.
	Coloured fuel, marine diesel fuel.....	3 cents per litre.....	Coloured fuel may only be used for specified primary production and industrial uses.
	Aviation and locomotive fuel.....	3 cents per litre.....	Aviation fuel tax applies to fuel produced specifically for use in an aircraft that is not propelled by a turbine.
	Jet fuel — domestic	5 cents per litre.....	Jet fuel tax applies to fuel produced specifically for use in an aircraft that is propelled by a turbine.
	Jet fuel — international.....	4 cents per litre.	
	Natural gas used in stationary engines.	7% of price if purchased. 1.1 cents per 810.32 litres if used but not purchased.	Tax applies to natural gas used in stationary engines other than pipeline compressors.
	Natural gas used in pipeline compressors.	1.9 cents per 810.32 litres....	Tax applies to natural gas used in a stationary engine at a pipeline compressor station.
	Marine bunker	7% of purchase price.	Tax applies to bunker fuel, or a combination of bunker and other fuels used as fuel in a ship.
Race-meetings— <i>Horse Racing Tax Act</i>	Parimutuel betting pool	7%.	Net provincial tax is 3/7 of total paid, except for tax paid on simulcast races and teletheatre betting, where the net provincial tax is 1/7 and 2/7 of tax paid respectively. The remainder of total tax paid is used to increase purses, maintain a breeders incentive fund, make grants for breeders societies, operate race courses and horse racing meets, for equine health research, and for capital construction projects and related research costs.
Natural resources— <i>Logging Tax Act</i>	Net income from logging.....	10% (Fully recoverable against federal and provincial corporation income tax).	Net income from logging after deducting investment and non-forestry income and a processing allowance.
<i>Mining Tax Act</i>	All income from mining operations if mining income exceeds \$50,000	12.5%	Net income from mining after deduction of investment and non-mining income and a processing allowance. Tax not applicable to income from petroleum, natural gas, or minerals taxed under the <i>Mineral Tax Act</i> .
<i>Mineral Land Tax Act</i>	Assessed value of freehold mineral land and production areas.	Undesignated mineral land — \$1.25–\$4.94 per hectare. Designated production areas — \$4.94 per hectare.	Rates of tax set on sliding scale, dependent on amount and designation of land.
<i>Mineral Tax Act</i>	Cash flow from individual metal and coal mines.	2% net current proceeds (NCP). 13% net revenue (NR).	Tax calculated on a mine-by-mine basis. NCP tax paid on current operating cash flow until all current and capital costs, plus any investment allowance, are recovered. NR tax paid thereafter on cumulative cash flow. NCP tax creditable against NR tax.

Appendix 5: The Provincial Government and Intergovernmental Relations

Table A5.1 Provincial Taxes (as of July 1997)—Continued

Type and Statute Reference	Tax Base	Tax Rate	Characteristics
Insurance— <i>Insurance Premium Tax Act</i>	Direct premiums written	4% for vehicle insurance; 3% for general insurance; 2% for life, sickness, personal accident and loss of salary and wages insurance. Marine pleasure craft taxed at 3%.	Exemptions—benefit societies; mutual corporations with 50% of income from farm or 100% from religious, educational, or charitable institutions; marine, except pleasure craft; approved medical or hospitalization plans.
<i>Fire Services Act</i>	Direct premiums written for fire hazard.	1%.	Exemptions—Insurance Corporation of British Columbia (basic automobile insurance only).
Real property— <i>Taxation (Rural Area) Act</i>	Assessed value of land and improvements in rural areas (outside municipalities). Assessment determined under the <i>Assessment Act</i> .	Annual rates are 0.05% for farms and managed forest land; 0.102% for residential; 0.17% for recreational property/non-profit organizations; 0.37% for light industry, business and other property not contained in any other class; 0.42% for utilities; 0.45% for major industry and unmanaged forest land.	
Residential school tax— <i>School Act</i>	Assessed value of residential land and improvements. Assessment determined under the <i>Assessment Act</i> .	Annual rates vary by school district; ranges from about 0.25% to 0.9%; average 0.36%.	Basic rates are calculated using a formula to moderate the effects of varying average assessments on school district taxes. School districts may levy additional tax if authorized by local referendum.
Non-residential school tax— <i>School Act</i>	Assessed value of non-residential land and improvements. Assessments determined under the <i>Assessment Act</i> .	Annual rates are 0.45% for recreational property/non-profit organizations; 0.6% for managed forest land; 0.68% for farms; 0.99% for light industry, business and other property not contained in any other class; 1.2% for unmanaged forest land; 1.25% for major industry; 1.5% for utilities.	

Appendix 5: The Provincial Government and Intergovernmental Relations

Table A5.2 Interprovincial Comparisons of Tax Rates (as of July 1997)

	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	Newfoundland
Personal income tax										
Per cent of basic federal tax ¹	51.0	45.5	50.0	52.0	48.0	n/a	63.0	58.5	59.5	69.0
Flat tax ²	n/a	0.5	2.0	2.0	n/a	n/a	n/a	n/a	n/a	n/a
Surtax ³										
Rate	30/24.5	8	10/15	2	20/26	n/a	8	10	10	n/a
Threshold	\$5,300/ \$8,745	\$3,500	\$1/ \$4,000	Net Income >\$30,000	\$4,555/ \$6,180	n/a	\$13,500	\$10,000	\$12,500	n/a
Provincial personal income tax (per cent of income at \$55,000/year) ⁴										
	5.9	5.7	7.9	7.3	5.5	8.5	7.2	6.7	6.8	7.9
Corporation income tax (per cent of taxable income) ⁵										
General rate.....	16.5	15.5	17	17	15.5	8.9	17	16	15	14
Small business rate.....	9	6	8	9	9.5	5.75	7	5	7.5	5
Corporation capital tax ⁶										
Non-financial.....	0.3	Nil	0.6	0.3/0.5	0.3	0.64	0.3	0.25	Nil	Nil
Financial.....	1.0/3.0	2.0	3.25	3.0	1.12	1.28	3.0	3.0	3.0	4.0
Health care premiums individual/family ⁷										
	36/72	34/68	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payroll tax (per cent) ⁸	Nil	Nil	Nil	2.25	1.95	4.26	Nil	Nil	Nil	2
Insurance premiums tax (per cent) ⁹	2-3	2-3	2-3	2-3	2-3.5	2-3	2-3	3-4	3	4
Fuel tax (cents per litre) ¹⁰										
Gasoline.....	11.0	9.0	15.0	11.5	14.7	19.0	10.7	13.5	13.0	16.5
Diesel.....	11.5	9.0	15.0	10.9	14.3	16.9	13.7	15.4	13.5	16.5
Retail sales tax (per cent) ¹¹										
General rate.....	7	Nil	9	7	8	6.5	8	8	10	8
Liquor.....	10	Nil	7	7	12	6.5	8	8	37.5	8
Meals.....	Nil	Nil	Nil	7	8	6.5	8	8	10	8
Accommodation ¹²	8	5	9	7	5	6.5	11	11	10	12
Tobacco tax (dollars per carton of 200 cigarettes) ¹³										
	22.00	14.00	19.20	18.45	5.95	6.98	10.20	10.58	12.05	24.4

¹ Rates are for the 1997 taxation year. Quebec has its own income tax system which is not directly comparable. Alberta, Saskatchewan, Manitoba, Ontario, Quebec and Nova Scotia provide general tax reductions at low income levels.

² Applied to taxable income in Alberta and net income in Saskatchewan and Manitoba.

³ Provincial high income surtaxes: the surtax rate is applied to provincial tax in excess of the threshold level (the Manitoba surtax applies to net income over \$30,000). British Columbia and Ontario have two-tiered surtaxes. Saskatchewan's deficit surtax is 10 per cent of basic provincial tax, less \$150.

⁴ Calculated for a two-income family of four with one spouse earning \$35,000 and the other \$20,000. Income taxes are based on basic personal credits, applicable provincial credits, and typical major deductions.

⁵ Alberta, Saskatchewan, Ontario, Prince Edward Island and Newfoundland have lower rates for manufacturing and processing. British Columbia, Newfoundland, Nova Scotia and Quebec have corporate income tax holidays for eligible new businesses.

⁶ The British Columbia non-financial rate applies to corporations with paid-up capital in excess of \$1.5 million. Ontario has lower rates for corporations with less than \$2.3 million in taxable capital. Large Saskatchewan resource corporations are assessed a 3 per cent surcharge on the value of Saskatchewan resource sales. Ontario applies a temporary 10 per cent surcharge to banks.

⁷ British Columbia has a two-person rate of \$64. British Columbia and Alberta offer premium assistance in the form of lower rates or an exemption from premiums for lower-income individuals and families.

⁸ Manitoba, Ontario and Newfoundland provide payroll tax relief for small businesses.

⁹ The lower rate applies to premiums for life, sickness and accident insurance; the higher rate applies to premiums for property insurance. The rate on automobile insurance is 4 per cent in British Columbia and Saskatchewan, and 3 per cent in Ontario. Sales tax applies to insurance premiums, except those related to individual life and health, in Ontario (8%), Newfoundland (12%), and Quebec (9%). The sales tax is 5% for auto insurance in Quebec and Ontario.

¹⁰ Tax rate is for regular unleaded fuel used on highways. The British Columbia rate includes two cents per litre dedicated to the BC Transportation Financing Authority. The rates do not include regional taxes. The Quebec rate includes estimated sales tax.

¹¹ The 8% provincial rates in New Brunswick, Nova Scotia and Newfoundland reflect required rate reductions effective April 1, 1997 to harmonize with the federal GST.

¹² The British Columbia rate includes 1.65 percentage points which is imposed on behalf of Tourism British Columbia.

¹³ Includes estimated provincial sales tax where applicable.

Table A5.3 Summary of Major Tax Changes Announced in 1997

Corporation Capital Tax

- The investment allowance provisions are amended to disallow a deduction for certain investments in foreign bank accounts, insurance companies, and exempt Crown corporations.

School Act

- For 1997, maintains average gross residential school taxes at 1996 levels by adjusting school property tax rates in response to changes in average assessed values. A separate residential tax rate is set for each school district. Non-residential school property tax rates are unchanged from 1996. Individual 1997 school district residential tax rates will be set in April, when authenticated assessment roll data are available and can be used to calculate the rates according to the provincial residential school tax rate formula. Individual tax bills may change. Some homeowners will experience an increase in their school taxes, while others will have offsetting reductions.
- For each of the eight non-residential property classes, a single, province-wide rate is set. Non-residential school tax rates will remain unchanged from 1996 levels. Average non-residential school property taxes will rise by about 2.5 per cent because of increases to assessed values. This is the first increase to average non-residential school property taxes since 1993. Changes to individual property tax bills for non-residential property owners may differ from the 2.5 per cent average increase because changes to individual assessed values will differ from the non-residential average.

Taxation (Rural Area) Act

- Maintains average gross residential rural area taxes at 1996 levels by reducing the residential rural area tax rate to reflect the roughly 2.5 per cent increase in average residential assessed values in the rural areas. Non-residential rural area property tax rates are unchanged from 1996. The tax rates for the eight non-residential property classes will remain unchanged for 1997.

Municipal Act, Taxation (Rural Area) Act, Vancouver Charter

- Eliminates the property tax exemption for properties designed for abating pollution. This applies to new

properties or properties not already exempted in 1996. This measure ensures equal treatment for producers who build non-polluting facilities and is consistent with the 'polluter pay' principle. Properties that were tax exempt in 1996 will continue to be exempt.

Tobacco Tax Act

- Increases the tobacco tax rate for loose tobacco (e.g., cigarette, pipe and chewing tobacco) from 8.4 cents per gram to 11 cents per gram, effective March 26, 1997. This is equivalent to the rate imposed on manufactured cigarettes on a per gram basis. The tax rate increase is based on the recognition that health risks and costs associated with tobacco use depend primarily on the amount, rather than the form, of the tobacco consumed.

Motor Fuel Tax Act

- Allows the transfer of an additional 1 cent per litre clear fuel tax to the BC Transportation Financing Authority (BCTFA) to fund priority transportation projects, effective April 1, 1997. The clear fuel tax rate paid by consumers is unchanged at 11 cents per litre for clear gasoline and 11.5 cents per litre for clear diesel. This change was previously announced in the 1996 Budget, but the transfer did not take place in 1996/97 because the revenue requirements of the BCTFA were less than expected.
- Effective June 1, 1997, propane used in motor vehicles is taxed at the general social service tax rate of 7% on the base price.
- Effective July 1, 1997, the tax on clear gasoline and clear diesel increased by 1 cent per litre in the Victoria Regional Transit Commission area. The province collects the tax on behalf of the commission to provide funds for improving the public transit system in that region.

Hotel Room Tax Act

- Allows the transfer of 1.65 percentage points of the 8 per cent provincial hotel room tax to Tourism British Columbia, a new provincial Crown corporation, effective April 1, 1997. The revenue from the Tourism British Columbia portion of the tax will be used to promote development and growth in the tourism industry throughout British Columbia. The general hotel room tax rate paid by consumers remains unchanged at 8 per cent.

Table A5.4 Major Provincial Programs for Local Government

Type	Statutory Reference	Basis	Rate	Remarks
PROVINCIAL GOVERNMENT GRANTS IN LIEU OF PROPERTY TAX				
Provincial government property grant	<i>Municipal Aid Act</i>	Assessed value of improved properties; some properties exempt	Individual tax rates of the municipality and regional district containing the property	Grants in lieu of taxes
LOCAL GOVERNMENT GRANTS PROGRAM				
Municipal equalization grant	<i>Local Government Grants Act</i>	Amount is based on announced total program reductions, the small community protection grant and an impact level based on the lesser of two revenue tests	Impact limit is the lesser of 2.99% of total 1995 revenue or 4.98% of estimated 1996 property taxes	Unconditional program
Small community protection grant	<i>Local Government Grants Act</i>	A per capita assessment ratio; \$1 per capita reduction if the population is greater than 7,500 and no payment if the entitlement would be less than \$50,000	Most municipalities will receive between \$80,000 and \$160,000	Unconditional program
Water facilities assistance (old)	<i>Local Government Grants Act</i>	Local area taxable capacity	75% of excess annual debt servicing costs over a basic 2.5 mill real property tax levy	Grants continuing until expiry of approved debt
Sewerage facilities assistance (old)	<i>Local Government Grants Act</i>	Local area taxable capacity	75% of excess annual debt-servicing costs over a basic 2.5 mill real property tax levy	Grants continuing until expiry of approved debt
Water facilities assistance (new)	<i>Local Government Grants Act</i>	Capital costs of approved projects	25–50% of approved costs, subject to other limits	Conditional program
Sewerage facilities assistance (new)	<i>Local Government Grants Act</i>	Capital cost of approved projects	25–75% of approved costs, subject to other limits	Conditional program
Transportation Infrastructure	<i>Local Government Grants Act</i>	Approved construction or acquisition costs	50% of shareable costs	Assist development of major municipal highways; and encourages walking, cycling or efficient use of public transportation
Planning grants	<i>Local Government Grants Act</i>	Approved costs for preparation	Basic 50/50 cost shared; ratio and amount varies by type of grant	Conditional program
Regional district basic grant	<i>Local Government Grants Act</i>	Regional district status	\$110,000 per regional district; grant is increased by \$2,500 for each of its local communities established under the <i>Municipal Act</i>	Unconditional program
Restructuring assistance	<i>Local Government Grants Act</i>	Restructure studies	Restructure planning grant to a maximum of \$40,000 per project per jurisdiction; per capita restructuring assistance grant varies according to specific local conditions	Also assistance programs from the Ministry of Transportation and Highways, and the Ministry of Attorney General
Infrastructure planning grants	<i>Local Government Grants Act</i>	Approved sewer, water, drainage and transportation study costs	100% of first \$5,000; 50% for the next \$10,000 to a maximum of \$10,000	Assists with capital works evaluation
Infrastructure	Canada/B.C. agreement of February 1994	Eligible capital costs of approved projects	2/3 of sharable costs, of which 1/3 is provincial and 1/3 is federal	Coordinated by Ministry of Employment and Investment
OTHER LOCAL GOVERNMENT PROGRAMS				
Public Health Equalization Grant	Ministry of Health voted appropriation	Approved program costs based on a formula	Administered by the Ministry of Health	Establishes equity with other regional health programs

Appendix 6: Major Provincial Programs

Table A6.1 Provincial Programs for People (at September 1997)

Type	Statutory Reference	Basis	Rate	Remarks
EDUCATION PROGRAMS				
Public schools	<i>School Act</i>	Operating and capital costs of each school district	(a) Under the <i>School Act</i> , introduced in 1989 and amended in 1990, the province provides funds to cover all operating costs for public schools. These funds are determined annually based on enrolments and provincial average per pupil amount. A school district may raise additional funding through local resident taxation by introducing a referendum which must be approved by a majority of persons who cast valid ballots. (b) The <i>School Act</i> provides for provincial payments to school boards for debt service costs of eligible capital projects. The debt service costs are determined annually by the Ministry of Education, Skills and Training.	
Independent schools.....	<i>Independent School Act</i>	Operating support contributions (number of students and type of school and program)	Based on 50% (Group 1) and 35% (Group 2) of the public school per pupil operating cost of the school district in which the independent school is located.	
Universities.....	<i>University Act, University of Northern British Columbia Act, and Royal Roads University Act</i>	Operating contributions	(a) Contributions for operating expenses approved by the Ministry of Education, Skills and Training.	
		Capital contributions.....	(b) Full cost of servicing debt for approved capital projects and acquisition of certain equipment.	
Colleges and provincial institutes	<i>College and Institute Act</i>	Operating contributions (number of students and type of program)	(a) Contributions for operating expenses approved by the Ministry of Education, Skills and Training.	
		Capital contributions.....	(b) Full cost of servicing debt for approved capital projects and acquisition of minor capital.	
British Columbia Institute of Technology	<i>Institute of Technology Act</i>	Operating contributions (number of students and type of program)	(a) Contributions for operating expenses approved by the Ministry of Education, Skills and Training.	
		Capital contributions.....	(b) Full cost of servicing debt for approved capital projects and acquisition of minor capital.	
Student financial assistance	<i>College and Institute Act</i>	Need.....	Province provides loans and grants of up to \$260 per week for students without dependents and up to \$385 per week for students with dependents. Loans repaid above \$18,500 on successful completion of first degree and above \$23,500 on successful completion of second degree. Other assistance programs are also available.	
Open Learning Agency	<i>Open Learning Agency Act</i> ...	Operating contributions.....	(a) Contributions for operating expenses approved by the Ministry of Education, Skills and Training.	
		Capital contributions.....	(b) Full cost of servicing debt for approved capital projects and acquisition of certain equipment.	
SKILLS DEVELOPMENT PROGRAMS				
Apprenticeship programs	<i>Apprenticeship Act</i>	Need for employment-related training	Province administers various programs that encourage, initiate and develop apprenticeship training opportunities; provide consulting support for employers; and provide vocational counselling and job-related services for apprentices.	The Industry Training and Apprenticeship Commission will include apprenticeship under new legislation later in the year.
Vocational rehabilitation programs		Need for vocational rehabilitation	Province administers programs that assist persons with medical or physical disabilities in obtaining employment or entry level training. Financial assistance is also available for workplace modification to accommodate employees with disabilities — maximum \$15,000 (first \$5,000 paid by the program, costs above \$5,000 shared equally with employer).	Province recovers 50% of the cost of service from the federal government under the Vocational Rehabilitation for Disabled Persons Agreement.
Labour market adjustment, and training and employability programs		Need for training, and income or age	Numerous assistance and incentive programs exist for income assistance recipients, individuals affected by economic or technological changes, older workers and students.	Some programs are administered by the Ministry of Education, Skills and Training, others by the Ministry of Human Resources, and some are cost-shared with the federal government.

Table A6.1 Provincial Programs for People (at September 1997)—Continued

Type	Statutory Reference	Basis	Rate	Remarks
Assistance to Employment	<i>BC Benefits (Income Assistance) Act and BC Benefits (Youth Works) Act</i>	For recipients of assistance under BC Benefits. Program participation a condition of assistance for some clients, voluntary for others.	Assistance varies among programs.	Various forms of incentives and assistance to prepare income assisted recipients for return to work. Programs are administered through the Ministry of Education, Skills and Training.
SCIENCE AND TECHNOLOGY PROGRAMS				
Science and technology programs	<i>Science and Technology Fund Act</i>	On approval.....	Contributions for research and development, human resource development, infrastructure, and public awareness programs.	
HEALTH PROGRAMS				
Hospital care (including construction and equipment)	<i>Hospital Insurance Act.....</i>	In-patient care (includes acute, rehabilitation and extended care). Out-patient care Hospital equipment	Payment of direct operating contributions to hospitals for care of all qualified provincial residents. Payment made for a wide range of services, including day-care surgery. Contributions of 33 to 100% on major movable depreciable equipment.	Patient charge of \$24.10 to \$38.00 per diem for extended care (not applicable for persons under the age of 19).
	<i>Hospital District Act.....</i>	Approved capital costs.....	60% of debt service costs for approved construction and fixed equipment up to an amount equalling a levy, as prescribed in the act, on the net taxable value of land and improvements, plus 80% of any remaining expense.	
Continuing care Residential care.....	<i>Community Care Facility Act, Hospital Act</i>	Need.....	Payment of accommodation rate is based on individual income level (net income) in calculating the charge. The rate may range from \$24.10 per day to \$38.00 per day.	Includes private hospitals, community care facilities and extended care hospitals. Facilities are licensed under the <i>Community Care Facility Act</i> or the <i>Hospital Act</i> .
Home care (a) Home nursing care and home preparation (b) Homemaker services		Need..... Need.....	Province pays 100%. User charge levied based on income.	Province pays up to 100% (including federal government contributions minus the user contribution).
Medical services.....	<i>Medicare Protection Act</i>	Premium rates..... Income or need.....	Medical services plan monthly premiums are: \$36 per single person, \$64 per family of two and \$72 per family of three or more. Medical care premium subsidies are provided based on 1994 adjusted net family income with a 100% subsidy for adjusted net family income of \$11,000 or less.	
Ambulance service.....	<i>Health Emergency Act.....</i>	Transportation, pre-hospital medical care and advanced life support	Net cost paid by province.	Resident user fees are \$44 plus 50 cents per kilometre over 40 kilometres, up to a maximum of \$274 (air, land and sea).
Pharmacare.....	<i>Continuing Care Act</i>	Age or income.....	(a) Free prescription drugs for persons aged 65 and over, long-term care residents and unemployable and disabled <i>Continuing Care Act</i> clients; persons aged 65 and over pay dispensing fees to an annual maximum of \$200 after which full benefits are provided by Pharmacare. (b) 70% subsidy of prescription costs over \$600 for a family or for a single person in each calendar year; maximum liability of an individual or family is \$2,000 per year. (c) Subsidies to patients who, because of their medical condition, require oxygen in their homes.	
PROPERTY TAX RELIEF PROGRAMS				
Grant applied against homeowner's property tax	<i>Home Owner Grant Act.....</i>	Per eligible owner	Basic grant of \$470 plus an additional \$275 for homeowners 65 and over, for recipients of war veterans allowance and for eligible disabled persons.	Minimum tax payable to receive grant is \$350, or \$100 if eligible for additional grant; grant applies first to school taxes.
Real property tax deferment	<i>Land Tax Deferment Act.....</i>	Per resident homeowner age 60 or over, widowed spouse, or disabled	Deferment of 100% of current year's net property tax, at a subsidized rate of interest.	Deferred taxes allowed only where property is owner occupied; manufactured homes may also qualify.
HOUSING PROGRAMS				
Property transfer tax relief	<i>Property Transfer Tax Act.....</i>	Eligible first-time home buyers are exempted from the tax, based on home price, residency, and principal residence	Property transfer tax exemptions for eligible first-time home buyers.	Applicable to home purchases valued at \$250,000 or less in the Greater Vancouver, Central Fraser Valley, Dewdney-Alouette, Fraser-Cheam and Capital Regional Districts, and \$200,000 or less in all other areas of the province. Certain eligibility criteria apply.

Appendix 6: Major Provincial Programs

Table A6.1 Provincial Programs for People (at September 1997)—Continued

Type	Statutory Reference	Basis	Rate	Remarks
Shelter aid for elderly renters	<i>Shelter Aid for Elderly Renters Act</i>	Age, income, status (single, couple, sharer)	Renters age 60 or over who pay more than 30% of their total income for rent may be eligible for the SAFER rent subsidy. The subsidy covers a portion of the difference between the actual rent paid (to a maximum of \$520 for a single person, \$575 for a couple and \$885 for those who share) and 30% of total income.	
HOMES BC	<i>Ministry of Lands, Parks and Housing Act; Ministry of Social Services and Housing Act; National Housing Act.....</i>	Non-profit housing..... Homeless/at risk housing..... New options in home ownership (3-year demonstration initiative) Community housing initiatives.....	Assistance includes project development funds, interim financing, mortgage guarantees up to 100% of capital costs, and ongoing subsidies to reduce rents. In addition, capital funds were provided by BC 21 to reduce ongoing mortgage costs for units allocated in 1994-95. Assistance includes project development funds, interim financing, mortgage guarantees up to 100% of capital costs, and ongoing subsidies to reduce rents. In addition, capital funds were provided by BC 21 to reduce ongoing mortgage costs for units allocated in 1994-95. Assistance includes repayable project development funding, interim financing and, for eligible first-time home purchasers, partial mortgage guarantees to assist with accessing high-ratio financing. Approved projects are eligible for one-time grants for specific and time limited projects.	Assists non-profit sponsors to build housing for low and moderate income renters. Priority is given to mixed income projects designed for families with children and persons with disabilities. A minimum of 60% of the units are targeted to low-income renters. Helps build self-contained, second-stage and permanent housing for people who find it difficult to secure safe and affordable housing. This program provides housing stability for people with alcohol and drug dependencies or mental illness, women and children leaving transition houses, inner-city youth, and young, single mothers. Creates innovative forms of affordable home ownership such as equity co-ops. Non-profit sponsors are invited to submit proposals that demonstrate new ways for family renters to build limited equity in their homes. Particular priority is given to current residents of social housing. Government assistance for potential home buyers consists of partial loan guarantees. Provides project grants for proposals that support advocacy and public education, or pilot new housing-related services and projects that develop the skills, strengths, and capabilities of communities to address local housing problems.
INCOME ASSISTANCE AND SOCIAL PROGRAMS				
Refundable sales tax	<i>Income Tax Act</i>	Low income.....	Credit is \$50 for claimant and \$50 for spouse, common-law spouse, and dependent child under the age of 19. Credit is reduced by 2% of aggregate family income above a base amount of \$15,000 plus \$3,000 per dependent.	Credit is first applied against income tax. Where credit exceeds income tax payable, a refund for the excess will be issued. An income tax return must be filed in order to claim a tax credit.
Income assistance	<i>BC Benefits (Income Assistance) Act</i>	Income and need.....	Benefits are determined by factors such as family size, employability, income and assets.	Province pays 100% of the costs and recovers a portion of these costs from the federal government under the Canada Health and Social Transfer (CHST).
Disability benefits	<i>Disability Benefits Program Act</i>	Disability and need.....	Monthly benefits as of May 1997: single disabled person — \$771 maximum; couple with one disabled person — \$1,128; couple, both persons disabled — \$1,303.	
Health care services	<i>BC Benefits (Income Assistance) Act</i>	Need.....	Comprehensive health care to eligible recipients of income assistance, disability benefits, and to children in care.	
Services for adults with mental handicaps	<i>Child, Family and Community Service Act</i>	Income or need.....	Institutional and community-based residential care, community living, skills, work placement.	Services in each community are operated by non-profit societies, individuals, or private agencies under contract with the Ministry for Children and Families.
Services for children with special needs	<i>Child, Family and Community Service Act</i>	Need.....	A range of services is provided to support families in caring for their children and enabling children to access community services and opportunities. Range of services include respite, home support/homemakers, special needs day care, parent support, professional support, infant development, and child and youth care worker services for children.	Services in each community are operated by non-profit societies, individuals or private agencies under contract with the Ministry for Children and Families.

Table A6.1 Provincial Programs for People (at September 1997)—Continued

Type	Statutory Reference	Basis	Rate	Remarks
Community projects	<i>BC Benefits (Income Assistance) Act</i>	Approved operating costs	Contributions for various community-based projects and services, including crisis centres, family support and counselling, youth programs, programs for people with disabilities, volunteer bureaus, advocacy services and multi-service agencies.	The Ministry of Human Resources and Ministry for Children and Families contract with non-profit societies to assist them in delivering community-based social services to families, groups or individuals.
Child day care subsidy.....	<i>BC Benefits (Income Assistance) Act</i>	Income and need	Subsidy for each child.	The Ministry of Human Resources administers this program on behalf of the Ministry for Children and Families. The program subsidizes eligible children being cared for in their own home or attending family day care centres, pre-schools or group day care centres.
Child, Family and Community Services (protection services, payments to family care homes, group homes and specialized resources, Reconnect, family support services, homemaker services, adoption programs and youth services)	<i>Child, Family and Community Service Act, Adoption Act</i>	Income and need	(a) Foster care rates effective February 1, 1996: \$574.31 to \$2,415.44 per month depending on the qualifications of the foster parent. (b) Other services are provided through contracts, subsidies to parents, or contributions to a community agency. (c) Assisted Adoption rates range from \$379.75 to \$474.42 per month.	
Seniors supplement	<i>BC Benefits (Income Assistance) Act</i>	Age, income and need.....	Provides guaranteed minimum income for seniors receiving the federal government's old age security, guaranteed income supplement, or spousal allowance payments.	Administered by the Ministry of Finance and Corporate Relations.
Bus pass program.....	<i>BC Benefits (Income Assistance) Act; Disability Benefits Program Act</i>	Age and income or need	Annual bus passes are available to seniors and disabled persons.	Pass available at reduced rates through the Ministry of Finance and Corporate Relations.
OTHER PROGRAMS				
Highways.....	<i>Highway Act</i>	Provincial highways	Arterials (curb-to-curb), 100%; secondary, 50% for capital works, 40% for maintenance.	
Urban transit.....	<i>British Columbia Transit Act.</i>	Planning and funding of transit services	Shared-cost formula with users, the province and contributing municipalities.	
Library grants.....	<i>Library Act</i>	Population served; type of library and level of local support	Rates are established annually.	
Provincial guaranteed debt ...			Guarantees or debt service assistance for debt of municipalities and other local entities for water, sewerage, drainage, schools, post-secondary institutions, hospitals, etc.	Province provides grants covering specified portion of debt-service costs.

Appendix 6: Major Provincial Programs

Table A6.2 Financial Incentives for Economic Development, Trade and Diversification

Program or Service	Purpose	Form of Assistance	Program Administrator
Research/Development:			
Product Development Fund	To invest in the final development stage of products, processes or technologies being developed by British Columbia-based companies working in advanced systems technologies, such as artificial intelligence, robotics, telecommunications or micro-electronics.	Cost share as much as 75% of project's cost, up to \$100,000.	BC Advanced Systems Institute, responsible to the Information Science and Technology Agency
Technology Assistance Program	To assist companies engaged in manufacturing, processing and service industries to increase productivity, develop new products and improve profitability. Projects are science/engineering-oriented and involve technology research.	Up to 50% of the costs incurred to a maximum level of support of \$35,000.	PACE Technologies Inc., responsible to the Information Science and Technology Agency
Technology B.C.	To stimulate the development of science and technology applicable to economic and social development.	Conditional grants and general assistance for applied research and development.	Science Council of British Columbia, responsible to the Information Science and Technology Agency
Market Assessment of Research and Technology	To assist researchers to determine the market potential of their discoveries and innovations at the pre-competitive stage of development. A joint program with the National Research Council.	Cost share up to 75% of eligible costs to a maximum of \$20,000.	PACE Technologies Inc., responsible to the Information Science and Technology Agency
Business Assistance:			
Equity Capital Program	To encourage private-sector equity investment in economic sectors (e.g. manufacturing and processing, research and development, tourist resorts, aquaculture) which leads to increased exports, import replacement or otherwise diversifies the provincial economy.	Provincial income tax credits equal to 30% of investment in a venture capital corporation to a maximum of \$60,000 per year.	Ministry of Small Business, Tourism and Culture
Employee Share Ownership Program	To facilitate investment by employees in the company they work for through the Employee Share Ownership Plan (ESOP), or to establish a pool of employee-controlled capital for investment in small to medium-sized companies through employee venture capital corporations (EVCC).	15% federal income tax credit to a maximum of \$525 per year for EVCC investors, and 20% provincial income tax credit to a maximum of \$2,000 per year for employee investors in either ESOP or EVCC. Half the cost associated with setting up each ESOP or EVCC to a maximum of \$5,000, for both company and employee groups.	Ministry of Small Business, Tourism and Culture

Appendix 7: Crown Corporations and Agencies

**Table A7.1 British Columbia Hydro and Power Authority
Income Statement for the Years Ended March 31**

	1993	1994	1995	1996	1997
			(\$ millions)		
Revenues:					
Domestic	2,005.8	2,089.6	2,144.4	2,217.8	2,239.1
Electricity Trade	<u>171.8</u>	<u>95.2</u>	<u>141.8</u>	<u>51.2</u>	<u>163.6</u>
	<u>2,177.6</u>	<u>2,184.8</u>	<u>2,286.2</u>	<u>2,269.0</u>	<u>2,402.7</u>
Expenses:					
Energy Costs	371.2	426.4	511.2	498.8	513.6
Operating expenses	406.1	425.0	408.7	398.5	415.2
Taxes	151.9	169.5	171.2	168.7	168.8
Depreciation	273.1	295.5	286.7	307.1	322.4
Finance charges	674.1	678.6	723.6	745.8	625.0
Corporate restructuring costs	—	—	23.0	—	19.0
	<u>1,876.4</u>	<u>1,995.0</u>	<u>2,124.4</u>	<u>2,118.9</u>	<u>2,064.0</u>
Total net income	<u>301.2</u>	<u>189.8</u>	<u>161.8</u>	<u>150.1</u>	<u>338.7</u>

Source: British Columbia Hydro and Power Authority.

**Table A7.2 British Columbia Railway Company
Income Statement for the Years Ended December 31**

	1992	1993	1994	1995	1996
			(\$ millions)		
Revenues	332.2	334.2	385.5	425.1	418.7
Expenses	<u>251.5</u>	<u>306.4</u>	<u>313.0</u>	<u>343.0</u>	<u>348.6</u>
Operating income	80.7	27.8	72.5	82.1	70.1
Non-operating expenses	<u>29.4</u>	<u>24.4</u>	<u>32.0</u>	<u>35.4</u>	<u>33.8</u>
Net income (loss)	<u>51.3</u>	<u>3.4</u>	<u>40.5</u>	<u>46.7</u>	<u>36.3</u>

Source: British Columbia Railway Company.

**Table A7.3 Insurance Corporation of British Columbia
Income Statement for the Years Ended December 31**

	1992	1993	1994	1995	1996
			(\$ millions)		
Revenue:					
Net premiums.....	1,775.7	2,041.8	2,163.6	2,253.2	2,276.6
Investment income.....	<u>243.6</u>	<u>246.6</u>	<u>264.8</u>	<u>315.1</u>	<u>348.5</u>
	<u>2,019.3</u>	<u>2,288.4</u>	<u>2,428.4</u>	<u>2,568.3</u>	<u>2,625.1</u>
Claims and expenses:					
Claims incurred.....	1,704.4	1,641.6	1,783.7	1,967.3	2,125.5
Claims operations expense.....	163.3	174.2	177.2	186.7	212.8
Administration, commissions and taxes.....	<u>300.8</u>	<u>316.5</u>	<u>326.6</u>	<u>352.0</u>	<u>421.7</u>
	<u>2,168.5</u>	<u>2,132.3</u>	<u>2,287.5</u>	<u>2,506.0</u>	<u>2,760.0</u>
Income (loss) before the following:.....	(149.2)	156.1	140.9	62.3	(134.9)
Provision for adverse claims development ¹	<u>85.0</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net income (loss).....	<u>(64.2)</u>	<u>156.1</u>	<u>140.9</u>	<u>62.3</u>	<u>(134.9)</u>

¹ Until 1991, the provision for adverse claims development was included in unpaid claims to protect against unexpected trends in claims costs. For clarity the drawdowns from, and the increases to, this provision are now shown separately. In 1992 the remaining balance was drawn down.

Source: Insurance Corporation of British Columbia.

**Table A7.4 Liquor Distribution Branch
Income Statement for the Years Ended March 31**

	1993	1994	1995	1996	1997
			(\$ millions)		
Provincial liquor sales.....	1,369.4	1,441.2	1,480.4	1,498.1	1,539.7
Less cost of sales ¹	<u>(708.9)</u>	<u>(730.8)</u>	<u>(754.8)</u>	<u>(771.7)</u>	<u>(791.9)</u>
Gross margin.....	660.5	710.4	725.6	726.4	747.8
Operating expenses.....	(150.5)	(160.7)	(160.4)	(162.0)	(164.0)
Other income.....	<u>7.1</u>	<u>5.1</u>	<u>3.3</u>	<u>3.1</u>	<u>3.3</u>
Net income.....	<u>517.1</u>	<u>554.8</u>	<u>568.5</u>	<u>567.5</u>	<u>587.1</u>

¹ Includes discounts and commissions.

Source: Liquor Distribution Branch.

**Table A7.5 British Columbia Lottery Corporation
Income Statement for the Years Ended March 31**

	1993	1994	1995	1996	1997
	(\$ millions)				
Lottery sales.....	738.5	769.1	780.8	797.0	867.5
Less prizes and direct costs.....	433.7	457.6	472.6	486.7	529.8
Gross margin.....	304.8	311.5	308.2	310.3	337.7
Operating expenses.....	71.8	71.6	67.4	59.7	64.8
Net income.....	<u>233.0</u>	<u>239.9</u>	<u>240.8</u>	<u>250.6</u>	<u>272.9</u>
Allocation of Net Income:					
Government of Canada.....	6.0	6.1	6.3	6.5	6.7
Province of British Columbia.....	<u>227.0</u>	<u>233.8</u>	<u>234.5</u>	<u>244.1</u>	<u>266.2</u>
	<u>233.0</u>	<u>239.9</u>	<u>240.8</u>	<u>250.6</u>	<u>272.9</u>

Source: British Columbia Lottery Corporation.

**Table A7.6 British Columbia Transit Revenue and Expenditure
Statement for the Years Ended March 31**

	1993	1994	1995	1996	1997
	(\$ millions)				
Expenditures:					
Transit Operations ¹	291.2	302.3	315.0	335.5	363.9
Administration.....	45.6	48.9	50.8	53.5	53.3
Debt servicing ²	192.6	191.6	200.1	222.7	225.6
	<u>529.4</u>	<u>542.8</u>	<u>565.9</u>	<u>611.7</u>	<u>642.8</u> ⁴
Recoveries:					
Contributions from Province of British Columbia.....	227.5	238.3	248.9	270.9	281.4
Contributions from participating municipalities.....	120.4	114.2	123.0	130.3	140.1
Transit operations.....	178.0	186.8	189.6	205.2	216.8
Other ³	3.5	3.5	4.4	4.3	3.7
	<u>529.4</u>	<u>542.8</u>	<u>565.9</u>	<u>610.7</u>	<u>642.0</u> ⁴

¹ Includes property leases and taxes.² Includes depreciation and amortization of fixed assets.³ Includes the portion of net expenditure which relates to depreciation for contributed assets.⁴ The difference is funded through a \$0.8 million dividend (\$1 million in 1995/96) declared by BC Transit's subsidiary, BC Transit Captive Insurance Company.

Source: British Columbia Transit.

Appendix 7: Crown Corporations and Agencies

**Table A7.7 British Columbia Ferry Corporation
Income Statement for the Years Ended March 31¹**

	1993	1994	1995	1996	1997
	(\$ millions)				
Revenues:					
Tolls.....	216.3	241.3	259.6	271.5	267.8
Catering and other income.....	49.0	56.6	60.7	69.0	66.0
Operating grant ²	41.3	36.3	34.0	30.7	26.5
	<u>306.6</u>	<u>334.2</u>	<u>354.3</u>	<u>371.2</u>	<u>360.3</u>
Expenses:					
Operating:					
Salaries, wages and benefits.....	186.2	194.8	201.4	208.9	220.8
Net financing expense.....	8.4	19.7	30.4	35.7	32.6
Other expenses.....	111.8	113.9	118.7	130.0	135.4
	<u>306.4</u>	<u>328.4</u>	<u>350.5</u>	<u>374.6</u>	<u>388.8</u>
Net operating income (loss).....	0.2	5.8	3.8	(3.4)	(28.5)
Amortization.....	17.1	27.6	34.7	36.1	38.3
Catamaran Ferries International Inc. loss and investment in training and infrastructure.....	—	—	—	—	9.7
Net income (loss).....	<u>(16.9)</u>	<u>(21.8)</u>	<u>(30.9)</u>	<u>(39.5)</u>	<u>(76.5)</u>

¹ Figures for earlier years have been restated to conform with the presentation used in 1997.

² Includes a contract with the federal government to provide coastal ferry service and an annual subsidy from the provincial government.
Source: British Columbia Ferry Corporation.

**Table A7.8 British Columbia Buildings Corporation
Income Statement for the Years Ended March 31**

	1993	1994	1995	1996	1997
	(\$ millions)				
Revenues.....	347.2	363.3	390.0	416.5	424.0
Expenses.....	<u>272.3</u>	<u>284.4</u>	<u>305.9</u>	<u>326.1</u>	<u>329.3</u>
Operating income.....	74.9	78.9	84.1	90.4	94.7
Interest expense.....	47.5	49.7	55.5	57.1	55.3
Net income.....	<u>27.4</u>	<u>29.2</u>	<u>28.6</u>	<u>33.3</u>	<u>39.4</u>

Source: British Columbia Building Corporation.

Table A7.9 Major British Columbia Crown Corporations and Agencies (at October 1997)(Refer to the *Public Accounts* for a comprehensive list of Crown Corporations and Agencies.)

Corporate Entity	Address and Telephone Number	Minister Responsible	Functions
Commercial:			
British Columbia Hydro and Power Authority	333 Dunsmuir Street Vancouver, B.C. V6B 5R3 (604) 528-1600	Minister of Employment and Investment	Generation, transmission and distribution of electricity.
British Columbia Lottery Corporation	74 West Seymour Street Kamloops, B.C. V2C 1E2 (250) 828-5500 (Kamloops) (604) 270-0649 (Richmond)	Minister of Employment and Investment	Develop, conduct and manage lottery operations on behalf of the provincial government and in conjunction with other provinces.
British Columbia Railway Company	Box 8770 Vancouver, B.C. V6B 4X6 (604) 986-2012	Minister of Employment and Investment	Operation of a railway, deep-sea terminal facilities, telecommunications network, real estate development company and joint venture management company.
Insurance Corporation of British Columbia	151 West Esplanade North Vancouver, B.C. V7M 3M9 (604) 661-2800	Minister of Finance and Corporate Relations	Provision of automobile insurance.
Liquor Distribution Branch	2225 Government Street Victoria, B.C. V8T 4P3 (250) 356-8745	Attorney General	Purchase, distribution and sale of alcoholic beverages.
Economic Development:			
BC Transportation Financing Authority	300, 940 Blanshard Street Victoria, B.C. V8W 3E6 (250) 356-0981	Minister of Transportation and Highways	Provide planning and integrated coordination for the construction of all aspects of B.C. transportation infrastructure.
British Columbia Ferry Corporation	1112 Fort Street Victoria, B.C. V8V 4V2 (250) 381-1401	Minister of Employment and Investment	Operation of coastal ferry service.
B.C. Pavilion Corporation	600 - 375 Water Street Vancouver, B.C. V6B 5C6 (604) 482-2000	Minister of Small Business, Tourism and Culture	Management of public facilities including Vancouver Trade and Convention Centre and the B.C. Place Stadium.
British Columbia Transit	13401 — 108th Avenue Surrey, B.C. V3T 5T4 (604) 540-3000	Minister of Health	Provision and maintenance of public transportation systems.
Columbia Power Corporation	2nd Floor, 712 Yates Street Victoria, B.C. V8V 1X4 (250) 356-0571	Minister of Agriculture, Fisheries and Food	Administers hydroelectric assets acquired by the province, from Cominco Ltd.
Forest Renewal BC	9th Floor, 727 Fisgard Street Victoria, B.C. V8V 1X4 (250) 387-2500	Minister of Forests	Oversees the investment of new money into forest renewal activities.
Okanagan Valley Tree Fruit Authority	Box 6000 Summerland, B.C. V0H 1Z0 (250) 494-5021	Minister of Agriculture, Fisheries and Food	Assist orchardists in the British Columbia interior to revitalize the industry.
Pacific National Exhibition	Box 69020, Exhibition Park Vancouver, B.C. V5K 4W3 (604) 251-7703	Minister of Small Business, Tourism and Culture	Management of annual 17 day PNE fair and operation of Playland Amusement Park.
Social and Government Services:			
British Columbia Assessment Authority	1537 Hillside Avenue Victoria, B.C. V8T 4Y2 (250) 595-6211	Minister of Municipal Affairs and Housing	Assessment of all real property within the province for taxation purposes.
British Columbia Buildings Corporation	Box 1112, 3350 Douglas Street Victoria, B.C. V8W 2T4 (250) 387-7211	Minister of Employment and Investment	Provision of accommodation and property management services for government ministries and entities.



Appendix 7: Crown Corporations and Agencies

Table A7.9 Major British Columbia Crown Corporations and Agencies (at October 1997)

—Continued

Corporate Entity	Address and Telephone Number	Minister Responsible	Functions
British Columbia Housing Management Commission	1701 - 4330 Kingsway Avenue Burnaby, B.C. V5H 4G7 (604) 439-4703	Minister of Municipal Affairs and Housing	Management of provincial and federal-provincial housing units and administration of rent supplement programs.
British Columbia Educational Institutions Capital Financing Authority	620 Superior Street Victoria, B.C. V8V 1X4 (250) 387-7121	Minister of Finance and Corporate Relations	Provision of capital funds required by universities, colleges and institutes.
British Columbia Regional Hospital Districts Financing Authority	620 Superior Street Victoria, B.C. V8V 1X4 (250) 387-7121	Minister of Finance and Corporate Relations	Provision of capital funds required by regional hospital districts.
British Columbia School Districts Capital Financing Authority	620 Superior Street Victoria, B.C. V8V 1X4 (250) 387-7121	Minister of Finance and Corporate Relations	Provision of capital funds required by school districts.
Provincial Capital Commission	613 Pandora Avenue Victoria, B.C. V8W 1N8 (250) 386-1356	Minister of Finance and Corporate Relations	Enhancement of the Capital Improvement District and management of properties under the commission's control.
Provincial Rental Housing Corporation	1701 - 4330 Kingsway Avenue Burnaby, B.C. V5H 4G7 (604) 439-4703	Minister of Municipal Affairs and Housing	Holding of housing units managed by the B.C. Housing Management Commission.

Appendix 8: Lieutenant Governor, Executive Council and Members of the Thirty-sixth Legislative Assembly (as of October 1997)

LIEUTENANT GOVERNOR

His Honour the Honourable Garde B. Gardom, Q.C.

EXECUTIVE COUNCIL (Cabinet)

Premier and President of the Executive Council, and Minister Responsible for Youth	Honourable Glen Clark
Minister of Aboriginal Affairs, and Minister of Labour	Honourable John Cashore
Minister of Agriculture, Fisheries and Food	Honourable Corky Evans
Attorney General and Minister Responsible for Multiculturalism, Human Rights and Immigration	Honourable Ujjal Dosanjh
Minister for Children and Families	Honourable Penny Priddy
Minister of Education, Skills and Training	Honourable Paul Ramsey
Minister of Employment and Investment and Deputy Premier	Honourable Dan Miller
Minister of Environment, Lands and Parks	Honourable Cathy McGregor
Minister of Finance and Corporate Relations and Minister Responsible for Intergovernmental Relations	Honourable Andrew Petter
Minister of Forests	Honourable David Zirnhelt
Minister of Health and Minister Responsible for Seniors.	Honourable Joy K. MacPhail
Minister of Human Resources	Honourable Dennis Streifel
Minister of Municipal Affairs and Housing	Honourable Michael Farnworth
Minister of Small Business, Tourism and Culture	Honourable Jan Pullinger
Minister of Transportation and Highways	Honourable Lois Boone
Minister of Women's Equality	Honourable Sue Hammell

PARLIAMENTARY SECRETARIES

Minister of Education, Skills and Training	Joan Smallwood
Minister of Employment and Investment	Fred Randall
Minister of Environment, Lands and Parks	Joan Sawicki
Minister of Forests	Harry Lali
Minister of Municipal Affairs and Housing	Jim Doyle
Minister of Small Business, Tourism and Culture	Helmut Giesbrecht
Minister of Transportation and Highways	Rick Kasper

THIRTY-SIXTH LEGISLATIVE ASSEMBLY

Speaker: Honourable Dale Lovick

Deputy Speaker: Gretchen Brewin

Leader of the Official Opposition: Gordon Campbell

Clerk of the Legislative Assembly: E. George MacMinn, Q.C.

Sergeant-at-Arms: Anthony A. Humphreys

Members of the Legislative Assembly	Political Party	Electoral District
Abbott, George	Liberal	Shuswap
Anderson, Val	Liberal	Vancouver-Langara
Barisoff, Bill	Liberal	Okanagan-Boundary
Boone, Hon. Lois	New Democrat	Prince George-Mount Robson
Bowbrick, Graeme	New Democrat	New Westminster
Brewin, Gretchen	New Democrat	Victoria-Beacon Hill
Calendino, Pietro	New Democrat	Burnaby North
Campbell, Gordon	Liberal	Vancouver-Point Grey
Cashore, Hon. John	New Democrat	Coquitlam-Maillardville
Chong, Ida	Liberal	Oak Bay-Gordon Head
Clark, Christy	Liberal	Port Moody-Burnaby Mountain
Clark, Hon. Glen	New Democrat	Vancouver-Kingsway
Coell, Murray	Liberal	Saanich North and the Islands
Coleman, Rich	Liberal	Fort Langley-Aldergrove
Conroy, Ed	New Democrat	Rossland-Trail

*Appendix 8: Lieutenant Governor, Executive Council and Members of the
Thirty-sixth Legislative Assembly (as of October 1997)*

Dalton, Jeremy	Liberal	West Vancouver-Capilano
de Jong, Michael	Liberal	Matsqui
Dosanjh, Hon. Ujjal	New Democrat	Vancouver-Kensington
Doyle, Jim	New Democrat	Columbia River-Revelstoke
Evans, Hon. Corky	New Democrat	Nelson-Creston
Farnworth, Hon. Michael	New Democrat	Port Coquitlam
Farrell-Collins, Gary	Liberal	Vancouver-Little Mountain
Giesbrecht, Helmut	New Democrat	Skeena
Gillespie, Evelyn	New Democrat	Comox Valley
Gingell, Fred	Liberal	Delta South
Goodacre, Bill	New Democrat	Bulkley Valley-Stikine
Hammell, Hon. Sue	New Democrat	Surrey-Green Timbers
Hansen, Colin	Liberal	Vancouver-Quilchena
Hartley, Bill	New Democrat	Maple Ridge-Pitt Meadows
Hawkins, Sindi	Liberal	Okanagan West
Hogg, Gordon	Liberal	Surrey-White Rock
Janssen, Gerard	New Democrat	Alberni
Jarvis, Daniel	Liberal	North Vancouver-Seymour
Kasper, Rick	New Democrat	Malahat-Juan de Fuca
Krueger, Kevin	Liberal	Kamloops-North Thompson
Kwan, Jenny	New Democrat	Vancouver-Mount Pleasant
Lali, Harry	New Democrat	Yale-Lillooet
Lovick, Hon. Dale	New Democrat	Nanaimo
MacPhail, Hon. Joy K.	New Democrat	Vancouver-Hastings
McGregor, Hon. Cathy	New Democrat	Kamloops
McKinnon, Bonnie	Liberal	Surrey-Cloverdale
Masi, Reni	Liberal	Delta North
Miller, Hon. Dan	New Democrat	North Coast
Nebbeling, Ted	Liberal	West Vancouver-Garibaldi
Nettleton, Paul	Liberal	Prince George-Omineca
Neufeld, Richard	Liberal	Peace River North
Orcherton, Steve	New Democrat	Victoria-Hillside
Penner, Barry	Liberal	Chilliwack
Petter, Hon. Andrew	New Democrat	Saanich South
Plant, Geoff	Liberal	Richmond Steveston
Priddy, Hon. Penny	New Democrat	Surrey-Newton
Pullinger, Hon. Jan	New Democrat	Cowichan-Ladysmith
Ramsey, Hon. Paul	New Democrat	Prince George North
Randall, Fred	New Democrat	Burnaby-Edmonds
Reid, Linda	Liberal	Richmond East
Reitsma, Paul	Liberal	Parksville-Qualicum
Robertson, Glenn	New Democrat	North Island
Sanders, April	Liberal	Okanagan-Vernon
Sawicki, Joan	New Democrat	Burnaby-Willingdon
Sihota, Moe	New Democrat	Esquimalt-Metchosin
Smallwood, Joan	New Democrat	Surrey-Whalley
Stephens, Lynn	Liberal	Langley
Stevenson, Tim	New Democrat	Vancouver-Burrard
Streifel, Hon. Dennis	New Democrat	Mission-Kent
Symons, Doug	Liberal	Richmond Centre
Thorpe, Rick	Liberal	Okanagan-Penticton
van Dongen, John	Liberal	Abbotsford
Waddell, Ian	New Democrat	Vancouver-Fraserview
Walsh, Erda	New Democrat	Kootenay
Weisbeck, John	Liberal	Okanagan East
Weisgerber, Jack	Reform	Peace River South
Whittred, Katherine	Liberal	North Vancouver-Lonsdale
Wilson, Gordon	Progressive Democratic Alliance	Powell River-Sunshine Coast
Wilson, John	Liberal	Cariboo North
Zirnhelt, Hon. David	New Democrat	Cariboo South

The Cabinet Committee Structure

The objective of the Cabinet committee system is to provide for an efficient process for management of the numerous and complex decisions requiring Cabinet attention. The system consists of Cabinet, Treasury Board, the Cabinet Committee on Regulations and Orders in Council, other statutory committees of Cabinet and specific time-limited committees established by the Premier. The major elements of the Cabinet committee system are described below.

Cabinet

Cabinet is the ultimate decision making body in government and is accountable for all government decisions. Proposals are not approved until reviewed by Cabinet, but the analysis and discussion of a proposal may be delegated to a Cabinet committee. Cabinet's focus is on discussion of strategic priorities and substantive issues, and acceptance or rejection of recommendations in relation to these.

Treasury Board

Treasury Board is a statutory body with roles and responsibilities set out in the *Financial Administration Act*. The board is chaired by the Minister of Finance and Corporate Relations. Any issue which is largely financial in nature is considered by Treasury Board. In addition, Treasury Board reviews subsidy and dividend levels, prices, rates of return and capital project evaluation standards for Crown corporations and receives the operations and management audits of these corporations.

Cabinet Committee on Regulations and Orders in Council (CCRO)

CCRO is chaired by the Attorney General, and provides advice to Cabinet on proposed regulations and Orders in Council (OICs). Regulations or OICs with major policy or financial implications must be reviewed by the appropriate Cabinet committee and approved by Cabinet prior to being submitted to CCRO.

Fee and Licence Advisory Committee (FLAC)

FLAC is a sub-committee of Treasury Board which is chaired by a member of Cabinet. It is responsible for reviewing ministry fee, licence, and other non-tax revenue proposals for their cumulative impact and consistency with government priorities, strategies and policies. FLAC makes recommendations to Treasury Board.

Appendix 9: Government Agents (at September 1997)

Government Agents offices are located in the following 58 communities, where they provide the public with provincial government information and services.

Some of the services offered through Government Agents are: drivers' licences and renewals; registration and certification of vital statistics information (marriages, births, deaths, name changes, will searches); hunting and fishing licences and regulations; the taking of affidavits; information concerning landlord/tenant matters; and a place to make payments to the province, including court and other fines.

Government Agents can provide access to databases through BC OnLine (Land Titles, Personal Property and Corporate Registries). They also have information on consumer tax, land tax, mining claims and registration, Medical Services Plan, Crown lands, and the Small Business Database.

Nineteen of the 58 Government Agent offices are Access Centres. These centres group together staff from various ministries located in the community to cost-effectively and efficiently deliver "one stop shopping" for government services. The common counter approach provides improved access to a number of widely used programs.

Location	Telephone	Government Agent	Location	Telephone	Government Agent
Ashcroft.....	(250) 453-2412	Walter Poohachoff	Merritt*	(250) 378-9343	Gordon Swan
Atlin.....	(250) 651-7595	Glen Ferrier	Nakusp.....	(250) 265-3646	Chris Reich
Bella Coola.....	(250) 799-5361	Chris Millham	Nanaimo*	(250) 741-3636	Jeanne Blue
Burns Lake.....	(250) 692-7117	Emiko Fukushima	Nelson*	(250) 345-6104	Barb Henry
Campbell River*	(250) 286-7555	Jeff Mackenzie	Oliver	(250) 498-3818	Doug Blatchford
Chetwynd.....	(250) 788-2239	Vacant	100 Mile House*	(250) 395-5595	Eric Breitreuz
Chilliwack*	(604) 795-8415	Jim Hay	Penticton.....	(250) 492-1211	Jim Torrance
Clinton.....	(250) 459-2268	John White	Port Alberni.....	(250) 724-9200	Sven Buemann
Courtenay*	(250) 334-1100	Daryl Egeland	Port Hardy.....	(250) 949-6323	Bill Newman
Cranbrook*	(250) 426-1211	Kent Saxby	Powell River.....	(604) 485-3622	Robert Woods
Creston.....	(250) 428-3211	Lois Griffith	Prince George*	(250) 565-4488	Bill Christie
Dawson Creek*	(250) 784-2224	Wendy Benham	Prince Rupert.....	(250) 624-7415	Ean Gower
Dease Lake	(250) 771-3700	Stu Pike	Princeton	(250) 295-6957	Cheryll McEvoy
Duncan*	(250) 746-1400	Byron Johnston	Queen Charlotte City	(250) 559-4452	Andrea deBucy
Fernie.....	(250) 423-6845	Sharon Arola	Quesnel.....	(250) 992-4301	Bob Jaskela
Fort Nelson.....	(250) 774-6945	Jeanette Hall	Revelstoke	(250) 837-7636	Phil Welock
Fort St. James.....	(250) 996-7585	Louly Thomson	Salmon Arm*	(250) 832-1611	Daryl Koskimaki
Fort St. John*	(250) 787-3350	Marie Moore	Sechelt	(604) 885-5187	Gary Swift
Ganges.....	(250) 537-5414	Byron Johnston	Smithers*	(250) 847-7207	Don McMillan
Golden.....	(250) 344-7550	Dodie Hodgins	Sparwood.....	(250) 425-6363	Sharon Arola
Grand Forks	(250) 442-5444	Dan Martin	Squamish.....	(604) 892-2400	Lorne Wilson
Houston	(250) 845-2990	Don McMillan	Stewart.....	(250) 636-2294	Les Deacon-Rogers
Invermere.....	(250) 342-4260	Kent Saxby	Terrace*	(250) 638-6515	Randy Trombley
Kamloops.....	(250) 828-4540	Walter Poohachoff	Trail*	(250) 364-0591	Robin Bender
Kaslo.....	(250) 353-2219	Barb Henry	Ucluelet.....	(250) 726-7025	Jim Spalding
Kitimat.....	(250) 632-6188	Gordon Fox	Valemount.....	(250) 566-4448	Lidwina Flavelle
Lillooet	(250) 256-7548	Bob Hall	Vanderhoof*	(250) 567-6301	Evan Lomas
Mackenzie.....	(250) 997-4270	Sarah Smith	Vernon*	(250) 549-5511	Franco Marolla
Maple Ridge.....	(604) 467-6901	Sandy Lane	Williams Lake*	(250) 398-4211	Eric Breitreuz

* Access Centre.

Appendix 10: Ministry Contacts (at September 1997)

Further information on provincial government programs and services is available through the contacts listed below, or through the local government agent offices listed in Appendix 9. Area code 604 applies to the Lower Mainland, Fraser Valley, Sunshine Coast and Howe Sound/Whistler area. Area code 250 applies to the rest of the province, including Vancouver Island.

For information on programs or services not listed, call Enquiry BC:

Greater Victoria (250) 387-6121

Metro Vancouver (604) 660-2421

Elsewhere in British Columbia 1-800-663-7867

or purchase a copy of the *BC Guide to Programs and Services of the Provincial Government* from the Queen's Printer:

Greater Victoria (250) 387-6409

Elsewhere in British Columbia 1-800-663-6105

For information on electronic access to government registry databases contact BC OnLine:

Throughout British Columbia 1-800-663-6102

Administration Office (604) 389-3232

Provincial government employees using a ProvNet phone should dial local phone numbers to avoid unnecessary 800 usage expense.

Ministry and Branch	Address	Contact	Telephone Number
Office of the Premier	General Enquiries	—	(250) 387-1715
Ministry of Aboriginal Affairs	General Enquiries	—	(250) 356-8281
Treaty Negotiation Division	908 Pandora Avenue, Victoria, V8V 1X4	Patrick O'Rourke (Assistant Deputy Minister)	(250) 356-8991
Negotiation Support Division	908 Pandora Avenue, Victoria, V8V 1X4	Christie Brown (Assistant Deputy Minister)	(250) 356-0226
Ministry of Agriculture, Fisheries and Food ..	General Enquiries	—	(250) 387-5121
Agricultural Risk Management Branch	1690 Powick Road, Kelowna, V1X 7G5	Richard Jarvin (Director)	(250) 861-7211
Aquaculture and Commercial Fisheries	808 Douglas Street, Victoria, V8W 2Z7	Jim Anderson (Director)	(250) 356-1608
Industrial Organizations Development	808 Douglas Street, Victoria, V8W 2Z7	Harvey Sasaki (Director)	(250) 356-1830
Policy and Legislation Services	808 Douglas Street, Victoria, V8W 2Z7	David Matviw (Executive Director)	(250) 356-1815
Food Industry Branch	808 Douglas Street, Victoria, V8W 2Z7	Al Helmerson (Director)	(250) 356-2946
Trade Competition Branch	633 Courtney Street, Victoria, V8W 1B9	John Schildroth (Director)	(250) 387-7183
Ministry of Attorney General and Ministry Responsible for Multiculturalism, Human Rights and Immigration	General Enquiries	—	(250) 387-5038
Court Services Branch	850 Burdett Street, Victoria, V8W 1B4	—	(250) 356-1538
Family Maintenance Enforcement Program ...	Information Line	—	1-800-663-3455
BC Human Rights Commission	2, 844 Courtney Street, Victoria, V8W 1C4	Harinder Mahil (Chair)	(250) 387-3710
Human Rights	Information Line	—	1-800-663-0876
Immigration and Multiculturalism	3rd Floor, 1019 Wharf Street, Victoria, V8W 9J1	Cathy Stigant (A/Executive Director)	(250) 660-2396
Land Title Branch	1st Floor, 910 Government Street, Victoria, V8V 1X4	—	(250) 387-1903
Liquor Distribution Branch	2625 Rupert Street, Vancouver, V5M 3T5	—	(604) 252-3000
Provincial Emergency Program —	Information Line	—	1-800-663-3456
Emergency Coordination Centre	Information Line	—	1-800-563-0808
Victims Information Line	Information Line	—	(250) 387-3045
Consumer Operations Branch	3rd Floor, 1019 Wharf Street, Victoria, V8V 1X4	—	(250) 387-3045
Residential Tenancy Branch	6th Floor, 1019 Wharf Street, Victoria, V8V 1X4	Leah Bailey (Director)	(250) 356-2099
	— Information Line	—	1-800-661-4886



Appendix 10: Ministry Contacts (at September 1997)

Ministry and Branch	Address	Contact	Telephone Number
Ministry for Children and Families	General Enquiries	—	(250) 387-2000
Foster Parenting Information	Information Line	—	1-800-663-9999
Help Line for Children	Information Line	—	0-Zenith 1234
Adoption Information	Information Line	—	1-800-236-7888
Alcohol and Drug Information Counselling and Treatment	Information Line	—	1-800-663-1441
Gambling Addiction Information	Information Line	—	1-888-795-6111
Regional Support Division	2nd Floor, 1022 Government Street, Victoria, V8V 1X4	Diane Johnston (Division Head)	(250) 387-2207
Audit and Performance Management	2nd Floor, 1022 Government Street, Victoria, V8V 1X4	Vaughan Dowie (Division Head)	(250) 387-1647
Corporate Services Division	2nd Floor, 1022 Government Street, Victoria, V8V 1X4	Les Foster (Division Head)	(250) 387-0978
Governmental Relations Division	2nd Floor, 1022 Government Street, Victoria, V8V 1X4	Dyan Dunsmoor Farley (Division Head)	(250) 387-0446
Adult Services Division	2nd Floor, 1022 Government Street, Victoria, V8V 1X4	Theresa Kerin (Division Head)	(250) 387-0978
Child Protection Division	6th Floor, 614 Humboldt Street, Victoria, V8V 1X4	Ross Dawson (Division Head)	(250) 387-7060
Communications	3rd Floor, 1022 Government Street, Victoria, V8V 1X4	Laurie Best (Director)	(250) 356-3004
Ministry of Education, Skills and Training	General Enquiries	—	(250) 387-4611
Communications Branch	3rd Floor, 835 Humboldt Street, Victoria, V8V 4W8	—	(250) 356-2500
Office for Disability Issues	100, 333 Quebec Street, Victoria, V8V 1X4	—	(250) 387-3813
Post Secondary Education Division	3rd Floor, 835 Humboldt Street, Victoria, V8V 4W8	Shell Harvey (Assistant Deputy Minister)	(250) 356-5977
Student Services Branch	2nd Floor, 1106 Cook Street, Victoria, V8V 1X4	Jim Vanstone (Director)	(250) 387-2496
Student Services	General Enquiries	—	(250) 387-6100
	— Lower Mainland	—	(604) 660-2610
	— Toll Free in British Columbia	—	1-800-561-1818
Skills Development Division	2nd Floor, 2621 Douglas Street, Victoria, V8V 1X4	Betty Notar (Assistant Deputy Minister)	(250) 356-1379
Skills Development Centres			
Abbotsford (Regional Office)	105, 2975 Gladwin Road, Abbotsford, V2T 5T4	—	(604) 852-9284
Abbotsford	200, 32463 Simon Street, Abbotsford, V2T 5E3	—	(604) 852-5922
Agassiz	7278 Pioneer Avenue, Agassiz, V0M 1A0	—	(604) 796-2137
Burnaby (Regional Office)	200, 4946 Canada Way, Burnaby, V5G 4J6	—	(604) 660-7227
Burnaby	1103, 4720 Kingsway, Burnaby, V5H 4N2	—	(604) 660-7100
Campbell River	Suite C, 833 14th Avenue, Campbell River, V9W 4H3	—	(250) 286-7751
Chetwynd	5016 50th Street, Chetwynd, V0C 1J0	—	(250) 788-9483
Chilliwack	60, 45850 Yale Road, Chilliwack, V2P 2N9	—	(604) 795-8636
Coquitlam	305, 2963 Glen Drive, Coquitlam, V3B 2P7	—	(604) 552-2600
Courtenay	3rd Floor, 910 Fitzgerald Avenue, Courtenay, V9N 2R5	—	(250) 334-1444
Cranbrook	203, 100 Cranbrook Street N., Cranbrook, V1C 3P9	—	(250) 426-1281
Dawson Creek	102, 1508 102nd Avenue, Dawson Creek, V1G 2E2	—	(250) 784-2388
Duncan	RR#6, 201, 5462 Trans Canada Highway, Duncan, V9L 4T8	—	(250) 746-1448
Fort St. John	475, 10003 110 Avenue, Fort St. John, V1J 6M7	—	(250) 787-3337
Golden	903 9th Street, Golden, V0A 1H0	—	(250) 344-7758
Grand Forks	131 Central Avenue, Grand Forks, V0H 1H0	—	(250) 442-5374
Hope	999 Water Street, Hope, V0X 1L0	—	(604) 869-7241
Kamloops	441 Columbia Street, Kamloops, V2C 2T3	—	(250) 371-3780
Kelowna (Regional Office)	302, 1726 Dolphin Avenue, Kelowna, V1Y 9R9	—	(250) 717-2056
Kelowna	301, 1726 Dolphin Avenue, Kelowna, V1Y 9R9	—	(250) 717-2040
Langley	104, 20316 56th Avenue, Langley, V3A 3Y7	—	(604) 532-0597
Maple Ridge	2, 22320 Selkirk Avenue, Maple Ridge, V2X 2X5	—	(604) 463-9758
Merritt	2176 Quilchena Avenue, Merritt, V1K 1B8	—	(250) 378-9301
Mission	208, 33123 First Avenue, Mission, V2V 1G5	—	(604) 820-2957
Nanaimo (Regional Office)	305, 155 Skinner Street, Nanaimo, V9R 5E8	—	(250) 741-5848
Nanaimo	1st Floor, 155 Skinner Street, Nanaimo, V9R 5E8	—	(250) 741-5820
Nelson	102, 333 Victoria Street, Nelson, V1L 4K3	—	(250) 354-6865
New Westminster	635 Columbia Street, New Westminster, V3M 1A7	—	(604) 660-2350
North Vancouver	200, 126 East 15th Street, North Vancouver, V7L 2P9	—	(604) 775-2751
Oliver	101, 9971 350th Avenue, Oliver, V0H 1T0	—	(250) 498-1448
100 Mile House	160 Cedar Avenue, 100 Mile House, V0K 2E0	—	(250) 395-5514
Parksville	302, 154 Memorial Avenue, Parksville, V9P 2G4	—	(250) 248-6945
Penticton	152 Main Street, Penticton, V2A 5A6	—	(250) 492-1448
Port Alberni	4877 Argyle Street, Port Alberni, V9Y 1V9	—	(250) 720-2685
Port Hardy	Bag 11000, 9300 Trustee Road, Port Hardy, V0N 2P0	—	(250) 949-5124
Powell River	6953 Alberni Street, Powell River, V8A 2B8	—	(604) 485-3618
Prince George (Regional Office)	211, 1577 7th Avenue, Prince George, V2L 3P5	—	(250) 565-6020
Prince George	102, 1577 7th Avenue, Prince George, V2L 3P5	—	(250) 565-6020
Prince Rupert	460 - 309 2nd, Ave., Prince Rupert, V8J 3T1	—	(250) 624-7700
Quesnel	455 Mclean St., Quesnel, V2G 2P3	—	(250) 992-4121
Richmond	350, 5951 Number 3 Road, Richmond, V6X 2E3	—	(604) 660-4372
Salmon Arm	202, 351 Hudson Road NE, Salmon Arm V1E 4S4	—	(250) 832-1626
Sechelt	202, 5710 Teredo Street, Box 950, Sechelt, V0N 3A0	—	(604) 740-0029
Sidney	5, 9843 2nd Street, Sidney, V8L 3C7	—	(250) 656-8143
Smithers	1020 Murray Street, Smithers, V0J 2N0	—	(250) 847-7836
Squamish	1360 Pembroke Street, Squamish, V0N 3G0	—	(604) 892-9728
Surrey	102, 9030 King George Highway, Surrey, V3V 7Y3	—	(604) 543-6600
	203, 13630 72nd Avenue, Surrey, V3W 2P3	—	(604) 543-2978
Terrace	3250 Eby Street, Terrace, V8G 5H4	—	(250) 638-6582



Appendix 10: Ministry Contacts (at September 1997)

Ministry and Branch	Address	Contact	Telephone Number
Ministry of Education, Skills and Training — Continued			
Trail	119, 1290 Esplanade Street, Trail, V1R 4T2	—	(250) 364-0704
Vancouver	155, 800 Hornby Street, Vancouver, V6Z 2C5	—	(604) 660-1889
	220, 1150 Station Street, Vancouver, V6A 4C7	—	(604) 775-2777
	400, 1001 West Broadway, Vancouver, V6H 4B1	—	(604) 775-1252
	208, 2806 Kingsway, Vancouver, V5R 5T5	—	(604) 775-3101
	201, 2555 Commercial Drive, Vancouver, V5N 4C1	—	(604) 660-3419
Vernon	201, 2802 30th Avenue, Vernon, V1T 8G7	—	(250) 558-2750
Victoria	6, 40 Cadillac Avenue, Victoria, V8W 2L9	—	(250) 475-4601
	933 Douglas Street, Victoria, V8W 2C2	—	(250) 387-3698
	202, 940 Goldstream Ave., Victoria, V9B 2Y4	—	(250) 478-0889
Williams Lake	112E, 2nd Avenue North, Williams Lake, V2G 1Z6	—	(250) 398-4771
Ministry of Employment and Investment	General Enquiries	—	(250) 952-0606
Communications	8th Floor, 1810 Blanshard St., Victoria V8W 9N3	Don Zadavec (Executive Director)	(250) 952-0627
British Columbia Trade and Investment Office	7th Floor, 1810 Blanshard St., Victoria V8W 9N3	Chris Nelson (Assistant Deputy Minister)	(250) 952-0635
Economic Development Division	4th Floor, 1810 Blanshard St., Victoria V8W 9N3	Cheryl Brooks (Assistant Deputy Minister)	(250) 952-0115
Energy and Minerals Division	5th Floor, 1810 Blanshard St., Victoria V8W 9N3	Peter Ostergaard (Assistant Deputy Minister)	(250) 952-0132
Ministry of Environment, Land and Parks	General Enquiries	—	(250) 387-1161
Environmental Emergencies	—	—	1-800-663-3456
B.C. Recycling Hot Line	—	—	1-800-667-4321
Communications	1st Floor, 810 Blanshard Street, Victoria, V8V 1X4	Jennifer Smyth (A/Director)	(250) 387-9419
Corporate Services (Including Freedom of Information)	5th Floor, 2975 Jutland Road, Victoria, V9W 9M1	Greg Koyl (Assistant Deputy Minister)	(250) 387-9888
Environment and Lands Headquarters Division (Includes Wildlife)	5th Floor, 2975 Jutland Road, Victoria, V9W 9M1	Don Fast (Assistant Deputy Minister)	(250) 387-1280
Environment and Lands Regions Division	5th Floor, 2975 Jutland Road, Victoria, V9W 9M1	Jon O'Riordan (Assistant Deputy Minister)	(250) 387-9877
Parks Division	5th Floor, 2975 Jutland Road, Victoria, V9W 9M1	Denis O'Gorman (Assistant Deputy Minister)	(250) 387-9997
Land Use	5th Floor, 2975 Jutland Road, Victoria, V9W 9M1	Jim Walker (Special Advisor)	(250) 356-0139
Corporate Policy	5th Floor, 2975 Jutland Road, Victoria, V9W 9M1	Linda Hannah (A/Director)	(250) 387-9670
Ministry of Finance and Corporate Relations	General Enquiries	—	(250) 387-9278
Communications	617 Government Street, Victoria, V8V 1X4	—	(250) 387-3347
B.C. Securities Commission	1100, 865 Hornby Street, Vancouver, V6Z 2H4	—	(604) 660-4800
Financial Institutions Commission	1900, 1050 West Pender Street, Vancouver, V6E 3S7	—	(604) 660-2947
Consumer Taxation, Victoria	1061 Fort Street, Victoria, V8V 3K5	—	(250) 953-3219
Consumer Taxation, Vancouver	500, 605 Robson Street, Vancouver, V6B 5J3	—	(604) 660-4524
Corporate Capital Tax	1061 Fort Street, Victoria, V8V 3K5	—	(250) 953-3082
Property Transfer Tax	1061 Fort Street, Victoria, V8V 3K5	—	(250) 387-0604
Real Property Taxation	1061 Fort Street, Victoria, V8V 3K5	—	(250) 387-0555
Corporate and Personal Property Registries ..	2nd Floor, 940 Blanshard Street, Victoria, V8W 3E6	—	(250) 387-7848
Office of the Comptroller General	617 Government Street, Victoria, V8V 1X4	Alan Barnard (Comptroller General)	(250) 387-8543
Government Payment Services	617 Government Street, Victoria, V8V 1X4	Elaine McKnight (Director)	(250) 387-8793
Provincial Treasury	620 Superior Street, Victoria, V8V 1X4	Chris Trumpy (Assistant Deputy Minister)	(250) 387-5729
Investments Branch	620 Superior Street, Victoria, V8V 1X4	Doug Pearce (Chief Investment Officer)	(250) 387-7161
Public Sector Employers' Council Secretariat	2nd Floor, 468 Belleville Street, Victoria, V8V 1X4	—	(250) 387-0842
Public Service Employee Relations Commission	548 Michigan Street, Victoria, V8V 1S3	John Mochrie (Commissioner)	(250) 356-8371
Classification and Organization	548 Michigan Street, Victoria, V8V 1S3	Russell Dean (Director)	(250) 387-6323
Benefits	548 Michigan Street, Victoria, V8V 1S3	Wayne Scale (Director)	(250) 387-2166
Employee Learning Services	548 Michigan Street, Victoria, V8V 1S3	Faye Schmidt (Director)	(250) 356-5446
Equity and Diversity	548 Michigan Street, Victoria, V8V 1S3	Brian Dagdick (Director)	(250) 356-5182
Labour Relations	548 Michigan Street, Victoria, V8V 1S3	Ron McEachern (Director)	(250) 387-6323
Organizational Support Services	548 Michigan Street, Victoria, V8V 1S3	Faye Schmidt (Director)	(250) 356-5446
Corporate Human Resource Information and Payroll	548 Michigan Street, Victoria, V8V 1S3	Rick Ottewell (Director)	(250) 356-0377
Superannuation Commission	548 Michigan Street, Victoria, V8V 1X4	—	1-800-663-8823
Municipal Pension Plan	Information Line	—	1-800-668-6335
Public Service Pension Plan	Information Line	—	1-800-665-3554
Teachers', College and Single Employers Pension Plans	Information Line	—	1-800-665-6770
BC STATS	1st Floor, 553 Superior Street, Victoria, V8V 1X4	Don McRae (Director)	(250) 356-2119
Queen's Printer Publications Order Desk	563 Superior Street, Victoria, V8V 1X4	—	1-800-663-6105
Land Use Coordination Office	229, 560 Blanshard Street, Victoria, V8V 1X4	Derek Thompson (Assistant Deputy Minister)	(250) 953-3471



Appendix 10: Ministry Contacts (at September 1997)

Ministry and Branch	Address	Contact	Telephone Number
Ministry of Forests	General Enquiries 300-1675 Douglas St., Victoria, V8W 9C2	—	(250) 387-5255
Public Affairs Branch	Emergency Line	—	(250) 387-5255
Forest Fire Reporting		—	0-Zenith 5555
Forest Regions			
Cariboo	200, 640 Borland Street, Williams Lake, V2G 4T1	(Regional Manager)	(250) 398-4345
Kamloops	515 Columbia Street, Kamloops, V2C 2T7	(Regional Manager)	(250) 828-4131
Nelson	518 Lake Street, Nelson, V1L 4C6	(Regional Manager)	(250) 354-6200
Prince George	1011 Fourth Avenue, Prince George, V2L 3H9	(Regional Manager)	(250) 565-6100
Prince Rupert	Bag 5000, 3726 Alfred Avenue, Smithers, V0J 2N0	(Regional Manager)	(250) 847-7500
Vancouver	2100 Labieux Road, Nanaimo, V9T 6E9	(Regional Manager)	(250) 751-7001
Ministry of Health and Ministry Responsible for Seniors	General Enquiries	—	(250) 952-3456
Ministry of Health Information Line	Information Line	—	1-800-465-4911
Medical Services Commission	1515 Blanshard Street, Victoria, V8W 3C8	—	(250) 952-3465
Medical Services Plan	Information Lines:		
	— Greater Vancouver	—	(604) 683-7151
	— Greater Victoria	—	(250) 386-7171
	— Other British Columbia Locations	—	1-800-663-7100
Medical Services Plan — Operations Division	1515 Blanshard Street, Victoria, V8W 3C8	—	(250) 952-3185
Acute and Continuing Care Programs	1515 Blanshard Street, Victoria, V8W 3C8	—	(250) 952-1297
Breast Screening Mammography	Information Line	—	1-800-663-9203
Food and Nutrition	Information Line	—	1-800-667-3438
PharmaNet	Information Lines:		
	— Greater Vancouver	—	(604) 682-6849
	— Greater Victoria	—	(250) 952-2866
	— Other British Columbia Locations	—	1-800-554-0250
Vital Statistics	Information Line	—	1-800-663-8328
Ministry of Human Resources	General Enquiries	—	(250) 387-6485
Income Assistance Division	614 Humboldt Street, Victoria, V8V 1X4	—	(250) 387-1486
Prevention, Compliance and Enforcement	614 Humboldt Street, Victoria, V8V 1X4	—	(250) 356-8200
Health Services Division	3rd Floor, 836 Yates Street, Victoria, V8W 1L8	—	(250) 387-5664
Emergency Social Services	614 Humboldt Street, Victoria, V8V 1X4	—	(250) 387-0030
Information and Privacy Division	614 Humboldt Street, Victoria, V8V 1X4	—	(250) 387-3128
Ministry of Municipal Affairs and Housing	General Enquiries	—	(250) 387-7912
Public Affairs Branch	6th Floor, 800 Johnson Street, Victoria, V8V 1X4	—	(250) 387-4089
Assessment Appeal Board	10, 10551 Shellbridge Way, Richmond, V6X 2W9	—	(604) 775-1740
Library Services Branch	800 Johnson Street, Victoria, V8V 1X4	Barbara Greeniaus (Director)	(250) 356-1795
Office of the Fire Commissioner	800 Johnson Street, Victoria, V8V 1X4	Rick Dumala (Fire Commissioner)	(250) 356-9000
Ministry of Labour	General Enquiries	—	(250) 356-1487
Apprenticeship Programs/Industry Training and Apprenticeship Commission	General Enquiries	—	(250) 387-2700
Employment Standards	Enquiry Line	—	1-800-663-3316
Employers' Advisors	4003-8171 Ackroyd Road, Richmond, V6X 3K1	—	1-800-925-2233
Workers' Advisors	3000-8171 Ackroyd Road, Richmond, V6X 3K1	—	1-800-663-4261
Pension Standards	210-4946 Canada Way, Burnaby, V5G 4J6	—	(604) 775-1266
Ministry of Small Business, Tourism and Culture	General Enquiries	—	(250) 356-6305
Communications	6th Floor, 1405 Douglas Street, Victoria, V8W 3C1	—	(250) 356-6305
Deputy Minister	6th Floor, 1405 Douglas Street, Victoria, V8W 3C1	—	(250) 356-9600
Assistant Deputy Minister, Government Agents, Small Business and Cooperatives	4th Floor, 1405 Douglas Street, Victoria, V8W 9W5	—	(250) 356-7363
Government Agents	See Appendix 9	—	—
Canada/British Columbia Business Service Centre	— Information Line	—	1-800-667-2272
Employee Share Ownership Program	— Information Line	—	1-800-665-5457
Business Equity Program	— Information Line	—	1-800-665-6597
Cooperative Development Program	— Information Line	—	1-800-998-8299
Small Business Internet Site	www.sb.gov.bc.ca	—	—
YouBET! Internet Site	www.sb.gov.bc.ca/youbet	—	—
Cooperatives Internet Site	www.co-op.sb.gov.bc.ca	—	—
Assistant Deputy Minister, Culture, Recreation, Heritage and Sport	5th Floor, 800 Johnson Street, Victoria, V8W 9W3	—	(250) 387-0106
President and CEO, Tourism BC	3rd Floor, 1117 Wharf Street, Victoria, V8W 2Z2	—	(250) 356-2026
Reservations and Information	— Information Line	—	1-800-663-6000
Tourism Internet Site	www.tourism.bc.ca	—	—
Executive Director, Royal British Columbia Museum	675 Belleville Street, Victoria, V8W 9W2	—	(250) 387-3685
General Information	— Information Line	—	1-800-661-5411
Museum Internet Site	http://rbcm.rbcm.gov.bc.ca	—	—
Assistant Deputy Minister, Corporate Services	5th Floor, 1405 Douglas Street, Victoria, V8W 9W1	—	(250) 387-6720
Director, Policy and Land-Use	5th Floor, 1405 Douglas Street, Victoria, V8W 9W1	—	(250) 387-8002
British Columbia Film Commission	601 West Cordova Street, Vancouver, V6B 1G1	—	(604) 660-3235



Appendix 10: Ministry Contacts (at September 1997)

Ministry and Branch	Address	Contact	Telephone Number
Ministry of Transportation and Highways	General Enquiries	—	(250) 387-3198
Road Conditions	Cellular Phones (BC TEL and Cantel)	—	*4997
Rural Northern British Columbia	— Information Line	—	1-800-663-4997
900 Service (75¢/min.)	— Information Line	—	1-900-565-4997
900 Service (75¢/min.) Western USA	— Information Line	—	1-900-228-4997
Credit Card Calls (75¢/min.)	— Information Line	—	1-800-550-4997
Credit Card Calls (75¢/min.) Vancouver	— Information Line	—	(604) 420-4997
Internet Site	http://www.th.gov.bc.ca/bchighways/	—	—
Motor Vehicle Branch	2631 Douglas Street, Victoria, V8T 5A3	—	(250) 387-3140
Motor Carrier Commission	207, 703 Broughton Street, Victoria, V8W 1E2	—	(250) 953-3777
Ministry of Women's Equality	General Enquiries	—	(250) 387-3600
Communications Branch	2nd Floor, 756 Fort Street, Victoria, V8V 1X4	Dianne George (Director)	(250) 387-4570
Library	3rd Floor, 756 Fort Street, Victoria, V8V 1X4	Anne Morgan (Librarian)	(250) 356-5181
Policy and Evaluation Branch	2nd Floor, 756 Fort Street, Victoria, V8V 1X4	—	(250) 953-4513
Stopping the Violence and Regional Programs Branch	2nd Floor, 756 Fort Street, Victoria, V8V 1X4	Libby Posgate (Director)	(250) 356-7910
Special Offices			
Office of the Auditor General	#8 Bastion Square, Victoria, V8V 1X4	—	(250) 387-6803
Office of the Chief Electoral Officer	1075 Pendergast St., Victoria, V8V 1X4	—	(250) 387-5305
Office of the Child, Youth and Family Advocate	Suite 2050, 200 Granville St., Vancouver, V6C 1S4	—	(604) 775-3203
Office of the Conflict of Interest Commissioner	101, 431 Menzies Street, Victoria, V8V 1X4	—	(250) 356-9283
Office of the Information and Privacy Commissioner	4th Floor, 1675 Douglas Street, Victoria, V8V 1X4	—	(250) 387-5629
Office of the Ombudsman	931 Fort Street, Victoria, V8V 3K3	—	(250) 387-5855
	Information Line	—	1-800-567-3247
Crown Corporations (see Appendix Table A7.9 for a more complete list):			
British Columbia Assessment Authority	1537 Hillside Avenue, Victoria, V8T 4Y2	—	(250) 595-6211
British Columbia Hydro and Power Authority	Information Line	—	1-800-663-0431
British Columbia Lottery Corporation	Information Line	—	1-800-665-2649
BC OnLine	Information Line	—	1-800-663-6102
Insurance Corporation of British Columbia	Information Line	—	1-800-663-3051
AirCare	Information Lines:		
	— AirCare Administration	—	(604) 775-0103
	— Lower Mainland	—	(604) 433-5633
	— Harrison, Chilliwack	—	(604) 795-4546
	— Mission and Abbotsford	—	(604) 820-2226
Legislative Library	Room 212, Parliament Buildings, Victoria, V8V 1X4	—	(250) 387-6510



Appendix 11: Province of British Columbia Internet Web Site

Information on the provincial government and many of its organizations is available on the Internet, including:

- proceedings of the Legislature (including Hansard transcripts);
- British Columbia acts and regulations;
- social programs;
- government news releases;
- road condition reports and ferry schedules;
- how to bid on government contracts;
- employment opportunities;
- statistical information;
- access to archives and records services, maps, air-photos and geographic data sets; and
- vital statistics information.

The gateway to provincial information is through the Government of British Columbia main web site at **<http://www.gov.bc.ca>**

Below is an extensive list of British Columbia organizations with web sites. Most of the links found on the British Columbia government web site lead to other services which will open new windows.

Legislative Assembly

- Legislative Assembly
- Elections BC
- Auditor General
- Information and Privacy Commissioner
- Office of the Ombudsman

Ministries

- Postings — Job opportunities with the British Columbia government
- Ministry of Aboriginal Affairs
- Ministry of Agriculture, Fisheries and Food
- Ministry of Attorney General — Consumer Services Division
- Ministry for Children and Families
- Ministry of Education, Skills and Training
- Ministry of Employment and Investment
- Ministry of Environment, Lands and Parks
- Ministry of Finance and Corporate Relations
- Ministry of Forests
- Ministry of Health and Ministry Responsible for Seniors
- Ministry of Human Resources
- Ministry of Labour
- Ministry of Municipal Affairs and Housing
- Ministry of Small Business, Tourism and Culture
- Ministry of Transportation and Highways
- Ministry of Women's Equality
- Minister Responsible for Youth

Government Organizations

- Agricultural Workforce Policy Board
- A voice for youth
- British Columbia archives and records service
- British Columbia Assessment Authority

- British Columbia Buildings Corporation
- British Columbia Ferry Corporation (sailing schedules and more)
- British Columbia Hydro and Power Authority
- British Columbia Inter-agency Emergency Preparedness Council
- British Columbia Transit
- British Columbia Securities Commission
- British Columbia Superior Courts
- BC STATS (the central statistical agency of the province)
- Children's Commissioner
- CivicNet — British Columbia municipalities on-line
- Corporate Human Resource Information and Payroll System (PSERC)
- Provincial Emergency Program
- Environmental Appeal Board
- Environmental Assessment Office
- Financial Institutions Commission
- Forest Renewal BC
- Forest Appeals Commission
- Information, Science and Technology Agency
- Insurance Corporation of British Columbia (product options website)
- Land Data BC (maps, air-photos and geographic datasets)
- Land Use Coordination Office
- Law Reform Commission
- Open Learning Agency
- Public Service Employee Relations Commission
- Purchasing Commission (how to bid on government contracts)
- Queen's Printer
- Royal British Columbia Museum
- Science Council of British Columbia
- Standing Committee on Educational Technology
- Vital Statistics Agency (Ministry of Health)
- Worker's Compensation Board

Outside Government Links

- Intergovernmental on-line information kiosk
- Canada
- Alberta
- Saskatchewan
- Manitoba
- Ontario
- Quebec
- New Brunswick
- Nova Scotia
- Prince Edward Island
- Newfoundland
- Yukon
- Northwest Territories

About this Publication

For the benefit of readers of the *British Columbia Financial and Economic Review*, here is some information on the team that put together this 57th edition.

This publication is a production of the Fiscal and Economic Analysis Branch of Treasury Board Staff and BC STATS.

Production Coordinator Peter Michielin, Fiscal Analyst
Fiscal and Economic Analysis Branch

Associate Production Coordinator Paul Gosh, Manager, Data Dissemination, BC STATS

Editor-in-Chief Nick Paul, A/Director, Fiscal and Economic Analysis Branch
Phone: (250) 387-9023

Associate Editor Don McRae, Director, BC STATS
Phone: (250) 356-2119

Information was provided by Crown corporations and by ministries responsible for many of the programs as well as by people in the Ministry of Finance and Corporate Relations. The production coordinators brought this information together and did much of the editing of the text.

Other contributors were:

Quality Control and Editing — Everybody in the Fiscal and Economic Analysis Branch
Lisa Ransom, Performance Management Branch
Dan Schrier, BC STATS

Art and Graphic Design Coordination — Brenda Bains, Communications Branch

Charts — Don Wilkes, BC STATS

Word Processing — Cheryl Harper, Fiscal and Economic Analysis Branch

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