

1 ♦ 9 ♦ 9 ♦ 8
British Columbia
Financial and Economic
REVIEW

58th Edition



Ministry of Finance
and Corporate Relations



1 ♦ 9 ♦ 9 ♦ 8
British Columbia
Financial and Economic
REVIEW

Fifty-eighth Edition



BRITISH
COLUMBIA

Ministry of Finance and Corporate Relations

Cover Photo

View of the Parliament Buildings from the Canadian Pacific Railway terminal, *circa* 1919.

Canadian Cataloguing in Publication Data

Main entry under title:

British Columbia financial and economic review. — 1994-
Annual.

Continues: British Columbia economic and statistical review, ISSN 0847-1525.

ISSN 1201-3633 = British Columbia financial and economic review (1994)

1. British Columbia - Economic conditions - 1945 - - Periodicals. 2. British Columbia - Statistics - Periodicals. 3. Finance, Public - British Columbia - Periodicals. 4. British Columbia - Periodicals. I. British Columbia. Ministry of Finance and Corporate Relations. II. Title: Financial and economic review.

HC117.B7B74 330.9711'005 C95-960026-4

How to get a copy of the *Financial and Economic Review*

Copies of this document may be obtained from:

Crown Publications
521 Fort Street
Victoria, British Columbia
Canada
V8W 1E7 (250) 386-4636

or

BC STATS
553 Superior Street
Victoria, British Columbia
Canada
V8V 1X4 (250) 387-1502

Cost is \$25 plus applicable taxes.



Message from the Minister

I am pleased to present the 58th edition of the *British Columbia Financial and Economic Review*.

The *Review* is the most comprehensive annual source of information on the province's economy and finances, and summarizes government's programs and the activities of its Crown corporations for the year.

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

This year the *Review* celebrates the 100th anniversary of the British Columbia Parliament Buildings, and one of this year's topic boxes profiles the construction of the Buildings. Other topic boxes highlight the Nisga'a Treaty, youth in British Columbia, and northern British Columbia.

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 cursive script that reads "Joy K. MacPhail".

Joy K. MacPhail
Minister of Finance and Corporate Relations.

Table of Contents



Table of Contents

	Page
Topic Boxes.....	ix
Tables.....	ix
Charts.....	ix
Maps.....	xi
1 Economic Review	
British Columbia Overview.....	3
External Environment.....	4
British Columbia Economy.....	7
Current Situation.....	12
2 Financial Review	
Historical Overview.....	19
1997/98 Overview.....	20
Accounting Policy.....	21
Revenue.....	21
Expenditure.....	26
Net Deficiency.....	31
Summary Financial Statements.....	31
Provincial Government and Crown Corporation Financing.....	32
Financial Management Plan.....	33
Financing Process.....	34
Sources of Funds.....	35
Components of Provincial Net Debt.....	36
Debt Indicators.....	38
Credit Rating.....	39
Banking and Cash Management.....	40
Trust Funds.....	40
Other Liabilities.....	41
Note: Appendix 2 outlines the province's financial cycle and provides a glossary of terms	
3 The Province and Its People	
Physical Attributes.....	45
Economic History.....	47
Population.....	50
Labour Market.....	60
Regional Profiles.....	64
4 Industrial Structure and Performance	
Introduction.....	71
British Columbia's Changing Industrial Structure.....	72
The Role of Services.....	74
Goods-Producing Industries	75
Agriculture.....	76
Fishing and Trapping.....	79
Logging and Forestry.....	81
Mining, Quarrying and Oil Wells.....	83
Manufacturing.....	88
Construction.....	93
Utilities.....	95
Service Industries	96
Transportation, Storage and Communications.....	96
Wholesale and Retail Trade.....	103
Finance, Insurance and Real Estate.....	105
Business and Personal Services.....	110
Education.....	115
Health and Social Services.....	117
Government Services.....	118
Tourism and High Technology.....	119

5 The Provincial Government and Intergovernmental Relations	
Overview.....	127
The Provincial Government.....	127
Provincial Taxes.....	131
Recent Provincial Government Legislation of Financial Significance.....	133
International Relations.....	135
Federal-Provincial Relations.....	139
Federal-Provincial Fiscal Arrangements.....	142
Local Governments.....	144
Municipal Finance Authority of British Columbia.....	145
British Columbia Assessment Authority.....	146
Provincial-Local Relations.....	147
Aboriginal Peoples.....	148
6 Major Provincial Programs	
Introduction.....	155
Social Programs	155
Health Programs.....	155
Social Services.....	160
Housing Programs.....	165
Women's Programs.....	165
Education and Skills Development Programs.....	166
Labour Programs and Services.....	173
Aboriginal Programs.....	178
Culture, Heritage, Recreation and Sports.....	179
Multiculturalism and Immigration.....	181
Protection of People, Property and the Environment	183
Human Rights.....	183
Administration of Justice.....	183
Law Enforcement and Public Safety.....	186
Independent Agencies, Boards and Commissions.....	189
Environment Programs.....	190
Commercial and Financial Regulation	193
Consumer Services.....	193
Liquor Control and Licensing.....	195
Transportation Safety.....	195
Infrastructure Safety and Standards.....	196
Corporations and Financial Institutions.....	196
Business and Trade Development	197
Small Business and Cooperative Development Programs.....	198
Science and Technology.....	199
International Trade and Investment Programs.....	200
Tourism Programs.....	201
Government Services.....	201
Natural Resource Development	201
Forest Management.....	201
Mineral and Energy Resource Management Programs.....	206
Agriculture and Food Programs.....	208
Fisheries Programs.....	211
7 Crown Corporations and Agencies	
Introduction.....	215
Commercial Crown Corporations	216
British Columbia Hydro and Power Authority.....	216
British Columbia Railway Company.....	218
Insurance Corporation of British Columbia.....	220
Liquor Distribution Branch.....	221
British Columbia Lottery Corporation.....	222
Skeena Cellulose Inc.....	222
Columbia Power Corporation.....	223
Economic Development Crown Corporations	223
BC Transportation Financing Authority.....	223
British Columbia Transit.....	224
British Columbia Ferry Corporation.....	226
Forest Renewal BC.....	228
Fisheries Renewal BC.....	229
Okanagan Valley Tree Fruit Authority.....	229
B.C. Pavilion Corporation.....	229
Tourism British Columbia.....	229
Pacific National Exhibition.....	230

Social and Government Services Crown Corporations and Agencies	230
British Columbia Buildings Corporation.....	230
British Columbia Assessment Authority.....	231
Provincial Rental Housing Corporation.....	231
British Columbia Housing Management Commission.....	231
Provincial Capital Commission.....	231
Financing Authorities.....	231
Appendices	235
About this Publication	315
BC STATS Product Descriptions and Order Form	

Topic Boxes

British Columbia's Parliament Buildings.....	xii
Youth in British Columbia.....	54
The Nisga'a Treaty.....	150
Regional Profile — Northern British Columbia.....	204

Tables

1.1 British Columbia Capital Investment, 1997.....	9
2.1 Summary of Operating and Financing Transactions.....	21
2.2 Revenue by Source.....	25
2.3 Expenditure by Ministry.....	29
2.4 Reconciliation of the Consolidated Revenue Fund to the Summary Financial Statements.....	31
2.5 Key Debt Indicators.....	39
2.6 Interprovincial Comparisons of Credit Ratings, September 30, 1998.....	40
3.1 British Columbia Population by Age Group (July 1).....	58
3.2 British Columbia Population by Region (July 1).....	59
3.3 Characteristics of the British Columbia Labour Force.....	61
3.4 Average Weekly Earnings in British Columbia.....	63
5.1 Assessed Values of Property Classes as of July 1.....	147
6.1 Income Support Caseload at March 31.....	160
6.2 Major Pension Plans Actuarial Surplus (Unfunded Liability).....	176
6.3 Silviculture Funding in British Columbia.....	203
7.1 British Columbia Hydro and Power Authority Financial and General Operating Data.....	217
7.2 British Columbia Railway Company Consolidated Summary Income Statement and Operating Data.....	219
7.3 Insurance Corporation of British Columbia Operating Data.....	220
7.4 Liquor Distribution Branch Summary Income Statement.....	221
7.5 British Columbia Lottery Corporation Summary Income Statement.....	222
7.6 BC Transportation Financing Authority Consolidated Statement of Income.....	224
7.7 British Columbia Transit Statement of Operating Expenditures and Recoveries.....	225
7.8 British Columbia Ferry Corporation Summary Income Statement and Operating Data.....	227
7.9 Forest Renewal BC Statement of Operations and Equity.....	228
7.10 British Columbia Buildings Corporation Summary Income Statement.....	230

Charts

1.1 Real GDP Growth.....	3
1.2 Output Gaps.....	4
1.3 Yield Curves: Canada and the United States.....	6
1.4 Retail Sales by Trade Group, 1997.....	8
1.5 British Columbia Export Commodity Price Index.....	10

1.6	Real GDP and Employment: Goods-Producing Industries, 1997.....	11
1.7	Real GDP and Employment: Service-Producing Industries, 1997.....	11
1.8	Components of Real GDP Growth, 1997.....	12
2.1	Real Per Capita Revenue and Expenditure.....	20
2.2	Consolidated Revenue Fund Revenue by Source, 1997/98.....	22
2.3	Consolidated Revenue Fund Expense by Ministry, 1997/98.....	26
2.4	Expense by Group Account Classification, 1997/98.....	30
2.5	Provincial Net Debt for Fiscal Years Ended March 31.....	33
2.6	Sources of Debt Outstanding.....	35
2.7	Provincial Net Debt at March 31, 1998.....	36
3.1	Major Components of British Columbia Population Change.....	51
3.2	Single Ethnic Origins in British Columbia, 1996.....	53
3.3	British Columbia Population by Age and Sex, 1997.....	53
3.4	British Columbia Labour Force Participation Rates.....	60
3.5	British Columbia Employment Change by Industry, 1987 to 1997.....	61
3.6	Unemployment Rate: British Columbia and Canada.....	62
3.7	Basic Income Assistance and Employment Insurance Benefits.....	62
4.1	Resource Industries as a Per Cent of Total Economy.....	71
4.2	British Columbia Employment and GDP by Industry, 1997.....	72
4.3	Index of British Columbia GDP Growth by Industry.....	73
4.4	British Columbia GDP Growth by Industry.....	74
4.5	Index of Service Sector GDP and Population Growth.....	75
4.6	British Columbia Real GDP by Industry.....	76
4.7	Index of Agriculture GDP and Employment.....	76
4.8	Livestock Farm Cash Receipts.....	77
4.9	Crop Farm Cash Receipts.....	78
4.10	Index of Fishing and Trapping GDP and Employment.....	79
4.11	British Columbia Salmon Production.....	80
4.12	Index of Primary Forestry GDP and Employment.....	81
4.13	British Columbia Timber Harvest.....	82
4.14	Index of Primary Mining GDP and Employment.....	85
4.15	Index of Primary Mining GDP by Components.....	85
4.16	Value of Metal Production.....	86
4.17	Index of Manufacturing GDP and Employment.....	89
4.18	Index of Manufacturing GDP by Components.....	89
4.19	Index of Emerging Industries GDP by Components.....	92
4.20	Index of Construction GDP and Employment.....	93
4.21	Construction GDP by Sector.....	94
4.22	Construction Employment.....	94
4.23	Index of Utilities GDP and Employment.....	95
4.24	Service Sector GDP.....	96
4.25	Index of GDP and Employment for Transportation, Storage and Communication.....	98
4.26	Transportation GDP.....	99
4.27	Passenger Traffic Through Vancouver International Airport.....	100
4.28	Cruise Ship Passengers Visiting Vancouver.....	101
4.29	Communications Industry GDP.....	102
4.30	Index of GDP and Employment for Wholesale and Retail Trade.....	104
4.31	Wholesale and Retail Trade.....	104
4.32	Retail Sales by Region.....	105
4.33	Index of GDP and Employment for the Finance, Insurance and Real Estate Industry.....	106
4.34	GDP for Imputed Rental Income of Homeowners.....	107
4.35	FIRE GDP by Sector Excluding Imputed Rent.....	108
4.36	Index of GDP Growth for Credit Unions and Banks.....	108
4.37	British Columbia Average House Prices and Sales.....	109
4.38	Index of GDP and Employment for Business and Personal Services.....	110
4.39	Index of Business and Personal Services GDP by Components.....	111
4.40	Business Services GDP by Components.....	112
4.41	Personal and Other Services GDP by Components.....	113
4.42	Film Production and Distribution GDP.....	114
4.43	Accommodation, Food and Beverage Services GDP by Components.....	114
4.44	Index of Education GDP and Employment.....	115
4.45	Education Employment by Sector.....	116
4.46	Index of Health and Social Services GDP and Employment.....	117
4.47	Employment in Health and Social Services by Sector.....	118

4.48	Index of Government Services GDP and Employment.....	118
4.49	Government Services Employment per 1,000 Population.....	119
4.50	Index of Tourism Sector GDP and Employment.....	120
4.51	Tourism GDP by Components.....	121
4.52	Index of High Technology GDP and Employment.....	122
4.53	High Technology GDP by Components.....	123
5.1	The Government of British Columbia.....	128
6.1	Expense by Function, 1997/98.....	156

Maps

3.1	Physiographic Regions.....	46
3.2	Net Population Movement (Calendar Year 1997).....	52
4.1	Operating Mines (1997).....	84
4.2	Provincial Pipeline Network and Major Hydroelectric Dams.....	87
4.3	Pulp and Paper Mills (1997).....	90
4.4	Provincial Transportation Network.....	97

**100th
Anniversary
Celebration**

**Evolution of the
Parliament
Buildings**

British Columbia's Parliament Buildings

In 1998, the British Columbia government celebrated the 100th Anniversary of the opening of the Parliament Buildings. The anniversary was commemorated with a special session of the legislative assembly tied to an open-house of the Parliament Buildings during Heritage Week (February 16 to 20, 1998).

In addition to the re-creation of the February 10, 1898 legislative session, two projects were introduced to celebrate this monumental year — an educational website was created and the parliament buildings tour was enhanced so tourists could see that the buildings were celebrating a special year.

The educational website contains British Columbia's historical information in an easy to understand context. Students and young people can access the site to learn about the Parliament Buildings and the business of the Legislative Assembly. The website also includes lesson plans for teachers. The website address is <http://www.parl-bldgs.gov.bc.ca>.

The Parliament buildings tour program was enhanced to include a special brochure commemorating the anniversary and tour guides dressed in historic outfits. The main floor of the Buildings also displayed exhibits acknowledging the role and impact of the peoples of early British Columbia.

The Parliament Buildings were officially opened on February 10, 1898 — timed to coincide with the opening of the fourth session of the Seventh Parliament of British Columbia. Previously, the Legislature was held in the Bird Cages (so-called because the structures resembled bird cages), and before that in the "mess room" of Fort Victoria.



Birdcages, 1867.

In 1866, when the Colonies of New Caledonia and Vancouver Island were united into British Columbia, the Bird Cages served as the Parliament Buildings. These buildings, modelled after Mandarin and Dutch architecture, were built between 1859 and 1864, with a total construction cost of \$38,719. Herman Otto Tiedmann, a German immigrant and assistant surveyor to the Crown, designed the structures.



They were built because the downtown core of Victoria was quickly expanding due to the Gold Rush, and would soon completely engulf Fort Victoria. The Gold Rush was also responsible for a large number of immigrants coming to the West from other parts of the world, and a new system of government was needed to govern them. The Bird Cages replaced the original colonial offices located inside Fort Victoria.



Francis Mawson Rattenbury at the Site of the Parliament Buildings, 1893.

In 1893, the Legislative Assembly passed a law authorizing construction of the buildings to accommodate the provincial Legislature and the public service of the Province of British Columbia. Most of the bird cage structures were demolished in 1898 to make way for the grand, stone and marble Parliament Buildings designed by Francis M. Rattenbury. The buildings were created five years later for \$927,000 — more than double the original estimated cost of \$450,000. The buildings are valued at approximately half a billion dollars today.

In the 1970s, extensive restoration brought many of the buildings beautiful details back to life. The continued preservation and good stewardship of the Parliament Buildings is an important part of British Columbia's past, present and future.



The Old and the New, *circa* 1897.



Chapter One

Economic Review



B.C. Express Stagecoach Leaving Ashcroft, 1890

1: Economic Review¹

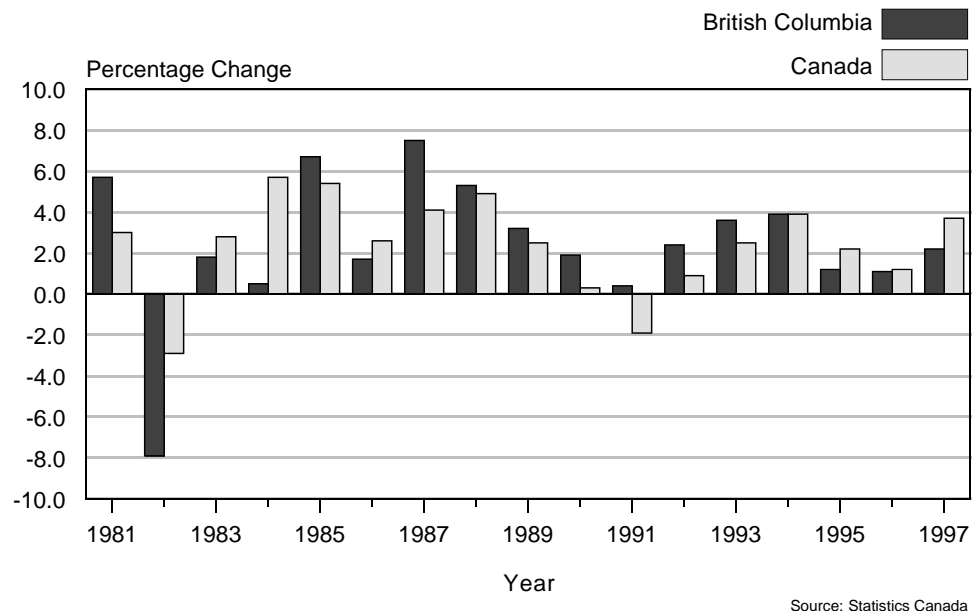
British Columbia Overview

Nineteen-ninety-seven was a moderate growth year for the British Columbia economy, following small gains in the previous two years. Last year marked the fifteenth consecutive year of economic expansion in the province. Real gross domestic product (GDP) grew 2.2 per cent in 1997, double the pace of the previous year. Strong consumer spending on goods and services, increased investment in machinery and equipment and business inventories all contributed to growth. Economic activity was dampened by an economic slowdown in the Japanese and other Asian economies, declines in some key commodity prices through the year and lower net in-migration to the province.

Employment growth slowed to 1.8 per cent in 1997 — a gain of 32,000 jobs — from 2.5 per cent in 1996. Growth in employment was closely matched by labour force growth. As a result the unemployment rate declined only slightly to 8.7 per cent from 8.9 per cent in 1996.

National economic growth was strong in 1997 as Canadian real GDP rose 3.8 per cent.

Chart 1.1 Real GDP Growth



¹ Chapter 1 and Appendix 1 are based on data and information available as of August 31, 1998.

External Environment

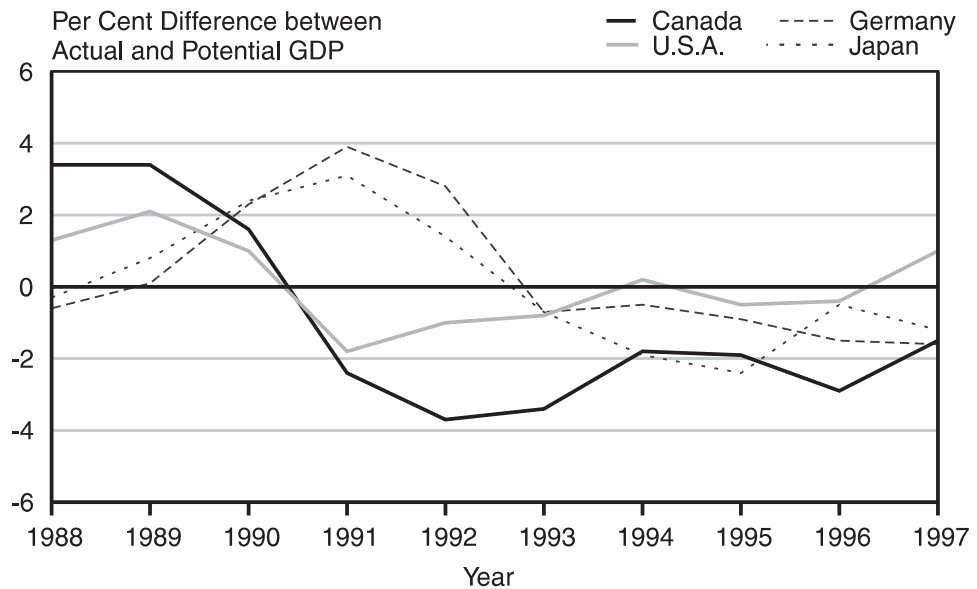
International Economy

World economic output growth grew an estimated 4.1 per cent in 1997, and growth in the economies of British Columbia's trading partners were stronger on balance. However, the positive effect of this growth on British Columbia was offset by weak demand in Asian export markets.

The United States (U.S.) economy continued to operate at full capacity as it entered a sixth year of economic expansion. In Europe, economic growth accelerated from 1.7 per cent to 2.7 per cent. Asian growth was restrained by the region's financial crisis in the second half of the year. The Asian crisis and domestic developments resulted in slower growth in Japan, British Columbia's largest trading partner in the region. Moderate inflation was the norm for most industrialized countries, reflecting economies that were still operating below potential.

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 1998

The U.S. economy expanded 3.8 per cent in 1997, up from 2.8 per cent in 1996, due to stronger consumer spending and investment. Labour markets were tight in 1997 — employment grew by 2.2 per cent while the unemployment rate declined to 4.9 per cent from 5.4 per cent in 1996. The strength in the labour market brought some acceleration in hourly average earnings and total employment costs. Despite output in the whole economy moving above the estimated level of potential output, inflation moderated. Lower import costs due to the Asian economic crisis and an appreciating U.S. dollar pushed down inflation. Housing investment rose as the number of housing starts increased 0.6 per cent to 1.48 million units, and business investment increased as a result of healthy corporate profits.

The German economy grew 2.2 per cent in 1997, up from 1.4 per cent in 1996. It was the same situation in France, where economic growth accelerated to 2.4 per cent from 1.5 per cent in 1996, fuelled by a pick-up in domestic demand in the second half of the year. France's employment expanded, but unemployment barely declined. Most European countries continued to be afflicted by double-digit unemployment rates. The notable exception was the United Kingdom, where the unemployment rate declined from 8 per cent in 1996 to 6.9 per cent in 1997. Government fiscal restraint, in order to qualify for European Monetary Union (EMU) in 1999, was the rule in most member countries

Economic growth in Japan slowed to 0.9 per cent in 1997, down from 3.9 per cent in 1996. The economy started the year in a fragile state, burdened with a high unemployment rate, sharp asset deflation, and bad-debt problems in the financial sector. Credit conditions worsened from 1996 as banks tried to improve balance sheets. The year was marked by a significant tightening of fiscal policy as government spending was cut and the consumption tax was raised from 3 to 5 per cent on April 1. As a result, a significant amount of consumer spending and housing construction was shifted ahead of the announced tax increase, leaving a very weak economy for the balance of the year. Housing starts in Japan fell almost 16 per cent in 1997. Demand slowed due to weak consumer spending, lower levels of residential investment and exports to Asia.

The Chinese economy grew 8.8 per cent in 1997, down from 9.7 per cent the previous year. South Korea — the second largest market for British Columbia exports in the Pacific Rim after Japan — grew 5.5 per cent, while Taiwan grew 6.9 per cent, Hong Kong 5.2 per cent, and Australia 2.7 per cent. The economies of these Asian countries slowed sharply in the second quarter due to the financial crisis, which spread through the region following the devaluation of the Thai currency in July. Economic activity slowed, reflecting each country's trade and financial links with the economies most severely affected by the crisis and the overall worsening in investor sentiment. Declines in private sector net worth put downward pressure on domestic demand. Partly as a result of real estate price declines, banks experienced a major deterioration in balance sheets.

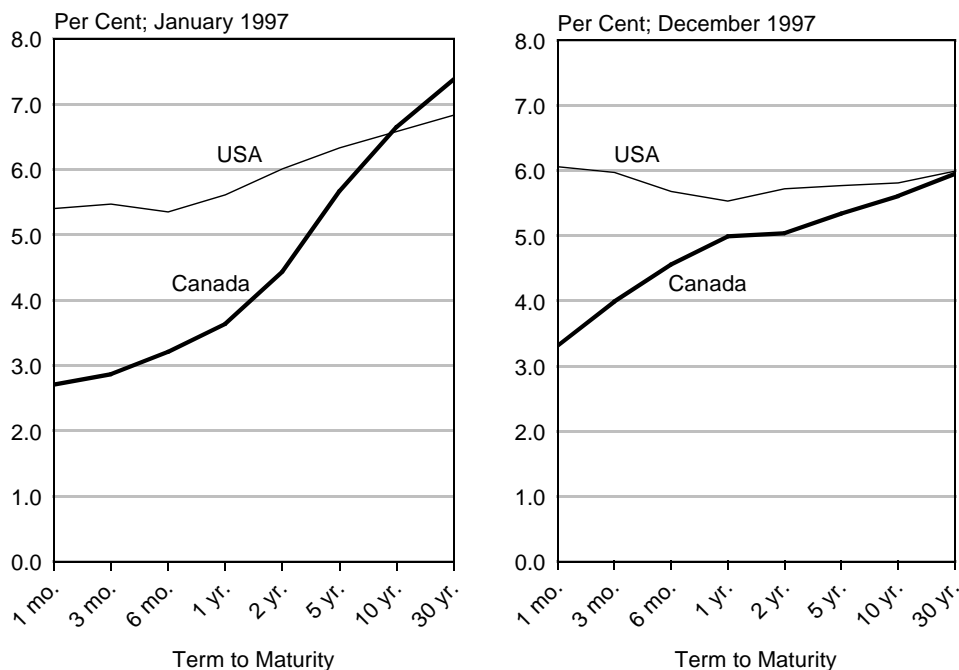
Financial Markets

Canadian financial markets were relatively stable in 1997 allowing investors to focus on improving economic fundamentals. Three factors dominated monetary conditions in 1997 — the weakening Canadian dollar, a strengthening national economy and the improving government fiscal situation. The value of the Canadian dollar fell 5.5 per cent against its U.S. counterpart to 70.1 cents U.S. in December from 74.3 cents U.S. twelve months earlier. Although cost and price pressures remained subdued, the Bank of Canada raised short-term interest rates to offset the potential inflationary impact of a depreciating Canadian dollar. By year end, the three-month treasury bill rate had increased from 3.1 per cent to 4.8 per cent, 1.7 percentage points higher than at the start of the year.

The spread between Canadian and U.S. interest rates narrowed throughout 1997 as interest rates rose in Canada and were unchanged in the U.S. The yield curve for Canadian interest rates flattened between January and December as short-term interest rates rose and longer-term interest rates declined. The increase in short-term interest rates was partly due to a falling Canadian dollar and strengthening economy fuelling inflation fears. In the U.S., the yield curve also flattened as long-term interest rates fell.

At the end of 1997, the dollar was valued at 70.1 U.S. cents, down 5.7 per cent from 74.3 cents twelve months earlier. The dollar fell 4.3 per cent against the currencies of Canada's ten largest trading partners and declined against the Japanese yen (down 3.9 per cent) and German deutschemark (down 4.6 per cent).

Chart 1.3 Yield Curves: Canada and the United States



Source: Bank of Canada
Federal Reserve Bank of San Francisco

Canadian Economy

The Canadian economy grew 3.8 per cent in 1997, up from 1.2 per cent in 1996. Final domestic demand growth accelerated to 4.4 per cent from 2 per cent in 1996. Real consumer spending rose 3.9 per cent, while stronger residential construction and machinery and equipment investment boosted business investment in fixed capital by 14.1 per cent. Net exports declined as import growth outpaced export growth. Corporate pre-tax profits surged 17.3 per cent in 1997, in part due to stronger export growth. Rapid improvement in government finances continued buoyed by strong economic activity and fiscal restraint.

Employment increased 1.9 per cent in 1997, a gain of 265,000 jobs. Full-time employment rose by 204,000 and part-time employment by 60,000. All of the job growth was in the private sector. The unemployment rate fell from 9.7 per cent in 1996 to 9.2 per cent in 1997, as employment growth outpaced labour force growth.

Total wages and salaries increased 3.8 per cent in 1997, due to the increase in employment and a 2.1 per cent rise in average weekly earnings. Personal disposable income rose a modest 1.1 per cent; however, consumption continued to rise, pushing up the ratio of debt to personal disposable income. Inflation increased a modest 1.6 per cent in 1997. Core inflation — which excludes volatile food and energy prices and indirect taxes — was 1.6 per cent, in the lower part of

the Bank of Canada's 1 to 3 per cent target band. Wage settlements averaged 1.3 per cent, up from 0.7 per cent in 1996.

Consumer confidence strengthened during the year, helping to boost retail sales by 7.4 per cent. Activity picked up in the housing sector, as housing starts rose 17.9 per cent, the second year of strong growth following a 35-year low in 1995. Existing home sales rose 2.5 per cent. Housing prices were fairly stable — new home prices fell 2.7 per cent during the year, and existing home prices were up 0.2 per cent in December 1997 from twelve months earlier.

British Columbia Economy

Population

British Columbia's population as of December 31, 1997 was 3,995,701, an increase of 1.8 per cent, or 70,277 from a year ago². Of this increase, 47,296 was due to in-migration while the rest was due to natural increase (births minus deaths). Total in-migration fell 25.9 per cent from 1996 as international migration fell 6.8 per cent to 40,202 and interprovincial migration at 7,094 was less than half the previous year's level.

Labour and Income Developments

Employment rose by 1.8 per cent in 1997, a gain of 32,000 jobs. Full-time employment rose by 10,000 while part-time employment increased by 22,000. The labour force grew more slowly than employment. This allowed the unemployment rate to decline to 8.7 per cent from 8.9 per cent in 1996.

Other significant labour market and income developments in 1997 included:

- A 2 per cent increase in female employment and a 1.6 per cent rise in male employment.
- An 11.6 per cent increase in self-employment, or 39,000 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 20.3 per cent from 18.5 per cent.
- A 2.2 per cent rise in service sector employment, while goods employment was unchanged from 1996. Agricultural employment was unchanged in 1997 following a sharp increase in 1996. Employment increased in the other primary and construction sectors, offsetting a 2.9 per cent decline in manufacturing. Transportation, communications and utilities employment rose 5.8 per cent while retail/wholesale trade was up 1.9 per cent. Community, business and personal services employment rose by 5.5 per cent, and accounted for half of all job growth. Public administration employment declined 14.2 per cent, or 15,000 jobs.
- The number of paid employees was unchanged from 1996. Total paid hours worked fell 1.4 per cent, as the average number of hours worked per employee declined.
- Personal disposable income rose 1.5 per cent, mainly due to a 3.2 per cent increase in wages and salaries. Average weekly earnings rose 1.1 per cent.
- Consumer bankruptcies rose 14.5 per cent in response to increased consumer debt levels.

² Statistics Canada revised historical population figures adjust for the population undercount. The population figures in this publication, with the exception of regional population figures in Chapter 3 and Appendix 3, are all based on the new population data.

Chapter 1: Economic Review

Prices and Wages

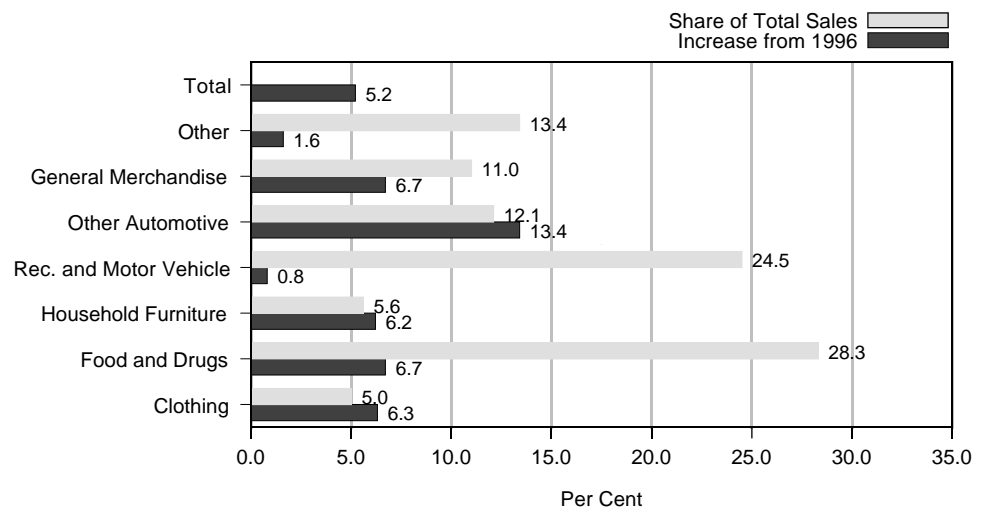
The British Columbia consumer price index (CPI) rose 0.7 per cent in 1997, lower than 1996's 1 per cent. Shelter costs declined due to lower mortgage rates and housing prices. By December 1997, the year-over-year inflation rate had fallen to 0.4 per cent.

Wage increases reached in collective agreements averaged 1.3 per cent, up from 0.7 per cent in 1996. The number of worker-days lost due to labour disputes was 337,481, down 1 per cent from 1996. Most of the days lost occurred in strikes at Fletcher Challenge pulp and paper mills and at Safeway supermarkets.

Consumer Expenditure and Housing

The total value of retail sales increased 5.2 per cent in 1997, up from 1.3 per cent in 1996. Sales rose in every category (see Chart 1.4). The *volume* of new vehicle sales increased 14.4 per cent following two years of decline, while the *value* of sales rose by 17.3 per cent.

Chart 1.4 Retail Sales by Trade Group, 1997



Source: Statistics Canada

Projections of continued in-migration and strong pent-up demand contributed to a 6.2 per cent increase in housing starts in 1997, to 29,400 units. However, there were signs of emerging weakness in the housing sector in 1997. Existing home sales fell 5.5 per cent, while house prices in December 1997 were down 1 per cent from December 1996. Higher interest rates slowed sales growth. Non-residential building permits were unchanged in 1997, while residential permits fell 12.6 per cent.

Capital Investment

Total investment in the province rose 6 per cent in 1997 to \$20.5 billion (see Table 1.1). Public sector investment fell 13.2 per cent. Private sector investment — which accounts for over 80 per cent of total investment — rose 11.1 per cent. Residential investment was up 7.3 per cent while non-residential investment rose 13.1 per cent, due to increased investment in finance, mining, utilities and transportation, as well as accommodation.

Table 1.1 British Columbia Capital Investment, 1997

	Construction		Machinery and Equipment		Total	
	(\$ million)	(per cent)	(\$ million)	(per cent)	(\$ million)	(per cent)
Public.....	2,613.6	-18.5	873.0	7.8	3,486.6	-13.2
Private.....	10,967.9	8.2	6,016.0	16.8	16,983.9	11.1
Residential.....	7,252.0	7.3	—	—	7,252.0	7.3
Non-Residential.....	3,715.9	10.0	6,016.0	16.8	9,731.9	14.0
Total.....	<u>13,581.5</u>	1.8	<u>6,889.1</u>	15.5	<u>20,470.5</u>	6.0

Source: Statistics Canada.

The investment figures for 1997 include spending on major capital projects across the province. The new Duke Point ferry terminal in Nanaimo was completed in 1997. Other transportation upgrades included a new container terminal at Roberts Bank in Delta, which opened in May 1997, and the completion of the first phase of the Vancouver International Airport expansion.

In the resource sector, two new mines (Mount Polley near Williams Lake and Huckleberry near Houston) and one heap-leach gold operation (Golden Bear), opened in 1997. Construction at the Kemess mine was three-quarters completed, and a rotation mill was constructed at the Eskay Creek gold mine.

Hotel construction increased significantly in 1997, resulting from high occupancy levels and the sharp increase in room rates seen in the last two years. Several hotel projects were underway in the Lower Mainland and Victoria regions. Major residential projects continued in the Vancouver area, notably the Coal Harbour redevelopment. Rising office rents and falling vacancy rates stimulated office construction. In early November, the Vancouver International Airport Authority announced that it would spend over \$100 million in 1998 on its next phase of terminal improvements.

Exports

The total value of merchandise exports rose 3.9 per cent in 1997. Exports to the U.S. — the destination for over half of British Columbia's exports — grew 7.1 per cent in 1997, due to higher exports of lumber, energy products and machinery and equipment. The value of exports to Japan fell 6.2 per cent due to the slump in the Japanese economy that began in the second quarter. Exports to the rest of the Pacific Rim declined while exports to Western Europe³ rose 5.5 per cent, mainly due to higher volumes of coal and lumber shipped.

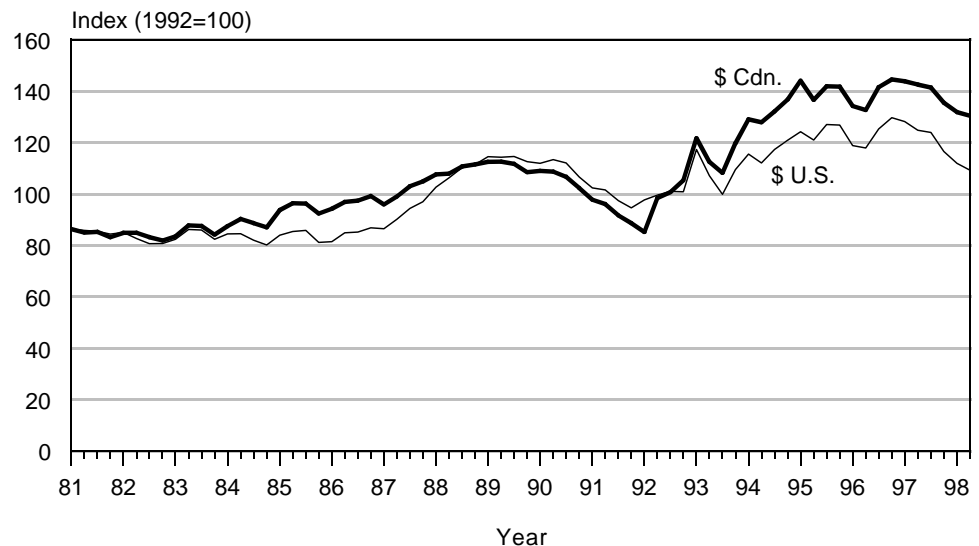
The increase in merchandise exports was mainly due to increased volumes as prices rose only slightly on average in 1997. The Ministry of Finance and Corporate Relations' British Columbia export commodity price index rose 1.9 per cent in Canadian dollar terms (0.4 per cent in U.S. dollar terms) but most prices weakened during the year.

- Pulp prices dipped mid-year before strengthening in the second half. Pulp prices fell from an average of \$591 U.S. a tonne in 1996 to \$567 in 1997.

³ Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Italy, Ireland, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

- Lumber averaged \$353 U.S. per thousand board feet in 1997, unchanged from 1996. Prices fell from \$420 in early January to \$285 in mid-December, the result of ample supplies of domestic and foreign timber.
- Copper prices fell steadily through the year from \$1.10 U.S. in January to \$0.80 in December due to oversupply especially from Chile; prices for the year were unchanged from 1996.
- The average plant inlet natural gas price to the Westcoast system decreased by 7 per cent, while coal prices fell by about 5 per cent.
- Newsprint prices rose steadily through the year. By year end, prices were at \$600 U.S., up \$100 from January. However, newsprint prices averaged \$560 in 1997, down from \$652 in 1996.

Chart 1.5 British Columbia Export Commodity Price Index



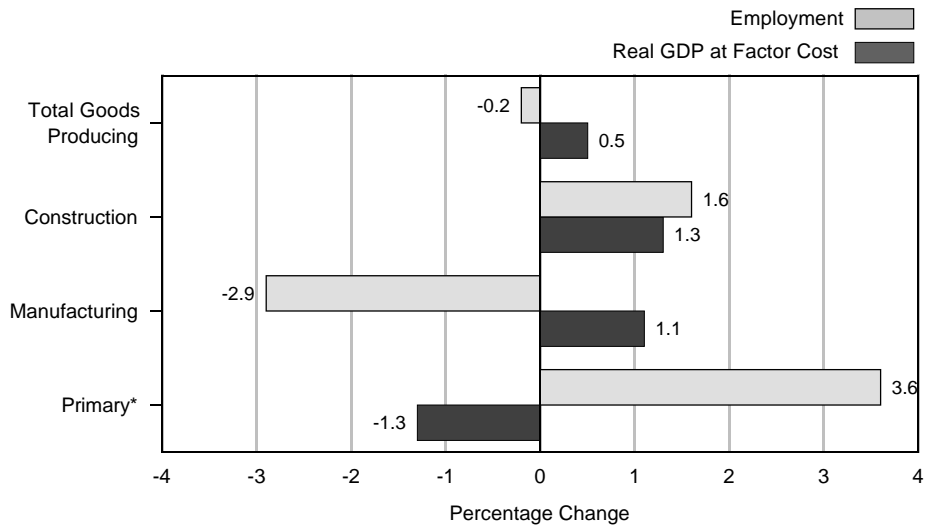
Source: Ministry of Finance and Corporate Relations

Growth by Industry

Goods sector output was up 0.5 per cent in 1997. The primary sector fell 1.3 per cent due to lower agriculture and logging activity, partially offset by increased mining and fishing activity. Mining output grew 5.3 per cent in 1997 following a 1.6 per cent increase in 1996. Fishing and trapping output also increased for a second consecutive year despite closure of the Fraser River fishery, restrictions on commercial and sport fishing, and disputes with the U.S. over salmon catch shares. Forestry and logging output fell 8.1 per cent in 1997. Manufacturing (which includes lumber and pulp and paper manufacturing) and construction output posted slight gains in 1997, following declines in 1996.

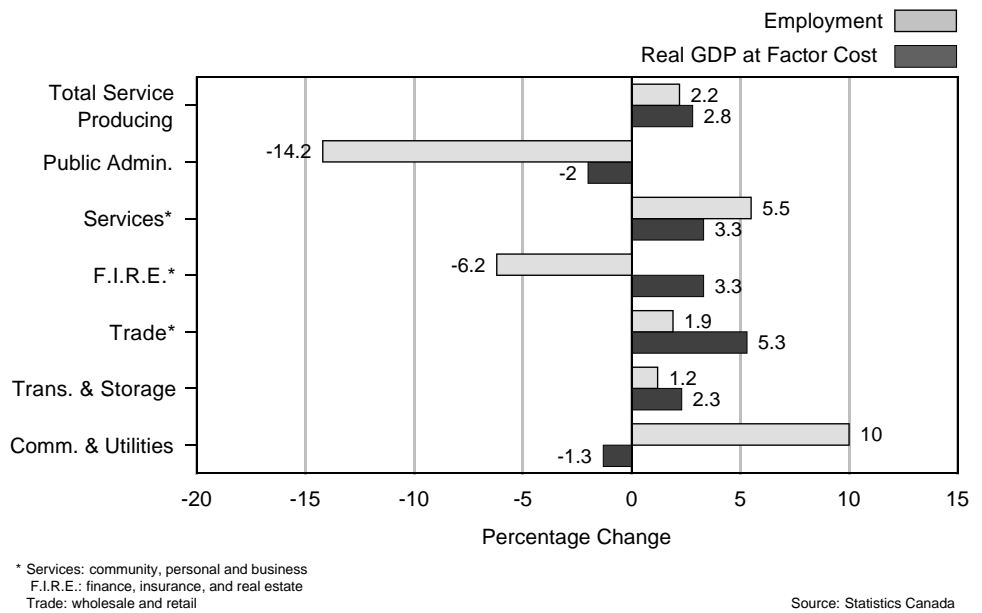
The labour dispute at three Fletcher Challenge pulp and paper mills, which began in July 1997, continued through the remainder of the year. The Skeena Cellulose pulp mill and its related operations were closed for much of the final quarter of 1997. Many smaller forestry operations on Vancouver Island and the Interior extended their normal winter shutdowns in response to weaker market conditions.

Chart 1.6 Real GDP and Employment: Goods-Producing Industries, 1997



Services output rose 2.8 per cent in 1997. Output increased in every category except public administration and the communication and utilities sector. Wholesale/retail trade output rose 5.3 per cent reflecting strong consumer spending. The output of the finance, insurance and real estate sector rose 3.3 per cent. Community, business and personal services output also rose 3.3 per cent.

Chart 1.7 Real GDP and Employment: Service-Producing Industries, 1997

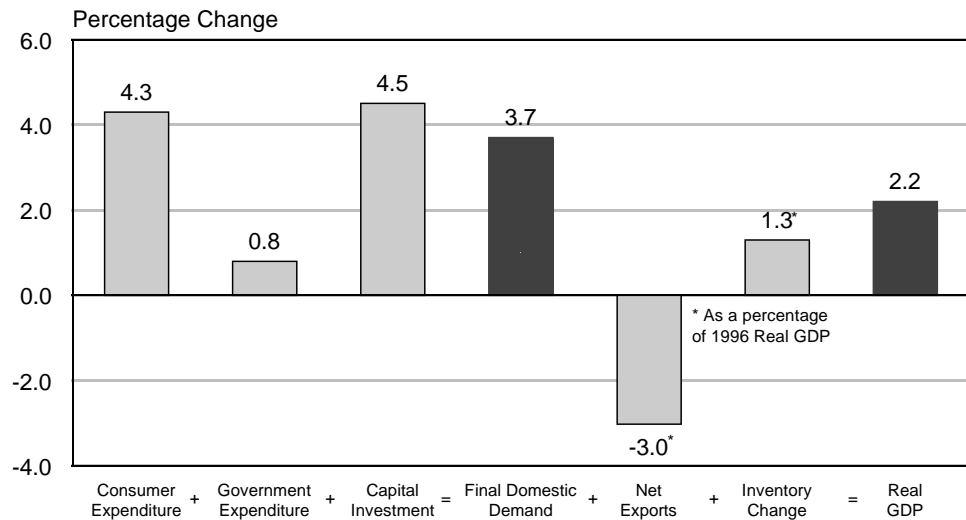


Growth by Component of Demand

Growth rates of the five main components of aggregate demand: consumer expenditure, government current expenditure, capital investment, net exports (exports less imports) are shown in Chart 1.8. Final domestic demand, which

includes consumer spending, government spending and capital investment, rose 3.7 per cent. Export volume growth of 4.1 per cent was outstripped by import growth of 10.2 per cent. Increased inventory accumulation added 1 per cent to real GDP growth.

Chart 1.8 Components of Real GDP Growth, 1997



Source: Statistics Canada

Current Situation

The crisis in Japan and Asia, which had a greater economic impact in those regions than initially forecast, was being felt across North America in 1998. This was partly behind the slowing growth in the Canadian and United States economies. In British Columbia, those sectors of the economy dependent on resource exports were most heavily affected by the Asian downturn, with commodity exports to Japan down sharply from the previous year's level. Partially offsetting the resource sector decline, areas in secondary manufacturing, high technology and the service industries were performing strongly while tourism weathered the impact of reduced Asian visits. Employment growth resumed following a decline at the turn of the year. Most other economic indicators were below levels recorded a year earlier.

Economic growth in North America slowed in the second quarter of 1998, while economic conditions in Asia continued to deteriorate. Even so, the strong performance early in the year means that North American growth will likely exceed expectations.

U.S. real GDP grew at a 1.6 per cent annual rate in the second quarter, following a revised 5.5 per cent annual rate in the first quarter of 1998. Strong consumer and investment spending offset the negative effect of the labour dispute at General Motors Corporation, a scaling back of inventories and lower exports due to continued weakness in the Asian economies.

In Canada, growth slowed to 1.8 per cent in the second quarter from 3.4 per cent in the first quarter. Residential investment was weak due to a labour dispute in Ontario's construction industry, although consumer spending and machinery and equipment investment rebounded from the first quarter.

The Japanese economy contracted at an annualized rate of 5.3 per cent in the first quarter of 1998 with the negative fallout from the Asian crisis dampening domestic demand. The unemployment rate was 4.1 per cent in July and was expected to climb further. The *Consensus Economics* average of forecasters projected a 1.8 per cent contraction in the Japanese economy in 1998 followed by minimal growth of 0.3 per cent in 1999.

Other Asian countries also posted slower growth to date in 1998. Hong Kong's real GDP declined at a 2.8 per cent annual rate in the first quarter due to a slowdown in domestic demand, moderate export performance and weakness in tourism. The economies of Korea, Indonesia, Malaysia and Thailand all suffered sharp declines in output. China's economy grew 7 per cent in the first half of 1998, partially offsetting declines in other Asian economies.

In Europe, momentum shifted from the United Kingdom to the Continent. The United Kingdom economy grew at a 2.2 per cent annual rate in the first half of 1998. The Germany economy expanded at a 2.5 per cent annual rate in the first half of 1998 and was expected to grow at the same rate in the second half.

The Canadian dollar plummeted to record lows in July and August, falling 2.5 cents against the U.S. dollar in a one-month span. While a lower dollar provided some added revenue for firms selling products abroad, it boosted the cost of imports and reduced Canadians' global purchasing power. The Bank of Canada intervened to reduce the downward momentum of the Canadian dollar, raising the Bank rate by one percentage point on August 27, 1998. By the end of August, the currency had strengthened slightly and was trading just below 64 cents U.S.

In British Columbia, seasonally-adjusted employment fell in the fourth quarter of 1997 and the first quarter of 1998 (mainly due to the large decline in January). However, employment grew 1.1 per cent in the second quarter. By July, the level of employment reached its August 1997 peak. For the first seven months of 1998, employment was up 0.5 per cent from the same period in 1997.

Manufacturing employment grew 8 per cent in the first seven months of the year, even though nearly half of the jobs in this sector are resource related. This reflected the strong performance of non-resource manufacturing. Financial services employment also grew strongly. Employment in managerial and service occupations grew rapidly this year, although employment in construction, resource processing and transportation occupations declined.

The downturn in the resource sector appeared to hit hardest in the Vancouver Island/Coast and North Coast/Nechako regions. In the Northeast, employment was up slightly in the first seven months and the region's unemployment rate remained very low, averaging 3.3 per cent in the January to July period. Employment growth was relatively strong in the province's Interior.

The provincial unemployment rate was 9.1 per cent in July. During the first seven months of the year, the unemployment rate averaged 9.5 per cent, up from 8.6 per cent during the same period in 1997.

In-migration slowed in the first quarter of 1998 but remained positive with international net in-migration more than offsetting a decline in interprovincial net

in-migration. Total net in-migration fell from 12,900 persons in the first quarter of 1997 to 4,000 in the first quarter of 1998. Interprovincial in-migration went from a net *inflow* of 1,150 to a net *outflow* of 3,560, while international net in-migration fell from 10,700 to 7,500.

Retail sales fell sharply in the first quarter of 1998, but were up marginally in the second quarter. On a year-to-date basis, sales were down 0.2 per cent. The major reason for the slight year-to-date decline was the sharp fall in motor vehicle sales — down nearly 9 per cent in the January to June period, after having increased 14.4 per cent in 1997. Auto sales incentives and rebates at the end of last year left sales weak early in 1998. A survey by the Conference Board of Canada indicated that British Columbia consumer confidence declined in the first and second quarters of 1998.

While retail sales were weak, some areas of the service sector showed strength. For example, estimates for restaurant caterer and tavern receipts for the second quarter were up 8.9 per cent from the first quarter.

Tourism has been an important contributor to the province's service sector in the last few years. Conditions appeared positive in 1998, with increased numbers of American and European visitors offsetting a decline in the number of Asian visitors. Year-to-date foreign visitor entries to British Columbia totalled 3.3 million, up 6.1 per cent from 1997 levels. In the first six months of 1998, the number of international passengers traveling through Vancouver International Airport was up 7.2 per cent from the same period last year. The decline in the value of the Canadian dollar made Canada an attractively-priced destination for many visitors.

Lower consumer confidence and lower levels of in-migration combined to weaken the province's housing sector. Housing starts declined 20.9 per cent on a year-to-date basis through July and the value of residential building permits, a leading indicator, was down 21.5 per cent during the first half of the year. Over the January-to-July period, sales of existing homes fell 25 per cent from a year ago, continuing a downward trend that started at the end of 1996. Prices of new and existing homes were down between 3 and 5 per cent.

Inflation remained low in British Columbia with a year-to-date increase of 0.2 per cent in the consumer price index through July. The province's low inflation rate reflected falling housing costs and lower gasoline prices.

The dollar value of British Columbia's exports and manufacturing shipments declined during the first half of the year. The main factor underlying the decline was the general weakness in prices for forest products and metals accompanying the downturn in Asia.

The value of British Columbia merchandise exports fell 12.2 per cent on a year-to-date basis through June. Exports to Japan were down about 35 per cent while those to the rest of Asia were down 25 per cent. The Fletcher Challenge strike, lower prices and lower volumes shipped in the wake of the Asian crisis contributed to the decline in exports. The Ministry of Finance and Corporate Relations export commodity price index (ECPI) showed that Canadian dollar prices for the province's key exports were down 8.4 per cent in the first half of 1998 compared to the first half of 1997.

Manufacturing shipments were down 7.1 per cent on a year-to-date basis through June. However, manufacturing employment was up some 8 per cent to date in

1998, reflecting considerable strength in non-resource manufacturing. The decline in manufacturing shipments was due to lower commodity prices as well as lower volumes shipped.

Forest products, which account for 45 per cent of total manufacturing shipments, fell 15.6 per cent to date as a result of lower prices and volumes shipped. Forest product shipments were expected to recover in the second half of the year as the three Fletcher Challenge mills resumed production (they account for 20-25 per cent of British Columbia pulp and paper production capacity).

Non-resource sectors performed strongly in the first half of 1998. Manufacturers of machinery, transportation equipment and electronics increased shipments 7 per cent on a year-to-date basis. The value of clothing and plastics shipments was up 9.1 and 7.4 per cent, respectively.

Statistics Canada's private and public investment intentions July survey showed planned investment in British Columbia was expected to increase 2.1 per cent in 1998, up from the initial 1.3 per cent reported in February. Business non-residential investment was planned to decrease 1 per cent from 1997 levels, while residential investment was expected to increase 0.7 per cent in 1998.

The Vancouver office market was quite strong early in 1998 with a vacancy rate around 6 per cent. However, the vacancy rate has since risen and developers who were optimistic at the beginning of the year appeared to be taking a wait-and-see attitude to new office construction.

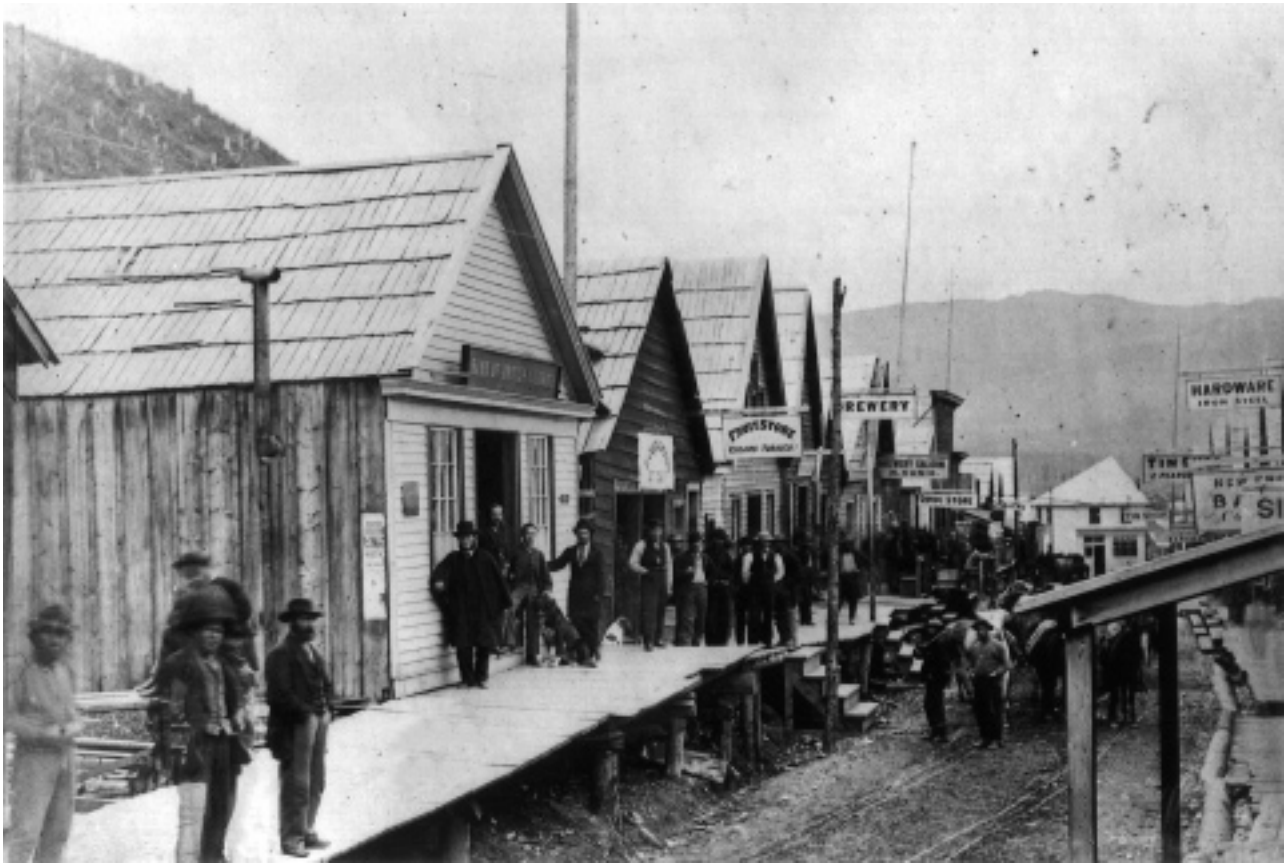
The province-wide value of non-residential building permits, a leading indicator of future construction activity, was up 13.6 per cent in the first six months of 1998 compared to the same period in 1997. Areas enjoying strong construction activity included Burnaby, where a number of office and retail projects were underway, and Richmond, where investors planned to develop a \$500-million high technology industrial park. A \$180-million entertainment complex was approved in Richmond. The Vancouver International Airport planned a \$250-million expansion to accommodate cross-border flights. The provincial government took steps to accelerate planned capital projects, including transit, schools and the Vancouver Trade and Convention Centre, in part to offset the slowdown in other areas of the economy.

By the end of August, it was evident that the Asian downturn was having a larger effect on British Columbia's exports and resource sector than had been anticipated, due to the significant reduction in Japanese housing activity and the resulting impact on British Columbia's coastal forest industry. Although there were indications that Japan's economy has bottomed, other countries in the region were beginning to feel serious effects from the downturn. Consumer and business confidence in Asia will continue to be weak until the Japanese financial sector problems are resolved. As a result, the full recovery in the Asian and Japanese economies could take some time.

As a result of the weak first-half performance, volatility in financial markets and uncertainty about the timing of a recovery in Asia, economic growth in British Columbia in 1998 should be in the range of +0.5 to -0.8 percent. The downturns in the resource and construction sectors should be roughly offset by continued growth in other sectors.

Chapter Two

Financial Review



Street Scene in Barkerville, 1868

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 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.

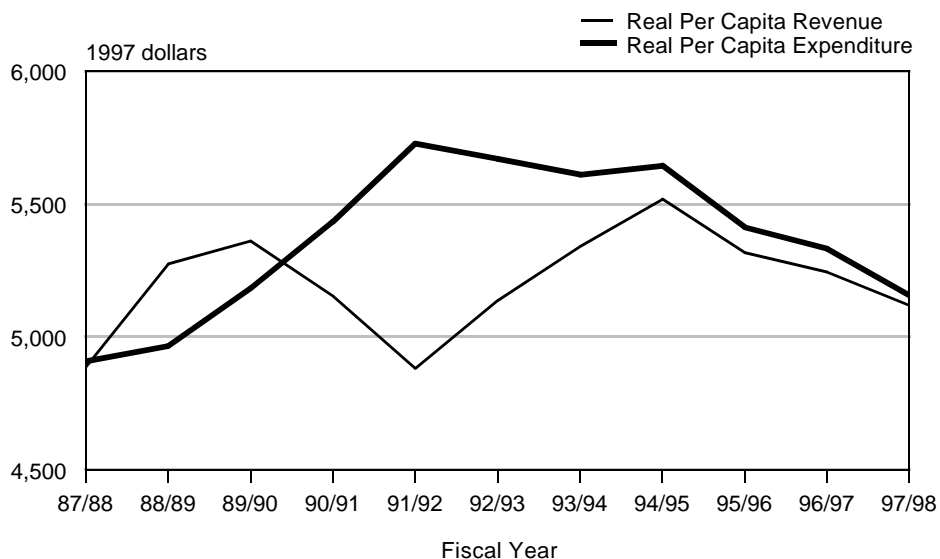
The provincial deficit peaked at \$2.5 billion in 1991/92. Beginning in 1992/93, revenue measures and government action to reduce spending growth helped to reduce the deficit.

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 spending exceeding real per capita revenue 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, to \$38 in 1997/98 from \$845 (1997 dollars) in 1991/92. Real per capita revenue and expenditure have declined every year since 1994/95.

¹ Revenue, expenditure and surplus (deficit) information in this chapter is based on *1997/98 Public Accounts* information. Figures are consistent with the government's organization and accounting policies effective March 31, 1998, 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 2.4 per cent in 1997/98, compared to a 1.4-per-cent decrease in 1996/97 and a 3.7-per-cent decline in 1995/96. Lower revenue from taxation and federal transfers accounted for most of the decline in 1997/98.

Real per capita spending declined faster than revenue in 1997/98. Real per capita spending fell 3.3 per cent following declines in 1996/97 and 1995/96 of 1.5 per cent and 4.1 per cent respectively.

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.

1997/98 Overview

Net revenue for the year was on budget at \$20.3 billion. Higher-than-budgeted revenue from taxation, natural resources and contributions from the federal government offset lower revenue from government enterprises and other revenue sources. Net revenue increased 0.4 per cent from the previous year, compared to growth of 2.1 per cent in 1996/97. In 1997/98, an additional \$709 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 was \$34 million below budget at \$20.4 billion, 0.5 per cent lower than in 1996/97. Lower-than-budgeted spending in ten of the 16 ministries offset unexpected spending pressures, particularly in the Ministries of Health, Attorney General and Children and Families.

The consolidated revenue fund had a deficit of \$152 million in 1997/98. This was \$33 million lower than the budget estimate of \$185 million, and \$185 million lower than the comparable deficit for 1996/97.

**Table 2.1 Summary of Operating and Financing Transactions
Consolidated Revenue Fund¹**

	Budget Estimate 1997/98	Actual 1997/98	Actual 1996/97 ²
		(\$ millions)	
Gross revenue.....	21,002.0	20,993.6	20,838.5
Less: Dedicated revenue transferred to Crown corporations and agencies ³	(716.0)	(708.5)	(629.6)
Net revenue.....	20,286.0	20,285.1	20,208.9
Expenditure.....	20,471.0	20,437.5	20,546.0
Surplus (deficit).....	(185.0)	(152.4)	(337.1)
Net receipts (disbursements) from financing and working capital transactions ⁴	(345.0)	(0.6)	(435.1)
Decrease (increase) in cash and temporary investments.....	—	(289.9)	(21.2)
Net (increase) decrease in government direct debt ⁵	(530.0)	(442.9)	(793.4)

¹ Figures based on 1997/98 *Public Accounts* information.

² Figures for 1996/97 have been restated to reflect the effect of phasing in an accounting policy in respect of tangible capital assets. The effect of this restatement reduces 1996/97 expenditure and the deficit by \$15 million. Further information is shown in Appendix 2 — Accounting Changes Effective in 1997/98.

³ Includes dedicated revenue collected on behalf of, and transferred to, British Columbia Transit, BC Transportation Financing Authority, Forest Renewal BC and Tourism British Columbia. 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, a small amount of net disbursements for financing and working capital transactions, and a \$290-million increase in cash balances. Requirements for financing and working capital transactions were significantly lower than planned due to additional cash received in 1997/98, as a result of a change to the schedule of personal income tax instalments received from the federal government, and increased collections of accounts receivable in the last quarter. As a result, year-end cash balances were higher than expected and government direct debt increased \$443 million for the year, \$87 million less than budgeted.

Accounting Policy

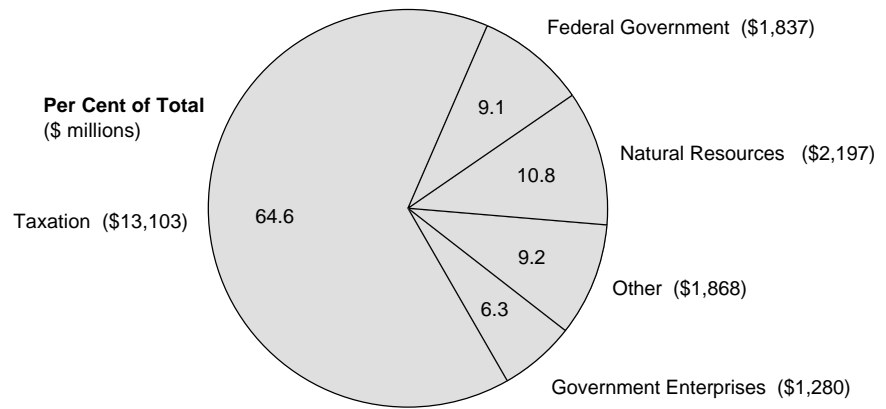
In this chapter, results for 1997/98 are presented on a basis that includes the effect of a continuing phase-in of an accounting policy with respect to capitalization of certain tangible capital assets held by the consolidated revenue fund. In 1997/98, additional assets capitalized include parkland, freshwater ferries and related infrastructure, and personal computers and peripheral hardware. Further information on these and other accounting changes introduced in 1997/98 is provided in Appendix 2. For comparative purposes, revenue, expenditure and deficit figures for 1996/97 and previous years have been restated to be consistent with the accounting policies and presentation used in 1997/98.

Revenue

Net revenue of the consolidated revenue fund totalled \$20,285 million in 1997/98, \$1 million below budget and up 0.4 per cent from the previous year. The 1997/98 revenue estimates incorporated economic assumptions lower than the Ministry of Finance and Corporate Relations' budget economic forecast. As the economy performed generally in line with the budget economic forecast during the year, a number of revenue sources were above budget, which offset shortfalls in other areas.

An additional \$709 million in dedicated revenue was collected on behalf of, and transferred to certain provincial Crown corporations and agencies in 1997/98. 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, 1997/98*



*Excludes dedicated revenue collected on behalf of Crown corporations and agencies.

Total: \$20,285 million

Taxation revenue of \$13,103 million was \$278 million higher than budget and only slightly higher than in 1996/97. Higher-than-budgeted revenue from personal and corporation income, social service, fuel and tobacco taxes was partially offset by lower-than-budgeted revenue from corporation capital and property transfer taxes.

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. The province records personal income tax revenue on an accrual basis; that is, revenue is the estimated tax due for the fiscal year regardless of the timing of the actual cash receipts. On the other hand, corporation income tax revenue is generally recorded as cash payments are received.

Personal income tax revenue was \$65 million above budget and 1.4 per cent higher than in 1996/97 due to growth in personal incomes and the effect of higher-than-expected final assessments for the 1996 taxation year, partially offset by the effect of provincial tax reductions introduced in the 1996/97 budget. BC Family Bonus entitlements of \$125 million, representing 30 per cent of total entitlements, were deducted from personal income tax revenue in 1997/98 — the remaining 70 per cent was reported as program expenditure. Corporation income tax revenue was \$115 million above budget due to larger instalment payments

received as a result of a higher federal forecast of the 1997 national corporate tax base. However, revenue was 16 per cent lower than in 1996/97 due to a lower British Columbia share of the national tax base and a \$131-million prior-year adjustment to reimburse the federal government for over-payments in 1996.

Social service tax revenue of \$3,243 million was \$101 million above budget and up 5.4 per cent from the previous year. The increase from budget was mainly due to higher-than-expected sales of taxable durable goods, particularly automobiles. Social service tax revenue does not include \$10 million of dedicated sales tax on short-term car rentals collected on behalf of, and transferred to, the BC Transportation Financing Authority in 1997/98.

Property tax revenue of \$1,299 million was \$4 million above budget and up 3.3 per cent from 1996/97 due to higher assessments and growth in the tax base. In 1997/98, home owner grants of \$454 million were deducted from property tax revenue.

Fuel tax revenue of \$642 million was \$19 million above budget mainly due to higher-than-expected sales volumes in the second half of the fiscal year. However, revenue was 6.8 per cent lower than in 1996/97 due to the transfer of an additional one cent per litre of motor fuel tax revenue to the BC Transportation Financing Authority. Fuel tax revenue does not include \$196 million of dedicated revenue collected on behalf of, and transferred to, British Columbia Transit and the BC Transportation Financing Authority in 1997/98.

Other tax revenues of \$1,457 million were \$15 million below budget and 0.6 per cent lower than in 1996/97. Tobacco tax revenue was \$7 million above budget due to higher-than-assumed taxed consumption volumes. A slowdown in the housing market resulted in property transfer tax revenues being \$13 million below budget — MLS residential sales volumes in 1997 were down 5.5 per cent from the previous year. Corporation capital tax was \$19 million or 4.4 per cent below budget due to lower-than-expected instalments received in 1997/98, and higher-than-expected refunds in respect of previous taxation years. Revenue from hotel room and insurance premium taxes was \$8 million and \$3 million above budget, respectively. Horse racing tax revenue was \$1 million below budget. Consistent with government accounting policy, an allowance for doubtful revenue accounts of \$13 million was deducted from taxation revenue for the year.

Natural resource revenue of \$2,197 million was \$120 million above budget and 0.5 per cent higher than in 1996/97. Higher-than-budgeted revenue from petroleum, natural gas, water resources and minerals was partly offset by lower-than-budgeted revenue from forests.

Revenue from petroleum and natural gas was \$96 million or 27 per cent above budget. Natural gas royalties were \$35 million above budget, reflecting stronger-than-expected prices and volumes during the peak winter months. This also contributed to revenue from sales of Crown land drilling rights being \$59 million above budget. Petroleum royalties were on budget as increased volumes offset a 6.8-per-cent drop in North American oil prices to US \$21 per barrel in 1997. Mineral revenues were \$8 million above budget due in part to taxes received from the sale of a mine.

Forests revenue of \$1,364 million was \$23 million below budget and 3.1 per cent lower than in 1996/97. The decline from budget was mainly due to lower revenue from timber sales and logging tax, partly offset by higher revenue from the small

business forest enterprise program (SBFEP) and collections of softwood lumber export fees. Timber sales to major licensees were \$66 million below budget as the effect of weaker-than-expected harvest volumes in the Interior (down 2.8 per cent) and Coast (down 3.2 per cent), was partly offset by higher-than-expected forest product prices.

SBFEP revenue was \$18 million above budget as the effect of higher-than-expected harvest volumes (up 25 per cent from budget) was partly offset by lower-than-expected average billed rates. Logging tax revenue was \$12 million below budget due to weak pulp prices and higher-than-anticipated refunds in respect of previous years. Other forests revenue was \$37 million above budget and included a \$36-million payment received from the federal government for softwood lumber export fees collected in 1996/97. Forests revenue does not include \$483 million of stumpage revenue collected under the Forest Renewal Plan, received by Forest Renewal BC in 1997/98.

Revenue from water resources was \$42 million above budget mainly due to higher electricity generation by BC Hydro.

Other revenue of \$1,869 million was \$336 million below budget but 2.3 per cent higher than in the previous year. Fee and licence revenue was \$45 million below budget mainly due to lower revenue from Crown land sales and Medical Services Plan premiums, partially offset by higher revenue from motor vehicle licences and permits. Delays in the finalization of a number of asset disposition initiatives caused revenue from asset dispositions to be \$146 million below budget. Other miscellaneous revenue was \$126 million below budget mainly due to lower revenue from fines and year-end recoveries from other sources. Consistent with government accounting policy, an allowance for doubtful revenue accounts of \$19 million was deducted from revenue for the year.

Contributions from government enterprises of \$1,280 million were \$121 million below budget but 11.5 per cent higher than in 1996/97. Net income of the Liquor Distribution Branch was \$17 million above budget due to higher-than-expected sales. The dividend from the British Columbia Hydro and Power Authority was slightly below budget due to lower profits. Contributions from the British Columbia Lottery Corporation profits were \$42 million below budget due to lower ticket sales in response to smaller jackpots, and delays in implementing expanded gaming activities. Contributions from other Crown corporations were \$93 million below budget mainly because of lower dividends received from the British Columbia Railway Company (due to delays in the completion of asset dispositions) and from the British Columbia Buildings Corporation.

Contributions from the federal government of \$1,837 million were \$58 million above budget but 6.1 per cent lower than in 1996/97. The Canada health and social transfer (CHST) was \$57 million above budget mainly due to entitlement revisions for prior years. However, CHST revenue was 7.8 per cent lower than the previous year due to the continuation of federal government transfer cuts and an increase in the amount of entitlement 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 on budget as lower-than-budgeted contributions for immigration services were offset by higher-than-budgeted contributions for flood relief. Revenue was \$20 million higher than the previous year mainly due to higher contributions received for flood relief.

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

	Budget Estimate 1997/98 ²	Actual 1997/98	Actual 1996/97 ²	Change ³
		(\$ millions)		(per cent)
Taxation Revenue:				
Personal income.....	5,297.0	5,362.0	5,289.8	1.4
Corporation income.....	1,023.0	1,137.7	1,347.3	(15.6)
Social service.....	3,142.0	3,243.2	3,076.3	5.4
Property.....	1,295.0	1,298.5	1,257.2	3.3
Fuel.....	623.0	641.6	688.1	(6.8)
Other.....	1,472.0	1,457.1	1,465.4	(0.6)
Less commissions on collection of public funds.....	(27.0)	(24.1)	(24.9)	(3.2)
Less allowance for doubtful accounts.....	—	(12.8)	(5.4)	137.0
	<u>12,825.0</u>	<u>13,103.2</u>	<u>13,093.8</u>	0.1
Natural Resource Revenue:				
Petroleum and natural gas.....	351.0	446.5	453.5	(1.5)
Minerals.....	44.0	51.8	47.2	9.7
Forests.....	1,387.0	1,364.3	1,407.9	(3.1)
Water.....	280.0	321.9	264.1	21.9
Other.....	17.0	14.4	13.8	4.3
Less commissions on collection of public funds.....	(2.0)	(1.1)	(1.0)	10.0
Less allowance for doubtful accounts.....	—	(0.6)	—	—
	<u>2,077.0</u>	<u>2,197.2</u>	<u>2,185.5</u>	0.5
Other Revenue:				
Fees and licences.....	1,636.3	1,591.8	1,539.7	3.4
Investment earnings.....	121.0	116.8	133.7	(12.6)
Miscellaneous.....	357.0	231.5	217.7	6.3
Asset dispositions ⁴	170.0	24.0	—	—
Less commissions on collection of public funds.....	(80.3)	(76.2)	(44.9)	69.7
Less allowance for doubtful accounts.....	—	(19.4)	(19.6)	(1.0)
	<u>2,204.0</u>	<u>1,868.5</u>	<u>1,826.6</u>	2.3
Contributions from Government Enterprises:				
Liquor Distribution Branch.....	592.0	609.3	587.8	3.7
British Columbia Hydro and Power Authority.....	373.0	369.0	279.3	32.1
British Columbia Lottery Corporation.....	323.0	281.4	266.2	5.7
Other ⁴	113.0	20.0	14.8	35.1
	<u>1,401.0</u>	<u>1,279.7</u>	<u>1,148.1</u>	11.5
Contributions from the Federal Government:				
Canada health and social transfer.....	1,580.0	1,637.0	1,775.0	(7.8)
Other.....	199.0	199.5	179.9	10.9
	<u>1,779.0</u>	<u>1,836.5</u>	<u>1,954.9</u>	(6.1)
Total Revenue.....	<u>20,286.0</u>	<u>20,285.1</u>	<u>20,208.9</u>	0.4

¹ Figures based on 1997/98 *Public Accounts* information. Figures exclude dedicated revenue collected on behalf of, and transferred to, Crown corporations and agencies.

² Revenue has been restated to reflect a change in accounting policy to show allowances for doubtful collection of revenue accounts as deductions from revenue. Previously, these amounts were recorded as expenditures. The effect of this change reduces revenue by \$25.0 million in 1996/97.

³ Percentage change between 1997/98 actual and 1996/97 actual.

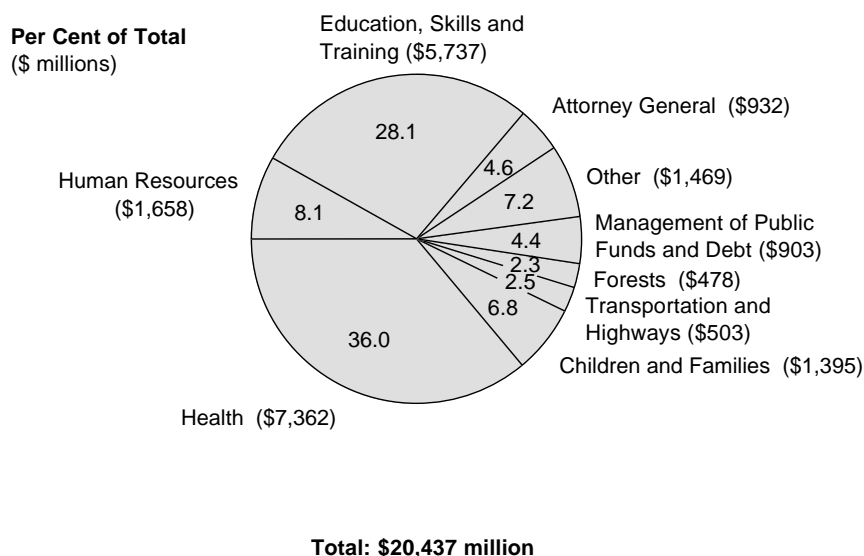
⁴ Revenue received from asset dispositions is reported in the 1997/98 *Public Accounts* under contributions from government enterprises.

Expenditure

Expenditure for 1997/98 totalled \$20,437 million, \$34 million below budget and \$109 million or 0.5 per cent lower than 1996/97. This was the first time since the late 1950s that the provincial government's budgetary spending has declined in actual dollar level terms. During the year, unexpected expenditure pressures emerged, particularly in the Ministries of Health, Attorney General and Children and Families. In response, Treasury Board directed ministries to achieve offsetting expenditure savings. As a result, ten of the 16 ministries were below budget by year end.

In 1997/98, five ministries — Health; Education, Skills and Training; Human Resources; Children and Families; and Attorney General — accounted for 84 per cent of total provincial government expenditure. Interest payments on the government's direct debt accounted for 4.4 per cent of expenditure (see Chart 2.3).

Chart 2.3 Consolidated Revenue Fund Expense by Ministry, 1997/98



Expenditure results by ministry are shown in Table 2.3. Changes in expenditure authorizations during the 1997/98 fiscal year are summarized in Appendix Table A2.3.

Expenditure by the Ministry of Aboriginal Affairs of \$25 million was \$2 million below budget mainly because of lower spending requirements in support of the land claims negotiation process.

Ministry of Agriculture, Fisheries and Food expenditure of \$56 million was slightly below budget and down \$5 million from 1996/97 because of lower disbursements for agriculture assistance.

Ministry of Attorney General spending of \$932 million was \$37 million higher than budget mainly due to increased expenditures for flood and blizzard damage

compensation. Ministry spending was \$43 million higher than in the previous year as higher spending for flood and blizzard damage compensation (up \$29 million), and the *Crown Proceeding Act* (up \$19 million) was partially offset by lower spending in the Land Title Branch (down \$9 million).

Spending by the Ministry for Children and Families totalled \$1,395 million in 1997/98, \$34 million above budget due to higher-than-anticipated demand for residential services for children-in-care, and higher spending for the community living program. Ministry spending was \$42 million or 3.1 per cent higher than comparable spending for the previous year because of expanded services and increased demand under the *Child, Family and Community Services Act*.

Ministry of Education, Skills and Training expenditure of \$5,737 million was \$46 million or 0.8 per cent below budget because of program cost saving measures and lower-than-expected utilization of student financial assistance and skills development programs. Ministry spending was \$53 million or 0.9 per cent higher than in 1996/97. Primary and secondary education spending increases included operating contributions to schools (up \$27 million), public school debt servicing contributions (up \$8 million), and independent school contributions (up \$5 million). During the year, public school enrolment increased 1.6 per cent and independent school enrolment rose 5.0 per cent. Contributions to post-secondary educational institutions and organizations of \$1,065 million were \$14 million higher than 1996/97, while related debt servicing contributions rose \$5 million. Spending for skills development decreased \$6 million while administration costs were \$4 million lower than last year.

Ministry of Employment and Investment expenditure of \$166 million was slightly above budget. However, spending increased \$28 million or 21 per cent compared to 1996/97, mainly due to higher expenditures for the Kemess mine project, additional provisions for doubtful loans and payments of loan guarantees. Spending through the Build BC special account decreased \$6.5 million and contributions to the British Columbia Ferry Corporation were unchanged at \$5 million.

Ministry of Environment, Lands and Parks expenditure of \$200 million was \$3 million below budget and \$25 million lower than the previous year mainly because of program efficiencies and reduced spending for ministry administration.

Ministry of Finance and Corporate Relations expenditures of \$116 million were \$3 million above budget, and \$22 million higher than the previous year due to higher spending through the Purchasing Commission Working Capital special account and increased allowances for doubtful loan collections.

Ministry of Forests spending of \$478 million was \$25 million or 5.0 per cent below budget due to lower-than-budgeted forest fire suppression costs and spending reductions in other areas. Ministry expenditures were \$133 million or 22 per cent lower than in 1996/97 mainly due to reduced silviculture activities and restructuring of headquarters and field operations. Forest fire suppression expenditures were \$21 million lower than in 1996/97.

Ministry of Health expenditure was \$47 million above budget at \$7,362 million. Spending for Pharmacare was \$56 million above budget because of population

and utilization increases, and the introduction of new classes of pharmaceuticals intended to help prevent the need for more expensive hospital care. The Medical Services Plan was \$9 million above budget while acute and continuing care spending was up \$7 million. These increases were partially offset by lower-than-budgeted spending for capital debt servicing (down \$19 million), and contributions to British Columbia Transit (down \$9 million). Ministry spending rose \$288 million or 4.1 per cent from 1996/97. This included increased spending for acute and continuing care (up \$188 million), Pharmacare and the Medical Services Plan (up \$61 million), public and preventive health (up \$16 million), capital debt servicing (up \$13 million), emergency health services (up \$9 million), and contributions to BC Transit (up \$7 million).

Spending by the Ministry of Human Resources totalled \$1,659 million in 1997/98, \$39 million below budget because of lower-than-expected income assistance expenditures. During the year, the average income assistance caseload decreased by 8.4 per cent, following a 9.4-per-cent decrease in 1996/97, due to success of the BC Benefits program and other initiatives to improve work incentives. Compared to the previous year, ministry expenditures fell by \$154 million or 8.5 per cent.

Ministry of Municipal Affairs and Housing spending of \$347 million was \$12 million below budget mainly due to lower-than-expected grant disbursements to local governments for infrastructure projects. Spending was \$71 million or 17 per cent lower than in 1996/97, primarily due to a reduced and restructured unconditional grant program for local governments.

Ministry of Small Business, Tourism and Culture expenditure of \$96 million was \$4 million above budget but down \$39 million or 29 per cent from 1996/97. The decline from last year reflects the transition of tourism development and marketing responsibilities to Tourism British Columbia, reduced expenditures for sport, culture, heritage and community grants, and the elimination or downsizing of other ministry functions.

Ministry of Transportation and Highways expenditure of \$503 million was \$6 million below budget due to lower spending for highway rehabilitation. Ministry spending was \$124 million lower than in 1996/97 due to reduced direct ministry funding of highway rehabilitation and the completion of the transfer of motor vehicle branch responsibilities to the Insurance Corporation of British Columbia. During 1997/98, the ministry undertook \$241 million of capital construction, on a cost-recovery basis, on behalf of the BC Transportation Financing Authority.

BC Benefits expenditure of \$307 million was \$7 million above budget due to higher-than-expected program utilization. Spending was \$62 million higher than comparable spending in 1996/97 due to the full-year effect of the BC Family Bonus program which commenced July 1, 1996.

Expenditure for the Public Service Employee Relations Commission was on budget but \$15 million lower than last year due to transition costs incurred in 1996/97 related to a reduction in the number of government employees.

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

	Budget Estimate ² 1997/98	Actual 1997/98	Actual ² 1996/97	Change ³
		(\$ millions)		(per cent)
Legislation.....	29.3	32.2	30.6	5.2
Auditor General.....	6.9	6.8	7.1	(4.2)
Office of the Child, Youth and Family Advocate.....	1.1	1.1	1.0	10.0
Conflict of Interest Commissioner.....	0.2	0.2	0.1	100.0
Elections B.C.....	7.0	5.1	18.9	(73.0)
Information and Privacy Commissioner.....	2.4	2.4	2.4	—
Ombudsman.....	4.7	4.7	4.8	(2.1)
Office of the Premier.....	2.3	2.3	2.5	(8.0)
Aboriginal Affairs.....	26.5	25.0	28.2	(11.3)
Agriculture, Fisheries and Food.....	56.0	55.6	61.0	(8.9)
Attorney General.....	895.5	932.2	888.9	4.9
Children and Families.....	1,361.0	1,394.8	1,353.0	3.1
Education, Skills and Training.....	5,783.0	5,737.2	5,684.6	0.9
Employment and Investment.....	164.1	165.6	137.3	20.6
Environment, Lands and Parks.....	203.5	200.2	224.9	(11.0)
Finance and Corporate Relations.....	112.8	115.9	94.0	23.3
Forests.....	503.2	478.1	611.3	(21.8)
Health.....	7,315.1	7,362.4	7,074.8	4.1
Human Resources.....	1,697.5	1,658.5	1,812.6	(8.5)
Labour.....	50.2	49.9	51.7	(3.5)
Municipal Affairs and Housing.....	359.1	347.4	418.6	(17.0)
Small Business, Tourism and Culture.....	92.1	96.2	134.8	(28.6)
Transportation and Highways.....	508.1	502.5	626.4	(19.8)
Women's Equality.....	38.0	37.5	36.7	2.2
Other Appropriations:				
Management of Public Funds and Debt.....	905.0	902.8	950.7	(5.0)
Contingencies (All Ministries).....	50.0	48.5	42.3	14.7
BC Benefits.....	299.8	306.7	244.7	25.3
Corporate Accounting System.....	10.9	10.9	8.5	28.2
Environmental Assessment and Land Use Coordination.....	16.5	15.9	15.6	1.9
Environmental Boards and Forest Appeals Commission.....	2.1	1.0	0.9	11.1
Forest Practices Board.....	5.3	4.8	3.0	60.0
Office of the Police Complaints Commissioner.....	0.5	0.5	0.1	—
Public Sector Employers' Council.....	1.6	1.6	1.7	(5.9)
Public Service Employee Relations Commission.....	10.1	10.1	24.9	(59.4)
Industry Training and Apprenticeship Special Account.....	—	(0.9)	—	—
Insurance and Risk Management Special Account.....	13.6	7.1	12.1	(41.3)
Other.....	—	—	2.1	(100.0)
Amortization of change in unfunded pension liability.....	(37.0)	(64.3)	(36.0)	78.6
Adjustment for capitalization of tangible capital assets ²	(27.0)	(21.0)	(30.8)	(31.8)
Total Expenditure.....	20,471.0	20,437.5	20,546.0	(0.5)

¹ Figures based on 1997/98 *Public Accounts* information.

² Expenditure figures for 1996/97 have been restated to reflect the government's organization effective March 31, 1998.

To conform to the 1997/98 presentation, figures for 1996/97 have been restated to reflect a change in accounting policy in respect of certain tangible capital assets. This reduces 1996/97 expenditure and the deficit by \$15.1 million. 1996/97 figures have also been restated to show allowances for doubtful revenue accounts as deductions from revenue, and to exclude from expenditure non-cash exchange of Crown land (of equivalent value) to third parties. Previously these amounts were recorded as expenditures. The effect of these changes reduces 1996/97 expenditure by \$42.5 million.

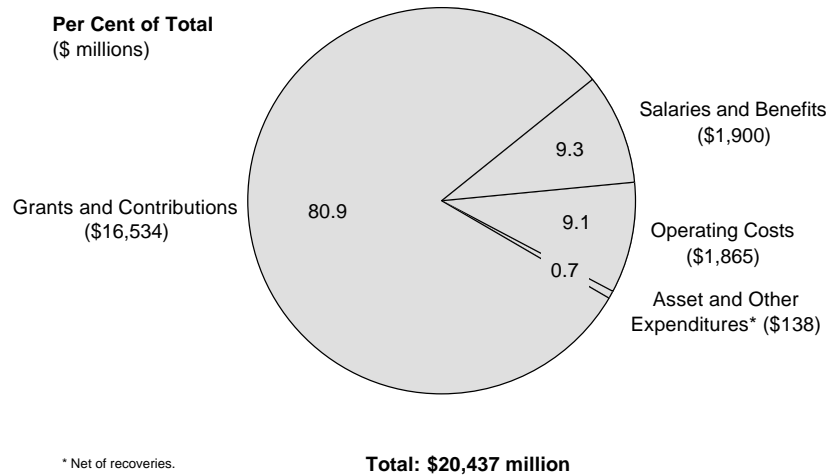
³ Percentage change between 1997/98 actual and 1996/97 actual.

Expenditure for 1997/98 was reduced by \$64 million due to the annual amortization of a reduction in the unfunded pension liability of the Public Service Pension Plan and the Teachers' Pension Plan. As the reduction in the unfunded liability is amortized over the expected remaining service life of the related employee groups, a similar annual adjustment will be recorded in future years. Appendix 2 and the *1997/98 Public Accounts* provide additional information on the effects of this change.

Expenditure in 1997/98 was also reduced by \$21 million to reflect the impact of the phasing-in of a change in accounting policy with respect to tangible capital assets held by the consolidated revenue fund. Appendix 2 and the *1997/98 Public Accounts* provide additional information on the effects of this change.

Chart 2.4 shows the provincial government's spending in 1997/98, according to expenditure type.

Chart 2.4 Expense by Group Account Classification, 1997/98



Over 80 per cent of provincial government spending in 1997/98 was for grants and contributions to schools, hospitals, universities and colleges, other agencies and organizations, local governments and income assistance to individuals. Salaries and benefits for direct employees accounted for 9.3 per cent of spending. Operating costs, which include office operations, utilities, information systems, building rentals, professional services, travel, and advertising and publications, made up 9.1 per cent of spending. Asset acquisitions and other expenditures accounted for 0.7 per cent of spending. Asset acquisitions include 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 government direct debt, which equalled 4.4 per cent of total spending, and recoveries from outside of government, which reduce government spending.

Net Deficiency

In 1997/98, the consolidated revenue fund had a deficit of \$152 million. This increased the net deficiency of the consolidated revenue fund to \$12,473 million at March 31, 1998 (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 held by the consolidated revenue fund. The adoption of this policy resulted in prior period adjustments which reduced the accumulated net deficiency. Further information is provided in Appendix 2.

**Summary
Financial
Statements**

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. On a summary financial statement basis, Table 2.4 shows that there was a deficit of \$432 million in 1997/98. This consisted of the consolidated revenue fund deficit of \$152 million and net losses of taxpayer-supported Crown corporations and agencies totalling \$346 million, partially offset by unremitted net profits of commercial Crown corporations and agencies totalling \$66 million.

The 1997/98 summary deficit was \$454 million lower than budget and \$321 million lower than in 1996/97. The decline from budget and the previous year was mainly due to an improvement in the operating results of the consolidated revenue fund and the Insurance Corporation of British Columbia, and a reduction in the amount of highway infrastructure expenditures written off from the BC Transportation Financing Authority. Further information on the summary financial statements is provided in Appendix 2.

Table 2.4 Reconciliation of the Consolidated Revenue Fund to the Summary Financial Statements

	Budget Estimate 1997/98 ¹	Actual 1997/98	Actual 1996/97 ¹
		(\$ millions)	
Consolidated revenue fund (CRF) surplus (deficit).....	(185.0)	(152.4)	(337.1)
Taxpayer-supported Crown corporations and agencies:			
Net earnings (losses).....	17.0	(31.0)	72.0
Accounting policy and other adjustments ²	(487.0)	(314.6)	(434.9)
Net adjustment to CRF.....	(470.0)	(345.6)	(362.9)
Commercial Crown corporations and agencies: ³			
Net earnings (losses) ⁴	1,121.0	1,326.0	1,088.0
Less: Contributions included in CRF revenue.....	(1,352.0)	(1,260.0)	(1,141.0)
Net adjustment to CRF.....	(231.0)	66.0	(53.0)
Summary financial statement surplus (deficit).....	(886.0)	(432.0)	(753.0)

¹ Figures have been restated to be consistent with the presentation used for 1997/98.

² Include adjustments required to present the financial results of Crown corporations and agencies on the same basis as the accounting policies used for the consolidated revenue fund. The adjustment to the financial results of taxpayer-supported Crown corporations and agencies primarily represents the write-off of highway infrastructure expenditures of the BC Transportation Financing Authority, and the elimination of payments from the consolidated revenue fund which are included in the revenue of these agencies.

³ Primarily includes the British Columbia Hydro and Power Authority, the Insurance Corporation of British Columbia, British Columbia Lottery Corporation, the Liquor Distribution Branch, and the British Columbia Railway Company.

⁴ Includes minor accounting adjustments which reduced net income by \$1 million in the actual results for 1997/98, and increased net income by \$13 million in 1996/97.

Provincial Government and Crown Corporation Financing

The provincial government and its Crown corporations and agencies incur debt to finance operations and capital projects. Borrowing for operations is required when operating 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 to 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 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.

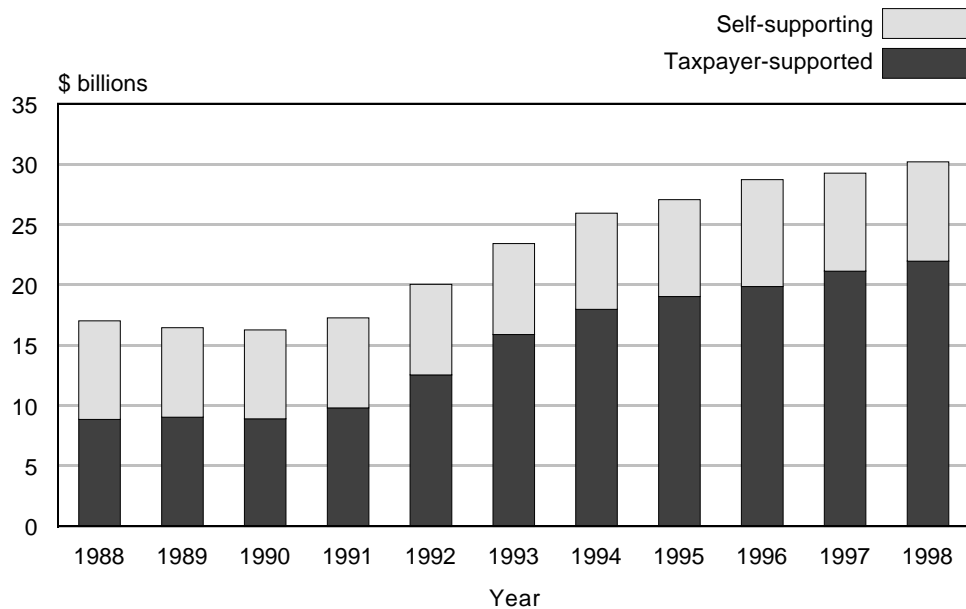
In the early 1990s, large deficits and borrowing to fund schools, hospitals and other social capital projects caused taxpayer-supported debt to rise relative to GDP. The government's efforts to eliminate its deficit have moderated the growth in taxpayer-supported debt relative to GDP.

Chart 2.5 shows that total provincial net debt rose from \$17 billion at March 31, 1988 to \$30.2 billion at March 31, 1998. During this period, taxpayer-supported debt increased \$13.1 billion, to reach \$22 billion and self-supporting debt increased \$55 million to \$8.2 billion.

Total provincial net debt increased \$935 million in 1997/98. At March 31, 1998, it equalled 27.6 per cent of GDP, with taxpayer-supported net debt equal to 20.1 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 among 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.

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 Provincial Net Debt for Fiscal Years Ended March 31

Financial Management Plan

The 1997 budget introduced a financial management plan which incorporated some of the recommendations made by a panel of business and labour representatives. The government modified the plan in the 1998 budget to address the current period of slower economic growth. While the debt-to-GDP ratio remains a good measure of long-term affordability, the unpredictability of the rate of economic growth has made it prudent for government to retain some flexibility when establishing targets based on GDP. Accordingly, the government added a three-year target range in the 1998 budget to guide the management of its debt-to-GDP ratio.

Capital Expenditures

The need for capital infrastructure in British Columbia is substantial. Maintaining the existing asset base, replacing aging infrastructure, and meeting the needs of a growing and changing population all require additional capital spending.

In June 1996, the government began a review of capital expenditures to determine the appropriate levels of investment and to improve the planning, construction, and maintenance of capital. The review concluded in January 1997 and identified over 100 potential cost containment strategies, falling into four categories:

- developing program delivery models that require less capital investment;
- maximizing the use of existing assets;
- acquiring capital in the most efficient and cost-effective manner possible; and
- pursuing alternative financing options.

For 1997/98, the projected value of the cost containment strategies totaled \$200 million, and is estimated at \$275 million in 1998/99. Examples of alternative procurement methods pursued in 1997/98 include:

- design-build of the Penticton Hospice and the Sechelt Area Elementary School;
- construction management of the Summit Middle School in Coquitlam; and
- integrated project management of the North Fraser Pre-trial Correctional Centre in Port Coquitlam.

Most capital projects for schools, hospitals, roads and other forms of provincial infrastructure undertaken by provincial Crown corporations and agencies is financed through capital borrowing. Some projects financed in 1997/98 included:

- construction of 7,300 new spaces for children in the kindergarten to grade 12 school system;
- construction of the Kiwanis Care Centre (192 multi-level care bed facility) in North Vancouver;
- construction of a diagnostic and treatment centre in Hudson's Hope;
- construction of a new cancer clinic in Kelowna;
- continued construction of fast ferries to service the Vancouver-Nanaimo route;
- continued construction of the Vancouver Island highway; and
- completion of the TRIUMF laboratory in Vancouver.

Financing Process

Debt is incurred by the provincial government and its Crown corporations and agencies to finance operating requirements and capital expenditures. Debt financing is obtained through a variety of 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;
- 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.

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

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

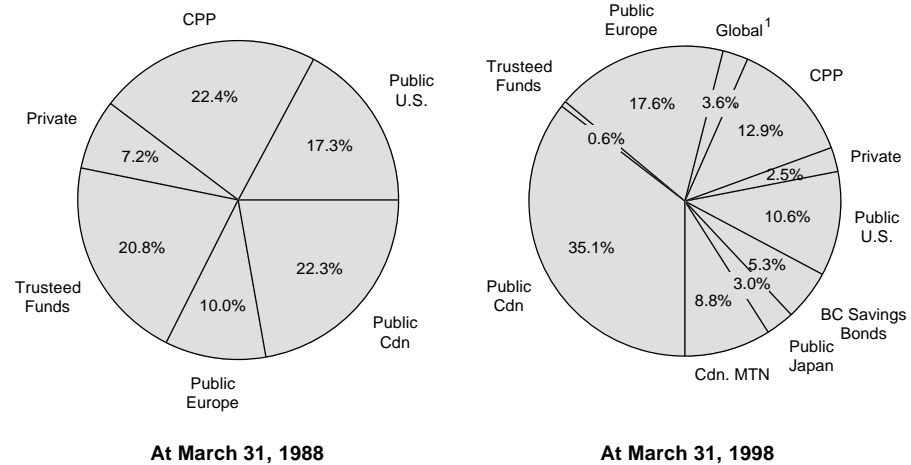
five years or more. At March 31, 1998, sinking fund balances totalled \$4.8 billion for guaranteed, fiscal agency and government direct debt. Debt with a term of one year or more will be 51.2 per cent covered by sinking funds at maturity, based on current assumed rates of return.

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 1988, borrowing sources have shifted from private placements towards public issues (see Chart 2.6). International borrowings in 1997/98 saved the province \$3 million in annual debt service costs compared to the domestic market alternative at the time of issuance.

Chart 2.6 Sources of Debt Outstanding



¹ 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.

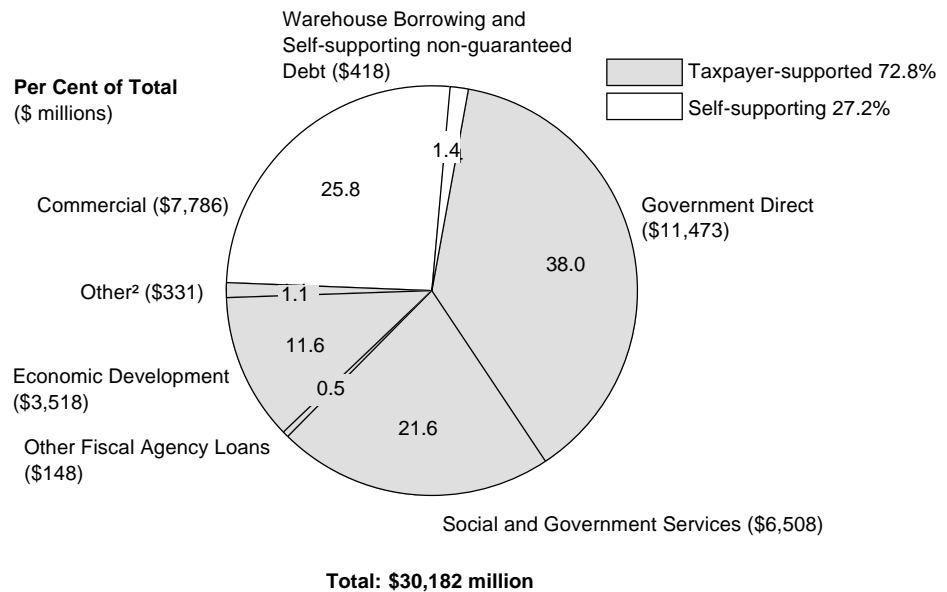
Measures are also taken to ensure the best possible management of new and existing debt. These measures include:

- refining debt management parameters and performance benchmarks. The Ministry of Finance and Corporate Relations plans to implement a state-of-the-art, debt management performance measurement system in 1999/2000;
- 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
- use financial products, such as interest rate and currency swaps, to manage interest rate and foreign currency exchange risks.

Components of Provincial Net Debt

Provincial net debt includes provincial government direct debt, fiscal agency debt and guarantees, warehoused borrowing, other provincial government guarantees, and non-guaranteed debt of Crown corporations and agencies (see Chart 2.7). Appendix Table A2.11 provides further detail on the composition of net debt.

Chart 2.7 Provincial Net Debt at March 31, 1998¹



¹ Net of sinking funds and unamortized discounts.
² Includes other guaranteed and taxpayer-supported non-guaranteed debt.

Government Direct Debt

Provincial government direct debt funds government operations, including refinancing of maturing debt and other financing transactions. At March 31, 1998, provincial government direct net debt totalled \$11.5 billion, up \$443 million from March 31, 1997. The government's financial requirements for 1997/98 included the \$152-million deficit, and \$290 million for net disbursements for financing and working capital transactions and an increase in cash and temporary investment balances (see Table 2.1 and Appendix Table A2.2). Requirements for financing and working capital transactions were lower than planned due to additional cash

received in 1997/98, as a result of a change to the schedule of personal income tax instalments received from the federal government, and increased collections of accounts receivable in the last quarter. As a result, year-end cash balances were higher than anticipated and government direct debt increased \$443 million for the year, \$87 million less than budgeted.

Fiscal Agency,
Guaranteed and Non-
Guaranteed Debt

At March 31, 1998, fiscal agency debt and guarantees totalled \$18.2 billion, an increase of \$288 million from the previous year; the warehouse borrowing program totalled \$212 million; and non-guaranteed debt totalled \$338 million. Most fiscal agency debt relates to capital expenditures (see capital expenditure section).

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 2.7.

Taxpayer-supported debt:

- *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 and agencies 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 \$332 million in 1997/98. The BC Transportation Financing Authority used net new borrowing of \$169 million to help finance the construction of highways. The British Columbia Ferry Corporation increased its debt by \$110 million to finance upgrades to its vessel fleet and terminal facilities. British Columbia Transit increased its debt by \$41 million, primarily to finance public transit construction and maintenance projects.
- *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 taxes. During 1997/98, net debt for this category increased \$87 million, mainly for capital construction of schools. The provincial government contributed \$816 million for debt servicing to health and school districts and post-secondary institutions in 1997/98.
- *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 1997/98, debt in this category decreased \$10 million mainly due to the retirement of the debt of universities and colleges.

- *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 1997/98, this debt declined \$36 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 program delivery. At March 31, 1998, other guaranteed debt totalled \$200 million.
- *Non-guaranteed debt* represents debt assumed by a government body without a provincial government guarantee. At March 31, 1998, the taxpayer-supported portion of non-guaranteed debt totalled \$132 million. Most of this debt consisted of mortgages issued by the Provincial Rental Housing Corporation.

Self-supporting debt

- *Commercial Crown corporations and agencies* finance the construction and maintenance of transmission lines and generating facilities, rail systems and dock facilities, and a forest products mill. These corporations and agencies are self-supporting as they are intended to generate revenue from the sale of services at commercial rates and pay their own operating expenses, including debt service charges. During 1997/98, debt of commercial Crown corporations decreased \$85 million, mainly due to the retirement of some high-interest-rate debt of the British Columbia Hydro and Power Authority.
- *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. At March 31, 1998, warehouse debt totalled \$212 million, an increase of \$112 million from March 31, 1997.
- *Non-guaranteed debt* represents debt assumed by a government body without a provincial government guarantee. At March 31, 1998, the self-supporting portion of non-guaranteed debt totalled \$206 million, and included debt used to finance hydroelectric power projects in the Columbia River basin and to support Skeena Cellulose operations.

Debt Indicators

The government issues an annual *Debt Statistics Report*, which provides further details on provincial debt and shows the government's progress in meeting its financial management plan targets. A number of financial indicators are used to help the public understand provincial borrowing and its fiscal impact. Table 2.5 provides an historical summary of these financial indicators, which were developed based on recommendations of the Auditor General.

Table 2.5 Key Debt Indicators

	For fiscal year ending March 31				
	1994	1995	1996	1997	1998
Debt to revenue (per cent)					
Total provincial	97.3	94.0	97.4	97.8	98.8
Taxpayer-supported	87.0	85.0	87.0	91.3	93.5
Debt per capita (\$)¹					
Total provincial	7,259	7,347	7,588	7,534	7,615
Taxpayer-supported	5,035	5,171	5,250	5,449	5,545
Debt to GDP (per cent)²					
Total provincial	27.7	26.9	27.4	27.6	27.6
Taxpayer-supported	19.2	18.9	19.0	20.0	20.1
Interest bite (cents per dollar of revenue)³					
Total provincial	8.2	8.8	8.9	8.0	7.6
Taxpayer-supported	7.2	7.6	7.7	7.3	7.0
Interest costs (\$ millions)					
Total provincial	2,186	2,546	2,609	2,386	2,313
Taxpayer-supported	1,494	1,711	1,749	1,692	1,656
Interest rate (per cent)⁴					
Taxpayer-supported	9.4	8.9	8.9	8.2	7.7
Background Information:					
Revenue (\$ millions)					
Total provincial⁵	26,653	28,774	29,474	29,919	30,540
Taxpayer-supported⁶	20,665	22,392	22,843	23,174	23,516
Total debt (\$ millions)					
Total provincial	25,927	27,050	28,713	29,248	30,182
Taxpayer-supported⁷	17,981	19,037	19,866	21,152	21,979
Provincial GDP (\$ millions)⁸	93,490	100,672	104,786	105,843	109,347
Population (thousands at July 1)	3,572	3,682	3,784	3,882	3,964

¹ The ratio of debt to population (e.g. 1997/98 debt divided by population at July 1, 1997).

² 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. 1997/98 debt divided by 1997 GDP).

³ 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.

⁴ Weighted average of all outstanding debt issues.

⁵ Includes revenue of the consolidated revenue fund plus revenue of all Crown corporations and agencies.

⁶ Excludes revenue of commercial Crown corporations and agencies.

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, Columbia Basin Power Company (a joint venture of the Columbia Power Corporation and the Columbia Basin Trust Power Corporation) and 552513 British Columbia Ltd. (Skeena Cellulose Inc.).

⁸ GDP for the year ending in the fiscal year (e.g. GDP for 1997 is used for the fiscal year ending March 31, 1998).

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 investors' rate of return since investors require a higher interest rate on a more risky, lower-rated security.

Table 2.6 provides an interprovincial comparison of credit ratings. The table shows that overall British Columbia was one of the highest-rated provinces in Canada.

Table 2.6 Interprovincial Comparisons of Credit Ratings, September 30, 1998

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 (High)	AA+
Saskatchewan	A2	A	A (Low)	A
Manitoba	Aa3	AA-	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	Not Rated	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.

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
- outsourcing 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, 1998, trust funds under administration totalled \$47 billion, up \$5.5 billion from March 31, 1997. These included:

- superannuation, pension and long-term disability funds established for public-sector employees totalling \$33 billion;

- sinking funds, established by the government, Crown corporations and other public bodies for the retirement of long-term debt, totalling \$4.8 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 \$920 million;
- investment funds of the Workers' Compensation Board totalling \$6.4 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 \$572 million; and
- other trust funds, including Supreme Court suitors' funds, totalling \$87 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 manages trust fund assets in order to maximize 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

Other liabilities of the provincial government include the unfunded portion of pension liabilities associated with certain pension funds administered by the provincial government. These liabilities are reflected in the government's financial statements and changes occur primarily as a result of new actuarial valuations undertaken at periodic intervals.

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 shares of the estimated unfunded liability of pension funds administered on behalf of third parties are as follows: Municipal Pension Plan (school board support staff and hospital employees) — \$757 million liability, based on an actuarial valuation date of December 31, 1994; and Teachers' Pension Plan — \$1.4 billion liability, based on an actuarial valuation date of December 31, 1996. The Teachers' Pension Plan liability compares to liability of \$1.8 billion as of the previous valuation date on December 31, 1993.

When a reduction in the government's share of unfunded pension liabilities occurs as a result of an actuarial valuation, this decrease is amortized as annual reductions to provincial government expenditures (see Expenditure section).

Other pension plans administered by the provincial government are not reflected in the government's balance sheet because the provincial government is not responsible for any surpluses or deficiencies of these plans. Further information on the public service pension funds is provided in Appendix 2.

Chapter Three

The Province and Its People



Prospectors in Barkerville, *circa* 1890

3: The Province and Its People¹

Physical Attributes

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.

Geography

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

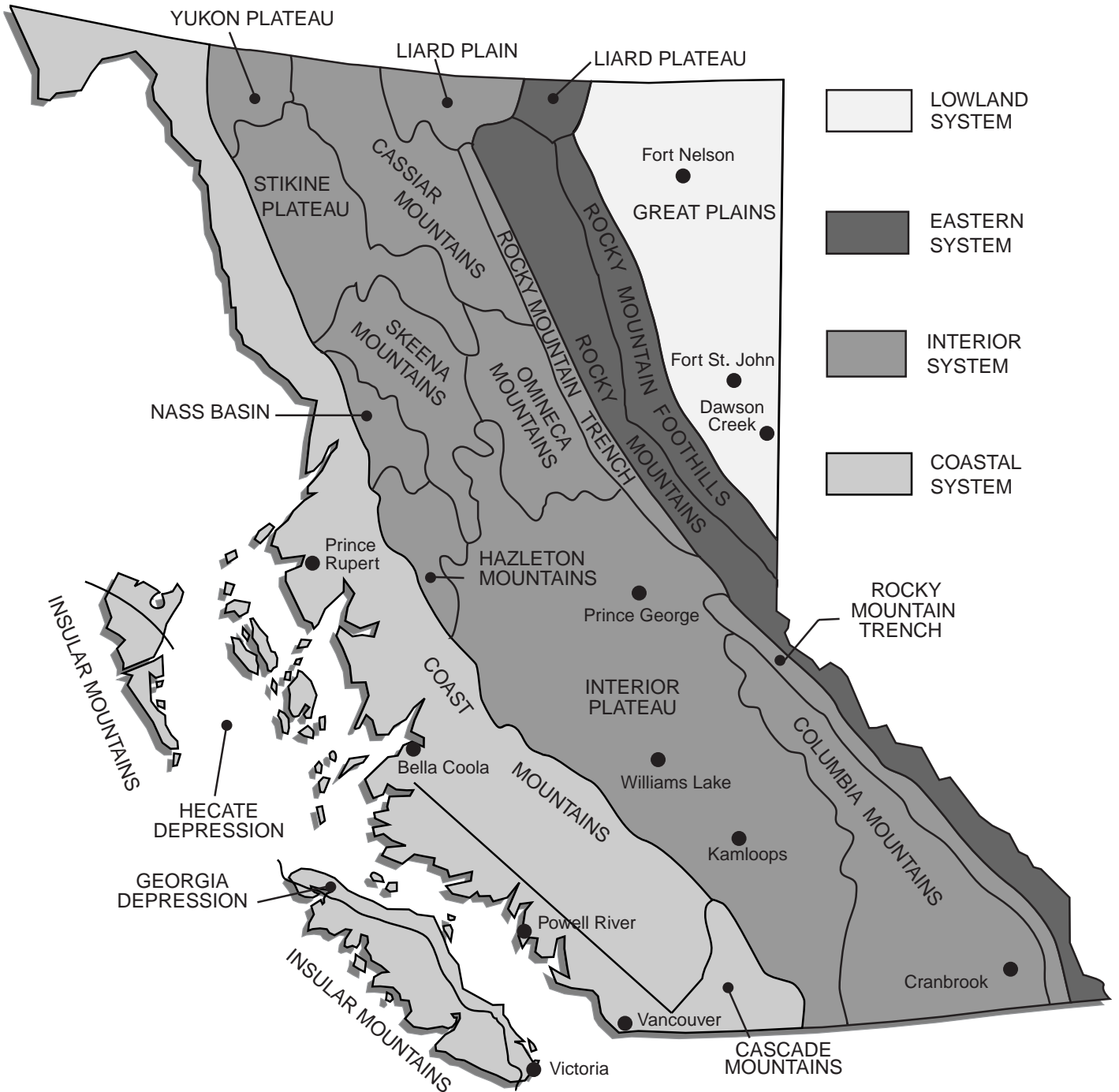
British Columbia is characterized by mountainous topography, but also has substantial areas of lowland and plateau country. The province has four basic regions (see Map 3.1), a north-westerly trending mountain system on the coast, a similar mountain system on the east, and an extensive area of plateau 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 31, 1998.

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 in the sedimentary basin regions 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 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

Chapter 3: The Province and Its People

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 early 1970s 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.

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.

Services

Service industries have played an important role in the economic development of British Columbia since its inception. After the discovery of gold in the middle of the 19th century, an influx of gold-seekers generated a demand for the services of doctors, teachers, clergy, bankers, storekeepers, postmasters, barbers, restaurant operators, and other service sector workers. They also created the need for an administration to ensure that order would prevail.

The role of services has continued to expand during this century. Continued population growth has contributed to the rising importance of this sector. At the

Chapter 3: The Province and Its People

same time, lifestyle changes (such as the entry of women into the workforce), and new ways of doing business have provided a tremendous impetus to this sector of the economy. Service industries now employ three out of every four workers in the province, and they generate about three-quarters of the province's total economic output.

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.

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 1997; at July 1 the population of the province was just over 2.1 per cent higher than a year earlier. No other province or territory had a higher growth rate, although Alberta was close at 2.0 per cent growth. The national average growth rate for the same period was 1.1 per cent.

British Columbia's population on December 31, 1997 was estimated at 3,995,701 persons, representing 13.3 per cent of Canada's total population. This is an increase from an 11.6 per cent share in December 1987, and translates to an average annual compound increase in population of 2.6 per cent. The national average annual increase for the same period was 1.3 per cent. See Appendix A3.1 for municipal population estimates.

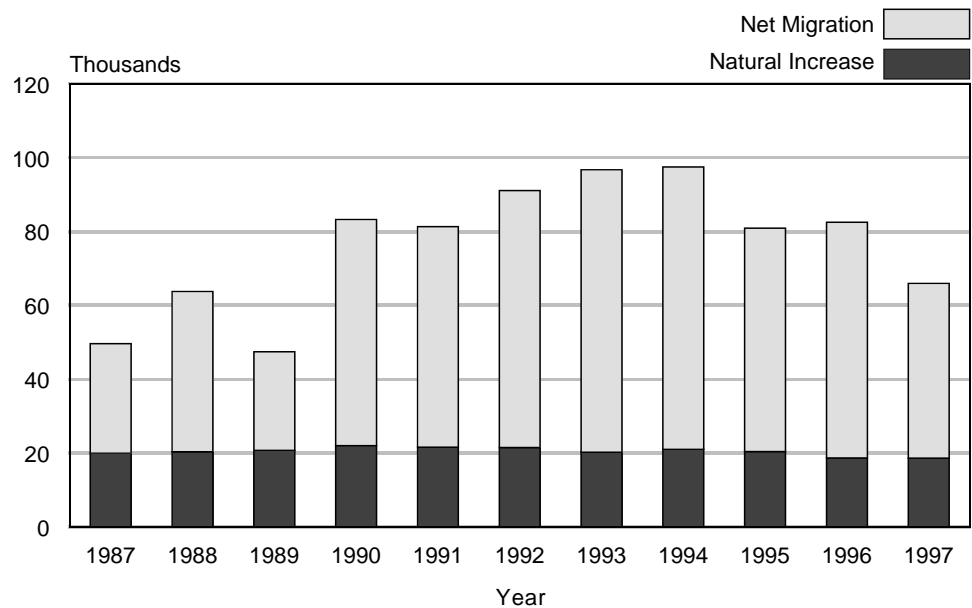
The primary reason for the relatively strong growth in British Columbia is migration from the rest of Canada and the world. With its pleasant climate and spectacular scenery, British Columbia has long been a popular destination for migrants from within Canada. In addition, its location on the Pacific 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 1987 to 1997 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



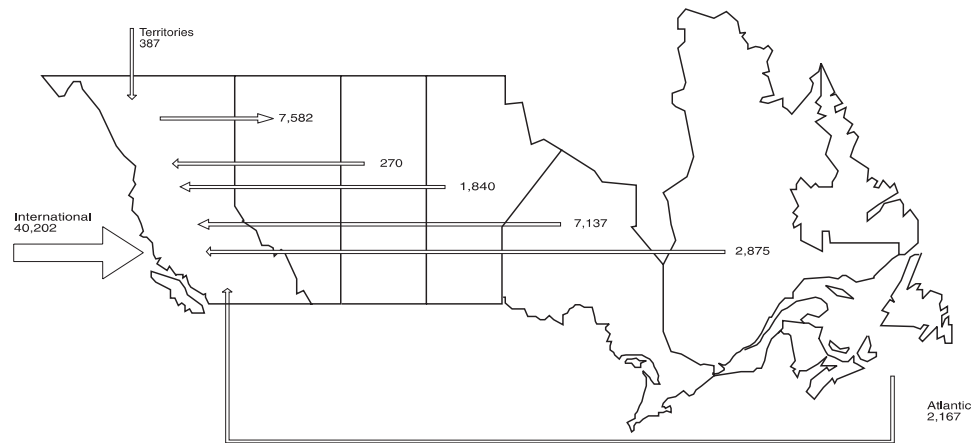
Source: Statistics Canada

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 1997, there was a net increase in population as a result of migration from the rest of Canada of 7,094 persons, down from the 20,665 recorded during 1996. This decline in interprovincial migration was largely the result of a net outflow of population to Alberta, and was a reflection of the strong 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 1997, net inflows of population were recorded from all areas of Canada with the exception of Alberta (see Map 3.2). In addition to net inflows from other provinces, there was a net gain of 40,202 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.

Map 3.2 Net Population Movement (Calendar Year 1997)



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

Source: Statistics Canada

Ethnicity

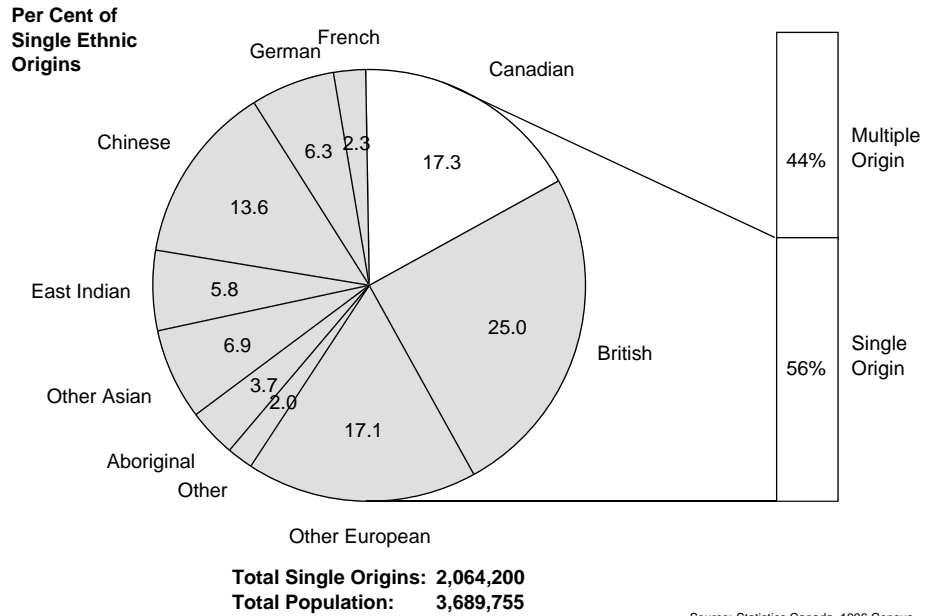
British Columbia has a diverse ethnic mosaic. Traditionally, British has been the most common ethnic origin, followed distantly by other European groups. With the shift in immigration patterns for the province, there has been a corresponding gradual shift in the province's ethnic make-up. While British is still by far the most common ethnic origin, some Asian groups have surpassed other European groups. Results from the 1996 Census indicate that the proportion of people reporting Chinese as a single ethnic origin has continued to grow, and has now more than doubled the number of people reporting German as the single ethnic origin.

Complicating the interpretation of the statistics on ethnicity is the use of the response "Canadian" to the Census ethnic origin question. The number of people in British Columbia indicating a Canadian ethnic origin increased ten-fold between the 1991 and 1996 Census. This dramatic increase is due largely to a change in the 1996 Census questionnaire, which included the example "Canadian" in the list of choices for ethnic origin. Canadian is now the second largest ethnic group in the province (see Chart 3.2).

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 76 per cent of British Columbians having English as their mother tongue in 1996. In addition, over 85 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 (6.8 per cent), followed by Punjabi (2.6 per cent), German (2.4 per cent), and French (1.4 per cent).

The number and type of visible minorities in the province is also a reflection of the sources of immigrants. In total, there were 660,545 people who identified themselves as visible minorities in the 1996 Census, which represents almost 18 per cent of the population. Of these, the overwhelming majority (approximately 90 per cent) are of Asian descent. Chinese, at over 45 per cent, are the largest visible minority in British Columbia.

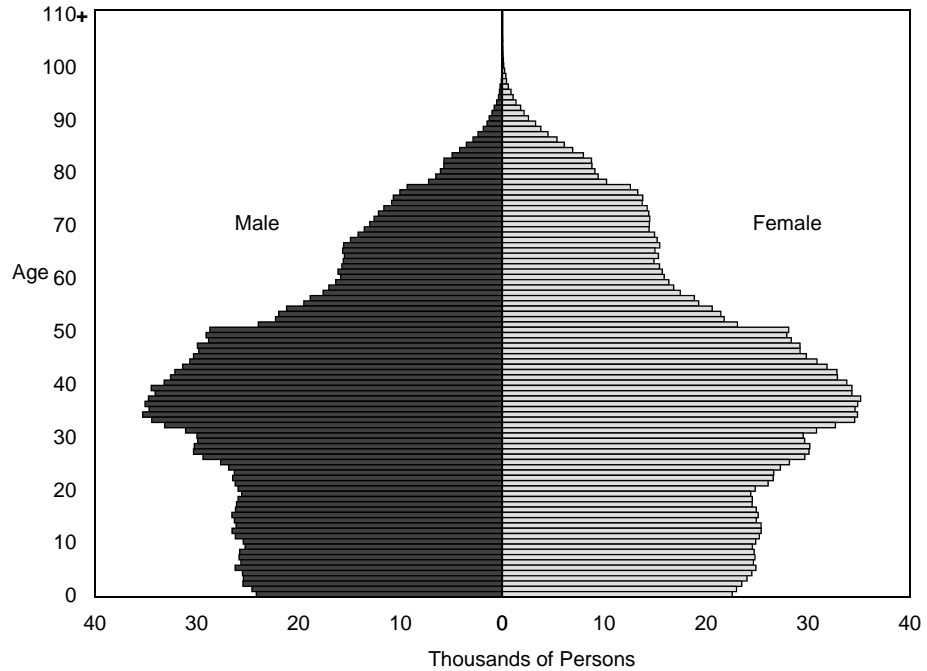
Chart 3.2 Single Ethnic Origins in British Columbia, 1996



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 32.9 per cent of the population in 1997 (see Table 3.1).

Chart 3.3 British Columbia Population by Age and Sex, 1997



Introduction

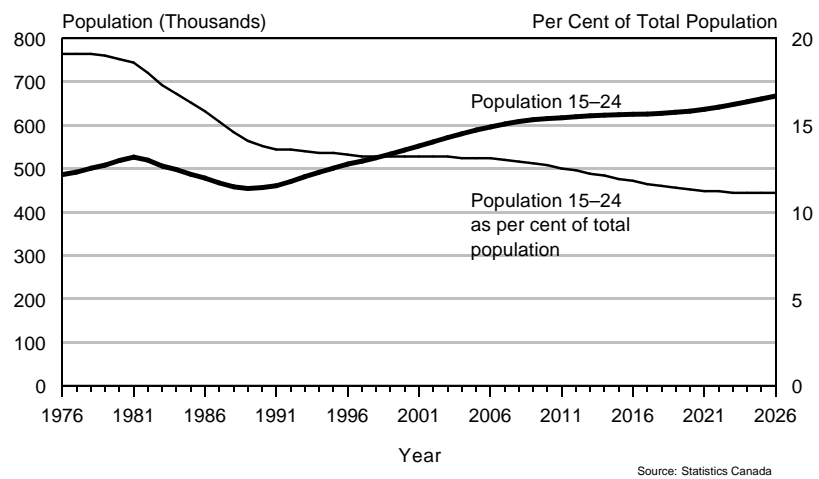
Population Trends

Youth in British Columbia

From a social perspective, youth (i.e. those aged 15 to 24) are in a transition stage between childhood and adulthood characterized by both inexperience and enthusiasm, with many common rites of passage such as learning to drive, graduating from high school or university, and landing that first job.

In 1997 the youth population was estimated at 517,000. After a decline during the 1980s that was largely the result of the Baby-Boomers leaving this age group, the youth population began to increase during the 1990s, and is predicted to continue to increase in the decades to come. While the number of youth may be increasing, their share of the total provincial population has been decreasing and is expected to continue to decline as a result of the low birth rates of the post Baby-Boom generations. While the youth population accounted for over 19 per cent of the total provincial population in 1976, the proportion dropped to about 13 per cent by 1997.

Chart 1 British Columbia Youth Population



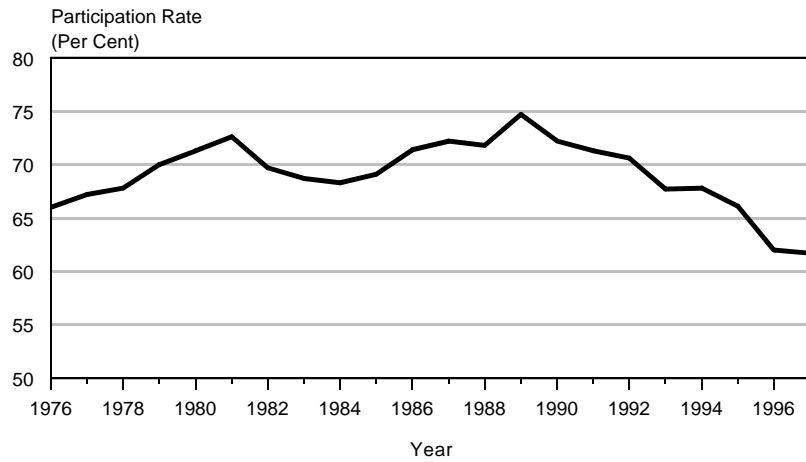
Youth in the Labour Force

The participation of youth in the labour force has tended to follow the economic cycle. Participation increased during the latter half of the 1970s, then declined during the recessionary period of the early 1980s, only to rise again during the latter half of the 1980s. Since 1989, the participation of youth in the labour market has again been falling.

The fact that fewer young people today are participating in the labour force does not mean that there is a growing problem of idle youth. The recent decline in the participation of youth in the labour market has been more than offset by increased school participation. Today, 92 per cent of the 15-19 year olds are either attending school or working compared to 86 per cent in 1976. Among 20-24 year olds, the trend is the same, increasing from 75 per cent of the population in 1976 to 81 per cent in 1997.



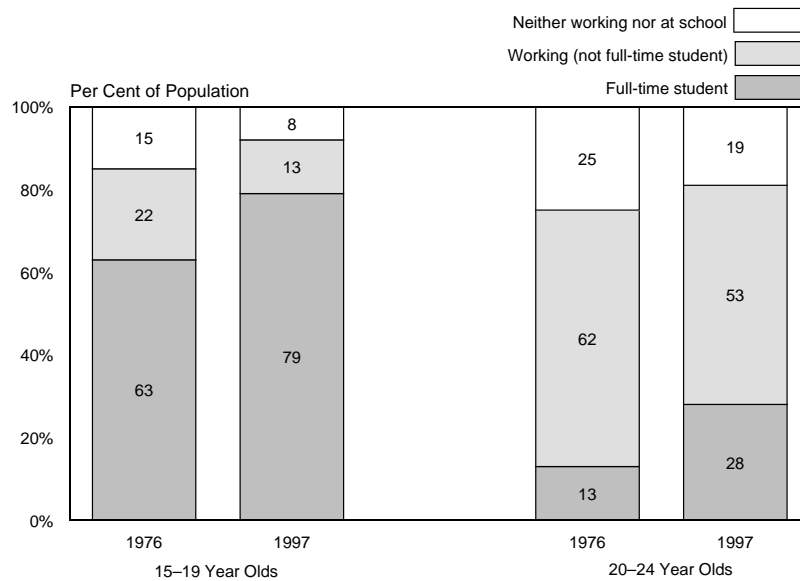
Chart 2 British Columbia Youth Participation Rates



Source: Statistics Canada

The decision by youth to go to work or to school is influenced, to some extent, by the availability of jobs. This is particularly true of 15-19 year olds. During the 1989-90 boom period in British Columbia, school participation fell off as employment opportunities increased. Despite these cyclical swings, there is no question that school attendance among youth has been on a steady upward trend over the past 20 years.

Chart 3 British Columbia Youth 15–24, by Schooling and Employment Status



Source: Statistics Canada

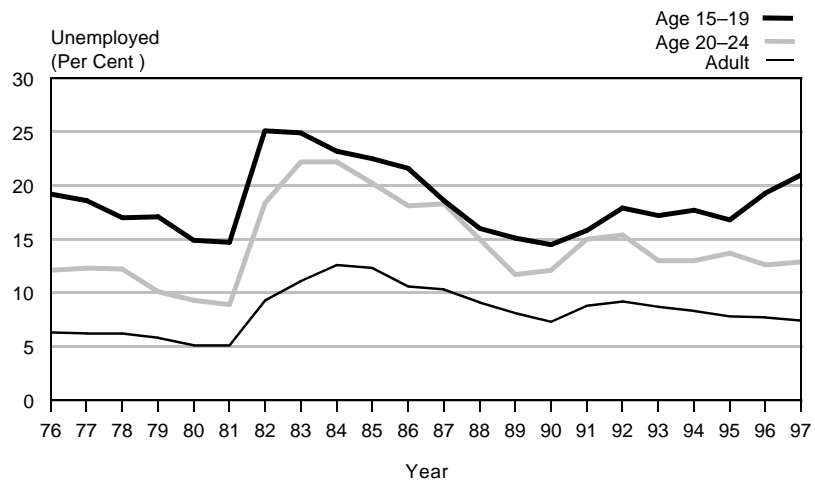


Youth Unemployment

What are youth doing if they are neither working nor at school. They may be “officially unemployed”; that is, not working but actively looking for work; they may be busy with family (which is often the case among young mothers); they may be unable to participate because of illness or disability, or they may be “unofficially unemployed”, that is not looking for work because they feel there are no jobs available. Although the incidence of not participating in either school full-time or work has decreased over time, there still remains a large proportion of 20-24 year olds who are in this situation. In 1997, that number was 19 per cent. Of those, approximately one half were “officially unemployed” but unfortunately the data does not indicate what the remaining 10 per cent were doing. One statistic that can shed some light on the topic is that 13 per cent of this age group were receiving income assistance or employment insurance over this time period. In most cases, youth are unable to collect these benefits while attending school or working, so it is possible that a large proportion of the 19 per cent relied on transfer payments.

Despite the sharp decline in participation rates among the young since 1989, unemployment rates have remained relatively high, and well above those for the adult population. Unemployment has generally been higher for youth aged 15 to 19 than for those aged 20 to 24, and this gap has been widening in recent years.

Chart 4 British Columbia Youth and Adult Unemployment Rates



Source: Statistics Canada

Part of the reason youth unemployment rates are higher than those of the adult population may be that younger persons lack the experience that employers are looking for. In 1989, one in sixteen of the unemployed youth had never held a paying job, but by 1996 this had increased to one in seven. A second explanation relates to a greater level of frictional unemployment for youth compared to adults. Periods of job search for students needing short-term work and others looking for career-related employment are more common for youth than adults. A third possibility is that youth employment is much more concentrated in traditional service industries such as retail



Youth Options BC

trade and personal services. These sectors generally have higher turnover and are more likely to offer part-year or seasonal employment, lower wage rates and hence lower overall earnings.

It is difficult to determine if reduced labour force participation among youth is related to a desire to improve one's educational attainment to avoid low wage jobs, or whether it is due to a general lack of jobs. In any case these trends, in particular the high rate of unemployment among youth, represents an ongoing issue and concern.

The province recognizes the challenges facing British Columbia's youth, and it has developed various initiatives and programs to address common concerns. The priority of government for youth initiatives is highlighted by the fact that the Premier is also the Minister Responsible for Youth. Youth Options BC is a comprehensive set of initiatives with three main components: affordable, accessible post-secondary education; job and skills training programs; and a voice for youth.

Post-secondary education is becoming more important for finding future long-term career opportunities. To ensure access to affordable education, government froze tuition fees for three years in a row, provided additional funding for post-secondary institutions and added new spaces to provide room for qualified students.

Government also has a variety of programs to help youth gain employment opportunities. Specific job and skills training programs under Youth Options BC include:

- Student Summer Works '98
- Environment Youth Teams
- Job Start
- Youth Mentorship Program
- Youth on Boards
- BladeRunners
- Youth Community Action
- Crown Youth Employment Initiative
- First Job in Science and Technology
- You BET!
- Visions for the Future
- Youth@BC
- Youth Works

Some of these programs, delivered by various ministries, are described in Chapter 6 of this publication.

Youth are provided with opportunities to express their concerns to government. In addition to youth forums held with the Premier, youth may provide their views through toll-free phone numbers (1-800-784-0055 or 1-877-BCYOUTH) or via e-mail (youth.office@gems6.gov.bc.ca). In addition, the province maintains an Internet site (<http://www.youth.gov.bc.ca/>) which provides current information about programs for youth in British Columbia.



As baby boomers age, so too will the province's population. The median age in 1997 was 36.0 years, compared to 33.1 years in 1987. 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 1997, 12.8 per cent of population was over the age of 64, up from 12.2 per cent in 1987. 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 on 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	1987		1997		Change
	(thousands)	(per cent)	(thousands)	(per cent)	1987-1997 (per cent)
0-4.....	212	6.9	243	6.2	14.6
5-17.....	532	17.4	664	16.9	24.9
18-24.....	337	11.0	365	9.3	8.3
25-44.....	1,014	33.1	1,294	32.9	27.6
45-64.....	595	19.4	862	21.9	44.8
65 and over.....	374	12.2	504	12.8	34.7
Total.....	<u>3,065</u>	<u>100.0</u>	<u>3,933</u>	<u>100.0</u>	28.3

Note: Totals may not add due to rounding.

All regional population figures are estimates as of November 1997, and do not include the final adjustment for the 1996 Census undercount.
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 85 per cent of British Columbians lived in families in 1996. Of these families, almost 14 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 1996, 10 per cent of British Columbia families were common-law unions, up from 8 per cent in 1981 (although this is down from 11 per cent in 1991). 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 1996, 54 per cent of husband/wife families had children living at home (57 per cent for legally married couples, and 38 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 1987 and 1997 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 56.7 per cent from 54.8 per cent. All other regions experienced some decline in their share of the total population, except Thompson/Okanagan, which had a marginal increase.

Table 3.2 British Columbia Population by Region (July 1)

Development Region	1987	1992	1997	Change	
				1987–1992	1992–1997
	(thousands)			(per cent)	
Vancouver Island/Coast.....	567.1	644.2	714.6	13.6	10.9
Mainland/Southwest.....	1,680.5	1,950.4	2,229.3	16.1	14.3
Thompson/Okanagan.....	360.1	413.3	476.8	14.8	15.4
Kootenay.....	135.5	141.2	153.8	4.2	8.9
Cariboo.....	155.6	157.1	175.8	1.0	11.9
North Coast.....	65.6	68.3	71.8	4.1	5.1
Nechako.....	41.2	41.7	45.5	1.1	9.3
Northeast.....	58.9	60.4	65.6	2.5	8.6
British Columbia.....	<u>3,064.6</u>	<u>3,476.6</u>	<u>3,933.3</u>	13.4	13.1

Note: Totals may not add due to rounding.

All regional population figures are estimates as of November 1997, and do not include the final adjustment for the 1996 Census undercount. Source: BC STATS, Ministry of Finance and Corporate Relations.

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 660 people per square kilometre in 1997, 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.

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, 95 per cent reside within the Mainland/Southwest region, and comprise almost 13 per cent of the population in that region. By contrast, Chinese comprises just under 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, almost 34 per cent were aboriginal. This is compared to just under 4 per cent for British Columbia as a whole.

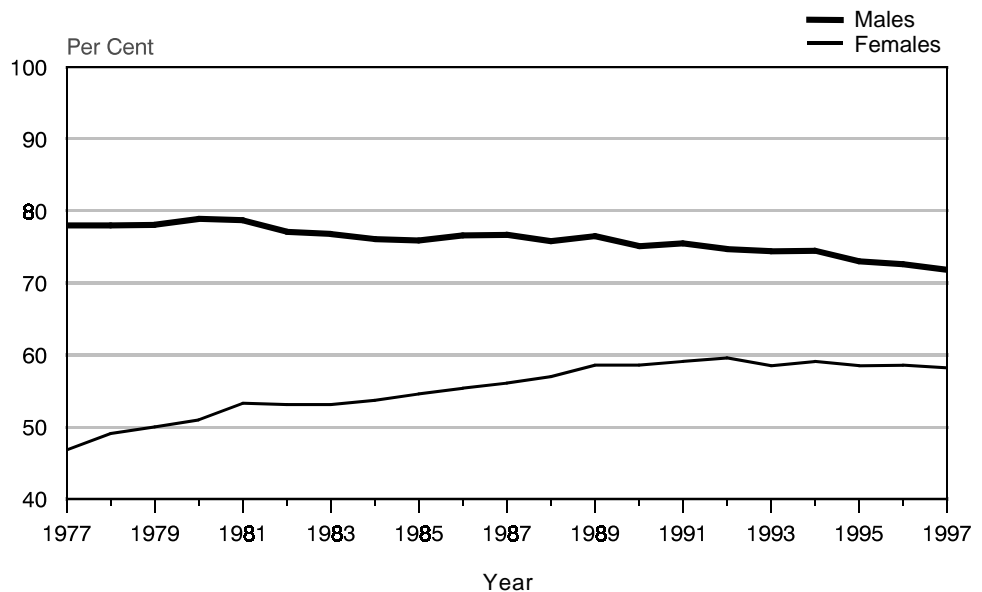
Labour Market

The British Columbia labour market continues to exhibit growth. The labour force grew 1.6 per cent in 1997 and employment increased by 1.8 per cent to 1,838,000 persons. Part-time employment grew faster (6.1 per cent) than full-time employment (0.7 per cent), and accounted for two-thirds of net job gains. British Columbia continues to be 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. Over the last twenty years, between 1977 and 1997, the female labour force increased by 101 per cent, outpacing female population growth of 63 per cent. In 1997, there were 913,300 females, or 58.2 per cent of women aged 15 years and over, in the labour force compared to 46.8 per cent in 1977. The male participation rate, on the other hand, decreased to 71.8 per cent in 1997 from 77.9 per cent in 1977 (see Chart 3.4). As a result, the proportion of the labour force comprised of women has grown steadily, to 45.4 per cent in 1997 from 37.7 per cent in 1977.

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 1997, 62 per cent of the labour force had attended or had graduated from a post-secondary institute, compared with 41 per cent in 1987. 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 50 per cent from 28 per cent over this ten year period.

Table 3.3 Characteristics of the British Columbia Labour Force

Characteristics	1987		1997	
	(000)	(per cent)	(000)	(per cent)
Labour force.....	1,579	100.0	2,012	100.0
Sex				
Male.....	903	57.2	1,099	54.6
Female.....	677	42.8	913	45.4
Age Group				
15-24.....	331	20.9	312	15.5
25-44.....	848	53.7	1,076	53.5
45-64.....	382	24.2	599	29.8
65 and over.....	19	1.2	25	1.3
Educational Attainment				
0-8 years.....	100	6.3	52	2.6
9-13 years.....	833	52.8	720	35.8
<i>Some secondary</i>	—	—	266	13.2
<i>Graduated from high school</i>	—	—	454	22.5
Some post-secondary.....	205	12.9	242	12.0
Post-secondary certificate or diploma.....	222	14.1	649	32.3
University degree.....	220	13.9	351	17.4

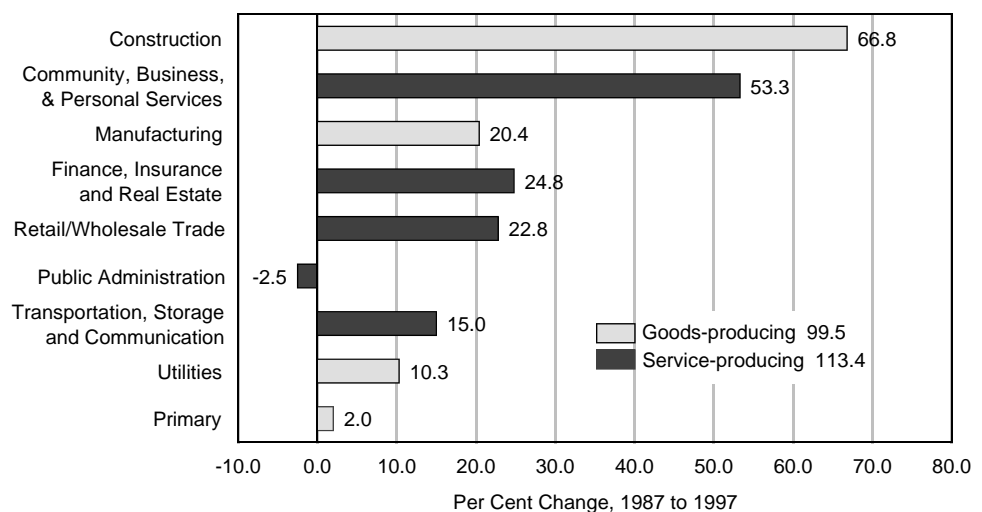
Note: Totals may not add due to rounding.

Source: Statistics Canada.

Employment

Over the last 10 years, the number of people employed in British Columbia has increased by 32.2 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 the percentage of people employed than they were 10 years ago. Between 1987 and 1997, employment in British Columbia's service-producing sector grew by 34.2 per cent, an increase of 358,600 jobs. Over the same period, traditional industries like mining and fishing experienced declines in employment.

Chart 3.5 British Columbia Employment Change by Industry, 1987 to 1997



Source: Statistics Canada

Unemployment

In 1997, the provincial unemployment rate was 8.7 per cent, compared to the Canadian average of 9.2 per cent. This was the fifth consecutive year the British Columbia unemployment rate has declined and the seventh successive year it was below the national average.

Chart 3.6 Unemployment Rate: British Columbia and Canada

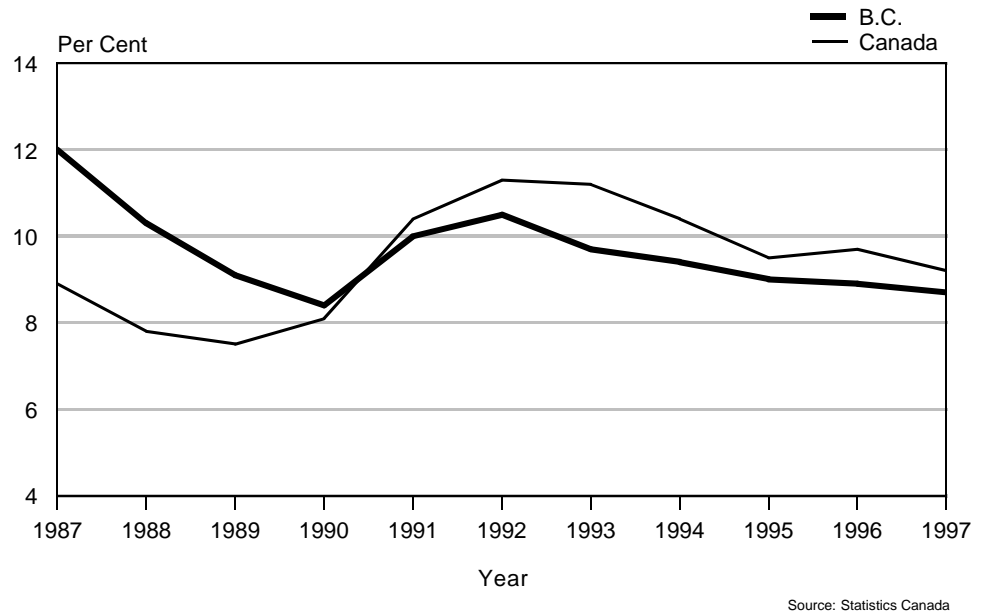
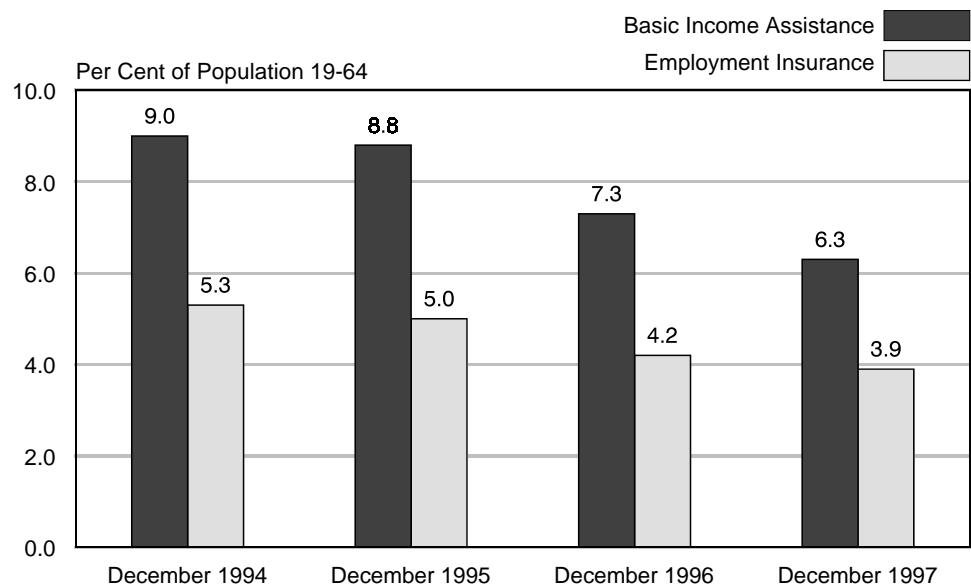


Chart 3.7 Basic Income Assistance and Employment Insurance Benefits



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

The average duration of unemployment for British Columbians was 20.5 weeks in 1997, below the national average duration of 22.3 weeks. Unemployed persons aged 45 years and over experienced more difficulty in finding employment. For this age group, the duration of unemployment averaged 26.7 weeks.

In December 1997, there were 97,044 persons in British Columbia between the ages of 19 and 64 receiving employment insurance benefits, representing 3.9 per cent of the population aged 19-64. The average number of weeks on claim were 15.9 and the average weekly benefit rate was \$291. 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 1997 there were 153,477 persons aged 19-64 receiving basic income assistance² in British Columbia, representing 6.3 per cent of the 19-64 year old population. This was down from 175,711 recipients in December 1996, when the proportion of the 19-64 year old population receiving assistance was 7.3 per cent. Of the persons receiving basic assistance in December 1997, 52.4 per cent were single recipients, 28.1 per cent were single parent recipients, 13.3 per cent were two parent family recipients and 6.2 per cent were couples.

Income

Average weekly earnings in British Columbia reached \$614.17 in 1997, an increase of 1.1 per cent, or \$6.63 over 1996. Goods producing industries recorded a 1.1 per cent increase in earnings to \$790.02, and the service producing industries recorded an increase of 1.0 per cent to \$569.54. On an industry basis, average weekly earnings were highest in the mining and forestry industries.

Table 3.4 Average Weekly Earnings¹ in British Columbia

Industry	1991	1996	1997
	(dollars)		
Logging and forestry.....	748.30	894.48	920.35
Mines, quarries and oil wells.....	884.03	1,029.96	1,050.15
Manufacturing.....	651.27	772.53	771.87
Construction.....	605.68	686.84	707.64
Goods-producing industries.....	667.45	781.69	790.02
Transportation, communication and other utilities.....	694.27	794.69	813.17
Trade.....	412.78	470.75	479.20
Finance, insurance and real estate.....	559.81	728.85	756.66
Community, business and personal services.....	449.44	517.70	519.69
Public administration.....	709.85	794.50	784.40
Service-producing industries.....	493.80	563.70	569.54
Industrial aggregate.....	531.80	607.54	614.17

¹ Including overtime.
Source: Statistics Canada.

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.

Statistics Canada's fixed-weighted average hourly earnings index for British Columbia increased 0.1 per cent in 1997. This index is a good measure of economy-wide wage change as it attempts to neutralize the impact of occupational and industrial shifts on the change in earnings.

Old Age Security (OAS) pensioners with no income or only a limited amount of income apart from OAS are eligible for Guaranteed Income Supplement (GIS). In 1997, 31.5 per cent of all seniors in British Columbia received either partial or full GIS, down from 32.1 per cent in 1996.

Personal income, which comprises all forms of income accruing to individuals, reached an estimated \$94.6 billion in 1997, up 2.5 per cent from 1996. On a per person basis, average personal income for British Columbians was \$24,115 in 1997, up 0.4 per cent from 1996. Total wages and salaries, the largest component of personal income, totalled \$52.7 billion in 1997, a 3.2 per cent increase from 1996.

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 to 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. Regular ferry services link 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 18.2 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. In 1997, there were six pulp and paper mills on Vancouver Island and one at Powell River; logging and sawmilling activity was 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 56.7 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, but 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 12.1 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, contains a number of copper/molybdenum mines which are 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 3.9 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 Koochanusa, 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.

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 copper-gold mine near Likely, which opened in 1997, and a large open-pit copper-molybdenum mine located near Williams Lake, although this mine is scheduled to close by the end of 1998. There is also further potential for several mineral deposits that will likely be exploited when market conditions 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 1.8 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 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 offer future potential. Currently there are two major mines operating in the area: a molybdenum mine at Fraser Lake, and a copper mine, which opened in 1997, near Houston. Due to the climate and terrain, intensive agricultural activity is limited to the Bulkley Valley near Smithers and an area surrounding Vanderhoof.

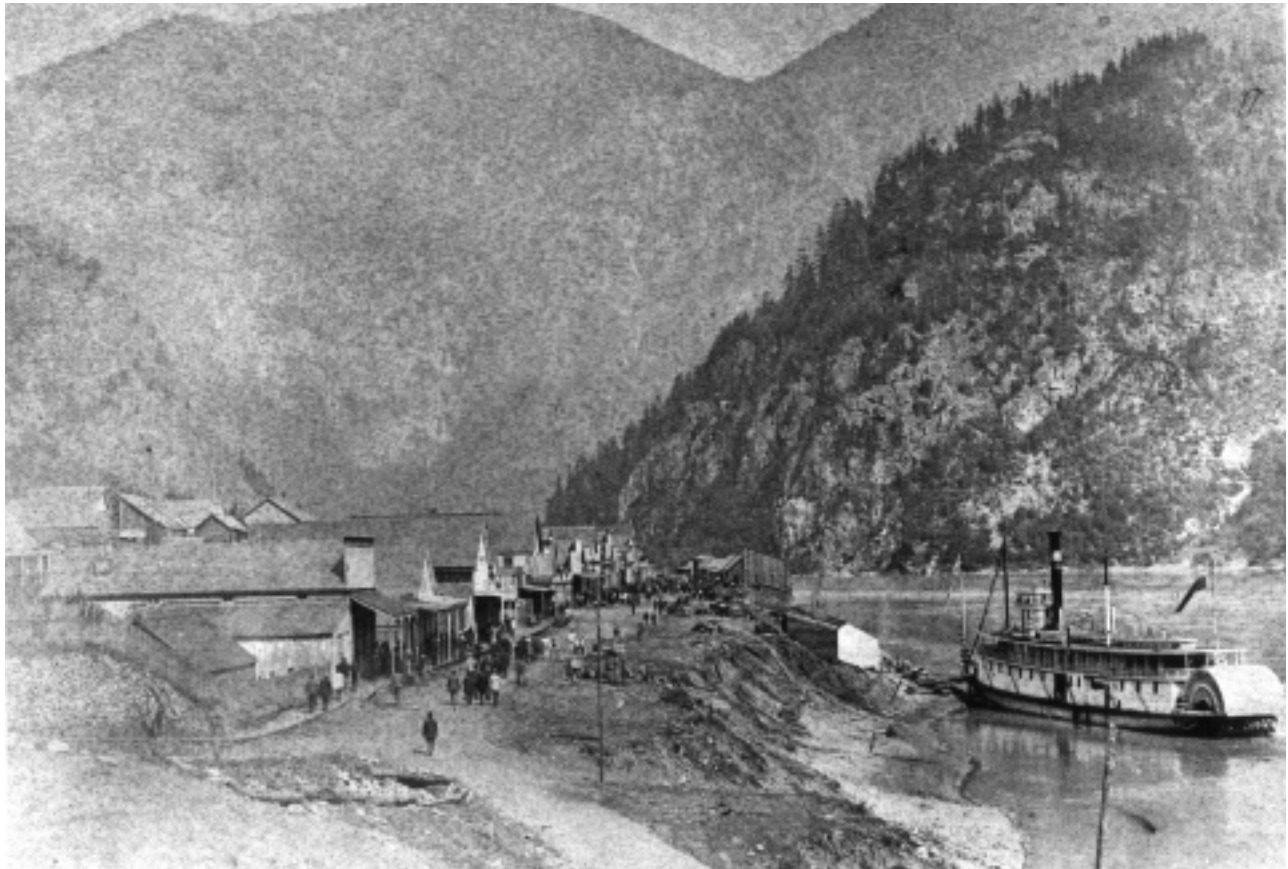
Northeast



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 in northern British Columbia.

Chapter Four

Industrial Structure and Performance



Front Street, Yale, During Construction of the Canadian Pacific Railway, 1882

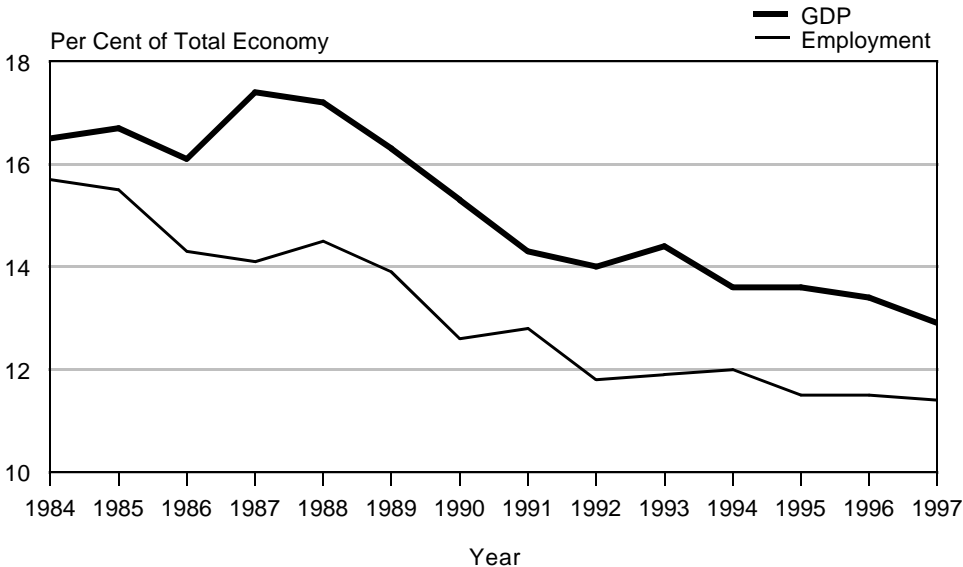
4: Industrial Structure and Performance

Introduction

Natural resource extraction and processing industries provided the foundation upon which British Columbia's economy was first built, and are still the dominant industries in many rural areas and smaller centres of the province. However, in the larger urban centres, these industries have become less prominent, giving way to an increasingly important service sector and some fast-growing manufacturing industries which have no direct connection with natural resources.

A more liberal continental trading environment under the North America Free Trade Agreement (NAFTA) has encouraged the diversification of the British Columbia economy, as have the low Canadian exchange rate and a rapidly expanding domestic market and labour pool within the province. These forces have brought with them a greater degree of urbanization, as new manufacturing and service employment is being created in urban centres faster than forestry, mining, fishing or agricultural jobs are becoming available in the rest of the province. Hence, industries that extract and process natural resources no longer dominate the British Columbia economy.

Chart 4.1 Resource Industries as a Per Cent of Total Economy



Source: Statistics Canada

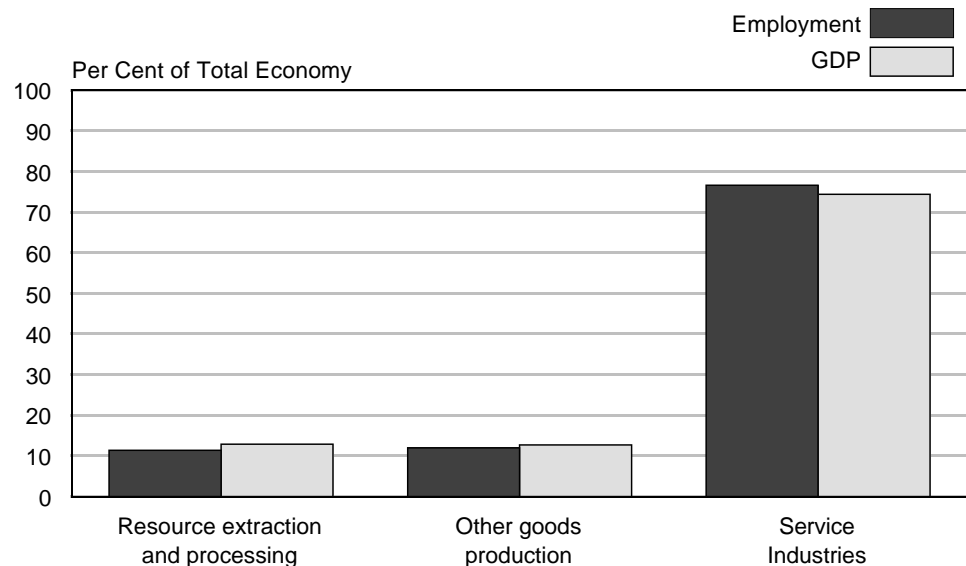
This diversification indicates that the economy is maturing into a more broadly-based structure, less vulnerable to changes in international markets for natural resource commodities. However, the process still has a long way to go before the economy can be considered truly diversified. Despite a shift to other types of manufacturing, wood, pulp and paper production continue to dominate the manufacturing sector, and more than half (53 per cent) of its total gross domestic product (GDP) is derived from forest and mineral products. This is twice the national average. Manufacturers in the other large provinces (Ontario, Quebec and Alberta) are not nearly as dependent on the processing of natural resources as British Columbia manufacturers.

Lumber, pulp and coal are still the province's three main exports, but there has been a considerable diversification of the export mix in the 1990s. In 1997, forestry, fishing, mineral and energy products together accounted for 77 per cent of total exports, down from 85 per cent in 1990.

British Columbia's Changing Industrial Structure

Although its manufacturing sector is still concentrated on resource-based products, British Columbia can no longer be characterized as having a resource economy. In 1997, only 13 per cent of the province's GDP¹ originated in industries involved in the extraction and processing of natural resources (agriculture, fishing, forestry, mining, and related manufacturing activities), and these industries employed² just 11 per cent of the workforce. This compares to 17 per cent of GDP, and 16 per cent of employment, in 1984.

Chart 4.2 British Columbia Employment and GDP by Industry, 1997



Source: Statistics Canada

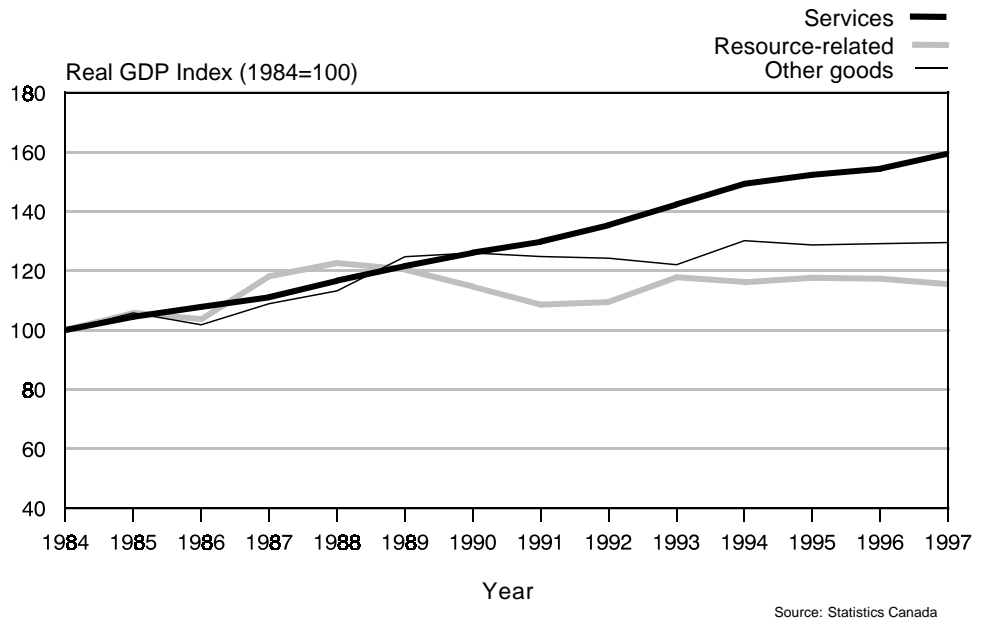
¹ These figures only measure the direct impact of an industry. They do not measure the indirect effect that industries have on firms supplying them with the goods and services used as inputs to production. All GDP figures are expressed in constant (1992) dollars.

² Employment figures do not differentiate between full-time and part-time workers. At least some of the employment growth during the period since 1984 is the result of an increase in part-time employment.

The decline in the relative size of the resource sector has been accompanied by growth in other types of goods-producing industries. These industries employed more British Columbians (221,000, compared to 209,000) than the resource sector in 1997, and they made as great a contribution (13 per cent) to the province's GDP. This represents a significant gain for the non-resource-based goods industries, which employed 50 per cent fewer workers than the resource sector in 1984. Not even the fast-growing service sector has recorded as strong job growth during this period. However, despite the strong employment gains, the GDP produced by these industries has not increased as much as that of the service sector.

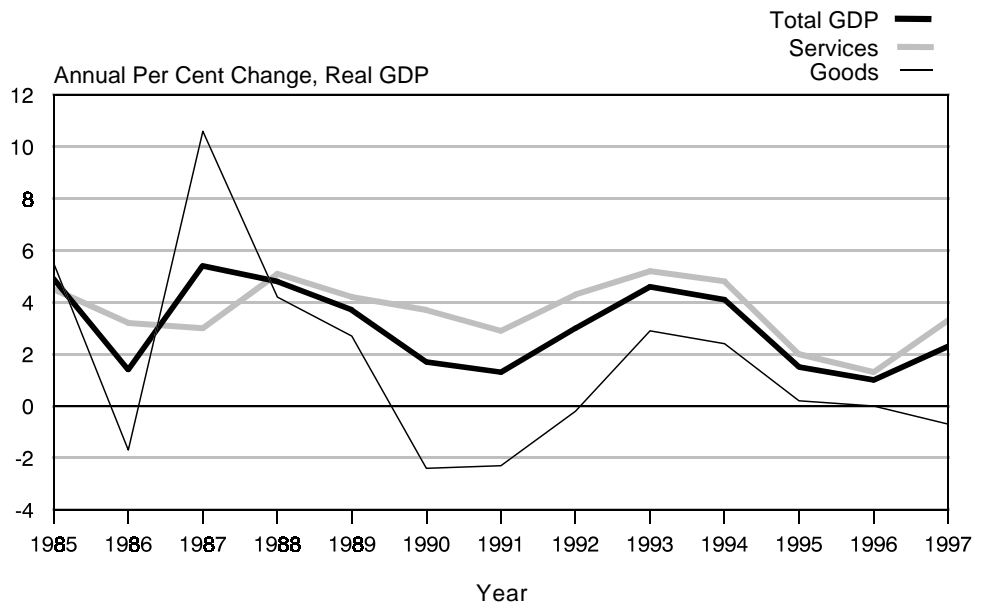
British Columbia's growing service-sector orientation is evident in the contribution made by service industries to total GDP. In 1997, just under three-quarters (74 per cent) of the province's GDP originated in the service sector. This compares to 69 per cent ten years earlier. British Columbia's service sector is the second largest in the country, after Nova Scotia (where 77 per cent of GDP originates in service-producing industries). Nationally, the contribution of the service sector to total GDP has held fairly steady at about 67 per cent during the last ten years.

Chart 4.3 Index of British Columbia GDP Growth by Industry



Service industries are also the main employers of British Columbians. Three out of every four workers in the province have jobs in service industries. Although wages in the service sector are sometimes lower than those in the goods industry, these workers earned just under three-quarters (73 per cent) of all the wages and salaries in the province in 1997.

Chart 4.4 British Columbia GDP Growth by Industry



The Role of Services

The service sector, which has grown steadily since 1984, is now the primary growth engine in British Columbia's economy. GDP growth in the service-producing industries has outpaced that in the goods-producing sector in every year since 1988. Service industries have bolstered British Columbia's economic performance at times when the goods sector has been weak, such as in the period of slower economic growth at the beginning of this decade. More recently, the service sector has advanced even though the goods sector has slowed. As a result, the province's economy has continued to expand despite three consecutive years of little or no growth in the goods-producing industries. It is likely that services will continue to provide much of the impetus for future growth in British Columbia.

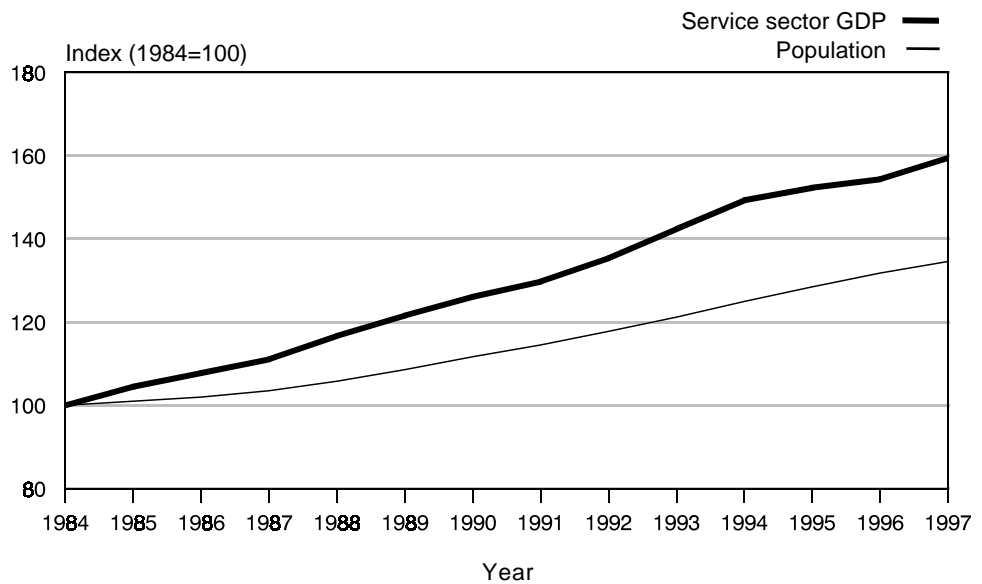
A growing population has contributed to the strength of British Columbia's service sector, which has been buoyed by an influx of people from other provinces and from the rest of the world. Industries which are most likely to be affected by population growth include those providing education, health care and government services, as well as retailing, financial, real estate, personal and recreation services. This list is not exhaustive, but these industries generated almost half of British Columbia's total GDP in 1997.

However, the expansion of the service sector during the last thirteen years has been well in excess of the population increase. The rising prominence of the service sector in British Columbia can be attributed to a variety of other factors in addition to population growth.

Contracting out by firms of some services previously done in-house (such as engineering, legal services, computer services, accounting and personnel management) has undoubtedly contributed to the gains in the service sector. Some of the industries showing the strongest growth during the period from 1984 to

1997 are in this group. Other contributing factors include changes in consumer preferences and lifestyle changes, which have led to the development of new types of service industries in areas such as tourism, physical fitness and recreation. Rising labour force participation rates for women have created a need for services such as child-care or house cleaning. In addition, the emergence of new high-technology industries has boosted the activity of some service-sector companies. Many other industries in the “new” economy also have a high service-sector orientation.

Chart 4.5 Index of Service Sector GDP and Population Growth



Growth in some service industries is related to developments in the goods-producing sector. For example, some transportation services are highly dependent on the movement of forest and mineral products to foreign markets, while business services such as customs brokerage facilitate export flows. Similarly, a new construction project could generate work for firms in a wide variety of service industries: architects and engineering consulting firms (business services), wholesalers (wholesale trade), retailers (retail trade) and trucking firms (transportation).

The next section examines trends in the goods-producing industries. This is followed by a summary of trends in service-producing industries.

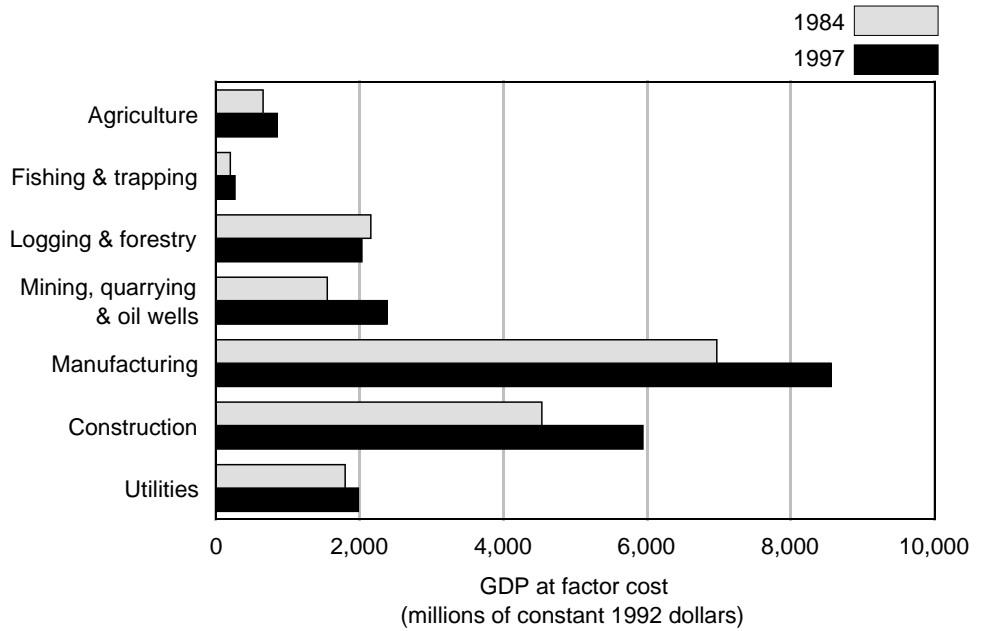
Goods-Producing Industries

Real GDP (1997):
\$22,008 million

Employment (1997):
430,000

There are seven main industry groups within the goods-producing sector: agriculture, fishing, forestry, mining, manufacturing, construction and utilities. These industries together generated 26 per cent of British Columbia’s GDP in 1997, and employed 430,000 (23 per cent) of the province’s 1.8 million workers. Within the goods sector, the largest industry is manufacturing, which accounts for almost half of the jobs and about 40 per cent of the sector’s GDP.

Chart 4.6 British Columbia Real GDP by Industry



Source: Statistics Canada

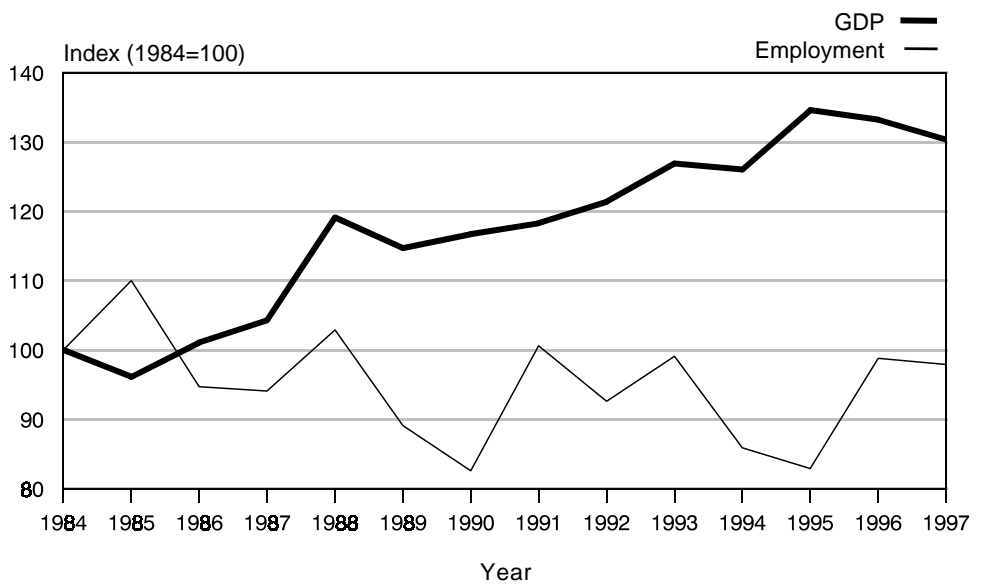
Agriculture

Real GDP (1997):
\$851 million

Employment (1997):
33,000

Agriculture is a relatively small industry in British Columbia, with 1.8 per cent of the province's workforce employed at farms, greenhouses, nurseries and other horticultural operations, as well as in veterinary offices, hatcheries, grooming, and other agriculture-related services during 1997. More than half (54 per cent) of these workers were self-employed, and most of them worked without any paid help. The industry generated 1.0 per cent of the province's total GDP in 1997.

Chart 4.7 Index of Agriculture GDP and Employment

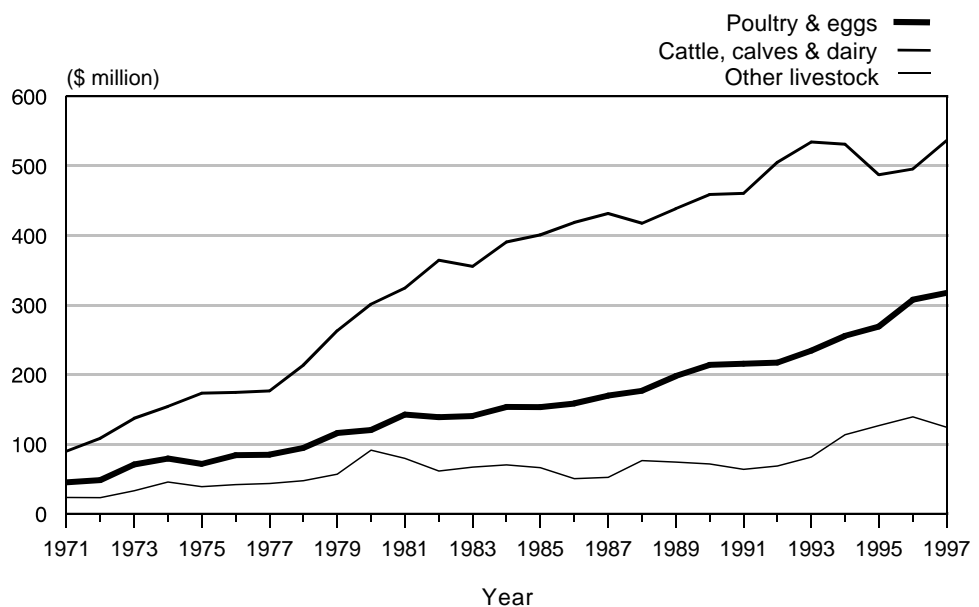


Source: Statistics Canada

About three per cent of British Columbia's 95 million hectares of land and freshwater area is considered arable or potentially arable. Farm holdings in the province (21,835 farms according to the 1996 Census) cover 2.5 million hectares, of which 560,000 are in crops and 1.41 million are for pasture or grazing. In addition, an estimated 10 million hectares (8.5 million of which are Crown land) are classified as open or forested grazing land used by the ranching industry. The Agricultural Land Reserve has set aside slightly more than 4.7 million hectares of land to be maintained for agricultural and related purposes.

Census data indicate that the average farm in the province had an area of 116 hectares in 1996. However, farm size varies greatly depending on the type of activity, from thousands of hectares in grain farming or ranching operations to less than five hectares in mushroom, greenhouse and poultry businesses, where most of the investment is in structures rather than land.

Chart 4.8 Livestock Farm Cash Receipts



Source: Statistics Canada

Livestock Producers

More than half (56 per cent) of the cash receipts of British Columbia farmers come from sales of livestock (cattle, hogs, poultry, eggs, dairy products, honey, fur and other livestock products), which reached just under \$1 billion (\$945.0 million) in 1997 (see Appendix Table A4.1). Livestock production is dominated by the cattle and dairy industry, which had total receipts of \$536.8 million. Cattle ranching is carried out primarily on range lands of the southern and central Interior, the Peace River district, and the Kootenays. Large dairy herds are concentrated in the Lower Mainland, southeastern Vancouver Island and the Okanagan-Shuswap area, with smaller concentrations found near Creston, Smithers, Vanderhoof, Prince George, Dawson Creek and Fort St John.

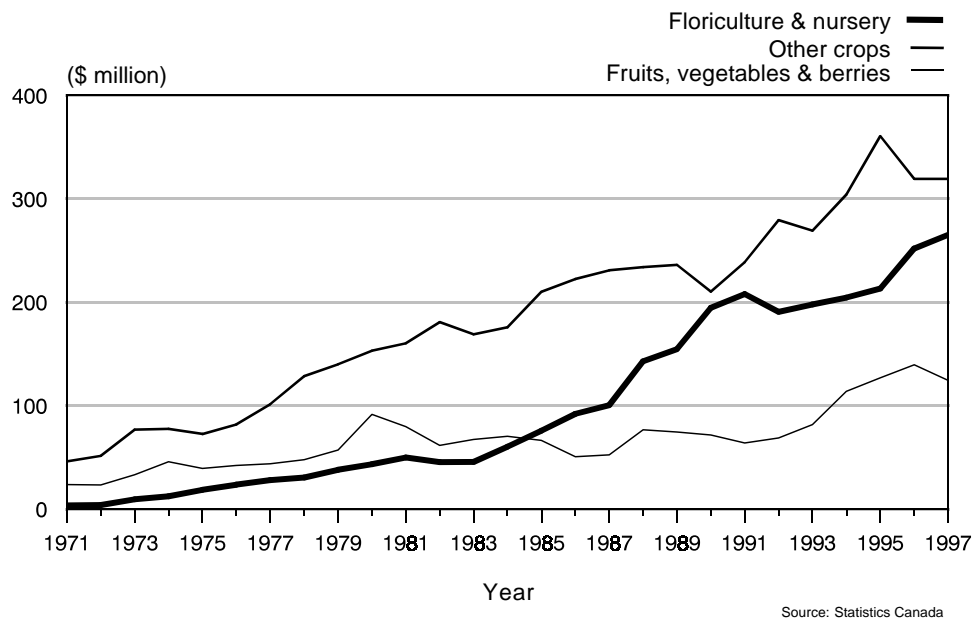
During the last 20 years, there has been a gradual decrease in the proportion of red meat consumption, and poultry and hog producers have made gains as consumer preferences have shifted away from beef to poultry and other white

meat products. Hog and poultry production in British Columbia is concentrated near Greater Vancouver and Victoria, although most population centres support these activities.

Crop Farming

A range of climatic conditions in the province make it possible for British Columbia farmers to grow a wide variety of 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 Southern Vancouver Island favours the production of berry crops and vegetables. Greenhouse crops, nursery products, mushrooms and other specialty products are also concentrated in the south-western corner of the province. Most of the province's grain, oilseed and forage crops are grown in the Peace River District.

Chart 4.9 Crop Farm Cash Receipts



British Columbia's crop farming industry has seen some major changes during the last three decades. It is no longer dominated by tree fruits, which accounted for just under a quarter (24 per cent) of all crop receipts in 1971, but only 7 per cent of the \$709 million in crop receipts of British Columbia farmers in 1997. The declining importance of tree fruits in British Columbia's agriculture industry is the result of a combination of factors: the value of tree fruit production has increased at a slower pace than most other crops, while at the same time, some types of crops have seen phenomenal growth. Floriculture and nursery producers, for example, have increased their sales from just \$3.5 million in 1971 to \$265.3 million in 1997. British Columbia is now the second-largest producer in the country, after Ontario (\$540.9 million), with just under a quarter of the total value of Canada's floral and nursery products originating in this province. In addition, British Columbia farmers have branched out into the production of new crops such as ginseng, a product that is in high demand in some parts of the world. During the last ten years, the value of ginseng production in the province has risen from \$400,000 to \$40.6 million. Farmers in the province now produce almost

as much ginseng as Ontario (\$45.2 million), which has been growing this product since 1980 and is the only other ginseng producer in Canada.

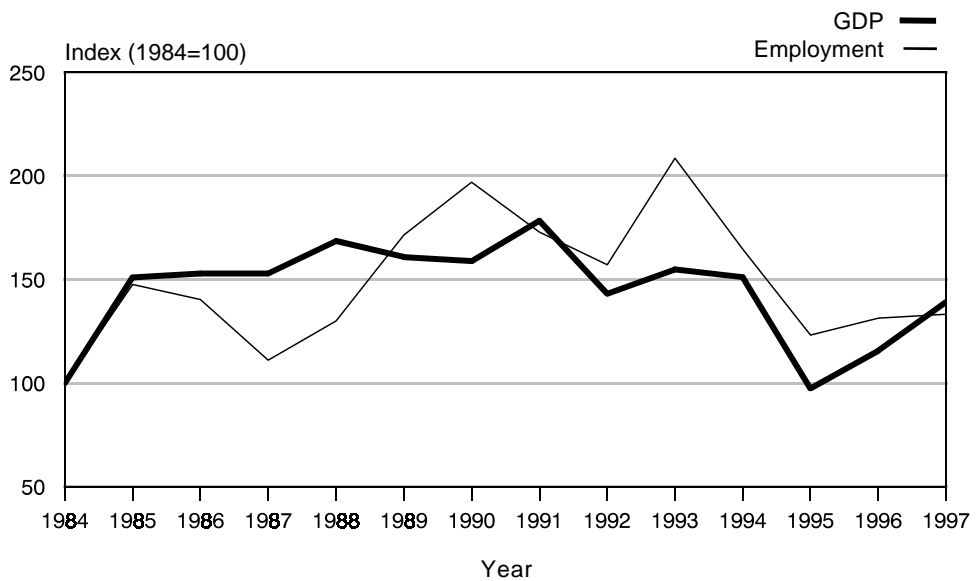
Fishing and Trapping

Real GDP (1997):
\$264 million

Employment (1997):
7,000

The fishing industry plays an important role in many of British Columbia’s coastal communities. More than 80 species of finfish, shellfish and marine plants are grown, harvested and marketed by British Columbia’s fishing industry. In 1997, this industry employed some 7,000 British Columbians and generated 0.3 per cent of the province’s GDP. The fishing industry includes commercial fishing in ocean or inland waters, fish farming (aquaculture), hatcheries, protection and related services. In addition, the activities of a small number of trappers are included in total GDP and employment for the industry.

Chart 4.10 Index of Fishing and Trapping GDP and Employment



Source: Statistics Canada

British Columbia’s seafood harvest had a landed value of \$594 million in 1997 (see Appendix Table A4.2), and the wholesale value of all seafood caught or farmed in the province was \$982 million. The commercial fishing fleet was comprised of more than 4,500 active vessels, with the majority of the fleet, excluding packers and floating processors, operating outside the Lower Mainland.

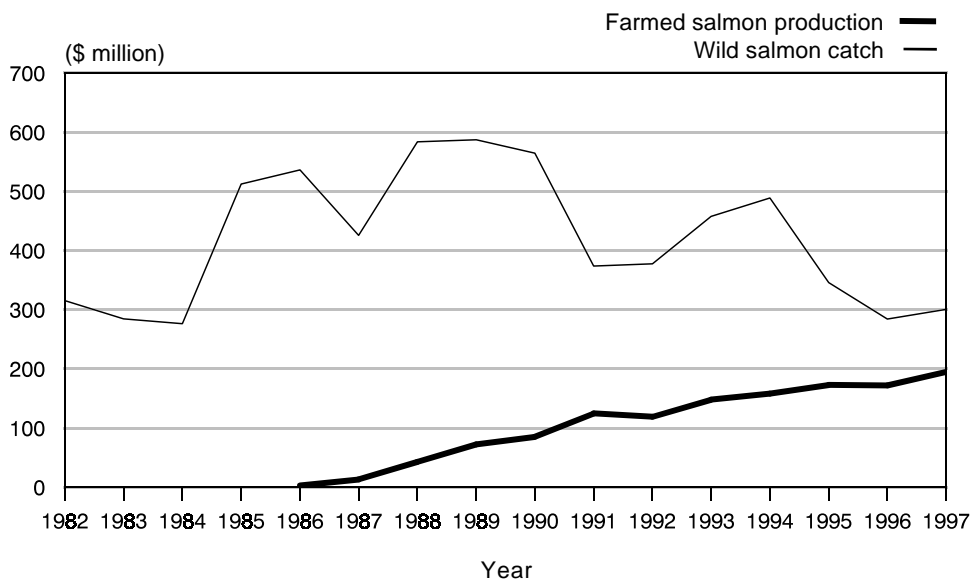
Salmon

Salmon, derived from both wild and farmed sources, is the most important species, generating 50 per cent of the wholesale value. The 1997 wild salmon harvest was 48,600 tonnes, up 40 per cent from 1996 and similar to the 1995 harvest. However, the wild salmon catch was well below the industry’s long-term average (80,000-90,000 tonnes). The landed value of the catch was estimated at \$109 million, with a wholesale value of \$300 million.

The federal government’s “Mifflin” plan, introduced in March of 1996 to address concerns about dwindling salmon stocks and the long-term viability of the commercial fishery in British Columbia, has resulted in a major restructuring of the industry. Almost 800 commercial salmon licences were voluntarily retired, and the

fleet was further reduced through licence stacking policies. The overall effect of the Mifflin Plan has been a reduction of about a third in the size of the commercial salmon fleet, which currently stands at about 3,300 licences. This has helped alleviate some of the pressure on weakened salmon stocks, but has contributed to a decline in the industry's output.

Chart 4.11 British Columbia Salmon Production



Source: Ministry of Fisheries

Aquaculture

Although the wild salmon catch has been relatively low in recent years, fish farming, particularly salmon farming, has been making great strides in British Columbia. The province's aquaculture industry has been growing, and now accounts for more than a fifth (21 per cent) of the total wholesale value of seafood products. This compares to just 14 per cent at the beginning of the decade, before the downturn in the wild salmon fishery. The wholesale value of farmed salmon in 1997 was \$195 million — about two-thirds that of the wild salmon catch. Much of British Columbia's farmed salmon is produced for export to countries such as the United States and Japan.

Salmon farms are found primarily in and around the north-east and west coasts of Vancouver Island, while most shellfish farms are situated in the Georgia Basin, mainly the Baynes Sound area. Trout farms are located throughout the province, with major concentrations in the Lower Mainland and Thompson/Okanagan areas.

Favourable oceanographic conditions along British Columbia's coast support the cultivation of 17 finfish and shellfish species. After salmon, shellfish (\$165 million), are the second-most important source of revenue for the fishing industry. Almost all (\$153 million) of the province's shellfish harvest is wild, but fish farming operations — most of them situated in the Georgia Basin — account for about 7 per cent of the total wholesale value.

Other species farmed or caught by British Columbia fishers include groundfish (\$142 million), herring (\$116 million) and halibut (\$64 million). The herring

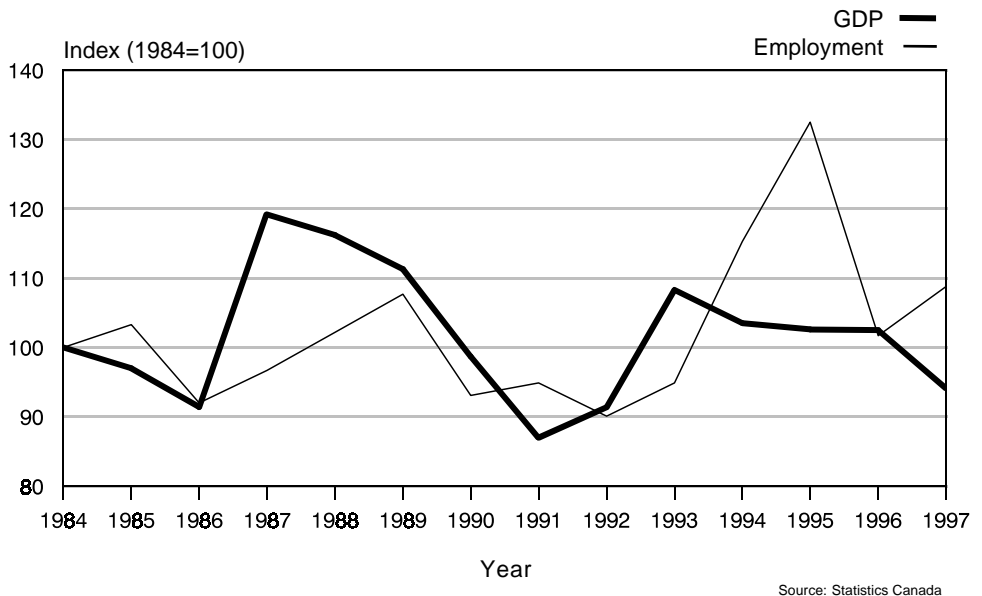
harvest (almost 32,000 tonnes in 1997) is almost exclusively destined for sale in Japanese markets, which absorb more than 90 per cent of British Columbia's herring products. The halibut fishery continues to provide a reliable source of income. British Columbia's halibut harvest in 1997 was 5,100 tonnes, an increase of 24 per cent over the previous year.

Logging and Forestry

Real GDP (1997):
\$2,029 million
Employment (1997):
30,000

Forests cover almost 50 million of the 90 million hectares of Crown land in British Columbia. About half of British Columbia's forested land is managed for commercial production, while a quarter of the land base is set aside for other purposes such as maintaining old-growth ecosystems or managing riparian areas. In 1995/96, there were 27.0 million hectares of mature timber stands and 15.7 million hectares of immature timber in timber supply areas and tree farm licences. Another 3.0 million hectares of forest land were not stocked due to harvesting, wildfire, or other reasons. (This excludes forests on private land, in parks, or in federally-owned land).

Chart 4.12 Index of Primary Forestry GDP and Employment



Coniferous forests make up about 96 per cent of forested land, giving British Columbia about half the national softwood inventory. Western hemlock is the predominant species in coastal forests, while spruce (mainly white spruce) and pine (mainly lodgepole pine) are the major species in the interior.

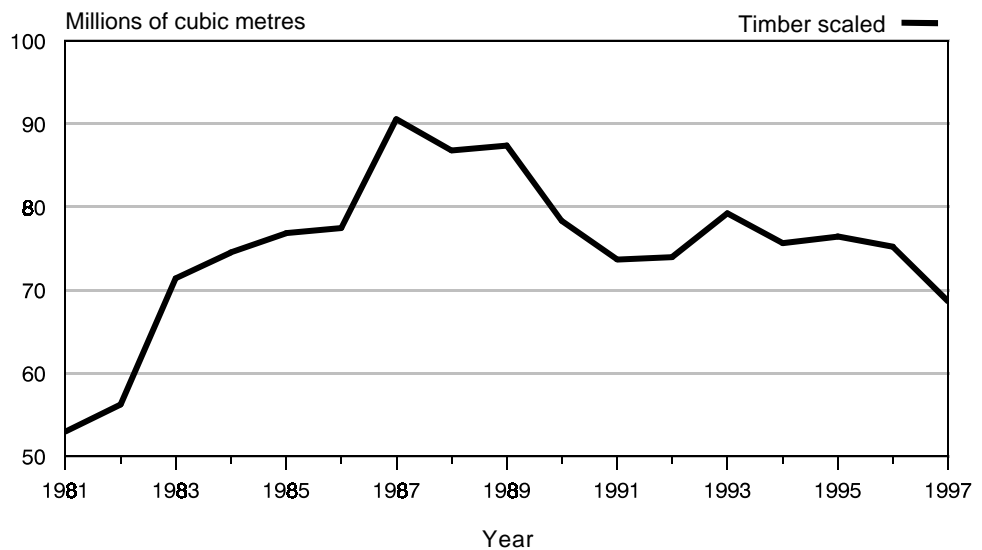
The province's logging and forestry industry — logging (both own-account and contract logging), silviculture, and other forestry services — employed 30,000 people in 1997, comprising 1.6 per cent of the workforce. The industry's contribution to total GDP exceeded \$2 billion (1992) dollars, generating 2.4 per cent of the provincial total. It should be noted that some of the harvesting is done directly by firms that are mainly engaged in manufacturing activities; thus, some of the logging and forestry activities which take place in the province are included in manufacturing rather than primary forestry.

GDP in the logging and forestry industry has declined slightly during the last decade and a half, and the industry's share of total GDP has been falling since

1984, when 3.7 per cent of British Columbia's GDP originated in logging and forestry. Despite the decline in GDP, employment in the industry has increased 9 per cent since 1984. However, this was well below the average (46 per cent) for all industries.

British Columbia's timber harvest was 68.6 million cubic metres in 1997, which was 9 per cent less than in 1996 (see Appendix Tables A4.3 and A4.4). About 70 per cent of the harvest was in the Interior and the remaining 30 per cent was on the Coast.

Chart 4.13 British Columbia Timber Harvest



Source: Ministry of Forests

The logging and forestry industry produces the main input used by British Columbia's two largest manufacturing sectors: the wood and paper and allied products industries. These industries have recently faced challenges related to softer world demand and international prices for their products. This has had a negative effect on the performance of the industry. In addition, supply constraints are beginning to be felt. The easier access to timber enjoyed by the forest industry in the past is becoming less common, as the remaining stands of old-growth timber are often found in more inaccessible areas. The annual allowable cut has been decreased, and some potentially productive forest land has been set aside for other uses (such as parks). Moreover, environmental concerns and other issues have resulted in changes to logging practices, which are more environmentally friendly, but also often more costly.

The province's timber harvest takes place primarily in older forests that have accumulated high timber volumes by growing for long periods—in some cases, hundreds of years. Future harvests will be on sites that have been regenerated, and trees will likely be harvested at a younger age, yielding lower volumes per hectare.

Management of the Forest Resource

Almost all (93 per cent) of British Columbia's forest land is managed by the provincial government under the Forest Practices Code. In addition, the Timber Supply Review process determines the Annual Allowable Cut (AAC) — the allowable rate of harvest from a specified area of land. The first (1996) round of the Timber Supply Review resulted in a 0.5 per cent decline in the provincial AAC. Work is underway on the second round, and by December 2001, new AACs will be determined for all Timber Supply Areas and Tree Farm Licences in the province. The price (stumpage rate) for Crown timber is set by the provincial government.

Most Crown timber is harvested by licencees with Forest Licences and Tree Farm Licences. Crown timber is also sold to individuals and small firms in British Columbia under the Small Business Forest Enterprise Program (SBFEP). Current registration with the SBFEP includes 2,100 independent firms and individuals, of which 1,750 are loggers and 350 are timber processors. Program expenditures in 1997/98 were \$142 million, of which more than \$110 million was paid to contractors for constructing roads, reforesting land, and otherwise assisting in the management of the forest resource.

Provincial government revenue associated with the harvesting of crown timber totalled \$1.8 billion in 1997/98. Of this total, \$1.4 billion was from timber sales, with an additional \$343 million in revenues from the SBFEP.

During the 1997 fire season, 1,161 wildfires burned 1,870 hectares of British Columbia forests. The provincial government spent \$61.6 million on its forest fire suppression program — \$42.6 million to prepare for the fire season, and \$19.0 million to directly fight wildfires. In comparison, \$82.2 million was spent in 1996/97 to suppress 1,346 wildfires. Reforestation and silviculture efforts are ongoing, and in 1996, an all-time high of 258 million seedlings were planted on Crown land by private industries and government.

**Mining,
Quarrying and
Oil Wells**

Real GDP (1997):
\$2,380 million

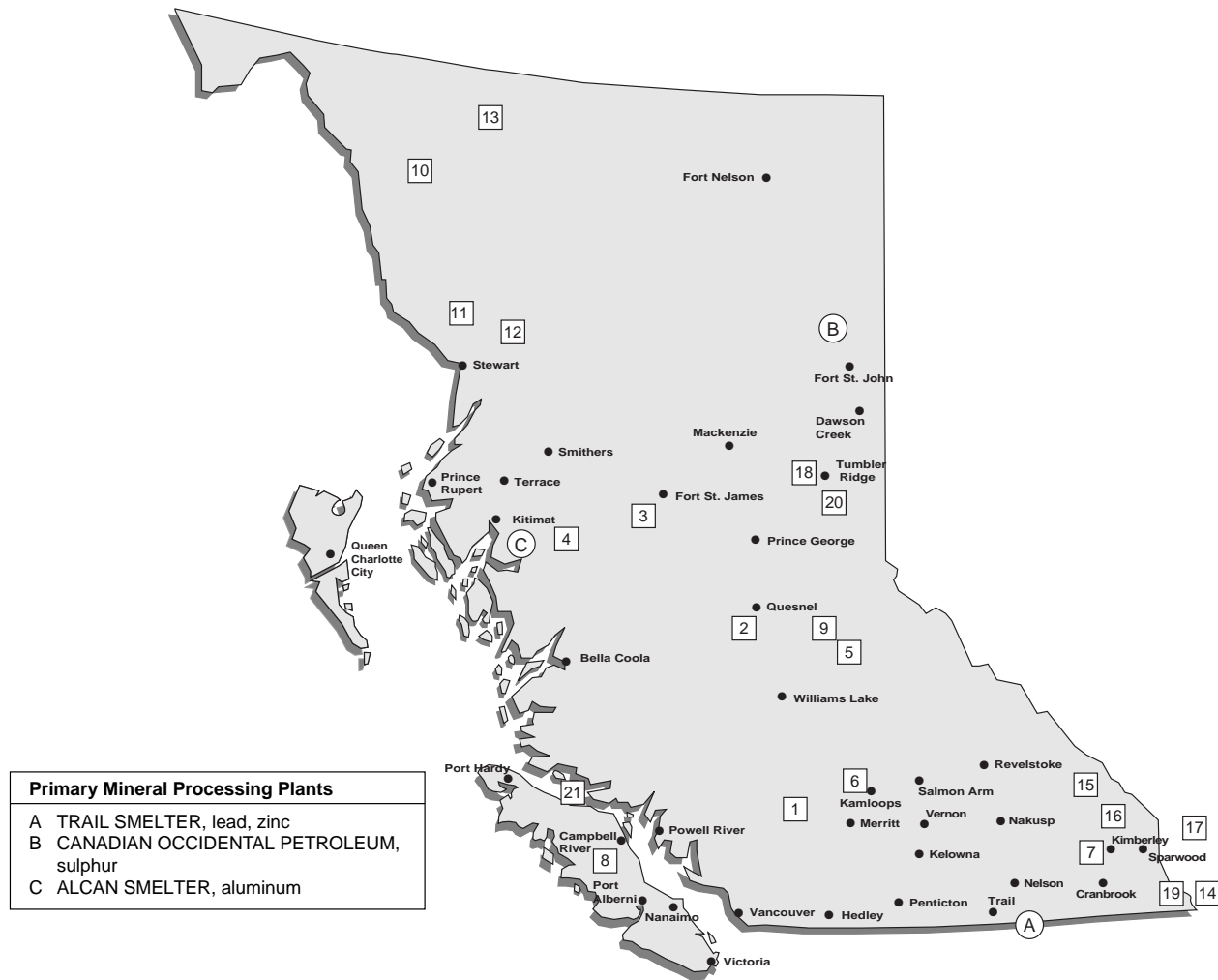
Employment (1997):
17,000

Most of British Columbia lies within the Western Cordillera, a geological formation known to contain a wide variety of valuable minerals. The province is a major producer of coal and natural gas, as well as metals such as gold, silver, lead, zinc, copper and molybdenum. Over the past three decades, technological advances in exploration and mining and new domestic and foreign markets have resulted in increased mineral production in the province.

Primary mining activities in the province — the extraction of metals, non-metallic minerals, coal, oil and gas, as well as quarrying and services such as drilling and exploration — employed 17,000 British Columbians (0.9 per cent of the work force) and generated 2.8 per cent of the province's GDP in 1997.

Although employment in mining has declined slightly during the 13-year period from 1984 to 1997, the industry has made significant gains in terms of the contribution it makes to the provincial economy. Its GDP has increased more than 50 per cent during the last 13 years, largely due to very strong growth during the period since 1993. This is almost entirely the result of a boom in the province's petroleum and natural gas sector, which entered a period of rapid growth at the beginning of this decade, and has more than doubled its GDP during the years since 1984. This compares to growth of 18 per cent over the entire period for the

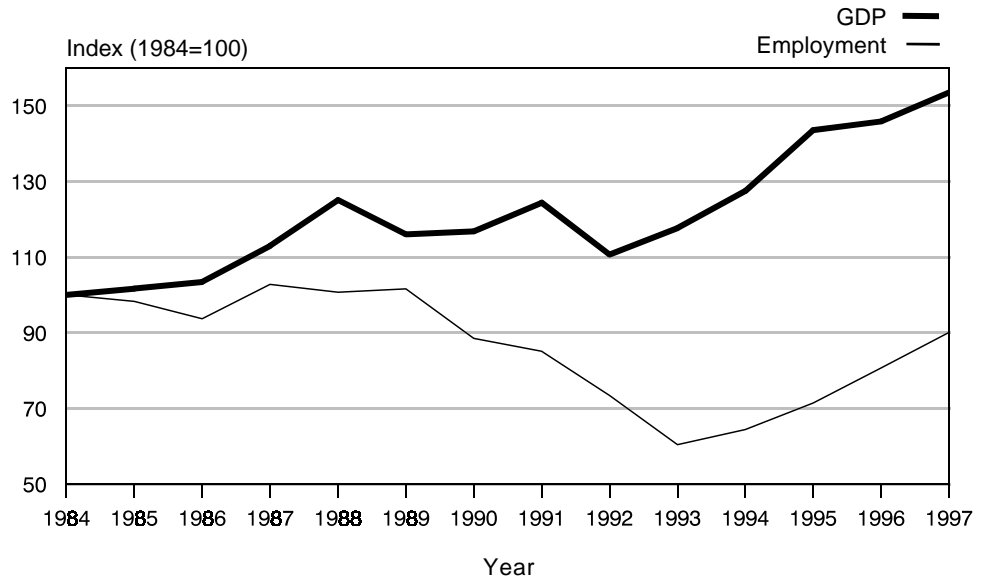
Map 4.1 Operating Mines (1997)



OPERATING MINES – 1997			
Company	Location	Capacity (tonnes/day)	Products
1 Highland Valley Copper (Highland Valley Copper)	Highland Valley	120,000	Copper, molybdenum, silver, gold
2 Westmin Resources Ltd. (Gibraltar)	Granite Mountain	36,000	Copper, molybdenum, silver
3 Thompson Creek Mining Co. (Endako)	Fraser Lake	30,000	Molybdenum
4 Princeton Mining Corp. (Huckleberry)	Kemano	18,000	Copper, molybdenum, gold, silver
5 Imperial Metal Corp. (Mount Polley)	Likely	18,000	Copper, gold
6 Afton Operating Corp. (Afton)	Kamloops	8,000	Copper, silver, gold
7 Cominco Ltd. (Sullivan)	Kimberley	6,900	Zinc, lead, silver
8 Westmin Resources Ltd. (Myra Falls)	Buttle Lake	3,500	Copper, zinc, gold, silver
9 Kinross Gold Corporation (QR)	Quesnel	1,200	Gold, silver
10 Wheaton River Resources Ltd. (Golden Bear)	NW B.C.	1,000	Gold
11 Prime Resources Group Ltd. (Ship)	Bronson Creek	425	Gold
12 Prime Resources Group Ltd. (Eskay)	Stewart	300	Gold, silver
13 Cusac Industries (Table Mountain)	Cassiar	90	Gold
14 Fording Coal Ltd. (Coal Mountain Operations)	Sparwood	n/a	Coal
15 Fording Coal Ltd. (Fording River Operations)	Elkford	n/a	Coal
16 Fording Coal Ltd. (Greenhills Operations)	Elkford	n/a	Coal
17 Manalta Coal Ltd. (Line Creek)	Sparwood	n/a	Coal
18 Teck Corp. (Bullmoose)	Tumbler Ridge	n/a	Coal
19 Teck Corp. (Elkview)	Sparwood	n/a	Coal
20 Teck Corp. (Quintette)	Tumbler Ridge	n/a	Coal
21 Hillsborough Resources Ltd. (Quinsam)	Campbell River	n/a	Coal

Note: Afton closed in May 1997 and Table Mountain shut down in December 1997. Golden Bear reopened in September 1997. Mount Polley opened in September 1997 and Huckleberry opened in October 1997.

Chart 4.14 Index of Primary Mining GDP and Employment



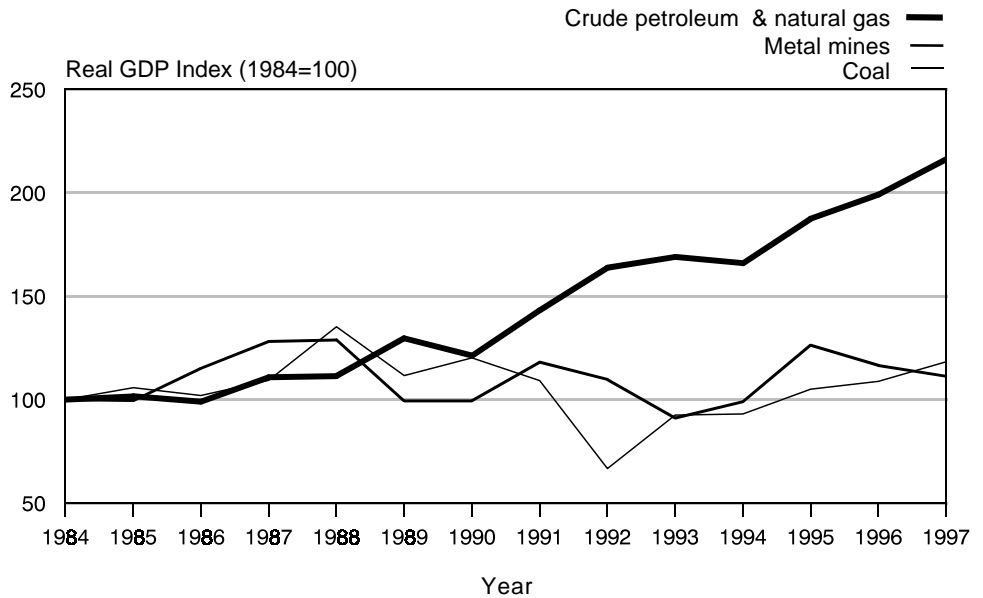
Source: Statistics Canada

coal mining industry, and 11 per cent for metal mining. Forty-one per cent of the mining industry's GDP originated in the petroleum and natural gas sector in 1997. Coal (22 per cent) and metal mining (22 per cent) also made sizeable contributions to the industry's total output.

Solid Minerals

The value of solid minerals — coal, metals, and non-metallic minerals — produced in British Columbia during 1997 was estimated at \$3.2 billion, a 2.2 per cent increase from \$3.1 billion in 1996 (see Appendix Tables A4.5, A4.6 and A4.7).

Chart 4.15 Index of Primary Mining GDP by Components



Source: Statistics Canada

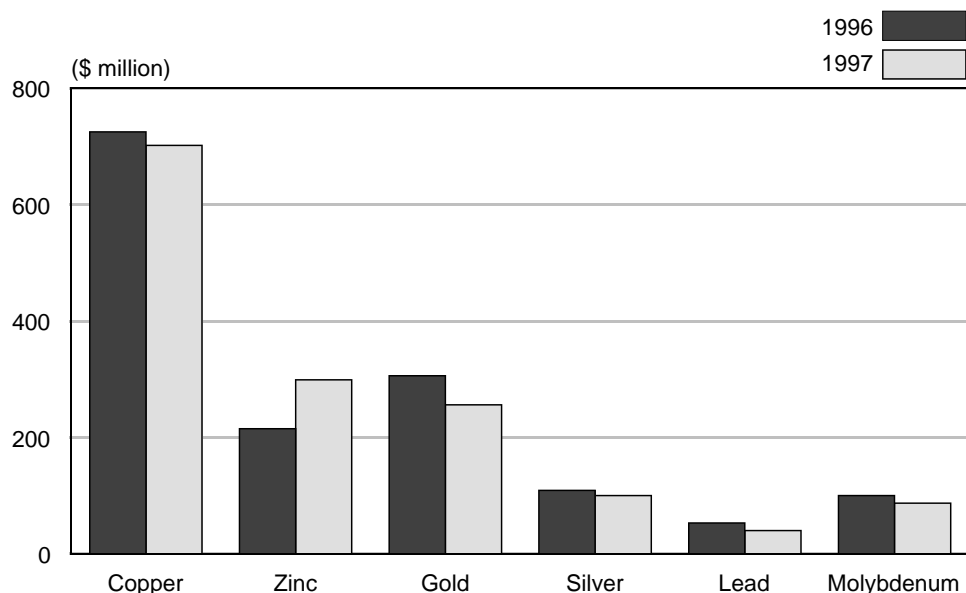
Coal sales accounted for about a third (\$1.2 billion) of the total. Most (\$1.1 billion) of the coal produced in British Columbia is metallurgical coal, used to produce steel. Sales of thermal coal (used in power generation) totalled \$81 million in 1997. Much of British Columbia's coal production is destined for export, with Japan being the province's most important customer.

Just over a third (36 per cent) of Canada's total coal production (in tonnes) originated in British Columbia, but the province's share of the total value of Canadian coal sales during 1997 was 58 per cent, due to the higher prices received by British Columbia producers compared to producers in the rest of Canada.

The total value of all metals produced in British Columbia during 1997 was \$1.5 billion, 2.2 per cent less than in the previous year. Two new mines, Mount Polley (copper/gold) and Huckleberry (copper/molybdenum/gold); and one heap-leach gold operation (Golden Bear) opened in the fall of 1997. The Afton/Ajax copper mine closed in May 1997.

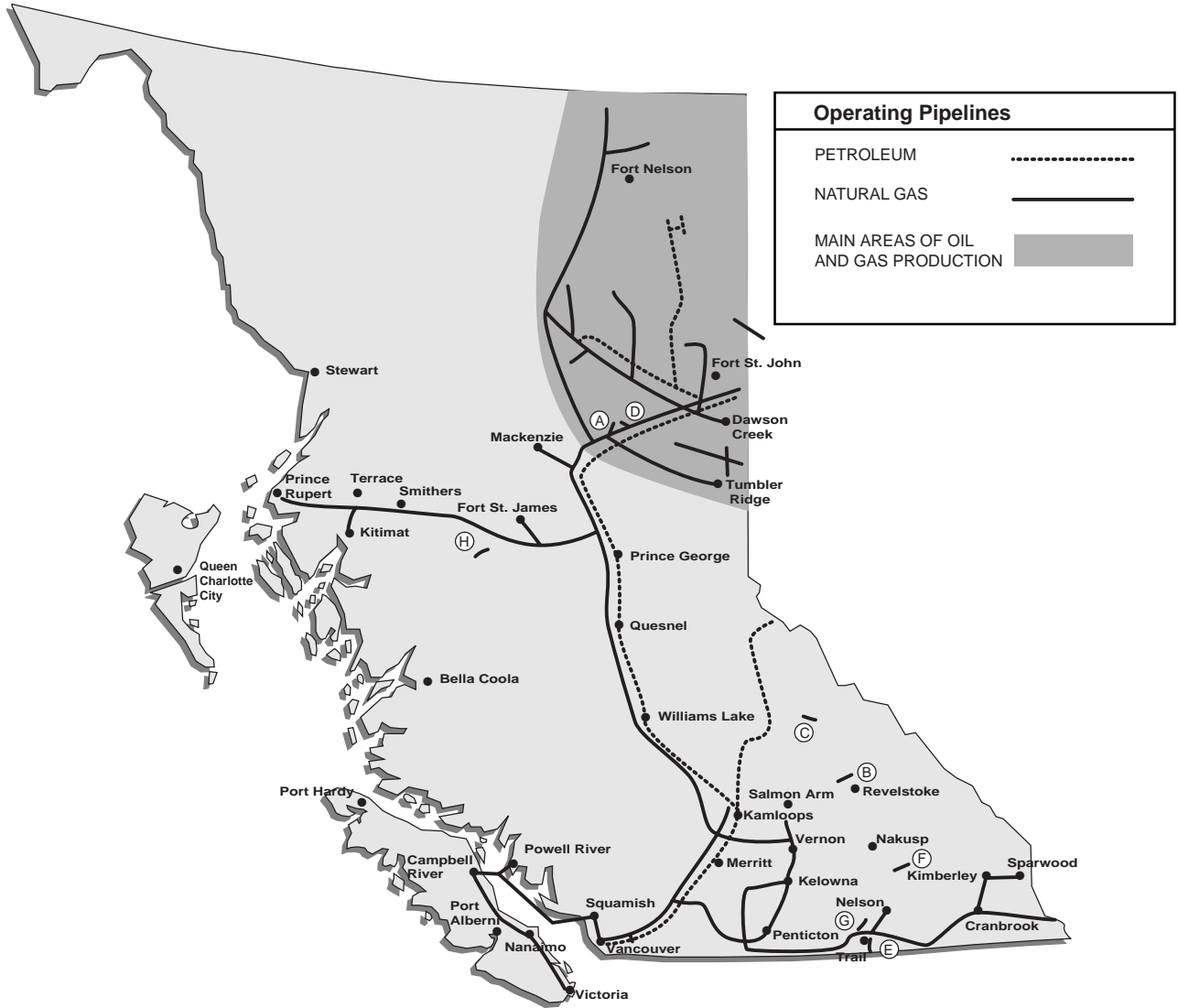
Copper remained the most valuable metal, with \$702 million in mine shipments, down 3.1 per cent from the previous year. Zinc production increased 39 per cent, to \$299 million, boosted by higher prices and volumes. However, a decline in the price of gold (to US \$331.00 per ounce in 1997 from US \$387.70 in 1996) pulled down the value of British Columbia's gold production, which dropped to 16 per cent below the 1996 level. The value of silver, molybdenum, lead and other metals produced in British Columbia also decreased in 1997. However, production of non-metallic minerals (such as lime, gypsum, cement and sand) rose 5.2 per cent to \$463 million in 1997.

Chart 4.16 Value of Metal Production



Source: Ministry of Energy and Mines

Map 4.2 Provincial Pipeline Network and Major Hydroelectric Dams



DAMS	RIVERS	LAKES/RESERVOIRS	YEAR OF INITIAL OPERATING	OPERATION CAPACITY(KW)	
A	W.A.C. Bennett	Peace	Williston	1968	2,730,000
B	Revelstoke	Columbia	Revelstoke	1984	1,843,000
C	Mica	Columbia	Kinbasket	1976	1,736,000
D	Peace Canyon	Peace	Dinosaur	1980	700,000
E	Seven Mile	Pend d'Oreille	Seven Mile	1979	594,000
F	Duncan	Kootenay	Duncan	1967	Storage Dam
G	Hugh Keenleyside	Columbia	Arrow	1968	Storage Dam
H	Kenney (Alcan)	Nechako	Nechako	1952	Storage Dam

Chapter 4: Industrial Structure and Performance

Petroleum and Natural Gas

Petroleum and natural gas producers provided the impetus for the growth of British Columbia's mining industry during 1997. The value of natural gas production jumped sharply (19 per cent), rising from \$817 to \$974 million in 1997. The increase was mainly driven by higher prices. The volume of natural gas production was 5.1 per cent higher than in 1996. British Columbia producers of crude oil also made significant gains (13 per cent), as the value of their production rose from \$398 to \$412 million, largely due to increased volumes.

British Columbia's Northeast region is the only area of the province where oil and gas is produced. The gas is processed at 18 pumping stations, many of which recover liquid by-products. 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 been extended north to the Fort Nelson area, west to Prince Rupert, and across the southern portion of the province. 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, and communities from Prince George to Prince Rupert. Natural gas produced in the province is also exported to the United States.

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 to Vancouver. In addition, two pipelines have been proposed to transport oil and natural gas liquids from Taylor to Alberta. There is also a proposal for a natural gas pipeline that would transport oil and natural gas from British Columbia to the mid-western states.

The province's two oil refineries are located at Prince George and Burnaby. These refineries together process just over half of British Columbia's crude oil production. The rest is exported.

Mineral Exploration

Mineral exploration activity decreased slightly in 1997. Preliminary estimates from federal/provincial surveys of the mineral exploration industry indicate that \$105 million was invested in exploration programs during 1997, 8 per cent less than in the previous year. Total mineral claimstaking activity was also down in 1997, as low gold and copper prices made it difficult to obtain financing for risky exploration projects.

Petroleum and natural gas exploration increased in 1997, with 583 wells drilled, up from 461 in the previous year. Exploration continued to concentrate on potential sources of natural gas due to expected long-term increases in demand.

Manufacturing

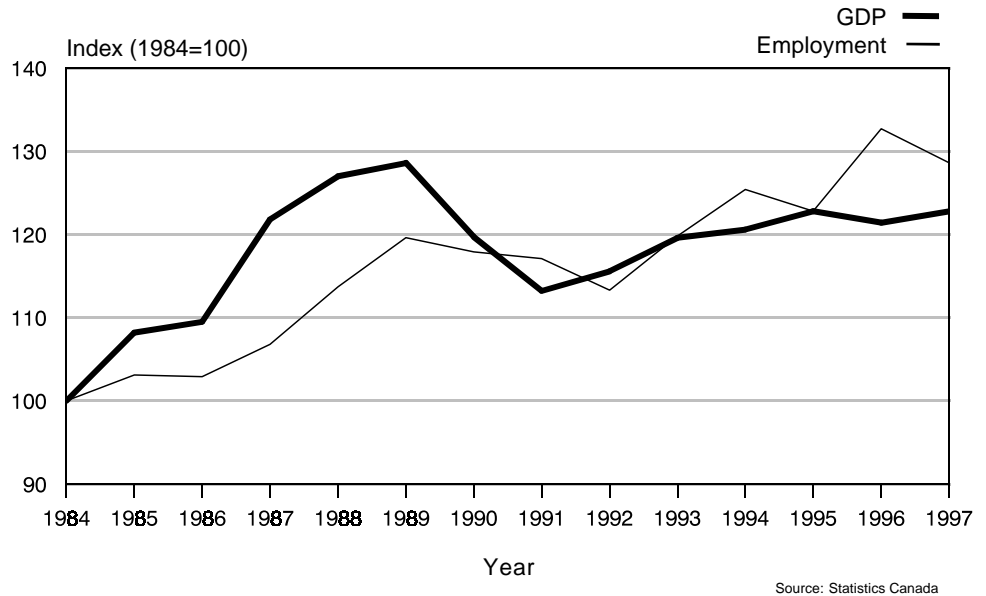
Real GDP (1997):
\$8,560 million

Employment (1997):
201,000

Ten per cent of British Columbia's GDP originates in the province's manufacturing sector, which employs 11 per cent of its workforce. During the years since 1984, the manufacturing sector has expanded almost 25 per cent, and employment in the sector has increased at a similar rate.

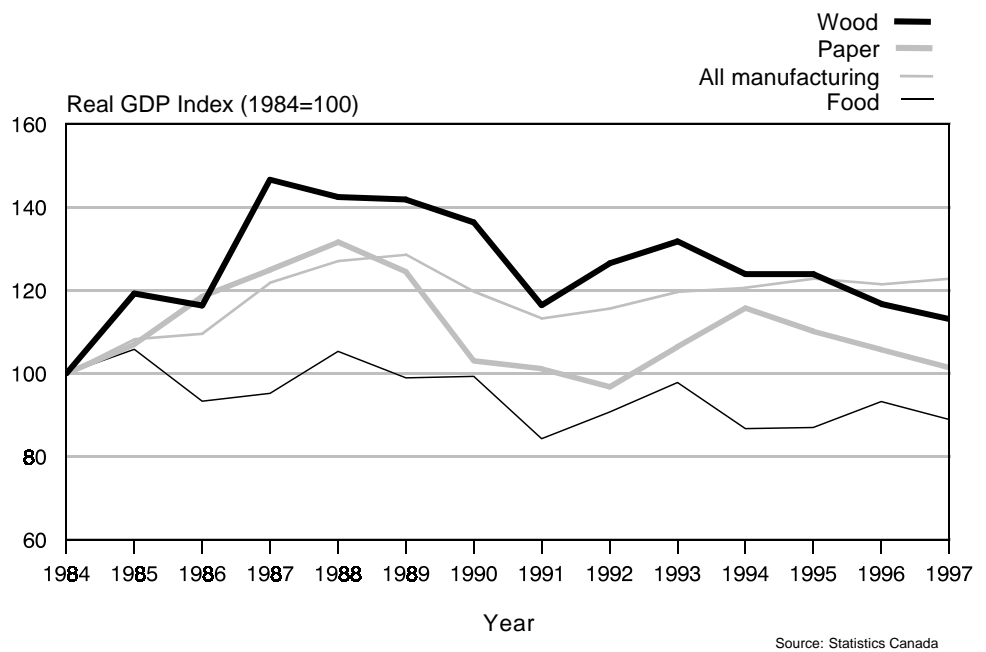
Manufacturing in British Columbia continues to be largely resource-based, with a major emphasis on forest products (wood and paper) and food. These three industries alone account for nearly half the sector's total GDP (\$3,933 million), and a similar share of its workforce (92,000 people).

Chart 4.17 Index of Manufacturing GDP and Employment



Other important industries within British Columbia's manufacturing sector include metal fabricating (with a real GDP of \$635 million in 1997), printing and publishing (\$590 million) and the machinery and equipment (\$506 million) industry. British Columbia's manufacturing sector also includes aerospace and consumer-oriented industries, such as furniture and fixtures, plastics, and sports and fashion clothing.

Chart 4.18 Index of Manufacturing GDP by Components



Map 4.3 Pulp and Paper Mills (1997)



* As at December 1997

For integrated mills, pulp capacity includes pulp which is used internally to produce paper and to produce market pulp (if any) which is shipped from the mill site. Annual capacity is based on 345 operating days per year.

** Uses recycled newsprint to produce pulp.

Company	Location	Estimated Annual Capacity ('000 tonnes)*	
		Pulp	Paper
1 Avenor Inc.	Gold River	259	—
2 Canfor Corporation (Intercontinental Div.)	Prince George	273	—
3 Canfor Corporation (Prince George Pulp and Paper Div.)	Prince George	255	95
4 Cariboo Pulp and Paper Co. Ltd.	Quesnel	323	—
5 Celgar Pulp Ltd.	Castlegar	414	—
6 Crestbrook Forest Industries Ltd.	Skookumchuk	224	—
7 Crown Packaging Ltd.	Burnaby	—	164
8 Eurocan Pulp and Paper Co.	Kitimat	455	455
9 Fibreco Pulp Inc.	Taylor	231	—
10 Finlay Forest Industries Ltd.	Mackenzie	190	190
11 Fletcher Challenge Canada Ltd.	Crofton	740	411
12 Fletcher Challenge Canada Ltd.	Duncan Bay	814	576
13 Fletcher Challenge Canada Ltd.	Mackenzie	207	—
14 Harmac Pacific Inc.	Cedar	386	—
15 Howe Sound Pulp and Paper Ltd.	Port Mellon	500	193
16 Island Paper Mills Company	New Westminster	—	173
17 Louisiana Pacific Corp.	Chetwynd	173	—
18 MacMillan Bloedel Ltd.	Port Alberni	288	381
19 MacMillan Bloedel Ltd.	Powell River	633	449
20 Newtech Recycling Inc.**	Coquitlam	166	—
21 Northwood Pulp and Timber Ltd.	Prince George	518	—
22 Quesnel River Pulp Co.	Quesnel	314	—
23 Scott Paper Ltd.	New Westminster	31	78
24 Skeena Cellulose Inc.	Prince Rupert	449	—
25 Western Pulp Ltd. Partnership	Port Alice	162	—
26 Western Pulp Ltd. Partnership	Woodfibre	257	—
27 Weyerhaeuser Canada Ltd.	Kamloops	447	—
		<u>8,708</u>	<u>3,164</u>

Forest Products

Manufacturers of wood and paper products in the province have faced challenges in recent years. Much of the lumber produced in the province is destined for export, and external events can have a significant effect on British Columbia producers. For example, economic conditions in Japan led to a sharp decline in housing starts in 1997, dampening the demand for British Columbia lumber exports, and putting downward pressure on the prices received for hemlock baby squares, a key coastal lumber product used in traditional Japanese post and beam housing. In addition, despite continued strong demand for lumber in North American markets, lumber prices in the United States (British Columbia's most important export market) softened during 1997 in response to an increase in supply from other sources in eastern Canada, the southern United States and the Pacific Northwest region of the United States.

In the paper industry, pulp production reached 7.1 million tonnes in 1997, a decrease of 3 per cent from the previous year (see Appendix Table A4.10). A nine-month strike at Fletcher Challenge Canada's British Columbia mills that began in July 1997 contributed to a 17 per cent decline in newsprint production, which dropped to 1.1 million tonnes during 1997. Total newsprint, paper and paperboard production decreased 9 per cent to 2.6 million tonnes.

British Columbia's forest products sector has been constrained for some time, as the demand for British Columbia wood and paper products has not expanded as much as the demand for other goods and services. As a result, the wood and paper industries have been in a downturn during most of the last ten years. However, employment in the wood and paper industries has increased moderately, growing to 72,000 workers from 67,000 between 1984 and 1997.

Forest product manufacturers in the province have historically concentrated most of their efforts on the production of semi-processed lumber and wood pulp. A growing emphasis on higher value-added products such as specialty papers, siding, furniture components, door and window stock and other end-use products for export may help put these industries on track for growth in the future. For example, 22 per cent of pulp and paper exports in 1997 were finished paper (excluding newsprint) and paper products. This compares to 10 per cent in 1990. Similarly, solid wood exports in 1997 included 9 per cent value added wood products, compared to 6 per cent in 1990.

Food

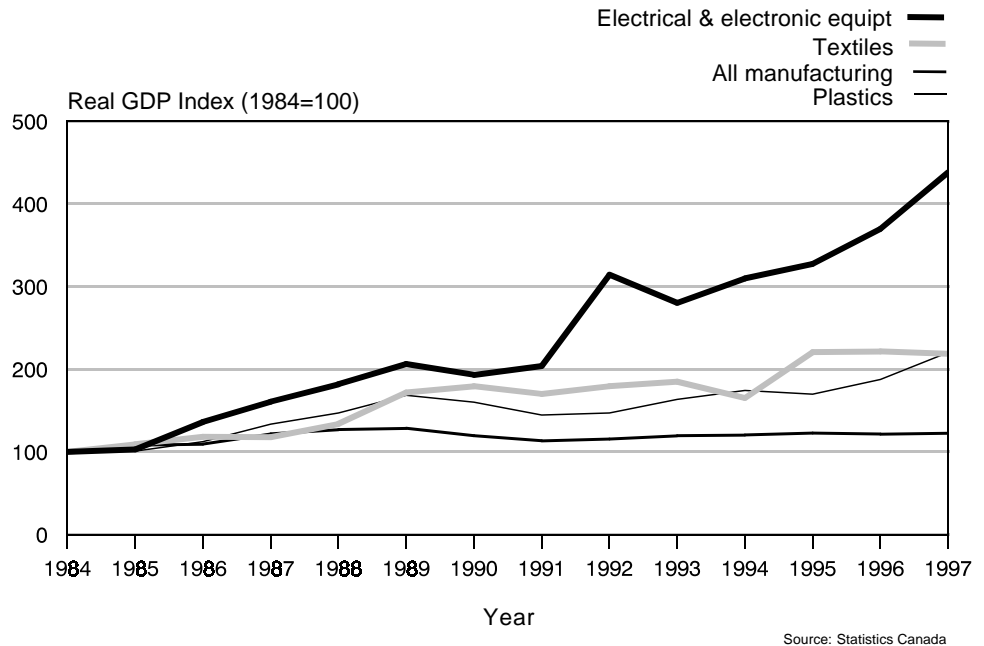
British Columbia's food processing industry — the third largest in the manufacturing sector — has declined slightly during the period since 1984. About half of the GDP of this industry originates in meat and fish processing. Food manufacturers also use locally-produced agricultural products to manufacture canned and frozen fruits and vegetables. The food processing industry is largely concentrated in the Lower Mainland, Okanagan Valley and southern Vancouver Island. The province's 181 seafood processing plants are located in the Lower Mainland, Vancouver Island and Prince Rupert areas.

Emerging Industries

Despite the limited growth in its three largest industries (wood, paper and food), there are some very positive trends in the manufacturing sector, which has been diversifying away from its emphasis on primary products toward the production of a wider range of higher value-added goods. The most notable gain has been made by the electrical and electronic equipment manufacturing industry, which has

grown from a fairly small industry (employing 5,000 workers in the province and accounting for just over 1 per cent of the sector's GDP) to the eighth largest industry within the manufacturing sector. In 1997, electrical and electronic product manufacturers employed 9,000 workers, and generated almost 5 per cent (\$397 million) of the manufacturing sector's GDP. The electronics group is particularly noted for its achievements in wireless communications, remote sensing, and computer technology.

Chart 4.19 Index of Emerging Industries GDP by Components



The plastics industry is another emerging industry which has made significant gains — more than doubling its GDP to \$253 million — during the period since 1984. Other industries which have posted gains of at least fifty per cent include the textile products, rubber, machinery and equipment, and clothing industries.

Many of the new products in British Columbia's more diversified export mix are in the machinery and equipment category. At \$2,638 million, the value of machinery and equipment exports in 1997 amounted to 10 per cent of British Columbia's total exports. High technology commodities are also a small but important part of the province's export mix, with a value of more than half a billion dollars in 1997. About two-thirds of these exports are destined for the United States.

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, aluminium refining, and methanol and ammonia production. Wood products, food and beverage processing, trucks, mobile homes, and recreation 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).

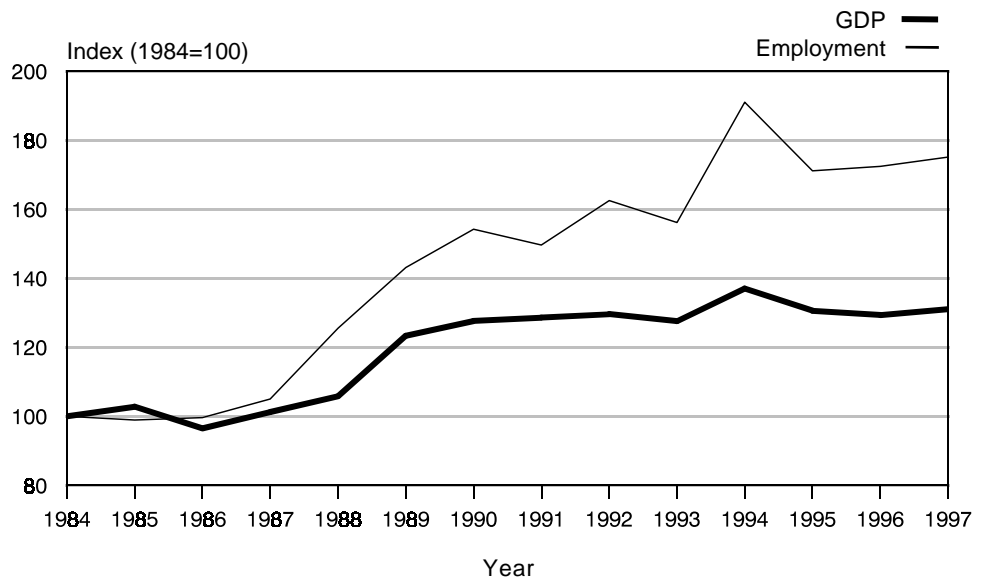
Construction

Real GDP (1997):
\$5,942 million

Employment (1997):
129,000

British Columbia's construction industry covers a variety of activities, ranging from the construction of single-family dwellings and apartment towers, commercial buildings and institutions, to the building of roads, highways, dams, and other industrial structures. It includes building, developing and general contracting industries, industrial and heavy construction, and the trade contracting industries, such as electrical, drywalling, painting and masonry work. In 1997, there were 129,000 people (7.0 per cent of the workforce) employed in this industry, which generated 6.9 per cent of the province's GDP.

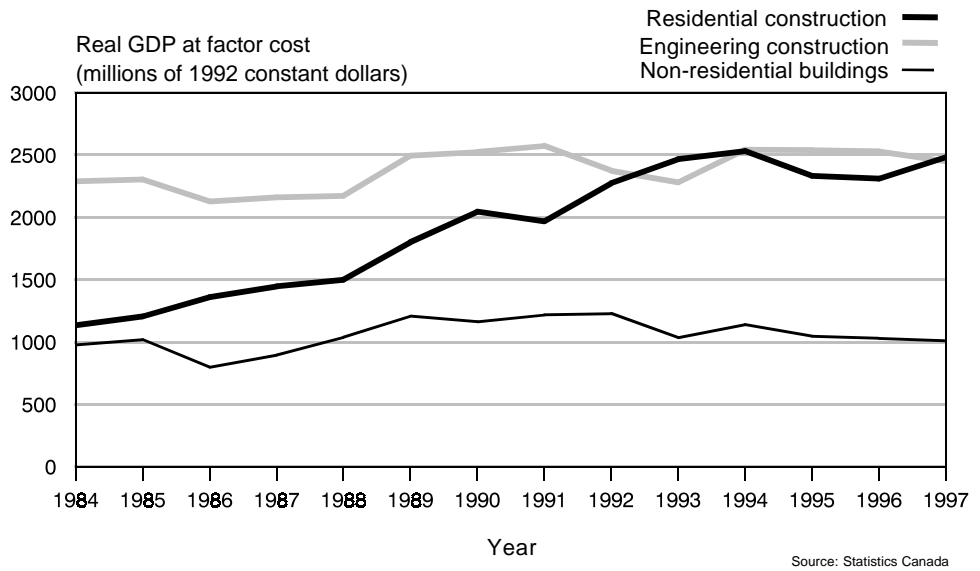
Chart 4.20 Index of Construction GDP and Employment



Source: Statistics Canada

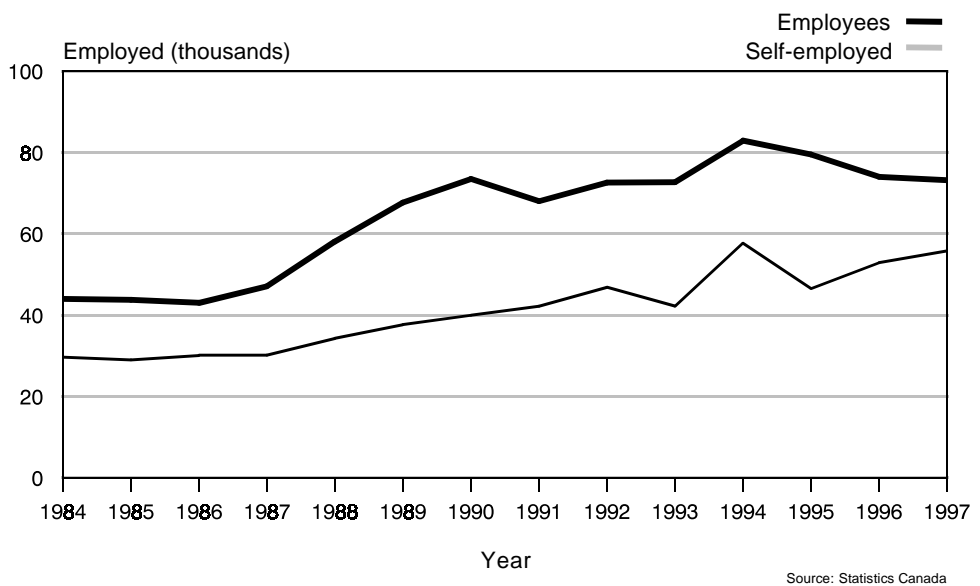
Both employment and GDP in the construction industry have increased substantially during the period since 1984, as an influx of people from other provinces and other parts of the world has put pressure on the supply of housing and other infrastructure in the province. This has provided an enormous boost to the residential construction industry, which has more than doubled its GDP during the years since 1984. However, the recent slowdown in population growth has moderated the demand for housing, dampening growth in the residential construction industry, which has been at a virtual standstill since 1995. The real GDP of the non-residential building construction industry, and engineering construction (such as roads, highways, gas and oil facilities and dams) has also seen little change over this period.

Chart 4.21 Construction GDP by Sector



Self-employment is an important factor in the construction industry. In 1997, 43 per cent (56,000) workers in this industry were their own bosses, and more than half of them (35,000) worked on their own, without any paid help.

Chart 4.22 Construction Employment



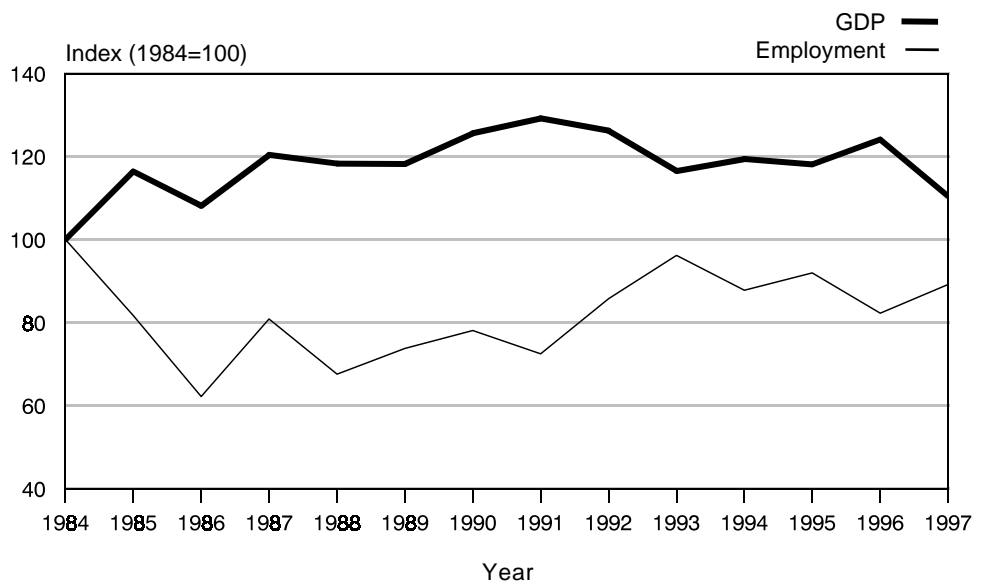
Utilities

Real GDP (1997):
\$1,982 million

Employment (1997):
13,000

The utilities industry includes establishments engaged in electric power and gas distribution, as well as water systems and other utilities such as waste disposal. These industries employed 13,000 British Columbians in 1997 (0.7 per cent of the province's workforce), but generated 2.3 per cent of its GDP. Electric power generation accounts for about 80 per cent of the industry's GDP and 11 per cent comes from natural gas distribution. 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 if they cross provincial or international boundaries. There are more than 17,000 kilometres of pipelines for gathering and transmitting natural gas in British Columbia, and about 6,300 kilometres of pipelines for gathering and transmitting oil.

Chart 4.23 Index of Utilities GDP and Employment



Source: Statistics Canada

The utilities industry is capital intensive. The output of electric power, for example, is more dependent on capital equipment (such as dams and transmission lines) and less dependent on labour as an input into production than many other industries. British Columbia's electricity transmission system consists primarily of the British Columbia Hydro Integrated System and the West Kootenay Power System. In addition, several municipalities own and maintain their own transmission and distribution systems. The British Columbia Hydro and West Kootenay systems have a total of 19,338 kilometres of high-voltage transmission lines, and 55,698 kilometres of lower voltage lines.

The electric power utilities industry generated 66,693 gigawatt hours (GWh) of electric power in 1997, down from 71,747 GWh in the previous year (see Appendix Table A4.12). Power generation had increased significantly in 1996, when additional power was exported in order to alleviate excessively high water levels at some reservoirs in the province.

The bulk (61,733 GWh) of the electric power generated in British Columbia comes from hydroelectric rather than thermal sources. Although British Columbia imports

a small amount of power from other provinces (4,316 GWh in 1997), the province is a net exporter of electric power. British Columbia's power exports increased from 3,972 GWh to 10,390 GWh between 1995 and 1996, and remained high (increasing to 12,114 GWh) in 1997.

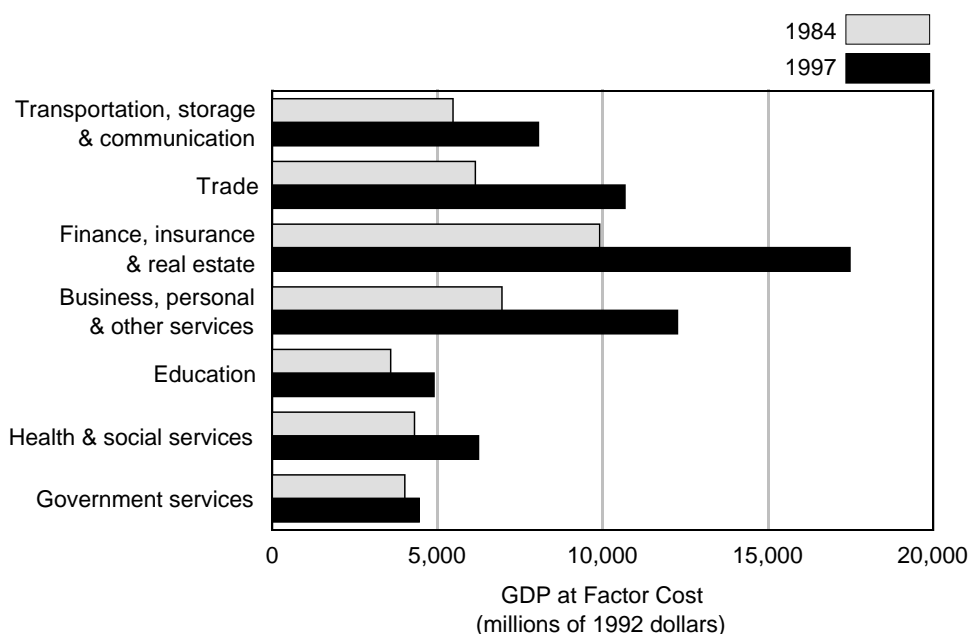
Service Industries

Real GDP (1997):
\$64,019 million

Employment (1997):
1,408,000

Three-quarters of British Columbia's GDP originates in the service sector, which employed 1.4 million of the province's 1.8 million workers in 1997. There are seven main industry groups within the service sector. They include: transportation, storage and communications; trade; finance, insurance and real estate; health care; education; other business and personal services; and government services. More than a quarter of the service sector GDP originates in the Finance, Insurance and Real Estate industry.

Chart 4.24 Service Sector GDP



Source: Statistics Canada

Transportation, Storage and Communications

Real GDP (1997):
\$8,048 million

Employment (1997):
134,000

British Columbia's transportation infrastructure provides a vital link for businesses shipping their goods and receiving supplies from within and outside the province. It also supports the movement of goods to and from other parts of Canada, including goods exported or imported through British Columbia's port system.

The province's network of highways — 23,710 paved kilometres of provincial highways, 18,730 unpaved kilometres and 2,727 bridges — provide all-weather access to most parts of British Columbia, allowing for the efficient movement of goods and opening the province up to residents and tourists. British Columbians and non-residents make considerable use of the highway system. Coquihalla highway statistics indicate that 2.7 million vehicles travelled on that route in 1997, of which 2.3 million were passenger vehicles.

Map 4.4 Provincial Transportation Network

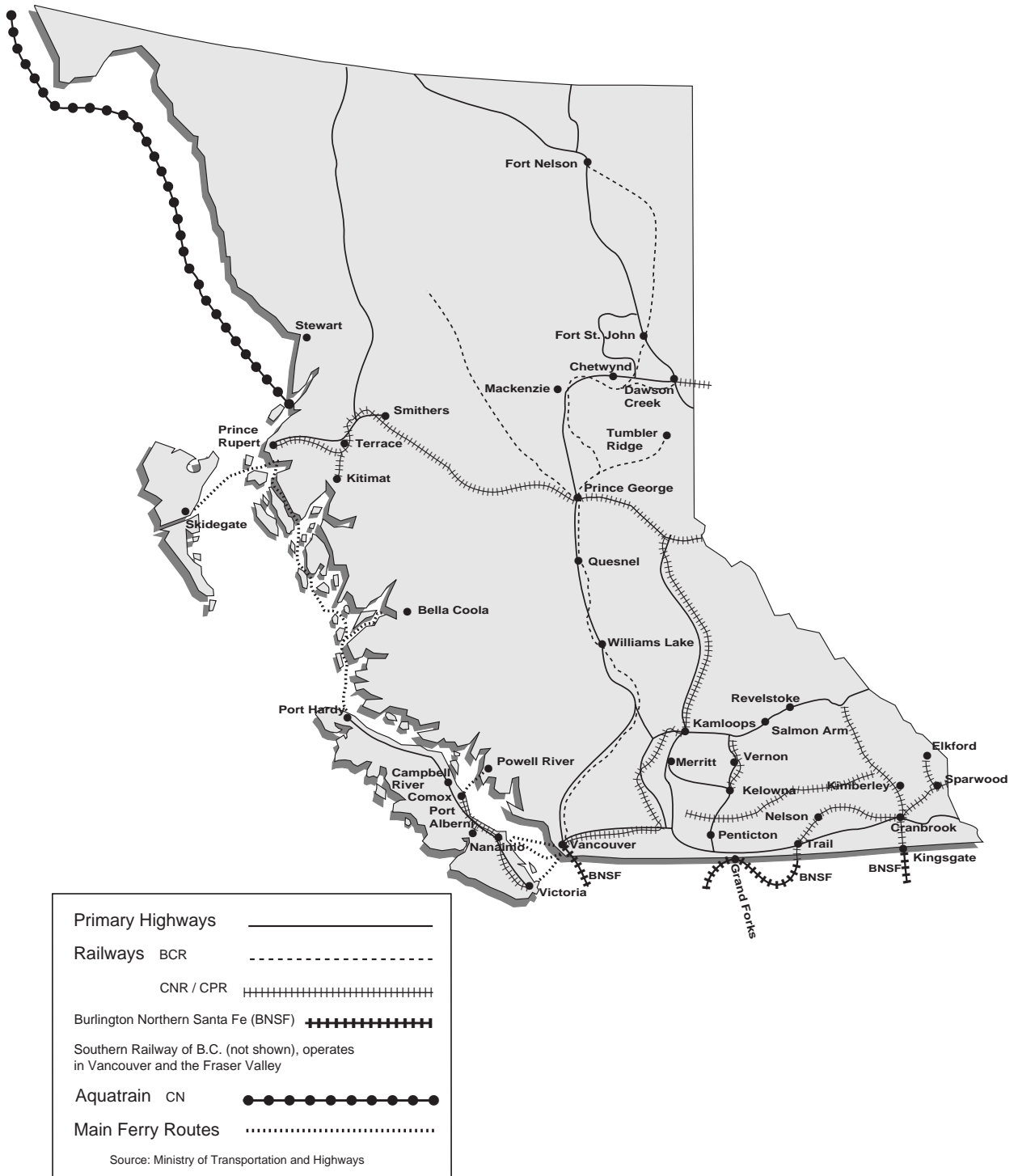
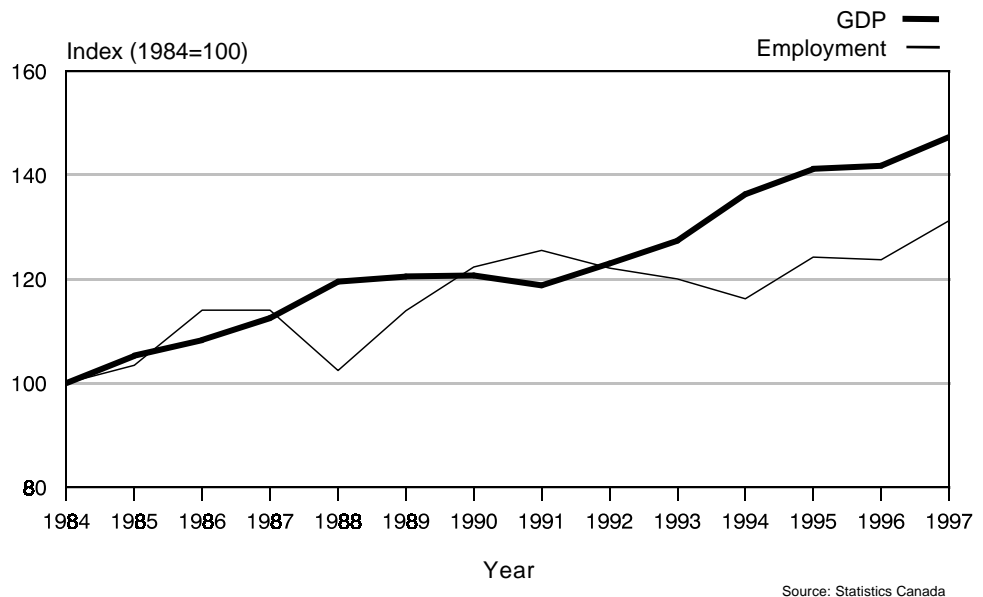


Chart 4.25 Index of GDP and Employment for Transportation, Storage and Communications



The transportation, storage and communications industry employed 134,000 British Columbians — just over 7 per cent of the workforce — in 1997. Nine per cent of the province’s total GDP originated in this sector.

Transportation industries — air, rail, water, truck, bus and other transportation services — account for two-thirds (86,000) of the employment and 61 per cent (\$4,902 million) of the GDP generated by this sector. Truck and rail transportation are the largest of the transportation industries. Both of these industries have grown significantly during the period since 1984. However, the air, water and public passenger transportation systems have decreased in size during the last thirteen years.

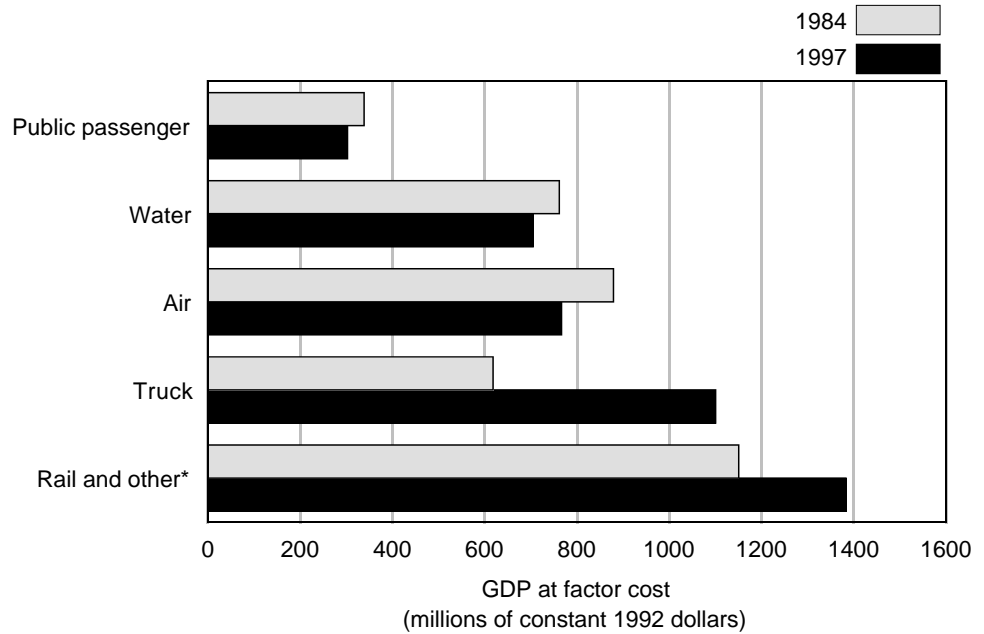
Truck Transportation

Truck transportation generated \$1,100 million of British Columbia’s GDP in 1997, making it the largest industry within this group. The truck transportation industry has expanded 78 per cent during the period since 1984, outperforming all other transportation industries. About a fifth of the workers in British Columbia’s transportation, storage and communications sector are employed by the trucking industry, which has seen a fifty per cent increase in its workforce since 1984. The relatively rapid growth of this sector is part of a nation-wide trend. GDP in the Canadian trucking industry has increased by two-thirds during the years since 1984.

The province’s location as Canada’s Pacific Gateway has benefited both the trucking and rail transportation industries, as most of the goods being transhipped through the province to or from the rest of Canada are carried on trucks or by train. Many goods exported from other provinces are shipped out of British Columbia ports. In particular, Prince Rupert and the Port of Vancouver are common destinations for prairie grains, as well as coal and other minerals produced in British Columbia and other provinces. Statistics Canada estimates that

transportation services account for about 9 per cent of British Columbia's exports to the rest of Canada.

Chart 4.26 Transportation GDP



* Includes taxis, other transportation, and related services such as freight forwarding

Source: Statistics Canada

Rail Transportation

Rail transportation also plays an important role within this sector. British Columbia has about 6,800 kilometres of mainline track operated by various rail companies, which have extensive freight hauling operations. Railways carry coal from southeastern British Columbia to a deep-sea, bulk-loading facility at Roberts Bank. The British Columbia Railway Company (BC Rail), a Crown corporation, carries commodities such as forest products, coal, minerals and metal concentrates to domestic, trans-border and overseas connecting points. The railway also provides intermodal services, operating a fleet of piggyback equipment, road vehicles, warehouses, and reload facilities.

Amtrak, BC Rail, Rocky Mountain Railtours and VIA Rail provide scheduled passenger service within the province. Amtrak operates a daily service from Vancouver to Seattle. Rocky Mountain Railtours is a seasonal passenger service that caters to tourists, running during daylight hours between Vancouver and Banff/Calgary or Jasper, with an overnight stop in Kamloops. VIA rail also operates three lines in British Columbia: Vancouver to Edmonton via Jasper; Jasper to Prince Rupert via Prince George; and Victoria to Courtenay on Vancouver Island. BC Rail also operates a scheduled passenger service, which runs between North Vancouver and Prince George.

Air Transportation

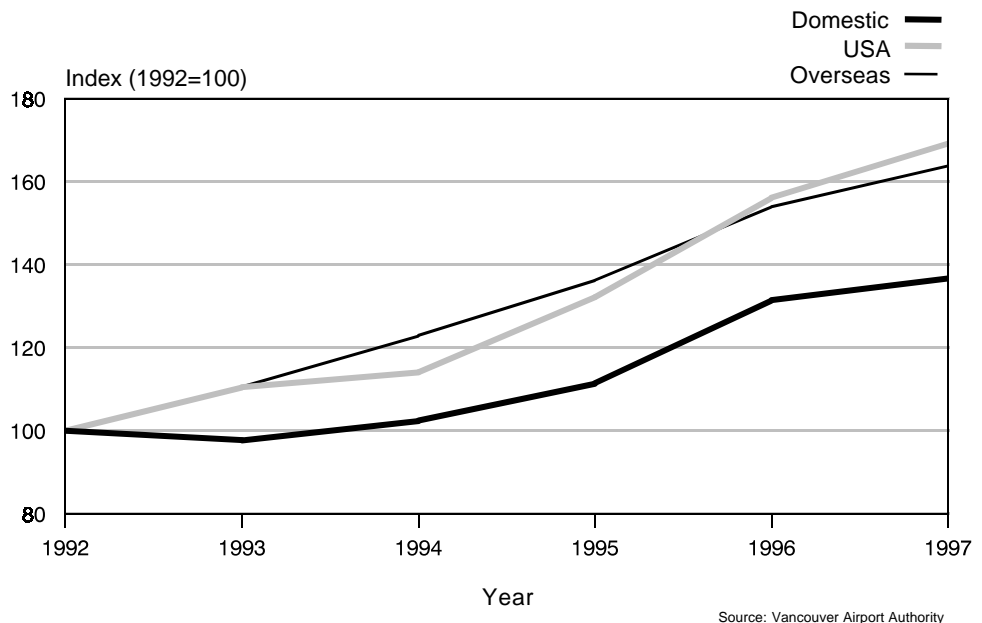
Local, regional and national air carriers operating throughout British Columbia provide scheduled and chartered services to domestic and foreign destinations using a network of more than 150 land-based airports, water-based facilities, and

heliports. Canadian Airlines International and Air Canada, along with their respective partners, are the main providers of domestic and international air services. In 1996, WestJet and Greyhound Air, new discount air carriers, commenced operations between major centres in western Canada. Greyhound Air ceased operations in the fall of 1997.

Air transportation services in British Columbia contributed \$766 million to the province's GDP in 1997. The industry has been undergoing a restructuring during the 1990s, as increased competition from discount air carriers has forced airlines to compete aggressively for passengers. This has affected the profitability of the industry. After going through some turbulence in the early 1990s (with GDP declining to 74 per cent of its 1984 value by 1991), the air transportation industry appears to be back on course. It has been growing since 1994, but still remains at 87 per cent of the 1984 level. The difficulties facing the air transportation industry were not unique to British Columbia, as the affected air carriers operate in all parts of the country. Nationally, the GDP of the air transportation industry just returned to its 1984 level in 1997.

Vancouver International Airport handles 87 per cent of the passengers travelling on scheduled services through British Columbia airports. Victoria, the second largest airport, accounts for about 4 per cent of the total, with the remaining passengers enplaning or deplaning at 15 airports in smaller centres. In 1996 (the latest year for which statistics are available), Kelowna and Prince George were the busiest of the smaller airports providing regularly scheduled services.

Chart 4.27 Passenger Traffic Through Vancouver International Airport



The international airports in Vancouver and Victoria have seen significant growth in usage during the 1990s. Vancouver's airport is the second busiest in Canada, with 14.8 million people travelling through it in 1997, setting a record for the fifth straight year. More than half (8 million) of the people using the airport were

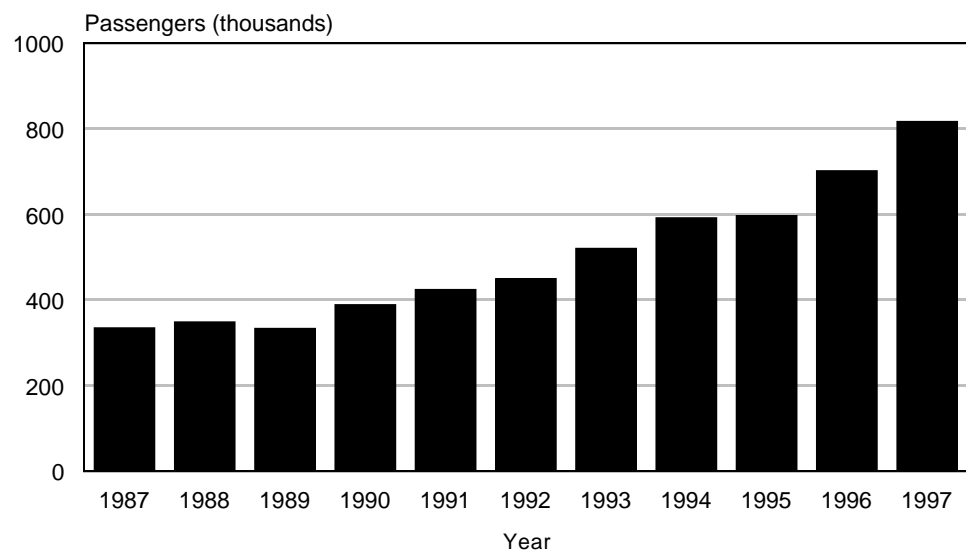
travelling on domestic flights. Travellers going to or coming from the United States made up another 3.7 million, while 3.1 million were travelling between Vancouver and other countries. The airport also handled 261,000 tonnes of cargo in 1997. Since 1992, the amount of cargo handled at the airport has increased 80 per cent. In Victoria, passenger traffic through the airport exceeded 1 million people for the first time in 1997. Traffic through Victoria's airport has increased more than 50 per cent since 1993.

Trans-border flights to and from the United States have taken off since the implementation of the 1995 Open Skies Agreement between Canada and the United States. The number of passengers on trans-border flights has increased almost fifty per cent since 1994.

Water Transportation

The water transportation industry includes freight and passenger water transportation, ferries, marine cargo handling, and other related activities. Water transportation plays an important role in British Columbia's economy, which is Canada's gateway to the Pacific Rim. This industry's contribution to total GDP was \$705 million in 1997, down from \$718 million in the previous year.

Chart 4.28 Cruise Ship Passengers Visiting Vancouver



Source: Port of Vancouver

The Port of Vancouver was Canada's busiest port in 1997, handling a record amount of international cargo (70.8 million tonnes), bringing the total tonnage handled by the port to 71.8 million (up 0.5 per cent higher than in 1996). This represents almost a fifth of the total tonnage handled by Canadian ports. Vancouver is the largest foreign tonnage port in Canada, and one of the top three in North America. Most (85 per cent) of the cargo passing through Vancouver is bulk cargo such as coal, wheat, forest products, potash and sulphur. However, container traffic through the port has been increasing in recent years, and was up 17 per cent in 1997.

Prince Rupert was Canada's tenth busiest port, handling 12.5 million tonnes of cargo in 1997, a third more than in the previous year. The port loaded 6.6 million tonnes of coal and 4 million tonnes of wheat for export overseas.

Chapter 4: Industrial Structure and Performance

Vancouver is also the home port for the Alaskan cruise industry. In 1997, cruise ships made 298 trips, carrying 816,537 passengers who either embarked on or disembarked from Alaskan cruises at Vancouver, a 16 per cent increase from the previous year, when 701,547 passengers visited the city.

The British Columbia Ferry Corporation operates a fleet of vessels providing freight and passenger service on routes between the Lower Mainland, Vancouver Island, the Gulf Islands, Prince Rupert, and other coastal points. In 1997, the corporation carried 22 million passengers and 8 million vehicles. Both passenger and vehicle traffic was down from the previous year. The Ministry of Transportation and Highways also operates ferry services on 17 inland routes. These ferries carried 5.1 million passengers and 2.8 million vehicles in 1997.

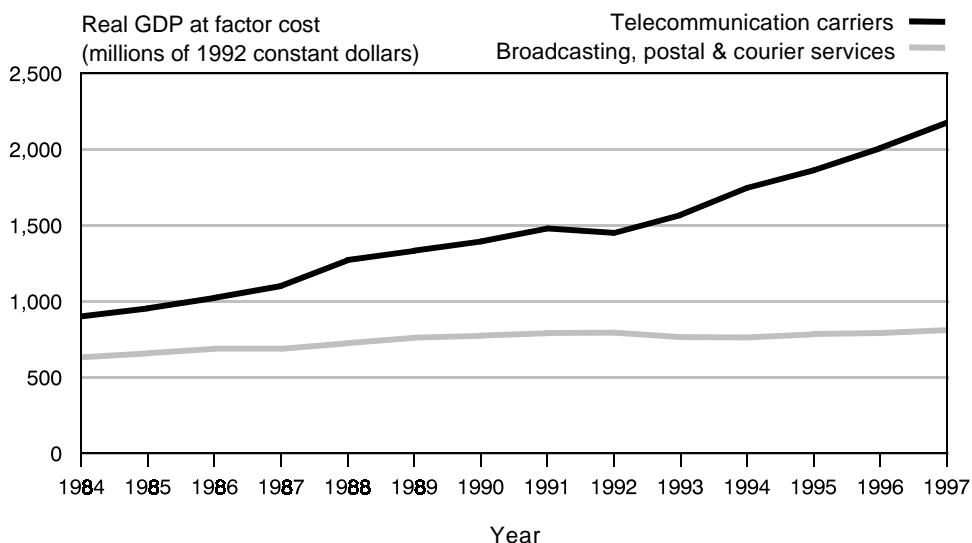
Public Passenger Transportation

Public passenger transportation services (urban transit systems, as well as other passenger bus services providing school bus, inter-city, charter, and sightseeing bus services) contributed \$302 million to British Columbia's economy in 1997. About two-thirds of the industry's GDP is generated by urban transit systems, with the remaining third coming from interurban and other passenger services. British Columbia Transit operates bus services in many British Columbia communities. In 1997, 153 million trips were made by people using city bus services in the province, an increase of 1.7 per cent over the previous year. In addition, British Columbia's interurban transit industry has been contracting as the availability of inexpensive air fares has made inter-city bus travel less common.

Communications

The communications industry, which provides telecommunications services, radio and television broadcasting, and other services such as postal and courier services, employed 42,000 British Columbians in 1997, and had a GDP of \$2,984 million. This industry is dominated by telecommunications carriers, which account for three-quarters of its GDP.

Chart 4.29 Communications Industry GDP



Source: Statistics Canada

British Columbia has a modern communications infrastructure comprised of facilities for providing telephone, broadcasting, cable, Internet, and other telecommunications and information services. There are 12 television broadcasting stations operating in the province, including a new television station (VTV) which began broadcasting from Vancouver in 1997. Eighty-two per cent of households in the province subscribe to cable television.

Changes in technology have had an enormous effect on British Columbia's communications industry. The cellular market, served by BC Tel Mobility and Cantel, has approximately half a million subscribers in British Columbia. In addition, there were 122,000 BC Telecom customers who carried pagers in 1997. BC Telecom currently provides about 2.5 million access lines throughout the province.

Computer ownership has more than doubled since the beginning of the decade, when just 18 per cent of households in the province were computer owners. Forty-three per cent of households in British Columbia owned home computers in 1997, and more than half of them (27 per cent of households) had modems. Various Internet providers in the province provide on-line access to businesses as well as to the 18 per cent of British Columbia households subscribing to this service.

The communications industry is undergoing a major transition as a result of increased competition, and the convergence of the broadcasting, cable, computing and telecommunications industries. In May 1997, the CRTC (the federal regulatory agency for telecommunications) released several decisions that 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 May 1997 decision made it possible for cable companies to enter the local phone service market, and for phone companies to apply for cable licences. Cable operators have also been branching out into new areas, such as the provision of Internet services, which were previously only available through telephone-line modems. It is likely that this industry will continue to undergo continued restructuring as it adapts to changes in technology, and to an evolving regulatory structure.

Wholesale and Retail Trade

Real GDP (1997):
\$10,668 million

Employment (1997):
323,000

One in six workers in British Columbia was employed in retailing and wholesaling establishments during 1997, making the sector the province's second-largest employer. Retail and wholesale trade also generated a substantial share (12.4 per cent) of the province's GDP. Since 1984, the industry's GDP has increased almost 74 per cent, well above the average for all industries (48 per cent), and faster than the average for the service sector (60 per cent). The expanding gap between the GDP and employment indices suggests that productivity improvements have occurred during the 1990s.

Wholesalers are primarily engaged in buying merchandise for resale to retailers as well as industrial, commercial, institutional, farm or professional business users. They may also act as agents or brokers for buying and selling goods. In British Columbia, the three largest groups within this industry are: food, beverage and tobacco wholesalers (who earn about 20 per cent of total industry revenues);

wholesalers of metals, hardware, plumbing, heating and other building materials (20 per cent); and those selling industrial machinery and supplies, computers, software, and other equipment (18 per cent).

Chart 4.30 Index of GDP and Employment for Wholesale and Retail Trade

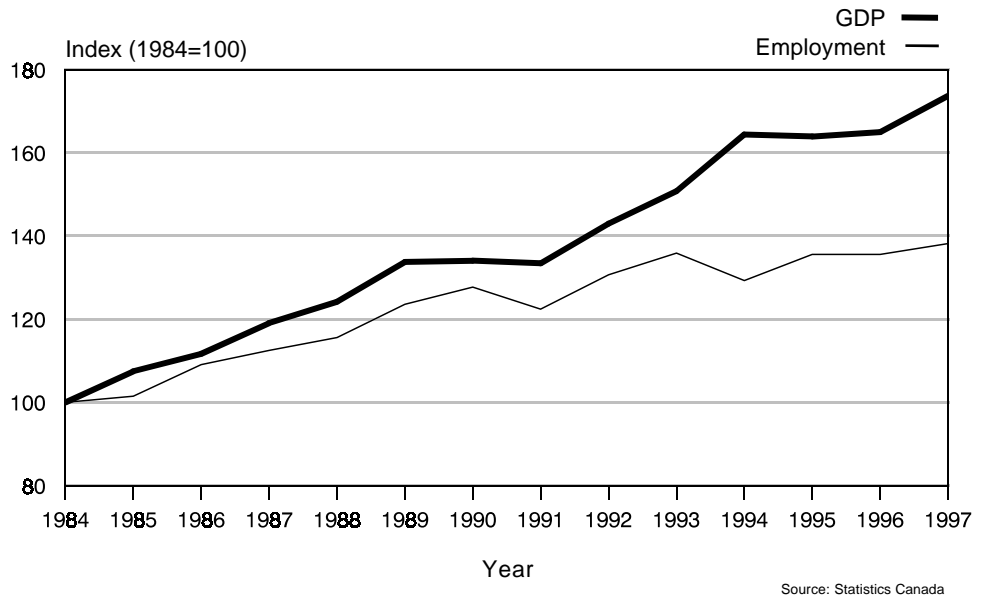
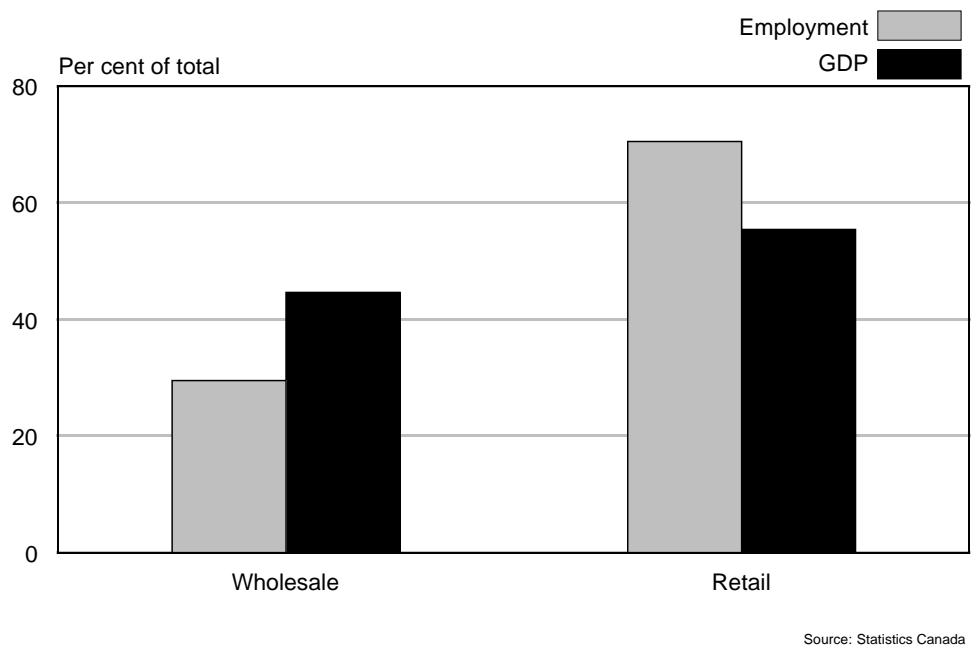


Chart 4.31 Wholesale and Retail Trade

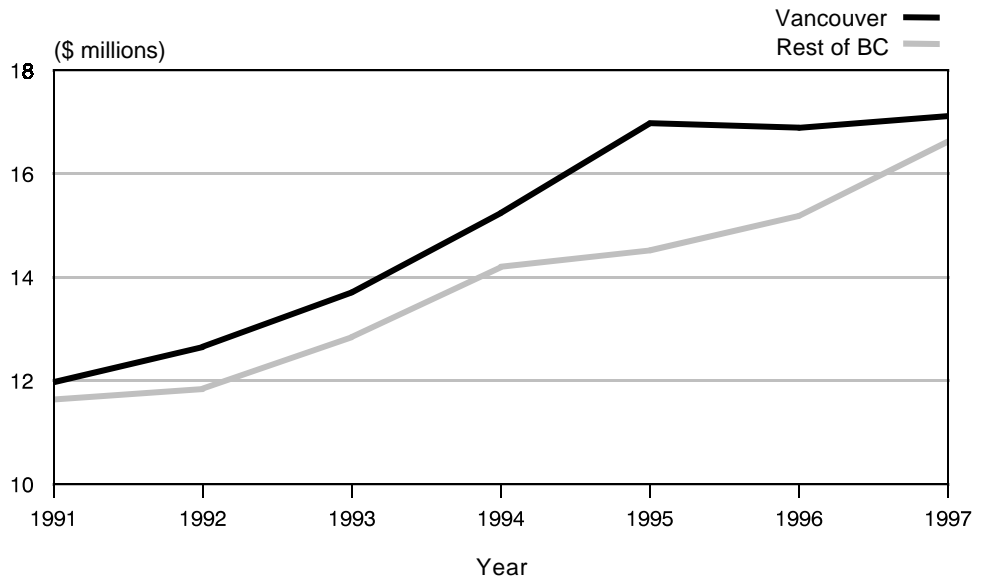


Retailing is a diverse group, ranging from outlets selling big-ticket items such as motor vehicles, to supermarkets and department stores, or smaller establishments such as corner stores, gas stations and garden centres. Motor vehicle and

recreation vehicle dealers accounted for just under a quarter of total retail sales in the province during 1997 (see Appendix Table A4.13). Supermarkets (23 per cent) were the second largest retail group, while general merchandise (department stores) had 11 per cent of the market.

Most of the employment in this sector (228,000, or 70 per cent of the total in 1997) was in the retailing industry. Wholesalers employed less than half as many people (95,000), but their contribution to GDP was \$4,754 million (45 per cent of the sector's GDP), compared to \$5,914 million (55 per cent) for the retailing industry.

Chart 4.32 Retail Sales by Region



Source: Statistics Canada

Wholesale sales increased 8.5 per cent, to \$38.6 billion during 1997, while the value of retail sales rose 5.2 per cent, to \$33.7 billion. The increase in retail sales was largely due to strong growth outside the Lower Mainland area. Sales in the Vancouver Census Metropolitan Area, which accounts for half of the provincial total, were only marginally higher (up 1.2 per cent) than in the previous year, but in the rest of British Columbia, sales were up 9.5 per cent in 1997. Retailers outside the Lower Mainland have picked up speed since 1995, resuming the rapid growth seen at the beginning of the decade.

**Finance,
Insurance and
Real Estate**

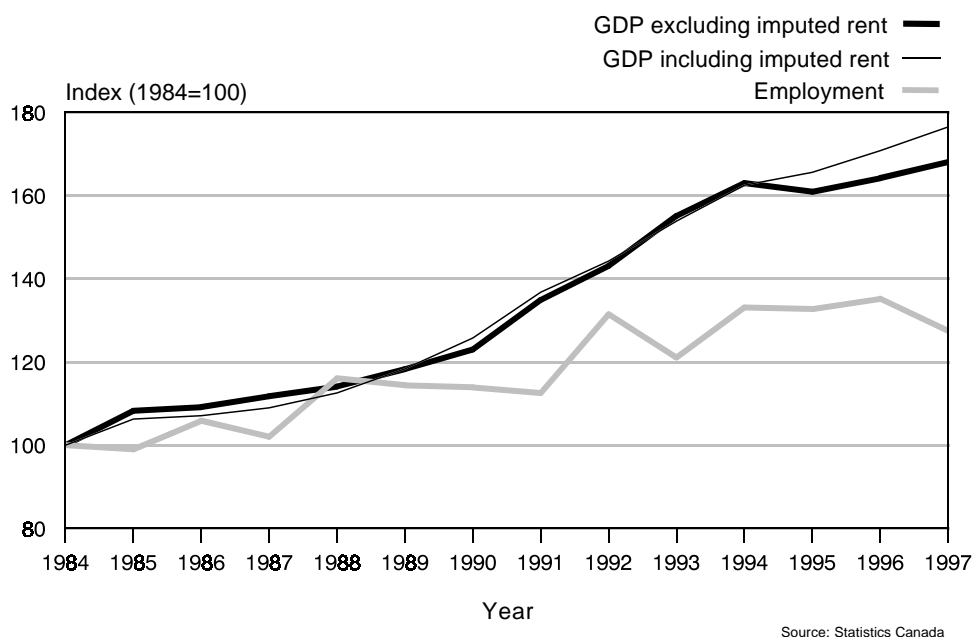
Real GDP (1997):
\$17,476 million

Employment (1997):
106,000

The finance, insurance and real estate (FIRE) industry comprises a diverse group of businesses, including chartered banks, credit unions and other financial institutions, insurance carriers and agencies, real estate brokers, investment dealers, stock exchanges, and operators of commercial and residential buildings.

In 1997, there were 106,000 people employed in the sector, which generated a total GDP of \$17,476 million (a fifth of the provincial total), making it the largest industry in the province. About a quarter of the workforce in the FIRE sector (25,000 people) were self-employed in 1997, most of them working in the real estate operators and insurance industry.

Chart 4.33 Index of GDP and Employment for the Finance, Insurance and Real Estate Industry



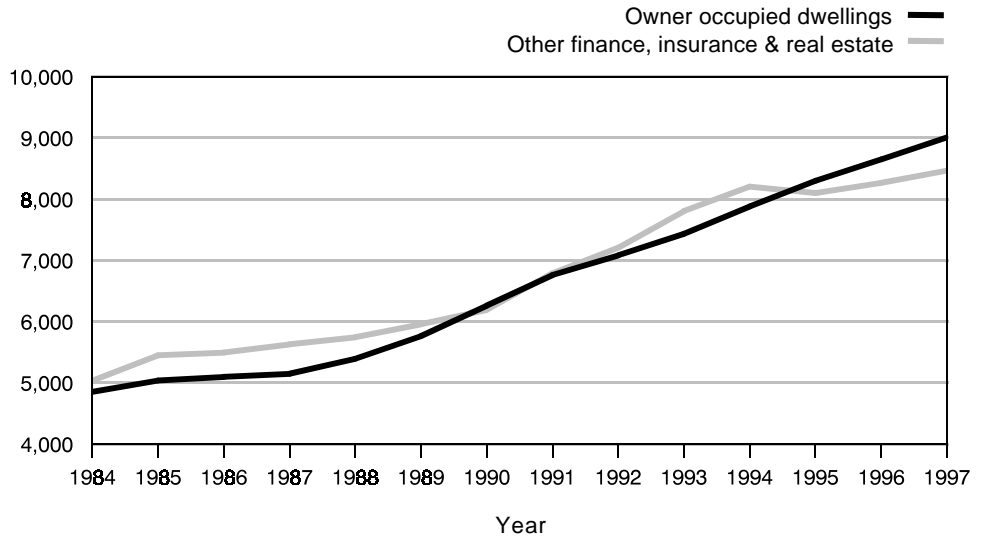
FIRE's contribution to total GDP is more than three times its share of total employment (5.8 per cent). This is largely because just over half of the GDP originating in this sector is an estimate of the value (or imputed rental income) of owner occupied housing. This estimate measures the foregone rental income which homeowners could have earned by renting out their residences rather than living in them. When imputed rental income is excluded from the FIRE sector, its share of GDP drops to about 10 per cent of total GDP, or \$8,461 million.

Since 1984, GDP in finance, insurance and real estate increased 77 per cent, more than in any other industry group except business and personal services. However, some of this growth is due to an increase in the imputed rental income on owner-occupied housing. Excluding this component, GDP in the sector would have risen 68 per cent.

Employment in the FIRE sector has grown more moderately (28 per cent). The gap between the GDP and employment indices, which has been expanding since the beginning of the decade, suggests that this sector has benefited from significant labour productivity improvements. This is almost certainly related to technological advances that have made it possible for many financial service providers to automate many of their functions. The widespread use of automated tellers, banking by phone, and more recently the introduction of software which allows consumers to do electronic banking and make investments using the Internet has had a tremendous effect on the way banks and other financial institutions do business. Face-to-face banking has given way to a more capital-intensive method of delivering services. This can be seen in the rapid growth in the number of automated teller machines (ATMs) installed at chartered banks in the province, which increased to 2,067 from 1,260 between 1991 and 1997 (see Appendix Table A4.14). The number of branches rose to 925 from 820 over the

same period. Despite the increased use of ATMs and other types of electronic banking, the number of jobs at chartered banks has grown to 26,520 from 21,092 during this period.

Chart 4.34 GDP for Imputed Rental Income of Homeowners



Source: Statistics Canada

Financial Services

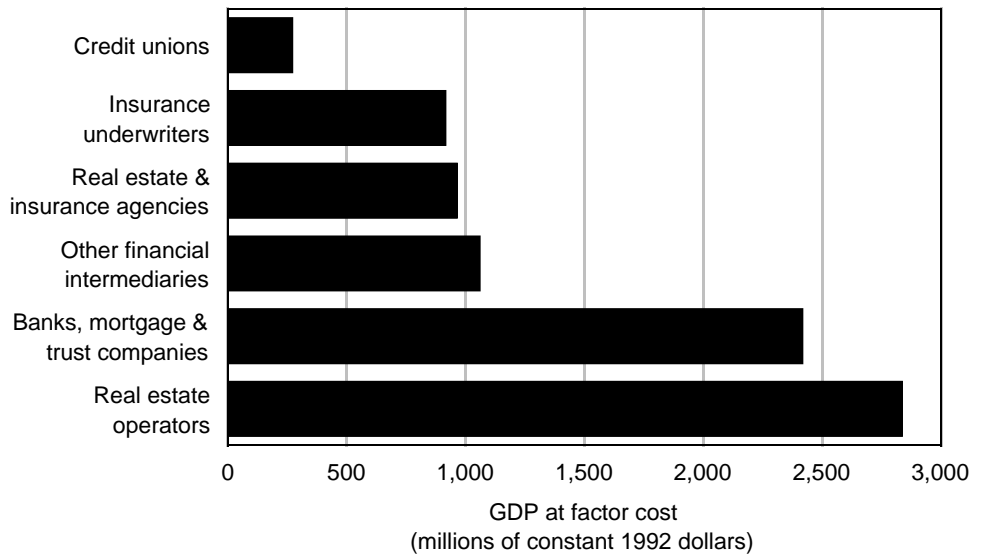
Six in every ten (65,000) jobs in the FIRE sector were in the financial services industry, which generated \$4.7 billion in GDP in 1997. Banks remain the dominant force in this industry, contributing \$2.4 billion to the province's GDP. Other financial intermediaries, insurance underwriters, and credit unions make smaller individual contributions, but together generated \$2.3 billion in GDP during 1997.

Personal deposits at chartered banks in the province totaled \$41.4 billion at the end of 1997. Bank deposits/liabilities (including residual liabilities such as federal government deposits) in British Columbia were \$139.4 billion at the end of 1997.

Chartered bank assets in the province were valued at \$146.3 billion, about a third of which (\$44.8 billion) were outstanding residential mortgages. British Columbia residents also owed \$13.9 billion in personal loans to chartered banks, including \$2.7 billion of credit card debt. Non-residential mortgages (\$2.4 billion) and loans to businesses (\$14.3 billion) accounted for another 11 per cent of the total.

Credit unions are becoming increasingly popular. In 1997, more than a third (36 per cent) of British Columbians were credit union members, with total deposits of \$18.0 billion at these institutions. This compares to 33 per cent of the population who were credit union members at the beginning of the decade. Credit unions in British Columbia issued \$17.4 billion in loans to their customers, most (\$13.4 billion) of which were in the form of residential mortgages. Their contribution to total GDP has increased 150 per cent during the period since 1984. Banks and other financial institutions have also enjoyed strong growth during this period, almost doubling their GDP. Although Credit Unions are still small compared to banks, they have experienced rapid growth since the beginning of the 1990s.

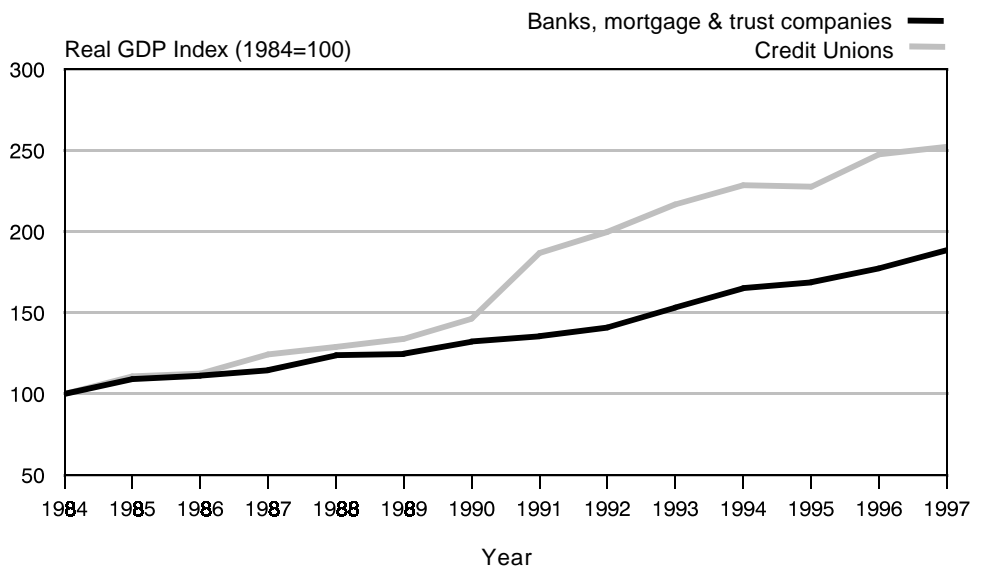
Chart 4.35 FIRE GDP by Sector Excluding Imputed Rent



Source: Statistics Canada

The Vancouver Stock Exchange (VSE, included in the financial intermediaries industry) is one of five stock exchanges in Canada. It is widely viewed as North America's leading venture capital market, specializing in raising capital for small and medium-sized companies, many of them in the resource sector. Two-thirds (965) of the 1,429 companies listed on the VSE in 1997 were resource companies.

Chart 4.36 Index of GDP Growth for Credit Unions and Banks



Source: Statistics Canada

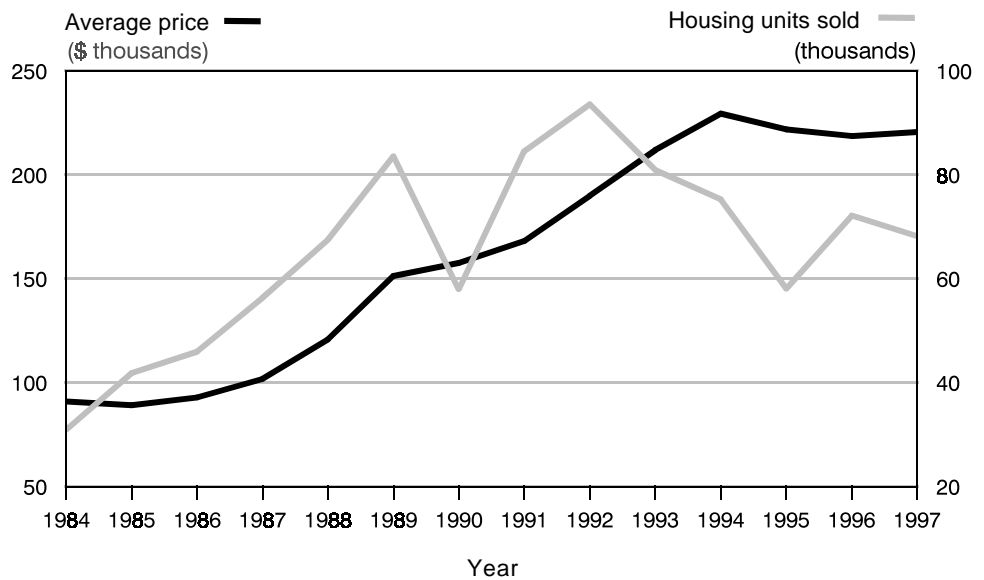
Over 7.1 billion shares, valued in excess of \$8.6 billion, were traded on the VSE in 1997. This was well below the levels seen in the previous year (more than

8.3 billion shares, with a total value of \$12.0 billion), when activity on the VSE was at an all-time high. 1997 was a volatile year for financial markets, which were affected by the fall-out from the Bre-X scandal. This contributed to reduced activity on the VSE even though Bre-X shares were never traded on the Vancouver exchange. Other factors that contributed to the downturn include falling gold prices and the weakening of Asian economies.

Insurance and Real Estate

Real estate operators (those who own and lease residential and non-residential buildings) and insurance and real estate agencies in British Columbia employed 42,000 people and contributed \$3,801 million to British Columbia's GDP in 1997, 1.2 per cent less than in the previous year. Employment in this industry was also down (by 7,000 jobs, or 14 per cent) from the previous year.

Chart 4.37 British Columbia Average House Prices and Sales



Source: Canadian Real Estate Association

Real estate agencies in the province have been affected by a downturn in British Columbia's housing market that has accompanied slower population growth in recent years. The number of existing homes sold by Multiple Listings Service (MLS) agencies in the province has fallen in all but one year since 1993, with the largest decline (23 per cent) occurring in 1995. Despite this, average residential prices have decreased only marginally during this period. In 1997, the average residence sold under MLS in British Columbia was valued at \$221,000, up from \$219,000 in 1996 but \$9,000 less than the peak value in 1994 (see Appendix Table A4.15). A total of 68,162 homes changed hands in 1997. This was 5.5 per cent less than in the previous year, and well below the peak level (93,564) reached in 1992.

The softness of the housing market is underscored by increased vacancy rates in many parts of the province. In Vancouver, the apartment vacancy rate increased to 1.7 per cent from 1.1 per cent between 1996 and 1997, which is still low compared to other cities in British Columbia. Victoria's rate rose to 3.5 per cent from 2.6 per cent. In Kelowna, the vacancy rate fell to 3.4 per cent from 4.0 per cent during the same period.

Although a weaker housing market is bad news for homeowners and workers in the real estate industry, it is good news for those wishing to enter the market. British Columbia has had the most expensive housing in the country since 1992, which means that some individuals with lower incomes have been shut out of the housing market. According to the 1996 Census, one in three British Columbia households have housing affordability problems (i.e. housing costs account for more than 30 per cent of their income). If residential prices continue to move down to a level closer to that in the rest of Canada, housing could become more affordable for those British Columbians who currently have no choice but to rent their homes.

Business and Personal Services

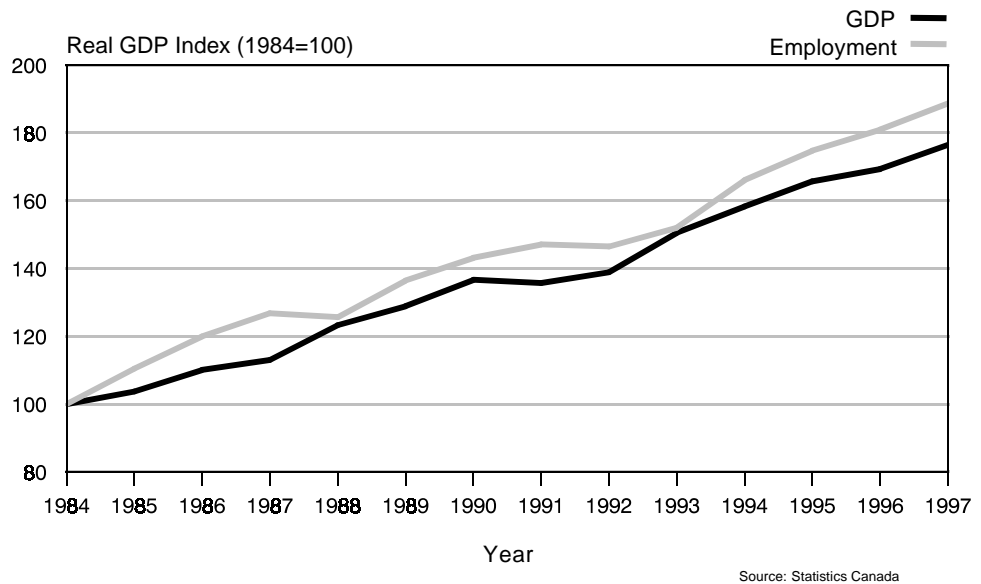
Real GDP (1997):
\$12,258 million

Employment (1997):
432,000

The business and personal services sector encompasses a wide variety of activities. Included are business services such as legal, accounting and computer services; the accommodation, food and beverage industry; and a number of other industries providing services ranging from hairstyling to motion picture production and distribution, theatrical entertainment, gambling, repairs, and auto rentals.

The business and personal services sector was British Columbia's largest employer in 1997, accounting for almost a quarter (24 per cent) of the province's workforce. The sector's share of total GDP was somewhat lower, at 14 per cent.

Chart 4.38 Index of GDP and Employment for Business and Personal Services



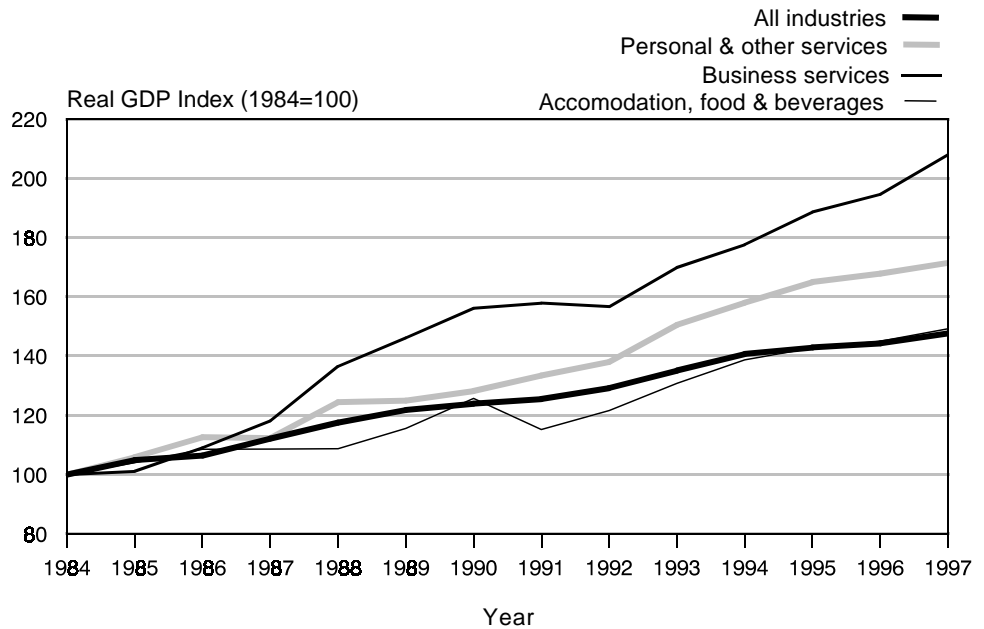
Since 1984, both GDP and employment in this sector have grown more than in any other industry. GDP has increased by a total of 77 per cent, while employment has increased 85 per cent, almost double the provincial average (46 per cent). Most industries within the sector tend to be labour intensive, with the value of their services derived mainly from the specialized skills of individuals in the workforce. This is one of the reasons why employment and GDP growth in the sector have tended to follow very similar paths.

Business Services

Within the business and personal services sector, the fastest growth has been in the business services industry, which includes employment agencies, computer services, advertising, architectural, engineering, legal, accounting and other similar services. Between 1984 and 1997, GDP in this industry more than doubled, growing from \$2.3 to \$4.8 billion. Employment in business services increased from 58,000 to 138,000 during the same period. A relatively high percentage (39 per cent, compared to 21 per cent for all industries in the province) of the people who work in the business services industry are self-employed.

The most significant gains have been made in industries related to the high technology sector, such as computer and engineering services. In the computer services industry, GDP has increased by a factor of five — to \$806 million from \$157 million — since 1984. The industry expanded extremely rapidly between 1986 and 1993, growing more than twenty per cent a year in all but two years during this period. Since then, the industry has experienced more moderate growth ranging from 12 per cent to 14 per cent in every year except 1996.

Chart 4.39 Index of Business and Personal Services GDP by Components



Source: Statistics Canada

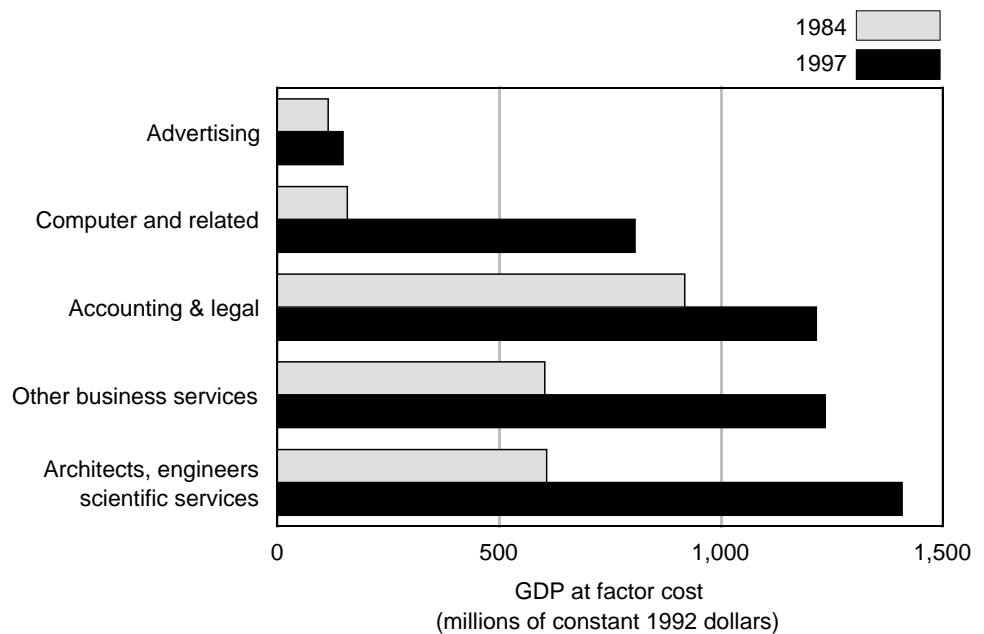
Although the activity of architects, engineers and offices providing scientific and technical services has risen less dramatically, the industry has seen exceptionally strong growth, more than doubling its GDP during the last decade and a half. It is now the largest of the business services industries. Other business services, such as management consulting and personnel agencies, have also been expanding at a fast clip.

Personal and Other Services

A variety of services which are often provided directly to individuals are included in this industry group. In 1997, 157,000 British Columbians were employed in the personal and other services industry, which contributed \$4,092 million to total GDP. Almost half (44 per cent) of the workers in this industry are self-employed, giving it the highest self-employment rate within the service sector.

More than a third (36 per cent) of the industry's GDP originated with establishments such as travel and car rental agencies, and companies which lease equipment, do repairs, or provide building services such as maintenance. Since 1984, the value added to the economy by these agencies has more than doubled (to \$1.6 billion from \$695 million). A major factor contributing to this growth has been a change in consumer preferences that has led to a growing number of people who are now leasing rather than purchasing vehicles for their personal use.

Chart 4.40 Business Services GDP by Components



Source: Statistics Canada

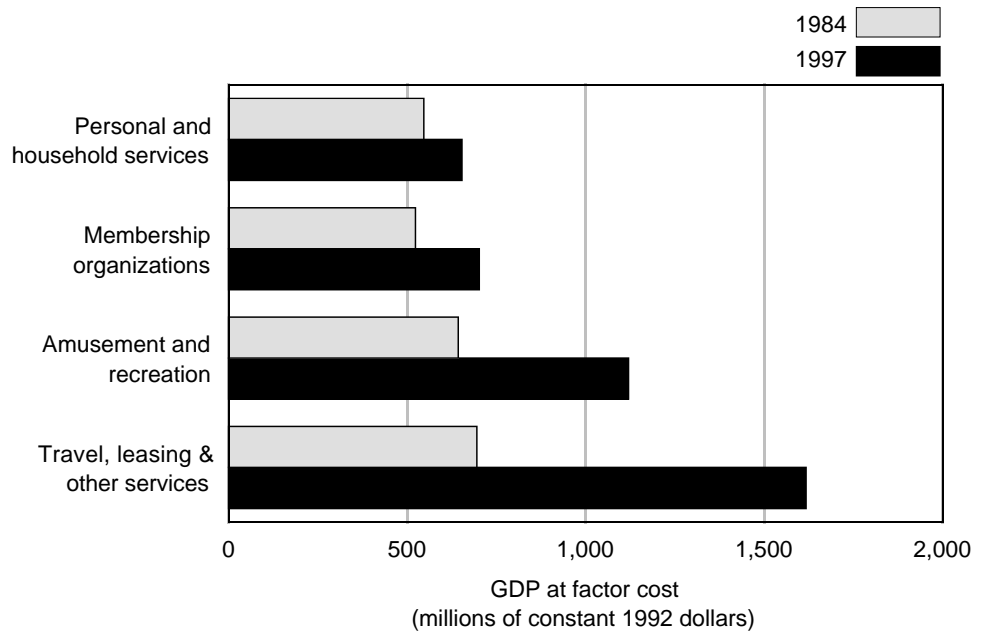
The amusement and recreation industry has also experienced strong growth. It contributed \$1,120 million to the province's GDP in 1997. About 70 per cent of the industry's GDP derives from activities such as spectator sports, recreational facilities, and staged entertainment such as ballet or opera. Gaming activities (including lotteries, race tracks and casinos) have contributed greatly to the expansion of this industry.

According to the 1996 Census, there were just under 10,000 British Columbians employed as athletes, coaches, referees, or in other sporting-related occupations in 1996. The province has the highest sports participation rate in the country, with over half (53 per cent) of British Columbians surveyed in 1992 indicating that they regularly participate in sports (the national average was 45 per cent). Compared to other Canadians, British Columbia residents are more likely to participate in sports such as swimming, golf, downhill skiing and tennis.

British Columbia's skiing industry has made great strides forward, and ski resorts such as Whistler are becoming competitive with other world-class resorts in

Europe and the United States. The number of skier visits to resorts in British Columbia reached 4.5 million during the 1996/97 skiing season. British Columbia's share of the regional ski market (Alberta, Washington, Montana and Oregon) has increased to 42 per cent in 1996/97 from about 36 per cent at the beginning of the decade.

Chart 4.41 Personal and Other Services GDP by Components



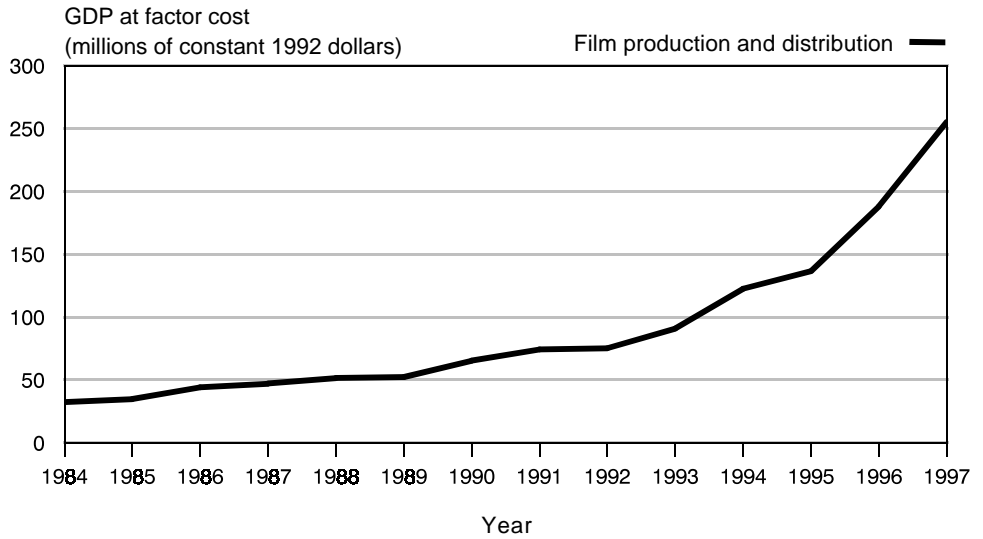
Source: Statistics Canada

British Columbians are also among the most active participants in arts and culture in Canada. British Columbia residents are more likely than other Canadians to be directly involved in the arts as members of arts organizations, volunteers and donors. According to the 1996 Census, there were 12,700 British Columbians working as creative and performing artists in 1996, up from 9,600 in 1991.

A small, but rapidly growing industry within amusement and recreational services is the film production and exhibition industry. Although it is still small (the industry generated less than half a per cent of British Columbia's total GDP in 1997), this industry has made significant gains since the mid-1980s, when film production facilities were established in Vancouver. The GDP of British Columbia's film industry has increased sevenfold, growing to \$255 million from \$32 million in 1984 in 1997.

There were 167 films, including 26 feature films, 20 television series and mini-series, and 53 made-for-television movies shot in the province in 1997. These films had a total production budget of just under a billion dollars (\$933 million), of which \$631 million (14 per cent more than in 1996) was spent in the province. An additional \$80 million was spent on commercial shoots. Most (108) of the made-in-British Columbia productions were Canadian, but 59 foreign films, including 9 feature films, were shot in the province.

Chart 4.42 Film Production and Distribution GDP

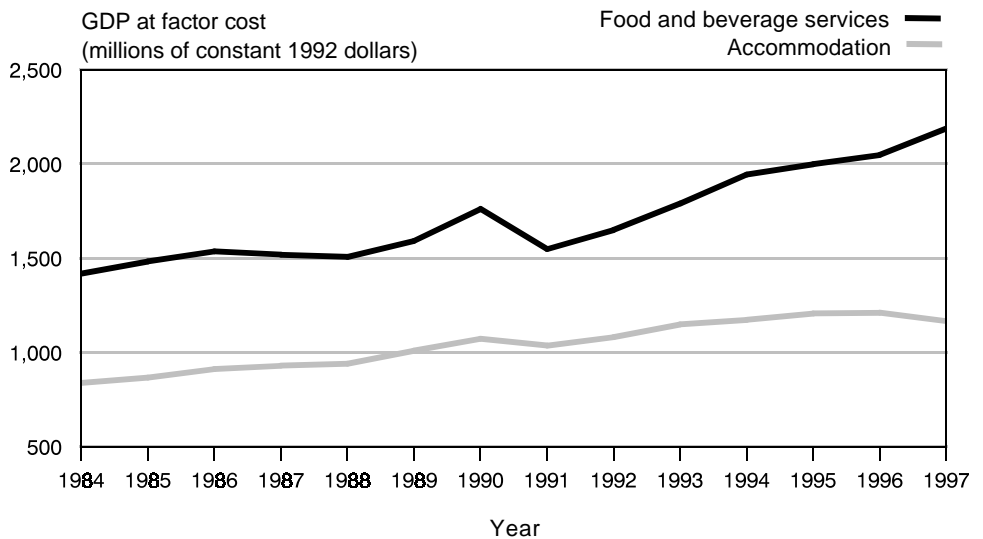


Source: Statistics Canada

Accommodation, Food and Beverage Services

The traveller accommodation, food and beverage industry employed 147,000 British Columbians in 1997 and added \$3,354 million to the province's GDP, two-thirds of which originated in the food and beverage services industry. Most (115,000) of the people working in this industry were employed by restaurants, caterers, and other establishments serving food and beverages.

Chart 4.43 Accommodation, Food and Beverage Services GDP by Components



Source: Statistics Canada

The steady growth of the food and beverage services industry highlights the continued popularity of dining out. According to a 1996 survey of family food expenditures, three out of every four British Columbia households regularly

purchase restaurant meals. These meals accounted for a third (\$40) of the average weekly food budget in British Columbia, more than in any other part of Canada. Residents of Vancouver had the highest average restaurant expenditures (\$46 per week, or 37 per cent of their food budget) of any metropolitan area in the country. It is estimated that about three-quarters of the demand for food and beverage services is locally derived, while about a quarter is the result of tourist activity.

In the accommodation sector, room revenues increased 5.8 per cent in 1997, to \$1.2 billion. Americans made 3.1 million overnight visits to British Columbia and entries from other countries totaled 1.4 million. Pacific Rim countries, especially Japan, are the major source of overseas entries to the province, with 920,000 entries in 1997 (see Appendix Table A4.16).

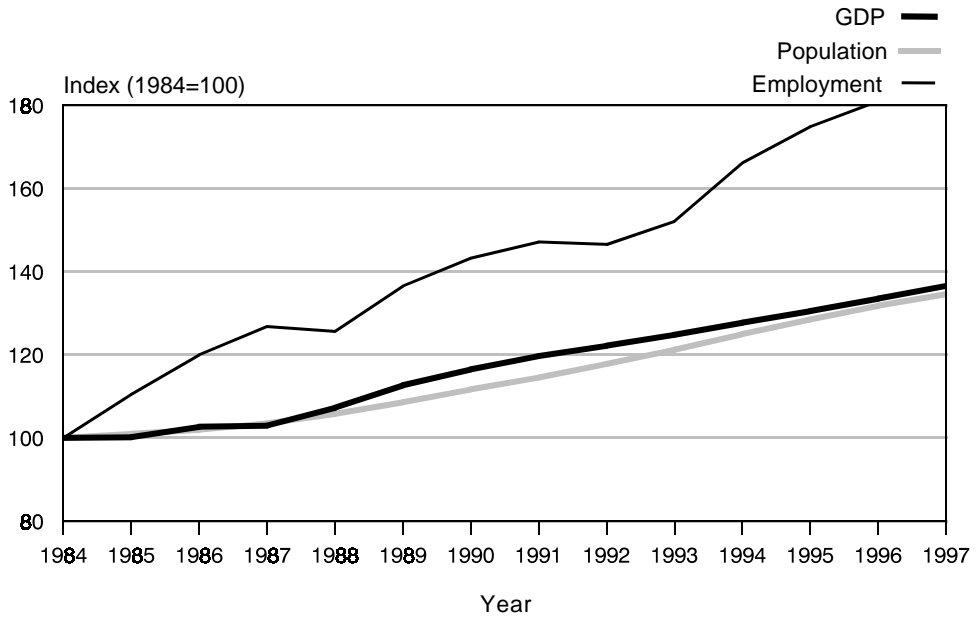
Education

Real GDP (1997):
\$4,891 million

Employment (1997):
129,000

The education industry includes elementary and secondary schools, post-secondary institutions such as colleges and universities, and trade schools such as business schools. In addition, libraries, museums, art galleries, and other education-related services such as driving schools are considered part of this industry.

Chart 4.44 Index of Education GDP and Employment



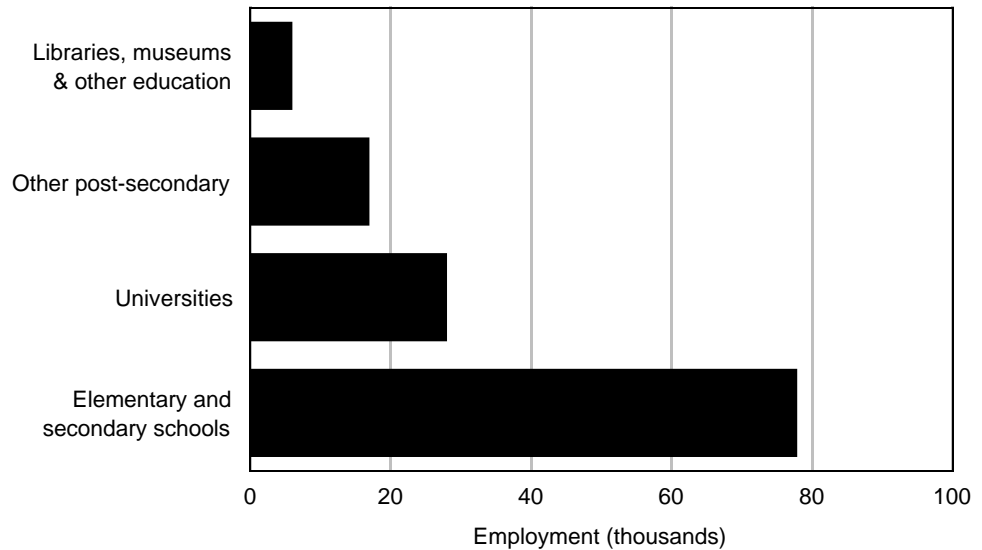
Source: Statistics Canada

In 1997, there were 129,000 British Columbians (7.0 per cent of the workforce) employed in the educational services industry. The industry's total GDP was \$4,891 million, accounting for 5.7 per cent of the province's GDP.

As illustrated in the figure above, changes in the demand for education services are very closely correlated with changes in the composition of the population. Since 1984, employment growth in this industry has outpaced GDP growth, but this may be partly due to a trend toward hiring more part-time workers at schools and other educational institutions. Forty-one per cent of the people working in

this industry were employed part-time (working less than 35 hours a week in 1997). This compares to 27 per cent of the provincial workforce which was employed part-time in 1984.

Chart 4.45 Education Employment by Sector



Source: Statistics Canada

Most of the workers in this industry are public sector employees. Municipal school board employees account for 60 per cent of total employment in the industry. A third of the workers in education are employed at post-secondary institutions, with the remainder (5 per cent) working at museums, libraries, private elementary and secondary schools, and other schools such as driving schools.

In September 1997, there were 1,713 public schools, with a total enrolment of 632,175 in British Columbia. The province also has a large number of private schools, which receive partial funding from the provincial government.

There are six publicly funded universities in British Columbia: three in Vancouver (the University of British Columbia, Simon Fraser University, and the Technical University of British Columbia), two in Victoria (the University of Victoria and Royal Roads University) and one in Prince George (the University of Northern British Columbia). Total enrolment at these institutions for the 1997/98 school year was 72,389. In addition, post-secondary education programs are available through 16 community colleges, five institutes, and the Open Learning Agency, which offers distance education programs. Total enrolment at colleges in the province was 91,995 in 1997/98.

Museums, art galleries, libraries, and other similar facilities provide on-going educational opportunities for the general public. In 1994/95 (the latest year for which figures are available) heritage institutions in British Columbia attracted 10 million visitors. These institutions include 309 museums, 37 galleries, 67 historic sites, 23 archives and 27 natural history or botanical sites.

Public libraries in the province have a print collection in excess of 10 million volumes, with a total circulation of 44.5 million. British Columbia residents borrowed an average of 11.8 items each from public libraries during 1997. Per capita usage has stayed fairly steady since 1991, with only one year (1992) when borrowing dipped below 11 books per capita. Libraries also loan out other materials such as CDs and video and audio tapes. In addition, 49 libraries in the province have computers for public use, and 69 have Internet workstations.

Health and Social Services

Real GDP (1997):

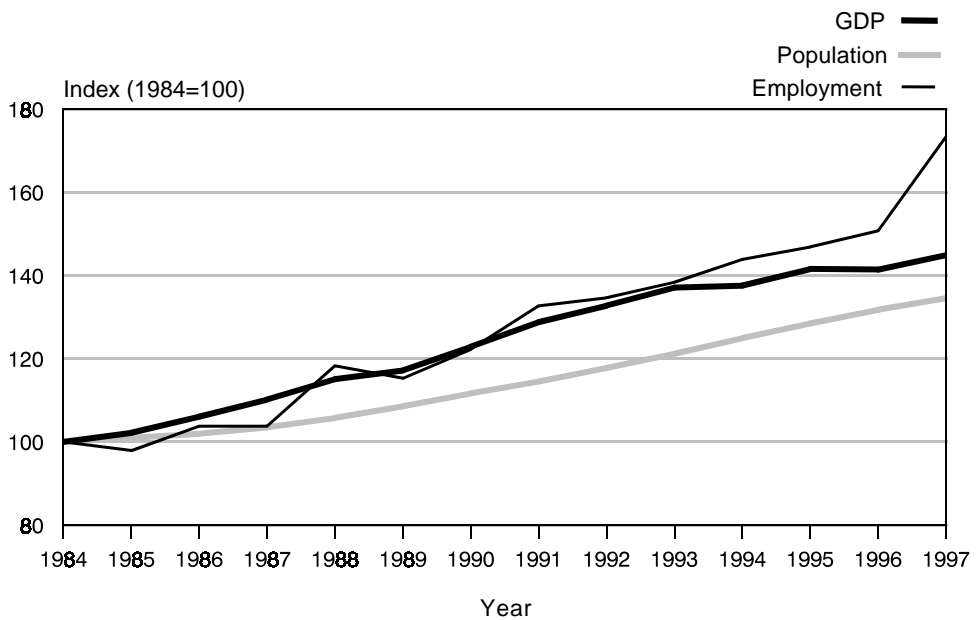
\$6,235 million

Employment (1997):

193,000

The health and social services industry comprises a variety of private and public sector establishments ranging from publicly-operated hospitals to the offices of physicians and dentists. Also included in this industry are homes for people requiring medical or other care, medical labs, day cares and nursery schools, and other types of social services.

Chart 4.46 Index of Health and Social Services GDP and Employment

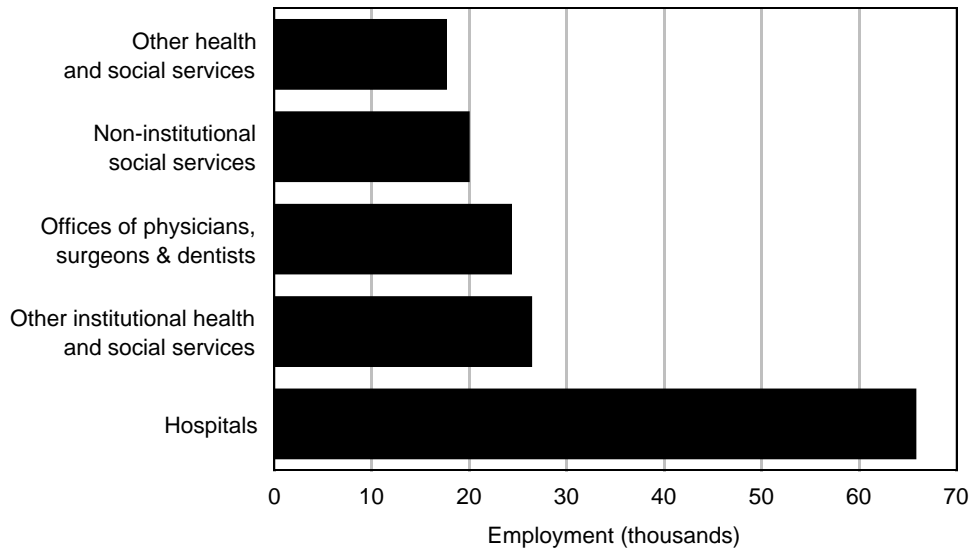


Source: Statistics Canada

British Columbia’s health and social services industry has grown about 45 per cent since 1984. While population growth has been an important element in this industry’s expansion, other factors such as an aging population are also putting more demands on the health care system. In addition, services such as home-making and Meals-on-Wheels have increased in importance during the last decade as the health care system has moved toward a growing emphasis on providing in-home services rather than institutional care to people who cannot look after themselves. On the other side of the spectrum, the demand for day care services and nursery schools has been affected by the “baby echo” as people in the tail end of the baby boom have started raising families during the last decade and a half.

In 1997, the health and social services industry employed one in every nine (193,000) workers in British Columbia, and generated 7.2 per cent of the province’s GDP. Part-time work is fairly common in this industry, with 38 per cent of the people employed in health and social services working less than 35 hours a week in 1997.

Chart 4.47 Employment in Health and Social Services by Sector



Source: Statistics Canada

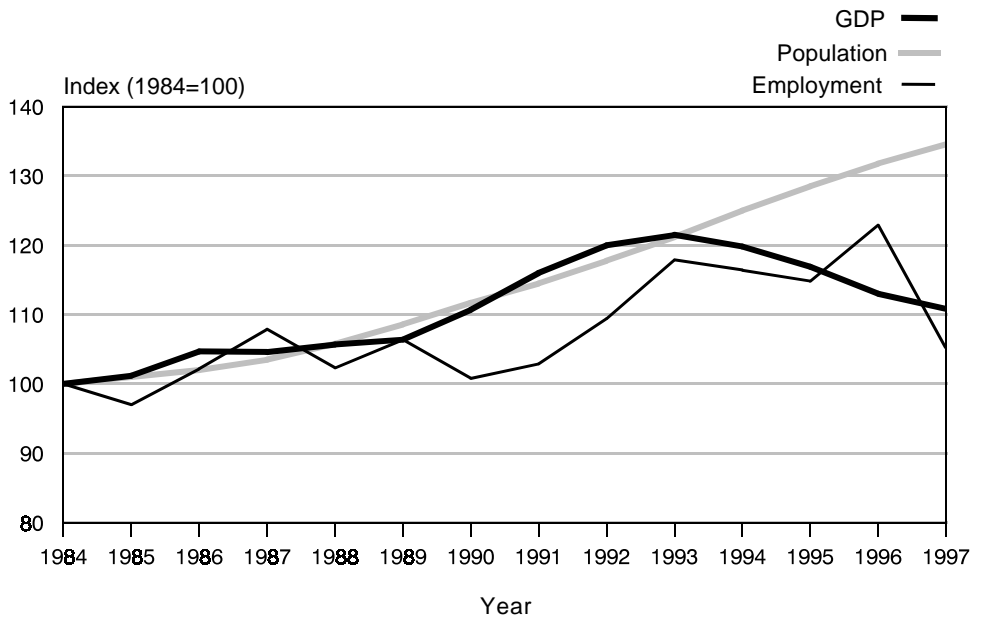
Four out of every ten workers in this sector are employed by hospitals. Other institutional health and social services (such as nursing homes, special care facilities, and homes for the disabled) employ about a fifth of the workers, while a similar number of people have jobs in physicians', surgeons' and dentists' offices.

Government Services

Real GDP (1997):
\$4,443 million
Employment (1997):
91,000

The government services industry is comprised of federal, provincial and local government ministries and agencies, as well as correctional facilities, courts, the military, law enforcement, and firefighting agencies. As such, it encompasses the administrative arm of the public sector, but excludes many activities funded by the public purse, but classified to other industry groups (for example, public schools and hospitals or road construction).

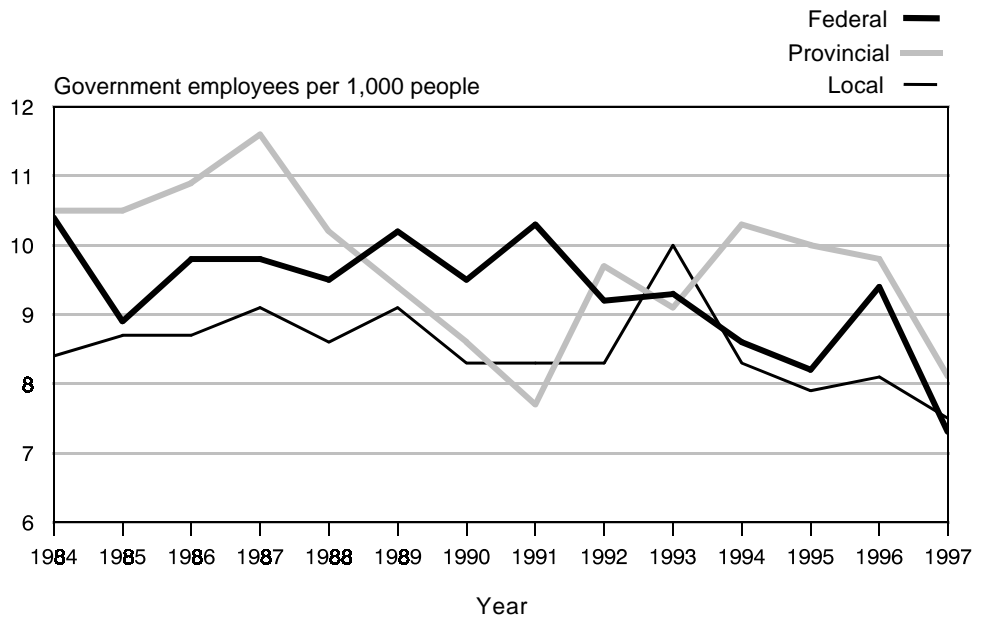
Chart 4.48 Index of Government Services GDP and Employment



Source: Statistics Canada

In 1997, there were 91,000 British Columbians employed by the three levels of government. The provincial government was the largest employer (32,000), followed by local governments (30,000) and the federal government (29,000). Employment in the government services industries has increased only moderately during the years since 1984, when there were 86,000 people employed by government agencies and ministries.

Chart 4.49 Government Services Employment per 1,000 Population



The demand for some government services, such as the administration of public health care, education and social assistance program, usually increases as a result of population growth. However, during the last decade and a half, federal, provincial and local government organizations in the province have made some efficiency gains. In the provincial government, for example, the number of direct employees has fallen to 8.1 for every 1,000 British Columbians in 1997 from 10.5 in 1984. Federal government employment has been reduced to 7.3 per 1,000 from 10.4. In local governments, the number of employees has dropped slightly, to 7.5 per 1,000 people from 8.4.

Tourism and High Technology

GDP and Employment amounts included in previous categories

The tourism and high technology sectors are special aggregations of activities already included in the standard industry groups. As such, GDP and employment estimates for these sectors are not directly comparable with those for the standard industry groups. For example, the tourism sector is defined to include most accommodation services, a percentage of food and beverage services, and certain activities in other industries which are related to tourism. Similarly, the high technology sector includes various manufacturing activities (such as electronics) which have an identifiable high technology component, as well as services such as computer services or engineering. Estimates of the contributions made to GDP by these industries are in the range of 5 per cent of total GDP for the tourism sector, and about 2 per cent for the high technology sector.

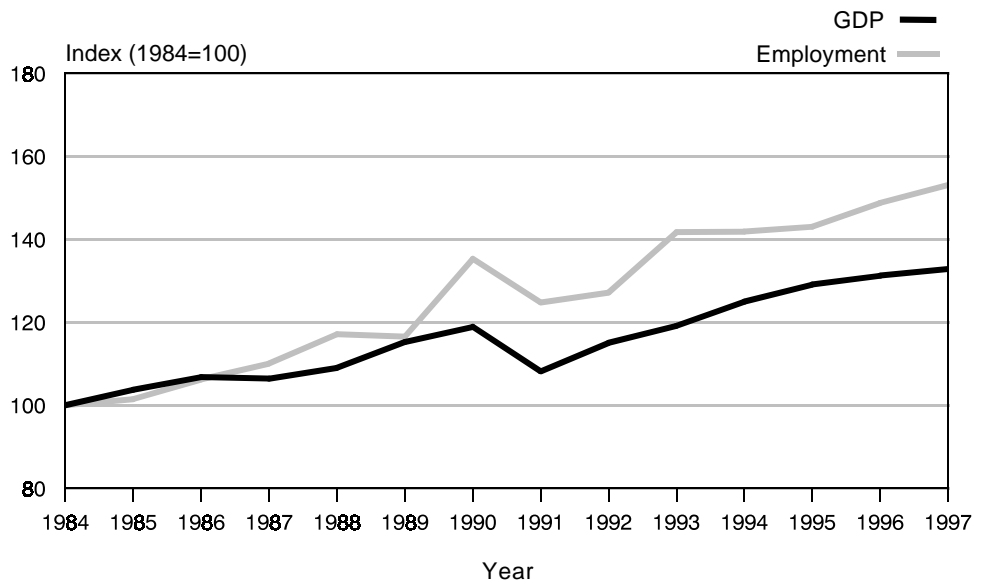
Tourism

Estimates of tourism GDP are derived by assigning a percentage of the total estimates for related industries to the tourism sector. Almost all of the activities of the accommodation industry, for example, are deemed to be tourism-related. In the food services industry, a smaller percentage (about 25 per cent) of the total is included. Similarly, most types of passenger transportation are included in tourism GDP, but freight and other non-tourist-related transportation activities are not.

In 1997, the tourism sector contributed \$4.1 billion to British Columbia's economy, accounting for 4.8 per cent of the province's total GDP. In addition, the sector directly employed 112,900³ British Columbians. These people worked in hotels, restaurants, retail outlets, and other businesses which provide services to tourists.

Between 1984 and 1997, tourism sector GDP increased by a third, which was below the average for all industries (47.5 per cent). The main reason for the slower growth over the longer term is that the tourism sector was hard-hit by the Canadian and United States recessions at the beginning of the 1990s, and did not recover the lost ground until 1993. Tourism has grown at above-average rates in four of the last six years, but slipped below the provincial average in 1997 (1.2 per cent, compared to total GDP growth of 2.3 per cent). Employment in the sector has increased steadily since 1992.

Chart 4.50 Index of Tourism Sector GDP and Employment



Source: Statistics Canada

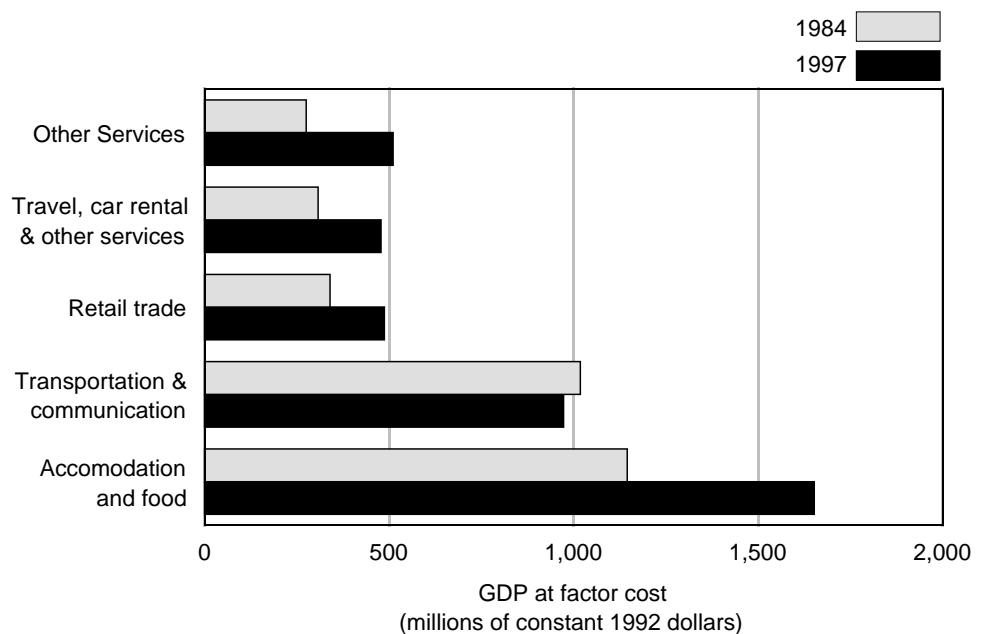
The accommodation and food services industry makes the largest contribution to British Columbia's tourism sector, accounting for 42 per cent of the sector's GDP. The tourism-related component of this industry has grown quite significantly since 1984, rising to \$1.8 billion from \$1.1 billion.

³ Note: These employment figures are based on data from the Survey of Employers, Payrolls and Hours. Employment data for the standard industries quoted in the previous sections are based on Labour Force Survey data.

The second-largest industry within the tourism sector is transportation and communication (23 per cent). About three-quarters of the tourism GDP originating in the transportation and communications industry is generated by air transportation, which has faced some challenges, being particularly hard hit during the Canadian recession at the beginning of this decade. Since then, the industry has been restructuring, but the lack of growth over the longer term (from 1984 to 1997) is attributable to a sharp drop in 1991 from which the industry is still recovering. Other activities which make important contributions to the province's tourism GDP include retail trade, and travel, car rental, and related services.

Tourism continued to play an important role in the provincial economy in 1997. Spending by resident and non-resident overnight visitors was estimated at \$8.5 billion. British Columbians spent \$2.3 billion on overnight travel within the province. Visitors from neighbouring regions in the prairies and northern Canada, and the northwest US spent \$2.5 billion in the province, while "long haul" markets (Ontario, California, and other parts of North America) contributed another \$2 billion. Spending from overseas markets reached \$1.6 billion in 1997, with the largest share (\$952 million) coming from residents of the Asia/Pacific Region. European visitors spent an estimated \$610 million travelling in British Columbia.

Chart 4.51 Tourism GDP by Components



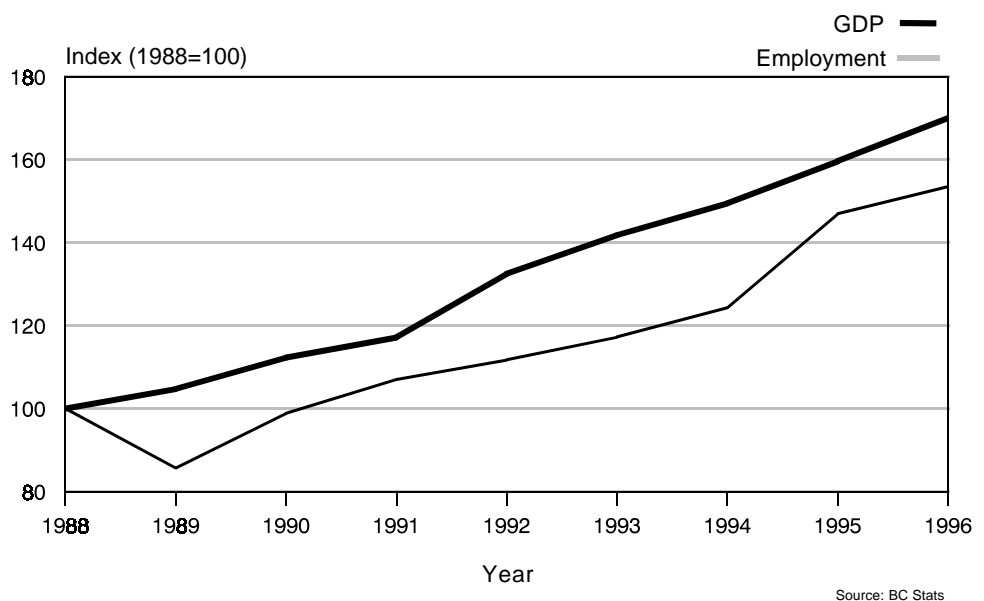
Source: Statistics Canada

An estimated 21.3 million visitors spent at least one night in British Columbia during 1997. About half of the overnight trips were made by residents of the province. Overnight visits from the prairies and northern Canada totalled 3.5 million, while 2.6 million visits were made from the northwest United States. The North American long haul (1.2 million Canadians and 1.7 million Americans) market was also significant, as was travel from overseas. There were 916,000 Asia/Pacific visitors and 615,000 visitors from Europe in 1997.

High Technology

GDP estimates consistent with those given in the rest of this chapter are not yet available for the high technology sector. However, unrevised data (based on Statistics Canada data released in May 1997) show that the sector has been outperforming most other industries. Between 1988 (the first year for which high technology GDP estimates were produced) and 1996, the industry expanded more than 70 per cent, while British Columbia's economy grew 23 per cent. Similarly, the number of jobs in the high technology sector has increased 54 per cent, two-and-a-half times the average for all industries (21 per cent). In 1996, there were 41,850 people employed in British Columbia's high technology sector. Most (33,820) of these jobs were in service industries, while 8,030 people were employed in high technology manufacturing.

Chart 4.52 Index of High Technology GDP and Employment

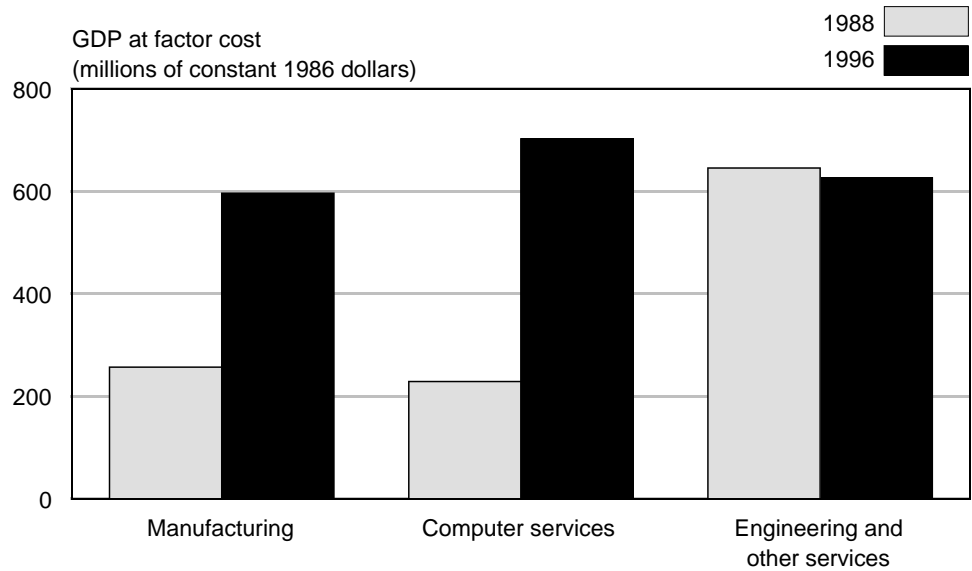


British Columbia's high technology sector is primarily engaged in the provision of services, which account for about two-thirds of its total GDP. The computer and related services industry dominates the sector, producing 36 per cent of its GDP in 1996. Manufacturing (mainly the manufacture of communications and electronic equipment, computers, and other office, store and business machines) is the second largest industry (31 per cent). Engineering, scientific and technical services (28 per cent) also account for a significant share of total GDP in British Columbia's high technology sector. Four per cent of the sector's GDP originated in medical and other health laboratories in 1996.

The composition of British Columbia's high technology sector has changed considerably during the last ten years. In 1988, engineering and other services accounted for more than half of the sector's GDP, and a similar share of its employment. Since then, the high technology manufacturing and the computer services industries have made significant gains. The computer services industry has tripled in size since 1988, while the GDP originating in high technology manufacturing has more than doubled. More than a third (36 per cent) of the

high technology sector's GDP now originates in the computer services industry. In terms of employment, engineering and other services still account for the largest number of jobs (22,600), suggesting that most of the improvement since 1988 has been due to productivity gains.

Chart 4.53 High Technology GDP by Components



Source: BC Stats

Chapter Five

The Provincial Government and Intergovernmental Relations



Members of the First Legislature of the Crown Colony of British Columbia in Front of the Birdcages, 1870

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

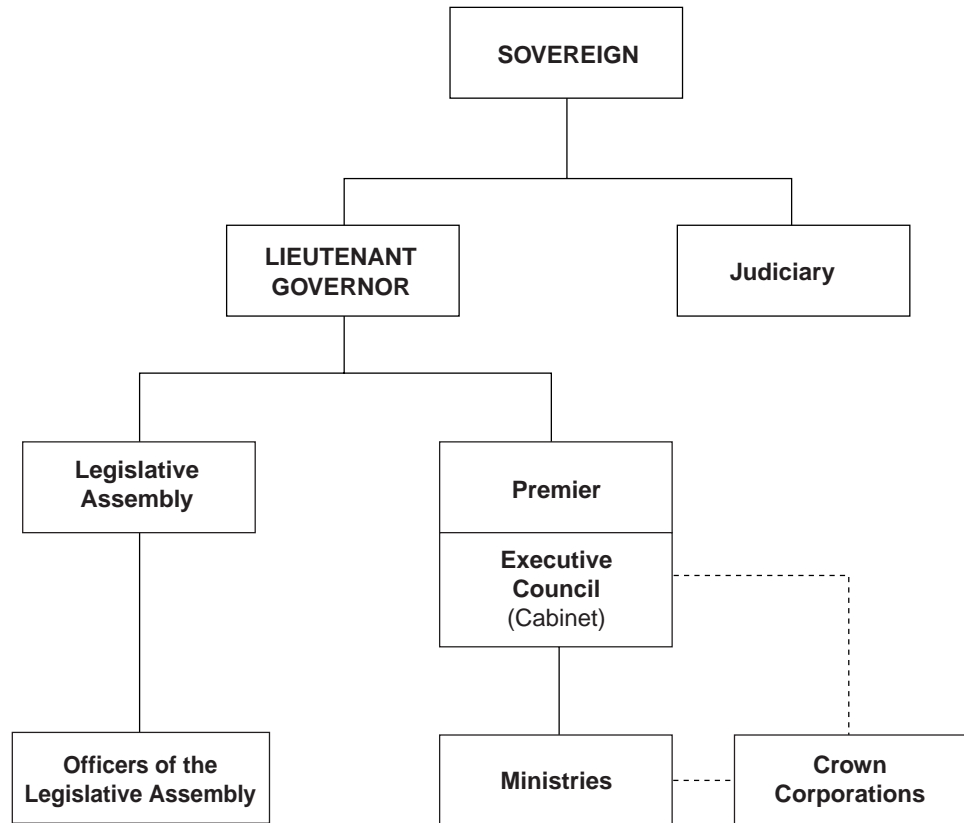
British Columbia's government is modelled after the British system. Functionally there are three main branches: the legislature, the executive and the judiciary (see Chart 5.1).

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.

Seven 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. Major 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.

*Office of the Police
Complaints
Commissioner*

The Police Complaints Commissioner provides independent civilian oversight of all aspects of an investigation into complaints made against municipal constables, deputy chief constables, chief constables and municipal police departments. Investigation of public complaints concerning the police continues to be undertaken by the police; however, the Commissioner has specific powers to direct that a complaint be reclassified or reinvestigated, investigated by an outside police department or that an investigation be monitored by an independent civilian observer appointed by the Commissioner. The Commissioner may also order that a public hearing take place before a provincial court judge if it is in the public interest, and may ask the Attorney General to order a broader public inquiry under the *Inquiry Act*.

Chapter 5: The Provincial Government and Intergovernmental Relations

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 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 October 31, 1998, Cabinet consisted of 20 members including the premier.

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 judgement 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 1998 taxation year is 50.5 per cent of basic federal tax. This means that a typical British Columbia taxpayer is required to remit \$50.50 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 26 per cent of provincial tax in excess of \$8,660. 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 5.8 per cent of total income in 1998.

Since July 1996, the British Columbia *Income Tax Act* has provided for the BC Family Bonus, a monthly benefit for low and modest income families with children. About 230,000 British Columbia families received BC Family Bonus payments of up to \$103 per month per child in each of the first two years that the program has been operating. Starting in July 1998, the BC Family Bonus was combined with the federal National Child Benefit supplement such that families continue to receive up to \$103 per month per child. Also starting in July 1998, the province introduced the BC Earned Income Benefit, an additional benefit for BC Family Bonus recipients with earned income. The provincial benefits are combined with the federal government's Canada Child Tax benefit in a single monthly payment for British Columbia families.

British Columbia's general corporate income tax rate is 16.5 per cent and the small business rate is 9 per cent for the 1998 taxation year. The small business rate 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 partially 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 \$1 billion; 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

Chapter 5: The Provincial Government and Intergovernmental Relations

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 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 owners or 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 \$2.4185 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 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, and it is now taxed at the social service tax rate of 7 per cent of the selling price before application of the goods and services tax.

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. Effective March 31, 1998, tobacco sticks are also taxed as cigarettes at 11 cents per stick.

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 1998 spring session. Appendix Table A5.3 provides more details on major tax changes effective in 1998/99.

The *Budget Measures Implementation Act, 1998*, *Income Tax Amendment Act, 1998*, *Income Tax Amendment Act (No. 2), 1998* and *Income Tax Amendment Act (No. 3), 1998* amended the following provincial statutes:

- The *Income Tax Act* was amended to provide a series of refundable corporate income tax credits for qualifying film and television productions in the province. The tax credits will be jointly administered by British Columbia and the federal government. This incentive will help to encourage domestic film production, as well as to attract new film production to the province.

A mining exploration tax credit, aimed at both corporation and individual prospectors, was also introduced. The tax credit, equal to 20 per cent of eligible

British Columbia exploration expenses, will encourage exploration for new mineral deposits to sustain the mining industry.

Amendments also allow for the introduction of the new Earned Income Benefit, to be paid to BC Family Bonus Recipients, and to allow benefits to be specified by regulation.

Effective January 1, 1999, the personal income tax rate will decrease to 49.5 per cent from 50.5 per cent. At the same time, the personal income tax surcharge will be reduced to 19 per cent from 26 per cent of provincial income tax in excess of \$8,660. These measures will increase consumers' take-home pay and should promote discretionary spending.

Effective January 1, 1999, the corporate income tax rate paid by small businesses will decrease to 8.5 per cent from 9 per cent. The rate will further decrease to 8 per cent on January 1, 2000. This will increase profitability for small businesses.

- The *Corporation Capital Tax Act* was amended to increase the exemption threshold to \$2.5 million from \$1.5 million of net paid-up capital, effective January 1, 1999. The threshold will be increased to \$3.5 million on January 1, 2000 and then to \$5 million on January 1, 2001. These measures will reduce the number of small businesses paying the corporation capital tax. The high-rate threshold for financial institutions was increased to \$1 billion from \$750 million of net paid-up capital, effective April 1, 1998.
- The *School Act* and the *Taxation (Rural Area) Act* were amended to maintain 1997 average gross residential school tax levels in urban and rural areas by adjusting school property tax rates.
- The *Social Service Tax Act* was amended to:
 - exempt 1-800 and equivalent telecommunications services effective May 1, 1998;
 - exempt software source code and tangible personal property incorporated into copies of prototypes for testing purposes effective March 31, 1998;
 - exempt chemicals used to make chlorine dioxide and sodium hydrosulfite for use in the pulp and paper industry effective March 31, 1998;
 - restrict the exemption for purchases of fertilizer to fertilizer purchased for an agricultural purpose, unless purchased by an individual or for an exempt use specified under the act, effective March 31, 1998; and
 - ensure that a 1993 transitional provision to provide a refund of 1 point of the provincial sales tax paid for goods ordered prior to the 1993 tax rate change to 7 per cent from 6 per cent, but received after the rate change, was available only to purchasers who were obligated to acquire a specific quantity of tangible personal property within a specific period of time, effective March 31, 1993.
- The *Motor Fuel Tax Act* was amended to provide a tax exemption for coloured fuel purchased by *bona fide* farmers when used for farming purposes, effective June 1, 1998. This will help to reduce the costs of operating farms and will be of particular benefit to field crop producers.

As announced in the 1997/98 budget, effective April 1, 1998 the tax on international jet fuel was reduced to 3 cents per litre from 4 cents per litre. This will support the Vancouver International Airport's strategy for becoming a major gateway between North America and Asia.

- The *Property Transfer Tax Act* was amended to relax the maximum paydown provision under the First Time Home Buyer Exemption Program and to increase the maximum allowable fair market value for exempt transfers of recreational properties between related individuals to \$275,000 from \$200,000.
- The *Tobacco Tax Act* was amended to increase the tax rate applied to tobacco sticks to be equivalent to the rate for manufactured cigarettes on a per unit basis. This measure ensures that the developing trend for tobacco companies to produce tobacco sticks that resemble cigarettes will not erode the tobacco tax base.
- The *Insurance Premium Tax Act* and *Fire Services Act* were amended to merge fire insurance tax with insurance premium tax for property, pleasure craft and liability insurance, effective April 1, 1998. This means that the fire insurance premium tax paid by insurance companies is eliminated. As well, the tax rate paid by insurance companies on property, pleasure craft and liability insurance is increased to 4 per cent from 3 per cent. This simplifies the tax structure by reducing the number of insurance tax rates to two from four.

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, Thailand, Mexico, Argentina, Brazil and Chile).

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 Conference

The Asia Pacific Economic Cooperation (APEC) is an international forum for promoting 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 Vancouver APEC meeting was a significant and prestigious event which involved an estimated 10,000 people, including senior government and business leaders and the international media. The meeting offered a unique opportunity to highlight British Columbia as Canada's Pacific Gateway, and it showcased the province's trade and investment opportunities locally, nationally, and internationally. British Columbia also enhanced its activities with specific programs for business, youth, and civil societies stakeholders' groups.

Chapter 5: The Provincial Government and Intergovernmental Relations

United Nations International Climate Change Convention

The countries of the United Nations met in Kyoto, Japan in December 1997 to negotiate an international climate change convention. The protocol defines different targets for countries using a five-year commitment period which starts in 2008 for all developed countries. Canada's target is to reduce greenhouse gas emissions, averaged over this commitment period, to 6 per cent below 1990 levels.

The British Columbia Greenhouse Gas Forum, a stakeholder consultation process, reached consensus that there needs to be a clearly defined, inclusive and consultative process for decision-making in Canada regarding the ratification and implementation of a climate change treaty. In December 1997, the federal government agreed to establish a process that will examine the consequences of the agreement and provide for full participation of the provincial and territorial governments.

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 Agreement on Investment

Members of the Organization for Economic Cooperation and Development began negotiations for a multilateral agreement on investment (MAI) in 1995. British Columbia has expressed a number of concerns with MAI, including the extremely broad definition of investment, the broad meaning of expropriation, inadequate protection for labour and the environment, problems of extending national treatment to subsidies, the limitations of country-specific reservations, and the undemocratic, unaccountable investor-state dispute mechanism. In addition, MAI may interfere with the province's ability to lever jobs and other local economic benefits from companies that develop publicly owned natural resources. In November 1997, British Columbia expressed its views to the federal parliamentary committee reviewing MAI. The province has also committed to holding public hearings on the agreement.

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 for 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:

Chapter 5: The Provincial Government and Intergovernmental Relations

- 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.

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 Relations

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.

Chapter 5: The Provincial Government and Intergovernmental Relations

- 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.
- Softwood Lumber Agreement* Canada and the U.S. signed a softwood lumber agreement effective April 1, 1996. The agreement sets an annual lumber export limit to the United States of 14.7 billion board feet. Fees will be levied on any exports over the limit. In return, the U.S. agreed not to take trade action against the Canadian lumber exports during the 5-year term of the agreement. However, the U.S. has expressed concern about reduced stumpage fees charged to British Columbia forest companies, and the status under the agreement of drilled building studs. The provincial government is involved in discussions to address these concerns.
- 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.
- Border Topics* British Columbia is engaged in several activities to facilitate crossing of the Canada- U.S. border.
- *In-transit pre-clearance* — the province has expressed its support for the implementation of a system to pre-clear international air passengers en route to the U.S., greatly facilitating their connections and making Vancouver a more attractive route by which to enter the U.S. Full pre-clearance procedures for rail and ferry passengers will also benefit travellers, particularly those using the Seattle-Vancouver Amtrak service.
 - *Section 110* — British Columbia, along with other jurisdictions and organizations, is making efforts to have section 110 of the U.S. *Illegal Immigration Reform and Immigrant Responsibility Act of 1996* repealed. Section 110 requires authorities to record the names of all non-residents arriving and departing the U.S. so that individuals who overstay their visas can be identified. If implemented, section 110 will cause extensive delays at the Canada-U.S. border crossings.

- *International mobility and trade corridor (IMTC) project* — IMTC is a bi-national process to develop a plan for addressing border crossing issues in the Lower Mainland/Whatcom County region. Issues include expediting clearances through customs; financing road, rail and safety enhancements; developing joint operational procedures; expanding the hours of operation and staff at border crossings; and establishing a cross-border forum of user groups and community leaders. British Columbia is seeking to promote safe and efficient transportation, trade and tourism between Canada and the U.S. by identifying and removing impediments to smooth cross-border flows.

Other International Relations

British Columbia has cooperation and economic agreements with several sub-national entities around the world. A particularly active twinning arrangement in 1997 was the partnership between British Columbia and the province of Eastern Cape in South Africa. A delegation from Eastern Cape's Department of Transport and Public Works visited British Columbia in October 1997, and the province will be assisting Eastern Cape in 1998 and beyond through personnel secondments and exchanges. 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 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 agreement reduces some specific barriers and provides a framework for future negotiations.

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, and to 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,

Chapter 5: The Provincial Government and Intergovernmental Relations

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 provided for an additional \$51.7 million each from the federal, provincial and local partners. Priorities for the enhanced program included road and transit improvements, with a small component for telecommunications services and community projects.

Social Policy Renewal

At their annual conference in 1996, provincial premiers established a Council of Ministers on Social Policy Renewal to coordinate an approach to social policy issues of national importance. Significant progress has taken place in several priority areas identified by the premiers, such as implementation of the National Child Benefit and development of a multilateral framework on employability assistance for people with disabilities.

In the coming year, the council will continue to coordinate these activities as well as work with sector councils on a national children's agenda, the development of a national youth employment strategy and improvement of benefits and services provided to persons with disabilities.

At their annual conference, held in August 1997, the premiers agreed that the federal government should begin to work cooperatively with provinces to maintain and strengthen Canada's social union. Subsequently, at a December 1997 meeting, first ministers directed the Ministerial Council for Social Policy Renewal to commence negotiations on a framework agreement for Canada's social union. The objective of the framework is to renew social programs so that they will more adequately meet the needs of citizens.

National Child Benefit

British Columbia has been instrumental in negotiating the National Child Benefit (NCB) with the federal and provincial governments. Under NCB, implemented in July 1998, the federal government is providing an additional \$850 million per year for low-income families with children through creation of the Canadian Child Tax Benefit. The provinces are decreasing benefits for income assistance recipients by

Chapter 5: The Provincial Government and Intergovernmental Relations

an amount equal to the federal payments (in British Columbia the BC Family Bonus is being reduced). Provincial funds are being re-invested into programs for children in low-income families that meet the NCB objectives of helping to prevent and reduce child poverty, and promoting family attachment to the workforce. The overall income for families on income assistance is being maintained.

Canada-British Columbia Agreement on Labour Market Development

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 *Employment Insurance Act*. 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).

The agreement guarantees that the federal government will spend \$1.5 billion on labour market development activities in British Columbia over five years from the date of the agreement. 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.

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.

National Unity Consultations

In September 1997, provincial premiers (except Quebec) and territorial leaders met in Calgary to discuss national unity. This meeting resulted in a seven-point framework for discussion on Canadian unity and a set of guidelines for the process of public discussion. Each province and territory is to consult with their citizens about the framework, with each government deciding on the range or scope of the consultation.

The British Columbia unity panel was established in October 1997, and was comprised of ten private citizens, seven members of the legislative assembly, three members of parliament and two non-government co-chairs. The panel considered public concerns and produced the *Report on the Calgary Declaration*, which was released in February 1998. The panel reported widespread support for the principles in the Calgary Declaration, and also noted views on a number of other issues of interest in British Columbia.

The British Columbia Unity Resolution was passed in the legislature in May 1998. The resolution supported the Calgary framework unconditionally, and it added three additional principles — an enhanced role for the province in national health care standards, an enhanced role in fisheries management and equal per capita federal funding for health education and social programs.

Fisheries Management

In April 1997, the federal and provincial governments signed the Canada/British Columbia Agreement on the Management of Pacific Salmon Fishery Issues. This agreement created a new partnership between British Columbia and Canada

Chapter 5: The Provincial Government and Intergovernmental Relations

for conserving and managing resources, and included 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.

Canada- British Columbia Immigration Agreement

In May 1998, Canada and British Columbia signed an agreement for cooperation on immigration issues. The province will assume full responsibility for designing and delivering settlement and integration services and programs for newcomers. British Columbia will also play a bigger role in consultations to determine immigration policy and planning, and to boost business immigration.

The federal government will maintain its role in setting national standards for immigration while allowing for more input from British Columbia through a formalized policy and planning process. Federal funding for settlement services and programs, totalling \$45.8 million for each of the 1998/99 and 1999/2000 fiscal years, will be transferred to the province. A business immigration pilot project will be launched to encourage business immigrants destined for British Columbia to make an exploratory visit to the province, and to attend business orientation seminars provided in the province.

Other areas covered under the agreement include staff transfers, provincial nominees, overseas promotion and recruitment, information sharing and research, and plans to deter family sponsorship defaults.

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 been unilaterally reducing transfer payments to the provinces. These unilateral reductions cost British Columbia \$3.6 billion in 1997/98 and are expected to cost \$4 billion in 1998/99.

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. 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. The federal government will transfer an estimated \$8.5 billion in equalization payments to other provinces in 1998/99.

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 the federal government does not allocate funds among the three program areas. Although provinces distribute the federal contributions according to their own spending priorities, the CHST is not an unconditional program. 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 programs, at a time when federal contributions are declining sharply. In the past three years (1995/96 to 1997/98), federal cash transfers to British Columbia fell by \$669 million, or 30 per cent. British Columbia's 1998/99 CHST cash entitlement of \$1.6 billion will cover 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.

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 and population growth. As a result, in real and in per capita terms, CHST payments will continue to fall over time.

Chapter 5: The Provincial Government and Intergovernmental Relations

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 \$200 million in 1997/98.

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.

In December 1997, the federal and provincial finance ministers agreed to new guidelines which will increase the flexibility for provinces to introduce tax credits and other measures. In addition, the federal government has agreed to allow interested provinces to move to a system of imposing income tax rates on taxable income instead of the federal basic tax. This could provide additional flexibility for provinces to adopt measures tailored to their specific tax policy objectives.

The federal government recently introduced legislation to replace Revenue Canada with the Canadian Customs and Revenue Agency, a new Crown corporation. The agency will assume responsibility for all existing Revenue Canada activities and will have some flexibility to collect additional provincial taxes on a contracted basis.

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. Stikine is the only regionally 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 the area of 4 regional health boards. 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, and mental health services.

School boards, incorporated under the *School Act*, coordinate school administration in 59 school districts throughout the province. School districts usually cover municipal and non-municipal areas. In addition to school boards, a francophone education authority has responsibility for providing educational programs to francophone students within its territory.

There are 276 improvement districts, primarily in non-municipal areas, incorporated under the *Municipal Act* or the *Water Act*. Services most commonly provided by improvement districts include water, fire protection, street lighting, garbage 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 cooperative agency to provide financing of capital requirements and interim financing, pooled leasing, and short-term investment opportunities on behalf of 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 three 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, 1998, the outstanding long-term debt of the authority was \$2,247 million, while the debt reserve fund balance was \$227 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, 1998, the short-term debt outstanding was \$53 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, 1998, the net assets of these funds totalled \$1 billion.

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. 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 has 24 area offices throughout the province and a head office in Victoria.

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 1998 estimates the property's value on July 1, 1997 and is used by tax authorities to determine 1998 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 provincial 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, 1996 and July 1, 1997.

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

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
		1996	1997	
(\$ millions)				
1	Residential	283,974	292,215	2.9
2	Utility	16,084	16,135	0.3
3	Unmanaged forest	45	49	7.3
4	Major industry	5,612	5,672	1.1
5	Light industry	3,474	3,506	0.9
6	Business/other	73,131	75,958	3.9
7	Managed forest	1,021	983	-3.7
8	Recreational/non-profit	10,619	11,058	4.1
9	Farm	1,326	1,323	-0.2
	Total	395,286	406,899	2.9

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

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 (small community protection, municipal equalization and regional district basic) totalled \$82.2 million in 1997/98, and are estimated to total \$82.4 million in 1998/99. Proposed 1998/99 funding for conditional grants (sewer, water, local government restructure and planning) is \$83.6 million. The provincial share of the Canada-British Columbia Infrastructure Works Program in 1998/99 is estimated at \$25 million (all projects under the program must be completed by March 31, 1999). Appendix Table A5.4 contains additional details on local government programs.

Chapter 5: The Provincial Government and Intergovernmental Relations

Grants in Lieu of Property Taxes	<p>Under the <i>Municipal Aid Act</i>, 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 1997/98, an estimated \$61 million in grants-in-lieu of taxes was paid by the provincial government, Crown corporations and other provincial bodies. This included \$35 million by the British Columbia Hydro and Power Authority and \$16.7 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.</p>
Provincial Home Owner Grant	<p>The Provincial Home Owner Grant Program reduces property tax payable after an eligible homeowner has made a minimum payment. There are two levels of grant. In 1998, the basic grant is for up to \$470, after the eligible homeowner has paid a minimum of \$350 in property tax. The additional grant is for a total of up to \$745, after the eligible homeowner has paid a minimum tax of \$100. The additional grant applies to homeowners aged 65 or over, those receiving an allowance under the <i>Disability Benefits Program Act (BC)</i> and eligible persons receiving an allowance under the federal <i>War Veterans Allowance Act</i> or the <i>Merchant Navy Veteran and Civilian War-related Benefits Act</i>.</p> <p>Entitlement to a grant begins to be phased out when a property's assessed value reaches \$525,000. The regular grant is eliminated entirely once the assessed value reaches \$572,000; the additional grant is eliminated once the value reaches \$599,500.</p>
Aboriginal Peoples	<p>The 1996 Census reported 140,000 people in British Columbia as having some aboriginal ancestry, including North American Indian, Metis and Inuit. Of the 620 different aboriginal bands 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 the country.</p>
Treaty Negotiations	<p>The provincial government maintains a government-to-government relationship with First Nations in British Columbia. An integral part of the relationship is the negotiation of treaties.</p> <p>In June 1993, the governments of Canada and British Columbia agreed on a method for sharing the costs of treaty settlements in the 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.</p> <p>A formal process for treaty negotiations in British Columbia, agreed to between the province, Canada and the First Nations Summit, commenced in 1994. The province anticipates that these negotiations will result in modern-day treaties defining the boundaries and nature of treaty settlement lands and rights, and ensure a more stable environment for resource development in British Columbia.</p> <p>The British Columbia Treaty Commission, an independent body, facilitates treaty negotiations under a six stage negotiation process. As of September 15, 1998, there</p>

were 51 First Nations in the process representing two thirds of the bands in British Columbia.

In August 1998, a Final Treaty Agreement was initialled by the negotiators for the province, Canada and the Nisga'a people in north-western British Columbia. The treaty exhaustively defines Nisga'a aboriginal rights under the Canadian constitution and creates certainty with respect to Nisga'a rights, title and obligations. The Final Agreement must be ratified by the Nisga'a people, the provincial legislature and the federal houses of parliament before taking effect (see the topic box for more information on the Nisga'a treaty).

In addition to treaty negotiations, the provincial government is also working with aboriginal communities to transfer certain social programs to the control of aboriginal 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 meanwhile 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 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 cases where bands pass taxation by-laws.

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 Final Agreement, the Nisga'a government would have a concurrent power to tax Nisga'a citizens on Nisga'a land. The income and sales tax exemptions now available for Nisga'a citizens under the *Indian Act* would be phased out.

Introduction

The Nisga'a Treaty

The Nisga'a First Nation has lived in the Nass Valley in north-western British Columbia for thousands of years, but has never signed a treaty defining its territory, rights and relationship with non-aboriginal people. For more than 100 years, beginning in 1887, Nisga'a leaders have worked to establish such a treaty. On August 4, 1998, a Final Agreement was initialled by the negotiators for Canada, British Columbia and the Nisga'a. The treaty exhaustively defines Nisga'a aboriginal rights under the Canadian constitution and creates certainty with respect to Nisga'a rights, title and obligations. The agreement must be ratified by Parliament, the British Columbia legislature and the Nisga'a people before taking effect. Some of the financial and economic provisions of the agreement are:



Financial Provisions

The Nisga'a will receive:

- \$190 million in capital transfers which will be paid over 15 years.
- \$85 million in other payments to facilitate participation in the coastal commercial fishing industry; to establish a fisheries conservation trust; for infrastructure capacity building and training; for forestry transition payments; and to enable the Nisga'a to provide government services, through a fiscal financing agreement, at levels reasonably comparable to those available in the north-western region of the province.
- In a cost-sharing agreement, British Columbia has been credited with \$36 million for foregone forestry revenue.



Taxation

These funds, \$247 million of which will come from the federal government, will provide a substantial economic stimulus to the regional economy.

Compensation to third parties, including cash and non-cash items, will be cost shared by the federal and provincial governments.

Taxation measures include the following:

- The Nisga'a government will have the power to tax Nisga'a citizens on Nisga'a land.
- The Nisga'a and British Columbia governments may negotiate a tax delegation agreement to permit the Nisga'a government to collect property taxes from non-Nisga'a occupiers of Nisga'a lands.
- The Indian Act tax exemption for Nisga'a citizens will be eliminated after a transitional period of eight years for transaction (e.g. sales) taxes and 12 years for other taxes (e.g. income).
- The Nisga'a government, Canada and British Columbia will negotiate the coordination of their respective tax systems on Nisga'a land.

Land

The Nisga'a will own two types of lands — Nisga'a lands and Nisga'a fee simple lands.

- *Nisga'a Lands* — 1,992 square kilometres in the Lower Nass River area will be owned in fee simple by the Nisga'a nation. The Nisga'a will own both surface resources (including forests) and subsurface resources on this land.
- *Fee Simple Lands* — 27.5 square kilometres outside of Nisga'a lands will become fee simple lands owned by the Nisga'a, but will be subject to provincial laws.

Non-Nisga'a residents will have access to the Nisga'a lands, including public access for hunting, fishing and recreation.

Resources

Provisions with respect to resources on Nisga'a land include the following:

- *Forestry* — the Nisga'a will manage the harvest of all their forest resources following a transitional period of five years to allow existing licensees to adjust their operations. Nisga'a forest management standards must meet or exceed provincial standards, such as the *Forest Practices Code*. The Nisga'a will collect stumpage revenue after the transitional period.
- *Fisheries* — conservation of fish stocks will be a primary consideration under the agreement. The Nisga'a will receive an annual allocation of approximately 17 per cent of the Canadian Nass River catch under the treaty. They may use this for their own purposes, or in years where there is also a commercial fishery available to non-Nisga'a on the Nass, sell the allocated salmon. In addition, the Nisga'a will receive an allocation of sockeye and pink salmon for commercial and domestic purposes under a harvesting agreement outside the treaty. Canada and British Columbia will retain overall responsibility for conservation and management of the fisheries and fish habitat, according to their jurisdictions. The Nisga'a will receive allocations of other fish and shellfish for domestic purposes.
- *Wildlife* — the Nisga'a will not own wildlife, but will receive allocations for moose, mountain goats and grizzly bears. The Nisga'a will not be able to sell wildlife, but may trade or barter among themselves or with other aboriginal people. The Nisga'a may harvest migratory birds according to an international convention and applicable laws of general application.



Nisga'a Government

Provisions under the agreement with respect to a Nisga'a government and the administration of justice include the following:

- The Nisga'a will establish a constitution that specifies the structure, duties and membership of their government and ensures that it is open and democratic.
- The Nisga'a will be able to make laws governing such things as culture and language; public works; regulation of traffic and transportation on Nisga'a roads; land-use; and solemnization of marriages.
- The Nisga'a will continue to provide health, child welfare and education services under existing arrangements but may choose to make laws in these areas, subject to federal and provincial laws and standards.
- People residing on Nisga'a lands, but who are not Nisga'a citizens, will be able to participate in Nisga'a public institutions which directly affect them, and will be able to seek a review of administrative decisions which affect them.
- Like municipalities, the Nisga'a government may provide full policing services on Nisga'a lands. The police must meet provincial standards for training, qualifications and professional standards that apply to municipal police. The Nisga'a may establish a Nisga'a court to hear cases under Nisga'a laws. Accused persons may choose to have their cases heard in Provincial Court.

General Provisions

Other provisions under the agreement include the following:

- Lands owned by the Nisga'a will no longer be reserve lands under the *Indian Act*.
- The Nisga'a will continue to be entitled to the rights and benefits of other Canadian citizens.
- The *Indian Act* will no longer apply to the Nisga'a, except for determining who will be considered a Status Indian, and for transitional arrangements related to the disposition of will and estates of Nisga'a people who are not legally competent to manage those affairs.
- The *Criminal Code of Canada*, the *Canadian Charter of Rights and Freedom* and other federal and provincial laws of general application will continue to apply to the Nisga'a, unless varied by the final agreement.



Chapter Six

Major Provincial Programs



Laying of the Last Stone for the Parliament Buildings' Museum, 1896

6: Major Provincial Programs

Introduction

The strength of a society depends on many economic, social and financial conditions. 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.

Previous chapters have discussed the province's economic and financial conditions. This chapter describes the province'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. More detailed information about specific programs may be obtained directly from the ministries or agencies responsible for the programs. Appendix 9 provides a phone list of government agent offices across the province. 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>.

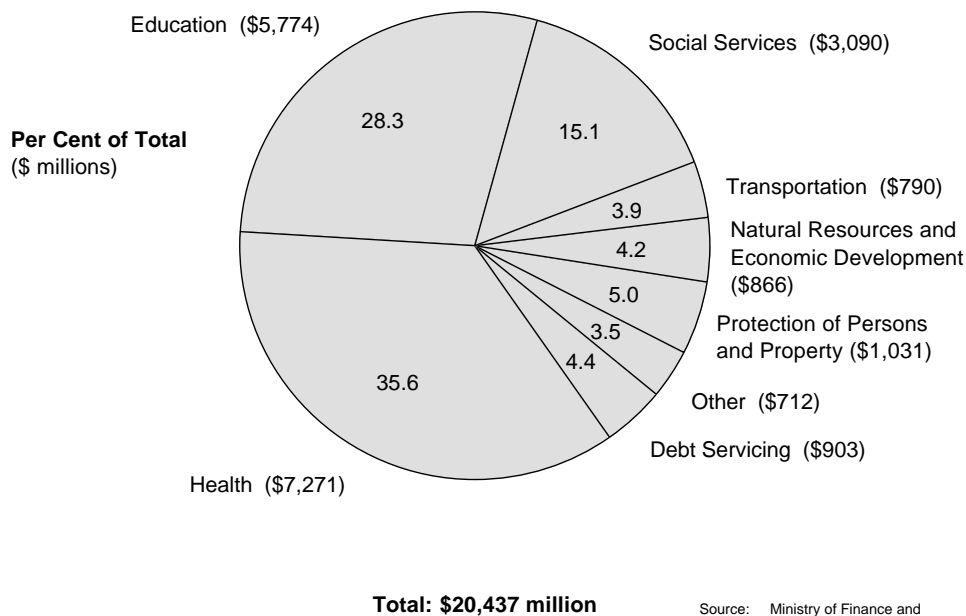
Social Programs

The provincial government provides social programs in the areas of health, income support, 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 encourages the full participation of citizens in society.

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 1997/98 was over \$7 billion.

Chart 6.1 Expense by Function, 1997/98



*Regionalization —
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 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 was transferred to 11 Regional Health Boards, 7 Community Health Services Societies and 34 Community Health Councils. Services provided by these health authorities include acute care and continuing care, mental health services, and public health programs totalling \$4 billion.

In the context of a regionalized health care system, the role of the Ministry of Health is to fund health authorities and monitor, evaluate, and support their performance in governing and managing health care services. With a few exceptions, the Ministry of Health has withdrawn almost entirely from the direct provision of services to British Columbians. The Ministry of Health remains responsible for the Medical Services Plan, Pharmacare, Vital Statistics, and the Ambulance Service.

Acute and Continuing Care

During 1997/98, \$3.9 billion was spent on the following acute and continuing care programs, the majority of which was funded through Health Authorities.

- Acute care hospital contributions funded the operating and equipment costs of 120 hospitals throughout British Columbia, including acute care hospitals, extended care hospitals and diagnostic and treatment centres. Funds were provided for: acute and tertiary services, and special programs such as the screening mammography program operated by the British Columbia Cancer Agency; interns and residents programs at Vancouver Hospital and Health Science Centre; and the reproductive care program administered by the British Columbia Women's Hospital. Payments were also made to out of province hospitals for services provided to British Columbia residents.
- 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.
- 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 various communities throughout the province.
- Continuing care residential services provided residential care and support for physically and mentally infirm persons, most of whom were elderly and could no longer function independently due to chronic health-related disabilities. Most of these residential services were provided in long-term care facilities, although group homes and family care homes were 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 had health related problems which restricted 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 were 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.

During 1997/98, \$296 million was spent on the following Adult Mental Health programs:

- 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 were provided through Health Authorities and Riverview Hospital.

Chapter 6: Major Provincial Programs

- 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 inpatient services were provided at the Forensic Psychiatric Institute, Riverview Hospital and the Vancouver Pretrial Centre, as well as on an outpatient basis and via travelling clinics throughout the province.

Public and Preventive Health

During 1997/98, \$133 million was spent on the following Public and Preventive Health programs:

- Public health field operations supported health authorities across the province which delivered a variety of public health services. Specific services included public health nursing, environmental health inspection, licensing of community care facilities, speech and audiology services, dental health services, nutrition services, and public health engineering. 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. Funding was also provided for the operations of the British Columbia Centre for Disease Control, which coordinated health services for the control of communicable diseases, including sexually transmitted diseases and tuberculosis, and managed the provincial laboratory.
- The Health Protection and Safety Division provided the following services: environmental health assessment; enforcement of tobacco consumption reduction measures; radiation exposure control; milk, meat, fish and food safety initiatives; public health protection; and licensing of facilities caring for dependent persons.
- 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.
- Community health services provided a broad range of community health initiatives including AIDS prevention, special care, aboriginal health and population health programs.

Medical Services Plan

The Medical Services Plan (MSP) offered comprehensive medical care coverage. The plan also covered supplementary services provided by chiropractors, optometrists, physiotherapists, massage therapy practitioners, podiatrists and naturopaths, and specific oral surgery procedures performed in hospitals. The plan was administered by the Medical Services Commission, which consisted of nine members, equally representing practitioners, the general public and government.

MSP expenditures during 1997/98 amounted to \$1.8 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 1997/98, MSP expenditures were distributed as follows:

- \$1.6 billion was paid to physicians and surgeons including \$1.5 billion in fees for service, \$113 million for alternative payments, and \$60 million to the physicians' education, disability, liability, and pension funds.
- \$117 million was paid to supplementary benefit practitioners; and
- \$26 million was spent on program management.

Pharmacare

Pharmacare subsidized 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 \$468 million during 1997/98.

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

Seniors (aged 65 and over) received free drugs and supplies, but were 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 received program benefits at no personal cost.

*British Columbia
Health Research
Foundation*

The British Columbia Health Research Foundation supported health research within the province by providing grants for research projects and human resource development. Grants were awarded for university and hospital research in three broad areas — population health, health services and clinical care, and basic biomedical science. Community-based research was supported through grants for research projects on community issues and through training support to develop research skills. In 1997/98, the foundation awarded 147 grants worth \$6.3 million.

*Emergency Health
Services Commission*

The Emergency Health Services Commission provided ambulance service and pre-hospital care. During 1997/98, 884 full-time and 2,335 part-time paramedics and dispatchers worked from 427 ambulances and 28 support vehicles based in 193 community facilities. Dispatches consisted of 385,311 ground ambulance trips and 6,822 air ambulance trips. Emergency health services expenditures totalled \$132 million in 1997/98.

Vital Statistics

The Vital Statistics Special Operating Agency administered 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 1997 calendar year, the Agency registered 45,065 births, 27,567 deaths, 21,841 marriages and 59,985 will notices, issued 211,829 certificates and performed 15,071 will searches. The Agency also maintained the Health Registry, a health status registry of genetic birth defects and disabling conditions, performed research using vital statistics records and provided assistance to genealogical researchers. These services were 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*

In addition to the Ministry of Health, the Ministry of Human Resources also provided a range of essential health services to eligible recipients of income assistance. These included medical equipment and supplies, medical transportation

Chapter 6: Major Provincial Programs

and optical and dental services. In 1997/98, the ministry spent approximately \$52.5 million on these programs.

Social Services

The Ministry of Human Resources provided income support to those in need, and community-based support services such as hostels and emergency shelters. Total expenditure during 1997/98 was \$1.7 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 provided 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 \$1.4 billion in 1997/98.

Income Support

Income assistance was provided to eligible British Columbia residents 25 years of age and over who could not provide the necessities of life for themselves and their dependents. Eligible youth between the ages of 19 and 24 were provided with a youth allowance while participating in job search or education and training programs. Disability benefits were also provided for eligible disabled persons. Total expenditures in 1997/98 were \$1.4 billion.

In March 1998, assistance in either form was provided to 297,434 individuals, including 117,730 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	1996	1997	1998	Change 1997-1998
				(per cent)
Single Men.....	86,746	78,142	73,273	-6.2%
Single Women.....	41,637	38,964	38,198	-2.0%
Child with Relative.....	4,176	4,150	4,391	5.8%
Couples.....	8,823	8,136	7,739	-4.9%
Two-Parent Families.....	16,253	13,090	11,552	-11.7%
One-Parent Families.....	<u>57,047</u>	<u>48,760</u>	<u>44,551</u>	-8.6%
Total Income Support.....	<u>214,682</u>	<u>191,242</u>	<u>179,704</u>	-6.0%

Source: Ministry of Human Resources.

*Prevention,
Compliance and
Enforcement Division*

Income support programs are intended to be used only by those who truly cannot support themselves. The objective of the Prevention, Compliance and Enforcement Division was to reduce fraud and abuse of the ministry's income support programs, by means of prevention initiatives balanced by a strong enforcement program. In 1997/98, 12,929 investigation files were opened, 269 charges were laid, and 249 convictions obtained.

BC Benefits Program

During 1997/98, the BC Benefits Program continued to reduce the number of income assistance cases managed by the ministry. Introduced in 1996, BC Benefits included four major initiatives:

- the Family Bonus Program, which started in July 1996, provided a monthly subsidy for low and modest income families with children;
- the Healthy Kids Program, effective April 1996, provided dental and vision care benefits for children in low income families;
- the Youth Works Program, which ended welfare for young people, began in January 1996. Instead of welfare, young people who needed help received support as they participated in job search and work preparation programs; and
- the Welfare to Work Program, for employable adults 25 and over, which provided 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 found later in this chapter.

Emergency Social Services

Through the Emergency Social Services program, the Ministry of Human Resources coordinated the work of 5,500 volunteers in 120 communities who delivered 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. Total direct expenditures in 1997/98 were \$965,000.

Community Services Fund

The Community Services Fund provided community-based funding for additional pre-employment training programs for income assistance clients who faced multiple barriers to moving towards independence and employment. Total expenditures for 1997/98 were \$3.8 million.

Hostels and Emergency Shelters

As of March 1998, the Ministry of Human Resources funded 34 hostels with 607 beds and emergency shelters with 96 beds in a total of 26 communities. Total expenditures in 1997/98 were \$12.4 million.

Child and Family Services

The Ministry for Children and Families provided services to children, families, persons with developmental disabilities, and youth and adults who misused alcohol or other drugs. Services provided included family support, child care, child protection, adoptions, mental health and youth justice programs. Total expenditures on services for children and families totalled \$1.4 billion in 1997/98.

The ministry's focus was to provide child-centred, integrated services that promoted and protected the healthy development of children and youth while recognizing their attachment to family and community. The ministry structured service delivery on a local level in 20 regional operating agencies to ensure that programs and services were responsive to the needs of children, youth and family in their communities.

Services were provided by 3,865 direct ministry staff working collaboratively in multidisciplinary teams in approximately 300 offices throughout the province, and by about 20,000 people who provided services on the ministry's behalf.

The ministry's next phase of service planning will include:

- an integrated service delivery system for children, youth and families;

Chapter 6: Major Provincial Programs

- supporting aboriginal people to deliver services to their children, youth and families;
- sustained and innovated programs and services in community living; and
- integrating the ministry's infrastructures to support and reflect the service delivery system.

Services for Children

The Ministry for Children and Families provided 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 were provided by community social workers who worked with families, foster parents, contracted agencies, other ministry staff, and community partners to protect the province's children. These services included investigation of reports of child abuse or neglect, placement of children in foster care or group homes, and provision of services for children in the ministry's care.
- Services for children with special needs promoted the healthy development of children and youth, and included home support and respite services. Summer programs which assisted students with special needs to maintain skills learned during the school year were also available. In 1997/98, over 10,000 children with special needs received these services.
- School-based equity programs ensured that students from low income families who were at risk received the support needed to succeed academically and to develop the social skills and confidence needed to function in society. These programs included the School Meals Program (based on the premise that hungry children are unable to learn and cannot concentrate on their school work), the Inner City School Program (which provided support to children of low-income families living in potentially dangerous urban environments), the Community Schools Program, Early Academic Intervention Program, and the Summer Education/Provincial Resource Program. Expenditures on these programs totalled \$41.7 million in 1997/98 (including youth school-based support services described below).
- Prevention services provided promotion, prevention, early support and intervention services to communities, groups, families and individuals. The program included public health nursing, speech, audiology, nutrition and dental services. Expenditures totalled \$82.2 million in 1997/98, including \$9.7 million for the Healthy Kids Program (which provided basic dental and optical care benefits to children of employable income assistance clients and low income working families that were enrolled under the Medical Services Plan premium assistance program).
- Mental health services provided assessment and treatment for children and youth who suffered from mental illness or behaviour disorders, or who were survivors of abuse and trauma. In addition, specialized services provided crisis response and suicide prevention counselling, and sexual abuse intervention. In 1997/98, \$18.9 million was spent on child and youth mental health services.

Services for Families

The Ministry for Children and Families delivered services directly to families, and provided subsidies to enable families to secure the support they needed. Services

ranged from prevention and early support to intensive treatment and residential facilities.

- Children and family support programs were designed to reduce the number of children coming into the ministry's care by assisting families to acquire skills, achieve specific goals and address factors which affect parenting abilities. Programs included Parents Together (parent self-help groups), family enhancement worker programs, family preservation programs, homemaker/home support workers and respite. In 1997/98, the government spent \$54.3 million on family support services.
- Child care programs assisted communities to improve the quality, affordability, and accessibility of child care services. Approximately one-third of children age 11 and under in British Columbia require some form of non-parental care. Programs included child care resource and referral services; compensation contributions; emergency repair, replacement and relocation grants; education-based young parent services; and child care subsidies. In 1997/98, \$180.8 million was spent on child care programs.
- Adoption services secured families for children who required permanent adoption homes. Services were provided to birth parents, prospective adopting parents and adopting parents. Services included post adoption assistance, post placement support, adoption openness, and search and reunion for adopted adults. Adoption services were provided by the ministry, licensed agencies, five community organizations, and by volunteer groups. In 1997/98, the provincial government spent \$2.9 million on adoption programs.
- Alcohol and drug services provided a range of substance misuse services to youth and adults through a combination of government and non-government organizations. Services were available throughout the province and were delivered along a continuum including outpatient services, withdrawal management services, day programs, residential treatment, supportive recovery services and school-based prevention programs. Total expenditures during 1997/98 for contracted agencies were \$41.8 million. Additional services were provided directly by ministry staff.

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 provided specific services to youth. The ministry supported youth in a variety of social circumstances including youth who were still connected to their families, youth who were at risk, and youth who had lost connection with their families and communities.

- Direct services for youth included parent-teen mediation services to resolve family conflicts; the Reconnect Program, which provided intervention and support services for street youth; At Risk Minors Services which provided assistance to at-risk minors to achieve independence through life skills and educational programs; short term, emergency accommodation for youth who were at risk; the Vancouver Action Plan which assisted youth involved in the sex trade to leave the streets; and school-based support services which provided school-based child care workers to help youth who were experiencing difficulties in school.
- Youth forensic psychiatric services provided court-ordered and court-related assessment and treatment for young offenders. The ministry also provided

Chapter 6: Major Provincial Programs

intensive residential care and treatment for psychiatrically ill youth through the Maples Adolescent Treatment Program. In 1997/98, \$16.9 million was spent on forensic psychiatric services.

- Youth justices programs provided probation and custody services to young offenders (aged 12 to 17) who were subject to a court order under the *Young Offenders Act*. Programs included youth custody centres, probation officers, and contracted residential and community-based services. Expenditures on these programs totalled \$40.2 million in 1997/98.

Services for Adults with Developmental Disabilities

The Ministry for Children and Families contracted with societies, agencies and individuals to provide programs that offered training and support for adults with developmental disabilities, and helped them to live as independently as possible in the community. In 1997/98, approximately 7,500 adults received these services. The ministry also worked with societies and agencies, both private and non-profit, to develop community residences for adults. In 1997/98, over 4,400 adults received community-based residential support and care. Expenditures for residential services, training and support totalled \$334 million in 1997/98.

Office for Disability Issues

The Office for Disability Issues (ODI) was responsible for coordinating policy, legislation and program initiatives across government that affect persons with disabilities. ODI facilitated greater communication between people with disabilities and government; coordinated more effective government policies, programs and services affecting people with disabilities; and provided a stronger voice in government decision making for people with disabilities. Coordination efforts were focused on three key areas — education, training and employment; community living support; and transportation. For the period from April 1997 to January 1998, ODI managed 212 inquiries, 32 referrals and 68 investigations. ODI's budget in 1997/98 was \$565,000.

Services for Seniors

The provincial government provided a variety of programs for senior citizens that supported and enhanced their independence, well-being and health. Several ministries operated these service programs.

- The seniors supplement provided 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, 1998 recipients totalled 35,333. Expenditure for the program, operated by the Ministry of Finance and Corporate Relations, was \$18 million in 1997/98.
- The Bus Pass Program subsidized bus passes to aid and encourage the mobility of eligible low-income senior citizens and disabled recipients. The program was administered by the Ministry of Finance and Corporate Relations. Net program expenditure was \$11.2 million in 1997/98.
- The Senior Citizen Counsellor Program enabled volunteer senior citizens to provide other seniors with information on community services and programs, as well as emotional support and counselling. In 1997/98, 175 senior citizen counsellors provided services to an average of 7,000 seniors each month. The program was administered by the Ministry of Human Resources at a cost of \$0.3 million in 1997/98.
- Shelter Aid for Elderly Renters (SAFER) provided cash assistance to citizens aged 60 and over who paid more than 30 per cent of their gross income in rent.

Approximately 12, 600 seniors qualified monthly. Expenditure for the program, operated by the British Columbia Housing Management Commission, an agency of the Ministry of Employment and Investment, was \$21 million in 1997/98.

Housing Programs

HOMES BC, the provincial housing program, assisted non-profit societies and co-operatives to develop and manage affordable housing for families, seniors, low-income single people, and individuals who were homeless or at risk of homelessness. The program supported local innovation and creativity and offered non-profit groups the flexibility to develop their own solutions to community housing needs.

There were three components to the HOMES BC program:

- community housing initiatives assisted non-profit community groups to increase access to affordable housing through education, research and advocacy;
- homeless/at risk housing assisted non-profit groups to meet the housing needs of vulnerable individuals who could live independently with limited support services; and
- non-profit housing assisted non-profit and cooperative societies to develop mixed income social housing.

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

In addition, a number of federal and federal/provincial programs provided subsidies to housing developments for families with children, seniors and persons with disabilities. The British Columbia Housing Management Commission directly managed 8,000 federal/provincial subsidized rental units, provided subsidies and administrative oversight for 26,000 private non-profit and co-operative housing units, and built and managed special purpose group homes (also see Chapter 7). The government also acquired, services and developed 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 worked closely with other ministries to ensure that issues relating to women's equality were reflected in policy, legislation, services, and programs across government. The ministry focused its resources to achieve three goals — achieve economic security for women and economic equality between women and men; prevent violence against women; and ensure that the health care system is respectful and responsive to women's needs.

Most of the ministry's resources were allocated to the Stopping the Violence Program. This program's aim is to prevent violence against women and to fund services for women who have experienced abuse. In 1998/99, the ministry will fund 86 transition houses, safe homes and second-stage houses which provide temporary shelter for women and their children leaving abusive relationships. The ministry also funded 80 counselling programs in over 100 communities for women who have experienced violence, and 38 women's centres to work with communities in planning and providing services to women.

The ministry also delivered violence prevention programs in partnership with other government ministries. These programs include the Aboriginal Family Violence Program, sexual assault/women's assault centres and intervention programs for abusive men.

Chapter 6: Major Provincial Programs

In April 1998, the ministry, along with the BC Association of Specialized Victim Assistance Programs and Counselling Services and the BC and Yukon Society of Transition Houses, launched the Building a Safer Future Awards Program. This awards program recognized outstanding work being done in the province by individuals, organizations and companies to prevent violence against women.

The ministry recognizes that women face barriers that limit economic opportunities. Therefore, the work toward economic equality for women included establishing partnerships with other ministries or agencies to support women entering non-traditional professions or trades. For example, Alternate Routes to Computing received grants from the Ministry of Women's Equality and the Ministry of Advanced Education and Technology to encourage women and men with bachelor degrees to acquire education in computer sciences in order to obtain jobs in the province's growing high-technology industry.

The ministry also worked with the Ministry of Health and the Women's Health Bureau to develop partnerships with health providers to ensure that women's needs were considered in research projects, service delivery methods and response procedures for preventing violence against women.

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 1997/98.

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 1997/98 school year, as measured by the number of days in session, was 194 days. During the 1997/98 school year, approximately 616,000 pupils were taught in 1,199 elementary schools and 538 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 1997/98 was \$5,849.

The allocation to each school district varies depending on the relative cost of program delivery. The allocation is designed to ensure 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 1997/98, 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 \$398 million for the provincial share of interest and sinking fund charges for capital construction projects and equipment purchases.

Accountability mechanisms for the public school system include performance measurement through provincial Grade 12 examinations, national and international assessments, school accreditation, and reporting such as reports to schools about assessment results, the ministry's annual report, school district annual reports, and annual accreditation 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 education programs. Schools and districts will be held accountable for progress toward accomplishing these goals, rather than solely 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 1997/98 school year there were 350 registered independent schools, with a total enrolment of approximately 58,500 pupils. The provincial government provided grants totalling \$133.3 million to support the operating costs of 291 funded independent schools with about 50,000 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 under the Charter, the province created a Francophone Education Authority (FEA) in 1995. The FEA managed and delivered 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.

In August 1997, the *School Act* was amended to include this francophone governance scheme, and the *Conseil Scolaire Francophone de la Colombie-Britannique Regulation* was amended in 1998 to permit the expansion of the Conseil Scolaire territory to the whole province. Eight school districts were added to the territory effective July 1, 1998, and it is intended that the remaining 33 districts will be added effective July 1, 1999.

In 1997, the province and the federal government entered into a special agreement to share the start-up and implementation costs of establishing the francophone school governance system. The agreement will expire on March 31, 1999.

*Provincial Learning
Network and Open
School*

The provincial government will invest \$123 million over six years to bring educational programs to students through a telecommunications network that will link all provincial public schools, colleges and institutes. The network will link students and educators in 1,700 public schools, 22 post-secondary institutions and 20 community skills centres, and it will increase the range of kindergarten-to-grade 12 courses available in small and remote schools. It will also extend programs to students not traditionally served by post-secondary institutions, increase student and teacher access to learning resources, and increase student and worker access to career information.

Chapter 6: Major Provincial Programs

Special Education

In 1997/98, the Ministry of Education allocated about \$392 million to provide support services to 66,000 students with a range of special needs in the public school system. A further \$25 million supported students in provincial programs in treatment centres, hospitals, containment and attendance centres, and in the Provincial School for the Deaf. Provincial services for technology-dependent students, and the provision of alternate format materials for blind students and auditory training equipment for students who are hard-of-hearing, accounted for another \$3.5 million.

English as a Second Language

The student population in British Columbia is diverse, representing almost every country in the world. In 1997/98, over 78,000 of these students received English as a second language instruction, and the ministry provided over \$72 million in supplemental funding to school districts to support these programs. The ministry also worked with school districts to support multicultural and anti-racism initiatives.

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. International education activities included 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 administered 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 funded by the Japanese government.

International Education — Post-Secondary Level

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

Universities

British Columbia has six 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, Royal Roads University (RRU) in Victoria, and the Technical University of British Columbia (TechBC) in Surrey. The first four of these universities had enrolment of approximately 49,000 full-time and 23,000 part-time students during the 1997/98 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. TechBC offered programs on a limited basis beginning in the fall of 1998.

In 1997/98, the provincial government contributed \$536.8 million to the university system to fund operating expenses, enrolment growth and special initiatives. About 75 per cent of university operating expenses was funded by the provincial government, 20 per cent through tuition fees and 5 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 \$179 million in external funding for research in 1996/97.

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 ten years of the program, \$109 million in provincial funds have been allocated, with UBC receiving approximately 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 1997/98, the province contributed \$0.7 million to the program for student bursaries only. In addition to the above, \$24 million in debenture capital was provided to UBC under the matching program.

Colleges, Institutes and Agencies

In 1997/98, the province's colleges, institutes and agencies continued to implement *Charting a New Course* — a strategic plan to ensure that all British Columbians find productive employment in a competitive labour market and have opportunities for continuous learning. The plan identified four goals for the post-secondary education system — relevance and quality, access, affordability, and accountability. The plan, released in 1996, was a collaborative effort between the ministry and organizations in the education system.

An extensive college and institute system provided academic, technical, vocational, career and adult basic education programs. The programs were administered through 11 community colleges, five university-colleges (which offer selected courses of study leading to bachelor degrees), five institutes and the Open Learning Agency. During 1997/98, about 37,000 full-time and 56,000 part-time academic, career and technical students, and approximately 18,000 full-time vocational students attended British Columbia colleges, institutes and agencies.

In 1997/98, the provincial government contributed \$506.7 million to the British Columbia colleges, institutes and agencies system to fund operating expenses and enrolment growth. Approximately 84 per cent of total operating revenues are provided by provincial grants. The remaining requirements are met through tuition fees and other revenues.

Justice Institute

In 1997/98, there were 57,280 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 provided 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).

Chapter 6: Major Provincial Programs

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.

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 and other programming throughout the province. In 1997, the Knowledge Network was available to 95 per cent of British Columbia households, and an average of 540,000 viewers per week tuned in to its programming.

In 1997/98, the OLA received \$20.8 million in provincial operating grants for distance education activities, and 15,445 students were enrolled in Open University and Open College courses through the OLA.

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 1997/98, \$132.5 million in loans was allocated under the British Columbia student loans program, and an additional \$45.4 million was disbursed under scholarship and grant programs. Student loan remissions of \$13.6 million were also provided.

The Ministry of Advanced Education, Training and Technology administers student financial assistance in the form of grants and repayable loans, available from the federal and provincial governments. In 1997/98, the weekly maximums which could be borrowed were \$260 for students without dependent children, and \$385 for students with dependent children. Under the loan remission program, students were eligible for remission of the portion of their loan over specified thresholds upon timely completion of a credential, and the fulfilment of other criteria. The loan remission thresholds, in 1997/98, were \$18,500 for a first credential (degree, diploma, or certificate), and \$23,500 for a second credential.

Under a risk sharing agreement between the provincial government and lending institutions which began in August 1995, financial institutions assumed full responsibility for student loan collection and losses due to defaults. In return, the government paid banks a five per cent 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 continued to determine eligibility for student loans.

Community Skills Centres Nineteen Community Skills Centres (CSCs) across the province offered flexible, client-focused training, through the use of innovative technologies and partnerships with public and private training providers, to reduce the impact of economic and labour market adjustment in British Columbia communities. In 1997/98, CSCs registered approximately 22,200 participants in training and education programs. The types of training offered included adult basic education, advanced technical/industrial, career preparation, business management and general skills upgrading.

Over one-quarter of those who received training at a CSC in fiscal 1997/98 were sponsored by their employers and approximately 30 per cent were either

employment insurance or income assistance recipients. The remainder of the clients were either self-funded or sponsored by a variety of local, provincial and federal agencies.

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 1997/98, 18 post-secondary institutions and the Native Education Centre participated in the initiative. The major program activities included providing support services to increase student retention and success, ensuring that the maximum number of students were served through institutional base funding, and expanding activity in areas where programs were fully utilized and student demand was high. During 1996/97, the latest year for which information is available, financial assistance records showed that more than 7,500 current or former income assistance recipients were attending British Columbia's colleges and institutes. This represents an under-representation of client participation but a significant increase over pre-BC Benefits numbers. Expanded capacity funding provided over 1,000 full-time equivalent spaces during 1997/98 in post-secondary institutions for the Youth Works and Welfare to Work student group.

Skills Development

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

Youth Works and Welfare to Work Programs

The programs offered by the Ministry of Advanced Education, Training and Technology under Youth Works/Welfare to Work provided 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. Youth Works and Welfare to Work are two elements of BC Benefits, a program that has changed the way in which income assistance is provided. (BC Benefits is discussed in the Social Services section of this chapter.)

In January 1996, Youth Works replaced welfare for employable young people between the ages of 19 and 24. Youth received a living allowance while they participated in job search and employability programs. Welfare to Work offered adults, aged 25 to 59 and who received income assistance, access to work preparation, education and training programs. Welfare to Work programs were subject to availability. In 1997/98, over 94,000 clients participated in the Youth Works and Welfare to Work programs.

Youth Initiatives

The Ministry of Advanced Education, Training and Technology (MAETT) delivered three Youth Options BC programs. Youth Options BC is a comprehensive provincial government program providing young British Columbians with education, skills training and work experience opportunities. It includes a three

year tuition freeze, expansion of post-secondary spaces, and a range of employment and training programs. These programs included hands-on work protecting the environment, jobs in science and technology, summer employment, community work experience for tuition credits, work with Crown corporations and help for young people starting their own business, or looking for their first job.

- Student Summer Works '98 (MAETT) is an employment and training program for secondary and post-secondary students. This Youth Options BC initiative provided assistance to employers to hire summer students and supported quality employment and training opportunities. The program reimbursed participating employers for a portion of students' wages for new training opportunities created between May 1 and September 1, 1998 (up to 50 per cent of the wages paid to a maximum of \$4.00 per hour for a minimum of 150 hours of employment). In 1997 the program assisted employers create approximately 3,300 positions. The target for 1998 was 5,000 positions.
- Job Start (MAETT) is an employment and training program for unemployed youth. The objective of this Youth Options BC initiative is for unemployed youth (aged 17 to 24), who have limited work experience and are not planning on returning to school, to obtain long-term employment through work experience. Job Start provided wage-sharing assistance to employers to hire unemployed young people (50 per cent of the minimum wage for a maximum of 360 hours). The program enabled young people aged 17 to 24 to develop good work habits and gain work experience and transferable skills necessary for transition into the workforce. The target for 1998 was 1,000 positions.
- Youth Community Action (MAETT) is an innovative program to provide youth aged 15 – 24 with community work experience opportunities from which they receive credits toward tuition for post-secondary studies. This Youth Options BC initiative provided work experience opportunities for a minimum 100 hours (\$800) to a maximum of 300 hours (\$2,400). Credits are redeemable at post-secondary education and training institutions for tuition costs. Projects or individual placements in the following areas received priority — community development, culture, heritage, recreation, community safety, and literacy. The goals of the program are to:
 - increase the number of youth who complete their studies with work experience;
 - encourage high school completion and pursuit of post secondary education or training;
 - increase the affordability of post secondary studies;
 - increase access to career-relevant work experience opportunities;
 - increase opportunities for youth to develop community service and leadership skills; and
 - leave a legacy of community enhancements in areas related to community development, culture, heritage, literacy, recreation and community safety.

Industry Training and Adjustment Programs

The Ministry of Advanced Education, Training and Technology (MAETT), 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.

- The Industrial Adjustment Service (MAETT) is a federal-provincial initiative which acts as a catalyst to bring employers, associations, sectors and workers together to deal with the many changes that are impacting the workplace. Committees, chaired by independent individuals acceptable to all parties, supported the following activities — human resource planning and organizational development; job saving, including company survival planning and retraining strategies for workers; and assisting workers with a full range of transitional services to re-enter the labour force quickly following layoffs or company closures. In 1997/98, the program implemented 214 firm-specific agreements which directly assisted 33,915 workers. As well, 24 sectoral agreements were initiated which indirectly provided services to over 100,000 workers.
- The Program for Older Worker Adjustment (MAETT) was a federal-provincial program which provided income support to older workers who permanently lost their jobs through closures and downsizing. In 1997/98, 190 workers were assisted. The program was cost-shared with the federal government on a 70/30 basis (federal/provincial). The federal government withdrew support for this program effective March 31, 1998, and the program was terminated.
- Natural Resources Community Fund (MEI) provided emergency assistance to communities that are facing immediate or anticipated difficulties from permanent closure or downsizing of businesses in resource industries. The fund provided 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. From its inception in March 1991, to December 31, 1997, the commission's activities have resulted in the completion of 586 projects. These included special projects and economic and mediation plans which helped to preserve about 45,000 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 provided assessment, counselling, training, financial assistance, technical aids, restorative goods, and job placement assistance and follow-up. VRS assisted over 7,000 clients in 1997/98.

*Environment Youth
Team*

The Ministry of Environment, Lands and Parks administered the Environment Youth Team. This program linked employers with youth (aged 16 to 24) to work on environmental, outdoor recreation and campsite construction projects, and subsidized the youth's wage and benefit costs. Eligible employers included small businesses, First Nations, non-profit organizations and all levels of government. In 1997, the program created more than 1,500 positions across the province.

*Science and
Technology Jobs*

The Science, Technology and Telecommunications Division 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.

*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

Chapter 6: Major Provincial Programs

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 provided counselling and consultation support for more than 14,000 apprentices in approximately 170 trades.

Industry Training and Apprenticeship Commission

Created in 1997, the Industry Training and Apprenticeship Commission (ITAC) is a partnership of business, labour, education and training providers, and government. ITAC's purpose is to create a trades and apprenticeship system that meets the needs of workers, learners and industry, while reflecting the economic development needs of the province. ITAC is responsible for integrating entry level trades training (ELTT) and apprenticeship into one system that is industry-driven and learner-centred. ITAC is also working to expand the existing apprenticeship and ELTT system, and promote increased participation and success for members of under-represented groups.

In 1997/98, the Ministry of Labour and the Ministry of Advanced Education, Training and Technology contributed \$60 million to fund approximately 5,500 spaces in ELTT, 1,200 spaces in apprenticeship, and 3,300 spaces for other apprenticeship and related programs.

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, timely 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 1997, the branch received 27,780 employment standards complaints and, through direct intervention, collected over \$12 million in unpaid wages on behalf of workers. The branch also issued 49 determinations and 137 compliance orders citing violations of the SDFWA. Nineteen determinations were issued against companies citing contraventions of the SDFWA. In 1997, the branch focused its resources 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 provided investigation and mediation services for the Labour Relations Board (LRB) and the Collective Agreement Arbitration Bureau (CAAB). ESB investigated 1,800 LRB files, and mediated 306 CAAB files in 1997. 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 hear and decide on appeals regarding decisions made by officers of the Employment Standards Branch. The tribunal may also recommend exemptions from the act and regulations. During 1997, the tribunal received 918 appeals.

Labour Relations Board

The Labour Relations Board (LRB) is established under the authority of the *Labour Relations Code*. Generally, the Code governs collective bargaining between employers and employees in British Columbia except for those under federal jurisdiction. LRB has exclusive jurisdiction to hear and determine applications and complaints, and to make orders under the Code that it deems to be appropriate.

During 1997, LRB disposed of 3,698 applications, including the granting of 401 applications for certification of unions to represent previously unrepresented employees and the cancellation of 76 existing certifications. In 1997, LRB's Mediation Division appointed mediators to assist in collective bargaining in 284 cases, 44 of which were first-time collective agreements.

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 provided trained arbitrators and settlement officers to resolve grievances, and maintained a register of arbitrators. During 1997, the bureau received 1,005 applications for arbitration and grievance mediation.

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 eight British Columbia public sector pension plans — the Public Service, Municipal, College, Teachers', and Members of the Legislative Assembly pension plans, and pension plans for three Crown corporations. Currently, these pension plans have combined assets of over \$30 billion, over 700 participating employers, 220,000 active contributors and over 70,000 pensioners. The Commission manages the collection of over \$1 billion in contribution revenue per year on behalf of these plans.

The number of new retirements is anticipated to steadily increase over the next several 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 early retirement initiatives. 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 and the adequacy of funding for each pension plan are assessed 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 (Public Service,

Municipal, College and Teachers') has substantially improved in the most recent valuations. The Public Service and College Pension Plans are now in actuarial surplus positions (see Table 6.2).

Table 6.2 Major Pension Plans Actuarial Surplus (Unfunded Liability)

Pension Plan	Per Cent of Actuarial Liability Funded by Actuarial Assets (>100% Represents a Surplus)		Surplus (Unfunded Liability) As a Per Cent of Covered Payroll	
	Most Recent Valuation	Previous Valuation	Most Recent Valuation	Previous Valuation
College.....	106%	96%	19%	(11%)
Municipal.....	86%	85%	(36%)	(50%)
Public Service.....	103%	97%	10%	(10%)
Teachers'.....	87%	80%	(66%)	(92%)

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 per cent of a worker's average weekly earnings to a maximum of \$56,900 per year (in 1998). 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 premiums paid by more than 150,000 registered employers. The average premium rate for 1998 was \$2.12 per \$100 of assessable worker payroll, a 6 per cent decline from 1997. WCB revenues totalled more than \$1.6 billion for 1997 (\$991 million in premiums, and \$645 million in investment income), and the board had assets of nearly \$6.5 billion. Expenses for compensation costs were \$1 billion, with administration and other expenses totalling \$200 million. As of December 31, 1997, the WCB was 102 per cent funded with an unappropriated balance of \$79 million. In 1996, WCB was 95 per cent funded with an unfunded liability of \$324 million.

The WCB's highest priority is the prevention of workplace injuries and disease. In 1997, the injury rate was 5.1 injuries per 100 person-years of employment, up slightly from the previous year but down nearly 25 per cent from 1990. In cooperation with workers, employers, unions and employers' associations, WCB's goal is to reduce the injury rate a further 22 per cent by the year 2003. In 1998, WCB continued 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. New occupational health and safety standards became effective in April 1998. Six years in the making, the updated set of standards was developed through an extensive process with workers and employers facilitated by the WCB. The standards reflect changes in industry, work practices and technology in the past 20 years, and provide an essential foundation for a safer, healthier workplace in British Columbia.

Several new initiatives to improve service to workers and employers came online in 1997. These included the first of four new call centres, an E-mail electronic claims file system and case management. More service initiatives are planned for 1998. A monthly independent survey of injured workers commissioned by the WCB found an overall service satisfaction level of 80 per cent in 1997, a five percentage point increase over 1996 and an 8 per cent increase since 1993. Survey results are helping the WCB to identify service issues and to provide suggestions for improvements. WCB's goal is to raise client satisfaction levels to 85 per cent in 1998.

A series of independent reviews of WCB activities began in 1991. This review process resulted in the publication of six administrative inventories which describe compensation services, occupational safety and health, medical programs, dispute resolution systems, and assessments. A follow-up to a 1992 study on occupational safety and health, and a study on vocational rehabilitation services were published in 1997.

A royal commission on workers' compensation is currently underway. In October 1997, WCB produced an interim report on occupational health and safety and on fatality benefits.

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 4,015 claims in 1997 at a cost of \$19.8 million. New claims have increased by 85 per cent over the past 10 years.

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 1997 it rendered 11,121 findings.

Criminal injury compensation appeals are heard by appeal committees appointed by WCB from among the adjudicative staff of the Workers' Compensation Review Board. In 1997, 248 appeals were considered by the appeal committees.

Compensation Advisory Services

Workers' and employers' advisers assist workers and employers respectively in their dealings with the WCB. Workers' advisers 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' advisers also provide training seminars to professional associations and unions. During 1997/98, over 95,100 calls and 9,800 web site inquiries were received, and advisers participated in 2,810 representational activities before appeal tribunals.

Employers' advisers provide advice, assistance and training to employers on claims, assessments, occupational health and safety, legislation, policy, and appeals. During 1997/98, employers' advisers handled 87,719 inquiries, and 7,734 file preparation and reviews. In addition, the employers' advisers held 252 training seminars for employers, associations and workers.

Chapter 6: Major Provincial Programs

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, employment equity, personnel policy development, labour negotiations, contract interpretation, and staffing.

PSERC continued to provide assistance to ministries to restructure services, eliminate redundant positions and hire staff in key priority areas where skills were not available within the public service. New priorities for PSERC included developing enhanced recruitment and staffing activities to increase the number of employees in under-represented groups and youth, examining ways to streamline the administration of salaries and benefits in the public service, and simplifying the job evaluation process for both excluded and bargaining unit positions across government.

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 123 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. PSEC 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 1997, PSEC developed and implemented the public sector collective bargaining monetary framework; coordinated inter-sectoral collective bargaining objectives; reviewed and approved pay equity plans; assisted the development of legislation to address employment termination and severance; reviewed and approved exempt compensation standards for employers; initiated a public sector compensation survey and a research paper on gainsharing; and consulted public sector employers and employee groups on the impact of potential successorship protection for unionized contracted janitorial, food and security services employees in the public sector.

Aboriginal Programs

Ministries provide services to Aboriginal people, some of which are funded by Canada due to its contractual and fiduciary obligation to Aboriginal people. The province cost shares or provides supplementary services through other initiatives.

Ministry of Aboriginal Affairs

The Ministry of Aboriginal Affairs has primary responsibility for fostering a new relationship with aboriginal people, based on equality and respect, so that they can fulfill their aspirations for self-determining and self-sustaining communities. This goal is being accomplished primarily by negotiating treaties with First Nations and the federal government.

The ministry administered the First Citizens' Fund which provided loans to help aboriginal people start, expand or upgrade businesses; bursaries for Aboriginal

post-secondary students; and grants to friendship centres. The ministry also funded the First Peoples' Cultural Foundation which supports aboriginal heritage, language and cultural programs throughout the province.

Education Programs

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 1997/98 school year, funding averaged just over \$1,000 per student for over 37,000 students of aboriginal ancestry. Programs included 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 Aboriginal students succeed in school.

Aboriginal post-secondary education strategies focus on increasing the participation and success rates of Aboriginal people in post-secondary education and training. Programs were offered through partnerships between Aboriginal organizations (private post-secondary institutions, tribal councils, bands and agencies) and public post-secondary institutions, and included programs in adult basic education, college and career preparation, and aboriginal studies. Curriculum and cultural awareness activities, staff training, and development of First Nations resources were available, as well as training to build aboriginal capacity for self-governance in anticipation of treaty settlements. In addition, the ministry provided funding for aboriginal coordinators for each of the public post-secondary institutions to coordinate and promote many of these activities.

Two aboriginally-controlled institutes are designated as public post-secondary institutions — the Nicola Valley Institute of Technology and the Institute of Indigenous Government. These institutes provided post-secondary education and training opportunities that incorporate indigenous philosophy, cultural values and social experience.

Youth Jobs and Career Planning

Visions for the Future is a program which helps aboriginal youth to identify job opportunities and offers advice on how to put a long-term career plan in place. Through two-day conferences, participants are directed to employment options and educational facilities to meet their specific needs. The program is delivered by the Ministry of Small Business, Tourism and Culture in partnership with First Nations, friendship centres, aboriginal capital corporations, aboriginal economic development organizations, private industry and community agencies.

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 managed programs which provided operating and project assistance for professional and community arts development; supported touring programs; provided arts awards; and supported cultural industries. The majority of these programs were administered under the authority of the

Chapter 6: Major Provincial Programs

British Columbia Arts Council, an independent agency established by the *Arts Council Act*. Total disbursement to artists and cultural organizations in 1997/98 amounted to approximately \$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 managed a network of 29 heritage sites throughout the province. Total visits to 13 sites open to the public exceeded 368,000 during 1997/98, and generated \$2.9 million in fees and on-site spending.

The Heritage Branch also provided staff support to the BC Heritage Trust which assisted community groups, businesses, aboriginal bands, and other agencies involved with heritage issues. The Trust awards cost-sharing heritage project grants for building, site and artefact conservation; community heritage planning and feasibility studies; archaeology, oral history, research, and documentation and interpretation projects; operation of non-profit heritage organizations; and scholarships. Trust funds often 'kick start' heritage projects, enabling communities to attract financial contributions from other donors. In 1997/98, the Trust awarded 69 grants totalling \$728,000, and this investment levered over \$4.2 million in total project investment. Project monitoring continued on over 75 other projects approved in previous years.

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, and the collection not on display is used for research and educational purposes. Over the past year, 69,702 items were added to the museum collections. During 1997, the museum provided services to over one million visitors and clients, and 81 communities were involved with RBCM programs. Over 30,000 school children attended museum school programs.

BC Film Commission

The BC Film Commission markets provincial film locations and 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 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 a successful 1997 summer program, *Youth@BC* — a community based project partnering the provincial government, youth, high technology firms in the province and public libraries — was delivered through 40 public libraries in 1998. Under the program, funding of \$450,000 was used by the libraries to hire 80 youth Internet trainers for a 12 week period from June through September. The youth were trained in Internet applications and trainer techniques and they were responsible for developing youth Web sites and delivering Internet training programs through the public library. In several locations neighbouring communities also benefited from the program through shared training opportunities. The program was funded by the Premier's Youth Office and delivered through the Library Services Branch with assistance from the Information, Science and Technology Agency.

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 supported 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 was supported through the Coaching and Leadership Development Program. In addition, the Regional and Community Development Program provided 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 provided grants to communities and non-profit community-based organizations through the community projects component of the Canada-British Columbia Infrastructure Works II Program. Grants for in-province travel assistance for youth focused sports, schools, and non-profit groups were provided through the In-Province Travel 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, Community Liaison, and Communications and Public Affairs.

Multiculturalism

Multiculturalism BC is responsible for the administration of the BC Government's *Multiculturalism Act*. Multiculturalism policy and programs are designed to promote:

- cross-cultural understanding and the prevention and elimination of racism through public education on the manifestation or effects of racism;
- advocacy, development, implementation monitoring and evaluation of anti-racism strategies and support for March 21st (International Day for the Elimination of Racial Discrimination), and Multiculturalism Week (February);

Chapter 6: Major Provincial Programs

- full and effective participation in society consistent with a citizen's rights and responsibilities, and the development of democratic values; and
- institutional change and sensitization to better serve a culturally diverse society through the design and development of culturally appropriate services, cross-cultural and anti-racism training and equitable access to services and opportunities.

Immigration Policy

The Immigration Policy Division (IPD) develops and implements immigration-related policies and programs intended to maximize the social and economic benefits of immigration to British Columbia. A shift towards greater inclusion of provinces in immigration planning, policy development and program delivery allows British Columbia to ensure federal policies and programs meet regional, social and economic objectives.

IPD's priorities include:

- implementing the newly signed Canada/British Columbia Agreement for Cooperation on Immigration;
- managing the transition of immigrant settlement and language training program delivery from the federal government to the British Columbia government;
- reducing barriers to British Columbia labour market integration faced by newcomers;
- contributing to new federal selection criteria for immigrants that meet British Columbia labour market needs;
- improving information sharing capabilities with Citizenship and Immigration Canada (CIC);
- developing responses to CIC policy changes by analysis of the impact on British Columbia;
- developing a performance measurement strategy for settlement service programs;
- increasing research program capacity; and
- reviewing immigration legislation and recommending amendments.

Community Liaison

The Community Liaison Division provides a community-based focus for the British Columbia government's immigration programs and initiatives related to integration in communities; including cross-cultural understanding, anti-racism, and the successful settlement of newcomers. The Division worked largely through non-profit community organizations, government ministries, and private funding bodies to achieve the British Columbia government's multiculturalism objectives.

The Community Liaison Division opened in 1995 to create a unique focus for multiculturalism and immigrant settlement programs and initiatives. This had the added benefit of centralized delivery of funding programs, enhanced accountability, and streamlined systems. By working in partnership with key community stakeholders throughout British Columbia, the Division ensured that

programs remain relevant and responsive to community needs. An annual province-wide consultation process contributes to defining Division priorities for each coming year.

The Community Liaison Division administered four funding programs:

- the BC Immigrant Settlement Program provided contributions to non-profit organizations that support the settlement and integration of newcomers in communities throughout the province;
- the BC Anti-Racism and Multiculturalism Program provided contributions to non-profit organizations which promote the elimination of racism, cross-cultural understanding, community development, culturally based conflict resolution and institutional change and sensitization;
- the BC Heritage Language Program provided grants 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;
- the BC CORE Funding Program provided contributions for administrative support to non-profit organizations which deliver direct settlement services to newcomers or improve cross-cultural understanding.

As a result of the newly signed Canada/British Columbia Agreement for Cooperation on Immigration, the Division administers the funding programs for:

- Language Instruction for Newcomers to Canada;
- HOST program (designed to match new immigrants with Canadians to help in their integration); and
- Immigrant Settlement & Adaptation Program.

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 administered the justice system, which ensured the equitable and efficient protection of individual and public rights. During 1997/98, Ministry of Attorney General expenditure was \$895 million.

Criminal Justice

The Criminal Justice Branch contributed to the protection of society by preparing for and conducting prosecutions diligently and fairly. The Branch operates under

Chapter 6: Major Provincial Programs

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 provided direct services to victims and witnesses throughout the court process.

Victim Services

The Victim Services Division provided leadership within the ministry, government and communities on issues related to criminal victimization. Services are provided 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 were 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. The Division provided training and support for coordinators of all victims programs who, in turn, provide training for program volunteers.

The Division established and implemented 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.

Community Justice

The Community Justice Branch, either directly or in coordination with other justice system partners and community groups, provided services to the public to ensure that people had access to justice services, and to increase community involvement in crime prevention and alternative solutions to justice issues. The Branch worked with 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, victim services and community safety programs. The Branch funded and administered a variety of contracts for justice-related services, including the Family Maintenance Enforcement Program, and provided direct services to the public through the Community Crime Prevention Program, Youth Programs and Victim Services. The Branch was 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 this chapter.

Family Justice Programs

Family Justice Programs Division is responsible for several programs relating to the family justice system:

- The Family Maintenance Enforcement Program enrolled, monitored and enforced maintenance orders and registered agreements that require individuals to provide continuing financial support to their families. Government delegated powers under the *Family Maintenance Enforcement Act* to a contracted organization that operated the enforcement program.
- The Reciprocals 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.

- The Family Search Program has the authority to search for missing individuals to obtain, vary and enforce custody, access, guardianship and maintenance orders.

Community Crime Prevention

The Community Crime Prevention Program worked in partnership with communities to develop projects to enhance community safety and to provide resources and training to support the development of crime prevention strategies. As well, individual, regional and provincial efforts were recognized through annual crime prevention and community safety awards.

Programs for preventing youth crime, violence and victimization included: Youth Against Violence Line, Taking a Stand — Youth Against Violence Action Kit, Youth Interactive Workshops, TCO₂ (Taking Care of Ourselves and Others), Nights Alive!, All Together Now!, Youth Action Teams, B.C. Youth Police Network, Inter-Ministry Committee on Youth Crime and Violence, the B.C. Safe School Centre. Programs for Preventing Sexual Exploitation of Youth included: Provincial Prostitution Unit, Community Action Teams, Community Action Guide, and Being Aware, Taking Care.

Community accountability programs focus on encouraging consensual approaches to resolving disputes at the local community level. Communities can access support and start-up funding from the ministry to develop diversion programs that use restorative approaches to address crime. Such approaches included victim-offender reconciliation programs, family group conferences, neighbourhood accountability boards and circle remedies. There were 23 community accountability programs operating in the province.

Law Courts Education Society

The Law Courts Education Society provided province-wide legal education to schools; community groups; immigrant, minority and First Nations organizations; and the general public. Programs focused on explaining the operation of the provincial court system and criminal and civil trial procedures. Services included materials development, court watching sessions for school students and other groups, meetings with judges and other court personnel, and specialized training programs.

Court Service

There are 94 Provincial Courts (of which 72 are permanently staffed), 31 Supreme Courts (10 of which are for filings only) and four Appeal Courts in British Columbia. The Court Services Branch provided 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 managed court interpreters, and informed 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. Chapter 5 provides more information on provincial and superior courts in British Columbia.

Legal Services

The Legal Services Branch provided legal services to government on civil matters. The Branch advised government and other agencies on legal matters; prepares legislation, regulations and orders-in-council; and acts for government in civil suits and tribunal proceedings.

Chapter 6: Major Provincial Programs

<i>Land Titles</i>	<p>The Land Title Branch provided for the registration of the 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 <i>Land Title Act</i>, the branch fulfils a quasi-judicial function. The Branch also provided for the development and maintenance of a computerized land title system that enabled quick access to land title information for about two million parcels of land. Land title offices are located in Victoria, New Westminster, Kamloops and Prince George.</p>
Law Enforcement and Public Safety	<p>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.</p>
<i>Coordinated Law Enforcement Unit</i>	<p>The Coordinated Law Enforcement Unit (CLEU) worked 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 took the lead in developing provincial policy and legislation related to organized crime, and liaised with the federal government on issues related to national policy and legislation to deter organized crime.</p>
<i>Police Services</i>	<p>The Police Services Division superintends policing and law enforcement functions in British Columbia. The Division oversaw the financing and organization of the provincial police force through the contracted services of the Royal Canadian Mounted Police (RCMP), as well as agreements with the RCMP for municipal policing. The Division also developed and coordinated policing policy with both the RCMP and independent municipal police departments. The Division administered 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; appointment, training and ongoing support of police board members; policing standards; auditing police departments and other law enforcement units; and traffic safety programs including photo radar and CounterAttack.</p>
<i>Office of the Police Complaints Commissioner</i>	<p>The Police Complaints Commissioner, an officer of the Legislative Assembly, provided independent civilian oversight of all aspects of an investigation into complaints made against municipal constables, deputy chief constables, chief constables and municipal police departments. Chapter 5 provides more information on the Police Complaints Commissioner.</p>
<i>Corrections</i>	<p>The Corrections Branch promoted public safety, provided opportunities for offenders to change, and assisted families to resolve conflict. Corrections staff included probation officers, correctional officers, and family justice counsellors. In 1997, the Branch continued to focus on three main priorities: ensuring safe communities, providing opportunities for offenders to change, and assisting families to resolve conflict.</p> <p>In 1998, the Branch redefined how to deal with future challenges more effectively by realigning its resources to reflect the needs of victims and deal with serious</p>

offenders. The Corrections Branch now delivers provincial correctional programs and family justice services through the following divisions:

- The Adult Custody Division operated seven secure custody centres, two medium security centres, eight specialized custody centres and two community correctional centres. These 19 adult correctional centres housed those remanded to custody while awaiting trial, and provided appropriate levels of custody and core programming for offenders serving a provincial sentence.

Burnaby Correctional Centre for Women provided for women sentenced in British Columbia to both provincial and federal custody. Women who would otherwise be in federal custody (those serving a sentence of more than two years) are accommodated through an Exchange of Services Agreement with the Correctional Services of Canada.

During 1996/97 the average daily adult custodial count rose to 2,584, an increase of 6.2 percent. The most significant growth was experienced in the number of persons remanded to custody. The average remand count rose to 623 from 501, a 24.4 per cent increase.

- The Community Corrections Division operated 63 probation offices in communities throughout the province. Probation officers assessed and supervised accused adults and offenders to ensure compliance with conditions imposed by the courts and provincial releasing authorities. Supervision was provided for bail, probation, conditional sentence or conditional release programs. Conditional release programs included the Electronic Monitoring Program and the supervision of parolees released by the British Columbia Parole Board. On any given day the division supervised 23,000 offenders.

Reports and assessments about adult offenders, victims and sentencing options were provided to the court by Community Corrections. The Division administered victim reparation, community work service and diversion programs.

- The Provincial Releasing Authority integrated and promoted the conditional release of offenders suitable for community reintegration. It prepared assessments for offenders applying for parole and assists the work of the British Columbia Parole Board by providing policy and administrative support.
- The Family Justice Division operated centres in 31 communities throughout the province. Family justice counsellors assisted families who were going through a separation and needed help to resolve child custody and access issues and issues of child and spousal maintenance. The Division provided dispute resolution services and custody and access reports, primarily for families of modest means. Parenting-after-separation programs were delivered province-wide and were available at no cost to all separating parents.

Parole and Review Boards

Under the federal *Corrections and Release Act* and the provincial *Parole Act*, the Board of Parole considers applications for conditional release from incarcerated adult offenders and renders decisions on those applications.

The British Columbia Review Board is a tribunal established under the *Criminal Code of Canada* to review the circumstances of, and make ongoing dispositions with respect to, individuals found unfit to stand trial or not criminally responsible due to mental disorder.

Chapter 6: Major Provincial Programs

Security Programs

The Security Programs Division administered the *Private Investigators and Security Agencies Act*. The Division licensed and inspected 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 worked with industry to develop standards for the private security industry; and develops policy for the administration and regulation of the industry. The Division also responded 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 administered the firearms control provisions of the *Criminal Code of Canada*. This included 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 administered the Canadian Firearms Safety Education Program using 450 volunteer instructors.

Security Programs was 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 administered 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 coordinated emergency preparedness, response and recovery activities of the provincial government to mitigate suffering and property loss caused by emergencies and disasters.

PEP coordinated provincial government planning, training and standards for emergency preparedness; advised and assisted local governments in planning for, responding to, and recovering from emergencies and disasters; directed government response operations for emergencies not specifically assigned to a ministry or government agency, or coordinated actions in support of a specific ministry; provides financial assistance to disaster victims; and supported and assisted over 16,000 registered volunteers, along with other volunteer agencies and service groups.

Under the *Emergency Program Act*, claimants for financial assistance may appeal decisions made regarding their eligibility for assistance, or the amount of assistance provided, to a three-member board consisting of senior government officials.

Film Classification

The Film Classification Office (FCO) regulates the public exhibition, rental and distribution of films and videos in British Columbia. All films shown publicly, and all adult videos sold or rented through video rental outlets, must be viewed and

classified by the office. FCO has the authority to approve or refuse the exhibition or distribution of a film or adult video, order the removal of prohibited material, and assign advisory captions that must appear in all newspaper advertising of a film. FCO also licences theatres, film and video distributors and video retailers; conducts regular inspections of theatres and video outlets; maintains community standards in film and video products distributed in British Columbia; and monitors legislation, programs and court cases relating to film classification, censorship and obscenity across Canada.

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 ensured adequate legal representation, managed finances, acted as trustee, monitored private trustees, investigated complaints of financial abuse, and reviewed lawsuit settlements for any injured child. The Public Trustee secured assets and administered estates for deceased and missing persons.

Legal Services Society The Legal Services Society provided legal assistance to people who applied and qualified for legal aid. The Society also provided 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 client contributions.

Expropriation Compensation Board The Expropriation Compensation Board, under the *Expropriation Act*, 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.

Electoral Boundaries Commission This commission is established under the *Electoral Boundaries Commission Act* to make proposals to the Legislative Assembly about the area, boundaries and names of the electoral districts of British Columbia.

Motion Picture Appeal Board The Motion Picture Appeal Board, established under the *Motion Picture Act*, assists in the regulation of the film and video industry in the province. The Board heard appeals by exhibitors and distributors of motion pictures and videos concerning decisions of the Film Classification Branch. Grounds for appeal include, classification decisions, theatre licence suspensions and refusals to issue theatre or film exchange licences.

The British Columbia Gaming Commission The British Columbia Gaming Commission regulated gaming activities staged by charitable and religious organizations that used bingos, casinos or ticket raffles to raise funds for their organizations.

On May 1, 1998, responsibility for regulating all casinos in the province was transferred to the British Columbia Lottery Corporation (more information on the

Chapter 6: Major Provincial Programs

corporation is provided in Chapter 7). The Commission no longer licenses casino charities, but it does administer a Direct Access Program that permits former casino charities to apply for financial contributions from government.

The Commission set policies, established the terms and conditions for the conduct of games, and acted as the licensing authority. In 1997/98, the Commission approved 5,833 licences which generated gross revenues of \$690 million, charitable proceeds of \$221 million, and \$17.5 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 information management relating to the land base of the province; the management and allocation of Crown land; and the protection and management of provincial parks, recreation areas and ecological reserves.

MELP delivered programs across the province through seven regional offices. Regional staff issued regulation permits, licences and approvals; enforced all aspects of environment legislation; and conducted inventories and studies to improve environmental management. Regional offices also operated fish and wildlife compensation programs funded by the British Columbia Hydro and Power Authority in the Peace-Williston and Columbia Basins, and coordinated specific watershed restoration and associated inventory projects funded by Forest Renewal BC.

During 1997/98, MELP expenditures totalled \$200 million and programs included:

- The Sustainable Environment Fund (SEF) special account which used dedicated revenue sources to fund programs to protect, renew and enhance the environment. Revenue sources included environmental levies, discharge fees under the *Waste Management Act* and contributions from the private sector. In 1997/98, \$31.5 million was spent from the special account for environmental initiatives.
- Geographic Data BC which was responsible for topographic mapping, geodetic survey control, and the acquisition of air photographs and satellite imaging. The program also operated LandData BC, which enabled clients to search for and order geographic information via the Internet.
- Resources Inventory provided integrated inventories, mapping and inventory-related information services for wildlife, habitats, and water resources; managed environmental laboratory activities and standards; and operated 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.
- Air Resources developed, implemented, and managed comprehensive air quality assessment and improvement programs.
- Pollution Prevention and Remediation developed and implemented environmental management systems within the municipal, industrial and small business sectors.
- Water Management developed and implemented standards, programs and strategies for water allocation, water quality, groundwater management and public safety.

- Wildlife designed, implemented and managed programs to conserve and protect provincial wildlife resources and their habitats as mandated by the *Wildlife Act* and other provincial and federal statutes.
- Habitat Protection promoted and developed procedures and ministry policy that preserved the diversity of habitats and ecosystems, including those of rare and endangered species, and advocated resource management alternatives that favour ecological integrity.
- The Habitat Conservation Trust Fund supported fish and wildlife habitat enhancement and land purchases using revenues derived from a surcharge on angling, hunting, trapping and guiding licences. During 1997/98, 158 projects were funded at a cost of \$6.4 million.
- The Public Conservation Assistance Fund provided \$50,000 in grants for volunteer conservation projects.
- Enforcement and Environmental Emergencies administered the compliance and enforcement of environmental legislation and managed the policy and procedures for responding to provincial environmental emergencies. A special investigations unit investigated serious alleged violations of environmental legislation.

Crown Land

MELP maintained a Crown land registry, fulfilled the role of the Surveyor General by maintaining the quality and integrity of the survey structure of the province, and administered the Crown Land Special Account. The ministry managed and administered public (Crown) land tenures covering over 90 per cent of the province's total area of 94.7 million hectares. Crown land was made available to protect the environment, and promote economic growth, regional development and settlement. Environmental sustainability and land-use principles formed the basis for responsible land allocation decisions.

Including leases, licences, rights-of-way, and land reserves, the ministry managed over 30,000 tenures in 1997/98. Over 5,000 of the tenures were reserves, including those used for conservation and recreational purposes. Leases and licences provided 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.

BC Parks

BC Parks is responsible for the designation, management and conservation of a system of provincial parks, ecological reserves, recreation areas and protected areas located throughout the province. BC Parks' authority is drawn from the *Park Act*, *Ecological Reserves Act* and the *Environment and Land Use Act*. The provincial system has over 650 protected areas embracing over 8.4 million hectares (8.9 per cent of British Columbia) containing many of the best representative and special features of the province's natural and cultural heritage. A further 1.3 per cent of provincial land will be added to the park system. These lands are protected for world class conservation, outdoor recreation, education and scientific study. Of these 139 are ecological reserves covering 159,500 hectares, established to provide permanent sanctuaries and ecological benchmarks for the preservation and scientific study of British Columbia's unique plant and animal life. There are 11,000 campsites, 400 day-use areas and 119 boat launch

Chapter 6: Major Provincial Programs

areas within provincial parks to serve approximately 25 million park visitors each year.

BC Parks also administered regulations governing commercial river rafting and boating, and supported the British Columbia Heritage Rivers Board in the recognition of river corridors with outstanding heritage values.

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 ensured that corporate priorities for land-use related initiatives were reflected in individual ministry budgets and work plans, coordinated the various work plans, monitored ministry programs, recommended plans and provided progress reports to Cabinet. Land use planning extended to more than 80 per cent of the province's total area.

LUCO also coordinated 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 (CRII) is a multi-ministry project to undertake resource inventories to support provincial land-use planning activities and First Nations initiatives. CRII supported 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 1997/98, 128 appellants filed appeals against 103 licences, permits or orders/decisions issued under the *Waste Management Act*, the *Wildlife Act*, the *Pesticide Control Act*, and the *Health Act*. The Board conducted 78 hearings, and issued 61 decisions.

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.

The act establishes a single review process which is balanced, comprehensive and consistent, and has clear legislated timelines to provide certainty for project developers. Aside from assessing the immediate environmental and economic impacts, reviews also take into account any social, cultural, heritage, and health effects which may result from a major project.

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 develops, administers and enforces consumer legislation to promote fairness and understanding in the marketplace. The Community Justice Branch investigated consumer complaints, developed consumer policies and legislation to regulate the activities of various agencies and businesses, and enforced the provisions of consumer legislation. (Other functions of the branch are discussed in the Administration of Justice section of this chapter.)

Consumer Services Division

The Consumer Services Division used 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 concerned 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 1997/98, the Division received more than 100,000 complaints and inquiries, opened 1,649 investigation files, performed 719 inspections, laid 76 criminal charges, and issued 176 warnings. The Division also successfully resolved 718 consumer complaints resulting in over \$1.3 million in restitution.

Travel Services

The Travel Services Program administered 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 were registered. As of March 31, 1998, there were 1,171 registered travel agencies in the province.

During 1997/98, \$51,227 was paid out of the Travel Assurance Fund to compensate 155 eligible consumers who had prepaid their travel services but did not receive those services. The fund balance as of March 31, 1998, was \$2.2 million.

Motor Dealer Licensing

Motor Dealer Licensing administered the *Motor Dealer Act*, the Motor Dealer Customer Compensation Fund Regulation and the Motor Dealer Consignment Sales Regulation. The Section protected consumers by defining specific requirements that must be met by motor dealers prior to licensing. In 1997/98, the Section licensed 1,695 dealers.

Regulations also provide protection by mandating full disclosure of vehicle history by dealers, as well as coverage of up to \$20,000 for losses by individual customers. During 1997/98, the Motor Dealer Customer Compensation Fund paid out \$208,827 to 13 consumers. As of March 31, 1998, the fund balance was \$1,393,027.

Direct Sellers

The Registrar of Direct Sellers administered the Direct Seller Regulation under the *Consumer Protection Act*. In 1997/98, 116 direct seller (door-to-door sales)

Chapter 6: Major Provincial Programs

companies were 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 regulated the establishment and operation of cemeteries and crematoria. As of March 31, 1998, 128 funeral homes, 381 funeral directors and 284 embalmers were licensed to operate in the province. 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, held in trust by financial institutions, amount to approximately \$45 million. The operators can use the income from funds to defray maintenance costs. The Registrar also approved and regulated the selling of pre-arranged cemetery and funeral service plans, and ensured that money received from consumers were deposited with savings institutions pursuant to specific trust agreements.

Debt Collection Services

The Debt Collection Section administered the *Debt Collection Act*, licensed bailiffs and collectors, handled complaints and administered the posting of bonds. The section licensed 202 agencies and 1,005 collectors in 1997/98, and handled 4,769 complaints.

Credit Reporting

The Credit Reporting Section administered the *Credit Reporting Act* which regulates credit reporting agencies. The Section handled complaints regarding individual credit records, and liaised with credit reporting agencies. There were 25 registered agencies and 256 complaints in 1997/98.

Residential Tenancy Office

The Residential Tenancy Office provided information and assistance to landlords and tenants on their legal rights, responsibilities and options under the *Residential Tenancy Act*; improved public awareness of provisions under the act; and administered dispute resolution processes using government appointed arbitrators and mediators. Arbitrators issued orders dealing with a wide range of residential tenancy issues, including debts, damages, reviews of rent increases, notices of termination, possession, access, and repairs and services. Claims of up to \$10,000 may be arbitrated, and arbitrator's orders can be enforced through the courts. In 1997/98, the Office answered nearly 312,000 telephone enquiries, conducted over 51,000 personal interviews, and scheduled more than 26,000 arbitration hearings and 64 mediation applications (effecting over 1,300 participants).

Arbitration Review Panel

The Arbitration Review Panel provided landlords and tenants with an affordable and timely administrative review of arbitrations conducted in accordance with the *Residential Tenancy Act* as an alternative to more costly and lengthy judicial review in the Supreme Court. Landlords and tenants may apply to have an arbitration decision reviewed if they feel that the decision was not arrived at fairly. Ex parte application hearings are conducted to determine whether to grant leave for reviews based on one or more of six criteria listed in the act. If leave is granted, review hearings are held before one or more panel members. Formal written decisions are issued which either confirm decisions or set orders aside. If appropriate, orders may be returned to the Registrar of the Residential Tenancy Office for review by the original arbitrators or to have other arbitrators conduct new hearings.

In 1997/98 the Panel received 1,655 applications, of which 659 cases were granted leave for review. Of the cases reviewed, 214 decisions were confirmed and 171 were set aside. The Panel also handled 22,326 requests for information from the public.

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 issued and transferred licenses for the resale and manufacture of liquor; approved and monitored product advertising; inspected licensees to ensure that they comply with the law; maintained public relations with law enforcement, local government and other regulatory agencies; took appropriate compliance action for contravention of the *Liquor Control and Licensing Act* and its regulations; and liaised with stakeholders to develop effective policy and legislation.

As of March 31, 1998, there were ten categories of liquor licences in British Columbia and 7,488 licensed premises. There were also 86 licensed manufacturers producing alcoholic beverages. These ranged from small farm wineries and cottage breweries to large commercial distilleries, breweries, and wineries. There were 27,753 Special Occasion Licence Permits issued, and the branch received 3,082 applications for advertising approvals. Enforcement problems resulted in 280 warning letters being issued, 38 hearings and 42 suspensions. A total of \$5.73 million in administrative receipts were collected for services.

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 planned, designed, constructed, operated and maintained highways in a manner that facilitated safe transportation. Safety improvement was an important objective of the ministry's capital, rehabilitation and maintenance programs. Highway sites with safety concerns were addressed by highway safety improvement and guardrail programs. MoTH also partnered with the Insurance Corporation of British Columbia (ICBC) to provide programs that promoted and enhanced transportation safety. Highway locations with proven safety problems were identified, and improvements were funded by both organizations to reduce the frequency and severity of accidents.

Office of the Superintendent of Motor Vehicles

Over the course of 1996 and 1997, most of the functions of the Motor Vehicle Branch were transferred to ICBC. The remaining functions are now administered by the Office of the Superintendent of Motor Vehicles (OSMV). OSMV made decisions concerning individuals' medical fitness to drive; took action with respect to dangerous drivers' records; heard appeals of certain administrative licensing and certification decisions made by ICBC; conducted appeals of sanctions issued under the Administrative Driving Prohibition/Vehicle Impoundment Programs; and set standards in these areas.

OSMV also worked in partnership with ICBC, the Ministry of Attorney General and others to implement the government's Six Point Plan to make the province's roads safer, reduce auto theft and keep auto insurance costs down. Specifically, OSMV

Chapter 6: Major Provincial Programs

cracked down on impaired drivers with *Criminal Code* convictions through lifetime driver's licence suspensions, required dangerous drivers to participate in remedial programs and developed an enhanced penalty point system.

Motor Carrier Commission

The Motor Carrier Commission regulated extra-provincial and intra-provincial motor carriers, including the commercial trucking industry, buses and taxis. The commission promoted adequate and efficient service, safety on public highways, and sound economic conditions in the provincial transportation industry. The commission's operational arm, the Motor Carrier Department, accepted applications, conducted investigations, issued licence documentation, and collected revenue on behalf of the Commission.

Infrastructure Safety and Standards

The Safety and Standards Department of the Ministry of Municipal Affairs provides services to ensure safe living and working conditions. 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 were 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 Corporate and Personal Property Registries administered the incorporation and registration of companies, partnerships, societies and cooperatives; registered security interests against personal property; and registered ownership and location details of manufactured homes in the province. This information was made available to the public mainly to support commercial and legal transactions.

The Registry's strategic direction is to increase the number of services available electronically, so that clients can conduct business through remote access. In support of this objective, the Personal Property Registry will be enhanced to receive electronic submission of change statements. Also the Manufactured Homes Registry is working on electronic registration of new homes by manufacturers and dealers. The Corporate Registry circulated, for public comment, draft legislative changes to the *Company Act*, including a provision for significant automation and electronic filing of information.

Financial Institutions Commission

The Financial Institutions Commission (FICOM) administered 10 provincial statutes which regulated the financial services and real estate industries in British Columbia. ICOM reports to the Minister of Finance and Corporate Relations.

The statutes which FICOM administered protected depositors against insolvency of a trust company or credit union, protected insurance policy holders against insolvency of an insurance company and safeguarded consumers against improper market conduct in the financial and real estate industries. FICOM worked 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 the Credit Union Deposit Insurance Corporation, FICOM

also insured credit union deposits and non-equity shares up to a maximum of \$100,000 per separate deposit per credit union.

As of March 31, 1998, there were approximately 100 credit unions in the province with total assets of \$18 billion; 40 trust companies with total deposits in British Columbia of \$7 billion; 300 insurance entities with annual premium revenues from British Columbia operations of \$3.5 billion; and 1,500 registrants under the *Mortgage Brokers Act*. In addition, there were 17,000 registrants under the *Real Estate Act* and 21,000 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 Eastside area in April 1996. This community-based financial institution was operated by the corporation and regulated by the Superintendent of Financial Institutions.

*British Columbia
Securities Commission*

The British Columbia Securities Commission is an independent Crown agency responsible for regulating trading in securities and exchange contracts in the province. The Commission ensured that investors had access to the information needed to make informed investment decisions; provided rules of fair play for the markets; established qualifications and standards of conduct for people registered to advise investors and to trade on their behalf; and protected the integrity of the capital market and the confidence of investors. Through the Canadian Securities Administrators (CSA), the Commission cooperated actively with other securities regulatory authorities to regulate the Canadian securities market.

In 1997/98, the Commission had a staff of 170 people and operating expenses of \$15.3 million, funded by registration, prospectuses and other filing fees paid by the industry. In 1997/98, 15,768 individuals (up over 14 per cent from the previous year) and 255 firms (up over 8 per cent from the previous year) were registered to trade in securities. The Commission received 1,961 prospectuses (up over 10 per cent from the previous year) and 759 requests for discretionary exemptions from legislative requirements (up over 4 per cent from the previous year). However, there was a 35 per cent decline in the number of local prospectuses filed. This was due to the impact on local resource financing businesses due to external factors such as weaker metal prices, the Bre-X gold mining fraud and the downturn in the Asian markets. The Commission also sanctioned 23 respondents through settlement agreements with the Executive Director.

The Commission web site (www.bpsc.bc.ca) was again upgraded in the past year to enhance public access to investment and regulatory information. The Commission's public information centre received 4,401 requests for public files, distributed over 26,000 investor alerts and educational brochures, and 6,500 CSA Investor Education Kits that were prepared in connection with the first international Investor Education Week. During the year, the CSA's electronic filing system (known as SEDAR) became fully operational and offered the public on-line access to an information database on public companies and mutual funds.

**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.

Chapter 6: Major Provincial Programs

The provincial government also supports trade, and fosters economic growth and diversification through programs that 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 equity financing programs, 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.

Equity Financing

MSBTC supported the development of small businesses through equity financing programs. The Equity Capital Program, the Employee Share Ownership Program and the Working Opportunity Fund addressed the difficulty businesses may have had when accessing financing for start-up or expansion of operations. These programs encouraged equity or risk capital investment by British Columbia residents in small to medium-sized businesses in the province.

Government Agent Services

Government Agents (GAs) provided public one-stop, integrated delivery of government programs, services and information through a network of 58 local offices in communities across the province. GA offices were the local face of government for more than 1.5 million citizens (and were the only source for government services in many British Columbia communities). GAs delivered hundreds of services in 50 program areas on behalf of more than 30 provincial government ministries and agencies. In 1997/98, GAs collected \$1.77 billion in revenue for the province, processed 2.72 million revenue transactions and handled 1.2 million non-revenue customer inquiries. For a list of Government Agent offices, see Appendix 9.

One-Stop Business Registration

The 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 at one location. The program is available at personal computer workstations in 13 locations across the province.

Canada/BC Business Service Centre

Business MSBTC provided ongoing support to business through the joint federal/provincial Canada/BC Business Service Centre in Vancouver. The centre provided market data and statistics, information about basic legal requirements, industry specific business planning guides, and information on importing and exporting. The centre maintained an award winning Internet website, <http://www.sb.gov.bc.ca>, which included a complete business plan package with the Interactive Business Planner.

You BET!

The Youth Business and Entrepreneurship Training Program (You BET!) offered young people in the province the opportunity to learn how to start a business or

co-operative. Through a three-stage series of training sessions, youth develop business skills and learn about the resources available in their community. Stage 1 is a one-day workshop designed to introduce business principles and existing community resources. Stage 2 consists of three days of workshops designed to help participants identify viable business ideas and to determine their feasibility. Stage 3 involves training designed to teach young adults how to conduct market research, prepare cash flow statements and complete business plans. Additional workshops are available for those interested in developing and incorporating a co-operative. In the last two years, the program introduced entrepreneurship to 3,000 youth in more than 30 British Columbia communities.

Youth Mentorship

The Youth Mentorship Program links interested youth with local business operators for experienced guidance during the business development process. This program runs in tandem with stage 2 of the You Bet! Program. Youth enrolled in other entrepreneurship training programs are also eligible for participating in the Youth Mentorship Program.

Co-operative Development

The Co-operative Development Program supported regional economic development by helping participants start new co-operative businesses. A business co-operative can be formed in any sector or by any group of people with a common vision and business objective.

Science and Technology

The Science, Technology and Telecommunications Division 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 Division provided 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 1997/98, the Division invested \$18.7 million in these areas. The Division delivered the following major programs:

- Technology BC assisted companies to develop new products, processes or high technology services, and university/business collaborations to further develop technologies and solve industry problems. This program was administered by the Science Council of British Columbia.
- Technology Assistance Program focused on small, medium-sized and regional companies, and provided research or engineering assistance for small projects to enhance industrial outputs or develop new products or processes.
- Market Assessment of Research and Technology assisted researchers to determine the market potential of their discoveries and innovations at the pre-competitive stage of development.
- Product Development Fund assisted the development of new products or processes involving the application of advanced systems technologies to meet industrial needs.
- University Industry Liaison Offices assisted universities to identify new technologies with commercial potential developed by their researchers, and to identify commercial partners for further development and commercialization of innovations.

Chapter 6: Major Provincial Programs

<i>International Trade and Investment Programs</i>	The Ministry of Employment and Investment (MEI) developed provincial trade policies and provincial trade negotiation strategies, and advanced the province's interests in trade disputes. More information on international and national relations is provided in Chapter 5.
<i>Trade Policy</i>	Provincial positions advanced for international and internal trade negotiations, included those for the World Trade Organization and its related agreements; 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.
<i>Trade Advisory</i>	The Trade Advisory Unit co-ordinated the provincial government's involvement in the implementation of international trade agreements, and represented the provincial government's interests in disputes and issues arising from these agreements. The Unit also reviewed other ministries' policy and program initiatives to ensure that they were consistent with Canada's international trade agreement obligations.
<i>Institutional Infrastructure for International Business</i>	<p>MEI is responsible for developing the institutional infrastructure for international business activity in British Columbia, including:</p> <ul style="list-style-type: none">• the International Financial Centre in Vancouver, which assisted 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 advanced knowledge and understanding and promoted business relationships between the peoples and institutions of Canada and the Asia Pacific region; and• the International Maritime Centre, a non-profit society that marketed British Columbia to international shipping companies, and facilitated the establishment of international shipping-related operations in the province. Twenty-five companies have relocated to, or established head offices in, British Columbia, creating more than 400 permanent skilled jobs.
<i>British Columbia Trade and Investment Office</i>	The British Columbia Trade and Investment Office (BCTIO) was established within MEI in March 1996. It provided one-stop access for both investors and exporters resulting in a more coordinated, integrated, and effective approach to industry development, investment, and export activities.
<i>Business Immigration</i>	The Investment Facilitation Branch of BCTIO monitored investment activities, and facilitated business investment under the investor and entrepreneur immigration programs of the federal <i>Immigration Act</i> . The Branch worked with British Columbia businesses and development agencies, and with prospective and new immigrant investors and entrepreneurs, to identify investment and partnership opportunities which would advance the provincial government's economic development objectives. To attract qualified, experienced business people, the Branch conducted targeted marketing activities, domestic orientation seminars, investment match-making and individual counselling. It also facilitated 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 1997, 2,243 investors — 40 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 1997, British Columbia was the stated destination for 3,300 entrepreneurs — about one third of Canada's total. Significant numbers of immigrant entrepreneurs also arrive in British Columbia via other provinces.

Tourism Programs

Tourism British Columbia fostered growth in the province's tourism industry. Established by the government as a Crown corporation in June 1997, the organization is responsible for promoting the development and growth of the tourism industry, and for increasing tourism revenue and employment throughout the province. Chapter 7 provides more information on Tourism British Columbia.

Government Services

Government services programs in the Ministry of Finance and Corporate Relations provided purchasing services, business and demographic statistics and analysis, and product sales and services (including printing, publishing, stationery products, mail distribution, and the disposal of surplus Crown assets and intangible property) to the provincial government and to some Crown corporations and agencies. Annual purchase awards through the Purchasing Commission were approximately \$210 million for goods and \$125 million for services in 1997/98.

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. Recent initiatives by the Ministry of Forests in resource planning and forest management included:

- The *Forest Practices Code* which was a comprehensive package of legislation, regulations, standards and field guides to govern forest practices in British Columbia. The code applies to 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.
- The Timber Supply Review Program which began in 1992 with the purpose of regularly updating timber supply information in each of the 37 timber supply areas (TSAs) and 34 TFLs throughout the province. In accordance with section 8 of the *Forest Act*, the Chief Forester must reassess the allowable annual cut (AAC) at least once every five years. AAC is defined as the allowable rate of harvest from a specified area of land.

The main objectives of the Timber Supply Review were to:

Chapter 6: Major Provincial Programs

- 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 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 important changes in the types of wood that are available under the AAC. The conventional coniferous, sawlog component of the harvest declined in every region, and province-wide by more than 5 per cent (or 3.5 million cubic metres). Deciduous and lower economic value components, in contrast, have increased significantly.

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 in the province.

Small Business Forest Enterprise Program

The Small Business Forest Enterprise Program (SBFEP) sold Crown timber throughout the province to individuals and small firms. The Ministry of Forests, which managed SBFEP, constructed access roads and bridges to develop future sales, and undertook silviculture and other forest management activities in SBFEP areas. As such, SBFEP supported government's key priorities of job creation, revenue generation, economic diversification and community stability.

SBFEP accounted for 9.7 million cubic metres or 14 per cent of the Crown allowable annual cut. Of the timber sold in 1997/98, 62 per cent of SBFEP volumes was awarded through a competitive process to the highest bidder, 31 per cent was allocated to bid proposal sales (which are awarded to firms that submit the best proposal for manufacturing lumber or producing specialty wood products), and the remaining 7 per cent was awarded directly to replaceable timber sale holders, the Vernon Log Yard Project and small scale salvage operators.

Registration in SBFEP during 1997/98 included 2,100 independent firms and individuals, of which 1,750 were loggers and 350 were timber processors. The timber processors included independent primary sawmills, shake and shingle plants, lumber remanufacturers and specialty wood producers.

In 1997/98 SBFEP collected revenues from timber sales of \$345 million. Ministry program expenditures were \$142 million, including more than \$110 million paid to contractors who construct roads, reforest land, measure and protect the timber resource and assist in the planning of forest management activities.

Jobs and Timber Accord

The Jobs and Timber Accord, an agreement between government and the forest industry, was announced in June 1997. The accord represented the commitment of

both parties to work co-operatively towards increasing the number of direct jobs in British Columbia's forest sector by 22,400 by the year 2001. The agreement outlined a number of specific initiatives to achieve the job creation goal, and set the groundwork for ongoing discussions and co-operation between the parties on job creation.

Forest Revenue

The Ministry of Forests is responsible for setting the price of Crown timber and for collecting timber-related revenues. Net revenue, excluding transfers to Forest Renewal BC (FRBC), associated with the harvesting of Crown timber was \$1.31 billion in 1997/98. This included revenue from timber sales under SBFEP.

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. 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.

Reforestation and Silviculture

Reforestation and Provincial silviculture activities included monitoring standards of reforestation on Crown and regulated private forest lands; reforesting certain types of denuded 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 1996.

Table 6.3 Silviculture Funding in British Columbia

	Ministry Operations ¹	Small Business Enterprise Account	Forest Renewal BC	Forest Resource Development Agreement	Training and Employment Programs	South Moresby Park Replacement	Total ²	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	3.2	212.2	-2.3
1991/92.....	200.6	20.2	—	20.0	4.2	2.5	247.5	16.6
1992/93.....	184.5	22.3	—	23.2	6.7	1.7	238.4	-3.7
1993/94.....	183.3	28.9	—	31.7	13.4	2.1	259.4	8.8
1994/95.....	155.9	34.7	10.0	32.0	9.8	1.2	243.6	-6.1
1995/96.....	84.6	33.0	25.4	30.0	—	1.1	174.1	-28.5
1996/97.....	60.0	29.6	66.6	—	—	1.0	157.2	-9.7
1997/98.....	—	31.0	144.9	—	—	1.4	177.3	-12.8

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 Excludes silviculture expenditures by forest industry required under harvesting agreements.

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 1997 fire season, there were 1,161 wildfires that burned 1,870 hectares of land.

In addition to fire suppression, the program also provided for the use of fire under prescribed conditions to meet specific land and resource management objectives,

Regional Profile: Northern British Columbia

Introduction

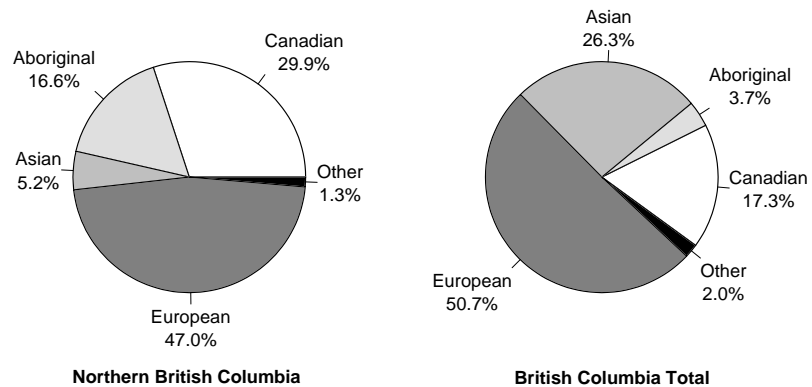
The region north of the Cariboo holds approximately seven per cent of British Columbia's population despite covering over half the land area. Unlike other parts of the province, European settlement in this region did not really begin in earnest until the 20th century.

The impetus for European settlement in Northern British Columbia was primarily due to the abundance of natural resources in the area. Prior to the 19th century, the population of Northern British Columbia was comprised almost entirely of the Aboriginal peoples. The first European explorers to the region were searching for a North West passage to Asia, but instead found a wealth of resources. Non-aboriginal settlement in this region was driven by economics, beginning with the fur trade, then expanding further as the Gold Rush moved north and opened up the Cariboo and Peace River areas. At the beginning of the 20th century, transportation of goods became the driving force for growth in the North and would become the most important catalyst for expansion in the area. It began with the construction of railroads and a port at Prince Rupert. The second World War prompted construction of the Alaska Highway, which spurred population growth further, particularly in the most northern regions of the province. However, it was Premier W.A.C. Bennett and his "northern vision" that opened up the North to the extent it is today, with the construction of highways, as well as large mega-projects such as the construction of the W.A.C. Bennett Dam on the Peace River and the large aluminum complex built by Alcan in Kitimat.

Migration

The history of settlement in the North is reflected in the ethnicity of the people living there. There still remains a large portion of the population with European ethnic origins. As can be seen in Chart 1, the distribution of ethnic origins differs dramatically between the North and British Columbia as a whole. The proportion of people with aboriginal origins is much larger in the North, while the proportion of people of Asian origins is much smaller than in the Southern half of the province.

Chart 1 Single Ethnic Origins, 1996



Source: Statistics Canada, 1996 Census

The level of migration to this area, including not only immigrants, but also migrants from other provinces and other parts of British Columbia, tends to follow the economic cycle, at least as it pertains to industries such as forestry, fishing and mining. The reason for this is the regional economy's strong dependence on natural resources.

Economic Regions

There are three fairly distinct economic regions in the North. East of the Rockies, in the Peace River area, the oil and gas industry is a major economic activity. Coal mining is the main industry in the southern part of this area, with the two major coal mines at Tumbler Ridge. Activities related to hydro-electric projects on the Peace River, as well as forestry and agriculture provide this region with a good degree of economic diversity.

Demographics

The central portion of Northern British Columbia is mainly dependent on the forestry and mining sectors. There are a number of metal mines in this area and the potential exists to develop this sector further once metal markets improve. There is also an abundance of timber in the area, and manufacturing of wood products is a major employer in this region.

Forestry and forest-product manufacturing are also a significant economic activity in the coastal portion of the North. In addition, fishing and fish processing, especially at Prince Rupert, also provide a great deal of employment.

The common theme for the North is a dependence on the extraction industries and the manufacturing related to those industries. One notable exception is the Alcan aluminum smelter at Kitimat, which imports its raw materials from elsewhere. The reliance on the primary industries of forestry, mining, fishing, and agriculture as a source of economic activity helps shape the demographics of the region as well.

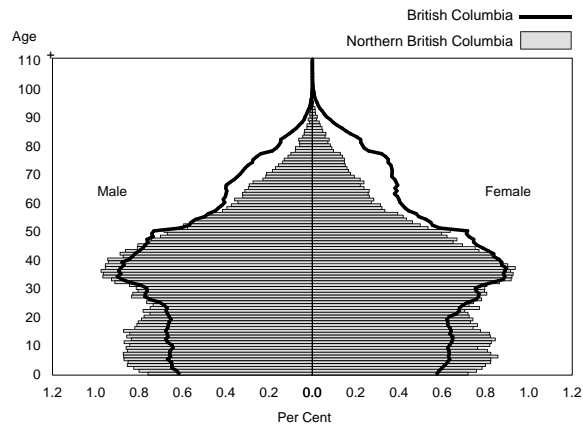
Government is supporting economic growth in Northern British Columbia through a number of initiatives. The Premier held a Summit on Northern Jobs and Development in October 1997 and is now acting on recommendations from northerners on ways to support economic development.

A northern development commissioner is now located in Prince George with a mandate to promote job creation and economic development. A new initiative supports the mining industry by providing incentives for mineral exploration and development, streamlining approval processes and appointing an advocate to promote mining. An oil and gas initiative to encourage growth in the oil and gas industries has also been introduced. The initiative creates the BC Oil and Gas Commission, reduces royalty rates, upgrades roads needed to access important services and facilities, and streamlines regulation and approval processes.

Northern British Columbia has a distinctly different demographic structure than the remainder of the province. As can be seen in Chart 2, the North has a greater proportion of people in the younger age groups than the province as a whole. The median age of the population in Northern British Columbia is just over 31 years old, compared to just over 36 for the province as a whole. There are also significantly more males than females in the North, in contrast to British Columbia as a whole. The different age and gender structure is likely due to the nature of the economic activity as well as the remoteness of the area. The type of industry found in the North is generally male-dominated and workers tend to be younger, on average.

Like the rest of the province, the proportion of older people in Northern British Columbia will increase. However, due to a lower migration rate relative to the rest of British Columbia, combined with declining fertility rates, the North will age faster than the rest of the province. This "catch-up" in the ageing process will have implications for the rate of growth in demand for services such as health care and senior housing.

Chart 2 Population by Age and Sex, 1997



Source: Statistics Canada



Chapter 6: Major Provincial Programs

such as improving range lands for domestic livestock; improving habitat and forage for wildlife; preparing areas for reforestation; and reducing wildfire hazards.

During 1997/98, \$61.6 million was spent on the fire suppression program — \$42.6 million to prepare for the fire season and \$19 million to directly fight wildfires. In comparison, \$82.2 million was spent in 1996/97 to suppress 1,346 wildfires.

Mineral and Energy Resource Management Programs

The Ministry of Energy and Mines regulated the energy and minerals industries to ensure that British Columbians received maximum benefits from developing these resources. The ministry regulated oil and gas exploration and production activities, mine worker safety, and mine reclamation practices; administered laws relating to mineral, oil and gas tenures, and resource revenue collection; and conducted economic, geological, and statistical studies.

In the industrial minerals sector, a provincial initiative promoted 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 third 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 focused on frontier areas with development potential but where geological information was poor or lacking, and also on regions where existing mines were expected to close in the next few years, such as in the East Kootenays.

Results of the Regional Geochemical Survey of the McConnell Creek and Toodoggone River areas were released in 1997. 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 supported grassroots exploration for new mineral deposits by individual prospectors and provided 75 per cent of eligible costs to a maximum of \$10,000 per year, per individual. In 1997 the program awarded grants totalling nearly \$337,000 to 47 of 98 applicants. Seventeen of the grant recipients had not received a previous grant. The grants were issued to prospectors exploring for lode base and precious metal deposits, industrial minerals and gemstones. A total of 403 claim units were staked by the prospectors and a number of new mineral occurrences located.

The Newcomer Mineral Development Office played a key role for the ministry and mineral industry by promoting the province's mineral industry, facilitating interaction with industry and providing access to geological expertise.

Oil and Natural Gas

In 1997/98, the provincial government issued 70 natural gas energy removal certificates. Imperial Oil continued a four-year, enhanced, oil-recovery pilot project in northeastern British Columbia. The project is in its last year of operations and is being evaluated for development of a commercial project. The project could result in a commercial initiative generating \$250 million and creating 250 person-years of direct employment.

Clean Choice Program

The Clean Choice Program provided 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 30, 1998, a total of 39,252 Clean Choice grants worth \$22 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 continued to undergo change which will result in more competition for monopoly utilities and greater customer choice. The conditions driving these changes were not as prevalent in British Columbia because of the province's low-cost hydroelectric-based system. However, the provincial government monitored the changing market to ensure that British Columbia's electricity sector remained competitive with neighbouring jurisdictions, and continued to benefit from electricity trade through increased access to markets in the United States.

Electricity sector initiatives will ensure that British Columbia retains its position as one of the lowest cost jurisdictions in North America. 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. Over the next few years, B.C. Hydro will acquire approximately 600 megawatts of new capacity from wood-residue and natural-gas-fired cogeneration projects at Prince George, Skookumchuk, Campbell River, Port Alberni and Fort Nelson. As electricity demand grows, there will be further opportunities for private sector involvement in developing generation projects.

Columbia River Treaty

Under the Columbia River Treaty and agreements with Canada, British Columbia will receive up to 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. The government is committed to use this power to promote economic development and job creation in the province. The first block of power, about 110 megawatts associated with the Duncan Dam, began to flow back into the province in April 1998.

The *Powers for Jobs Development Act* makes the downstream power benefits available to industries to create and preserve jobs in British Columbia. Several mining and mineral processing companies have signed memoranda of understanding for the use of power under the act, and the province is reviewing numerous other proposals.

Chapter 6: Major Provincial Programs

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 through borrowings, the Trust and the corporation will aim for total power project investment in the Columbia Basin of \$1 billion over a ten-year period.

Agriculture and Food Programs

The Ministry of Agriculture and Food administers programs that will result in economic opportunities for producers and processors of agricultural products to invest, diversify and market products. The programs emphasize farm income and price stability, productivity improvement and resource management.

Income and Price Stabilization

The provincial and federal governments participate in a four-year bilateral agreement which provided three types of agricultural safety net programs: crop insurance, income stabilization, and companion programs such as agricultural development funding.

The Crop Insurance Program insured farmers against the effects of crop losses due to uncontrollable natural hazards. To provide a basic disaster level program that was affordable for farmers, the province introduced a two-tiered program in 1996. Under tier one, the Basic Crop Insurance Program, farmers were provided disaster level coverage equal to 60 per cent of the crop yield and 80 per cent of the crop price. The federal and provincial governments paid the premiums for coverage at this level, after farmers paid \$100 per insurance policy and \$75 per crop declared for coverage. Tier two, or Crop Insurance Plus, enabled farmers to increase the coverage to 80 per cent of crop yield and 100 per cent of crop price. Premiums for the additional coverage were fully paid for by farmers. The federal and provincial governments shared the administrative costs for the programs. 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.

In the 1997 crop year, 1,740 British Columbia farmers obtained crop insurance coverage. Insurance premiums paid by farmers and the federal and provincial governments totalled \$7.8 million, while \$16 million was paid out in indemnities. The value of crops insured increased from \$78 million in 1996 to \$155 million in 1997, and is expected to increase to over \$170 million in 1998.

Market prices for agricultural commodities can vary dramatically from year to year. The Net Income Stabilization Account Program helps farmers to invest some of their income during good years, which can be drawn against at a later date when the farm experiences losses due to reduced market returns or increased production costs. The federal government administered this national program.

In 1997, the province introduced a new two-year Whole Farm Insurance Program on a pilot basis. This voluntary program for British Columbia farmers was designed to alleviate extreme income reductions that are beyond the farmer's control. The program provided a measure of stability against a large drop in a farm's production margin (the difference between eligible farm revenues and allowable farm expenses). Farmers may receive payments if the farm's production margin falls below 70 per cent of the average margin in its previous three years. During the pilot program, eligibility was limited to those who grew crops insurable under the Canada/British Columbia Co-op Insurance Program.

Agricultural Financing Programs

The Feeder Associations Loan Guarantee Program encouraged the rearing of cattle and sheep within the province, instead of exporting them to feedlots outside of British Columbia. The province guaranteed repayment of 25 per cent of outstanding loans. The associations were able to borrow up to \$39 million to purchase cattle and sheep on the strength of the provincial government guarantee. In 1997/98, ten associations purchased a total of 27,850 animals valued at \$16 million under the program. No claims have been made against the program since its inception in 1990, and the total value-added contribution to the economy from this program has been \$35 million, and 290 employment years.

Unusually severe and destructive weather conditions over the past two years have damaged berry, grain, tree fruit and vegetable crops in specific areas of the province. This has led to reduced farm returns and difficulty in securing operating financing for the 1998 crop year. To assist farmers, the province initiated a time-limited Farm Distress Operating Loan Guarantee Program which guarantees repayment of 25 per cent of outstanding loans. Individuals could borrow up to \$100,000 for the purchase of crop inputs or refinancing of outstanding operating debts on the strength of the provincial guarantee.

Agriculture 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 \$200,000 during the spring of 1997/98 for marketing, promotion, research and industry development initiatives.

In 1997, the province established the Peace River Agricultural Development Trust Fund to stimulate the region's agricultural base. The provincial contribution was \$1.2 million and was matched by the federal government. The trust was administered by industry, and initiatives sponsored by the trust were cost shared by industry. The trust can fund marketing, promotion, research, environmental and industry development initiatives.

The province continued to monitor nine other commodity development trusts administered by the industry. As of March 31, 1998, the nine trusts have committed \$2.6 million to fund marketing, promotion, research, environmental and industry development initiatives. Total assets of the nine trusts as of March 31, 1998 was \$16.3 million.

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.

Chapter 6: Major Provincial Programs

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.

Strengthening Farming Program

The Strengthening Farming Program was established to improve relationships between farmers and their neighbors and to ensure that farming could take place in the Agricultural Land Reserve (ALR) within a fair and supportive regulatory climate. The *Farm Practices Protection (Right to Farm) Act* (FPPA) is the legislative underpinning of the program which also has strong linkages to the *Agricultural Land Commission Act*.

FPPA, proclaimed in April 1996, was designed to protect farmers from unwanted nuisance complaints. Farmers who followed practices which met the requirements of the act were protected from nuisance lawsuits and the enforcement of local nuisance bylaws.

The act created a dispute resolution process involving the Farm Practices Board to consider formal complaints. Staff of the Ministry of Agriculture and Food along with farm industry peer advisors assisted in resolving farm-related concerns at an informal level. In the first two years that the act was in effect, the Ministry of Agriculture and Food handled over 300 farm practices cases via its informal "concerns" process. In only 11 instances were formal complaints filed with the Farm Practices Board. Most formal complaints were resolved by settlement agreements between the two parties, making formal hearings unnecessary.

FPPA has also made consequential amendments to the *Municipal Act* and *Land Titles Act* dealing with plans and bylaws affecting land in the ALR, and subdivision of land next to farmland. The *Municipal Act* amendments provided for a bylaw review process and an approval function for the Minister of Agriculture and Food (land in the ALR) and the Minister of Fisheries (licensed aquaculture areas) for zoning and rural land use bylaw provisions that are prohibitive and restrictive to farming.

This aspect of the initiative builds on and supports previous and current efforts of the Agricultural Land Commission in working with local governments on the review of plans and bylaws. Encouraging strong partnerships between local governments, the farm industry, the Ministry of Agriculture and Food and the Agricultural Land Commission is an important principal of program delivery. Consequently, there has been on-going consultation with local governments and the farm industry, along with the development of specific support material and guide documents for local governments, subdivision approving officers and the general public.

The program has resulted in the development of Ministry of Agriculture and Food and Agricultural Land Commission "agri-teams" available to work with local government on the review of plans and bylaws. Inclusive processes involving the farm community have been encouraged and agri-team members are involved with local governments in over 100 different municipal or regional district plans, bylaws and other project involving farm areas.

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 and Food.

The Commission encouraged 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 was 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 provided 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 participated in growth strategies and "Right to Farm" planning processes.

Fisheries Programs

The creation of the new Ministry of Fisheries in February 1998 consolidated fisheries-related activities, formerly carried out under the mandates of the Ministries of Agriculture, Fisheries and Food, and Environment, Lands and Parks, as well as the BC Fisheries Secretariat, under one ministry. The programs described below reflect the mandate and structure of the Ministry of Fisheries while still providing a link to previous structures.

Aquaculture and Commercial Fisheries Programs

Under the mandate of the new Ministry of Fisheries, the programs formerly delivered in this area have been broadened to include sport fisheries, market development and fish culture. A unified approach to the entire resource, under the new Branch of Sustainable Economic Development, will ensure that all sectors of the fisheries under provincial management will benefit from continued development. The Branch facilitated 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 conserved and managed wild oyster stocks, marine plants and associated habitats, and facilitated development and diversification of the commercial fisheries and aquaculture industries. These programs maintained population and habitat inventories; managed, licensed and regulated freshwater commercial fisheries and aquaculture enterprises; conducted biophysical inventories; licensed and regulated fish processors, buyers, vendors, and fish brokers; and represented the province in international fisheries negotiations. Specific aquaculture programs included brood stock development, knowledge development and technology transfers.

Fisheries Development and Diversification

The Fisheries Development and Diversification Program is a provincial initiative cost-shared with federal agencies and industry. The program promoted responsible

Chapter 6: Major Provincial Programs

fishing practices, conservation and management technology; sustainable diversification and development; and value-added opportunities in the seafood sector.

Provincial contributions to this initiative exceeded \$95,000 in 1997/98. The projects included seafood product diversification, new and under-utilized species development, technologies to improve the biological knowledge of marine resources, fishing technologies, by-product utilization, and enhancement of existing fisheries databases. The Partners in Progress Program accounted for a further provincial contribution of roughly \$1 million in 1997/98.

Salmon Habitat

The Urban Salmon Habitat Program provided funding of roughly \$1.2 million in 1997/98 to community groups engaged in protecting and restoring urban salmon habitat. Other key initiatives in this area included the ministry's involvement in stream mapping. Within the ministry, the conservation, licensing and enforcement portions of this work were carried out by the Fisheries Management Branch.

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 fisheries management. The agreement provides new measures to protect fish stocks and habitat, stimulate job creation in the fishery sector, and provides new powers for fishing communities and stakeholders. The agreement established the Canada/British Columbia Council of Fisheries Ministers and the Pacific Fisheries Resource Conservation Council.

Chapter Seven

Crown Corporations and Agencies



Canadian Pacific Railway Engine #3512 Approaching Rossland, *circa* 1910

7: Crown Corporations and Agencies

Introduction

British Columbia has capitalized on the opportunity for public entrepreneurship through the creation or acquisition of Crown corporations and agencies. These entities were established to combine the pursuit of public policy goals with private sector management practices. They vary greatly in terms of size and scope from corporations such as the British Columbia Hydro and Power Authority and the Insurance Corporation of British Columbia which were ranked in the top 10 revenue generating Crown corporations in Canada in 1997 by the *Globe and Mail*, to the small limited scope of entities like the Okanagan Valley Tree Fruit Authority. Crown corporations 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 Advanced Education, Training and Technology 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 over 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 via more than 73,000 kilometres of transmission and distribution lines. B.C. Hydro's generating capacity at March 31, 1998 was 10,999 megawatts.

Development and Strategic Plans

During the year, B.C. Hydro's power marketing arm, Powerex, was granted Power Marketing Authorization by the United States Federal Energy Regulatory Commission. This means that Powerex may deliver wholesale power directly from British Columbia to United States customers and may conduct wholesale power sales and purchases directly in the United States rather than only doing business at the British Columbia/United States border.

In November 1997, B.C. Hydro received formal approval from the British Columbia Utilities Commission to provide the Real Time Pricing option to its domestic industrial customers. Under this option, which was offered on a pilot basis since February 1996, industrial customers pay the standard tariff rate for their historic electricity use and market-based prices for energy consumption above that level. This provides customers with the ability to reduce their costs by altering their energy use patterns.

Also during the year, the provincial government enacted legislation to freeze electricity rates for all customers until March 31, 2000.

Results of Operations

Net income for the year ended March 31, 1998 was \$408 million, \$69 million higher than 1996/97 (see Table 7.1). The increase in net income was principally due to an increase in electricity trade and decreases in finance charges and operations, maintenance, and administration expenses. These favorable factors were partially offset by a decrease in domestic revenues, an increase in energy costs, and a one-time customer profit sharing granted to all customers.

Revenues

In 1997/98, residential revenues of \$839 million were \$27 million, or 3.1 per cent lower than in 1996/97 due to warmer temperatures in the Lower Mainland and Vancouver Island regions of the province. This was partially offset by revenues from the addition of more than 28,000 residential customers to Hydro's system during the year.

Revenue from light industrial and commercial customers was \$828 million, up \$19 million, or 2.3 per cent over 1996/97. Most of this increase resulted from the addition of more than 3,600 new customers during the year.

Revenue from large industrial sales was \$424 million, compared with \$471 million for the previous year. A majority of the decrease was due to temporary shutdowns and labour disruptions in the forest industry.

Table 7.1 British Columbia Hydro and Power Authority Financial and General Operating Data

Fiscal year ended March 31,	1998	1997	Change 1997-1998
Electric			(per cent)
Generating capacity(megawatts) ¹	10,999	10,829	1.6
Number of customers(thousands)	1,535	1,503	2.1
Electricity sold (domestic)(gigawatt-hours) ²	43,292	44,658	-3.1
Electricity sold (export)(gigawatt-hours)	13,168	9,826	34.0
Peak one-hour demand(megawatts)	8,243	8,267	-0.3
Residential service — average revenue per kilowatt hour(cents)	6.1	6.1	—
Gross revenue	(\$ millions)	(\$ millions)	(per cent)
Domestic	2,192	2,239	-2.1
Electricity trade	341	164	107.9
Total	<u>2,533</u>	<u>2,403</u>	5.4
Net operating income	<u>408</u>	<u>339</u>	20.4
Net capital assets (outstanding book value)	9,168	9,187	-0.2
Net long-term debt	7,191	7,392	-2.7
Retained earnings	1,243	1,201	3.5
Dividend to the province	366 ³	279	31.2

¹ Megawatt = one million watts.

² Gigawatt-hour = one million kilowatt-hours.

³ Due to year-end accounting adjustments, the dividend amount reported is different from that reported in Chapter 2.

Source: British Columbia Hydro and Power Authority.

Electricity Trade

Electricity trade gross revenue, which represents sales and exchange of electricity primarily in the western United States and Alberta, was \$341 million, an increase of \$177 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 21 per cent higher-than-average inflows into the reservoirs and reduced domestic sales. This year's level of inflows ranked as one of the highest in B.C. Hydro's history. Increased marketing efforts and higher prices than in the prior year also contributed to the increase.

Cost of Energy

Energy costs amounted to \$610 million, an increase of \$96 million or 19 per cent from 1996/97. An increase in electricity trade energy costs, which accounted for more than 75 per cent or \$72 million of the total increase, was primarily due to higher electricity trade sales volumes and related transmission costs. The use of higher-cost energy purchases to meet higher sales volumes also contributed to the increase in electricity trade energy costs. Domestic energy costs increased due to a reduction in the level of low-cost hydro generation and an increase in higher-cost energy purchases. In the previous year, the required drawdown of the Williston reservoir, as a precautionary measure due to sinkholes discovered at the W.A.C. Bennett Dam, was accomplished by maximizing hydro generation and curtailing purchases.

Chapter 7: Crown Corporations and Agencies

Expenses

Operations, maintenance and administration (OMA) expenses of \$385 million were \$30 million lower than in 1996/97. Prior year OMA costs were unusually high due to expenditures relating to the investigation, surveillance and remediation of sinkholes discovered at the W.A.C. Bennett Dam. Excluding costs associated with the sinkholes, OMA expenses declined by \$7 million despite nearly 32,000 customer additions to the electricity system during the year.

Depreciation and amortization expenses increased to \$336 million from \$322 million in the previous year. The increase reflects more assets in service to support customer growth.

Finance charges decreased to \$585 million from \$625 million in 1996/97. Lower short-term borrowing rates, a lower average volume of net debt, and the refinancing of debt at lower rates were the primary reasons for the \$40 million decrease.

Customer Profit-Sharing

B.C. Hydro's strong financial performance in 1998, largely due to exceptionally high inflows into its reservoirs and its continued commitment to reliability, safety and efficiency, has allowed it to grant an across-the-board customer profit-sharing to all its customers. The one-time credit totalling \$32 million amounts to two per cent for residential and small industrial customers and one per cent for large commercial and industrial customers. The credit was calculated on each customer's annual bill for the period ending March 31, 1998.

Payment to Province

During 1997/98, B.C. Hydro paid a dividend to the province of over \$365 million, compared to \$279 million in the previous year. The higher dividend was due to an increase in distributable surplus — defined as net income before customer profit sharing and adjusted for interest during construction and related depreciation.

Capital Expenditures

Capital expenditures totalled \$319 million, compared to \$328 million in 1996/97. 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 fourth 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). Although publicly owned, BC Rail operates as a commercial entity and competes in the private sector with other railways, trucking firms, land developers and port operators. 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) and a joint venture management company (BCR Ventures). BCR Properties leases 832,000 square feet of properties. During 1997,

BCR Ventures continued with its one third joint venture development of the Willow Creek coal field adjacent to the BC Rail mainline near Chetwynd.

During 1997, BC Rail owned and operated Westel Telecommunications Ltd., a company which provided voice data and video image services to businesses and residences throughout British Columbia over 3,000 kilometres of communication lines. This company was sold to a private sector business in 1998.

Operations

A summary of consolidated operating results of BC Rail, including Westel Telecommunications Ltd., is shown in Table 7.2. Operating revenues for 1997 were \$427 million, a 2 per cent increase from the previous year. Operating expenses totalled \$350 million, virtually unchanged from 1996. BC Rail's net income of \$40 million for the year represented the 17th year of profitability for the company out of the last 18 years of operation. 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,	1997	1996	Change 1996-1997
	(\$ thousands)	(\$ thousands)	(per cent)
Revenues	427,118	418,669	2.0
Expenses	349,539	348,565	0.3
Operating income	77,579	70,104	10.7
Finance costs and income taxes	(37,381)	(33,807)	10.6
Net income	40,198	36,297	10.7
Number of carloadings	212,189	202,816	4.6
Revenue tons(thousands)	17,933	16,893	6.2
Employees at year end	2,361	2,340	0.9
Revenue ton-miles(millions)	5,200	5,070	2.6

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	37 per cent
Wood chips	15 per cent
Lumber	12 per cent
Miscellaneous forest products	10 per cent
Pulp	9 per cent
Other	17 per cent

Capital Expenditure

Over the past five years, BC Rail has invested \$315 million in plant and equipment 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. In 1997, capital expenditures totalled \$126 million.

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. On November 18, 1996, under changes to the *Insurance Corporation Act* and the *Motor Vehicle Act*, responsibility for vehicle licensing, registration and issuance of driver licences was assumed by ICBC from the provincial government as part of a transition of regulatory responsibilities to improve road safety. On December 14, 1997, ICBC assumed responsibility for vehicle standards and inspections; commercial transport regulation; weigh scale operations and enforcement of vehicle weights and dimensions; motor carrier licensing support; road inspections and enforcement; and compliance audits.

ICBC supported numerous traffic safety initiatives during the year, including the operation of photo radar cameras; development and operation 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

Table 7.3 Insurance Corporation of British Columbia Operating Data

Fiscal year ended December 31,	1997	1996	Change 1996-1997
	(\$ thousands)	(\$ thousands)	(per cent)
Revenue			
Premium income	2,303,456	2,276,566	1.2
Investment income	386,950	348,498	11.0
	<u>2,690,406</u>	<u>2,625,064</u>	2.5
Claims and expenses			
Claims incurred	2,025,923	2,125,476	-4.7
Other expenses	650,498	634,465	2.5
	<u>2,676,421</u>	<u>2,759,941</u>	-3.0
Net income (loss).....	<u>13,985</u>	<u>(134,877)</u>	—
Vehicle policies	2,499,000	2,452,000	1.9
Average premium	\$877	\$890	-1.5
Number of reported claims for policy year	1,002,000	949,000	5.6
Unpaid claims	3,782,720	3,666,062	3.2
(\$ thousands)			
Average number of employees ¹	4,607	4,160	10.7
Investments at year end	5,290,821	4,927,785	7.4
(\$ thousands)			
Total assets	5,662,692	5,306,572	6.7
(\$ thousands)			
Rate stabilization reserve fund	224,289	210,304	6.6
(\$ thousands)			

¹ Commencing November 18, 1996, the average number of employees reflects the phased-in transfer of 464 Motor Vehicle Branch employees from the provincial government.

Source: Insurance Corporation of British Columbia.

intersection and roadway improvements. Other safety programs underway include graduated licensing, intersection safety cameras and operation of the Motor Vehicle Branch to establish a single organization focused on driver, vehicle and road safety.

ICBC operates on a non-profit basis. Insurance premiums and other revenues are collected from over two million motorists and the money is invested to generate revenue to help pay for insurance claims and corporation operating costs. During 1996/97, the provincial government enacted legislation which froze basic car and truck insurance rates from January 1, 1996 to December 31, 1998.

Operations

ICBC reported net income of \$14 million from its operations in 1997, compared to a net loss of \$135 million in the previous year. The main reasons for the turnaround from 1996 were reduced claims costs due to a lower volume of claims and a lesser severity of injury-related claims as a result of traffic safety and other initiatives, a mild winter, and savings resulting from re-estimates of prior year claims. As well, ICBC experienced increased premium revenues and investment income.

ICBC sold 2.5 million Autoplan policies, and generated \$2.3 billion in premium income in 1997. Premium revenues are invested until money is required to make claim payments. In 1997, investment income totalled \$387 million, or \$155 per insurance policy. The number of claims reported during 1997 was 1,002,000, an increase of 5.6 per cent from 1996. The cost of settling claims decreased by 4.7 per cent to \$2 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,	1998	1997	Change 1997-1998
	(\$ millions)	(\$ millions)	(per cent)
Sales	1,594.5	1,539.7	3.6
Less discounts and commissions	41.3	40.0	3.2
Net sales	1,553.2	1,499.7	3.6
Cost of merchandise sold	784.6	751.9	4.3
Gross margin	768.6	747.8	2.8
Operating expenses	165.8	164.0	1.1
	602.8	583.8	3.3
Other income	3.2	3.3	-3.0
Net income ¹	606.0	587.1	3.2

¹ Due to year-end accounting adjustments, net income figures are different from those reported in Chapter 2.
Source: Liquor Distribution Branch.

Chapter 7: Crown Corporations and Agencies

At March 31, 1998, there were 222 government liquor stores, and 142 rural agency stores. Rural agency stores are located in premises that may also sell non-alcoholic products. During 1997/98, the value of LDB retail sales increased 3.6 per cent to \$1.6 billion, and net income increased by 3.2 per cent to \$606 million (see Table 7.4).

British Columbia
Lottery Corporation

The British Columbia Lottery Corporation has responsibility for the conduct and management of lottery schemes within British Columbia (such as BC/49, Extra, Club Keno, Daily 3, Sports Action and Scratch & Win), and cooperates with other provinces in the conduct and marketing of nation-wide games such as the 6/49 lottery. The corporation has its headquarters in Kamloops and employs over 350 people throughout the province. Lottery tickets are available through a network of licensed retailers throughout British Columbia.

Operations

The corporation's sales increased 8.6 per cent to \$942 million in 1997/98, mainly due to the expansion of Club Keno and other gaming operations. Prizes paid to lottery players increased 5.8 per cent to \$483 million. Net income to the provincial government was \$283 million, an increase of 6.5 per cent. Details of operating results are given in Table 7.5.

Table 7.5 British Columbia Lottery Corporation Summary Income Statement

Fiscal year ended March 31,	1998	1997	Change 1997-1998
	(\$ millions)	(\$ millions)	(per cent)
Sales	942.2	867.5	8.6
Direct expenses			
Prizes	483.0	456.5	5.8
Retailer commissions	72.1	57.6	25.2
Ticket printing and bingo paper	16.3	15.7	3.8
Sales less direct expenses	<u>370.8</u>	<u>337.7</u>	9.8
Operating expenses			
Administrative expenses	62.1	52.8	17.6
Amortization	10.7	5.7	87.7
Interest and other income	(5.0)	(5.2)	-3.8
Goods and services tax	12.7	11.5	10.4
	<u>80.5</u>	<u>64.8</u>	24.2
Net income	<u>290.3</u>	<u>272.9</u>	6.4
Distribution of net income			
Government of Canada	6.9	6.7	3.0
Government of British Columbia	<u>283.4¹</u>	<u>266.2</u>	6.5
	<u>290.3</u>	<u>272.9</u>	6.4

¹ Due to year-end accounting adjustments, the net income allowance to the province differs from that reported in Chapter 2.
Source: British Columbia Lottery Corporation.

Skeena Cellulose Inc.

Skeena Cellulose is a large forestry company operating a pulp mill near Prince Rupert and processing mills in several northern British Columbia communities. Due to deteriorating market conditions in early 1997, Skeena Cellulose sought

protection from creditors and was subsequently restructured with the Province of British Columbia and the Toronto Dominion Bank assuming full ownership. The company generates revenues through the sale of wood and wood products, and is expected to be self-sustaining over the medium-to-long term. This restructuring of Skeena Cellulose was designed to ensure the company's future viability as well as economic stability for the north-western region of the province.

Columbia Power Corporation

The primary mandate of the Columbia Power Corporation (CPC) is to undertake power project investments on a joint venture basis with the Columbia Basin Trust, pursuant to the terms of the Columbia Basin Accord. The role of CPC is to support the objectives of the province and the Columbia Basin Trust within the framework of a commercial enterprise.

CPC and the Columbia Basin Trust jointly own the Brilliant dam and generating station near Castlegar. Power from this dam is sold to West Kootenay Power Ltd. under the terms of a sixty year agreement. Additional power project investment opportunities are being developed, the most important currently being the Keenleyside power plant, with construction expected to begin in 1999. Other projects planned by CPC include upgrades and expansions at the Brilliant and Waneta dams, as well as wood waste-fired thermal power plants.

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, and construct transportation infrastructure in British Columbia. The 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 reflects provincial priorities for investment in new highway infrastructure. Projects undertaken are generally 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 the BCTFA.

The BCTFA services the debt incurred for these projects through a two-cent-per-litre surcharge on motor fuel and a \$1.50-per-day surcharge on car rentals. During 1997/98, this revenue amounted to \$118 million (see Table 7.6). The BCTFA invested \$250 million in transportation infrastructure during the year.

Major activities of the BCTFA during the 1997/98 fiscal year included:

- continuing the development of multi-modal transportation plans for the Lower Mainland and the Okanagan Valley;
- finalizing a plan to refurbish the Lions Gate Bridge;

Table 7.6 BC Transportation Financing Authority Consolidated Statement of Income¹

Fiscal year ended March 31,	1998	1997	Change 1997-1998
	(\$ thousands)	(\$ thousands)	(per cent)
Revenue:			
Dedicated revenue ²	117,543	62,516	88.0
Other ³	36,440	37,014	-1.6
	<u>153,983</u>	<u>99,530</u>	54.7
Expenditures: ⁴			
Operations and administration ⁵	46,553	56,631	-17.8
Grant programs ⁶	5,107	3,953	29.2
Amortization	13,956	4,240	229.2
Interest ⁷	27,688	9,420	193.9
Write down of project costs ⁸	4,272	—	—
	<u>97,576</u>	<u>74,244</u>	31.4
Net earnings before extraordinary item	56,407	25,286	123.1
Flood repair damage ⁹	4,804	—	—
Net earnings after extraordinary item	<u>51,603</u>	<u>25,286</u>	104.1

¹ Includes results of Highway Constructors Ltd. (HCL), a wholly-owned subsidiary. Amounts may differ from those reported in the 1997/98 Public Accounts due to year-end accounting adjustments.

² Dedicated revenue includes two cents per litre in 1998 (one cent per litre in 1997) of motor fuel tax and a provincial social services sales tax on car rentals. Due to year-end accounting adjustments, the figure for 1997/98 does not match that shown in Appendix 2.

³ Includes investment revenue recorded net of related expense.

⁴ During 1997/98, the authority undertook \$250 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.

⁵ Includes \$16.5 million in 1998 (1997 \$16.5 million) paid to the Ministry of Transportation and Highways for general operating expenses that were not specifically related to individual capital projects.

⁶ Includes grants paid under the air transport assistance program, the cycling network program, the alternative transportation program, the infrastructure works program and the newly incorporated municipalities road 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.

⁸ Work-in-progress which has been written down for projects where no tangible asset will result.

⁹ The BCTFA provided flood repair funding under a provincial program to cover excessive costs of emergency repairs to highways and bridges affected by slides and washouts during the year.

Source: BC Transportation Financing Authority.

- developing partnerships, primarily with municipalities, for investment in transportation infrastructure (including agreements for the Mission interchange, an interchange at Highways 3 and 22, and an interchange on Highway 99 at the King George Highway);
- undertaking highway capital projects such as the Vancouver Island Highway project, the Trans Canada high occupancy vehicle lane project in the Lower Mainland, and other congestion relief projects for the Lower Mainland;
- providing grants through the Air Transport Assistance Program to fund local airport improvement projects; and
- providing grants through the cycling network program, cost-shared with municipalities to fund cycling network projects.

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 also operates both light and heavy rail transit systems. SkyTrain, the province's automated light rapid transit system, runs from Waterfront Station in downtown Vancouver to King George Station in Surrey City Centre. The *West Coast Express*, a commuter rail service for residents of the Lower Mainland, runs along 65 kilometres of track between Mission and downtown Vancouver.

Through a new company, Rapid Transit Project 2000, the provincial government will lead the building of a new rapid transit system for the Broadway-Lougheed-Coquitlam-New Westminster corridors. Under a proposed agreement with the Greater Vancouver Transportation Authority (see below), the province will cost-share the costs to build the new system.

BC Transit also operates express bus service on selected routes in the Vancouver region, and has begun work on a planned rapid bus project.

Table 7.7 British Columbia Transit Statement of Operating Expenditures and Recoveries

Fiscal year ended March 31,	1998	1997	Change 1997-1998
	(\$ thousands)	(\$ thousands)	(per cent)
Expenditures			
Transit operations	371,089	354,036	4.8
Administration	54,749	53,293	2.7
Property leases and taxes	10,361	9,909	4.6
Depreciation and amortization	64,700	59,763	8.3
Debt servicing ¹	166,971	165,810	0.7
	<u>667,870³</u>	<u>642,811</u>	3.9
Recoveries			
Contributions from the provincial government	287,408	281,369	2.1
Contributions from municipalities	142,822	140,141	1.9
Operating and investment revenue	233,113	216,763	7.5
Other ²	3,527	3,738	-5.6
	<u>666,870³</u>	<u>642,011</u>	3.9

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 \$1 million dividend (\$0.8 million in 1996/97) declared by BC Transit's subsidiary, BC Transit Captive Insurance Company.

Source: British Columbia Transit.

Chapter 7: Crown Corporations and Agencies

<i>Operations</i>	During 1997/98, BC Transit's total ridership was 155 million passengers, an increase of 2.0 per cent from the previous year. Total expenditures increased 3.9 per cent to \$668 million. These expenditures were partly funded through provincial government contributions of \$287 million and municipal government contributions of \$143 million, with the remainder coming from operating and investment revenues (see Table 7.7).
<i>Ten-Year Plan</i>	BC Transit's 10-year transit development plan is based on three main goals — to increase the number and proportion of people who use public transit; to shape city growth and help reduce urban sprawl; and to ensure that people are well-served by transit, especially those who do not have cars or have transportation difficulties. 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.
<i>Greater Vancouver Transportation Authority</i>	In July 1998, the Province of British Columbia passed the <i>Greater Vancouver Transportation Authority Act</i> and, following negotiations with the Greater Vancouver Regional District, the "Recommended Agreement on Transportation Governance and Funding for Greater Vancouver" was ratified. The agreement includes the establishment of the Greater Vancouver Transportation Authority, which will assume responsibility for the Greater Vancouver operations of BC Transit, and for major roads and bridges in the Vancouver region by April 1, 1999.
British Columbia Ferry Corporation	<p>The British Columbia Ferry Corporation (BC Ferries) commenced operations on January 1, 1977. The ferry system that is now operated by BC Ferries was started in 1960, when the provincial government opened regularly scheduled ferry service between the Lower Mainland and Vancouver Island with two vessels and 225 employees. At March 31, 1998, the fleet included 40 vessels, with one car-carrying fast ferry nearing completion and two more under construction. The system also included 43 marine terminals plus seven other sites, and encompassed 26 routes. High operational and maintenance standards make this one of the world's finest ferry systems.</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 Port Hardy on the northern end of Vancouver Island. In addition, the Discovery Coast Passage offers summer service between Port Hardy and Bella Coola on the central coast, with numerous ports of call in between.</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. CFI constructs high-speed ferries for BC Ferries and for sale in the international market. The financial statements of both entities are consolidated in Table 7.8.</p>
<i>Operations</i>	During 1997/98, BC Ferries carried 22 million passengers and 8 million vehicles. The system generated \$383 million in revenue, a 6.4 per cent increase from the previous year. The increase in revenue was mainly due to tariff increases in March

and November 1997. Operating expenses rose 2 per cent to \$397 million because of significant increases in repairs and maintenance, materials and supplies and professional services that are symptoms of the ageing asset base. Amortization costs increased 13.1 per cent as major capital investments were completed (including the Duke Point terminal and *Skeena Queen*). The corporation reported a net loss of \$59 million for the year, a significant improvement over the \$76.5-million loss of the previous year.

Table 7.8 British Columbia Ferry Corporation Summary Income Statement and Operating Data

Fiscal year ended March 31,	1998	1997 ¹	Change 1997-1998
	(\$ millions)	(\$ millions)	(per cent)
Operating revenue	383.4	360.3	6.4
Operating expense	397.2	389.4	2.0
Amortization	43.9	38.8	13.1
Catamaran Ferries International Inc. loss and investment in training and infrastructure	<u>1.3</u>	<u>8.6</u>	-84.9
Net income (loss)	<u>(59.0)</u>	<u>(76.5)</u>	-22.9
Provincial/federal contributions	26.6	26.5	0.4
Capital expenditure	128.3	136.0	-5.7
Traffic			
Vehicles	7,985	8,163	-2.2
Passengers	21,799	22,269	-2.1
Capacity utilization (annual average)			
Vehicles	47%	53%	
Passengers	29%	31%	

¹ Certain figures for 1997 have been restated to conform with the presentation used in 1998.
Source: British Columbia Ferry Corporation.

Ten-Year Capital Plan

BC Ferries developed its current Ten Year Capital Plan in 1994. Its purpose is to provide a framework for the orderly replacement of ageing ships and terminal structures, while addressing changes in customer traffic volumes and patterns and meeting customer service expectations for quality and safety.

The original plan laid out a series of projects that has been constrained to help meet government's financial management objectives. Notwithstanding this, significant achievements have been made. In the past year:

- the first Century class vessel *Skeena Queen* was commissioned in April 1997;
- a new major terminal was completed at Duke Point (near Nanaimo);
- the first "Pacifcat" car-carrying catamaran is nearing completion, with substantial progress on the construction of the second; and
- several major improvements were made at Horseshoe Bay and Departure Bay terminals as well as large projects at Tsawwassen, Swartz Bay, Fulford Harbour, Saltery Bay, Whaletown, Denman East, Thetis, and Quathiaski Cove.

Chapter 7: Crown Corporations and Agencies

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.

FRBC 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. FRBC 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 1997/98, FRBC stumpage revenue amounted to \$483 million.

Table 7.9 Forest Renewal BC Statement of Operations and Equity

Fiscal year ended March 31,	1998	1997	Change 1997-1998
	(\$ thousands)	(\$ thousands)	(per cent)
Revenues			
Statutory forest revenue	482,758	485,328	-0.5
Investment income	51,198	35,568	43.9
	<u>533,956</u>	<u>520,896</u>	2.5
Expenditures			
Project expenditures	596,334	395,486	50.8
Administration	25,302	20,044	26.2
	<u>621,636</u>	<u>415,530</u>	49.6
Net revenue	<u>(87,680)</u>	<u>105,366</u>	—
Equity, beginning of year	851,112	745,746	14.1
Equity, end of year	<u>763,432</u>	<u>851,112</u>	-10.3

Source: Forest Renewal BC.

FRBC makes investments under five main 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 1997/98, FRBC invested \$596 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.

Fisheries Renewal BC	<p>Fisheries Renewal BC (FsRBC) was created in July 1997 with the passage of the <i>Fisheries Renewal Act</i> to renew the province's fisheries; promote the protection, conservation and enhancement of fish stocks; restore fish habitat; and strengthen fishing communities for future generations. Three areas have been identified as the focus for resources and investments — more fish, new fisheries and higher value/more work. Initial funding for FsRBC is provided from Forest Renewal BC.</p>
Okanagan Valley Tree Fruit Authority	<p>The Okanagan Valley Tree Fruit Authority was established as a Crown corporation under the <i>Okanagan Valley Tree Fruit Authority Act</i> of 1990, to provide leadership and financial assistance for the revitalization of the interior tree fruit industry.</p> <p>During 1997/98, the authority had revenue of \$2.2 million which included a \$2.0 million contribution from the British Columbia government. The authority spent \$3.4 million during the year, almost entirely on the orchard renovation program. These expenditures included grants to farmers to support the replanting of orchards to high density, higher value varieties of tree fruits and support for the Sterile Insect Release (SIR) program. SIR is designed to eradicate the codling moth, resulting in significant reductions in pesticides and enabling orchardists to better position their fruit in the marketplace.</p> <p>The authority continued to deliver the Orchard Renovation Program. The 828 acres replanted in 1997/98 represents the largest commitment that growers have made to the program to date. While farm gate revenues from the sale of tree fruits currently amount to about \$50 million per year, this is forecast to rise to \$77 million per year by the end of the decade, and to \$85 million per year when all the replanted land is in full production.</p>
B.C. Pavilion Corporation	<p>The B.C. Pavilion Corporation operates the Vancouver Trade and Convention Centre, B.C. Place Stadium, Robson Square Conference Centre, Tradex and the Bridge Studios. The corporation's mandate is to generate economic benefit for the province through its activities.</p> <p>Fiscal 1997/98 was the corporation's best operating year as it recorded a funding requirement for operations of \$0.9 million. Revenues were \$29.4 million, a 9.2 per cent increase from the previous year. Event costs were \$13.6 million and facility expenses were \$20.7 million. The provincial government provided an operating subsidy of \$0.9 million, and an additional \$2.8 million for capital projects at the corporation's facilities.</p>
Tourism British Columbia	<p>Tourism British Columbia fosters growth in the province's tourism industry. Established by the government as a Crown corporation in June 1997, the organization 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 during 1997/98 was \$19.9 million. A 15-member board, comprised of representatives from the tourism industry and from government, provides direction for the corporation's activities.</p>

Chapter 7: Crown Corporations and Agencies

Pacific National Exhibition The Pacific National Exhibition (PNE) is responsible for planning exhibits and events related to the development of agriculture, other industries and community development interests. The PNE also operates the Playland Amusement Park and manages an annual fair.

During 1997, revenue from operations amounted to \$27 million while expenditures totalled \$29.3 million. The \$2.3 million loss for 1997 is half of the \$4.5 million loss recorded in 1996.

**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, based on equivalent rates in the commercial market. In 1997/98, 80 per cent of the corporation's revenue was received from government ministries.

Table 7.10 British Columbia Buildings Corporation Summary Income Statement

Fiscal year ended March 31,	1998	1997 ¹	Change 1997-1998
	(\$ millions)	(\$ millions)	(per cent)
Revenue			
Rentals	403.7	397.7	1.5
Other income	24.8	18.9	31.2
Gains on sale of properties	<u>11.8</u>	<u>7.4</u>	59.5
	<u>440.3</u>	<u>424.0</u>	3.8
Expenses			
Lease costs	138.7	135.5	2.4
Operation and maintenance	86.7	85.3	1.6
Amortization	47.9	48.0	-0.2
Client requested projects	24.0	17.7	35.6
Property taxes and grants	16.7	16.6	0.6
Energy	16.7	16.4	1.8
General and administration	<u>9.6</u>	<u>9.8</u>	-2.0
	<u>340.3</u>	<u>329.3</u>	3.3
Net income before interest	100.0	94.7	5.6
Interest expense	<u>(60.7)</u>	<u>(55.3)</u>	9.8
Net income	<u>39.3</u>	<u>39.4</u>	-0.3

¹ Certain figures for 1997 have been restated to conform with the presentation used in 1998.
Source: British Columbia Buildings Corporation.

During 1997/98, BCBC continued implementing its strategic plan which focuses on cost minimization and identifies aggressive targets for reducing accommodation costs to government. These cumulative savings amounted to \$35.4 million over the base year of 1996/97. During 1997/98, reduced operating expenses resulted in an

increase in net income before interest expenses of \$5.3 million, up 5.6 per cent over 1996/97. After interest costs, the net income was \$39.3 million, virtually unchanged from the previous year. Revenue increased 3.8 per cent to \$440.3 million. BCBC issued a dividend of \$20 million to the provincial government in 1997/98.

British Columbia
Assessment Authority

The British Columbia Assessment Authority (BC Assessment) is responsible for establishing and maintaining real property assessments throughout British Columbia according to the *Assessment Act*. For the year ended December 31, 1997, \$61.2 million was received in revenue, primarily through levies on all taxable properties. The levies are collected on behalf of BC Assessment by municipalities and the Ministry of Finance and Corporate Relations through annual property tax notices. Chapter 5 provides more information on BC Assessment.

Provincial Rental
Housing Corporation

The Provincial Rental Housing Corporation was incorporated under the *Company Act* 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, 1998, the corporation had a net investment of \$300 million in these rental properties.

British Columbia
Housing Management
Commission

Established in 1967, the British Columbia Housing Management Commission (BC Housing) 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. BC Housing 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.

During 1997/98, BC Housing was responsible for managing 7,943 subsidized rental units on which rents are calculated at 30 per cent of tenants' incomes. In addition, there were 14,695 non-profit-managed subsidized rental units and 9,938 rent-supplement-managed units.

In 1997/98, contributions to BC Housing from the provincial government amounted to \$90 million, while the Canada Mortgage and Housing Corporation contributed \$72 million.

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.

Financing Authorities

The objective of several provincial financing authorities has been to borrow funds at competitive market interest rates and to lend these funds to public sector institutions (like schools and universities) to finance their capital expenditures. The

loans made by the authority are financed by, and have interest rates and maturity dates identical to, the borrowing of the authority itself. Commencing with the 1998/99 fiscal year the government is winding up the two financing agencies used to provide capital financing loans to school districts and post-secondary institutions — the British Columbia School Districts Capital Financing Authority and the British Columbia Educational Institutions Capital Financing Authority. Borrowing for schools and post-secondary capital projects will be raised directly by the provincial government through the consolidated revenue fund and will be included in the annual *Supply Act*.

The British Columbia School Districts Capital Financing Authority raised \$286 million to fund the capital requirements of public school districts during 1997/98. At March 31, 1998 the authority had \$2.9 billion in net debt outstanding consisting of \$0.2 billion in guaranteed debt and \$2.7 billion in fiscal agency debt. During 1998, the *School District Capital Finance Act* was repealed by the *Capital Financing Authority Repeal and Debt Restructuring Act*. All assets and liabilities were transferred to the province, and all future payments will be made by the government.

The British Columbia Educational Institutions Capital Financing Authority raised \$88 million to fund the capital requirements of universities, colleges and provincial institutes during 1997/98. At March 31, 1998, the authority had \$1.3 billion in net debt outstanding consisting of \$0.1 billion in guaranteed debt and \$1.2 billion in fiscal agency debt. During 1998 the *Educational Institution Capital Finance Act* was repealed by the *Capital Financing Authority Repeal and Debt Restructuring Act*. All assets and liabilities were transferred to the province, and all future payments will be made by the government.

The British Columbia Regional Hospital Districts Financing Authority raised \$117 million to fund the capital requirements of regional hospital districts during 1997/98. At March 31, 1998, the authority had \$1.4 billion in net debt outstanding, consisting of \$0.2 billion in guaranteed debt and \$1.2 billion in fiscal agency debt.

Appendices



Appendices

1 Economic Review

Tables —		Page
A1.1	Components of British Columbia Population Change.....	237
A1.2	Summary of Economic Activity for British Columbia.....	238
A1.3	British Columbia Nominal Gross Domestic Product by Industry (at factor cost).....	240
A1.4	British Columbia Real Gross Domestic Product by Industry (at factor cost).....	241
A1.5	British Columbia Nominal Gross Domestic Product (at market prices).....	242
A1.6	British Columbia Real Gross Domestic Product (at market prices).....	244
A1.7	Capital Investment.....	245
A1.8	British Columbia Exports by Major Market and Selected Commodities, 1997.....	246
A1.9	British Columbia Exports to Major Countries and Market Areas.....	247

2 Financial Review

The Financial Cycle.....	248
Government, Crown Corporation and Agency Accounts and Financial Statements.....	249
<i>Consolidated Revenue Fund</i>	249
<i>Summary Financial Statements</i>	250
Accounting Changes Effective in 1997/98.....	252
<i>Consolidated Revenue Fund — Capitalization</i>	252
<i>Allowances for Doubtful Revenue Accounts and Non-cash Exchanges of Crown Land</i>	253
Unfunded Pension Liabilities.....	253
Glossary of Terms.....	254
Dedicated Revenues Collected on Behalf of Crown Corporations and Agencies.....	258
Financial Statements for the Fiscal Year Ended March 31, 1998.....	259
Charts —	
A2.1 The Financial Cycle.....	248
A2.2 Components of the Provincial Government's Financial Statements — 1997/98.....	249
Tables —	
A2.1 Balance Sheet.....	260
A2.2 Summary of Operating and Financing Transactions.....	261
A2.3 Expenditure Appropriations.....	262
A2.4 Revenue by Source.....	264
A2.5 Revenue by Source — Supplementary Information.....	266
A2.6 Expense by Function.....	267
A2.7 Expense by Function — Supplementary Information.....	268
A2.8 Historical Revenue by Source.....	269
A2.9 Historical Expenditure by Function.....	269
A2.10 Historical Summary of Financial Transactions.....	270
A2.11 Provincial Net Debt Summary.....	271
A2.12 Provincial Net Debt Summary — Supplementary Information.....	272
A2.13 Historical Provincial Net Debt Summary.....	273

3 The Province and Its People

Tables —		
A3.1	British Columbia Municipal Population Estimates.....	274
A3.2	Historical Labour Market Activity in British Columbia.....	275
A3.3	Population by Region (at July 1).....	276
A3.4	Labour Force Characteristics by Region (1997).....	276
A3.5	Employment by Industry in British Columbia.....	277

4 Industrial Structure and Performance

Tables —		
A4.1	Historical British Columbia Farm Cash Receipts.....	278
A4.2	Historical British Columbia Fish Production.....	278
A4.3	Timber Scaled (Logged) by Species.....	279

A4.4	Volume of Mature Timber, as at December 31, 1997	279
A4.5	Mineral Production, 1996 and 1997	280
A4.6	Historical Value of Metal Production	281
A4.7	Historical Value of Mineral Production	281
A4.8	Indicators of Activity in Petroleum and Natural Gas	281
A4.9	Value of Manufacturing Shipments	282
A4.10	Economic Indicators of Activity in the Forest Sector	282
A4.11	Housing Starts in British Columbia by Type of Structure	283
A4.12	Supply and Consumption of Electrical Energy in British Columbia	283
A4.13	British Columbia Retail Sales by Trade Group	283
A4.14	Indicators of British Columbia Financial Activity	284
A4.15	British Columbia Real Estate Market Indicators	284
A4.16	British Columbia Tourism Revenue and Overnight Visitors	285
5	The Provincial Government and Intergovernmental Relations	
	Tables —	
A5.1	Provincial Taxes (as of July 1998)	286
A5.2	Interprovincial Comparisons of Tax Rates (as of July 1998)	289
A5.3	Summary of Major Tax Changes Announced in 1998	290
A5.4	Major Provincial Programs for Local Government	291
6	Major Provincial Programs	
	Tables —	
A6.1	Provincial Programs for People (at October 1998)	292
A6.2	Financial Incentives for Economic Development, Trade and Diversification	296
7	Crown Corporations and Agencies	
	Tables —	
A7.1	British Columbia Hydro and Power Authority Income Statement for the Years Ended March 31	297
A7.2	British Columbia Railway Company Income Statement for the Years Ended December 31	297
A7.3	Insurance Corporation of British Columbia Income Statement for the Years Ended December 31	298
A7.4	Liquor Distribution Branch Income Statement for the Years Ended March 31	298
A7.5	British Columbia Lottery Corporation Income Statement for the Years Ended March 31	299
A7.6	British Columbia Transit Revenue and Expenditure Statement for the Years Ended March 31	299
A7.7	British Columbia Ferry Corporation Income Statement for the Years Ended March 31	300
A7.8	British Columbia Buildings Corporation Income Statement for the Years Ended March 31	300
A7.9	Major British Columbia Crown Corporations and Agencies (at October 1998)	301
8	Lieutenant Governor, Executive Council and Members of the Thirty-sixth Legislative Assembly (as of October 1998)	303
	The Cabinet Committee Structure	305
9	Government Agents (at October 1998)	306
10	Ministry Contacts (at October 1998)	307
11	Province of British Columbia Internet Web Site	312

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	39,608	2,520,424
1976.....	(1,490)	11,820	10,330	(320)	4,788	35,848	18,788	17,060	31,858	2,552,282
1977.....	15,507	7,134	22,641	(217)	4,307	36,691	18,596	18,095	43,588	2,595,870
1978.....	20,698	3,756	24,454	(317)	4,260	37,231	19,058	18,173	45,332	2,641,202
1979.....	33,241	9,151	42,392	791	4,070	38,432	19,204	19,228	65,243	2,706,445
1980.....	40,165	18,193	58,358	1,491	3,763	40,104	19,371	20,733	83,107	2,789,552
1981.....	21,565	15,516	37,081	3,268	3,352	41,474	19,857	21,617	64,685	2,854,237
1982.....	(2,019)	10,939	8,920	(649)	3,860	42,747	20,707	22,040	33,971	2,888,208
1983.....	4,029	6,376	10,405	545	3,682	42,919	19,827	23,092	37,523	2,925,731
1984.....	3,505	4,491	7,996	363	3,779	43,911	20,686	23,225	35,163	2,960,894
1985.....	(3,199)	3,649	450	1,775	3,933	43,127	21,302	21,825	27,783	2,988,677
1986.....	910	4,337	5,247	4,497	3,987	41,967	21,213	20,754	34,634	3,023,311
1987.....	17,618	12,023	29,641	5,848	3,729	41,814	21,814	20,000	59,617	3,082,928
1988.....	25,865	17,536	43,401	8,475	3,244	42,930	22,546	20,384	75,904	3,158,832
1989.....	37,367	19,324	56,691	8,986	3,216	43,769	22,997	20,772	90,064	3,248,896
1990.....	38,704	22,539	61,243	2,792	3,089	45,617	23,577	22,040	89,564	3,338,460
1991.....	34,572	25,130	59,702	(3,614)	3,304	45,612	23,977	21,635	85,649	3,424,109
1992.....	39,578	29,994	69,572	(719)	3,387	46,156	24,615	21,541	101,420	3,525,529
1993.....	37,595	38,883	76,478	(4,417)	3,374	46,026	25,764	20,262	103,337	3,628,866
1994.....	34,449	41,978	76,427	163	3,416	46,998	25,939	21,059	108,704	3,737,570
1995.....	23,414	36,999	60,413	5,116	3,476	46,820	26,375	20,445	97,089	3,834,659
1996.....	20,665	44,704	65,369	105	3,506	46,138	27,536	18,602	90,765	3,925,424
1997.....	7,094	40,202	47,296	780	3,526	46,880	28,205	18,675	70,277	3,995,701

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	1986	1987	1988
Annual aggregate indicators				
Population ¹	(thousands)	3,004.1	3,050.1	3,115.7
Nominal gross domestic product (at market prices) ²	(\$ millions)	—	—	—
Personal income ²	(\$ millions)	—	—	—
Capital investment.....	(\$ millions)	9,576	10,781	12,710
Business incorporations.....	(number)	17,064	18,691	18,703
Labour statistics				
Labour force.....	(thousands)	1,548	1,579	1,611
Employment.....	(thousands)	1,354	1,390	1,444
Unemployment rate.....	(per cent)	12.5	12.0	10.3
Prices and earnings				
Consumer price index (British Columbia).....	(1992=100)	78.6	81.0	83.9
Consumer price index (Vancouver).....	(1992=100)	78.5	80.9	83.8
B.C. export commodity price index (Cdn. \$).....	(1992=100)	97.0	100.7	109.4
Average weekly earnings.....	(\$)	440.43	454.22	464.44
Wages and salaries.....	(\$ millions)	27,469	29,911	32,800
Financial indicators				
Prime rate.....	(per cent)	10.52	9.52	10.83
Canada/U.S. exchange rate.....	(U.S. cents)	71.97	75.41	81.24
Conventional (5-year) mortgage rate.....	(per cent)	11.22	11.14	11.60
Other indicators				
Manufacturing shipments.....	(\$ millions)	20,240	23,374	25,516
Retail sales ³	(\$ millions)	17,416	19,160	20,802
Housing starts.....	(number)	20,687	28,944	30,487
Non-residential building permits.....	(\$ millions)	912	999	1,647
Tourism GDP.....	(\$ millions)	2,520	2,643	2,816
High technology GDP.....	(\$ millions)	—	—	1,204
B.C. product exports.....	(\$ millions)	13,179	16,236	17,830
Commodity data				
Lumber production.....	(thousand m ³)	31,468	37,336	36,736
Log production (timber scale billed).....	(thousand m ³)	77,503	90,592	76,807
Market pulp shipments.....	(000 tonnes)	3,628	4,136	4,141
Newsprint, other paper and paperboard production.....	(000 tonnes)	2,602	2,753	2,878
Petroleum and natural gas production.....	(\$ millions)	778	731	736
Coal production.....	(000 tonnes)	20,837	22,587	24,813
Solid mineral production.....	(\$ millions)	2,440	2,768	3,224
Electric power generated.....	(GW.h)	50,759	63,066	60,943
Farm cash receipts.....	(\$ millions)	1,104	1,120	1,204
Landed value of fish products.....	(\$ millions)	405	455	573

¹ As at July 1. Data take into account the adjustments for net census undercount and non-permanent residents.

² In May 1998, as part of its periodic re-basing of the national economic accounts, Statistics Canada revised provincial GDP and personal income back to the 1992 calendar year. Amounts prior to 1992 are not yet available.

³ Historical retail sales include the old federal manufacturer's sales tax (FST); data for 1991 onwards do not include the GST.

⁴ Amounts not yet available.

All figures are subject to revision.

Source: BC STATS, Ministry of Finance and Corporate Relations, based on federal, provincial and industry data.

Appendix 1: Economic Review

1989	1990	1991	1992	1993	1994	1995	1996	1997	Change 1996-1997
									(per cent)
3,198.5	3,291.4	3,373.4	3,470.3	3,571.5	3,681.8	3,784.0	3,882.0	3,963.7	2.1
—	—	—	87,149	93,490	100,672	104,786	105,843	109,347	3.3
—	—	—	78,294	81,827	85,235	90,118	92,288	94,578	2.5
15,925	17,202	17,216	17,368	18,006	20,403	19,227	18,571	19,310	4.0
21,817	19,550	18,528	20,406	22,955	25,774	23,846	22,848	22,958	0.5
1,676	1,704	1,762	1,809	1,845	1,913	1,935	1,982	2,012	1.5
1,524	1,561	1,585	1,619	1,666	1,733	1,762	1,806	1,838	1.8
9.1	8.4	10.0	10.5	9.7	9.4	9.0	8.9	8.7	-2.2
87.7	92.4	97.4	100.0	103.5	105.5	107.9	108.9	109.7	0.7
87.5	92.3	97.1	100.0	103.6	105.7	108.4	109.2	109.8	0.5
111.3	106.7	93.6	100.0	115.5	131.4	141.0	138.2	140.8	1.9
494.93	512.04	531.80	545.89	558.18	577.92	594.69	607.54	614.17	1.1
36,697	40,018	41,385	43,415	45,386	47,358	49,428	51,049	52,686	3.2
13.33	14.06	9.94	7.48	5.94	6.88	8.65	6.06	4.96	-18.2
84.45	85.71	87.28	82.73	77.51	73.22	72.86	73.34	72.22	-1.5
12.05	13.24	11.16	9.52	8.70	9.34	9.22	7.94	7.07	-11.0
26,596	25,329	23,259	24,839	27,143	31,048	35,040	33,933	34,671	2.2
22,791	24,200	23,613	24,512	26,553	29,443	31,496	32,071	33,736	5.2
38,894	36,720	31,875	40,621	42,807	39,408	27,057	27,641	29,351	6.2
1,808	1,832	1,803	2,082	1,944	1,772	1,971	1,957	1,959	0.1
3,054	3,237	3,353	3,482	3,662	4,066	4,322	4,568	n.a. ⁴	—
1,316	1,475	1,503	1,618	1,659	1,763	2,034	2,159	n.a. ⁴	—
18,334	16,648	15,215	16,353	19,016	22,834	26,911	25,742	26,748	3.9
35,952	33,515	31,406	33,396	33,935	33,671	32,611	32,671	31,562	-3.4
87,414	78,316	73,676	74,004	79,239	75,650	76,471	75,213	68,629	-8.8
4,189	3,547	4,014	3,815	4,040	4,763	4,565	4,382	4,533	3.4
2,846	2,994	2,721	2,692	3,067	2,947	2,836	2,816	2,570	-8.7
783	897	834	885	1,084	1,203	1,037	1,304	1,536	17.8
25,134	24,366	24,848	18,094	20,629	22,580	24,350	26,179	27,812	6.2
3,180	2,971	2,755	2,537	2,347	2,677	3,437	3,087	3,158	2.3
57,655	60,662	62,981	64,058	58,774	61,015	58,006	71,747	66,693	-7.0
1,254	1,296	1,324	1,397	1,432	1,521	1,564	1,641	1,682	2.5
513	559	492	533	605	735	589	590	594	0.7

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)													
1987	664	284	1,910	2,017	8,745	3,536	1,767	5,961	6,543	9,241	12,046	3,243	55,956
1988	724	348	2,074	2,358	9,703	4,054	1,784	6,184	7,182	10,015	13,535	3,464	61,427
1989	703	321	2,086	2,128	9,758	5,062	1,850	6,401	8,015	11,070	15,163	3,749	66,305
1990	751	326	1,833	2,169	8,794	5,385	1,963	6,305	8,464	11,928	16,956	4,172	69,047
1991	776	301	1,676	1,919	8,233	5,428	2,174	6,610	8,553	13,360	18,296	4,443	71,768
1992	793	311	1,970	1,716	8,058	5,877	2,267	6,718	8,785	14,289	19,735	4,812	75,332
1993	842	353	2,734	1,881	9,235	5,922	2,164	7,090	9,329	15,461	21,182	4,973	81,166
1994	—	—	—	—	—	—	—	—	—	—	—	—	87,387
1995	—	—	—	—	—	—	—	—	—	—	—	—	91,287
1996	—	—	—	—	—	—	—	—	—	—	—	—	92,074
1997	—	—	—	—	—	—	—	—	—	—	—	—	95,152

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)													
1987	6.6	10.9	37.2	13.1	20.6	11.7	11.8	5.0	11.8	7.0	4.9	1.3	9.9
1988	9.0	22.5	8.6	16.9	11.0	14.6	1.0	3.7	9.8	8.4	12.4	6.8	9.8
1989	-2.9	-7.8	0.6	-9.8	0.6	24.9	3.7	3.5	11.6	10.5	12.0	8.2	7.9
1990	6.8	1.6	-12.1	1.9	-9.9	6.4	6.1	-1.5	5.6	7.8	11.8	11.3	4.1
1991	3.3	-7.7	-8.6	-11.5	-6.4	0.8	10.7	4.8	1.1	12.0	7.9	6.5	3.9
1992	2.2	3.3	17.5	-10.6	-2.1	8.3	4.3	1.6	2.7	7.0	7.9	8.3	5.0
1993	6.2	13.5	38.8	9.6	14.6	0.8	-4.5	5.5	6.2	8.2	7.3	3.3	7.7
1994	—	—	—	—	—	—	—	—	—	—	—	—	7.7
1995	—	—	—	—	—	—	—	—	—	—	—	—	4.5
1996	—	—	—	—	—	—	—	—	—	—	—	—	0.9
1997	—	—	—	—	—	—	—	—	—	—	—	—	3.3

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)													
1987	1.2	0.5	3.4	3.6	15.6	6.3	3.2	10.7	11.7	16.5	21.5	5.8	100
1988	1.2	0.6	3.4	3.8	15.8	6.6	2.9	10.1	11.7	16.3	22.0	5.6	100
1989	1.1	0.5	3.1	3.2	14.7	7.6	2.8	9.7	12.1	16.7	22.9	5.7	100
1990	1.1	0.5	2.7	3.1	12.7	7.8	2.8	9.1	12.3	17.3	24.6	6.0	100
1991	1.1	0.4	2.3	2.7	11.5	7.6	3.0	9.2	11.9	18.6	25.5	6.2	100
1992	1.1	0.4	2.6	2.3	10.7	7.8	3.0	8.9	11.7	19.0	26.2	6.4	100
1993	1.0	0.4	3.4	2.3	11.4	7.3	2.7	8.7	11.5	19.0	26.1	6.1	100
1994	—	—	—	—	—	—	—	—	—	—	—	—	—
1995	—	—	—	—	—	—	—	—	—	—	—	—	—
1996	—	—	—	—	—	—	—	—	—	—	—	—	—
1997	—	—	—	—	—	—	—	—	—	—	—	—	—

Note: Gross Domestic Product at factor cost equals Gross Domestic Product at market prices less indirect taxes, net of subsidies. Data for 1994 onwards are not yet available as Statistics Canada only publishes current dollar (nominal) GDP estimates up to 1993. BC STATS estimates for the years from 1994 on have not yet been finalized at the detailed industry level.

Totals may not add due to rounding.

Source: Statistics Canada and BC STATS.

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
(1992 \$ millions)													
1987	681	220	2,568	1,751	8,492	4,589	2,162	6,120	7,176	10,739	16,264	4,193	65,349
1988	778	257	2,504	1,938	8,852	4,799	2,125	6,513	7,524	11,107	17,373	4,238	68,480
1989	749	339	2,398	1,797	8,963	5,591	2,123	6,574	8,139	11,718	18,039	4,265	71,027
1990	762	390	2,127	1,810	8,347	5,785	2,255	6,592	8,173	12,460	18,957	4,439	72,236
1991	772	342	1,875	1,927	7,894	5,832	2,320	6,499	8,170	13,563	19,247	4,648	73,154
1992	793	311	1,970	1,716	8,058	5,877	2,267	6,718	8,785	14,289	19,735	4,812	75,332
1993	829	413	2,334	1,824	8,335	5,783	2,092	6,961	9,264	15,242	20,830	4,872	78,776
1994	823	326	2,231	1,975	8,409	6,214	2,144	7,445	10,099	16,089	21,490	4,801	82,045
1995	879	244	2,211	2,225	8,558	5,917	2,122	7,716	10,070	16,399	22,272	4,687	83,299
1996	870	260	2,208	2,260	8,463	5,866	2,229	7,748	10,133	16,915	22,631	4,532	84,115
1997	851	264	2,029	2,380	8,560	5,942	1,982	8,048	10,668	17,476	23,384	4,443	86,027

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)													
1987	3.2	-20.9	30.4	9.2	11.2	4.8	11.4	3.9	6.9	1.6	2.4	—	5.4
1988	14.2	16.8	-2.5	10.7	4.2	4.6	-1.7	6.4	4.8	3.4	6.8	1.1	4.8
1989	-3.7	31.9	-4.2	-7.3	1.3	16.5	-0.1	0.9	8.2	5.5	3.8	0.6	3.7
1990	1.7	15.0	-11.3	0.7	-6.9	3.5	6.2	0.3	0.4	6.3	5.1	4.1	1.7
1991	1.3	-12.3	-11.8	6.5	-5.4	0.8	2.9	-1.4	—	8.9	1.5	4.7	1.3
1992	2.7	-9.1	5.1	-10.9	2.1	0.8	-2.3	3.4	7.5	5.4	2.5	3.5	3.0
1993	4.5	32.8	18.5	6.3	3.4	-1.6	-7.7	3.6	5.5	6.7	5.5	1.2	4.6
1994	-0.7	-21.1	-4.4	8.3	0.9	7.5	2.5	7.0	9.0	5.6	3.2	-1.5	4.1
1995	6.8	-25.2	-0.9	12.7	1.8	-4.8	-1.0	3.6	-0.3	1.9	3.6	-2.4	1.5
1996	-1.0	6.6	-0.1	1.6	-1.1	-0.9	5.0	0.4	0.6	3.1	1.6	-3.3	1.0
1997	-2.2	1.5	-8.1	5.3	1.1	1.3	-11.1	3.9	5.3	3.3	3.3	-2.0	2.3

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)													
1987	1.0	0.3	3.9	2.7	13.0	7.0	3.3	9.4	11.0	16.4	24.9	6.4	100
1988	1.1	0.4	3.7	2.8	12.9	7.0	3.1	9.5	11.0	16.2	25.4	6.2	100
1989	1.1	0.5	3.4	2.5	12.6	7.9	3.0	9.3	11.5	16.5	25.4	6.0	100
1990	1.1	0.5	2.9	2.5	11.6	8.0	3.1	9.1	11.3	17.2	26.2	6.1	100
1991	1.1	0.5	2.6	2.6	10.8	8.0	3.2	8.9	11.2	18.5	26.3	6.4	100
1992	1.1	0.4	2.6	2.3	10.7	7.8	3.0	8.9	11.7	19.0	26.2	6.4	100
1993	1.1	0.5	3.0	2.3	10.6	7.3	2.7	8.8	11.8	19.3	26.4	6.2	100
1994	1.0	0.4	2.7	2.4	10.2	7.6	2.6	9.1	12.3	19.6	26.2	5.9	100
1995	1.1	0.3	2.7	2.7	10.3	7.1	2.5	9.3	12.1	19.7	26.7	5.6	100
1996	1.0	0.3	2.6	2.7	10.1	7.0	2.6	9.2	12.0	20.1	26.9	5.4	100
1997	1.0	0.3	2.4	2.8	10.0	6.9	2.3	9.4	12.4	20.3	27.2	5.2	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. In addition, constant dollar totals for years prior to 1991 do not sum to the published total because they include an adjustment which compensates for changes in the base year used to calculate real GDP.

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			Current Government Expenditure	Government Investment ¹	Business Investment				Net Exports	Statistical Discrepancy	
	Durable Goods	Semi and Non-Durable Goods	Services			Residential Structures	Non-Residential Structures	Machinery and Equipment	Inventories			
	(\$ millions)											
1987 ³	5,398	13,756	19,238	10,835	1,427	4,163	2,719	3,383	501	1,046	(393)	
1988 ³	6,085	14,681	21,032	11,548	1,333	5,067	3,443	4,338	593	565	(114)	
1989 ³	6,779	15,718	23,562	12,595	1,895	7,134	4,084	5,201	396	(2,340)	(216)	
1990 ³	6,970	16,786	26,622	13,859	2,036	7,377	4,126	5,300	523	(4,611)	(198)	
1991 ³	6,772	17,815	28,546	15,327	2,129	7,839	4,342	4,866	(113)	(5,643)	(427)	
1992 ³	6,923	18,684	30,359	16,408	2,086	9,970	4,104	4,159	113	(4,829)	(1,279)	
1992	6,339	18,333	30,142	19,604	2,570	8,816	3,580	4,662	(55)	(6,172)	(670)	
1993	6,676	19,534	31,977	19,969	2,646	9,391	3,465	4,756	519	(4,382)	(1,061)	
1994	7,431	20,641	33,551	20,640	3,196	9,714	4,606	5,581	581	(4,881)	(388)	
1995	7,820	21,423	34,943	21,547	2,976	8,454	4,631	5,548	1,242	(4,235)	437	
1996	8,029	22,089	37,132	21,877	3,177	8,455	4,264	5,122	(144)	(4,655)	497	
1997	8,835	22,984	39,571	22,030	2,690	8,740	4,560	5,902	1,456	(7,976)	555	

Growth Rate

Year	Consumer Expenditure			Current Government Expenditure	Government Investment ¹	Business Investment				Net Exports	Statistical Discrepancy	
	Durable Goods	Semi and Non-Durable Goods	Services			Residential Structures	Non-Residential Structures	Machinery and Equipment	Inventories			
	(per cent)											
1987 ³	11.5	5.6	10.7	5.7	-0.2	32.7	5.5	22.5	—	—	—	
1988 ³	12.7	6.7	9.3	6.6	-6.6	21.7	26.6	28.2	—	—	—	
1989 ³	11.4	7.1	12.0	9.1	42.2	40.8	18.6	19.9	—	—	—	
1990 ³	2.8	6.8	13.0	10.0	7.4	3.4	1.0	1.9	—	—	—	
1991 ³	-2.8	6.1	7.2	10.6	4.6	6.3	5.2	-8.2	—	—	—	
1992 ³	2.2	4.9	6.4	7.1	-2.0	27.2	-5.5	-14.5	—	—	—	
1992	—	—	—	—	—	—	—	—	—	—	—	
1993	5.3	6.6	6.1	1.9	3.0	6.5	-3.2	2.0	—	—	—	
1994	11.3	5.7	4.9	3.4	20.8	3.4	32.9	17.3	—	—	—	
1995	5.2	3.8	4.1	4.4	-6.9	-13.0	0.5	-0.6	—	—	—	
1996	2.7	3.1	6.3	1.5	6.8	—	-7.9	-7.7	—	—	—	
1997	10.0	4.1	6.6	0.7	-15.3	3.4	6.9	15.2	—	—	—	

Share

Year	Consumer Expenditure			Current Government Expenditure	Government Investment ¹	Business Investment				Net Exports	Statistical Discrepancy	
	Durable Goods	Semi and Non-Durable Goods	Services			Residential Structures	Non-Residential Structures	Machinery and Equipment	Inventories			
	(per cent)											
1987 ³	8.7	22.2	31.0	17.5	2.3	6.7	4.4	5.5	0.8	1.7	-0.6	
1988 ³	8.9	21.4	30.7	16.8	1.9	7.4	5.0	6.3	0.9	0.8	-0.2	
1989 ³	9.1	21.0	31.5	16.8	2.5	9.5	5.5	7.0	0.5	-3.1	-0.3	
1990 ³	8.8	21.3	33.8	17.6	2.6	9.4	5.2	6.7	0.7	-5.9	-0.3	
1991 ³	8.3	21.9	35.0	18.8	2.6	9.6	5.3	6.0	-0.1	-6.9	-0.5	
1992 ³	8.0	21.6	35.0	18.9	2.4	11.5	4.7	4.8	0.1	-5.6	-1.5	
1992	7.3	21.0	34.6	22.5	2.9	10.1	4.1	5.3	-0.1	-7.1	-0.8	
1993	7.1	20.9	34.2	21.4	2.8	10.0	3.7	5.1	0.6	-4.7	-1.1	
1994	7.4	20.5	33.3	20.5	3.2	9.6	4.6	5.5	0.6	-4.8	-0.4	
1995	7.5	20.4	33.3	20.6	2.8	8.1	4.4	5.3	1.2	-4.0	0.4	
1996	7.6	20.9	35.1	20.7	3.0	8.0	4.0	4.8	-0.1	-4.4	0.5	
1997	8.1	21.0	36.2	20.1	2.5	8.0	4.2	5.4	1.3	-7.3	0.5	

¹ Includes investment in structures, machinery and equipment, and inventories.

² MII: Miscellaneous Investment Income.

³ In May 1998, as part of its periodic re-basing of the national economic accounts, Statistics Canada revised Provincial GDP data back to the 1992 calendar year. Amounts prior to 1992 reflect previously published economic accounts information.

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	Labour income	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)										
62,073	32,859	6,302	4,836	121	4,185	(319)	7,555	6,141	393	1987 ³
68,571	36,139	7,219	5,659	153	4,445	(263)	7,945	7,160	114	1988 ³
74,808	40,318	5,950	7,249	74	4,707	(208)	8,514	7,987	217	1989 ³
78,790	44,007	3,500	8,342	75	4,935	50	9,428	8,255	198	1990 ³
81,453	46,051	2,915	7,696	107	5,199	(14)	9,916	9,155	428	1991 ³
86,698	48,650	3,402	7,650	112	5,478	(505)	10,465	10,165	1,281	1992 ³
87,149	48,933	3,138	7,796	112	5,883	(616)	10,333	10,899	671	1992
93,490	51,355	4,181	8,314	158	6,308	(901)	10,939	12,075	1,061	1993
100,672	54,018	6,179	8,965	88	6,817	(510)	11,710	13,017	388	1994
104,786	56,795	6,621	9,015	65	7,100	(115)	12,523	13,219	(437)	1995
105,843	58,577	5,658	8,454	(13)	7,326	(218)	13,069	13,487	(497)	1996
109,347	60,515	6,231	7,953	189	7,647	(142)	13,606	13,903	(555)	1997

Growth Rate

GDP Expenditure or Income	Labour Income	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)										
11.8	8.2	49.4	4.7	9.0	5.3	—	3.2	9.1	—	1987 ³
10.5	10.0	14.6	17.0	26.4	6.2	—	5.2	16.6	—	1988 ³
9.1	11.6	-17.6	28.1	-51.6	5.9	—	7.2	11.6	—	1989 ³
5.3	9.1	-41.2	15.1	1.4	4.8	—	10.7	3.4	—	1990 ³
3.4	4.6	-16.7	-7.7	42.7	5.3	—	5.2	10.9	—	1991 ³
6.4	5.6	16.7	-0.6	4.7	5.4	—	5.5	11.0	—	1992 ³
—	—	—	—	—	—	—	—	—	—	1992
7.3	4.9	33.2	6.6	41.1	7.2	—	5.9	10.8	—	1993
7.7	5.2	47.8	7.8	-44.3	8.1	—	7.0	7.8	—	1994
4.1	5.1	7.2	0.6	-26.1	4.2	—	6.9	1.6	—	1995
1.0	3.1	-14.5	-6.2	—	3.2	—	4.4	2.0	—	1996
3.3	3.3	10.1	-5.9	—	4.4	—	4.1	3.1	—	1997

Share

GDP Expenditure or Income	Labour income	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	52.9	10.2	7.8	0.2	6.7	-0.5	12.2	9.9	0.6	1987 ³
100	52.7	10.5	8.3	0.2	6.5	-0.4	11.6	10.4	0.2	1988 ³
100	53.9	8.0	9.7	0.1	6.3	-0.3	11.4	10.7	0.3	1989 ³
100	55.9	4.4	10.6	0.1	6.3	0.1	12.0	10.5	0.3	1990 ³
100	56.5	3.6	9.4	0.1	6.4	—	12.2	11.2	0.5	1991 ³
100	56.1	3.9	8.8	0.1	6.3	-0.6	12.1	11.7	1.5	1992 ³
100	56.1	3.6	8.9	0.1	6.8	-0.7	11.9	12.5	0.8	1992
100	54.9	4.5	8.9	0.2	6.7	-1.0	11.7	12.9	1.1	1993
100	53.7	6.1	8.9	0.1	6.8	-0.5	11.6	12.9	0.4	1994
100	54.2	6.3	8.6	0.1	6.8	-0.1	12.0	12.6	-0.4	1995
100	55.3	5.3	8.0	—	6.9	-0.2	12.3	12.7	-0.5	1996
100	55.3	5.7	7.3	0.2	7.0	-0.1	12.4	12.7	-0.5	1997

Appendix 1: Economic Review

Table A1.6 British Columbia Real Gross Domestic Product (at market prices)

Year	Consumer Expenditure			Current Government Expenditure	Government Investment ¹	Business Investment				Net Exports	Statistical Discrepancy	GDP Expenditure
	Durable Goods	Semi and Non-Durable Goods	Services			Residential Structures	Non-Residential Structures	Machinery and Equipment	Inventories			
(1992 \$ millions)												
1987 ²	5,308	13,185	18,710	10,404	1,518	3,902	2,673	3,403	495	466	(378)	59,686
1988 ²	5,805	13,575	19,903	10,791	1,311	4,332	3,186	4,467	491	(928)	(104)	62,829
1989 ²	6,261	14,014	21,295	11,180	1,809	5,353	3,581	5,303	398	(4,138)	(187)	64,869
1990 ²	6,340	14,146	22,868	11,653	1,833	5,462	3,491	5,366	486	(5,388)	(164)	66,093
1991 ²	6,096	14,168	23,254	12,172	2,072	5,524	3,787	5,565	(18)	(5,909)	(362)	66,349
1992 ²	6,285	14,547	24,055	12,441	2,000	6,599	3,574	4,882	127	(5,547)	(1,045)	67,918
1992.....	6,339	18,333	30,142	19,604	2,570	8,816	3,580	4,662	(55)	(6,172)	(670)	87,149
1993.....	6,515	18,973	30,907	19,717	2,629	8,929	3,366	4,696	430	(4,803)	(1,030)	90,329
1994.....	7,025	19,958	31,771	19,520	3,121	8,982	4,338	5,303	567	(6,323)	(368)	93,894
1995.....	7,233	20,393	32,418	19,588	2,856	7,994	4,276	5,200	1,032	(6,337)	389	95,042
1996.....	7,361	20,894	33,858	19,555	3,020	8,284	3,892	4,789	(84)	(5,950)	441	96,060
1997.....	8,043	21,233	35,496	19,714	2,551	8,698	4,126	5,513	1,129	(8,767)	465	98,201

Growth Rate

Year	Consumer Expenditure			Current Government Expenditure	Government Investment ¹	Business Investment				Net Exports	Statistical Discrepancy	GDP Expenditure
	Durable Goods	Semi and Non-Durable Goods	Services			Residential Structures	Non-Residential Structures	Machinery and Equipment	Inventories			
(per cent)												
1987 ²	9.6	1.3	7.6	1.5	6.2	24.4	3.7	23.2	—	—	—	7.5
1988 ²	9.4	3.0	6.4	3.7	-13.6	11.0	19.2	31.3	—	—	—	5.3
1989 ²	7.9	3.2	7.0	3.6	38.0	23.6	12.4	18.7	—	—	—	3.2
1990 ²	1.3	0.9	7.4	4.2	1.3	2.0	-2.5	1.2	—	—	—	1.9
1991 ²	-3.8	0.2	1.7	4.5	13.0	1.1	8.5	3.7	—	—	—	0.4
1992 ²	3.1	2.7	3.4	2.2	-3.5	19.5	-5.6	-12.3	—	—	—	2.4
1992.....	—	—	—	—	—	—	—	—	—	—	—	—
1993.....	2.8	3.5	2.5	0.6	2.3	1.3	-6.0	0.7	—	—	—	3.6
1994.....	7.8	5.2	2.8	-1.0	18.7	0.6	28.9	12.9	—	—	—	3.9
1995.....	3.0	2.2	2.0	0.3	-8.5	-11.0	-1.4	-1.9	—	—	—	1.2
1996.....	1.8	2.5	4.4	-0.2	5.7	3.6	-9.0	-7.9	—	—	—	1.1
1997.....	9.3	1.6	4.8	0.8	-15.5	5.0	6.0	15.1	—	—	—	2.2

Share

Year	Consumer Expenditure			Current Government Expenditure	Government Investment ¹	Business Investment				Net Exports	Statistical Discrepancy	GDP Expenditure
	Durable Goods	Semi and Non-Durable Goods	Services			Residential Structures	Non-Residential Structures	Machinery and Equipment	Inventories			
(per cent)												
1987 ²	8.9	22.1	31.3	17.4	2.5	6.5	4.5	5.7	0.8	0.8	-0.6	100
1988 ²	9.2	21.6	31.7	17.2	2.1	6.9	5.1	7.1	0.8	-1.5	-0.2	100
1989 ²	9.7	21.6	32.8	17.2	2.8	8.3	5.5	8.2	0.6	-6.4	-0.3	100
1990 ²	9.6	21.4	34.6	17.6	2.8	8.3	5.3	8.1	0.7	-8.2	-0.2	100
1991 ²	9.2	21.4	35.0	18.3	3.1	8.3	5.7	8.4	—	-8.9	-0.5	100
1992 ²	9.3	21.4	35.4	18.3	2.9	9.7	5.3	7.2	0.2	-8.2	-1.5	100
1992.....	7.3	21.0	34.6	22.5	2.9	10.1	4.1	5.3	-0.1	-7.1	-0.8	100
1993.....	7.2	21.0	34.2	21.8	2.9	9.9	3.7	5.2	0.5	-5.3	-1.1	100
1994.....	7.5	21.3	33.8	20.8	3.3	9.6	4.6	5.6	0.6	-6.7	-0.4	100
1995.....	7.6	21.5	34.1	20.6	3.0	8.4	4.5	5.5	1.1	-6.7	0.4	100
1996.....	7.7	21.8	35.2	20.4	3.1	8.6	4.1	5.0	-0.1	-6.2	0.5	100
1997.....	8.2	21.6	36.1	20.1	2.6	8.9	4.2	5.6	1.1	-8.9	0.5	100

¹ Includes investment in structures, machinery and equipment, and inventories.

² In May 1998, as part of its periodic re-basing of the national economic accounts, Statistics Canada revised provincial GDP data back to the 1992 calendar year. Amounts prior to 1992 reflect previously published economic accounts information.

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

	1996 ¹	1997 ²	1998 ³	Change 1996-1997	Change 1997-1998
		(\$ millions)		(per cent)	
Agriculture and related industries.....	235.3	251.1	233.6	6.7	-7.0
Fishing, hunting and trapping.....	25.6	25.3	25.0	-1.2	-1.2
Logging and forestry.....	147.6	122.1	168.0	-17.3	37.6
Mining, quarrying and oil well industries.....	1,352.4	1,539.2	1,425.4	13.8	-7.4
Manufacturing.....	1,641.7	1,427.9	1,205.0	-13.0	-15.6
Construction.....	211.7	211.8	209.3	—	-1.2
Transportation and storage.....	1,083.3	1,156.6	1,296.5	6.8	12.1
Communication and other utilities.....	1,494.7	1,534.0	1,633.6	2.6	6.5
Wholesale trade.....	221.3	319.7	409.3	44.5	28.0
Retail trade.....	547.7	486.5	509.8	-11.2	4.8
Finance and insurance.....	1,134.0	1,948.9	2,060.7	71.9	5.7
Real estate operators and insurance agents.....	436.6	592.0	508.4	35.6	-14.1
Business services.....	192.3	276.2	213.1	43.6	-22.8
Government services.....	2,037.7	1,855.4	2,359.9	-8.9	27.2
Education services.....	730.8	451.3	463.2	-38.2	2.6
Health and social services.....	333.8	228.2	217.5	-31.6	-4.7
Accommodation, food and beverage.....	161.5	303.6	151.6	88.0	-50.1
Other services.....	562.0	488.6	516.7	-13.1	5.8
Housing.....	6,759.6	7,252.0	7,299.4	7.3	0.7
Total.....	<u>19,309.7</u>	<u>20,470.5</u>	<u>20,906.0</u>	6.0	2.1
Public investment.....	4,018.9	3,486.6	4,131.6	-13.2	18.5
Private investment.....	<u>15,290.8</u>	<u>16,983.9</u>	<u>16,774.4</u>	11.1	-1.2
Total.....	<u>19,309.7</u>	<u>20,470.5</u>	<u>20,906.0</u>	6.0	2.1

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, 1997

Commodity	U.S.	Japan	European Union ¹	Other Markets	Total — All Countries
	(\$ millions)				
Solid Wood Products.....	6,443	2,548	443	325	9,759
Lumber (softwood).....	5,077	2,144	328	263	7,812
Cedar shakes and shingles.....	232	—	6	3	241
Selected value-added wood products.....	23	129	92	9	254
Plywood (softwood).....	617	174	13	28	831
Other.....	494	100	5	22	621
Pulp and Paper Products.....	2,090	723	1,029	1,185	5,027
Pulp.....	857	521	922	799	3,099
Newsprint.....	477	166	18	176	836
Paper, paperboard — excluding newsprint.....	660	32	82	196	970
Other.....	97	4	7	15	123
Agriculture and Food other than Fish.....	558	170	35	224	986
Fruit and nuts.....	69	6	1	15	91
Vegetables.....	71	15	3	3	92
Other.....	418	149	31	206	803
Fish Products.....	384	288	54	94	821
Whole fish; fresh, chilled, frozen — excluding salmon.....	62	35	1	6	103
Whole salmon; fresh, chilled, frozen.....	218	78	6	8	310
Salmon; canned, smoked, etc.....	4	7	44	16	71
Other.....	100	169	3	64	337
Metallic Mineral Products.....	423	871	26	470	1,790
Copper ores and concentrates.....	—	375	—	180	555
Molybdenum ores and concentrates.....	6	57	22	4	90
Unwrought aluminum.....	31	328	—	148	506
Unwrought zinc.....	298	18	—	100	417
Other.....	88	93	4	38	223
Energy Products.....	1,111	1,060	300	611	3,082
Natural gas.....	740	—	—	—	740
Coal.....	54	1,057	300	606	2,016
Electricity.....	223	—	—	—	223
Other.....	94	4	—	5	103
Machinery and Equipment.....	1,922	151	120	445	2,638
Motor vehicles and parts.....	408	37	7	66	518
Electrical/electronic/communications.....	400	42	31	138	612
Other.....	1,113	72	82	241	1,508
Plastics and Articles of Plastic.....	182	4	1	28	215
Apparel and Accessories.....	169	10	3	1	183
All Other Commodities.....	1,584	180	40	443	2,247
Total.....	<u>14,865</u>	<u>6,005</u>	<u>2,050</u>	<u>3,828</u>	<u>26,748</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

	1993	1994	Value 1995	1996	1997	Change 1996-1997	Per Cent of Total 1996	Per Cent of Total 1997
	(\$ millions)			(per cent)				
United Kingdom.....	311	321	386	336	288	-14.5	1.3	1.1
Germany.....	350	466	694	404	468	15.9	1.6	1.7
People's Republic of China.....	284	305	499	514	447	-13.1	2.0	1.7
Hong Kong.....	149	192	271	258	352	36.3	1.0	1.3
Taiwan.....	347	361	482	354	457	29.1	1.4	1.7
Japan.....	4,946	5,658	6,768	6,403	6,005	-6.2	24.9	22.4
South Korea.....	581	738	982	866	953	10.0	3.4	3.6
India.....	38	58	77	50	65	30.0	0.2	0.2
Australia.....	224	262	298	243	236	-3.0	0.9	0.9
Mexico.....	47	77	54	50	63	25.6	0.2	0.2
United States.....	10,061	12,355	13,293	13,883	14,865	7.1	53.9	55.6
Other.....	<u>1,677</u>	<u>2,042</u>	<u>3,108</u>	<u>2,380</u>	<u>2,550</u>	7.2	<u>9.2</u>	<u>9.5</u>
Total.....	<u>19,016</u>	<u>22,834</u>	<u>26,911</u>	<u>25,742</u>	<u>26,748</u>	3.9	<u>100.0</u>	<u>100.0</u>
Market Areas:								
Western Europe ¹	1,594	1,993	2,944	1,978	2,087	5.5	7.7	7.8
Pacific Rim ²	6,888	7,898	9,862	9,226	9,016	-2.3	35.8	33.7

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

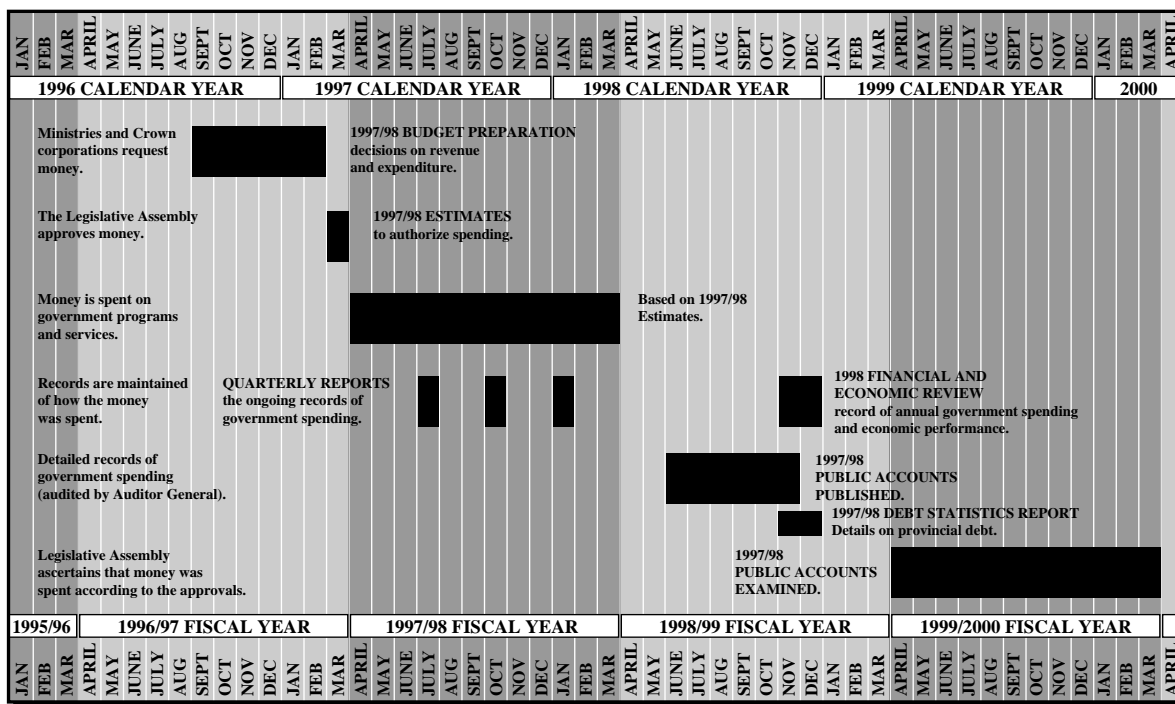
Chart A2.1 summarizes the annual financial process of the provincial government, including certain government organizations that depend on direct financial assistance from provincial government ministries. This process consists of four main stages.

- *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 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, Treasury Board closely monitors the government’s financial activities. 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.

Chart A2.1 The Financial Cycle



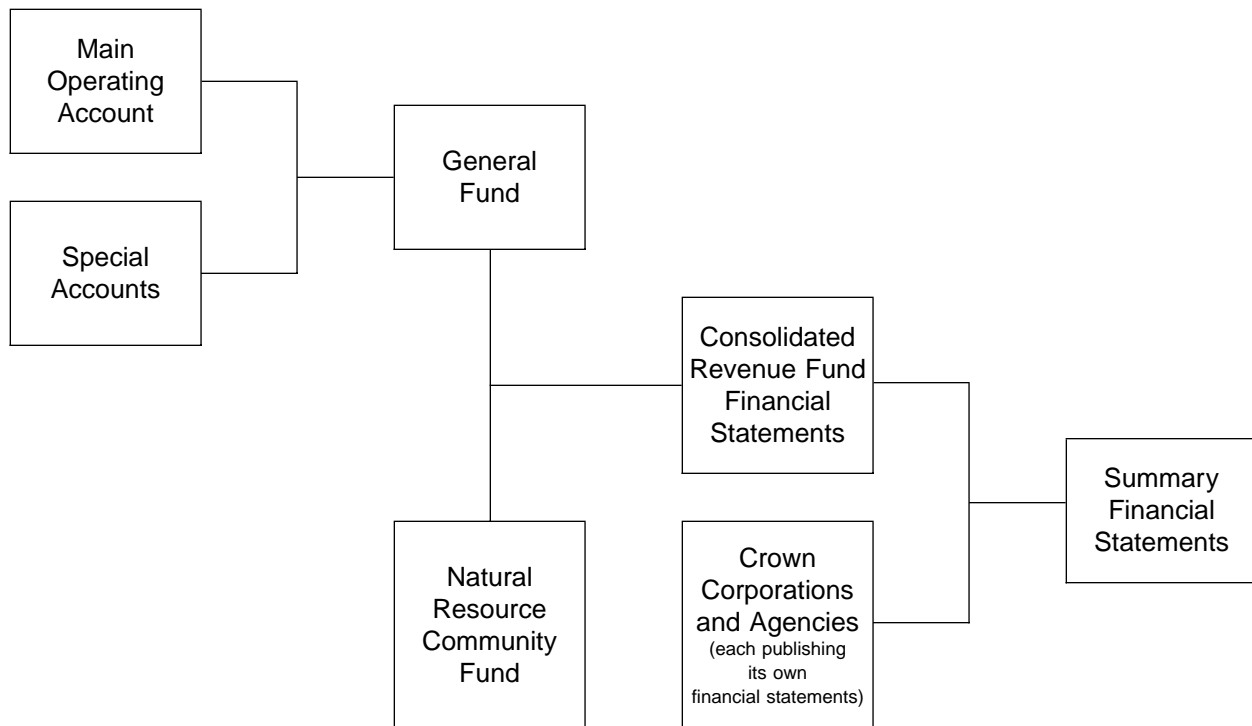
- **Accountability** — the *Public Accounts* are published and presented to the Legislative Assembly, which examines them to ensure that government spending was in accordance with what was approved. The *British Columbia Financial and Economic Review* is published, which provides an overview of annual financial and economic results, as well as descriptions of government programs and the activities of the government's Crown corporations and agencies during the year. The government also issues the *Debt Statistics Report* which provides detailed information on the debt of the government and its Crown corporations and agencies, and the government's progress in meeting planned goals and benchmarks. The report also contains an opinion from the Auditor General on the information presented.

Government, Crown Corporation and Agency Accounts and Financial Statements

Consolidated Revenue Fund

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 1997/98, 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 Financial Statements — 1997/98



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 include 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 balance sheet 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.

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, 1998.

Summary Financial Statements

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 presented in the government's summary financial statements which is published as part of the annual *Public Accounts* (see Chart A2.2). Summary information on the financial results of each Crown corporation and agency is provided in the *Public Accounts*. This information, along with details on the financial results of individual Crown corporations and agencies, is also available on the Internet from the Ministry of Finance and Corporate Relations website at <http://www.fin.gov.bc.ca>.

The accounting policies and practices of individual Crown corporations and agencies may be unique and different from those used by the central government in preparing its own financial statements. For this reason, the financial statements of Crown corporations and agencies are usually adjusted to conform to the government's accounting policies in preparing the summary financial statements. For example, capital expenditures for highway infrastructure incurred by the BC Transportation Financing Authority (BCTFA) are recorded as capital assets in the accounts of the authority. However, because the government's current accounting policy is to charge these costs as part of annual operating expenditures, capital expenditures of the BCTFA are therefore written off and charged to annual expenditures when preparing the government's summary financial statements.

Crown corporations and agencies may generally be classified as either taxpayer-supported or self-supporting commercial enterprises. Taxpayer-supported Crown corporations and agencies may sell services directly to the public, but their revenue may not cover operating expenses and debt servicing payments. In these cases, the government provides some grants or other forms of assistance to them, including the dedication of provincial revenue. This category also includes Crown corporations and agencies whose primary purpose is to provide services to the government, or to provide social infrastructure (e.g. hospital facilities). Commercial Crown corporations and agencies are not taxpayer-supported as they generate sufficient revenues to cover operating and debt service costs, and may pay dividends to the provincial government.

Specific information on the financial results of certain government organizations and enterprises 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, and in the annual *Debt Statistics Report*.

The summary deficit of \$432 million in 1997/98 was \$321 million lower than in 1996/97. The reduction in the deficit mainly resulted from a \$185-million decrease in the consolidated revenue fund deficit (see Chapter 2) and a \$119 million improvement in the net earnings (after dividends) of commercial Crown corporations and agencies.

Other taxpayer-supported Crown corporations and agencies showed a net loss (before adjustments) of \$31 million in 1997/98, compared to net earnings of \$72 million in the previous year. Most of the change was due to increased spending through Forest Renewal BC. Accounting adjustments were \$120 million lower than the previous year mainly because of reduced write-offs of highway capital expenditures through the BC Transportation Financing Authority.

The following table provides details on the components of the government's summary financial statements for the fiscal years 1993/94 to 1997/98. The information is based on the *Public Accounts* for each year, adjusted to be consistent with the government's accounting policies in effect March 31, 1998.

Net earnings (before dividends) of commercial Crown corporations totaled \$1.3 billion in 1997/98, up \$238 million due to a significant improvement in the operating results of the Insurance Corporation of British Columbia, and increased net income of British Columbia Hydro and Power Authority.

RECONCILIATION OF THE CONSOLIDATED REVENUE FUND TO THE SUMMARY FINANCIAL STATEMENTS¹					
	1993/94	1994/95	1995/96	1996/97	1997/98
	(\$ millions)				
Consolidated Revenue Fund (CRF) surplus (deficit)	(910)	(447)	(356)	(337)	(152)
Net earnings/(losses) of taxpayer-supported Crown corporations and agencies:					
British Columbia Buildings Corporation.....	29	29	33	39	39
British Columbia Ferry Corporation.....	(22)	(31)	(39)	(77)	(59)
British Columbia Systems Corporation.....	9	11	10	(1)	2
BC Transportation Financing Authority.....	34	43	35	25	52
Forest Renewal BC.....	—	422	324	105	(88)
Other.....	17	34	(17)	(19)	23
Net earnings (losses).....	67	508	346	72	(31)
Less: Accounting policy and other adjustments ²	(168)	(493)	(390)	(435)	(315)
Net adjustment to CRF.....	(101)	15	(44)	(363)	(346)
CRF and other taxpayer-supported Crown corporations and agencies surplus (deficit)	<u>(1,011)</u>	<u>(432)</u>	<u>(400)</u>	<u>(700)</u>	<u>(498)</u>
Net Earnings/(losses) of commercial Crown corporations and agencies:					
British Columbia Hydro and Power Authority.....	190	162	150	339	408
Liquor Distribution Branch.....	555	569	567	587	606
British Columbia Lottery Corporation.....	240	241	251	273	290
British Columbia Railway Company.....	3	40	47	36	40
Insurance Corporation of British Columbia.....	156	141	62	(135)	14
Other ³	2	55	(41)	(12)	(32)
Net earnings (losses).....	1,146	1,208	1,036	1,088	1,326
Less: Contributions included in CRF revenue.....	(1,034)	(1,004)	(954)	(1,141)	(1,260)
Net adjustment to CRF.....	112	204	82	(53)	66
Summary financial statements surplus (deficit)	<u>(899)</u>	<u>(228)</u>	<u>(318)</u>	<u>(753)</u>	<u>(432)</u>

¹ Based on published *Public Accounts* information. Crown corporation and agency figures for 1993/94 to 1995/96 have not been adjusted for changes resulting from the reclassification of certain Crown corporations and agencies in later years.

² Includes adjustments required to present the financial results of Crown corporations and agencies on the same basis as the accounting policies used for the consolidated revenue fund. The adjustment to the financial results of taxpayer-supported Crown corporations and agencies primarily represents the write-off of highway infrastructure expenditures of the BC Transportation Financing Authority, and the elimination of payments from the consolidated revenue fund which are included as revenue of these agencies.

³ Includes earnings (losses) of other commercial Crown corporations, including WLC Developments Ltd., Columbia Power Corporation, 552513 British Columbia Ltd. (Skeena Cellulose Inc.), and minor accounting adjustments to conform to the government's accounting policies.

Appendix 2: Financial Review

Consistent with the practice followed in 1996/97, and with the practices followed in most other jurisdictions in Canada, the summary financial statements do not include the financial results (revenues, expenditures, assets and liabilities) for universities, colleges, school districts, hospital districts and health care organizations. Although the government continues to publish separate financial information on these sectors as part of the annual *Public Accounts*, the Auditor General has, nevertheless, expressed a reservation that these organizations should be included in the summary financial statements of the provincial government. The government is continuing discussions with the Auditor General on determining the most appropriate reporting entity for the broader-defined provincial government.

With respect to the government's consolidated revenue fund financial statements, the Auditor General also expressed a reservation regarding the accounting used for certain loans, the repayment of which is provided through future government expenditures, to public sector organizations such as school districts and post-secondary institutions, hospital districts and capital financing for British Columbia Transit. However, as noted in the *1997/98 Public Accounts*, the provincial government is undertaking a restructuring of its capital financing mechanisms for these areas in 1998/99, in order to address the concern of the Auditor General. The effect of these changes will not affect the total amounts of provincial debt or taxpayer-supported debt, only the composition of the various categories.

Accounting Changes Effective in 1997/98

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. This method of accounting has sometimes been referred to as the “expenditure basis” of accounting. Beginning with the *1995/96 Public Accounts*, the government began phasing in an accounting policy to capitalize and amortize the costs of certain tangible assets. Capitalization is a process of replacing, in the government's annual budgetary expenditures, amounts used to acquire tangible capital assets with amortization/depreciation expenses associated with those assets. This method of accounting is sometimes referred to as the “expense basis” of accounting. Capitalization of tangible capital assets does not affect the amount of provincial debt reported in a particular year.

In the *1995/96 Public Accounts*, a capitalization 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, freshwater ferries and landings, tugs and barges, marine railways and dry docks, heavy machinery and equipment, dams and water management systems, forestry roads, and office furniture and equipment. In the *1996/97 Public Accounts*, no new classes were added, but land was withdrawn from the application of capitalization accounting policy and minor changes were introduced for cost valuation thresholds. In the *1997/98 Public Accounts*, parkland, freshwater ferries and related infrastructure landings, and personal computers and peripheral hardware were added.

The following table illustrates the effect of phasing in capitalization accounting policy on the government's surplus (deficit) for 1995/96 to 1997/98. The table shows that excluding the effect of capitalization, the 1997/98 deficit was \$173 million, down \$39 from budget and \$195 million lower than in 1996/97. In addition, the adoption of a capitalization accounting policy resulted in prior-period adjustments to record net tangible capital assets for prior years. These prior-period adjustments reduced the accumulated net deficiency (deficit) by \$325 million. Additional information on the government's capitalization accounting policy is shown in the *1997/98 Public Accounts*.

Consolidated Revenue Fund (CRF)	Prior ¹ Period Adjustment	1995/96 ²	1996/97	1997/98	
				Estimates	Actual
				(\$ millions)	
Surplus (deficit) excluding effects of capitalization.....		(370)	(368)	(212)	(173)
Ajdustments to include capitalization policy:					
Deduct: cost of capital assets acquired during the year.....		38	100	106	115
Add: amortization/depreciation provision.....		(24)	(69)	(79)	(94)
Net adjustment to CRF ³		14	31	27	21
Surplus (deficit) after capitalization.....	<u>325</u>	<u>(356)</u>	<u>(337)</u>	<u>(185)</u>	<u>(152)</u>

¹ The phase-in of a capitalization accounting policy resulted in prior period adjustments to record net tangible capital assets for prior years. The effect of this change reduced the accumulated net deficiency for prior years by \$325 million. These prior year adjustments consisted of:

- \$164 million reduction to record net tangible capital assets for 1994/95 and prior years, as a result of capitalization changes introduced in 1996/97; and
- \$161 million reduction to record net tangible capital assets for 1995/96 and prior years, as a result of changes introduced in 1997/98.

² The 1995/96 deficit has not been restated to reflect the effect of capitalization changes introduced in 1997/98. This effect is recorded as part of the prior-year adjustment recorded in respect of the 1997/98 changes.

³ For 1996/97 and 1997/98, the net adjustment to the CRF is recorded as a deduction from consolidated revenue fund expenditures as shown in Chapter 2, Table 2.3.

Information contained in Chapter 2, and for the fiscal years 1995/96 onwards in this appendix, is presented using the expense basis of accounting that incorporates the government's capitalization accounting policies effective March 31, 1998. It is based on *1997/98 Public Accounts* information.

Allowances for Doubtful Revenue Accounts and Non-cash Exchanges of Crown Land

Effective in 1997/98, allowances for doubtful revenue accounts are accounted for as deductions from revenue of the consolidated revenue fund. Previously these amounts were recorded as expenditure. This change is consistent with the practice used for commissions paid to or retained by businesses or individuals for administration, collection and management of revenue and accounts on behalf of the government. Also effective in 1997/98, non-cash exchanges of Crown land (of equivalent value) are no longer recorded as revenue and expenditure of the consolidated revenue fund. These changes do not affect the annual surplus (deficit) reported for each year.

Unfunded Pension Liabilities

As noted in Chapter 2, the provincial government's other liabilities include the unfunded portion of pension liabilities associated with certain pension funds it administers. These liabilities are reflected in the government's financial statements and changes occur primarily as a result of new actuarial valuations undertaken by independent actuaries at periodic intervals (usually every three years).

Factors of an actuarial valuation that may give rise to a change in the unfunded liability include plan benefit payment experience; fund investment returns; changes to benefits or contribution rates; changes to actuarial assumptions (e.g. projected life expectancies/mortality rates of plan beneficiaries); and the expected average remaining service life (EARSLS) of associated employee groups — the number of years an average employee has until retirement. Consistent with government accounting policy, changes to an unfunded liability resulting from an actuarial review are amortized as annual increases or reductions to provincial government expenditures over the EARSLS of the associated employee group.

The following table provides details of the latest actuarial estimates of unfunded pension plan liabilities or surpluses based on *Public Accounts* information.

Appendix 2: Financial Review

Pension Plan	Actuarial Valuation Liability (Surplus)		Public Accounts Information		
	Initial Valuation	Latest Valuation	Accounting Liability March 31, 1997	Annual ¹ Amortization	Accounting Liability March 31, 1998
	(\$ millions)		(\$ millions)		
Public Service ²	438	(209) ³	325 ⁴	(37)	288
MLA Superannuation ²	7	7	7	—	7
Provincial 70%-Share of Municipal Superannuation ⁵ ..	740	757	741	2	743
Teachers' ⁶	1,779	1,420	1,779	(29)	1,750
	2,964	1,975	2,852	(64)	2,788
Colleges ⁷	(32)	(129)	n/a	n/a	n/a
Total.....	2,932	1,846	2,852	(64)	(2,788)

¹ The total annual amortization of \$64 million is included as a reduction to provincial government expenditure in Chapter 2, Table 2.3.
² Initial valuation date: March 31, 1990. Latest valuation date: March 31, 1996. Next valuation date: March 31, 1999. The MLA Superannuation Account is based on estimates, as actuarial valuations are not required.
³ The surplus is not amortized as part of the reduction to the pension liability. In accordance with legislative provisions, the surplus is refunded annually to employers over a 15-year period.
⁴ Includes a \$10 million reduction related to the Special Retirement Incentive Program recorded in 1997/98.
⁵ Initial valuation date: December 31, 1991. Latest valuation date: December 31, 1994. Next valuation date December 31, 1997 (currently in process).
⁶ Initial valuation date: December 31, 1993. Latest valuation date: December 31, 1996. Next valuation date: December 31, 1999.
⁷ Initial valuation date: August 31, 1994. Latest valuation date: August 31, 1997. Next valuation date: August 31, 2000. The College Pension Plan surplus is not recorded in the provincial government's accounts.

Net unfunded pension liabilities for the major public sector pension plans administered by the provincial government totaled \$1.85 billion as of March 31, 1998, down over \$1 billion since the initial valuation dates in the early 1990's. The most significant changes occurred in Public Service Pension Plan, which evolved from a \$438-million unfunded liability to a \$209-million surplus, and in the Teachers' Pension Plan where the unfunded liability has shown a \$359-million decline. Most of the improvements have been due to higher fund investment returns, experience gains and lower inflation.

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 government organizations and enterprises; 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.

Non-financial assets include fiscal agency loans issued for the purchase of assets that are recoverable only through future government funding to government organizations. 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. Assets that are not capitalized under the government's accounting policy are reported at a nominal value of \$1.

Capitalization — the process of replacing, in the government's annual budgetary expenditures, amounts used to acquire tangible capital assets with amortization/depreciation expenses associated with those assets.

¹ Further information regarding the terms used in the government's financial statements is available in the *1997/98 Public Accounts*.

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, 1998, 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. 1997/98 debt divided by population at July 1, 1997).

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. 1997/98 debt divided by GDP for 1997).

Dedicated Revenue — represents amounts collected by the government on behalf of, and transferred to, government organizations. In 1997/98, this included British Columbia Transit, the BC Transportation Financing Authority, Forest Renewal BC and Tourism British Columbia.

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 or constructing certain capital assets are not recorded as expenditures, but are capitalized and amortized over the useful life of the assets. Those assets not capitalized become expenditures in the year of acquisition.

Expenditure Basis — the accounting basis where expenditures for tangible capital assets are not capitalized but charged as annual expenditures on a "pay-as-you-go" basis.

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.

Expense Basis — the accounting basis where expenditures for tangible capital assets are capitalized, or removed from the expenditure accounts, and replaced with amortization/depreciation expenses associated with those assets.

Financial Management Plan — a framework for guiding the provincial government's financial performance and debt position over the medium term.

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

Appendix 2: Financial Review

(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 government organizations. Because government organizations 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 government organizations. 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 government organizations 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 government organizations 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 \$109.3 billion in 1997 (measured in 1997 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 1997 is estimated at \$98 billion (measured in 1992 dollars). As this is a 2.2 per cent increase from 1996, the British Columbia economy is therefore estimated to have 2.2 per cent real growth in 1997.

Guaranteed Debt — consists of borrowing by government organizations and enterprises, 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 government organizations and enterprises; 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 reclaim 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.

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 government organizations and enterprises that 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 government enterprises, 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 government enterprises, 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 organizations 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).

Appendix 2: Financial Review

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 1997/98, 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 government organizations that generally require either a debt service subsidy from the provincial government or 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 government organizations and enterprises, other guarantees (e.g. student loan guarantees) and non-guaranteed debt (e.g. non-guaranteed mortgages of provincial government organizations and enterprises).

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 collections of loans; probable payments of loan guarantees, and provisions for reduction in the value of investments. Under the government's accounting policy, annual changes in these valuation allowances are recorded as expenditure adjustments. Note that allowances for doubtful revenue accounts is deducted from revenue rather than recorded as expenditure.

Warehouse Borrowing Program — to take advantage of market opportunities, government may borrow money in advance of actual requirements. These funds are invested until the province or its organizations require them.

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, 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. Table 2.1 and Table A2.2 show that in 1997/98 amounts collected on behalf of, and transferred to, Crown corporations and agencies totalled \$709 million, an increase of \$79 million from 1996/97. The increase from the previous year was mainly due to a higher transfer of dedicated revenue to the BC Transportation Financing Authority, as a result of the transfer of an additional one cent of fuel tax effective July 1, 1997. Also, beginning in 1997/98, \$20 million of total room tax was dedicated to Tourism British Columbia.

Details on the amounts of revenue collected on behalf of, and transferred to, government organizations for the five years ending March 31 are shown in the following table.

Fiscal Year Ended March 31	1994	1995	1996	1997	1998
	\$ millions				
British Columbia Transit ¹	69.2	79.2	87.0	81.8	87.2
BC Transportation Financing Authority (BCTFA) ²	30.3	60.4	62.3	62.5	118.6
Forest Renewal BC ³	—	454.9	451.7	485.3	482.8
Tourism British Columbia ⁴	—	—	—	—	19.9
Total dedicated revenue	<u>99.5</u>	<u>594.5</u>	<u>601.0</u>	<u>629.6</u>	<u>708.5</u>

¹ Includes motor fuel tax collected in the Vancouver and Victoria regional transit service areas. The Vancouver area tax rate is 4 cents/litre on clear and motive fuel; the Victoria area tax rate is 2.5 cents/litre (increased from 1.5 cents/litre on July 1, 1997).

² Includes motor fuel tax and a sales tax on short-term rentals of passenger vehicles. The BCTFA share of fuel tax is 2 cents/litre on clear and motive fuel (increased 1 cent/litre on July 1, 1997 from the 1 cent/litre rate in effect since May 1, 1994).

³ Includes incremental stumpage and royalty revenue resulting from changes to rates policies introduced under the provincial government's Forest Renewal Plan on and after May 1, 1994.

⁴ Includes a 1.65 per cent share of the revenue raised from the 8-per-cent provincial hotel room tax.

Financial Statements for the Fiscal Year Ended March 31, 1998

The tables in this appendix include financial information of the Government of British Columbia for the year ended March 31, 1998. They summarize the operating results of the consolidated revenue fund and are based on financial statements prepared by the Office of the Comptroller General from the accounts of the government.

Appendix 2: Financial Review

**Table A2.1 Balance Sheet
Consolidated Revenue Fund
As at March 31¹**

	1994	1995	1996	1997	1998
ASSETS					
			(\$ millions)		
Cash and temporary investments.....	465.6	215.4	61.4	82.6	372.5
Warehouse program investments.....	—	—	895.2	100.0	211.5
Accounts receivable.....	1,601.9	2,103.6	2,131.8	2,756.0	2,444.0
Inventories.....	43.5	40.1	41.5	40.7	41.5
Due from other governments.....	366.0	560.1	630.0	142.0	203.0
Investments in and amounts due from Crown corporations and agencies.....	734.8	746.4	669.6	884.9	1,033.4
Loans and advances.....	307.0	104.7	87.0	103.0	85.0
Other investments.....	695.0	575.0	151.8	184.5	223.4
Loans for purchase of assets, recoverable from agencies...	7,578.3	8,340.6	9,654.0	10,333.0	10,750.2
Other assets.....	117.3	150.1	139.0	178.4	186.7
Loans for purchase of assets, recoverable from future appropriations.....	3,745.0	4,493.0	5,068.7	5,496.0	5,754.1
Tangible capital assets ²	—	—	178.1	370.5	404.1
	<u>15,654.4</u>	<u>17,329.0</u>	<u>19,708.1</u>	<u>20,671.6</u>	<u>21,709.4</u>
LIABILITIES AND NET EQUITY					
Accounts payable and accrued liabilities.....	1,961.9 ³	2,449.4	2,195.5	2,215.7	2,185.3
Due to other governments.....	256.1	254.1	203.2	202.8	224.2
Due to Crown corporations, agencies and funds.....	86.5	288.3	318.1	315.1	332.9
Deferred revenue.....	335.9	360.9	390.8	435.9	462.0
Unfunded pension liabilities.....	2,938.9 ³	2,913.5	2,888.6	2,862.4	2,788.2
Public debt used for warehouse program purposes.....	—	—	895.2	100.0	211.5
Public debt issued for government operating purposes.....	10,257.1	10,181.1	10,237.1	11,030.5	11,473.4
Public debt used for loans under the fiscal agency loan program.....	11,325.2	12,835.4	14,724.6	15,829.6	16,504.7
	<u>27,161.6</u>	<u>29,282.7</u>	<u>31,853.1</u>	<u>32,992.0</u>	<u>34,182.2</u>
Net equity (deficiency) ⁴	<u>(11,507.2)</u>	<u>(11,953.7)</u>	<u>(12,145.0)</u>	<u>(12,320.4)</u>	<u>(12,472.8)</u>
	<u>15,654.4</u>	<u>17,329.0</u>	<u>19,708.1</u>	<u>20,671.6</u>	<u>21,709.4</u>
GUARANTEED DEBT	<u>4,239.6</u>	<u>3,899.1</u>	<u>2,721.1</u>	<u>2,042.1</u>	<u>1,640.2</u>
TRUST FUNDS	<u>30,409.0</u>	<u>32,165.0</u>	<u>37,025.0</u>	<u>41,469.0</u>	<u>47,009.0</u>

¹ Based on data contained in the *Public Accounts*. For comparative purposes, figures for previous years have been restated to be consistent with the presentation used in 1998, and with the government's accounting policies effective March 31, 1998.

² In 1995/96, the provincial government introduced an accounting policy with respect to capitalization and amortization/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. In 1997/98, the categories of assets capitalized were expanded. As a result, 1996/97 figures reflect a prior-period adjustment of \$161 million to record additional net tangible capital assets for 1995/96 and prior years (see Accounting Changes Effective in 1997/98 in this appendix).

³ Liabilities for 1993/94 have been restated to 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) from the government's accounts.

⁴ Changes in the net deficiency between fiscal years reflect the annual deficits (surpluses) recorded for the period, plus any prior period adjustments. An annual deficit increases the net deficiency, while a surplus reduces the net deficiency. For example, the \$152 million increase in net deficiency between 1997 and 1998 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**

	1994	1995	1996	1997	1998
			(\$ millions)		
Gross revenue	18,093.7	20,136.6	20,389.0	20,838.5	20,993.6
Less: Dedicated revenue transferred to Crown corporations and agencies ²	(99.5)	(594.5)	(601.0)	(629.6)	(708.5)
Net revenue	17,994.2	19,542.1	19,788.0	20,208.9	20,285.1
Expenditure ³	18,904.6	19,988.6	20,143.8	20,546.0	20,437.5
Surplus (deficit) ⁴	(910.4)	(446.5)	(355.8)	(337.1)	(152.4)
Net receipts (disbursements) from financing and working capital transactions	17.5	272.3	145.8	(435.1)	(0.6)
Decrease (increase) in cash and temporary investments	(394.7)	250.2	154.0	(21.2)	(289.9)
Net (increase) decrease in government direct debt	(1,287.6)	76.0	(56.0)	(793.4)	(442.9)

¹ Figures are based on information in the *Public Accounts*. For comparative purposes, figures for earlier years have been restated to reflect the government's accounting policies effective March 31, 1998.

² Includes dedicated revenue collected on behalf of, and transferred to, British Columbia Transit, BC Transportation Financing Authority, Forest Renewal BC and Tourism British Columbia.

³ Figures have been restated to reflect the phasing in of an accounting policy with respect to the capitalization of tangible capital assets. The effect of this change reduces 1995/96 and 1996/97 expenditures by \$14 million and \$15 million respectively.

⁴ Revenue and expenditure figures for 1993/94 onwards have been restated to reflect a change in accounting policy to show allowances for doubtful collection of revenue accounts as deductions from revenue. Previously, these amounts were recorded as expenditure. Revenue and expenditure for 1995/96 and 1996/97 have also been restated to exclude non-cash exchanges of Crown land (of equivalent value) to third parties. These changes do not affect the annual deficits.

**Table A2.3 Expenditure Appropriations
Consolidated Revenue Fund
For the Fiscal Year Ended March 31, 1998¹**

	Budget Estimate 1997/98	Other Authorizations	Total Authorizations	Actual 1997/98	Net Under Expenditure ²
	(\$ millions)				
Legislation.....	29.3				
Operations — statutory.....		2.9	32.2	32.2	—
Auditor General.....	6.9	—	6.9	6.8	0.1
Office of the Child, Youth and Family Advocate.....	1.1	—	1.1	1.1	—
Conflict of Interest Commissioner.....	0.2	—	0.2	0.2	—
Elections B.C.....	7.0	—	7.0	5.1	1.9
Information and Privacy Commissioner.....	2.4	—	2.4	2.4	—
Ombudsman.....	4.7	—	4.7	4.7	—
Office of the Premier.....	2.3				
Valuation allowance.....		0.1	2.4	2.3	0.1
Aboriginal Affairs.....	26.5	—	26.5	25.0	1.5
Agriculture, Fisheries and Food.....	56.0				
Operations — statutory.....		0.3	56.3	55.6	0.7
Attorney General.....	895.5				
Emergency Program Act.....		39.9			
Criminal Injury Compensation Act.....		1.9			
Inquiry Act.....		1.9			
Inmate work program — statutory.....		(0.4)			
Crown Proceeding Act.....		0.4			
Electoral Boundaries Commission.....		0.2			
Unclaimed Monies Act.....		0.1	939.5	932.2	7.3
Children and Families.....	1,361.0				
Ministry operations — special warrant.....		33.8	1,394.8	1,394.8	—
Education, Skills and Training.....	5,783.0	—	5,783.0	5,737.2	45.8
Employment and Investment.....	164.1				
Interest on revenue refunds.....		4.1			
Williston reservoir compensation.....		0.8			
Valuation allowance.....		0.6			
Fort Nelson, Blueberry–Doig Indian Band lands.....		0.1	169.7	165.6	4.1
Environment, Lands and Parks.....	203.5				
Crown Land special account.....		0.8			
Valuation allowance.....		0.4	204.7	200.2	4.5
Finance and Corporate Relations.....	112.8				
Purchasing Commission Working Capital special account.....		4.3			
Valuation allowance.....		3.2			
Interest on revenue refunds.....		1.5	121.8	115.9	5.9
Forests.....	503.2	—	503.2	478.1	25.1
Health.....	7,315.1				
Ministry operations — special warrant.....		33.4			
Medical and Health Care Services special account — statutory appropriation.....		20.8			
Valuation allowance.....		2.6	7,371.9	7,362.4	9.5
Human Resources.....	1,697.5	—	1,697.5	1,658.5	39.0
Labour.....	50.2	—	50.2	49.9	0.3
Municipal Affairs and Housing.....	359.1				
Home owner grants.....		3.3			
Valuation allowance.....		0.7	363.1	347.4	15.7
Small Business, Tourism and Culture.....	92.1				
Valuation allowance.....		5.0	97.1	96.2	0.9
Transportation and Highways.....	508.1	—	508.1	502.5	5.6
Women's Equality.....	38.0	—	38.0	37.5	0.5

**Table A2.3 Expenditure Appropriations
Consolidated Revenue Fund
For the Fiscal Year Ended March 31, 1998¹ — Continued**

	Budget Estimate 1997/98	Other Authorizations	Total Authorizations	Actual 1997/98	Net Under Expenditure ²
	(\$ millions)				
Other Appropriations:					
Management of Public Funds and Debt.....	905.0	—	905.0	902.8	2.2
Contingencies and New Programs	50.0	—	50.0	48.5	1.5
BC Benefits	299.8				
Statutory appropriation.....		6.9	306.7	306.7	—
Corporate Accounting System.....	10.9	—	10.9	10.9	—
Environmental Assessment and Land Use Coordination....	16.5	—	16.5	15.9	0.6
Environmental Boards and Forest Appeals Commission....	2.1	—	2.1	1.0	1.1
Forest Practices Board.....	5.3	—	5.3	4.8	0.5
Office of the Police Complaints Commissioner.....	0.5	—	0.5	0.5	—
Public Sector Employers' Council.....	1.6	—	1.6	1.6	—
Public Service Employee Relations Commission.....	10.1	—	10.1	10.1	—
Industry Training and Apprenticeship special account.....	—				
Statutory appropriation.....		(0.9)	(0.9)	(0.9)	—
Insurance and Risk Management special account.....	13.6	—	13.6	7.1	6.5
Amortization of change in unfunded pension liability	(37.0)				
Statutory appropriation.....		(27.3)	(64.3)	(64.3)	—
Adjustment for capitalization of tangible capital assets	(27.0)	—	(27.0)	(21.0)	(6.0)
TOTAL	<u>20,471.0</u>	<u>141.4</u>	<u>20,612.4</u>	<u>20,437.5</u>	<u>174.9</u>

¹ Figures based on 1997/98 Public Accounts information.

² Total authorizations less actual.

Appendix 2: Financial Review

**Table A2.4 Revenue by Source
Consolidated Revenue Fund
For Fiscal Years Ended March 31¹**

	1994 ²	1995 ²	1996 ²	1997 ²	1998
Taxation revenue					
			(\$ millions)		
Personal income.....	4,477.9	4,707.2	4,993.1	5,289.8	5,362.0
Corporation income.....	719.4	997.8	1,225.2	1,347.3	1,137.7
Social service.....	2,661.1	2,884.4	2,999.6	3,076.3	3,243.2
Fuel.....	641.8	666.7	678.4	688.1	641.6
Tobacco.....	482.6	516.6	482.3	487.9	485.9
Property — residential (school purpose) ³	441.6	469.6	480.5	493.1	502.1
Property — business (school purpose).....	685.7	690.0	701.6	701.8	734.4
Property — rural area.....	57.7	52.0	63.3	62.3	62.0
Property transfer.....	372.6	339.2	266.1	313.3	310.3
Corporation capital.....	359.1	399.6	380.2	402.9	406.2
Insurance premium.....	151.7	156.7	175.7	168.6	176.0
Hotel room ⁴	63.3	76.0	81.7	87.6	74.3
Horse racing.....	5.5	6.7	6.2	5.1	4.4
	<u>11,120.0</u>	<u>11,962.5</u>	<u>12,533.9</u>	<u>13,124.1</u>	<u>13,140.1</u>
Less commissions on collection of public funds ⁵	(19.6)	(25.6)	(24.3)	(24.9)	(24.1)
Less allowance for doubtful accounts.....	—	—	—	(5.4)	(12.8)
Total taxation revenue.....	<u>11,100.4</u>	<u>11,936.9</u>	<u>12,509.6</u>	<u>13,093.8</u>	<u>13,103.2</u>
Natural resource revenue					
Petroleum and natural gas					
Natural gas royalties.....	134.2	130.8	94.1	173.4	155.6
Permits and fees.....	214.0	219.5	168.1	205.8	214.0
Petroleum royalties.....	44.8	49.8	52.7	74.3	76.9
	<u>393.0</u>	<u>400.1</u>	<u>314.9</u>	<u>453.5</u>	<u>446.5</u>
Minerals.....	46.4	65.5	77.5	47.2	51.8
Forests					
Timber sales ⁶	709.3	1,031.0	871.5	1,019.3	968.2
Small Business Forest Enterprise Program.....	282.5	374.8	312.6	323.1	317.9
Logging tax.....	21.9	69.1	134.1	40.4	13.5
Other forests revenue ⁶	17.9	24.0	29.7	25.1	64.7
	<u>1,031.6</u>	<u>1,498.9</u>	<u>1,347.9</u>	<u>1,407.9</u>	<u>1,364.3</u>
Water resources.....	284.8	261.8	267.7	264.1	321.9
Wildlife Act — fees and licences.....	16.8	18.6	19.0	13.8	14.4
	<u>301.6</u>	<u>280.4</u>	<u>286.7</u>	<u>277.9</u>	<u>336.3</u>
Less commissions on collection of public funds ⁵	(1.1)	(1.1)	(1.1)	(1.0)	(1.1)
Less allowance for doubtful accounts.....	—	—	—	—	(0.6)
Total natural resource revenue.....	<u>1,771.5</u>	<u>2,243.8</u>	<u>2,025.9</u>	<u>2,185.5</u>	<u>2,197.2</u>
Other revenue					
Fees and licences					
Medical Services Plan premiums.....	778.7	805.2	822.4	853.3	881.8
Motor vehicle licences and permits.....	277.5	306.1	326.3	321.9	316.3
Ministry of Attorney General fees.....	84.4	84.0	82.8	95.5	95.4
Real estate earnings of the Crown Land special account.....	40.5	54.9	28.8 ⁷	36.8 ⁷	34.8
Coquihalla highway tolls.....	35.1	36.9	37.6	38.0	38.8
Registry Agency fees.....	34.2	34.1	34.4	35.8	36.7
Vital Statistics Agency fees.....	7.3	8.4	8.7	9.4	9.9
Ministry of Health fees.....	23.0	21.8	21.4	20.3	23.6
Provincial Treasury Operations and Insurance and Risk Management special accounts.....	19.4	25.8	21.7	21.4	26.2
Safety inspection fees.....	16.4	16.9	16.3	16.1	17.2
Waste management fees.....	10.9	10.8	12.8	15.7	13.2
Public gaming licences and permits.....	12.0	14.6	15.3	16.8	17.8
Securities Commission special account.....	13.2	14.6	—	—	—
Fire Services Act.....	7.0	9.5	8.6	11.0	11.5
Property tax collection fees.....	4.7	4.9	5.8	6.4	6.2



Table A2.4 Revenue by Source
Consolidated Revenue Fund
For Fiscal Years Ended March 31¹ — Continued

	1994 ²	1995 ²	1996 ²	1997 ²	1998
	(\$ millions)				
Financial Institutions Commission	6.5	6.7	6.6	6.5	5.9
Other fees and licences	36.1	37.5	32.7	34.8	56.5
	<u>1,406.9</u>	<u>1,492.7</u>	<u>1,482.2</u>	<u>1,539.7</u>	<u>1,591.8</u>
Less commissions on collection of public funds ⁵	(24.3)	(25.9)	(24.7)	(41.9)	(72.5)
Less allowance for doubtful accounts	(1.7)	(2.5)	(7.1)	(16.5)	(19.2)
	<u>1,380.9</u>	<u>1,464.3</u>	<u>1,450.4</u>	<u>1,481.3</u>	<u>1,500.1</u>
Investment earnings	128.4	63.1	139.4	133.7	116.8
British Columbia Endowment Fund ⁸	70.6	80.2	27.7	—	—
Miscellaneous					
Fines and penalties	87.1	84.7	77.6	76.9	100.9
Maintenance of children	21.2	27.3	18.7	12.6	16.8
Insurance claim receipts	17.8	25.0	25.2	22.0	22.2
Other miscellaneous	105.4	129.0	156.1	106.2	91.6
	<u>231.5</u>	<u>266.0</u>	<u>277.6</u>	<u>217.7</u>	<u>231.5</u>
Less commissions on collection of public funds ⁵	—	—	(0.5)	(3.0)	(3.7)
Less allowance for doubtful accounts	(6.5)	(2.6)	(3.8)	(3.1)	(0.2)
	<u>225.0</u>	<u>263.4</u>	<u>273.3</u>	<u>211.6</u>	<u>227.6</u>
Asset dispositions ⁹	—	—	—	—	24.0
Total other revenue	<u>1,804.9</u>	<u>1,871.0</u>	<u>1,890.8</u>	<u>1,826.6</u>	<u>1,868.5</u>
Contributions from government enterprises					
Liquor Distribution Branch ¹⁰	554.8	568.5	567.1	587.8	609.3
British Columbia Hydro and Power Authority ¹⁰	244.7	198.0	114.8	279.3	369.0
British Columbia Lottery Corporation ¹⁰	233.8	235.4	244.2	266.2	281.4
British Columbia Buildings Corporation	10.0	20.0	12.0	10.0	20.0
British Columbia Railway Company	—	—	10.0	4.0	—
WLC Developments Ltd.	—	—	15.0	—	—
Other contributions	5.0	6.0	4.5	0.8	—
Total contributions from government enterprises	<u>1,048.3</u>	<u>1,027.9</u>	<u>967.6</u>	<u>1,148.1</u>	<u>1,279.7</u>
Contributions from the federal government					
Canada health and social transfer ¹¹	2,090.5	2,242.7	2,222.1	1,775.0	1,637.0
Education (public schools)	68.3	75.4	68.6	71.7	74.5
<i>National Training Act</i>	23.1	25.4	19.8	11.1	7.7
Vocational rehabilitation of disabled persons	25.7	27.6	45.8	29.4	26.7
<i>Young Offenders Act</i>	8.4	8.4	8.4	8.1	8.1
Transportation and highways ¹²	18.6	22.8	—	—	—
Economic development	11.7	11.9	9.6	—	—
<i>Public Utilities Income Tax Transfer Act</i> ¹³	2.3	27.7	—	—	—
Other payments ¹⁴	20.5	20.6	19.8	59.6	82.5
Total contributions from the federal government	<u>2,269.1</u>	<u>2,462.5</u>	<u>2,394.1</u>	<u>1,954.9</u>	<u>1,836.5</u>
Total revenue	<u>17,994.2</u>	<u>19,542.1</u>	<u>19,788.0</u> ⁷	<u>20,208.9</u>	<u>20,285.1</u>

¹ For comparative purposes, figures for prior years have been restated to be consistent with the presentation used in 1997/98. Figures exclude dedicated revenue collected on behalf of, and transferred to, Crown corporations and agencies.

² Revenue has been restated to reflect a change in accounting policy to show allowances for doubtful collection of revenue accounts as deductions from revenue. Previously, these amounts were recorded as expenditures. The effect of this change reduces revenue by \$8.2 million in 1993/94, \$5.1 million in 1994/95, \$10.9 million in 1995/96, and \$25.0 million in 1996/97.

³ Revenue is shown net of home owner grants (basic and supplementary).

⁴ Beginning in 1997/98, a portion of hotel room tax is dedicated to Tourism British Columbia.

⁵ Figures for 1993/94–1996/97 have been restated to reflect updated information with respect to the collection of commissions and/or remunerations received by businesses or agents. This restatement does not affect total annual revenue figures.

⁶ Figures have been restated from 1994/95 onwards to reclassify revenue received from waste penalties as part of other forests revenue. Previously, these amounts were included as part of timber sales. This change does not affect total forests revenue.

⁷ Revenues for 1995/96 and 1996/97 have been restated to reflect a change in accounting policy to exclude from revenue and expenditure, non-cash exchanges of Crown lands (of equivalent value) to third parties. The effect of this change reduces revenue by \$1.7 million in 1995/96 and \$17.5 million in 1996/97. Amounts for prior years have not been restated.

⁸ The British Columbia Endowment Fund was dissolved effective June 30, 1995.

⁹ Consistent with the 1997/98 *Estimates*, this includes revenue realized through dispositions of assets resulting from reviews of government properties, agencies and other assets deemed surplus to government needs. In the 1997/98 *Public Accounts*, \$26 million in revenue, received through the wind-up of the British Columbia Systems Corporation, is reported under contributions from government enterprises.

¹⁰ 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. Dividends from the British Columbia Hydro and Power Authority may be different than reported by the Authority due to year-end accounting adjustments (see Appendix 7).

¹¹ In 1996/97, the federal government introduced the Canada health and social transfer, replacing the former established programs financing and Canada assistance plan programs.

¹² Beginning in 1995/96, the federal ferry subsidy is received directly by the British Columbia Ferry Corporation.

¹³ The federal government ended its contribution under this act in 1995/96.

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 by the federal government in 1995/96.

Table A2.5 Revenue by Source — Supplementary Information
Consolidated Revenue Fund
For Fiscal Years Ended March 31¹

	1994	1995	1996	1997	1998
Per Cent of GDP:					
			(per cent)		
Taxation.....	11.9	11.9	11.9	12.4	12.0
Natural resource.....	1.9	2.2	1.9	2.1	2.0
Other.....	1.9	1.9	1.8	1.7	1.7
Contributions from government enterprises.....	1.1	1.0	0.9	1.1	1.2
Contributions from the federal government.....	2.4	2.4	2.3	1.8	1.7
Total revenue.....	<u>19.2</u>	<u>19.4</u>	<u>18.9</u>	<u>19.1</u>	<u>18.6</u>
Growth Rates:					
			(per cent)		
Taxation.....	12.2	7.5	4.8	4.7	0.1
Natural resource.....	40.1	26.7	-9.7	7.9	0.5
Other.....	8.9	3.7	1.1	-3.4	2.3
Contributions from government enterprises.....	3.2	-1.9	-5.9	18.7	11.5
Contributions from the federal government.....	-6.1	8.5	-2.8	-18.3	-6.1
Total revenue.....	10.7	8.6	1.3	2.1	0.4
Per Capita Revenue:					
			(dollars)		
Taxation.....	3,108	3,242	3,306	3,373	3,306
Natural resource.....	496	609	535	563	554
Other.....	505	508	500	471	471
Contributions from government enterprises.....	294	279	256	296	323
Contributions from the federal government.....	635	669	633	504	463
Total revenue.....	<u>5,038</u>	<u>5,308</u>	<u>5,229</u>	<u>5,206</u>	<u>5,118</u>
Real Per Capita Revenue (1997 dollars)	5,340	5,519	5,317	5,244	5,118
— growth rate (per cent).....	4.0	3.4	-3.7	-1.4	-2.4

¹ Revenue has been restated to reflect the government's accounting policy at March 31, 1998. Figures exclude dedicated revenue collected on behalf of, and transferred to Crown corporations and agencies.

Note: Per capita revenue is calculated using July 1 population; e.g. 1997/98 revenue divided by population on July 1, 1997. Similarly, revenue as a per cent of GDP is calculated using GDP for the calendar year ending in the fiscal year (e.g. 1997/98 revenue compared to GDP for the 1997 calendar year). Revenue is converted to real (inflation-adjusted) terms using the consumer price index (CPI) for the corresponding calendar year; e.g. 1997 CPI for 1997/98 revenue. Totals may not add due to rounding.

**Table A2.6 Expense by Function^{1,2}
Consolidated Revenue Fund
For Fiscal Years Ended March 31**

	1994	1995	1996	1997	1998
	(\$ millions)				
Health					
Hospital care.....	2,897.8	2,954.2	2,988.8	3,140.3	3,175.9
Medical care.....	2,146.0	2,221.9	2,325.9	2,399.8	2,455.1
Preventive care.....	1,166.8	1,329.3	1,392.3	1,449.3	1,483.6
Other health.....	76.1	78.5	71.1	73.1	156.7
Total health care³.....	6,286.7	6,583.9	6,778.1	7,062.5	7,271.3
Social services ³	2,704.7	2,890.1	3,033.0	3,019.0	3,090.0
Education					
Elementary and secondary.....	3,628.2	3,782.8	3,969.3	4,121.1	4,163.1
Post-secondary.....	1,288.4	1,351.4	1,413.9	1,471.8	1,451.8
Other education.....	67.1	117.6	109.0	165.0	159.3
Total education³.....	4,983.7	5,251.8	5,492.2	5,757.9	5,774.2
Protection of persons and property					
Law enforcement.....	365.0	361.3	375.9	395.5	399.3
Police protection.....	129.3	137.6	143.7	149.8	149.8
Corrections ³	207.2	235.7	243.1	259.2	211.3
Other protection and regulation.....	284.9	308.0	327.3	294.3 ⁴	270.2 ⁴
Total protection of persons and property.....	986.4	1,042.6	1,090.0	1,098.8	1,030.6
Transportation					
Road and air.....	718.9	624.2	572.2	576.6	496.6
Ferries.....	60.9	35.9	9.3	3.6	4.7
Public transit.....	244.0	246.8	270.3	281.4	288.6
Total transportation.....	1,023.8	906.9	851.8	861.6	789.9
Natural resources and economic development					
Forests (includes firefighting).....	654.0	756.6	687.5	609.9	481.7
Minerals and mines.....	57.1	254.4 ⁵	45.6	26.6	23.1
Environment and agriculture.....	250.5	271.3	235.3 ⁶	227.6 ⁶	221.7
Fish and game.....	26.7	28.9	25.9	24.0	12.1
Trade and industry.....	151.5	186.1	171.9	152.5	127.9
Total natural resources and economic development.....	1,139.8	1,497.3	1,166.2	1,040.6	866.5
Other expenditure					
Local government.....	347.5	317.2	302.1	309.1	244.0
Housing support.....	85.5	108.1	76.3	87.2	83.4
Recreation and culture.....	193.9	176.9	122.3	116.5	152.8
Total other expenditure.....	626.9	602.2	500.7	512.8	480.2
General government					
Administration.....	211.8	221.2	227.8	211.5	200.1
Legislature.....	25.1	25.5	26.6	30.6	31.9
Total general government.....	236.9	246.7	254.4	242.1	232.0
Debt servicing.....	915.7	967.1	977.4	950.7	902.8
Total expense.....	18,904.6	19,988.6	20,143.8	20,546.0	20,437.5

¹ Expenditure by function has been restated to conform more closely to the presentation used by Statistics Canada. Figures are based on 1997/98 *Public Accounts* information. For comparative purposes, figures for previous years have been restated to be consistent with the presentation used in 1997/98.

² The effect of phasing in an accounting policy with respect to the capitalization and amortization/depreciation of tangible capital assets is included in appropriate functions for fiscal years 1995/96, 1996/97 and 1997/98. Comparative amounts for 1993/94 and 1994/95 are not available. Figures for 1993/94 onwards have been restated to reflect a change in accounting policy to show allowances for doubtful collection of revenue accounts as deductions from revenue. Previously, these amounts were recorded as expenditures.

³ Certain 1997/98 expenditures formerly reported under health, education and corrections are now included under social services due to more integrated service delivery that resulted from the creation of the Ministry for Children and Families in late 1996/97.

⁴ During 1996/97 and 1997/98, responsibility for the Motor Vehicle Branch was transferred from government to the Insurance Corporation of British Columbia.

⁵ 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.

⁶ Non-cash land exchanges of Crown land are no longer included in revenue and expenditure. This reduces revenue and expenditure by \$1.7 million in 1995/96 and \$17.5 million in 1996/97.

Table A2.7 Expense by Function — Supplementary Information
Consolidated Revenue Fund
For Fiscal Years Ended March 31

	1994	1995	1996	1997	1998
Per Cent of GDP: (per cent)					
Health care.....	6.7	6.5	6.5	6.7	6.6
Social services.....	2.9	2.9	2.9	2.9	2.8
Education.....	5.3	5.2	5.2	5.4	5.3
Protection of persons and property.....	1.1	1.0	1.0	1.0	0.9
Transportation.....	1.1	0.9	0.8	0.8	0.7
Natural resources and economic development.....	1.2	1.5	1.1	1.0	0.8
Other expenditure.....	0.7	0.6	0.5	0.5	0.4
General government.....	0.3	0.2	0.2	0.2	0.2
Debt servicing.....	1.0	1.0	0.9	0.9	0.8
Total Expense.....	<u>20.2</u>	<u>19.9</u>	<u>19.2</u>	<u>19.4</u>	<u>18.7</u>
Growth Rates: (per cent)					
Health care.....	4.7	4.7	2.9	4.2	3.0
Social services.....	14.3	6.9	4.9	-0.5	2.4
Education.....	3.7	5.4	4.6	4.8	0.3
Protection of persons and property.....	11.7	5.7	4.5	0.8	-6.2
Transportation.....	-5.0	-11.4	-6.1	1.2	-8.3
Natural resources and economic development.....	-1.3	31.4 ¹	-22.1	-10.8	-16.7
Other expenditure.....	12.2	-3.9	-16.9	2.4	-6.4
General government.....	-13.8	4.1	3.1	-4.8	-4.2
Debt servicing.....	12.6	5.6	1.1	-2.7	-5.0
Total Expense.....	5.4	5.7	0.8	2.0	-0.5
Per Capita Expense: (dollars)					
Health care.....	1,760	1,788	1,791	1,819	1,834
Social services.....	757	785	802	778	780
Education.....	1,395	1,426	1,451	1,483	1,457
Protection of persons and property.....	276	283	288	283	260
Transportation.....	287	246	225	222	199
Natural resources and economic development.....	319	407	308	268	219
Other expenditure.....	176	164	132	132	121
General government.....	66	67	67	62	59
Debt servicing.....	256	263	258	245	228
Total Expense.....	<u>5,293</u>	<u>5,429</u>	<u>5,323</u>	<u>5,293</u>	<u>5,156</u>
Real Per Capita Expense (1997 dollars)	5,610	5,645	5,412	5,332	5,156
— growth rate (per cent).....	-1.0	0.6	-4.1	-1.5	-3.3

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. 1997/98 expenditure divided by population on July 1, 1997. Similarly, expenditure as a per cent of GDP is calculated using GDP for the calendar year ending in the fiscal year (e.g. 1997/98 expenditure compared to GDP for the 1997 calendar year). Expenditure is converted to real (inflation-adjusted) terms using the consumer price index (CPI) for the corresponding calendar year; e.g. 1997 CPI for 1997/98 expenditure.

**Table A2.8 Historical Revenue by Source
Consolidated Revenue Fund
For Fiscal Years Ended March 31¹**

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 ²	11,100.4	1,771.5	1,804.9	1,048.3	2,269.1	17,994.2
1995.....	11,936.9	2,243.8	1,871.0	1,027.9	2,462.5	19,542.1
1996.....	12,509.6	2,025.9	1,890.8 ³	967.6	2,394.1	19,788.0
1997.....	13,093.8	2,185.5	1,826.6 ³	1,148.1	1,954.9	20,208.9
1998.....	13,103.2	2,197.2	1,868.5 ⁴	1,279.7	1,836.5	20,285.1

¹ Revenue has been restated to reflect the government's accounting policy at March 31, 1998. Further information is provided in footnotes to Table A2.4 and the introduction to this appendix. Figures exclude dedicated revenue collected on behalf of, and transferred to, Crown corporations and agencies. Figures are based on *Public Accounts* information.

² Beginning in 1993/94, revenue has been restated to reflect a change in accounting policy to show allowances for doubtful collection of revenue accounts as deductions from revenue. Previously, these amounts were recorded as expenditures.

³ Revenue for 1995/96 and 1996/97 has been restated to reflect a change in accounting policy to exclude from revenue and expenditure, non-cash exchanges of Crown land (of equivalent value) to third parties. The effect of this change reduces revenue in 1995/96 by \$1.7 million and in 1996/97 by \$17.5 million.

⁴ Other revenue for 1997/98 includes revenue from asset dispositions. In the 1997/98 *Public Accounts*, \$24 million of this revenue, received through the wind-up of the British Columbia Systems Corporation, is reported under contributions from government enterprises.

**Table A2.9 Historical Expenditure by Function
Consolidated Revenue Fund
For Fiscal Years Ended March 31¹**

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.....	6,286.7	2,704.7	4,983.7	1,023.8	915.7	2,990.0	18,904.6
1995.....	6,583.9	2,890.1	5,251.8	906.9 ⁴	967.1	3,388.8	19,988.6
1996.....	6,778.1	3,033.0	5,492.2	851.8	977.4	3,011.3	20,143.8
1997.....	7,062.5	3,019.0	5,757.9	861.6	950.7	2,894.3	20,546.0
1998.....	7,271.3	3,090.0	5,774.2	789.9	902.8	2,609.3	20,437.5

¹ Expenditure has been restated to reflect the government's accounting policy at March 31, 1998. Further information is provided in footnotes to Table A2.6 and the introduction to this appendix. Figures are based on *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.

Appendix 2: Financial Review

**Table A2.10 Historical Summary of Financial Transactions
Consolidated Revenue Fund
For Fiscal Years Ended March 31**

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 ³	17,994.2	18,904.6	910.4	(17.5)	892.9	1,287.6	(394.7)
1995.....	19,542.1	19,988.6	446.5	(272.3)	174.2	(76.0)	250.2
1996 ^{4,5}	19,788.0	20,143.8	355.8	(145.8)	210.0	56.0	154.0
1997 ^{4,5}	20,208.9	20,546.0	337.1	435.1	772.2	793.4	(21.2)
1998.....	20,285.1	20,437.5	152.4	0.6	153.0	442.9	(289.9)

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 Revenue and expenditure have been restated back to 1993/94 to reflect a change in accounting policy to show allowances for doubtful collection of revenue accounts as deductions from revenue. Previously, these amounts were recorded as expenditures. Annual deficit figures are unaffected by the change.

⁴ Expenditure in 1995/96 has been reduced by \$14 million to reflect the effect of a capitalization accounting policy applied to certain tangible capital assets in 1996/97. Expenditure in 1996/97 has been reduced by \$15 million to reflect the effect of expanding the capitalization policy to other tangible capital assets in 1997/98 (see Accounting Changes Effective in 1997/98).

⁵ Revenue and expenditure for 1995/96 and 1996/97 have been restated to reflect a change in accounting policy to exclude from revenue and expenditure, non-cash exchanges of Crown lands (of equivalent value) to third parties. The effect of this change reduces revenue and expenditure in 1995/96 by \$1.7 million, and in 1996/97 by \$17.5 million.

**Table A2.11 Provincial Net Debt Summary¹
For Fiscal Years Ended March 31**

	1994	1995	1996	1997	1998
Taxpayer-supported debt					
			(\$ millions)		
Provincial government direct	10,257.1	10,181.1	10,237.1	11,030.5	11,473.4
Economic development Crown corporations and agencies					
BC Transportation Financing Authority.....	73.0	275.9	590.4	915.6	1,084.1
British Columbia Ferry Corporation.....	418.0	432.8	502.0	684.9	795.2
British Columbia Transit.....	1,370.5	1,449.5	1,505.5	1,537.2	1,578.5
Other ²	20.4	24.1	32.0	48.4	59.9
Social and government services Crown corporations and agencies	1,881.9	2,182.3	2,629.9	3,186.1	3,517.7
British Columbia Assessment Authority.....	5.9	5.5	7.0	6.2	4.8
British Columbia Buildings Corporation.....	612.3	698.1	719.1	735.4	734.9
British Columbia Educational Institutions Capital Financing Authority.....	958.1	1,117.1	1,240.4	1,345.7	1,308.8
British Columbia Regional Hospital Districts Financing Authority.....	1,079.7	1,255.6	1,331.1	1,373.0	1,377.5
British Columbia School Districts Capital Financing Authority.....	1,787.3	2,257.0	2,506.5	2,770.2	2,908.5
Capital project certificate of approval program ³	409.6	319.0	311.0	172.1	174.1
British Columbia Systems Corporation.....	26.0	25.9	21.6	19.3	— ⁴
Other fiscal agency loans	4,878.9	5,678.2	6,136.7	6,421.9	6,508.6
Greater Vancouver Sewerage and Drainage District.....	197.5	187.0	175.1	— ⁵	—
Greater Vancouver Water District.....	130.2	137.1	131.1	— ⁵	—
Universities and colleges — fiscal agency loans.....	148.3	173.6	164.3	154.3	144.2
Local governments.....	3.1	3.3	3.3	3.3	3.5
Other guarantees	479.1	501.0	473.8	157.6	147.7
Student assistance loans.....	193.1	205.5	173.5	148.4	86.4
British Columbia home mortgage assistance and second mortgage programs.....	162.3	122.4	76.2	53.7	47.2
Other ⁶	70.1	70.8	37.9	33.9	65.9
	425.5	398.7	287.6	236.0	199.5
Non-guaranteed debt⁷	88.2	96.6	101.4	120.4	131.6
Less internally held funds⁸	29.6	0.7	0.8	0.8	—
Total taxpayer-supported debt	17,981.1	19,037.2	19,865.7	21,151.7	21,978.5
Self-supporting debt					
Commercial Crown corporations and agencies					
British Columbia Hydro and Power Authority.....	7,614.8	7,662.3	7,592.3	7,477.2	7,233.6
British Columbia Railway Company.....	287.9	310.9	326.1	390.6	487.8
552513 British Columbia Ltd. (Skeena Cellulose Inc.) ⁹	—	—	—	—	64.6
Other ¹⁰	1.5	—	—	3.1	—
	7,904.2	7,973.2	7,918.4	7,870.9	7,786.0
Warehouse borrowing program	—	—	895.2	100.0	211.5
Non-guaranteed debt¹¹	41.6	39.4	33.4	124.9	206.3
Total self-supporting debt	7,945.8	8,012.6	8,847.0	8,095.8	8,203.8
Total provincial debt	25,926.9	27,049.8	28,712.7	29,247.5	30,182.3

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 1998, which is based on 1997/98 *Public Accounts* information.

² Includes the British Columbia Housing Management Commission, the Pacific Racing Association and Victoria Line Ltd.

³ Short-term borrowings obtained by financing authorities under the capital project certificate of approval program are used as interim financing of capital construction and are eventually converted to long-term debt.

⁴ As of March 10, 1998, the provincial government assumed the debt of the British Columbia Systems Corporation.

⁵ Outstanding debt of the Greater Vancouver Sewerage and Drainage District and the Greater Vancouver Water District was defeased on April 1, 1996. Funding requirements for these districts are provided through the Municipal Finance Authority of British Columbia.

⁶ Includes government vehicle leases (\$14.6 million) which are reported as part of accounts payable on the government's consolidated revenue fund balance sheet, outstanding loan guarantees to agricultural producers and those issued under economic development assistance programs.

⁷ Includes debt of the Provincial Rental Housing Corporation, BC Transportation Financing Authority, Pacific National Exhibition, British Columbia Ferry Corporation, Okanagan Valley Tree Fruit Authority and British Columbia Transit, that is not guaranteed by the provincial government. Although not a direct obligation, this debt is included as part of total provincial debt because it is incurred by a government body.

⁸ Amounts held as investments or cash for relending by the consolidated revenue fund and Crown corporations and agencies.

⁹ The debt of 552513 British Columbia Ltd. (Skeena Cellulose Inc.) is considered to be self-supporting. However, future profitability is uncertain due to the volatility of world pulp prices and their potential impact on Skeena Cellulose Inc.

¹⁰ Includes WLC Developments Ltd. and the Columbia Power Corporation.

¹¹ Includes debt of the British Columbia Lottery Corporation, Liquor Distribution Branch, British Columbia Railway Company and Columbia Basin Power Company (a joint venture of the Columbia Power Corporation and the Columbia Basin Trust Power Corporation) that is not guaranteed by the provincial government. Although not a direct obligation, this debt is included as part of total provincial debt because it is incurred by a government body. Also includes debt of \$92.5 million in 1998 for Skeena Cellulose Inc., a subsidiary of 552513 British Columbia Ltd. As the province is not the sole shareholder of Skeena Cellulose Inc., a portion of this debt may be attributable to the minority shareholder.

**Table A2.12 Provincial Net Debt Summary — Supplementary Information
For Fiscal Years Ended March 31**

	1994	1995	1996	1997	1998
Per Cent of GDP:					
	(per cent)				
Taxpayer-supported debt					
Provincial government direct.....	11.0	10.1	9.8	10.4	10.5
Economic development Crown corporations and agencies ¹	2.0	2.2	2.5	3.0	3.2
Social and government services Crown corporations and agencies ¹	5.2	5.6	5.9	6.1	6.0
Other fiscal agency loans.....	0.5	0.5	0.5	0.1	0.1
Other guarantees.....	0.5	0.4	0.3	0.2	0.2
Non-guaranteed debt.....	0.1	0.1	0.1	0.1	0.1
Total taxpayer-supported debt.....	<u>19.2</u>	<u>18.9</u>	<u>19.0</u>	<u>20.0</u>	<u>20.1</u>
Self-supporting debt					
Commercial Crown corporations and agencies.....	8.5	7.9	7.6	7.4	7.1
Warehouse borrowing program.....	—	—	0.9	0.1	0.2
Non-guaranteed debt.....	—	—	—	0.1	0.2
Total self-supporting debt.....	<u>8.5</u>	<u>8.0</u>	<u>8.4</u>	<u>7.6</u>	<u>7.5</u>
Total provincial net debt	<u>27.7</u>	<u>26.9</u>	<u>27.4</u>	<u>27.6</u>	<u>27.6</u>
Growth Rates:					
	(per cent)				
Taxpayer-supported debt					
Provincial government direct.....	14.4	-0.7	0.6	7.8	4.0
Economic development Crown corporations and agencies ¹	8.4	17.5	20.5	21.1	10.4
Social and government services Crown corporations and agencies ¹	17.4	16.5	8.1	4.6	1.4
Other fiscal agency loans.....	24.2	4.6	-5.4	-66.7	-6.3
Other guarantees.....	-28.0	-6.3	-27.9	-17.9	-15.5
Non-guaranteed debt.....	5.1	9.5	5.0	18.7	9.3
Total taxpayer-supported debt.....	13.1	5.9	4.4	6.5	3.9
Self-supporting debt					
Commercial Crown corporations and agencies.....	5.2	0.9	-0.7	-0.6	-1.1
Warehouse borrowing program.....	—	—	—	-88.8	111.5
Non-guaranteed debt.....	160.0	-5.3	-15.2	274.0	65.2
Total self-supporting debt.....	5.6	0.8	10.4	-8.5	1.3
Total provincial net debt	10.7	4.3	6.1	1.9	3.2
Per Capita Net Debt:					
	(dollars)				
Taxpayer-supported debt					
Provincial government direct.....	2,872	2,765	2,705	2,841	2,895
Economic development Crown corporations and agencies ¹	520	593	695	821	887
Social and government services Crown corporations and agencies ¹	1,365	1,542	1,622	1,654	1,642
Other fiscal agency loans.....	134	136	125	41	37
Other guarantees.....	119	108	76	61	50
Non-guaranteed debt.....	25	26	27	31	33
Total taxpayer-supported debt.....	<u>5,035</u>	<u>5,171</u>	<u>5,250</u>	<u>5,449</u>	<u>5,545</u>
Self-supported debt					
Commercial Crown corporations and agencies.....	2,213	2,166	2,093	2,028	1,964
Warehouse borrowing program.....	—	—	237	26	53
Non-guaranteed debt.....	12	11	9	32	52
Total self-supporting debt.....	<u>2,225</u>	<u>2,176</u>	<u>2,338</u>	<u>2,085</u>	<u>2,070</u>
Total provincial net debt	<u>7,259</u>	<u>7,347</u>	<u>7,588</u>	<u>7,534</u>	<u>7,615</u>

Note: Totals may not add due to rounding.

¹ Excludes amounts held as investments/cash for relending by the consolidated revenue fund and Crown corporations and agencies.

**Table A2.13 Historical Provincial Net Debt Summary
For Fiscal Years Ended March 31¹**

Year	Taxpayer-Supported Debt				Total Taxpayer- Supported Debt	Self- Supporting Debt ³	Total Provincial Debt	Total Provincial Debt as a Per Cent of GDP ⁴	Taxpayer- Supported Debt as a Per Cent of GDP ⁴
	Provincial Government Direct	Economic Development	Social and Government Services	Other ²					
(\$ millions)									
1970	—	141.5	480.4	—	621.9	1,661.3	2,283.2	25.7	7.0
1971	—	172.2	525.3	—	697.5	1,807.5	2,505.0	26.9	7.5
1972	—	233.4	559.1	—	792.5	1,948.1	2,740.6	26.5	7.7
1973	—	288.2	600.2	—	888.4	2,061.8	2,950.2	24.8	7.5
1974	—	401.6	625.9	—	1,027.5	2,227.7	3,255.2	22.1	7.0
1975	—	442.2	710.4	—	1,152.6	2,649.9	3,802.5	21.8	6.6
1976	—	596.2	827.9	—	1,424.1	3,144.3	4,568.4	23.4	7.3
1977	261.4	694.8	1,035.8	—	1,992.0	3,787.4	5,779.4	25.1	8.7
1978	261.4	715.8	1,156.2	—	2,133.4	4,464.0	6,597.4	25.7	8.3
1979	261.4	709.5	1,311.9	(165.5)	2,117.3	4,837.6	6,954.9	24.2	7.4
1980	235.3	824.1	1,542.1	(205.2)	2,396.3	5,704.3	8,100.6	24.3	7.2
1981	209.2	823.4	1,715.9	(161.0)	2,587.5	5,956.1	8,543.6	22.3	6.8
1982	183.1	972.6	2,104.9	(314.9)	2,945.7	7,227.5	10,173.2	23.0	6.7
1983	883.1	1,194.1	2,724.5	(136.4)	4,665.3	7,691.4	12,356.7	27.8	10.5
1984	1,596.1	1,784.1	2,810.6	4.5	6,195.3	8,440.3	14,635.6	31.2	13.2
1985	2,475.9	1,234.1	2,695.0	63.3	6,468.3	9,082.0	15,550.3	31.4	13.0
1986	3,197.1	1,646.0	2,606.6	113.6	7,563.3	8,989.5	16,552.8	31.3	14.3
1987	4,801.9	1,286.5	2,374.7	196.8	8,659.9	8,485.2	17,145.1	30.9	15.6
1988	5,016.7	1,192.7	2,434.9	218.5	8,862.8	8,148.8	17,011.6	27.4	14.3
1989	4,919.2	1,213.5	2,553.7	372.7	9,059.1	7,396.4	16,455.5	24.0	13.2
1990	4,208.6	1,245.1	2,804.3	661.4	8,919.4	7,339.9	16,259.3	21.7	11.9
1991	4,725.9	1,288.0	3,078.7	725.8	9,818.4	7,444.0	17,262.4	21.9	12.5
1992	6,610.5	1,534.1	3,554.8	848.1	12,547.5	7,493.3	20,040.8	24.6	15.4
1993 ⁽⁴⁾	8,969.5	1,728.5	4,179.9	1,018.0	15,895.9	7,526.1	23,422.0	26.9	18.2
1994	10,257.1	1,881.9	4,878.9	963.2	17,981.1	7,945.8	25,926.9	27.7	19.2
1995	10,181.1	2,182.3	5,678.2	995.6	19,037.2	8,012.6	27,049.8	26.9	18.9
1996	10,237.1	2,629.9	6,136.7	862.0	19,865.7	8,847.0	28,712.7	27.4	19.0
1997	11,030.5	3,186.1	6,421.9	513.2	21,151.7	8,095.8	29,247.5	27.6	20.0
1998	11,473.4	3,517.7	6,508.6	478.8	21,978.5	8,203.8	30,182.3	27.6	20.1

¹ Net debt is after deducting sinking funds and unamortized discounts. Government direct and fiscal agency debt excludes accrued interest, which is reported in the government's accounts as an account payable.

² Includes other fiscal agency loans, other guarantees and taxpayer-supported non-guaranteed debt, less amounts held as investments or cash for relending by the consolidated revenue fund and Crown corporations and agencies. Also includes loan guarantees that have been provided for.

³ Includes 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, Columbia Basin Power Company (a joint venture of the Columbia Power Corporation and the Columbia Basin Trust Power Corporation) and 552513 British Columbia Ltd. (Skeena Cellulose Inc.).

⁴ In May 1998, as part of its periodic re-basing of the national economic accounts, Statistics Canada revised provincial nominal GDP back to calendar year 1992 (fiscal year 1992/93). Debt-to-GDP ratios prior to 1992/93 are based on the previously published economic accounts calculations.

Appendix 3: The Province and Its People

Table A3.1 British Columbia Municipal Population Estimates

Name	Area Type	Estimate 1995	Estimate 1996	Estimate 1997	Name	Area Type	Estimate 1995	Estimate 1996	Estimate 1997
Abbotsford.....	C	105,674	109,140	111,708	Nakusp.....	VL	1,753	1,798	1,809
Alert Bay.....	VL	635	631	556	Nanaimo.....	C	71,037	75,525	74,421
Anmore.....	VL	934	991	1,014	Nelson.....	C	9,779	9,908	9,906
Armstrong.....	C	3,927	4,034	4,119	New Denver.....	VL	600	598	604
Ashcroft.....	VL	1,860	1,914	1,976	New Hazelton.....	DM	838	852	866
Belcarra.....	VL	685	685	699	New Westminster.....	C	49,460	51,348	52,131
Burnaby.....	C	181,990	186,048	187,992	North Cowichan.....	DM	25,597	26,113	26,604
Burns Lake.....	VL	1,852	1,859	1,880	North Saanich.....	DM	10,641	10,706	10,829
Cache Creek.....	VL	1,156	1,148	1,184	North Vancouver.....	C	42,555	43,116	43,499
Campbell River.....	DM	29,362	29,825	30,701	North Vancouver.....	DM	81,663	82,997	84,136
Castlegar.....	C	7,107	7,260	7,307	Oak Bay.....	DM	18,460	18,450	18,341
Central Saanich.....	DM	14,806	15,066	15,230	Oliver.....	T	4,466	4,424	4,498
Chase.....	VL	2,420	2,534	2,578	Osoyoos.....	T	3,895	4,150	4,295
Chetwynd.....	DM	3,024	3,096	3,054	Parksville.....	C	9,317	9,791	10,103
Chilliwack.....	DM	60,361	62,238	63,080	Peachland.....	DM	4,577	4,657	4,770
Clinton.....	VL	732	752	756	Pemberton.....	VL	775	893	1,173
Coldstream.....	DM	9,175	9,233	9,401	Penticton.....	C	31,987	32,049	32,417
Colwood.....	C	14,239	14,302	14,461	Pitt Meadows.....	DM	13,327	13,885	14,273
Comox.....	T	11,186	11,407	11,627	Port Alberni.....	C	19,107	19,084	19,664
Coquitlam.....	C	102,150	105,367	107,455	Port Alice.....	VL	1,404	1,375	1,359
Courtenay.....	C	17,320	17,949	18,749	Port Clements.....	VL	550	579	596
Cranbrook.....	C	18,587	18,750	19,227	Port Coquitlam.....	C	46,131	48,319	49,636
Creston.....	T	4,888	4,983	5,082	Port Edward.....	DM	699	727	767
Cumberland.....	VL	2,576	2,629	2,725	Port Hardy.....	DM	5,409	5,466	5,442
Dawson Creek.....	C	11,448	11,530	11,594	Port McNeill.....	T	2,888	3,024	3,085
Delta.....	DM	97,265	98,533	99,808	Port Moody.....	C	20,757	21,567	22,442
Duncan.....	C	4,715	4,753	4,861	Pouce Coupe.....	VL	872	926	925
Elkford.....	DM	2,623	2,808	2,804	Powell River.....	DM	13,255	13,559	13,883
Enderby.....	C	2,844	2,841	2,907	Prince George.....	C	76,420	77,806	79,251
Esquimalt.....	DM	17,048	16,779	16,765	Prince Rupert.....	C	17,252	17,308	17,452
Fernie.....	C	4,997	5,038	5,080	Princeton.....	T	2,893	2,916	2,964
Fort Nelson.....	T	4,398	4,576	4,734	Qualicum Beach.....	T	6,727	6,927	7,135
Fort St. James.....	DM	2,102	2,119	2,130	Quesnel.....	C	8,537	8,770	9,031
Fort St. John.....	C	15,381	15,607	15,847	Radium Hot Springs.....	VL	517	546	574
Fraser Lake.....	VL	1,422	1,395	1,343	Revelstoke.....	C	8,188	8,311	8,356
Fruitvale.....	VL	2,206	2,179	2,175	Richmond.....	C	148,486	153,937	157,537
Gibsons.....	T	3,827	3,858	3,881	Rossland.....	C	3,852	3,922	3,866
Gold River.....	VL	2,088	2,106	2,023	Saanich.....	DM	104,615	104,913	106,207
Golden.....	T	4,144	4,103	4,171	Salmo.....	VL	1,231	1,239	1,252
Grand Forks.....	C	4,099	4,126	4,267	Salmon Arm.....	DM	14,701	15,128	15,651
Granisle.....	VL	471	460	468	Sayward.....	VL	439	453	461
Greenwood.....	C	816	807	809	Sechelt.....	DM	7,222	7,574	8,007
Harrison Hot Springs.....	VL	912	926	1,056	Sechelt Ind. Gov. Dist.....	IGD	771	796	810
Hazelton.....	VL	350	361	358	Sicamous.....	DM	2,956	2,916	2,986
Highlands.....	DM	1,342	1,469	1,522	Sidney.....	T	10,931	11,072	11,029
Hope.....	DM	6,282	6,441	6,640	Silverton.....	VL	250	248	252
Houston.....	DM	3,885	4,072	4,235	Slocan.....	VL	334	345	345
Hudson's Hope.....	DM	1,112	1,156	1,161	Smithers.....	T	5,718	5,828	5,944
Invermere.....	DM	2,674	2,773	2,879	Spallumcheen.....	DM	5,337	5,477	5,579
Kamloops.....	C	77,023	79,019	80,507	Sparwood.....	DM	4,039	4,111	4,057
Kaslo.....	VL	1,036	1,095	1,107	Squamish.....	DM	14,210	14,468	14,949
Kelowna.....	C	91,661	92,621	94,656	Stewart.....	DM	925	888	824
Kent.....	DM	4,937	5,013	5,094	Summerland.....	DM	10,917	10,906	10,987
Keremeos.....	VL	1,175	1,203	1,195	Surrey.....	C	303,969	315,226	323,509
Kimberley.....	C	6,899	6,957	6,934	Tahsis.....	VL	1,052	973	960
Kitimat.....	DM	11,300	11,490	11,636	Taylor.....	DM	998	1,070	1,087
Ladysmith.....	T	6,457	6,666	6,778	Telkwa.....	VL	1,138	1,234	1,329
Lake Country.....	DM	8,720	9,279	9,504	Terrace.....	C	12,913	13,231	13,608
Lake Cowichan.....	T	2,851	2,947	3,006	Tofino.....	DM	1,150	1,214	1,283
Langford.....	DM	17,843	18,111	18,926	Trail.....	C	7,950	7,956	7,789
Langley.....	C	22,604	23,379	23,667	Tumbler Ridge.....	DM	3,865	3,902	3,848
Langley.....	DM	79,983	82,757	85,069	Ucluelet.....	DM	1,749	1,719	1,729
Lillooet.....	DM	2,046	2,958	2,984	Valemount.....	VL	1,316	1,347	1,371
Lions Bay.....	VL	1,394	1,386	1,391	Vancouver.....	C	521,597	534,740	543,871
Logan Lake.....	DM	2,500	2,563	2,589	Vanderhoof.....	DM	4,506	4,558	4,672
Lumby.....	VL	1,698	1,742	1,809	Vernon.....	C	32,219	32,916	33,756
Lytton.....	VL	335	334	329	Victoria.....	C	75,860	76,690	76,671
Mackenzie.....	DM	6,070	6,215	6,264	View Royal.....	T	6,594	6,656	6,859
Maple Ridge.....	DM	56,532	58,045	59,516	Warfield.....	VL	1,821	1,847	1,814
Masset.....	VL	1,422	1,341	1,070	West Vancouver.....	DM	41,754	42,158	42,519
McBride.....	VL	747	767	793	Whistler.....	DM	6,896	7,562	8,403
Merritt.....	C	7,098	7,886	7,979	White Rock.....	C	17,466	17,855	17,986
Metchosin.....	DM	4,766	4,857	4,922	Williams Lake.....	C	10,773	10,840	11,124
Midway.....	VL	695	705	702	Zeballos.....	VL	233	240	249
Mission.....	DM	31,060	31,516	31,930	100 Mile House.....	DM	1,905	1,914	2,017
Montrose.....	VL	1,188	1,170	1,167					
					Total.....		<u>3,252,128</u>	<u>3,330,218</u>	<u>3,392,037</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.
 All regional population figures are estimates as of November 1997, and do not include the final adjustment for the 1996 Census undercount.
 C = City, T = Town, VL = Village, DM = District Municipality, IGD = Indian Government District.
 * Denotes a boundary change between 1995 and 1997.
 Source: BC STATS, Ministry of Finance and Corporate Relations.

Table A3.2 Historical Labour Market Activity in British Columbia

Total — Both Sexes					
Year	Participation Rate	Labour Force	Employed	Unemployed	Unemployment Rate
		(thousands)			(per cent)
1987.....	66.3	1,579.4	1,390.4	189.0	12.0
1988.....	66.3	1,610.5	1,444.3	166.2	10.3
1989.....	67.4	1,676.2	1,523.7	152.5	9.1
1990.....	66.7	1,703.9	1,561.4	142.4	8.4
1991.....	67.2	1,761.5	1,585.1	176.4	10.0
1992.....	67.0	1,809.2	1,619.3	189.9	10.5
1993.....	66.3	1,845.2	1,665.9	179.3	9.7
1994.....	66.7	1,912.8	1,732.8	180.0	9.4
1995.....	65.7	1,934.9	1,761.6	173.3	9.0
1996.....	65.5	1,981.5	1,805.8	175.7	8.9
1997.....	64.9	2,012.4	1,837.7	174.8	8.7

Males					
Year	Participation Rate	Labour Force	Employed	Unemployed	Unemployment Rate
		(thousands)			(per cent)
1987.....	76.7	902.9	798.5	104.4	11.6
1988.....	75.8	909.6	820.7	88.9	9.8
1989.....	76.5	939.2	857.5	81.7	8.7
1990.....	75.1	946.7	868.0	78.7	8.3
1991.....	75.5	977.2	874.5	102.7	10.5
1992.....	74.7	994.8	884.5	110.2	11.1
1993.....	74.4	1,020.6	920.4	100.2	9.8
1994.....	74.5	1,052.8	945.7	107.1	10.2
1995.....	73.0	1,060.8	963.0	97.8	9.2
1996.....	72.6	1,083.1	985.5	97.6	9.0
1997.....	71.8	1,099.2	1,001.4	97.8	8.9

Females					
Year	Participation Rate	Labour Force	Employed	Unemployed	Unemployment Rate
		(thousands)			(per cent)
1987.....	56.1	676.5	591.9	84.6	12.5
1988.....	57.0	700.9	623.6	77.3	11.0
1989.....	58.6	737.0	666.2	70.8	9.6
1990.....	58.6	757.2	693.4	63.8	8.4
1991.....	59.1	784.3	710.6	73.6	9.4
1992.....	59.6	814.5	734.7	79.7	9.8
1993.....	58.5	824.5	745.4	79.1	9.6
1994.....	59.1	860.1	787.1	72.9	8.5
1995.....	58.5	874.1	798.6	75.5	8.6
1996.....	58.6	898.3	820.3	78.1	8.7
1997.....	58.2	913.3	836.3	76.9	8.4

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

Table A3.3 Population by Region (at July 1)

	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)							
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.....	644	1,950	413	141	157	68	42	60
1993.....	662	2,007	430	144	160	69	42	61
1994.....	679	2,064	445	146	163	69	42	62
1995.....	693	2,125	456	149	167	70	43	63
1996.....	702	2,186	466	152	172	71	44	65
1997.....	715	2,229	477	154	176	72	46	66

Note: Population for 1991 includes an estimate of the net census undercount.

All regional population figures are estimates as of November 1997, and do not include the final adjustment for the 1996 Census undercount.
Source: BC STATS, Ministry of Finance and Corporate Relations.

Table A3.4 Labour Force Characteristics by Region (1997)

	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).....	572.2	1,776.0	376.1	120.2	125.6	79.2	50.4
Labour Force (000s).....	358.2	1,170.3	229.2	71.1	88.2	58.7	36.7
Employment (000s).....	325.9	1,070.6	209.6	64.3	79.1	53.3	34.9
Unemployment (000s).....	32.3	99.7	19.6	6.8	9.1	5.4	1.8
Unemployment Rate	9.0	8.5	8.6	9.6	10.3	9.2	4.9
Participation Rate	62.6	65.9	60.9	59.2	70.2	74.1	72.8
Employment Rate	57.0	60.3	55.7	53.5	63.0	67.3	69.2

Source: Statistics Canada.

Table A3.5 Employment by Industry in British Columbia

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
	(thousands of persons)										
Total — all industries	1,390	1,444	1,524	1,561	1,585	1,619	1,666	1,733	1,762	1,806	1,838
Primary Industries	86	91	88	79	86	77	79	81	83	84	87
<i>Agriculture</i>	32	35	30	28	34	32	34	29	28	34	33
<i>Forestry</i>	25	27	30	25	26	24	26	32	36	28	30
<i>Fishing and Trapping</i>	8	8	9	8	9	8	8	8	5	6	7
<i>Mining</i>	20	20	18	18	16	14	12	12	14	16	17
Manufacturing	167	177	187	184	183	177	187	196	192	207	201
<i>Food and beverages</i>	21	22	20	19	21	19	20	27	21	22	20
<i>Wood products</i>	48	46	52	50	45	49	55	53	47	49	49
<i>Paper and allied</i>	17	21	25	19	20	19	20	20	23	24	23
<i>Printing, publishing and allied</i>	18	18	17	16	17	20	20	20	19	25	21
<i>Primary metals</i>	11	12	9	12	10	8	9	9	10	10	8
<i>Metal fabrication</i>	9	13	12	11	13	11	10	13	12	10	13
<i>Transportation equipment</i>	9	7	9	10	10	8	6	8	9	8	12
<i>Other manufacturing</i>	35	38	44	47	47	43	46	45	51	59	55
Construction	77	92	105	114	110	119	115	141	126	127	129
<i>General contractors</i>	28	37	40	41	43	43	43	50	38	39	40
<i>Special trade contractors</i>	47	56	63	70	64	74	71	88	84	84	85
Transportation, communication and other utilities	128	114	127	136	138	137	136	131	140	138	146
<i>Transportation</i>	76	70	76	83	88	87	85	82	81	85	86
<i>Communication</i>	38	31	38	39	37	38	38	34	43	38	42
<i>Electric, gas and water utilities</i>	12	10	11	12	11	13	14	12	13	12	13
<i>Storage</i>	*	*	*	*	*	*	*	*	*	*	*
Trade	263	271	289	299	286	306	318	303	317	317	323
<i>Wholesale trade</i>	70	70	77	73	77	86	94	82	88	91	95
<i>Retail trade</i>	194	200	212	226	210	218	224	221	229	226	228
Finance, insurance and real estate	85	97	95	95	94	109	101	111	111	113	106
<i>Finance</i>	39	48	49	41	41	42	44	48	48	48	49
<i>Insurance carriers</i>	14	11	13	14	18	16	12	16	17	15	16
<i>Insurance and real estate</i>	31	37	35	40	35	51	46	47	46	49	42
Service industries	492	514	542	569	600	599	628	671	694	715	754
<i>Education and related services</i>	79	88	94	97	108	107	118	123	121	123	129
<i>Health and welfare services</i>	117	133	129	137	149	151	155	161	164	175	193
<i>Religious organizations</i>	7	7	6	6	6	7	7	8	7	7	8
<i>Amusement and recreational services</i>	24	17	22	26	23	24	26	33	35	39	38
<i>Services to business management</i>	75	85	91	99	105	99	105	114	125	135	138
<i>Personal services</i>	40	41	36	39	42	40	42	44	47	47	48
<i>Accommodation and food services</i>	105	105	121	116	119	123	118	135	137	137	147
<i>Miscellaneous services</i>	41	37	42	47	47	48	55	53	59	52	55
Public administration	93	88	92	87	89	94	102	100	99	106	91
<i>Federal administration</i>	29	30	33	31	35	32	33	31	31	36	29
<i>Provincial administration</i>	35	32	31	28	26	33	33	38	38	38	32
<i>Local administration</i>	28	27	29	28	28	29	36	31	30	32	29
<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 Historical British Columbia Farm Cash Receipts

Nursery	Crops			Livestock			Other	Total
	Floriculture and Year	Fruits and Vegetables Including Potatoes	Grain and Other Crops	Dairy Products	Poultry and Eggs	Other Livestock and Products		
(\$ millions)								
1985.....	76	210	66	228	153	247	80	1,061
1986.....	92	222	51	232	159	264	85	1,105
1987.....	101	231	52	231	170	282	52	1,120
1988.....	143	234	77	237	177	254	83	1,204
1989.....	155	236	74	243	198	272	76	1,254
1990.....	195	210	72	250	214	292	64	1,297
1991.....	208	239	64	258	216	277	63	1,325
1992.....	191	279	69	260	217	315	67	1,397
1993.....	198	269	82	268	235	339	42	1,432
1994.....	204	304	114	282	256	331	30	1,521
1995.....	213	361	127	292	269	277	25	1,564
1996.....	252	354	136	306	307	285	33	1,673
1997 ¹	288	372	113	323	316	325	28	1,765

¹ Preliminary.

Note: All data have been revised as a result of benchmarking to the 1996 Census of Agriculture. Totals may not add due to rounding.

Source: Statistics Canada.

Table A4.2 Historical British Columbia Fish Production

Year	Wholesale Value ¹					Total Landed Value ⁶	
	Salmon ²	Halibut ³	Herring	Ground-fish ⁴	Shellfish ⁵		
(\$ millions)							
1988.....	626	30	176	94	72	999	573
1989.....	659	27	158	99	72	1,015	513
1990.....	649	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	130	138	1,162	735
1995 ⁷	519	46	208	123	150	1,046	589
1996 ⁷	456	51	191	110	162	970	590
1997 ⁸	495	64	116	142	165	982	594

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. Numbers have been revised to account for late receipt of information and other historical revisions. These numbers supersede those in previous editions.

Sources: Ministry of Fisheries; Department of Fisheries and Oceans, Canada.

Table A4.3 Timber Scaled (Logged) by Species

Species	1993	1994	1995	1996	1997	1997 Per Cent of Total
	(million cubic metres)					
Lodgepole Pine	18.5	18.3	18.3	20.4	18.5	27.0
Spruce	16.4	14.8	13.6	14.2	12.0	17.5
Hemlock	13.4	12.6	12.8	10.9	10.0	14.6
Balsam	12.2	11.7	11.4	10.6	9.2	13.4
Douglas fir	7.9	7.8	8.2	8.3	8.3	12.1
Cedar	7.7	6.7	7.3	6.5	6.3	9.2
All others	3.1	3.8	4.9	4.3	4.3	6.3
Total	<u>79.2</u>	<u>75.7</u>	<u>76.5</u>	<u>75.2</u>	<u>68.6</u>	<u>100.0</u>

Note: Totals may not add due to rounding.
Source: Ministry of Forests.

Table A4.4 Volume of Mature Timber, as of December 31, 1997

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	1,183	46.5	294	6.0	1,477	19.9
Spruce	113	4.4	1,463	30.1	1,576	21.3
Balsam	416	16.3	856	17.6	1,272	17.2
Lodgepole pine	27	1.1	1,473	30.3	1,500	20.2
Red cedar	289	11.4	96	2.0	385	5.2
Douglas fir	133	5.2	287	5.9	420	5.7
Other coniferous	371	14.6	68	1.4	439	5.9
Deciduous	14	0.5	326	6.7	340	4.6
Total	<u>2,546</u>	<u>100.0</u>	<u>4,863</u>	<u>100.0</u>	<u>7,409</u>	<u>100.0</u>

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.

Appendix 4: Industrial Structure and Performance

Table A4.5 Mineral Production, 1996 and 1997

	Unit	1996		1997 ¹	
		Quantity (000)	Value (\$ millions)	Quantity (000)	Value (\$ millions)
Metals					
Copper.....	(kilograms)	229,831	725.3	219,731	702.0
Gold.....	(grams)	18,010	306.2	17,218	255.7
Lead.....	(kilograms)	50,195	52.9	46,045	40.1
Molybdenum.....	(kilograms)	8,789	100.2	7,540	87.1
Silver.....	(grams)	481,100	109.4	469,862	100.4
Zinc.....	(kilograms)	153,478	214.6	162,155	299.0
Other.....		—	28.7	—	20.5
Total.....		—	<u>1,537.2</u>	—	<u>1,504.8</u>
Industrial minerals					
Magnestic Dolomite.....	(tonnes)	162	27.4	180	30.4
Sulphur in smelter gas.....	(tonnes)	81	5.9	77	5.6
Other.....		—	8.9	—	14.7
Total.....		—	<u>42.2</u>	—	<u>50.8</u>
Structural materials					
Cement.....	(tonnes)	1,743	176.6	1,808	187.2
Sand and gravel.....	(tonnes)	35,674	149.7	34,847	151.5
Stone.....	(tonnes)	6,050	39.5	6,273	46.7
Other.....		—	32.3	—	26.4
Total.....		—	<u>398.1</u>	—	<u>411.8</u>
Coal					
Metallurgical.....	(tonnes)	23,615	1,030.3	25,002	1,109.8
Thermal.....	(tonnes)	2,564	79.3	2,810	80.8
Total coal.....	(tonnes)	26,179	<u>1,109.6</u>	27,812	<u>1,190.6</u>
Total solid minerals.....		—	<u>3,087.1</u>	—	<u>3,158.0</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 Energy and Mines.

Table A4.6 Historical Value of Metal Production

Year	Copper	Silver	Gold	Zinc	Molybdenum	Lead	Other	Total
(\$ millions)								
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.....	725	109	306	215	100	53	29	1,537
1997 ¹	702	100	256	299	87	40	20	1,505

¹ Estimate.

Note: Totals may not add due to rounding.

Source: Ministry of Energy and Mines.

Table A4.7 Historical Value of Mineral Production

Year	Metals	Industrial Materials	Structural Materials	Coal	Crude Oil	Natural Gas to Pipeline	Other Oil and Gas	Total
(\$ millions)								
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.....	1,537	42	398	1,110	441	817	78	4,423
1997 ¹	1,505	51	412	1,191	498	974	64	4,695

¹ Estimate.

Note: Totals may not add due to rounding.

Source: Ministry of Energy and Mines.

Table A4.8 Indicators of Activity in Petroleum and Natural Gas

Indicator	Unit of Measure	1996	1997	Change 1996-1997
(per cent)				
Natural gas production (wellhead) ¹	(billion cubic metres)	23.5	24.7	5.1
Crude oil and condensate.....	(million cubic metres)	2.3	2.6	14.7
Wells authorized.....	(number)	597	845	41.5
Wells drilled.....	(number)	461	583	26.5
Seismic crew-weeks.....	(number)	160	190	18.8
Provincial reserves				
Marketable gas (remaining reserves).....	(billion cubic metres)	244	230	-5.7
Oil (remaining reserves).....	(million cubic metres)	21	25	16.7
Provincial government petroleum and natural gas revenue ²	(\$ millions)	367.5	510.5	38.9

¹ Includes gas coming out of storage.² Fiscal year basis (e.g. 1997 represents the year ending March 31, 1997). Includes royalties, bonus bids, permits, fees, leases and rentals.

Source: Ministry of Energy and Mines.

Appendix 4: Industrial Structure and Performance

Table A4.9 Value of Manufacturing Shipments

Industry	1995	Per Cent of Total Manufacturing	1996	Per Cent of Total Manufacturing	1997	Per Cent of Total Manufacturing	Change 1996-1997
	(\$ millions)		(\$ millions)		(\$ millions)		(per cent)
Wood.....	11,234	32.1	11,018	32.5	11,437	33.0	3.8
Paper and allied products.....	7,514	21.4	5,789	17.1	5,412	15.6	-6.5
Food.....	3,627	10.4	4,018	11.8	3,871	11.2	-3.7
Fabricated metal products.....	1,554	4.4	1,591	4.7	1,687	4.9	6.0
Refined petroleum and coal.....	1,627	4.6	1,715	5.1	1,753	5.1	2.2
Primary metals.....	1,038	3.0	1,239	3.6	1,314	3.8	6.1
Printing and publishing.....	1,199	3.4	1,220	3.6	1,198	3.5	-1.8
Transportation equipment.....	1,300	3.7	1,217	3.6	1,296	3.7	6.4
Machinery (except electrical).....	1,019	2.9	1,083	3.2	1,281	3.7	18.3
Electrical and electrical products.....	798	2.3	879	2.6	1,000	2.9	13.7
Chemicals and chemical products.....	971	2.8	952	2.8	994	2.9	4.5
Non-metallic mineral products.....	894	2.6	913	2.7	879	2.5	-3.8
Beverages.....	667	1.9	699	2.1	765	2.2	9.5
Plastics.....	547	1.6	596	1.8	691	2.0	15.9
Furniture and fixtures.....	205	0.6	208	0.6	215	0.6	3.3
Clothing.....	270	0.8	238	0.7	278	0.8	16.7
Textile products.....	129	0.4	129	0.4	132	0.4	2.1
Other.....	446	1.3	430	1.3	469	1.4	9.3
Total.....	35,040	100.0	33,933	100.0	34,672	100.0	2.2

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 A4.10 Economic Indicators of Activity in the Forest Sector

Indicator	1993	1994	1995	1996	1997	Change ¹ 1996-1997
Wood production						(per cent)
						(million cubic metres)
Timber scaled (logged).....	79.2	75.6	76.5	75.2	68.6	-8.8
Lumber.....	33.9	33.7	32.6	32.7	31.6	-3.4
Plywood.....	1.54	1.55	1.52	1.48	1.48	—
Pulp and paper production						(million tonnes)
Pulp.....	7.05	7.62	7.61	7.29	7.10	-2.6
Newsprint, paper and paperboard.....	3.07	2.95	2.84	2.82	2.57	-8.7
Industrial product price indexes						(1992=100)
Softwood lumber — British Columbia.....	142.2	159.6	136.1	159.6	167.8	5.1
Douglas fir plywood.....	123.5	133.2	131.5	133.1	131.9	-0.9
Bleached sulphate pulp for export.....	83.8	111.7	182.8	121.9	117.3	-3.8
Newsprint for export.....	102.5	107.8	150.7	155.9	135.0	-13.4

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 A4.11 Housing Starts in British Columbia by Type of Structure

Type of Structure	1993	1994	1995	1996	1997	Change 1996-1997 (per cent)
Single detached.....	17,787	16,591	11,581	12,447	12,911	3.7
Semi-detached.....	2,767	2,539	1,607	1,528	1,979	29.5
Row.....	5,389	5,164	2,964	3,364	3,469	3.1
Apartment and other.....	16,864	15,114	10,905	10,302	10,992	6.7
Total.....	<u>42,807</u>	<u>39,408</u>	<u>27,057</u>	<u>27,641</u>	<u>29,351</u>	6.2

Source: Canada Mortgage and Housing Corporation.

Table A4.12 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)						
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.....	67,329	4,418	71,747	3,289	75,036	10,390	64,646
1997.....	61,733	4,960	66,693	4,316	71,009	12,114	58,894

¹ gigawatt-hour=one million kilowatt-hours.

Note: Totals may not add due to rounding.

Source: Statistics Canada.

Table A4.13 British Columbia Retail Sales by Trade Group

Trade Group	1995	1996	1997	Change 1996-1997 (per cent)
	(\$ millions)			
Supermarkets and grocery stores.....	7,325	7,310	7,781	6.4
All other food stores.....	571	686	624	-9.0
Drugs and patent medicine stores.....	1,561	1,648	1,776	7.7
Shoe stores.....	201	190	188	-1.4
Men's clothing stores.....	227	193	199	3.2
Women's clothing stores.....	582	533	542	1.6
Other clothing stores.....	657	680	769	13.1
Household furniture and appliance stores.....	1,376	1,429	1,486	4.0
Other household furnishings stores.....	351	364	418	14.9
Motor vehicle and recreation vehicle dealers.....	8,287	8,183	8,253	0.8
Gasoline service stations.....	2,021	2,167	2,442	12.7
Automotive parts, accessories and services.....	1,236	1,429	1,635	14.4
General merchandise stores.....	3,310	3,481	3,715	6.7
Other semi-durable goods stores.....	1,194	1,232	1,220	-1.0
Other durable goods stores.....	941	917	1,035	12.9
Other retail stores.....	1,658	1,629	1,655	1.6
Total — all stores.....	<u>31,496</u>	<u>32,071</u>	<u>33,736</u>	5.2

Note: Totals may not add due to rounding.

Source: Statistics Canada.

Appendix 4: Industrial Structure and Performance

Table A4.14 Indicators of British Columbia Financial Activity

Indicator	Units	1995	1996	1997	Change 1996-1997
					(per cent)
Chartered Banks					
Employees (July).....	(number)	20,834	22,914	26,520	15.7
Branches (October).....	(number)	906	922	925	0.3
Automated banking machines (October).....	(number)	1,854	1,968	2,067	5.0
Business loans outstanding (December).....	(\$ millions)	12,165	12,670	14,323	13.0
Personal loans outstanding (December).....	(\$ millions)	11,965	12,832	13,866	8.1
Credit Unions (December)					
Credit unions.....	(number)	100	100	96	-4.0
Members.....	(thousands)	1,334	1,398	1,419	1.5
Total assets.....	(\$ millions)	18,097	19,518	20,447	4.8
Vancouver Stock Exchange					
Volume of shares traded.....	(millions)	6,142	8,320	7,122	-14.4
Value of shares traded.....	(\$ millions)	6,422	11,986	8,971	-25.2
Transactions.....	(thousands)	1,677	2,695	2,081	-22.8

Sources: Chartered Banks — Canadian Bankers' Association and Bank of Canada.
 Credit Unions — Credit Union Central of B.C.
 Vancouver Stock Exchange — Vancouver Stock Exchange.

Table A4.15 British Columbia Real Estate Market Indicators

Indicator	1996	1997	Change 1996-1997
(per cent)			
Housing starts (number)			
Single units.....	12,447	12,911	3.7
Multiple units.....	15,194	16,440	8.2
Total.....	<u>27,641</u>	<u>29,351</u>	6.2
Multiple listing service activity			
Sales of listed homes (number).....	72,182	68,182	-5.5
Average price (dollars).....	218,687	220,512	0.8
Apartment vacancy rates ¹ (per cent)			
Vancouver.....	1.1	1.7	—
Victoria.....	2.6	3.5	—
Kamloops.....	3.2	4.7	—
Kelowna.....	4.0	3.4	—
Prince George.....	4.5	5.2	—
Cranbrook.....	10.8	11.2	—

¹ October vacancy rate survey.
 Source: Canada Mortgage and Housing Corporation, and the Canadian Real Estate Association.

Table A4.16 British Columbia Tourism Revenue and Overnight Visitors

Origin	Revenue		Revenue Change	Visitors		Visitor Change
	1996	1997 ¹	1996–1997	1996	1997 ¹	1996–1997
	(\$ millions)		(per cent)	(thousands)		(per cent)
British Columbia.....	<u>2,345</u>	<u>2,345</u>	—	<u>10,762</u>	<u>10,654</u>	–1.0
“Short Haul” Regional						
Alberta.....	1,230	1,254	2.0	2,796	2,824	1.0
Other Canadian.....	377	373	–1.0	708	694	–2.0
Washington State.....	646	693	7.3	1,892	2,011	6.3
Oregon State.....	115	124	7.3	272	289	6.3
Other United States.....	<u>72</u>	<u>77</u>	7.3	<u>259</u>	<u>275</u>	6.3
Subtotal.....	<u>2,439</u>	<u>2,521</u>	3.4	<u>5,928</u>	<u>6,093</u>	2.8
North America “Long Haul”						
Ontario.....	688	695	1.0	863	863	—
Other Canadian.....	265	262	–1.0	298	292	–2.0
California.....	387	416	7.3	666	707	6.3
Other United States.....	569	611	7.3	956	1,015	6.3
Mexico.....	<u>20</u>	<u>27</u>	36.1	<u>30</u>	<u>40</u>	34.8
Subtotal.....	<u>1,929</u>	<u>2,010</u>	4.2	<u>2,813</u>	<u>2,918</u>	3.8
Asia and Oceania						
Japan.....	335	314	–6.3	362	335	–7.2
Hong Kong.....	124	92	–26.0	117	86	–26.8
Taiwan.....	99	119	20.1	82	97	18.9
South Korea.....	77	76	–0.6	82	81	–1.6
Australia.....	129	130	0.8	114	114	–0.1
New Zealand.....	36	46	25.3	32	40	24.1
Other Asia and Oceania.....	<u>115</u>	<u>175</u>	52.0	<u>109</u>	<u>164</u>	50.4
Subtotal.....	<u>916</u>	<u>952</u>	4.0	<u>897</u>	<u>916</u>	2.1
Europe						
United Kingdom.....	249	232	–6.9	240	222	–7.9
Germany.....	181	165	–8.6	155	140	–9.5
Switzerland.....	34	31	–9.5	29	26	–10.4
Austria.....	13	13	—	11	11	—
France.....	26	27	3.3	33	33	2.3
Netherlands.....	41	47	13.5	52	59	12.3
Italy.....	15	16	2.9	19	20	1.9
Other Europe.....	<u>69</u>	<u>79</u>	15.8	<u>91</u>	<u>104</u>	14.6
Subtotal.....	<u>629</u>	<u>610</u>	–2.9	<u>631</u>	<u>615</u>	–2.5
Other overseas.....	<u>54</u>	<u>61</u>	13.8	<u>109</u>	<u>123</u>	12.7
Total.....	<u>8,311</u>	<u>8,499</u>	2.3	<u>21,139</u>	<u>21,319</u>	0.9

¹ Preliminary estimates.

Note: Totals may not add due to rounding.

Source: Tourism British Columbia.

Appendix 5: The Provincial Government and Intergovernmental Relations

Table A5.1 Provincial Taxes (as of July 1998)

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%). 50.5% of basic federal tax payable. High income surtax of 30% of provincial tax in excess of \$5,300 plus 26% of provincial tax in excess of \$8,660, reduced by \$50 per dependant.	Collected under agreement by Revenue Canada. BC Family Bonus and BC Earned Income Benefit are combined with the federal government's Canada Child Tax Benefit in a single monthly payment to families. Tax credits for claims against personal and corporate income taxes include the refundable sales tax credit, refundable venture capital tax credit for individuals and non-refundable venture capital tax credit for corporations. Other non-refundable tax credits include the logging tax credit, employee share ownership plan tax credit, provincial political contributions tax credit and provincial royalty tax credit. Refundable tax credits for film production and mineral exploration are also available.
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 and credit unions with net paid-up capital: greater than \$1 billion — 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 or 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 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 and tobacco stick; 77% of retail price on cigars to a maximum tax of \$5.00 per cigar; 11 cents per gram of loose tobacco.	



Table A5.1 Provincial Taxes (as of July 1998)—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.	Tax applies to unleaded gasoline only.
	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%	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. <i>Bona fide</i> farmers are exempt from paying the tax when fuel is used for farming purposes.
	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.....	3 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 areas 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.

Table A5.1 Provincial Taxes (as of July 1998)—Continued

Type and Statute Reference	Tax Base	Tax Rate	Characteristics
Insurance— <i>Insurance Premium Tax Act</i>	Direct premiums written	4% for vehicle and general insurance; 2% for life, sickness, personal accident and loss of salary and wages insurance.	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.
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; 0.10% 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 0.24% 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 on residential properties if authorized by local referendum.
Non-residential school tax— <i>School Act</i>	Assessed value of non-residential land and improvements. Assessment 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.	



Table A5.2 Interprovincial Comparisons of Tax Rates (as of July 1998)

	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	50.5	44.0	49.0	51.0	42.75	n/a	61.0	57.5	59.5	69.0
Flat tax (per cent) ²	n/a	0.5	2.0	2.0	n/a	n/a	n/a	n/a	n/a	n/a
Surtax ³										
Per cent of provincial tax ..	30.0/26.0	8.0	10.0/15.0	2.0	20.0/30.0	n/a	8.0	10.0	10.0	10.0
Threshold	\$5,300/ \$8,660	\$3,500	\$1/ \$4,000	Net Income >\$30,000	\$4,058/ \$5,218	n/a	\$13,500	\$10,000	\$12,500	\$7,900
Provincial personal income tax (per cent of income at \$55,000/year) ⁴										
	5.8	5.5	7.7	7.1	4.9	8.3	7.0	6.6	6.8	7.9
Corporation income tax (per cent of taxable income) ⁵										
General rate	16.5	15.5	17.0	17.0	15.5	9.15	17.0	16.0	16.0	14.0
Small business rate	9.0	6.0	8.0	9.0	9.0	5.91	7.0	5.0	7.5	5.0
Corporation capital tax (per cent) 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	0.6/0.99	1.32	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	2.0
Insurance premiums tax (per cent) ⁹										
	2.0-4.0	2.0-3.0	2.0-3.0	2.0-3.0	2.0-3.5	2.0-3.0	2.0-3.0	3.0-4.0	3.0	4.0
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	19.8	13.7	15.4	13.5	16.5
Retail sales tax (per cent) ¹¹										
General rate	7.0	Nil	7.0	7.0	8.0	7.5	8.0	8.0	10.0	8.0
Liquor	10.0	Nil	7.0	7.0	12.0	7.5	8.0	8.0	37.5	8.0
Meals	Nil	Nil	Nil	7.0	8.0	7.5	8.0	8.0	10.0	8.0
Accommodations ¹²	8.0	5.0	7.0	7.0	5.0	7.5	8.0	8.0	10.0	8.0
Tobacco tax (dollars per carton of 200 cigarettes) ¹³										
	\$22.00	\$14.00	\$20.00	\$19.25	\$6.51	\$7.70	\$10.15	\$10.84	\$12.65	\$25.96

¹ Rates are for the 1998 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. Quebec rate includes a 0.3 per cent surtax which contributes to the province's Anti-Poverty Fund.

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. Quebec rate includes a 2.8 per cent surtax which contributes to the province's Anti-Poverty Fund.

⁶ The British Columbia non-financial rate applies to corporations with net 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. Quebec rates include a 3 per cent surtax which contributes to the province's Anti-Poverty Fund. Quebec has an additional compensation tax on financial institutions.

⁷ British Columbia has a two-person rate of \$64 per month. 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 Quebec and Prince Edward Island tax rates are imposed on top of the federal goods and services tax.

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 1998

Income Tax Act

Personal:

- The provincial personal income tax rate is reduced to 49.5 per cent from 50.5 per cent of the basic federal tax effective for the 1999 and subsequent taxation years.
- The provincial high income surtax is reduced to 19 per cent from 26 per cent of provincial tax in excess of \$8,660 effective for the 1999 and subsequent taxation years.
- The act was amended to change the provisions for the BC Family Bonus program to allow the benefit to be determined by regulation and to provide for the new BC Earned Income Benefit.

Corporate:

- The provincial small business rate is decreased to 8.5 per cent from 9 per cent effective January 1, 1999 and to 8 per cent effective January 1, 2000.
- Refundable tax credits, provided through Film Incentive BC, are introduced in respect of qualified film and television products with principal photography commencing on or after April 1, 1998. Measures include a 20 per cent basic tax credit on qualifying labour expenditures for British Columbia-controlled productions; a 12.5 per cent regional tax credit on qualifying labour expenditures for shoots outside of Vancouver; and a 3 per cent training tax credit on qualifying labour expenditures for providing training opportunities for workers. Qualifying labour expenditures are capped at 48 per cent of total production costs. All projects must incur a minimum of 75 per cent of production and post-production costs in British Columbia and must meet a minimum level of Canadian content.
- A production services tax credit, targeted primarily for foreign film and television producers, is introduced for qualifying film and television productions with principal photography commencing on or after June 1, 1998. Eligibility for this refundable tax credit is not tied to Canadian content, ownership or expenditure requirements. The tax credit rate is 11 per cent and cannot be combined with the Film Incentive BC tax credits.
- A refundable income tax credit is provided for both individual prospectors and corporations that undertake grass roots exploration in the province on or after August 1, 1998. The tax credit is equal to 20 per cent of eligible British Columbia exploration expenses.

Corporation Capital Tax Act

- The exemption threshold will be increased from \$1.5 million of net paid-up capital to the following amounts effective for the taxation years ending on or after the dates shown:
 - \$2.5 million effective January 1, 1999;
 - \$3.5 million effective January 1, 2000; and
 - \$5 million effective January 1, 2001.
- Effective for the taxation years ending on or after April 1, 1998, the threshold above which large financial institutions are subject to tax at the higher 3 per cent rate is increased to \$1 billion from \$750 million of net paid-up capital.

Social Service Tax Act

- Effective May 1, 1998, exemption provided for 1-800 and equivalent telecommunications services. Effective March 1, 1998, exemptions provided for software source code, tangible personal property incorporated into copies of prototypes for testing purposes, and chemicals used to make chlorine dioxide and sodium hydrosulfite for use in the pulp and paper industry. Effective March 31, 1998, exemptions for purchases of fertilizer restricted to purchases for an agricultural purpose unless purchased by an individual or for an exempt use under the act.
- 1993 transitional provision to provide a refund of 1 point of provincial sales tax paid for goods ordered prior to the 1993 tax rate change to 7 per cent from 6 per cent, but received after the rate change, amended to apply only to purchasers who were obligated to acquire a specific quantity of tangible personal property within a specific period of time.

School Act

- For 1998, maintains average gross residential school taxes at 1997 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. 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. 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 1997 levels by reducing the residential rural area tax rate to reflect the roughly 2.2 per cent increase in average residential assessed values in the rural areas. Non-residential rural area property tax rates are unchanged from 1997.

Tobacco Tax Act

- Increases the tax on tobacco sticks to be equivalent to the tax rate for manufactured cigarettes on a per unit basis. The stick tax rate of 11 cents per gram (about 7.2 cents per stick) is increased to 11 cents per stick.

Motor Fuel Tax Act

- Reduces the tax rate for jet fuel purchased by carriers flying on international routes to 3 cents per litre from 4 cents, effective April 1, 1998.
- Exempts *bona fide* farmers from paying the 3 cents per litre tax on coloured fuel that is used for farm operations, effective June 1, 1998.

Insurance Premium Tax Act and Fire Services Act

- Merges the fire insurance tax with the insurance premium tax for property, pleasure craft and liability insurance. This means that the fire insurance premium tax paid by insurance companies on property, pleasure craft and liability insurance premiums is increased to 4 per cent from 3 per cent. The number of insurance tax rates is reduced to two from four.

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>	1997 announced total for municipal equalization and small community protection grants minus 1998 small community protection grant	Municipalities will receive amounts similar to 1997	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
Water facilities assistance (new)	<i>Local Government Grants Act</i>	Capital costs of approved projects	20-50% of approved costs, subject to other limits	Conditional program
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
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	Conditional program to 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 and implementation grants	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 October 1998)

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.	
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, Royal Roads University Act and Technical University of British Columbia 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) Capital contributions	(a) Contributions for operating expenses approved by the Ministry of Advanced Education, Training and Technology. (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) Capital contributions	(a) Contributions for operating expenses approved by the Ministry of Advanced Education, Training and Technology. (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 Advanced Education, Training and Technology.	
		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.
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.



Table A6.1 Provincial Programs for People (at October 1998)—Continued

Type	Statutory Reference	Basis	Rate	Remarks
Youth Programs		Need for entrepreneurship and employment-related training	<i>Youth Options BC</i> is a comprehensive set of initiatives which helps youth to obtain education, skills training, career planning and guidance.	The Premier is the Minister Responsible for Youth. Specific programs are administered by various ministries.
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).	Payment of direct operating contributions to hospitals for care of all qualified provincial residents.	Patient charge of \$24.10 to \$38.00 per diem for extended care (not applicable for persons under the age of 19).
		Out-patient care	Payment made for a wide range of services, including day-care surgery.	
		Hospital equipment	Contributions of 33 to 100% on major movable depreciable equipment.	
	<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.....	Province pays 100%.	
		Need.....	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.....	Medical services plan monthly premiums are: \$36 per single person, \$64 per family of two and \$72 per family of three or more.	
		Income or need.....	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. The grant is phased out for homes worth over \$525,000.
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 October 1998)—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.....	Assistance includes project development funds, interim financing, mortgage guarantees up to 100% of capital costs, and ongoing subsidies to reduce rents.	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.
		Homeless/at risk housing.....	Assistance includes project development funds, interim financing, mortgage guarantees up to 100% of capital costs, and ongoing subsidies to reduce rents.	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.
		Community housing initiatives.....	Approved projects are eligible for one-time grants for specific and time limited projects. Funding is also allocated to sustaining community housing centres in key regions across the province.	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.....	Reimbursement (income tested) for At-Home Respite.	Services in each community are operated by non-profit societies, individuals or private agencies under contract with the Ministry for Children and Families.
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 (Child Care) 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.



Table A6.1 Provincial Programs for People (at October 1998)—Continued

Type	Statutory Reference	Basis	Rate	Remarks
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</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	Within municipal boundaries, the province cost-shares with municipalities the capital construction, rehabilitation and maintenance (curb to curb) of arterial highways. Outside of municipal boundaries, the province fully funds these costs.	
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, to a maximum of \$200,000.	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 of \$40,000.	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 \$15,000.	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 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, which subsequently invests in one or more small business.	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).	20% federal income tax credit to a maximum of \$2,000 per year for employee investors. Half the cost associated with setting up each ESOP, to a maximum of \$5,000, for both company and employee groups.	Ministry of Small Business, Tourism and Culture
Working Opportunity Fund	This registered private sector labour-sponsored fund was established to encourage British Columbia residents to pool their capital for investment in small-to-medium sized businesses.	20% provincial income tax credit to a maximum of \$2,000 per year and a 15% federal income tax credit to a maximum of \$525 per year.	Private fund registered under the <i>Employee Investment Act</i> . Administered by The 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**

	1994	1995	1996	1997	1998
	(\$ millions)				
Revenues:					
Domestic	2,089.6	2,144.4	2,217.8	2,239.1	2,191.7
Electricity trade	<u>95.2</u>	<u>141.8</u>	<u>51.2</u>	<u>163.6</u>	<u>341.2</u>
	<u>2,184.8</u>	<u>2,286.2</u>	<u>2,269.0</u>	<u>2,402.7</u>	<u>2,532.9</u>
Expenses:					
Energy costs	426.4	511.2	498.8	513.6	610.6
Operating expenses	425.0	408.7	398.5	415.2	384.9
Taxes	169.5	171.2	168.7	168.8	176.8
Depreciation	295.5	286.7	307.1	322.4	335.7
Finance charges	678.6	723.6	745.8	625.0	585.0
Corporate restructuring costs	—	<u>23.0</u>	—	<u>19.0</u>	—
	<u>1,995.0</u>	<u>2,124.4</u>	<u>2,118.9</u>	<u>2,064.0</u>	<u>2,093.0</u>
Net income before customer profit sharing	<u>189.8</u>	<u>161.8</u>	<u>150.1</u>	<u>338.7</u>	<u>439.9</u>
Customer profit sharing	—	—	—	—	<u>32.1</u>
Total net income	<u>189.8</u>	<u>161.8</u>	<u>150.1</u>	<u>338.7</u>	<u>407.8</u>

Source: British Columbia Hydro and Power Authority.

**Table A7.2 British Columbia Railway Company
Income Statement for the Years Ended December 31**

	1993	1994	1995	1996	1997
	(\$ millions)				
Revenues	334.2	385.5	425.1	418.7	427.1
Expenses	<u>306.4</u>	<u>313.0</u>	<u>343.0</u>	<u>348.6</u>	<u>349.5</u>
Operating income	27.8	72.5	82.1	70.1	77.6
Non-operating expenses	<u>24.4</u>	<u>32.0</u>	<u>35.4</u>	<u>33.8</u>	<u>37.4</u>
Net income	<u>3.4</u>	<u>40.5</u>	<u>46.7</u>	<u>36.3</u>	<u>40.2</u>

Source: British Columbia Railway Company.

Appendix 7: Crown Corporations and Agencies

**Table A7.3 Insurance Corporation of British Columbia
Income Statement for the Years Ended December 31**

	1993	1994	1995	1996	1997
Revenue:					
Net premiums.....	2,041.8	2,163.6	2,253.2	2,276.6	2,303.4
Investment income.....	246.6	264.8	315.1	348.5	387.0
	<u>2,288.4</u>	<u>2,428.4</u>	<u>2,568.3</u>	<u>2,625.1</u>	<u>2,690.4</u>
Claims and expenses:					
Claims incurred.....	1,641.6	1,783.7	1,967.3	2,125.5	2,025.9
Claims operations expense.....	174.2	177.2	186.7	212.8	219.3
Administration, commissions and taxes.....	316.5	326.6	352.0	421.7	431.2
	<u>2,132.3</u>	<u>2,287.5</u>	<u>2,506.0</u>	<u>2,760.0</u>	<u>2,676.4</u>
Net income (loss).....	<u>156.1</u>	<u>140.9</u>	<u>62.3</u>	<u>(134.9)</u>	<u>14.0</u>

Source: Insurance Corporation of British Columbia.

**Table A7.4 Liquor Distribution Branch
Income Statement for the Years Ended March 31**

	1994	1995	1996	1997	1998
Provincial liquor sales.....	1,441.2	1,480.4	1,498.1	1,539.7	1,594.5
Less cost of sales ¹	(730.8)	(754.8)	(771.7)	(791.9)	(825.9)
Gross margin.....	710.4	725.6	726.4	747.8	768.6
Operating expenses.....	(160.7)	(160.4)	(162.0)	(164.0)	(165.8)
Other income.....	5.1	3.3	3.1	3.3	3.2
Net income.....	<u>554.8</u>	<u>568.5</u>	<u>567.5²</u>	<u>587.1²</u>	<u>606.0²</u>

¹ Includes discounts and commissions.

² Due to year-end accounting adjustments, net income figures are different from those reported in Appendix 2.

Source: Liquor Distribution Branch.

**Table A7.5 British Columbia Lottery Corporation
Income Statement for the Years Ended March 31**

	1994	1995	1996	1997	1998
	(\$ millions)				
Lottery sales.....	769.1	780.8	797.0	867.5	942.2
Less prizes and direct costs.....	457.6	472.6	486.7	529.8	571.4
Gross margin.....	311.5	308.2	310.3	337.7	370.8
Operating expenses.....	71.6	67.4	59.7	64.8	80.5
Net income.....	<u>239.9</u>	<u>240.8</u>	<u>250.6</u>	<u>272.9</u>	<u>290.3</u>
Allocation of Net Income:					
Government of Canada.....	6.1	6.3	6.5	6.7	6.9
Government of British Columbia.....	<u>233.8</u>	<u>234.5¹</u>	<u>244.1¹</u>	<u>266.2</u>	<u>283.4¹</u>
	<u>239.9</u>	<u>240.8</u>	<u>250.6</u>	<u>272.9</u>	<u>290.3</u>

¹ Due to year-end accounting adjustments, the net income allowance to the province differs from those reported in Appendix 2.

Source: British Columbia Lottery Corporation.

**Table A7.6 British Columbia Transit Revenue and Expenditure
Statement for the Years Ended March 31**

	1994	1995	1996	1997	1998
	(\$ millions)				
Expenditures:					
Transit operations ¹	302.3	315.0	335.5	363.9	381.5
Administration.....	48.9	50.8	53.5	53.3	54.7
Debt servicing ²	191.6	200.1	222.7	225.6	231.7
	<u>542.8</u>	<u>565.9</u>	<u>611.7</u>	<u>642.8</u>	<u>667.9⁴</u>
Recoveries:					
Contributions from Province of British Columbia.....	238.3	248.9	270.9	281.4	287.4
Contributions from participating municipalities.....	114.2	123.0	130.3	140.1	142.8
Transit operations.....	186.8	189.6	205.2	216.8	233.1
Other ³	3.5	4.4	4.3	3.7	3.6
	<u>542.8</u>	<u>565.9</u>	<u>610.7</u>	<u>642.0</u>	<u>666.9⁴</u>

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 \$1 million dividend (\$0.8 million in 1996/97) declared by BC Transit's subsidiary, BC Transit Captive Insurance Company.

Source: British Columbia Transit.

Table A7.9 Major British Columbia Crown Corporations and Agencies (at October 1998)(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 Energy and Mines and Minister Responsible for Northern Development	Operation of a railway, deep-sea terminal facilities, real estate development company and joint venture management company.
Columbia Power Corporation	PO Box 9136 Stn Prov Govt 3rd Floor, 844 Courtney Street Victoria, B.C. V8W 9B5 (250) 953-5179	Minister of Agriculture and Food	Develops and operates power projects in Columbia Basin Region.
Insurance Corporation of British Columbia	151 West Esplanade North Vancouver, B.C. V7M 3M9 (604) 661-2800	Minister of Employment and Investment	Provision of automobile insurance.
Liquor Distribution Branch	2625 Rupert Street Victoria, B.C. V5M 3T5 (250) 252-3150	Ministry of Small Business, Tourism and Culture	Purchase, distribution and sale of alcoholic beverages.
Skeena Cellulose Inc.	Suite 2300 666 Burrard Street Vancouver, B.C. V6C 2X8 (604) 688-2225	Minister of Employment and Investment	Operation of forest products mills in north-western British Columbia.
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.
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, the Bridge Studios, and the B.C. Place Stadium.
British Columbia Ferry Corporation	1112 Fort Street Victoria, B.C. V8V 4V2 (250) 381-1401	Minister of Energy and Mines and Minister Responsible for Northern Development	Operation of coastal ferry service.
British Columbia Transit	13401 — 108th Avenue Surrey, B.C. V3T 5T4 (604) 540-3000	Minister of Finance and Corporate Relations	Provision and maintenance of public transportation systems.
Fisheries Renewal BC	405, 960 Quayside Drive New Westminster, B.C. V3M 6G2 (604) 660-0939	Minister of Fisheries	Promote protection and conservation of fish stocks and habitat, and strengthen fishing communities.
Forest Renewal BC	9th Floor, 727 Fisgard Street Victoria, B.C. V8V 1X4 (250) 387-2500	Minister of Forests	Oversees the investment of money into forest renewal activities.
Okanagan Valley Tree Fruit Authority	Box 6000 Summerland, B.C. V0H 1Z0 (250) 494-5021	Minister of Agriculture 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.



Table A7.9 Major British Columbia Crown Corporations and Agencies (at October 1998)

—Continued

Corporate Entity	Address and Telephone Number	Minister Responsible	Functions
Tourism British Columbia	Ste. 300, 1803 Douglas Street PO Box 9830, Stn Prov Govt Victoria, B.C. V8W 9W5 (250) 356-6363	Minister of Small Business, Tourism and Culture	Promote development and growth in tourism to increase revenue and employment throughout British Columbia.
Social and Government Services:			
British Columbia Assessment Authority	1537 Hillside Avenue Victoria, B.C. V8T 4Y2 (250) 595-6211	Minister of Municipal Affairs	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 Responsible for the Public Service	Provision of accommodation and property management services for government ministries and entities.
British Columbia Housing Management Commission	1701 - 4330 Kingsway Avenue Burnaby, B.C. V5H 4G7 (604) 439-4703	Minister of Employment and Investment	Management of provincial and federal- provincial housing units and administration of rent supplement programs.
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.
Provincial Capital Commission	613 Pandora Avenue Victoria, B.C. V8W 1N8 (250) 386-1356	Minister of Advanced Education, Training and Technology and Minister of Intergovernmental 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 Employment and Investment	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 1998)

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 Dale Lovick
Minister of Advanced Education, Training and Technology, and Minister of Intergovernmental Relations	Honourable Andrew Petter
Minister of Agriculture 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 Lois Boone
Minister of Education	Honourable Paul Ramsey
Minister of Employment and Investment, and Minister Responsible for Housing	Honourable Michael Farnworth
Minister of Energy and Mines, Minister Responsible for Northern Development, and Deputy Premier	Honourable Dan Miller
Minister of Environment, Lands and Parks	Honourable Cathy McGregor
Minister of Finance and Corporate Relations	Honourable Joy K. MacPhail
Minister of Fisheries	Honourable Dennis Striefel
Minister of Forests	Honourable David Zirnhelt
Minister of Health, and Minister Responsible for Seniors	Honourable Penny Priddy
Minister of Human Resources	Honourable Jan Pullinger
Minister of Municipal Affairs	Honourable Jenny Kwan
Minister Responsible for the Public Service	Honourable Moe Sihota
Minister of Small Business, Tourism and Culture	Honourable Ian Waddell
Minister of Transportation and Highways	Honourable Harry Lali
Minister of Women's Equality	Honourable Sue Hammell

PARLIAMENTARY SECRETARIES

Minister of Education	Graeme Bowbrick
Minister of Employment and Investment	Rick Kasper
Minister of Energy and Mines	Fred Randall
Minister of Forests	Glenn Robertson
Minister of Health	Helmut Giesbrecht
Minister of Municipal Affairs	Jim Doyle
Minister of Transportation and Highways	Ed Conroy

THIRTY-SIXTH LEGISLATIVE ASSEMBLY

Speaker: Honourable Gretchen Mann Brewin

Deputy Speaker: Bill Hartley

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, Hon. Gretchen Mann	New Democrat	Victoria-Beacon Hill
Calendino, Pietro	New Democrat	Burnaby North
Campbell, Gordon	Liberal	Vancouver-Point Grey
Cashore, John	New Democrat	Coquitlam-Maillardville
Chong, Ida	Liberal	Oak Bay-Gordon Head
Clark, Christy	Liberal	Port Moody-Burnaby Mountain

Appendix 8: Lieutenant Governor, Executive Council and Members of the Thirty-sixth Legislative Assembly (as of October 1998)

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
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, Hon. Jenny	New Democrat	Vancouver-Mount Pleasant
Lali, Hon. 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
Robertson, Glenn	New Democrat	North Island
Sanders, April	Liberal	Okanagan-Vernon
Sawicki, Joan	New Democrat	Burnaby-Willingdon
Sihota, Hon. 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, Hon. Ian	New Democrat	Vancouver-Fraserview
Walsh, Erda	New Democrat	Kootenay
Weisbeck, John	Liberal	Okanagan East
Weisgerber, Jack	Independent	Peace River South
Whittred, Katherine	Liberal	North Vancouver-Lonsdale

*Appendix 8: Lieutenant Governor, Executive Council and Members of the
Thirty-sixth Legislative Assembly (as of October 1998)*

Wilson, Gordon	Progressive Democratic Alliance	Powell River-Sunshine Coast
Wilson, John	Liberal	Cariboo North
Zirnhelt, Hon. David	New Democrat	Cariboo South
Vacant		Parksville-Qualicum

Party standings: New Democrat 39; Liberal 33; Progressive Democratic Alliance 1; Independent 1; Vacant 1; Total 75.

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 two 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.

Appendix 9: Government Agents (at October 1998)

Government Agents offices are located in the following 58 communities, where they provide the public with one-step access to 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. Information on Government Agent services is also available on the Internet at www.sb.gov.bc.ca/infobc/0000/0000.html

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	Judy Young
Bella Coola.....	(250) 799-5361	Chris Millham	Nanaimo*.....	(250) 741-3636	Donna Cadieux†
Burns Lake.....	(250) 692-7117	Emiko Fukushima	Nelson*.....	(250) 354-6104	Barb Henry
Campbell River*....	(250) 286-7555	Jeff MacKenzie	Oliver.....	(250) 498-3818	Doug Blatchford
Chetwynd.....	(250) 788-2239	Marty Nelson	100 Mile House*.....	(250) 395-5595	Erich Breikreuz
Chilliwack*.....	(604) 795-8415	Jim Hay	Penticton.....	(250) 492-1211	Jim Torrance
Clinton.....	(250) 459-2268	Walter Poohachoff	Port Alberni.....	(250) 724-9200	Sven Buemann
Courtenay*.....	(250) 897-7500	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 de Bucy
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	Erich Breikreuz

* Access Centre.

† Acting.

Appendix 10: Ministry Contacts (at October 1998)

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:

Victoria..... (250) 387-6121
 Vancouver..... (604) 660-2421
 Elsewhere in British Columbia..... 1-800-663-7867
 Telephone Device for the Deaf (TDD):
 Vancouver..... (604) 775-0303
 Elsewhere in British Columbia..... 1-800-661-8773

or purchase a copy of the *BC Guide to Programs and Services of the Provincial Government* from the Queen's Printer:

Victoria..... (250) 387-6409
 Elsewhere in British Columbia..... 1-800-663-6105

For information on electronic access to government registry databases contact BC OnLine:

Victoria..... (250) 387-4750
 Vancouver..... (604) 775-2265
 Elsewhere in British Columbia..... 1-800-663-6102

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
Negotiations Division	908 Pandora Avenue, Victoria, V8V 1X4	—	(250) 356-9516
Negotiation Support Division	908 Pandora Avenue, Victoria, V8V 1X4	Patrick O'Rourke (Assistant Deputy Minister)	(250) 356-0226
Ministry of Advanced Education, Training and Technology	General Enquiries	—	(250) 387-4611
Post Secondary Education Division	3rd Floor, 835 Humboldt Street, Victoria, V8V 4W8	Robin Ciceri (Assistant Deputy Minister)	(250) 356-2498
Skills Development Division	3rd Floor, 835 Humboldt Street, Victoria, V8V 4W8	Betty Notar (Assistant Deputy Minister)	(250) 387-1074
Office for Disability Issues	100, 333 Quebec Street, Victoria, V8V 1X4	—	(250) 387-3813 TDD 387-3555
Ministry of Agriculture and Food	General Enquiries	—	(250) 387-5121
Agricultural Risk Management Branch	1690 Powick Road, Kelowna, V1X 7G5	Gary Falk (Manager)	(250) 861-7211
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	Liz Gilliland (Director)	(250) 356-2946
Trade Competition Branch	633 Courtney Street, Victoria, V8W 1B9	John Schildroth (Director)	(250) 387-7183
Ministry of Attorney General	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	306-815 Hornby Street, Vancouver, V6Z 2E6	Mary-Woo Sims (Chief Commissioner)	(604) 660-6811
Human Rights	Information Line	—	1-800-663-0876
Immigration and Multiculturalism	3rd Floor, 1019 Wharf Street, Victoria, V8W 9J1	Cathy Stigant (Executive Director)	(250) 387-7951
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 —	—	—	—
Emergency Coordination Centre	Information Line	—	1-800-663-3456
Victims Information Line	Information Line	—	1-800-563-0808
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 October 1998)

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 Operations and Performance Management Division	2nd Floor, 1022 Government Street, Victoria, V8V 1X4	Vaughan Dowie (Assistant Deputy Minister)	(250) 387-1647
Child, Youth and Family Support Division	2nd Floor, 1022 Government Street, Victoria, V8V 1X4	Diane Johnston (Assistant Deputy Minister)	(250) 387-2207
Governmental Relations Division	2nd Floor, 1022 Government Street, Victoria, V8V 1X4	Dyan Dunsmoor-Farley (Assistant Deputy Minister)	(250) 387-0446
Community Living, Community Support and Chief Information Officer	2nd Floor, 737 Courtney Street, Victoria, V8W 9S2	Theresa Kerin (Assistant Deputy Minister)	(250) 387-0978
Child Protection Division	955 Wharf Street, Victoria, V8W 9S5	Ross Dawson (Director)	(250) 387-7060
Management Services Division	955 Wharf Street, Victoria, V8W 9S5	Les Foster (Assistant Deputy Minister)	(250) 387-1745
Ministry of Education	General Enquiries	—	(250) 387-4611
Communications Branch	1st Floor, 835 Humboldt Street, Victoria, V8V 4W8	—	(250) 356-2500
Ministry of Employment and Investment	General Enquiries	—	(250) 952-0606
Communications	8th Floor, 1810 Blanshard St., Victoria V8W 9N3	Don Zadavec (Executive Director)	(250) 952-0607
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	Gordon Robinson (Assistant Deputy Minister)	(250) 952-0243
Ministry of Energy and Mines	General Enquiries	—	(250) 952-0606
Communications Division	8th Floor, 1810 Blanshard St., Victoria V8W 9N3	Shawn Robbins (Director)	(250) 952-0621
Resource 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	Joan Hesketh (Assistant Deputy Minister)	(250) 952-0132
Ministry of Environment, Land and Parks	General Enquiries	—	(250) 387-1161
Environmental Emergencies	Information Line	—	1-800-663-3456
B.C. Recycling Hot Line	Information Line	—	1-800-667-4321
Communications	1st Floor, 2975 Jutland Road, Victoria, V8W 9M2	Liz Bicknell (A/Assistant 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 and Communications Division	5th Floor, 2975 Jutland Road, Victoria, V9W 9M1	Mark Stefanson (Executive Director)	(250) 387-9670
Ministry of Finance and Corporate Relations	General Enquiries	—	(250) 387-9278
Communications	126 — 553 Superior 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	1802 Douglas Street, Victoria, V8T 4K6	—	(250) 953-3219
Consumer Taxation, Vancouver	500, 605 Robson Street, Vancouver, V6B 5J3	—	(604) 660-4524
Corporate Capital Tax	1802 Douglas Street, Victoria, V8T 4K6	—	(250) 953-3082
Property Transfer Tax	1802 Douglas Street, Victoria, V8T 4K6	—	(250) 387-0604
Real Property Taxation	1802 Douglas Street, Victoria, V8T 4K6	—	(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 4R8	Arn Van Iersel (Comptroller General)	(250) 387-6692
Corporate Accounting Operations	617 Government Street, Victoria, V8V 4R8	Elaine McKnight (Director)	(250) 387-8793
Provincial Treasury	620 Superior Street, Victoria, V8V 1X4	Bob de Faye (Assistant Deputy Minister)	(250) 387-9295
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



Appendix 10: Ministry Contacts (at October 1998)

Ministry and Branch	Address	Contact	Telephone Number
Ministry of Finance and Corporate Relations — Continued			
Labour Relations	548 Michigan Street, Victoria, V8V 1S3	Ron McEachern (Deputy Commissioner)	(250) 387-6323
Organizational Support Services	548 Michigan Street, Victoria, V8V 1S3	Faye Schmidt (Director)	(250) 356-5446
Central Payroll and Personnel Information Services	548 Michigan Street, Victoria, V8V 1S3	Rick Ottewell (Director)	(250) 356-0377
Superannuation Commission	2995 Jutland Road, Victoria, V8W 9V8	John Cook (Commissioner)	(250) 387-1002
Finance Branch	2995 Jutland Road, Victoria, V8W 9V8	—	(250) 356-9593
Municipal Pension Plan	Information Line	—	1-800-668-6335
Public Service Pension Plan	Information Line	—	1-800-665-3554
College and Single Employer Pension Plans	Information Line	—	1-888-440-0111
Teachers' Pension Plan	Information Line	—	1-800-665-6770
Pensioner Services	Information Line	—	1-888-293-1111
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	—	(250) 387-6409
Outside Victoria	Order Desk Line	—	1-800-663-6105
Purchasing Commission	#102-3350 Douglas Street, Victoria, V8Z 3L1	Dave Collisson (Executive Director)	(250) 387-7311
Purchasing Services Branch	#102-3350 Douglas Street, Victoria, V8Z 3L1	Richard Poutney (Director)	(250) 387-7313
Vehicle Contract Management	#102-3350 Douglas Street, Victoria, V8Z 3L1	Duncan McLelland (Director)	(250) 387-7312
Land Use Coordination Office	2nd Floor, 836 Yates Street, Victoria, V8W 1M1	Derek Thompson (Assistant Deputy Minister)	(250) 387-1526
Ministry of Fisheries	General Enquiries	—	(250) 952-6644
Communications	780 Blanshard Street, Victoria, V8W 9M2	—	(250) 356-5126
Programs and Operations	780 Blanshard Street, Victoria, V8W 9M2	(Assistant Deputy Minister)	(250) 356-3076
Fisheries Management	780 Blanshard Street, Victoria, V8W 9M2	(Director)	(250) 387-9711
Sustainable Economic Development	780 Blanshard Street, Victoria, V8W 9M2	(Director)	(250) 387-9689
Fisheries Planning and Information	780 Blanshard Street, Victoria, V8W 9M2	(Director)	(250) 356-1608
Library	780 Blanshard Street, Victoria, V8W 9M2	—	(250) 387-9568
Policy Planning and Liaison	780 Blanshard Street, Victoria, V8W 9M2	(Assistant Deputy Minister)	(250) 356-3036
Fisheries Policy and Legislation	780 Blanshard Street, Victoria, V8W 9M2	(Director)	(250) 356-7015
Intergovernmental Relations	780 Blanshard Street, Victoria, V8W 9M2	(Director)	(250) 356-1874
Management Services	780 Blanshard Street, Victoria, V8W 9M2	(Director)	(250) 356-6235
Ministry of Forests	General Enquiries	—	(250) 387-5255
Communications Branch	3rd Floor, 595 Pandora Avenue, Victoria, V8W 3E7	—	(250) 387-5255
Forest Fire Reporting	Emergency Line	—	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	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
Social Policy Branch	614 Humboldt Street, Victoria, V8W 9R2	—	(250) 387-1487
Prevention, Compliance and Enforcement	614 Humboldt Street, Victoria, V8W 9R2	—	(250) 356-8200
Health Services Division	614 Humboldt Street, Victoria, V8W 9R2	—	(250) 387-5664
Emergency Social Services	614 Humboldt Street, Victoria, V8W 9R2	—	(250) 387-0030
Information and Privacy Division	614 Humboldt Street, Victoria, V8W 9R2	—	(250) 387-3128



Appendix 10: Ministry Contacts (at October 1998)

Ministry and Branch	Address	Contact	Telephone Number
Ministry of Labour	General Enquiries	—	(250) 356-1487
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	Suite 870, 360 West Georgia St., Vancouver, V6B 6B2	—	(604) 775-1266
Ministry of Municipal Affairs	General Enquiries	—	(250) 387-7912
Communications Branch	6th Floor, 800 Johnson Street, Victoria, V8V 1X4	—	(250) 387-4089
Property 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) 356-1791
Office of the Fire Commissioner	800 Johnson Street, Victoria, V8V 1X4	Rick Dumala (Fire Commissioner)	(250) 356-9000
Minister Responsible for the Public Service ..	General Enquiries	—	(250) 356-9819
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, 1803 Douglas Street, Victoria, V8W 9W5	—	(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://rbcml.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
Ministry of Transportation and Highways	General Enquiries	—	(250) 387-3198
Deputy Minister's Office	940 Blanshard Street, Victoria, V8W 9T5	—	(250) 387-3280
Public Affairs Branch	940 Blanshard Street, Victoria, V8W 9T5	—	(250) 387-7788
Library	940 Blanshard Street, Victoria, V8W 9T5	—	(250) 387-5512
Superintendent of Motor Vehicles	P.O. Box 9850, Stn Prov Govt, Victoria, V8W 3E6	—	(250) 387-0885
Driver and vehicle licence enquiries	ICBC Customer Service — Victoria	—	(250) 387-6824
Driver and vehicle licence enquiries	ICBC Customer Service — Outside of Victoria	—	1-800-950-1498
Motor Carrier Commission	207, 703 Broughton Street, Victoria, V8W 1E2	—	(250) 953-3777
Road Conditions			
Cellular Phones (BC TEL and Cantel)	— Information Line	—	*4997 (*HWYS)
Credit card calls (75¢/min.) — B.C. wide ...	— Information Line	—	1-800-550-4997
Credit card calls (75¢/min.) — Vancouver ..	— Information Line	—	(604) 420-4997
900 Service (75¢/min.)	— Information Line	—	1-900-565-4997
900 Service (75¢/min.) Western USA	— Information Line	—	1-900-228-4997
Rural Northern British Columbia	— Information Line	—	1-800-663-4997
Talking Yellow Pages (local calls)	Enter code 7623 (ROAD) from touch tone phone	—	—
Greater Vancouver	— Information Line	—	(604) 299-9000
Victoria	— Information Line	—	(250) 953-9000
Penticton	— Information Line	—	(250) 492-2929
Kelowna	— Information Line	—	(250) 861-2929
Vernon	— Information Line	—	(250) 545-2929
Kamloops	— Information Line	—	(250) 374-2929
Prince George	— Information Line	—	(250) 564-2929
Internet Site	http://www.th.gov.bc.ca/bchighways/	—	—



Appendix 10: Ministry Contacts (at October 1998)

Ministry and Branch	Address	Contact	Telephone Number
Ministry of Women's Equality	General Enquiries	—	(250) 387-3600
Communications Branch	5th Floor, 712 Yates Street, Victoria, V8W 1L4	Dianne George (Director)	(250) 387-4570
Library	5th Floor, 712 Yates Street, Victoria, V8W 1L4	Anne Morgan (Librarian)	(250) 356-5181
Policy and Evaluation Branch	5th Floor, 712 Yates Street, Victoria, V8W 1L4	—	(250) 953-4513
Stopping the Violence and Regional Programs Branch	5th Floor, 712 Yates Street, Victoria, V8W 1L4	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 a list of British Columbia organizations with web sites. Most of the links found on the British Columbia government web site lead to other servers.

Legislative Assembly and its Agencies

• Legislative Assembly of British Columbia	• Office of the Information and Privacy Commissioner
• Office of the Auditor General	• Office of the Ombudsman
• Office of the Child, Youth and Family Advocate	• Elections British Columbia
• Office of the Conflict of Interest Commissioner	

Government Ministries

• Ministry of Aboriginal Affairs	• Ministry of Fisheries
• Ministry of Advanced Education, Training and Technology	• Ministry of Forests
• Ministry of Agriculture and Food	• Ministry of Health
• Ministry of Attorney General	• Ministry of Human Resources
• Ministry for Children and Families	• Ministry of Labour
• Ministry of Education	• Ministry of Municipal Affairs
• Ministry of Employment and Investment	• Ministry of Small Business, Tourism and Culture
• Ministry of Energy and Mines	• Ministry of Transportation and Highways
• Ministry of Environment, Lands and Parks	• Ministry of Women's Equality
• Ministry of Finance and Corporate Relations	• Minister Responsible for Youth



Crown Corporations

• British Columbia Assessment Authority	• British Columbia Transit
• British Columbia Assets and Land Corporation	• BC Transportation Financing Authority
• British Columbia Buildings Corporation	• Columbia Power Corporation
• British Columbia Ferry Corporation	• Fisheries Renewal BC
• British Columbia Hydro and Power Authority	• Forest Renewal BC
• British Columbia Utilities Commission	• Insurance Corporation of British Columbia
• British Columbia Lottery Corporation	• Okanagan Valley Tree Fruit Authority
• BC Pavilion Corporation	• Pacific National Exhibition
• BC Railway Group of Companies	• Tourism British Columbia

Other Government Organizations and Programs

• Agricultural Workforce Policy Board	• BC Trade and Investment Office
• BC Ambulance Service	• BC Wood Fibre Network
• British Columbia Archives	• BC Work Information Network
• British Columbia Arts Council	• Canada/BC Business Service Centre
• BC Benefits	• Children's Commission
• BC Co-operative Development Program	• CivicNet — British Columbia municipalities on-line
• British Columbia Cultural Foundation	• Community Learning Network — Resource for K-12 teachers
• BC Cultural Services	• Consumer Services Division — Ministry of Attorney General
• BC Fisheries Program	• Corporate Human Resource Information and Payroll System (PSERC)
• BC Fisheries Secretariat	• Corporate Registry
• BC Gaming Commission	• Centre for Education Information Standards and Services (CEISS)
• BC Government Information Technology Library	• Environmental Appeal Board
• BC Job Postings	• Environmental Assessment Office
• BC Online — Access to government databases	• Farm Business Management Information Network
• BC Parks	• Ferry schedule for inland routes
• BC Securities Commission	• Financial Institutions Commission
• BC Student Assistance Program	• Forest Appeals Commission
• BC STATS — Central statistical agency of BC	• Forest Practices Board
• British Columbia Superior Courts	• Forest Protection

Other Government Organizations and Programs — *Continued*

• Geographic Data BC	• Provincial Capital Commission
• Government Agents	• Provincial Emergency Program
• Homeowner Protection Office	• Public Service Employee Relations Commission
• Inter-agency Emergency Preparedness Council	• Purchasing Commission — Bid on government contracts
• Information, Science and Technology Agency	• Queen's Printer
• Land Data BC — Maps, air-photos and geographic datasets	• Royal British Columbia Museum
• Land Use Coordination Office	• Royal Commission on Workers' Compensation
• Law Reform Commission	• Science Council of British Columbia
• Legal Services Society	• Standing Committee on Educational Technology
• Office of the Fire Commissioner	• Superannuation Commission
• Office for Seniors	• Task Force of Electricity Market Reform
• Oil and Gas Commission	• Vital Statistics Agency — Ministry of Health
• Open Learning Agency	• Women's Centres in BC
• Post-secondary Application Service of BC	• Work Information Network
• Premier's Voice for Youth	• Workers' Compensation Board



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 58th 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

Editor-in-Chief Nick Paul, 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 coordinator 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
Art and Graphic Design Coordination — Brenda Bains, Communications Branch
Charts — Don Wilkes, BC STATS
Data Tables — Karen Kirby, BC STATS
Chapter 4 Redesign — Lillian Hallin, BC STATS
Word Processing — Cheryl Harper, Fiscal and Economic Analysis Branch
Printing Agent — Bob Pincombe, Queen's Printer

The text was keyed into personal computers using Microsoft Word® processing software, and converted by the Queen's Printer Pre-Press Department's electronic disk conversion equipment into the MagnaFile professional typesetting system to produce the finished product.

The charts were produced using Harvard Graphics® and electronically transferred by modem to the Queen's Printer Bulletin Board.

A Linotronic 300 imagesetter produced all typesetting in Garamond and Helvetica typefaces. The text was printed on Island Recycled 60 lb. in black on 2-colour 36" Miller presses. The cover was printed on Fusion Cream 65 lb. cover black and PMS 470 on a Heidelberg GTO press.

Ordering Publications

Additional copies of this publication can be ordered using the following order form, or by contacting BC STATS or Crown Publications Inc.

The following ministry publications are available by contacting the Communications Branch or Crown Publications Inc.:

- *Budget*
- *Estimates*
- *Quarterly Report*
- *Public Accounts*
- *Debt Statistics Report*

BC STATS publications can be ordered using the order form that follows. Selected publications are also available through the BC STATS' World Wide Web site (at <http://www.bcstats.gov.bc.ca>), or the Ministry of Finance and Corporate Relations' site (at <http://www.fin.gov.bc.ca>).

Queen's Printer for British Columbia©
Victoria, 1998





Product Order Form

	Description († indicates publication is accessible on web site)	# of Issues	Base Price	PST (7%)	GST (7%)	Total Price	Quantity	TOTAL \$	
ANNUAL SUBSCRIPTIONS	Current Statistics †	12	\$50.00	—	\$3.50	\$53.50			
	Business Indicators †	12	60.00	—	4.20	64.20			
	Consumer Price Index †	12	60.00	—	4.20	64.20			
	Exports (B.C. Origin) †	12	60.00	—	4.20	64.20			
	Tourism Room Revenue †	12	60.00	—	4.20	64.20			
	Earnings and Employment Trends †	12	60.00	—	4.20	64.20			
	Labour Force Statistics †	12	60.00	—	4.20	64.20			
	Immigration Highlights †	4	30.00	—	2.10	32.10			
	Migration Highlights †	4	30.00	—	2.10	32.10			
	Small Business Quarterly †	4	30.00	—	2.10	32.10			
	Quarterly Regional Statistics †	4	100.00	—	7.00	107.00			
	Full Subscription (all of the above)			470.00	—	32.90	502.90		
	Major Projects Inventory	4	75.00	—	5.25	80.25			
PUBLICATIONS	Financial and Economic Review (1997 Edition)		25.00	—	1.75	26.75			
	Income Tax Statistics by Community		30.00	—	2.10	32.10			
	Economic Accounts		20.00	—	1.40	21.40			
	Manufacturers' Directory		45.00	3.15	3.15	51.30			
	Socio-Economic Statistical Profiles		150.00	—	10.50	160.50			
	Community Profiles (30 volume set) *		1,682.24	—	117.76	1,800.00			
	Community Facts		50.00	—	3.50	53.50			
	Regional Index		40.00	—	2.80	42.80			
	Population Forecast		10.00	—	0.70	10.70			
	Population Estimates and Projections— Regional Districts		80.00	—	5.60	85.60			
	— Local Health Areas		150.00	—	10.50	160.50			
	Profile of Electoral Districts		60.00	—	4.20	64.20			
DISKETTES	Manufacturers' Directory (<i>current database</i>)		250.00	17.50	17.50	285.00			
	Economic Accounts		75.00	—	5.25	80.25			
	Regional Population Estimates and Projections		400.00	—	28.00	428.00			
	Annual Updates		200.00	—	14.00	214.00			
	Translation Master File		500.00	—	35.00	535.00			
	Annual Updates		300.00	—	21.00	321.00			
	Small Business Profiles		500.00	—	35.00	535.00			
							TOTAL PAYMENT	\$	

* Individual Profiles priced at \$70 (incl. GST).
† Web access is \$107 (incl. GST). We require your IP address.

Please enclose cheque or money order in Canadian dollars, payable to Minister of Finance and Corporate Relations, and mail to:

BC STATS
P.O. Box 9410 Stn Prov Govt
Victoria, B.C. V8W 9V1

Location:
553 Superior Street, Victoria

(250) 387-0359 to order publications

Web Site: <http://www.bcstats.gov.bc.ca>

Email: bc.stats@gems8.gov.bc.ca

NAME		TITLE	
COMPANY/ORGANIZATION			
ADDRESS		TELEPHONE NO.	
CITY	PROVINCE/STATE	POSTAL/ZIP CODE	
VISA <input type="checkbox"/>	MASTERCARD <input type="checkbox"/>	EXPIRY DATE: <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	
ACCOUNT <input type="text"/>			
SIGNATURE		order date	19

- Prices subject to change without notice. No refunds or exchanges.**
- Subscriptions are for either 12 issues (monthly) or 4 issues (quarterly). Please note that the timing of some releases may be irregular.
 - PST (Provincial Sales Tax) is exempt on purchases from outside B.C.
 - GST is exempt on purchases from outside Canada. GST #107864738.

BC STATS Product Descriptions

RELEASES:

Current Statistics — Monthly

This release lists the latest monthly and annual data on the labour force, consumer price index, production, and other important economic indicators.

Business Indicators — Monthly

Provides a range of up-to-date economic and financial data, including production and shipments for British Columbia's major industries.

Consumer Price Index — Monthly

Price trends in British Columbia, Vancouver and Victoria for various categories of consumer spending. Includes historical summaries and comparisons with major Canadian cities.

Exports (B.C. Origin) — Monthly

British Columbia exports to major trading partners and blocs. Exports of more than 50 selected items to the U.S.A., Japan and the European Union are included.

Tourism Room Revenue — Monthly

Revenues received from room rentals by type of accommodation, with a geographic breakdown by development region, regional district, and selected urban areas.

Small Business Quarterly — Quarterly

A variety of data series on, or of interest to, small business in British Columbia. Replaces the monthly *Business Formations and Failures*.

Earnings and Employment Trends — Monthly

A comprehensive look at the labour market in B.C., providing sectoral analysis of the B.C. labour force and its wage structure.

Labour Force Statistics — Monthly

A monthly summary of labour force conditions, showing employment and unemployment by age, sex, occupation and industry, with regional breakdowns.

Immigration Highlights — Quarterly

Features immigrant landings to British Columbia and Canada by place of origin, destination and immigration status: independent or dependent, entrepreneur, and investor.

Migration Highlights — Quarterly

Detailed current information on the flow of people between British Columbia and other provinces and territories. Also contains components of population change.

Quarterly Regional Statistics — Quarterly

Organized by region, and features current monthly and quarterly economic data. Includes charts and tables. Approximately 240 pages.

Major Projects Inventory

Information on major capital projects, listed by development region and status (proposed, under construction, on hold, or completed.) Also includes regional profiles and maps.

PUBLICATIONS:

Financial and Economic Review — Annual

A valuable source of information on the province—its regions, provincial government programs and finances, economic growth and development, and demographic trends.

Economic Accounts — Annual

Detailed look at the composition of B.C.'s economy, the contribution of industrial sectors and their change over time. Tables include income and expenditure accounts, current and constant dollar estimates, and price deflators.

Manufacturers' Directory — Annual

This publication details over 7,200 manufacturers, including employment size, commodities produced, export status and a contact name and address.

Socio-Economic Statistical Profiles — Annual

Individual profiles for 8 Development Regions and 28 Regional Districts. Includes tables and charts covering population growth, ethnic identity, migration, family structure, labour market, income, unemployment, social assistance, crime, alcohol consumption, education and health.

Community Facts — Semi-Annual

Provides, for each municipality and regional district, a two-page compendium of statistics comparing local data to that of the province. Some text, tables and charts. Also available on our web site.

Community Profiles — Continuously updated

This series of 30 documents combines a wide array of statistical information gathered from many sources, and provides a comprehensive demographic and economic profile for each Regional District. Each profile comes in a 3-ring binder, containing 200–400 pages of documentation, maps and data, providing a wealth of information in one convenient place.

Regional Index — Occasional

Detailed demographic and economic data by 8 development regions and 73 sub-areas in B.C. Current issue: 1995.

Population Forecast — Annual

Annual forecast of the B.C. population by age and sex, to the year 2021. The causes of population change—births, deaths, internal and international migration—are also provided.

Regional Population Estimates and Projections — Annual

Detailed statistical tables provide historical and forecast population by age and sex, including components of change, for your choice of: regional districts or local health areas.

Profile of Electoral Districts — Occasional

Provides detailed statistics on the 75 provincial electoral districts in B.C., based on the 1991 Census.

DISKETTES:

Manufacturers' Directory

For Windows—search, edit, filter, report, label, export capabilities.

Translation Master File

A geographically cross-referenced database linking all 100,000 postal codes to B.C. geographic regions.

Regional Population Estimates and Projections

Disk version of publication.

Economic Accounts

Current and historical data for detailed analysis of the accounts.

Small Business Profiles — Occasional

Provides detailed pro forma financial statements, financial ratios and employment data for almost 750 industries in B.C. (over 1,000 for Canada). Based on a sample of 33,600 B.C. firms. Features access program which can browse, print or export individual profiles, as well as make inter-industry and inter-regional comparisons.