

**2002
British Columbia
Financial and Economic
Review**

**62nd Edition
(July 2002)**



**BRITISH
COLUMBIA**

**2002
British Columbia
Financial and Economic
Review**

**62nd Edition
(July 2002)**

<http://www.gov.bc.ca/>



**BRITISH
COLUMBIA**

Ministry of Finance

Table of Contents

Introduction	1
General description of the Province	2
Geography	2
Physiography.....	2
Climate and Vegetation.....	2
Chapter One — Economic Review	5
2001 Overview	6
External Environment.....	6
International Economy	6
Financial Markets.....	8
The Canadian Economy.....	8
British Columbia Economy.....	9
Real GDP	9
Population.....	10
Map 1.1 Net population movement, 2001.....	10
Labour Force Characteristics.....	11
Labour and Income Developments	12
Prices and Wages.....	13
Consumer Expenditure and Housing.....	13
Capital Investment.....	14
Exports	15
Industry Review.....	16
Goods-producing Industries.....	17
Service-producing Industries.....	20
Conclusion.....	23
Charts	
1.1 Canadian and British Columbia economic growth.....	6
1.2 External economic growth	7
1.3 Short-term interest rates	8
1.4 British Columbia GDP by component	9
1.5 British Columbia population by age and sex, 2001	11
1.6 Building permits by activity	14
1.7 Exports by market, 2001	15
1.8 Key commodity prices	16
1.9 Non-resource industries in British Columbia.....	17
1.10 Goods sector employment, 2001	17
1.11 Service sector employment, 2001	20
1.12 Passenger Traffic at Vancouver International Airport.....	21
1.13 High technology sector establishments.....	22
Tables	
1.1 British Columbia Population by Age Group.....	11
1.2 British Columbia Employment and Labour Force Characteristics.....	12
1.3 British Columbia Capital Investment, 2001	14

Appendix 1 — Economic Review	25
Tables	
A1.1 Summary of Economic Activity for British Columbia	26
A1.2 Components of British Columbia Population Change	28
A1.3 British Columbia Real Gross Domestic Product by Industry (at factor cost).....	29
A1.4 Employment by Industry in British Columbia.....	30
A1.5 Capital Investment by Industry.....	31
A1.6 British Columbia International Goods Exports by Major Market and Selected Commodities, 2001	32
A1.7 Historical Commodity Prices (in U.S. Dollars).....	33
A1.8 British Columbia Forest Sector Economic Activity Indicators	34
A1.9 Historical Value of Metal Production.....	35
A1.10 Historical Value of Mineral, Petroleum and Natural Gas Production	35
A1.11 Petroleum and Natural Gas Activity Indicators.....	36
A1.12 Value of Manufacturing Shipments.....	36
A1.13 Supply and Consumption of Electrical Energy in British Columbia	37
A1.14 British Columbia Financial Activity Indicators	38
A1.15 British Columbia Real Estate Market Indicators.....	39
A1.16 British Columbia Tourism Revenue and Overnight Visitors	40
A1.17 British Columbia High Technology Sector Activity	41
Chapter Two — Financial Review	43
Introduction.....	44
2001/02 Overview.....	44
Consolidated Revenue Fund Revenue	47
Consolidated Revenue Fund Expenditure	49
Crown Corporation Results	55
Provincial Capital Spending	57
Provincial Debt	61
Credit Rating	62
Debt Indicators	63
Tables	
2.1 Summary Accounts Operating Results	44
2.2 Summary of Changes from the July 30 Budget 2001/02	45
2.3 Revenue by Source — Consolidated Revenue Fund.....	48
2.4 Comparison of Main Revenue Assumptions and Actual Results — Consolidated Revenue Fund	50
2.5 Expenditure by Ministry — Consolidated Revenue Fund.....	53
2.6 2001/02 Crown Corporation and Agency Operating Results.....	57
2.7 Capital Expenditures.....	58
2.8 Summary of Changes from the 2001/02 Budget — Capital and Debt	59
2.9 Major Capital Projects.....	60
2.10 Provincial Debt Summary	61
2.11 Interprovincial Comparison of Credit Ratings, June 2002.....	63
2.12 Key Debt Indicators.....	64

Appendix 2 — Financial Review	65
Government's Financial Statements.....	66
The Financial Cycle.....	67
Capitalization.....	69
Unfunded Pension Liabilities.....	70
Accumulated Deficit.....	71
Charts	
A2.1 Summary Financial Statements Components — 2001/02.....	66
A2.2 Financial Planning and Reporting Cycle.....	68
Tables	
A2.1 Effects of Capitalization on the Summary Accounts.....	69
A2.2 Unfunded Pension Liabilities.....	70
A2.3 Summary Accounts Five-Year Operating Results.....	72
A2.4 Summary of Changes from the 2001/02 Third Quarterly Report Revised Forecast.....	73
A2.5 Five-Year Summary Accounts Statement of Financial Position.....	74
A2.6a Five-Year Revenue by Source — Consolidated Revenue Fund.....	75
A2.6b Five-Year Dedicated Revenue Collected on Behalf of, and Transferred to, Crown Corporations and Agencies, and Other Entities.....	76
A2.7 Five-Year Revenue by Source — Supplementary Information — Consolidated Revenue Fund.....	77
A2.8 Five-Year Expenditure by Function — Consolidated Revenue Fund.....	78
A2.9 Five-Year Expenditure by Function — Supplementary Information — Consolidated Revenue Fund.....	79
A2.10a Government Restructuring Exit Expense.....	80
A2.10b Consolidated Revenue Fund Government Restructuring Expense.....	81
A2.11 British Columbia Buildings Corporation Five-Year Income Statement.....	82
A2.12 British Columbia Ferry Corporation Five-Year Income Statement.....	82
A2.13 BC Transportation Financing Authority Five-Year Consolidated Statement of Income.....	83
A2.14 Forest Renewal BC Five-Year Statement of Operations.....	84
A2.15 British Columbia Hydro and Power Authority Five-Year Income Statement.....	85
A2.16 Liquor Distribution Branch Five-Year Income Statement.....	85
A2.17 British Columbia Lottery Corporation Five-Year Income Statement.....	86
A2.18 British Columbia Railway Company Five-Year Income Statement.....	86
A2.19 Insurance Corporation of British Columbia Five-Year Income Statement.....	87
A2.20 Five-Year Provincial Debt Summary.....	88
A2.21 Five-Year Provincial Debt Summary — Supplementary Information.....	89
A2.22 Summary of Changes from the 2001/02 Third Quarterly Report Revised Forecast — Capital Spending and Debt.....	90
A2.23 Historical Summary Accounts Surplus (Deficit).....	91
A2.24 Historical Revenue by Source — Consolidated Revenue Fund.....	92
A2.25 Historical Expenditure by Function — Consolidated Revenue Fund.....	93
A2.26 Historical Provincial Debt Summary.....	94
A2.27 Provincial Taxes (as of July 2002).....	95
A2.28 Interprovincial Comparisons of Tax Rates for 2002.....	100
A2.29 Summary of Major Tax Changes.....	101

Appendix 3 — Constitutional Framework	103
Constitutional Framework.....	104
Provincial Government	104
Legislature	104
Executive	104
Judiciary	105
Provincial Government Jurisdiction.....	105

Introduction

General description of the Province

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, a northwesterly trending mountain system on the coast, a similar mountain system on the east, and an extensive area of plateau country between the two. The northeastern 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 Prince George 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 that 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.

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 in the north is short and variable. Lodgepole pine is the dominant tree of commercial value in the interior.

The northeast 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.

Chapter One
Economic Review

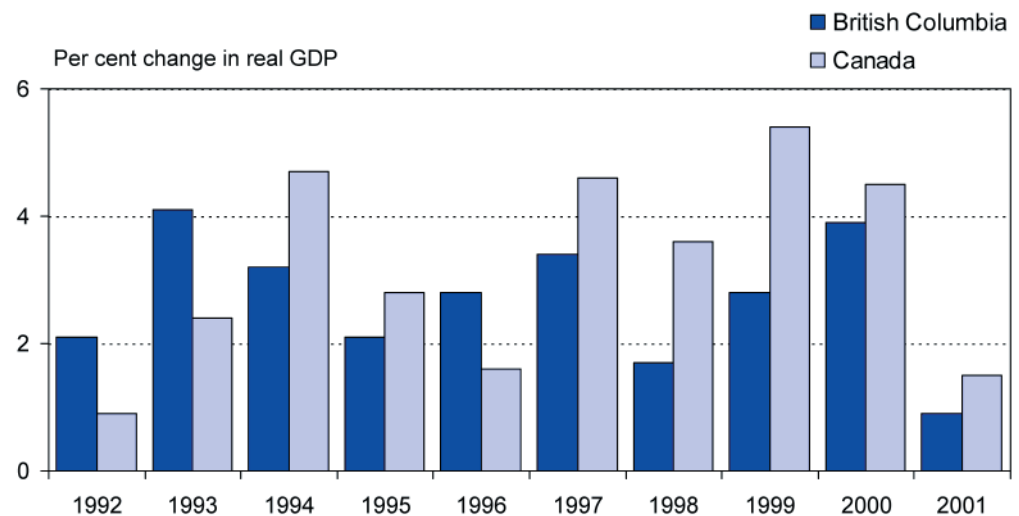
2001 Overview

The British Columbia economy grew 0.9 per cent in 2001, down from 3.9 per cent in 2000. A recession in the US, the province's largest trading partner, combined with trade restrictions on lumber reduced exports and their contribution to growth. Commodity prices also fell as world demand slowed.

Monetary stimulus from lower interest rates helped to offset the reduction in demand.

Consumer spending remained robust through the year, despite falling employment. The housing sector also recorded an increase in 2001 from an historic low in 2000. The total number of jobs in the province peaked in March then declined through the year. The labour force continued to grow and as a result the unemployment rate rose.

Chart 1.1 Canadian and British Columbia economic growth



Source: Statistics Canada

External Environment

World output grew 2.5 per cent in 2001, down from 4.7 per cent in 2000, according to the International Monetary Fund. The US-led global recession was mild and relatively brief compared to previous recessions. Economic activity in Canada and Europe slowed as US demand for goods was reduced. In Japan, the economy turned down for the third time in a decade.

International Economy

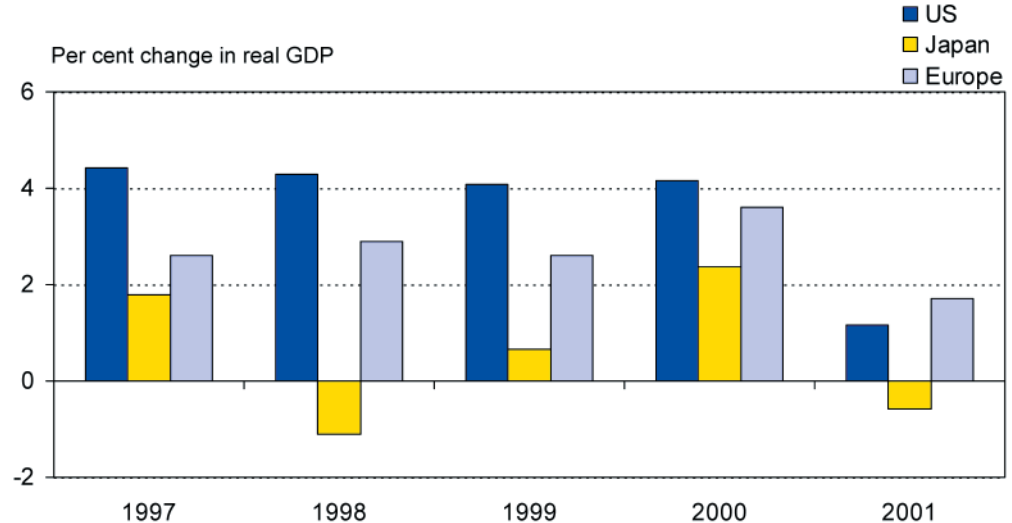
The US economy, the province's largest trading partner, was already beginning to slow from the rapid pace of growth of the last five years when the events of September 11 pushed it further into recession. As a result of the terrorist attacks in the US, travel, trade and financial markets came to a standstill.

Real GDP declined in the third quarter then posted a positive result in the fourth quarter. The National Bureau of Economic Research declared that March 2001 was the start of the US recession. For the year, the US economy grew 1.2 per cent, down from 4.1 per cent in 2000. The recession was brief and mild by historical standards in part because of continued spending by consumers.

In the US, employment fell and the unemployment rate climbed from 4.2 per cent in January to 5.8 per cent in December. Despite the weaker employment situation, consumer spending showed continued growth through the year, supported by falling interest rates and cuts to personal income taxes. Mortgage refinancing at lower interest rates increased consumers' buying power. In the fall, sales of new motor vehicles skyrocketed as consumers took advantage of zero per cent financing incentives. In addition, housing construction increased 2.2 per cent with the number of new houses reaching 1.6 million units.

The economic slowdown was mostly felt in the manufacturing and high tech sectors. Industrial production fell 3.7 per cent. Business profits declined and investment dropped as production fell well below capacity. The high tech sector also experienced a meltdown in share prices with many firms going bankrupt.

Chart 1.2 External economic growth



Source: International Monetary Fund

Japan's economy contracted 0.6 per cent in 2001 following growth of 2.4 per cent in 2000. Japan entered its third recession of the past decade due to both internal and external factors, including falling consumer confidence, the global slowdown, and structural problems in the banking sector.

With the contraction of the Japanese economy over the last decade, the country's role as the engine of growth in the Asia-Pacific region and a major trading partner for British Columbia, has diminished. Japan is the destination for just over one-tenth of the province's merchandise exports, compared to almost one-third ten years ago, and as a result, developments in Japan's economy now have a smaller impact on the BC economy.

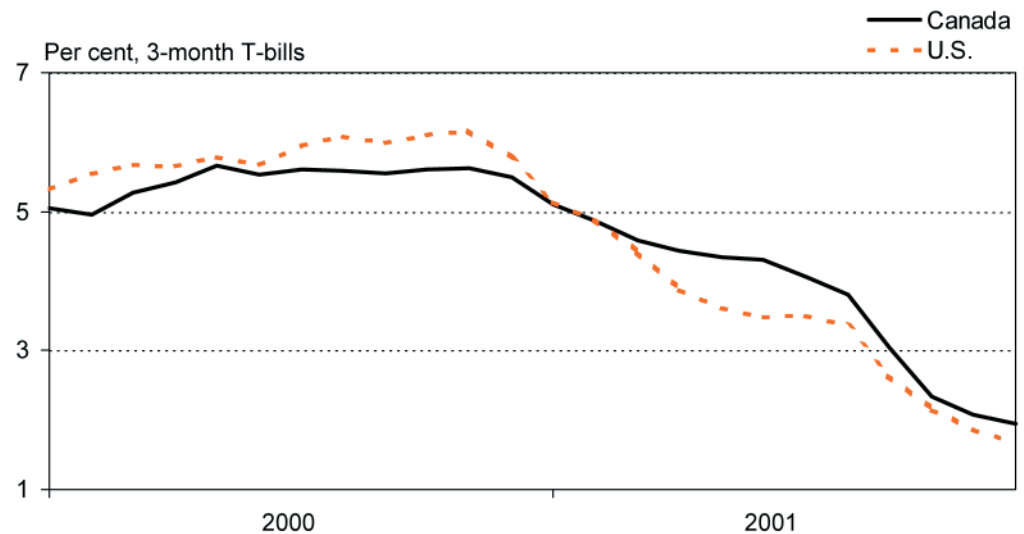
Europe was affected to a lesser extent by the US recession. As a result, Europe posted the strongest economic growth of the province's trading partners, growing 1.7 per cent in 2001, down from 3.6 per cent in 2000.

Financial Markets

Monetary easing by the US Federal Reserve and central banks around the globe helped to mitigate the impact of the slowdown. The US Federal Reserve began to lower the intended federal funds rate in January and, over the course of 2001, lowered interest rates by 475 basis points. The Bank of Canada followed by reducing the key overnight interest rate from 5.5 per cent in January to 2.25 per cent in December.

Following September 11, the Federal Reserve and the Bank of Canada injected liquidity into the financial system to support continued consumer and business spending.

Chart 1.3 Short-term interest rates



Sources: Bank of Canada and Federal Reserve Bank of San Francisco

The value of the Canadian dollar fell against the US dollar. For the year, the currency averaged 64.6 cents US, down 2.7 cents US from 2000.

The Canadian Economy

The Canadian economy slowed in 2001, alongside slower economic growth in the US. The economy contracted in the third quarter before recording positive growth in the final quarter of the year. As in the US, consumer spending contributed to growth in the economy, while non-residential investment declined. The Canadian economy expanded 1.5 per cent in 2001, down from 4.5 per cent in 2000.

Some sectors of the economy were hit harder than others. Manufacturing recorded the largest annual decline in output, followed by agriculture, forestry, fishing and trapping, as well as transportation and warehousing. The impact on specific sectors in some cases reflected lower commodity prices, for example in the forest sector, or was related to the decline in business investment as in high tech manufacturing. Other industries grew in 2001, including construction, mining, oil and gas extraction, retail and wholesale trade, and most other service sector industries.

Labour market developments reflected the economic slowdown. The unemployment rate rose from 6.9 per cent in January to 8.0 per cent in

December. Although employment grew 1.1 per cent for the year, most of the job growth occurred late in the year.

Total wages and salaries increased 4.4 per cent in 2001, reflecting growth in employment and average weekly wages. Personal income rose 3.8 per cent. Inflation was a modest 2.6 per cent, down from 2.7 per cent in 2000.

Although consumer confidence fell following the terrorist attacks on September 11, wage gains, low interest rates and personal income tax reductions contributed to growth in retail sales and housing construction. The value of retail sales increased 4.4 per cent in 2001. Housing starts totalled 162,733 units, up 7.3 per cent from 2000. Most provinces recorded increased residential construction activity in 2001.

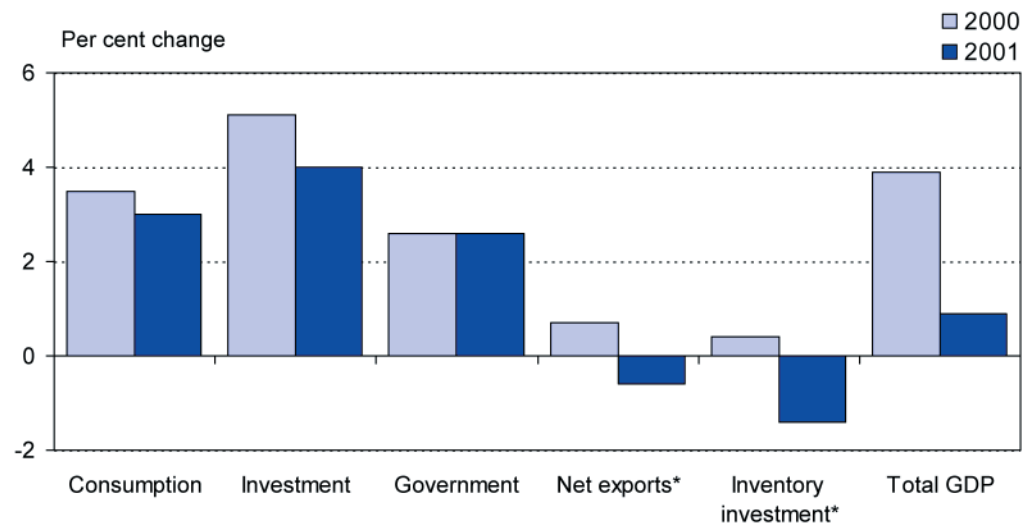
British Columbia Economy

British Columbia has a relatively small open economy, trading in competitive world markets. British Columbia has a diverse geography, population and economy. The following section describes 2001 economic performance in terms of the components of real gross domestic product (GDP), underlying population trends and characteristics as well as recent developments in the labour market, capital investment and trade. The provincial economy is also described in terms of industrial structure with developments by industry highlighted.

Real GDP

The British Columbia economy grew 0.9 per cent in 2001, down from 3.9 per cent in 2000. Real GDP as shown in Chart 1.4 is the sum of consumer, investment, and government spending, as well as, net exports (exports less imports) and an adjustment in inventories. Consumer spending, which accounts for two-thirds of GDP, contributed to overall growth as did investment.

Chart 1.4 British Columbia GDP by component



*change as per cent of total real GDP in previous year

Source: Statistics Canada

On the trade side, net exports reduced growth in 2001. Both exports and imports shrank due to weaker external demand for BC products and domestic demand for imports. The brief recession in the US and Canada reduced

demand for British Columbia exports. In addition, demand from Japan was weak. In August, the US Department of Commerce imposed preliminary countervailing and anti-dumping duties on Canadian exports of softwood lumber. As a result of these factors, real exports (adjusted for price changes), fell 6.3 per cent in 2001. Imports fell by 4.7 per cent.

Consumer demand was met by drawing down inventories in 2001. The change in inventories reduced real economic growth by 1.4 per cent.

Population

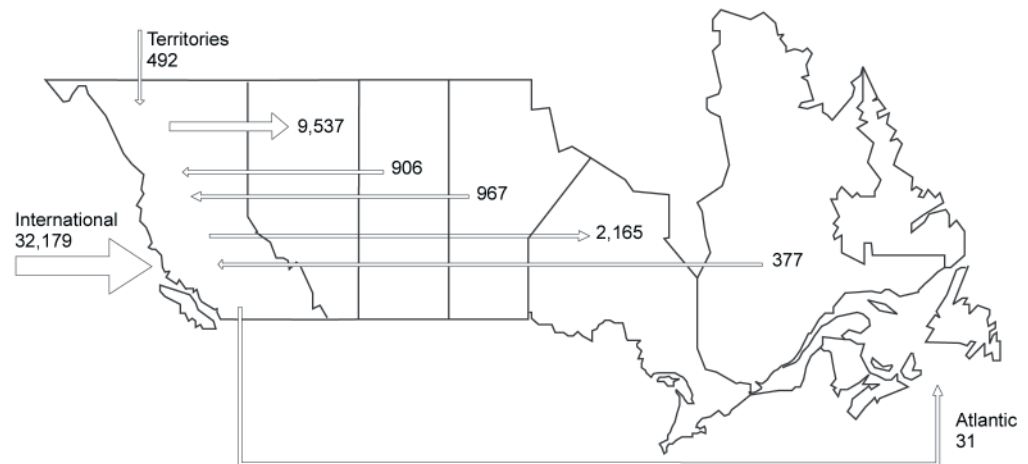
Population growth contributes to demand for consumer goods and services and housing and is one factor in determining the size of the labour force. British Columbia's population as of December 31, 2001 was 4,108,031, an increase of 0.9 per cent, or 35,485 persons from a year earlier.

Components of Population Change

During 2001, there was a net population inflow from international sources of 32,179 persons. There was also a net population outflow to the rest of Canada of 8,991 persons, the fourth consecutive year that British Columbia has lost population to the other provinces.

In 2001, net migration accounted for 65.3 per cent of the growth in the province's population, natural increase accounted for the rest.

Map 1.1 Net population movement, 2001



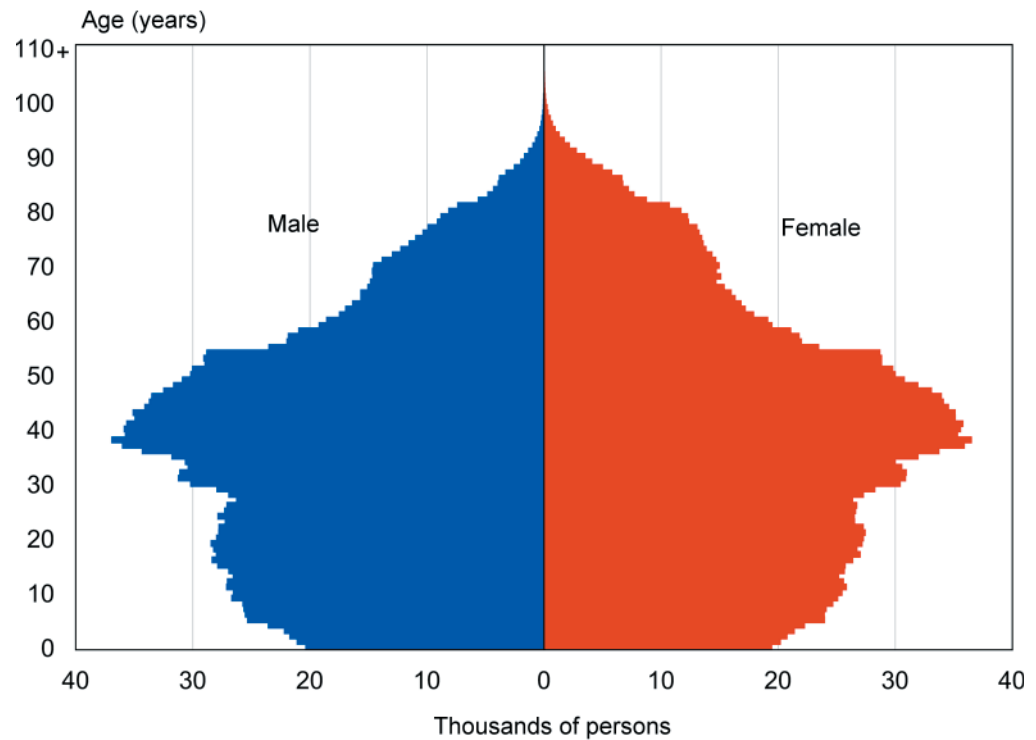
Note: Net population movement represents total inflow less total outflow.

Source: Statistics Canada

British Columbia's population represents 13.2 per cent of Canada's total population. This is an increase from the 12.1 per cent share in December 1991, and reflects an average annual compound increase in population of 1.8 per cent. The national annual increase during the same period was 1.0 per cent.

Age Structure of the Population

The age structure of British Columbia is shaped largely by the post-war baby boom and the subsequent drop in birth rates. The effects of the baby boom can easily be seen in the bulge in population between the ages of 30 and 54. This age group accounted for 39.7 per cent of the population in 2001 (see Chart 1.5)

Chart 1.5 British Columbia population by age and sex, 2001

Sources: Statistics Canada and BC Stats

Table 1.1 British Columbia Population by Age Group

Age Group	At July 1				Change 2000-2001 (per cent)
	2000		2001		
	(thousands)	(per cent)	(thousands)	(per cent)	
0 - 4.....	221,208	5.5	212,783	5.2	-3.8
5 - 17.....	674,964	16.6	675,454	16.5	0.1
18 - 24.....	377,766	9.3	384,021	9.4	1.7
25 - 44.....	1,283,725	31.6	1,276,605	31.2	-0.6
45 - 64.....	971,574	23.9	1,006,412	24.6	3.6
65 and over.....	<u>529,596</u>	<u>13.0</u>	<u>540,659</u>	<u>13.2</u>	<u>2.1</u>
Total British Columbia.....	<u>4,058,833</u>	<u>100.0</u>	<u>4,095,934</u>	<u>100.0</u>	<u>0.9</u>

Note: Totals may not add due to rounding

Source: Statistics Canada

**Labour Force
Characteristics**

British Columbia has a skilled and knowledgeable workforce. In 2001, 51.1 per cent of the workforce had a university degree, post-secondary certificate or diploma, up from 39.1 per cent 10 years earlier. Over half of the workforce is between the ages of 25 and 44, although the share of 45 to 64 year olds has increased since 1991, reflecting the aging of the province's population.

Table 1.2 British Columbia Employment and Labour Force Characteristics

	1998	1999	2000	2001	Change 2000-2001
Employment	(thousands unless otherwise noted)				(per cent)
Part-time	404	412	402	412	2.6
Full-time.....	1,467	1,495	1,547	1,530	-1.1
Public sector.....	329	340	355	354	-0.1
Private sector.....	1,153	1,174	1,228	1,228	-0.1
Self-employed.....	<u>389</u>	<u>393</u>	<u>366</u>	<u>360</u>	-1.6
Total.....	<u>1,870</u>	<u>1,906</u>	<u>1,949</u>	<u>1,942</u>	-0.3
Unemployment rate (per cent).....	8.8	8.3	7.2	7.7	+0.5*
Labour force characteristics					
Labour force.....	2,051	2,079	2,100	2,104	0.2
Educational attainment					
0 - 8 years.....	45	47	38	40	5.3
9 - 13 years.....	733	757	761	727	-4.5
Some secondary.....	265	271	258	249	-3.5
Graduated from high school.....	468	487	504	479	-4.9
Some post-secondary.....	240	234	254	261	2.8
Post-sec. certificate or diploma.....	666	653	642	682	6.2
University degree.....	367	387	405	393	-2.8

*Difference in percentage points

Source: Statistics Canada

Labour and Income Developments

The decline in British Columbia's forest sector, as well as lower demand for the province's exports, resulted in a decline in goods sector employment in 2001. Service-sector employment grew but was not enough to offset the losses in the primary and manufacturing sectors. Overall, employment fell by 0.3 per cent or 6,700 jobs.

While overall employment declined in 2001, there was also a shift between full-time and part-time employment consistent with slowing economic growth in the province. Full-time employment fell and part-time employment grew as the economy slowed.

Other significant labour market and income developments for 2001 included:

- the labour force grew by 0.2 per cent or 3,500 people.
- service sector employment was up 1.0 per cent, or 15,700 jobs while goods sector employment fell 5.4 per cent, or 22,400 jobs (see Chart 1.10 and Chart 1.11 for detail of these sectors).

- both paid private and public sector employment recorded declines in 2001.
- self-employment fell by 1.6 per cent, or 5,700 jobs.
- the Mainland/Southwest region recorded a 10,000-person increase in employment in 2001 while Vancouver Island/Coast region recorded a 20,500-person decline. Employment was flat in the other five regions.
- the participation rate, the number of people actively seeking work as a share of the population over 15 years of age, fell to 64.1 per cent, the second consecutive annual decline.
- the unemployment rate averaged 7.7 per cent in 2001, up from 7.2 per cent in 2000.

Prices and Wages

Both prices and wages recorded modest increases in 2001. The British Columbia consumer price index (CPI) increased 1.7 per cent, compared to 1.9 per cent in 2000. The change in 2001 was due to higher prices for food, health and personal care, alcohol and tobacco and shelter contributed to inflation. Excluding food and energy, consumer prices were 1.0 per cent higher on average than 2000.

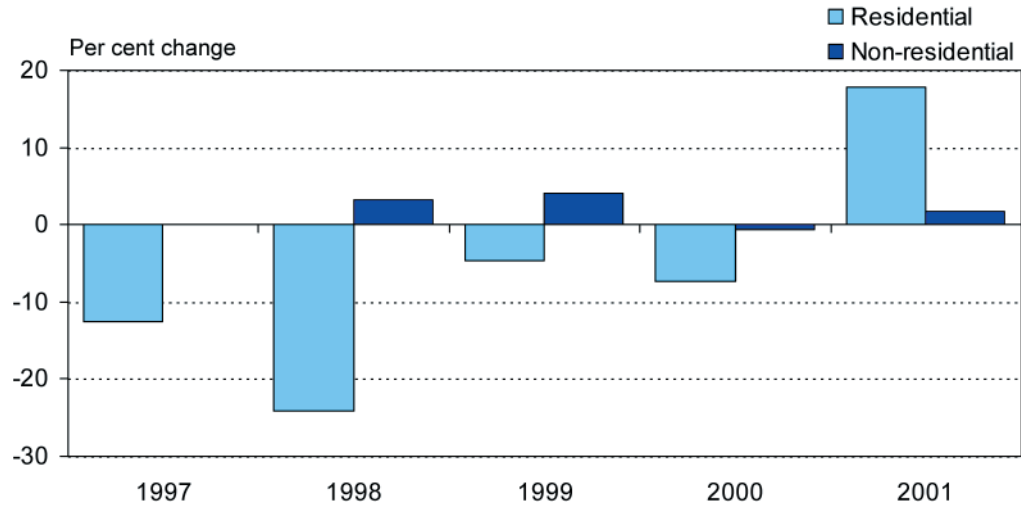
Wage increases reached in collective agreements averaged 2.7 per cent for 33 agreements covering 165,550 employees. This was up from 1.6 per cent in 2000 but below the Canadian average of 3.2 per cent in 2001.

Consumer Expenditure and Housing

Consumer spending remained relatively robust through the year, as the effects of a slowing economy were offset by lower federal and provincial tax rates and low interest rates. The total value of retail sales rose 6.0 per cent in 2001, following a 6.3 per cent increase in 2000. New motor vehicles, food and drugs, general merchandise, and other auto-related stores contributed most of the increase.

Housing starts in the province gradually picked up through the year as mortgage interest rates declined. For 2001, housing starts totalled 17,234 units, a 19.5 per cent increase from an historic low in 2000.

As a result of improving housing demand and flat prices, the value of residential building permits rose 17.8 per cent to \$2.8 billion. The value of non-residential building permits rose just 1.7 per cent to \$2.1 billion. The growth in non-residential building permits was entirely due to an increase in institutional and government building permits as both commercial and industrial building permits declined.

Chart 1.6 Building permits by activity

Source: Statistics Canada

Capital Investment

Total investment in the province rose 7.1 per cent to \$22.5 billion in 2001 (see Table 1.3). Public sector investment rose 9.8 per cent. Private sector investment, which accounts for just over 75 per cent of total investment, rose 6.4 per cent. Residential investment was up 8.2 per cent reflecting low mortgage interest rates and rising housing starts through the year. Non-residential investment rose 5.5 per cent, due to both an increase in non-residential construction and an increase in machinery and equipment investment. Private non-residential construction was up 10.4 per cent in 2001.

Table 1.3 British Columbia Capital Investment, 2001

	Construction		Machinery and Equipment		Total	
	(\$ millions)	(per cent change 2000-2001)	(\$ millions)	(per cent change 2000-2001)	(\$ millions)	(per cent change 2000-2001)
Public sector.....	3,445.9	5.6	1,626.0	20.2	5,071.9	9.8
Private sector.....	10,266.9	9.2	7,186.6	2.6	17,453.5	6.4
Residential.....	5,613.4	8.2	---	---	5,613.4	8.2
Non-residential.....	4,653.5	10.4	7,186.6	2.6	11,840.1	5.5
Total.....	13,712.8	8.3	8,812.6	5.4	22,525.4	7.1

Source: Statistics Canada

Investment figures for 2001 include spending on major capital projects across the province including:

- investment in the oil and gas sector in the northeast of the province, such as an ethanol plant in Prince George and Duke Energy's gas processing plant near Chetwynd;
- several hydroelectric power projects in the Lillooet River system by Cloudworks Energy Inc. and BC Hydro's Seven Mile power plant near Trail;

- large hotel and residential construction projects in Vancouver, such as the Hotel Georgia (\$100 million) and multi-tenant buildings in the phased \$500-million Tech Park developments at False Creek Flats; and,
- major highway projects in the province, the largest of which involved the northern section of the Island Highway.

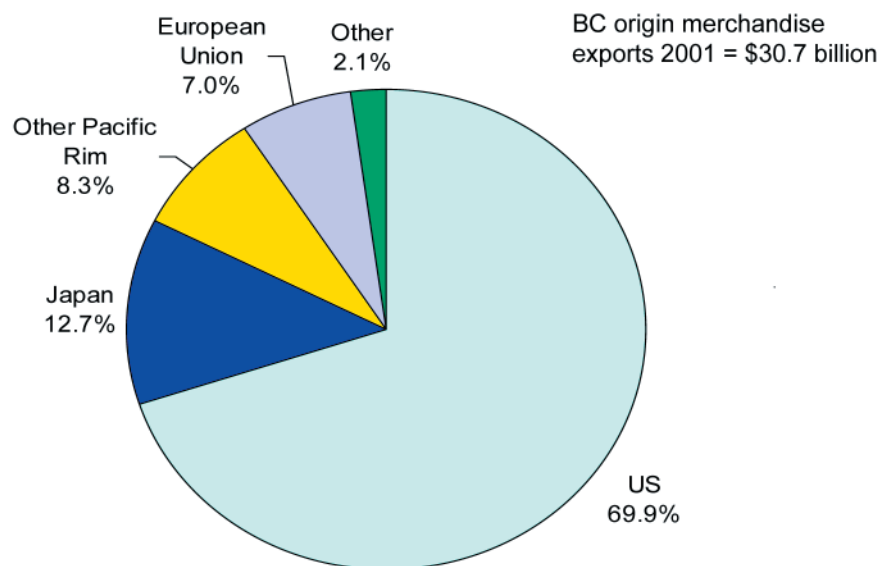
Other major projects under construction in 2001 included several public sector projects (SkyTrain expansion), bridge repair work (Lions Gate Bridge) as well as residential projects. Victoria International Airport underwent a major renovation and the Vancouver International Airport upgraded its domestic terminal.

Exports

The value of foreign merchandise exports fell 6.4 per cent in 2001. Exports to the US, the province's largest trading partner, fell 3.4 per cent, as declines in pulp, zinc, and machinery and equipment exports were offset by increased exports of most other commodities. The value of exports to Japan plummeted 19.2 per cent, led by declines in pulp, lumber, newsprint and metals. Exports to the Pacific Rim, excluding Japan, fell 19.9 per cent reflecting the general economic slowdown in the region. Exports to the European Union fell 18.1 per cent. Appendix Table A1.6 provides detail on exports by major market and commodity.

As a result, the US was the destination of an even greater share of British Columbia exports in 2001, accounting for 69.9 per cent. Japan's share fell to 12.7 per cent (see Chart 1.7).

Chart 1.7 Exports by market, 2001



Source: Statistics Canada

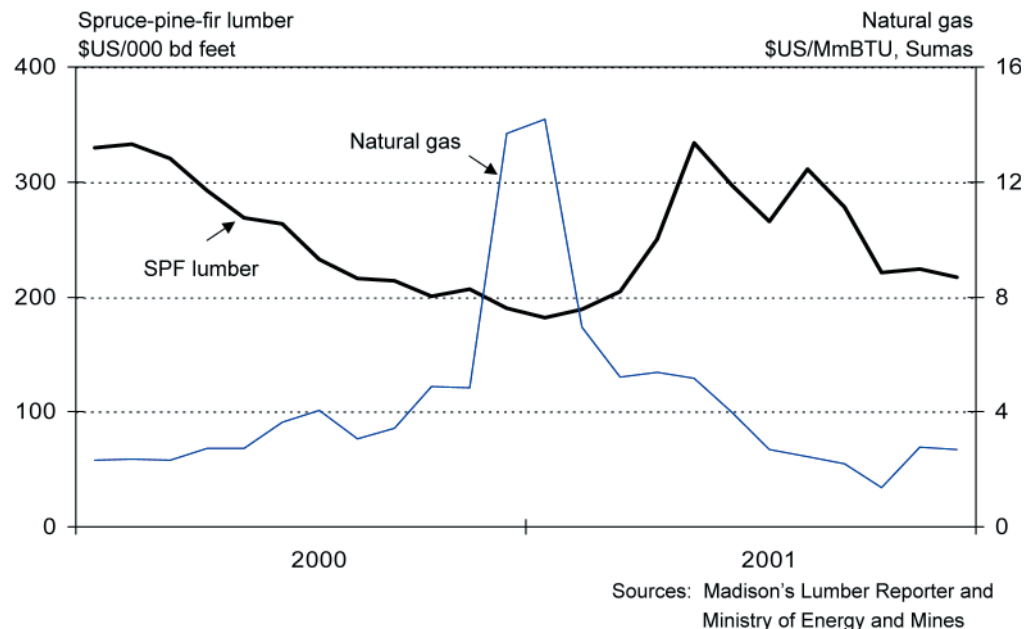
Prices of most natural resource commodities fell in 2001 reflecting the global industrial slowdown. Metal and mineral prices fell steadily through the year. In

general, forest product prices fell as the US and Canadian economies slowed. Energy prices rose sharply in the fall of 2000 and remained high in early 2001 before returning to normal prices (see Chart 1.8).

On August 9, the US imposed a 19.3 per cent preliminary countervailing duty on lumber shipments from Canada, and in October 2001 added a preliminary anti-dumping duty of close to 13 per cent. This in effect reduced the value received by British Columbia lumber mills for their shipments to the US market.

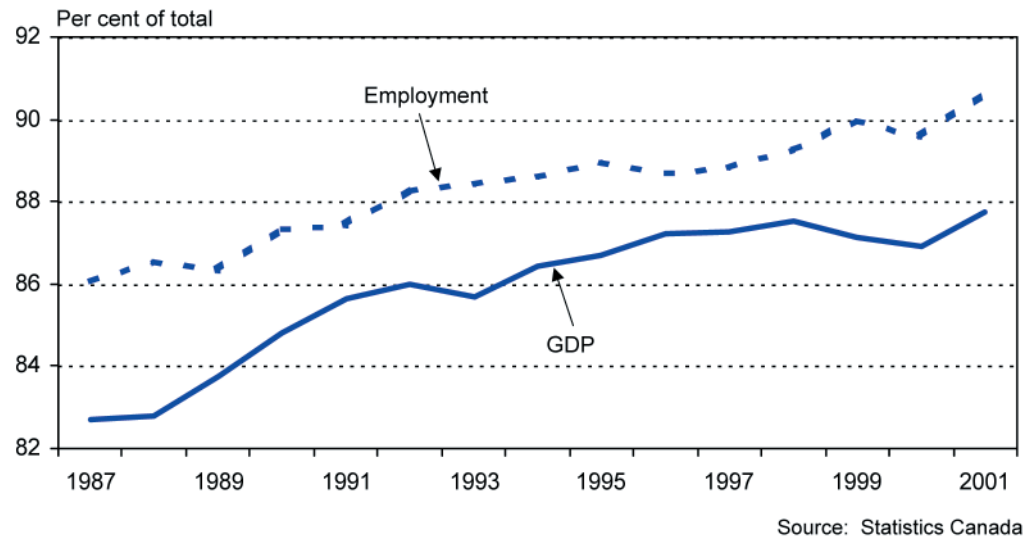
- Lumber prices averaged \$248 US per thousand board feet in 2001, down from \$255 US in 2000. Prices for spruce-pine-fir 2X4's climbed steadily in the first half of 2001 reflecting the increasing demand from growth in US residential construction.
- Pulp prices averaged \$541 US per tonne in 2001, down significantly from \$681 US in 2000. Prices fell steadily during the year as global demand slowed.
- Newsprint prices lagged pulp, averaging \$589 US per tonne, up slightly from \$564 US in the previous year. Newsprint prices rose during the first half of the year then fell during the second half of 2001.

Chart 1.8 Key commodity prices



Industry Review

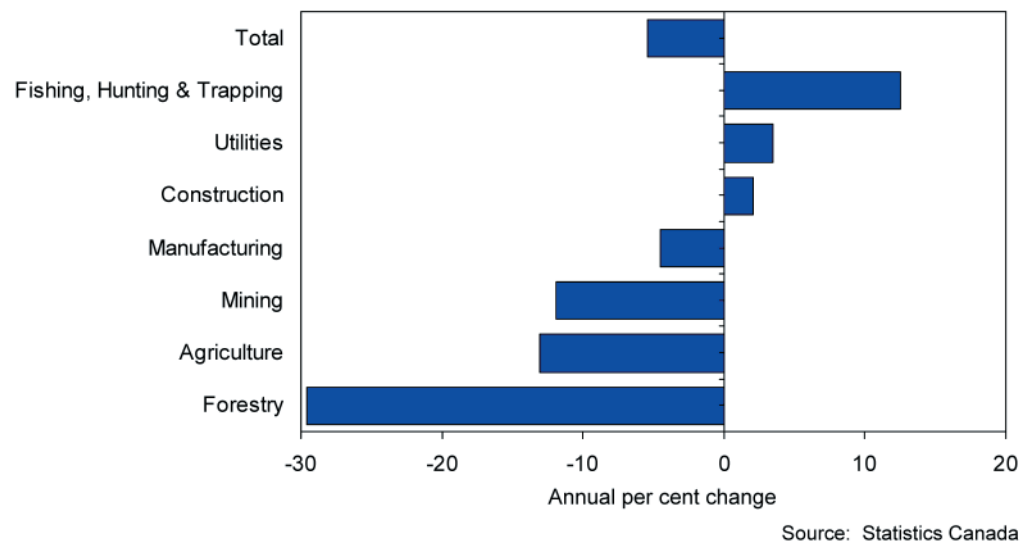
The share of the non-resource sector has been climbing during the past number of years (see Chart 1.9). Activities such as non-resource manufacturing (biotech, electronic communications, aerospace) as well as service sector activities have been growing in terms of employment and their share of GDP. Appendix Table A1.3 shows historical real gross domestic product by industry.

Chart 1.9 Non-resource industries in British Columbia

In 2001, an increase in service sector employment was more than offset by a decrease in employment in the goods-producing industries. Goods sector employment fell reflecting layoffs in the forest sector, as well as reductions in paper manufacturing employment.

Goods-producing Industries

There are seven standard industry groups within the goods-producing sector: manufacturing, forestry, mining, agriculture, fishing, construction and utilities. These industries together generated 25.5 per cent of British Columbia's estimated GDP in 2001 and employed 20.2 per cent of the province's 1.9 million workers in 2001. Output in the goods-producing sector shrank 3.9 per cent in 2001 and employment fell 5.4 per cent.

Chart 1.10 Goods sector employment, 2001

Manufacturing

Within the goods sector, the largest industry is manufacturing, which accounts for just over half of the jobs. About half of manufacturing is non-resource based, and includes clothing, metal, computer and electronic products and transportation equipment. Manufacturing output, adjusted for price changes, fell 8.2 per cent in 2001.

Employment in manufacturing declined 4.5 per cent in 2001, reflecting the economic slowdown in North America and Asia. Both resource and non-resource based manufacturing lost jobs in 2001. Employment declines were recorded in paper, printing and related support activities, primary metal, and transportation equipment manufacturing. Food, clothing, wood products, fabricated metal product and furniture manufacturing recorded increased employment.

The value of manufacturing shipments fell 9.7 per cent in 2001, mainly due to lower value of wood, paper and allied shipments. Appendix Table A1.12 provides a breakdown of the nominal value of manufacturing shipments by industry.

Forestry

The province's forest sector, which includes logging and silviculture, suffered a major setback in 2001 with the expiration of the US-Canada softwood lumber agreement on March 31, 2001 and the subsequent US-imposed preliminary countervailing and anti-dumping duties on August 9, 2001. As a result of the combined duties of about 32 per cent, a lack of demand from Japan and the need to remain competitive, the province's lumber industry entered a period of restructuring.

Employment in forestry, logging and support activities fell by almost 30 per cent or 11,000 jobs in 2001. With just 26,100 people employed in this sector, forestry and logging was at its lowest level of employment in more than 11 years.

British Columbia's timber harvest was 72.0 million cubic metres in 2001, a 6.5 per cent decline from 2000. About 70 per cent of the harvest occurs in the Interior, with Coastal forests providing the remainder. Appendix Table A1.8 provides detailed information on timber scaled by species of wood, production and prices. More information on the province's forestry sector can be found on the Ministry of Forest web site (www.gov.bc.ca/for/).

Mining

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. The northeast of British Columbia produces commercial quantities of oil and gas. Other areas contain significant volumes of sedimentary rocks which may also be productive in future. Coalbed methane reserves can be found throughout the province.

Overall employment in the mining sector declined in 2001 as a decrease in mining (excluding oil and gas) more than offset increased employment in other activities (including support activities for mining and oil and gas extraction).

The value of metal production fell 10.1 per cent in 2001, due to lower values for zinc, copper, gold, lead and silver (see Appendix Table A1.9).

The province recorded a significant increase in activity in the mining, oil and gas sector in 2001 as high natural gas prices early in the year spurred exploration activity in the northeast. The Ladyfern discovery — Canada's riches in 15 years — is in northeast British Columbia, the second largest natural gas producing region in Canada. The resource potential is made up of 50 trillion cubic feet of natural gas and up to 265 million barrels of oil remain to be discovered or recovered.

The province sold a record \$440 million of oil and gas rights and saw record levels of drilling activity with 850 oil and gas wells drilled in 2001. A record 30 billion cubic metres of gas were produced, up significantly from 2000. The value of natural gas to pipeline increased 34 per cent to \$5.2 billion (see Appendix Table A1.10). Investment by the oil and gas industry increased 23 per cent over 2000 to \$4.3 billion.

In the coal mining industry over 26 million tonnes were produced with almost all of it for export. Average coal prices rose from 2000 levels. In 2001 the total value of coal production rose by 34 per cent to over \$1 billion.

More information on the province's mining sector is available on the government web site (www.gov.bc.ca/em/).

Agriculture

In 2001, farm cash receipts were up 7.8 per cent from 2000, with the increase split equally between livestock and crops. Employment in agriculture was 25,900 persons, a 13.1 per cent decline from 2000, and the industry accounted for just 1.3 per cent of the province's total employment.

For more information on the agriculture sector, refer to the ministry web site (www.gov.bc.ca/agf/).

Fishing, Hunting and Trapping

Employment in the fishing, hunting and trapping sector rose to 5,400 persons in 2001 from 4,800 persons the previous year. This is a relatively small sector of the provincial economy in terms of employment and GDP.

Increased focus on value-added processing of all species resulted in a higher wholesale value for British Columbia seafood. Exports of fish totaled \$965 million in 2001, a 7.8 per cent increase from 2000.

More information on British Columbia's fisheries is available at: www.bcfisheries.gov.bc.ca.

Construction

The province's construction industry benefitted from increased housing construction activity as well as institutional construction in 2001. Employment in this industry rose 2.1 per cent in 2001, and accounted for about 6 per cent of total employment.

Utilities

The utilities sector includes electric power and gas distribution establishments (natural gas production is included in the mining, oil and gas sector), as well as water systems and other utilities such as waste disposal. These industries employed about 11,700 people in 2001, slightly higher than 2000.

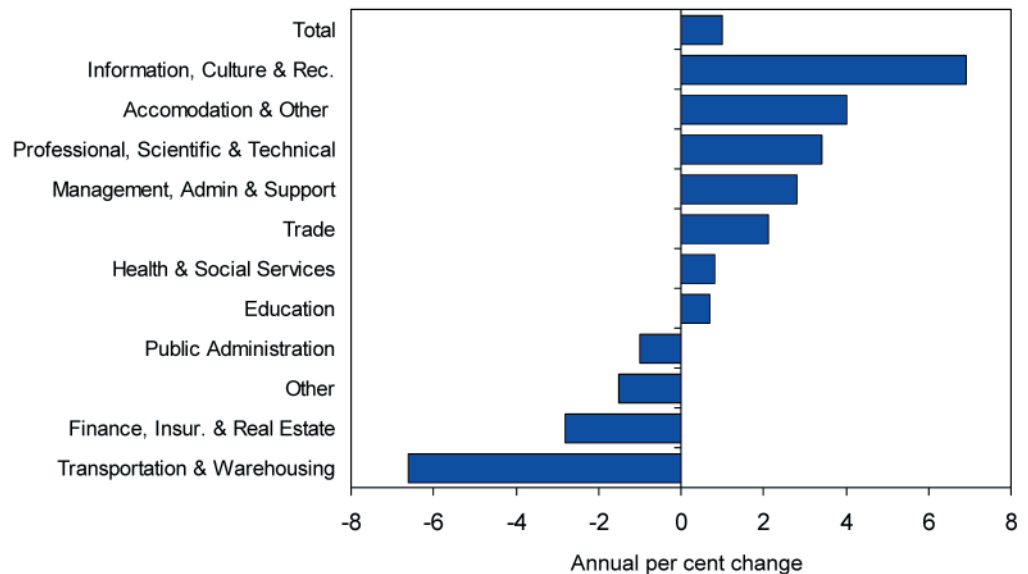
Most of the electrical production is consumed within the province, with the remainder exported to the US. In 2001, exports of electricity totalled \$1.4 billion. In 2001, hydro generation was down from 2000 levels due to low water levels. As a result, the province's export trade in electricity was resourced through electricity imports which were resold to the US market (see Appendix Table A1.13).

Service-producing Industries

British Columbia's service sector accounts for about three-quarters of provincial output. The sector grew 2.4 per cent in 2001, more than offsetting the decline in the goods-producing sector.

Service sector employment, which accounts for 80 per cent of total provincial employment, rose by a net 15,700 jobs or 1.0 per cent in 2001. Most service sector industries recorded higher levels of employment except in transportation and warehousing, finance, insurance and real estate, and public administration. Employment in high tech related industries (computer system design services, architectural, engineering and design services and management, scientific and technical services which are included in professional, scientific and technical services in Chart 1.11) increased by 6.5 per cent in 2001.

Chart 1.11 Service sector employment, 2001



Source: Statistics Canada

Retail and Wholesale Trade

During 2001 nearly one in six workers in British Columbia, or 309,500 people, were employed in a retail or wholesale business, making the sector the province's second-largest employer. Most of the employment in the wholesale and retail sector is in the retailing industry (240,900), while wholesalers employ about one quarter as many people.

Wholesale trade primarily involves the purchase of merchandise for resale, to retailers as well as to industrial, commercial, institutional, farm or professional business users. Wholesale trade fell 1.6 per cent to \$37.1 billion in 2001.

Retail trade is a diverse group, ranging from outlets selling big-ticket items such as motor vehicles, to supermarkets and department stores. Employment in retail trade increased 2.0 per cent in 2001, mainly due to more people

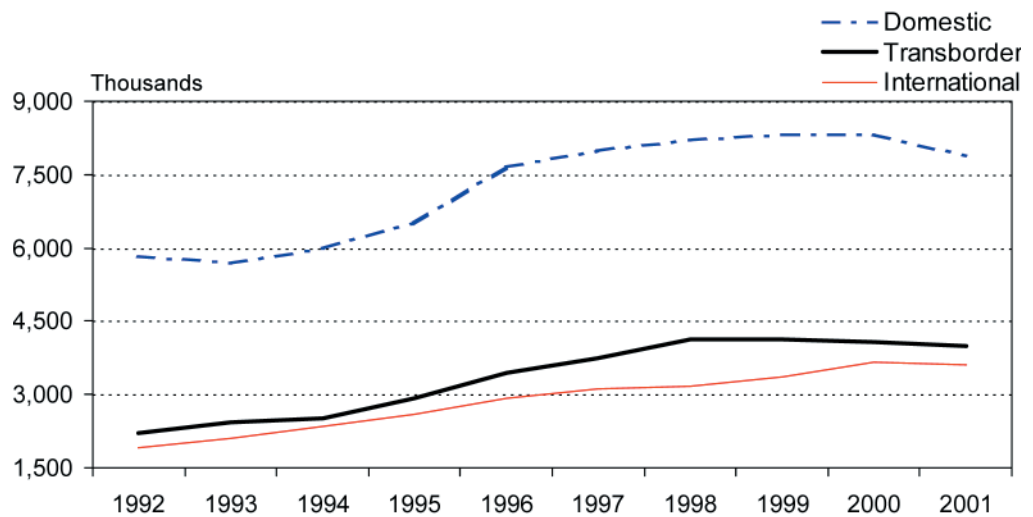
working for motor vehicle and parts dealers. Low interest rates and affordable financing deals encouraged the sale of new motor vehicles, which grew 2.9 per cent in 2001. The value of retail sales rose 6.0 per cent in 2001, to total almost \$38 billion.

Transportation and Warehousing

The transportation and warehousing industry employed 106,900 people in 2001 — about 5.5 per cent of the workforce. Transportation industries — air, rail, water, truck, bus and other transportation services — account for most of the employment in this sector. Warehousing and storage employment was up slightly.

Truck and air transportation are the largest subsectors and both recorded declines in 2001. Employment in air transportation fell almost 20 per cent with the earlier merger of Canadian Airlines with Air Canada, the reduction in air travel following September 11 and the Canada 3000 bankruptcy. Passenger traffic at Vancouver International Airport totalled 7.9 million people, down 5.3 per cent from 2000.

Chart 1.12 Passenger Traffic at Vancouver International Airport



Source: Vancouver International Airport Authority

Rail, water, transit and ground passenger transportation employment increased in 2001. The Port of Vancouver handled 72.9 million tonnes of cargo in 2001, down 4.8 per cent from 2000. While container traffic fell one per cent from 2000, cruise ship activity increased in 2001. The number of revenue passengers rose one per cent to 1.06 million people on 332 voyages.

Real output in the transportation and warehousing sector fell by 4.7 per cent in 2001, following growth of 4.5 per cent in 2000.

Finance, Insurance, Real Estate and Leasing

Employment in the finance, insurance, real estate and leasing sector totaled 116,200 in 2001, down 2.8 per cent from 2000. The number of jobs in this sector peaked in 1997 and has declined since. This sector includes 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.

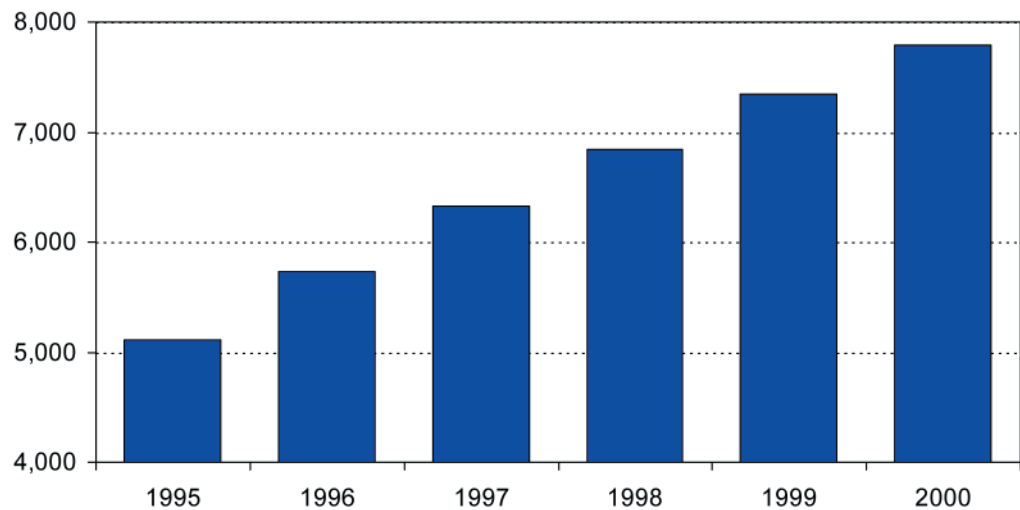
Real output in the finance, insurance and real estate sector grew 3.3 per cent in 2001, up from 2.4 per cent in 2000. Appendix Table A1.14 and A1.15 contain more information on these industries.

**Professional,
Scientific and
Technical
Services**

This sector includes legal, accounting, architectural and design services, as well as computer system design, management, scientific and technical services and advertising services. Employment in this sector totalled 141,000 persons in 2001, up from 136,400 in 2000.

Appendix Table A1.17 provides details on activity in the province's high technology sector. An annual profile of the high technology industry can be found at: www.bcstats.gov.bc.ca.

Chart 1.13 High technology sector establishments



Source: BC STATS

**Management,
Administrative
and Other
Support**

Management, administrative and other support includes employment, business, travel, security services as well as waste management. Employment in this sector grew 2.8 per cent in 2001. The growth occurred mainly in security services which recorded a 28.1 per cent increase, or 2,700 persons as security in the travel industry and other areas was increased after September 11.

**Information,
Culture and
Recreation**

Information, culture and recreation is comprised of publishing industries, motion picture and sound recording industries, broadcasting and telecommunications, information services and data processing as well as recreation, amusement and gambling industries. In 2001, there were 106,200 people employed in this sector, up from 99,300 in 2000. The increase was mainly due to employment growth in broadcasting and telecommunications which added 4,700 jobs in 2001. Employment in amusement, gambling and recreation industries added 2,700 jobs in 2001 to total 27,300 people or about one-quarter of the jobs in this group of industries.

Education

The level of employment in educational services was relatively flat in 2001 as decreases in primary and secondary educational support were offset by increases in post-secondary, university and other school support. This category

includes private-sector training institutions, many specializing in computer or high-tech programs such as Compucollege, CDI, Northwest Digital and the Information, Technology Institute. In 2001, there were 135,700 people employed in the education sector, up slightly from 2000.

**Health and
Social Services**

The health and social services industry includes publicly-operated hospitals, doctors and dentist offices, as well as homes for people requiring medical or other care, medical labs, day care centres and pre-schools, and other types of social services.

In 2001, there were 203,800 people employed in this sector up slightly from 2000. Increases in the number of people working in hospitals and nursing and residential care facilities, were offset by decreases in the number of people working in ambulatory health care services and social assistance.

**Public
Administration**

Public administration is comprised of local, provincial, federal government ministries and agencies as well as correctional facilities, courts, the military, law enforcement and fire-fighting agencies. In 2001, there were 88,800 people employed in this sector, down from 89,700 in 2000.

Conclusion

Further information on British Columbia's economic performance will be released in November 2002, when Statistics Canada releases updated GDP data for 2001 and previous years.

Appendix 1

Table A1.1 Summary of Economic Activity for British Columbia

	Units	1987	1988	1989	1990	1991
Annual aggregate indicators						
Population ¹	(thousands)	3,050.1	3,115.7	3,198.5	3,291.4	3,373.4
Nominal gross domestic product (at market prices).....	(\$ millions)	62,666	69,557	75,774	79,528	82,087
Real gross domestic product (1997 \$).....	(\$ millions)	85,981	91,117	94,505	95,953	96,201
Personal income	(\$ millions)	52,909	58,297	65,011	72,040	75,337
Capital investment.....	(\$ millions)	-	-	-	-	17,370
Business incorporations.....	(number)	18,691	18,703	21,817	19,550	18,528
Labour statistics						
Labour force.....	(thousands)	1,563	1,599	1,658	1,700	1,749
Employment.....	(thousands)	1,375	1,436	1,510	1,555	1,572
Unemployment rate.....	(per cent)	12.1	10.2	9.0	8.6	10.1
Prices and earnings						
Consumer price index (British Columbia).....	(1992=100)	81.0	83.9	87.7	92.4	97.4
Consumer price index (Vancouver).....	(1992=100)	80.9	83.8	87.5	92.3	97.1
B.C. export commodity price index (Canadian \$)	(1992=100)	77.9	83.8	86.1	83.2	72.6
Average weekly wage rate ²	(\$)	-	-	-	-	-
Wages and salaries	(\$ millions)	-	-	-	-	-
Financial indicators						
Prime rate.....	(per cent)	9.52	10.83	13.33	14.06	9.94
Canada/U.S. exchange rate	(U.S. cents)	75.41	81.24	84.45	85.71	87.28
Conventional (5 year) mortgage rate	(per cent)	11.17	11.65	12.06	13.35	11.13
Other indicators						
Manufacturing shipments	(\$ millions)	23,374	25,516	26,596	25,329	23,259
Retail sales ³	(\$ millions)	19,160	20,802	22,791	24,200	23,613
Housing starts	(number)	28,944	30,487	38,894	36,720	31,875
Non-residential building permits.....	(\$ millions)	999	1,647	1,808	1,833	1,803
Tourism gross domestic product.....	(\$ millions)	2,685	2,910	3,160	3,382	3,448
High-tech gross domestic product	(\$ millions)	960	1,217	1,439	1,609	1,633
B.C. product exports.....	(\$ millions)	16,236	17,830	18,334	16,648	15,215
Commodity data						
Lumber production.....	(thousand m ³)	37,336	36,736	35,952	33,515	31,406
Log production (timber harvest).....	(thousand m ³)	90,592	86,808	87,415	78,316	73,677
Market pulp shipments.....	(000 tonnes)	4,136	4,141	4,189	3,547	4,014
Newsprint, other paper and paperboard production.....	(000 tonnes)	2,753	2,878	2,846	2,994	2,721
Petroleum and natural gas production.....	(\$ millions)	731	736	783	899	858
Coal production.....	(000 tonnes)	22,587	24,813	25,134	24,366	24,848
Solid mineral production.....	(\$ millions)	2,768	3,224	3,180	2,971	2,755
Electric power generated.....	(GW.h)	63,066	60,943	57,655	60,662	62,981
Farm cash receipts.....	(\$ millions)	1,121	1,206	1,255	1,299	1,340
Landed value of fish products.....	(\$ millions)	455	573	513	559	492

¹ As at July 1. Data take into account adjustments made for net census undercount and non-permanent residents.

² Data prior to 1997 are not available.

³ Retail sales data prior to 1991 include the old federal manufacturer's sales tax (FST); data for 1991 onwards does not include the goods and services tax.

⁴ Data not available.

Sources: Statistics Canada and BC STATS, Ministry of Finance, based on federal, provincial and industry data.

Table A1.1 Summary of Economic Activity for British Columbia — continued

1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	Change 2000-2001 (per cent)
3,470.3	3,571.5	3,681.8	3,784.0	3,882.0	3,959.7	3,997.1	4,028.1	4,058.8	4,095.9	0.9
87,400	94,259	100,670	105,841	109,049	114,601	115,604	120,608	127,564	130,396	2.2
98,243	102,267	105,513	107,760	110,784	114,601	116,502	119,821	124,464	125,534	0.9
78,642	81,958	85,694	90,058	92,661	95,925	97,574	100,866	106,149	108,899	2.6
17,979	18,853	21,335	20,556	19,411	22,552	20,643	20,652	21,025	22,525	7.1
20,406	22,955	25,774	23,846	22,848	22,958	20,759	21,009	21,515	19,749	-8.2
1,804	1,856	1,928	1,958	1,995	2,040	2,051	2,079	2,100	2,104	0.2
1,620	1,676	1,754	1,792	1,821	1,869	1,870	1,906	1,949	1,942	-0.3
10.2	9.7	9.0	8.4	8.7	8.4	8.8	8.3	7.2	7.7	6.9
100.0	103.5	105.5	107.9	108.9	109.7	110.0	111.2	113.3	115.2	1.7
100.0	103.6	105.7	108.4	109.2	109.8	110.4	111.4	113.9	116.0	1.8
74.0	82.6	93.7	103.7	98.8	99.9	94.0	99.0	101.0	98.8	-2.2
-	-	-	-	-	610.7	618.4	625.2	637.1	645.7	1.3
-	-	-	-	-	53,035	54,174	56,264	60,270	61,657	2.3
7.48	5.94	6.88	8.65	6.06	4.96	6.60	6.44	7.27	5.81	-20.1
82.73	77.51	73.22	72.86	73.34	72.22	67.41	67.31	67.32	64.56	-4.1
9.51	8.78	9.53	9.16	7.93	7.07	6.93	8.56	8.35	7.40	-11.4
24,398	26,583	30,333	34,207	32,932	33,496	31,757	35,616	37,768	34,087	-9.7
24,512	26,553	29,443	31,496	32,071	33,736	33,049	33,684	35,821	37,979	6.0
40,621	42,807	39,408	27,057	27,641	29,351	19,931	16,309	14,418	17,234	19.5
2,082	1,944	1,772	1,966	1,957	1,959	2,022	2,104	2,089	2,125	1.7
3,564	3,800	4,113	4,438	4,692	4,977	5,069	5,040	5,390	n.a. ⁴	n.a.
1,732	1,867	1,964	2,316	2,420	2,788	3,004	3,266	3,820	n.a. ⁴	n.a.
16,353	19,016	22,834	26,911	25,765	26,761	26,045	28,812	33,439	30,670	-8.3
33,396	33,935	33,671	32,611	32,671	31,562	30,238	32,397	32,352	30,182	-6.7
74,006	79,239	75,650	76,472	75,213	68,628	64,967	75,997	76,984	72,009	-6.5
3,815	4,040	4,763	4,572	4,390	4,532	4,462	4,995	5,152	4,710	-8.6
2,692	3,067	2,947	2,836	2,816	2,570	2,781	3,069	3,106	n.a. ⁴	n.a.
890	1,089	1,270	1,040	1,333	1,588	1,573	2,091	5,010	6,158	22.9
18,094	20,629	22,580	24,350	26,179	27,812	25,305	24,810	26,152	26,482	1.3
2,537	2,347	2,677	3,437	3,087	3,130	3,025	2,565	2,879	2,995	4.0
64,058	58,774	61,015	58,006	71,764	66,961	67,710	68,045	68,239	57,357	-15.9
1,427	1,452	1,543	1,599	1,712	1,759	1,835	1,934	2,079	2,241	7.8
533	605	735	587	589	604	547	611	658	643	-2.3

Table A1.2 Components of British Columbia Population Change

Year	Net Migration			Natural Increase			Total Population Increase ¹	Population — End of Period (December 31) ¹
	Inter-provincial	Inter-national	Total	Births	Deaths	Total		
1975	(2,864)	25,342	22,478	36,281	19,151	17,130	39,608	2,520,424
1976	(1,490)	16,288	14,798	35,848	18,788	17,060	31,858	2,552,282
1977	15,507	11,224	26,731	36,691	18,596	18,095	44,826	2,595,870
1978	20,698	7,699	28,397	37,231	19,058	18,173	46,570	2,641,202
1979	33,241	14,012	47,253	38,432	19,204	19,228	66,481	2,706,445
1980	40,165	23,447	63,612	40,104	19,371	20,733	84,345	2,789,552
1981	21,565	22,136	43,701	41,474	19,857	21,617	65,318	2,854,237
1982	(2,019)	14,150	12,131	42,747	20,707	22,040	34,171	2,888,208
1983	4,029	10,603	14,632	42,919	19,827	23,092	37,724	2,925,731
1984	3,505	8,633	12,138	43,911	20,686	23,225	35,363	2,960,894
1985	(3,199)	9,357	6,158	43,127	21,302	21,825	27,983	2,988,677
1986	910	12,821	13,731	41,967	21,213	20,754	34,485	3,023,311
1987	17,618	21,600	39,218	41,814	21,814	20,000	59,218	3,082,928
1988	25,865	29,255	55,120	42,930	22,546	20,384	75,504	3,158,832
1989	37,367	31,526	68,893	43,769	22,997	20,772	89,665	3,248,896
1990	38,704	28,420	67,124	45,617	23,577	22,040	89,164	3,338,460
1991	34,572	24,820	59,392	45,612	23,977	21,635	81,027	3,424,109
1992	39,578	32,662	72,240	46,156	24,615	21,541	93,781	3,525,529
1993	37,595	37,840	75,435	46,026	25,764	20,262	95,697	3,628,866
1994	34,449	45,557	80,006	46,998	25,939	21,059	101,065	3,737,570
1995	23,414	45,591	69,005	46,820	26,375	20,445	89,450	3,834,659
1996	17,798	49,322	67,120	46,138	27,536	18,602	85,722	3,923,564
1997	1,980	42,322	44,302	44,577	27,412	17,165	61,467	3,985,031
1998	(17,521)	28,340	10,819	43,072	27,978	15,094	25,913	4,010,944
1999	(12,413)	32,359	19,946	41,968	28,055	13,913	33,859	4,044,803
2000	(17,296)	31,845	14,549	40,467	27,273	13,194	27,743	4,072,546
2001	(8,991)	32,179	23,188	40,505	28,208	12,297	35,485	4,108,031

¹ 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 A1.3 British Columbia Real Gross Domestic Product by Industry (at factor cost) ¹

Year	Crop and Animal Production	Fishing, Hunting and Trapping	Forestry and Logging	Mining and Oil and Gas Extraction	Manufacturing	Construction	Utilities	Transportation and Warehousing	Wholesale and Retail Trade	Finance Insurance and Real Estate	Other Services	Public Administration	Total
(1997 \$ millions)													
1987	705	205	4,450	2,007	11,452	4,368	2,179	5,251	7,284	14,356	20,224	4,623	76,210
1988	809	241	4,357	2,208	12,100	4,582	2,128	5,481	7,654	14,765	21,618	4,674	79,812
1989	788	319	4,138	2,046	12,017	5,361	2,136	5,419	8,288	15,568	22,392	4,709	82,482
1990	792	366	3,691	2,055	11,041	5,592	2,293	5,382	8,373	16,759	23,398	4,925	84,180
1991	841	321	3,274	2,195	10,022	5,660	2,355	5,149	8,382	18,226	23,822	5,162	85,133
1992	882	291	3,431	1,936	10,656	5,691	2,303	5,450	9,048	19,421	24,234	5,344	88,392
1993	928	375	4,102	2,138	10,820	5,802	2,161	5,646	9,643	20,420	25,580	5,511	92,697
1994	891	287	4,221	2,298	10,847	6,214	2,159	6,141	10,148	21,916	26,716	5,608	97,126
1995	993	197	4,295	2,528	10,976	6,081	2,208	6,383	10,212	22,537	27,917	5,634	99,624
1996	1,069	196	3,542	2,607	11,115	6,038	2,432	6,462	10,858	23,082	28,724	5,649	101,731
1997	1,052	201	3,526	2,646	11,479	6,433	2,468	6,590	10,989	23,613	29,807	5,764	104,569
1998	1,170	168	3,471	2,878	11,764	5,817	2,474	6,471	11,160	24,198	30,664	5,725	105,959
1999	1,225	166	4,174	2,741	12,549	5,841	2,511	6,656	11,620	24,497	31,272	5,733	108,986
2000	1,256	158	4,173	3,144	13,079	5,851	2,633	6,958	11,974	25,084	32,993	5,756	113,058
2001	1,300	171	3,950	3,407	12,004	5,836	2,434	6,634	12,049	25,909	34,196	5,957	113,849

Growth Rate

Year	Crop and Animal Production	Fishing, Hunting and Trapping	Forestry and Logging	Mining and Oil and Gas Extraction	Manufacturing	Construction	Utilities	Transportation and Warehousing	Wholesale and Retail Trade	Finance Insurance and Real Estate	Other Services	Public Administration	Total
(per cent)													
1988	14.9	17.3	-2.1	10.0	5.7	4.9	-2.4	4.4	5.1	2.8	6.9	1.1	4.7
1989	-2.6	32.6	-5.0	-7.4	-0.7	17.0	0.4	-1.1	8.3	5.4	3.6	0.7	3.3
1990	0.4	14.6	-10.8	0.5	-8.1	4.3	7.4	-0.7	1.0	7.7	4.5	4.6	2.1
1991	6.3	-12.2	-11.3	6.8	-9.2	1.2	2.7	-4.3	0.1	8.8	1.8	4.8	1.1
1992	4.8	-9.2	4.8	-11.8	6.3	0.5	-2.2	5.8	7.9	6.6	1.7	3.5	3.8
1993	5.3	28.7	19.6	10.4	1.5	2.0	-6.1	3.6	6.6	5.1	5.6	3.1	4.9
1994	-4.0	-23.6	2.9	7.5	0.3	7.1	-0.1	8.7	5.2	7.3	4.4	1.8	4.8
1995	11.5	-31.1	1.7	10.0	1.2	-2.1	2.3	4.0	0.6	2.8	4.5	0.5	2.6
1996	7.6	-1.0	-17.5	3.1	1.3	-0.7	10.2	1.2	6.3	2.4	2.9	0.3	2.1
1997	-1.5	2.7	-0.5	1.5	3.3	6.5	1.5	2.0	1.2	2.3	3.8	2.0	2.8
1998	11.1	-16.2	-1.6	8.8	2.5	-9.6	0.2	-1.8	1.6	2.5	2.9	-0.7	1.3
1999	4.7	-1.6	20.3	-4.8	6.7	0.4	1.5	2.9	4.1	1.2	2.0	0.1	2.9
2000	2.5	-4.9	0	14.7	4.2	0.2	4.8	4.5	3.0	2.4	5.5	0.4	3.7
2001	3.5	8.6	-5.3	8.3	-8.2	-0.2	-7.6	-4.7	0.6	3.3	3.6	3.5	0.7

Share

Year	Crop and Animal Production	Fishing, Hunting and Trapping	Forestry and Logging	Mining and Oil and Gas Extraction	Manufacturing	Construction	Utilities	Transportation and Warehousing	Wholesale and Retail Trade	Finance Insurance and Real Estate	Other Services	Public Administration	Total
(per cent)													
1988	1.0	0.3	5.5	2.8	15.2	5.7	2.7	6.9	9.6	18.5	27.1	5.9	100
1989	1.0	0.4	5.0	2.5	14.6	6.5	2.6	6.6	10.0	18.9	27.1	5.7	100
1990	0.9	0.4	4.4	2.4	13.1	6.6	2.7	6.4	9.9	19.9	27.8	5.9	100
1991	1.0	0.4	3.8	2.6	11.8	6.6	2.8	6.0	9.8	21.4	28.0	6.1	100
1992	1.0	0.3	3.9	2.2	12.1	6.4	2.6	6.2	10.2	22.0	27.4	6.0	100
1993	1.0	0.4	4.4	2.3	11.7	6.3	2.3	6.1	10.4	22.0	27.6	5.9	100
1994	0.9	0.3	4.3	2.4	11.2	6.4	2.2	6.3	10.4	22.6	27.5	5.8	100
1995	1.0	0.2	4.3	2.5	11.0	6.1	2.2	6.4	10.3	22.6	28.0	5.7	100
1996	1.1	0.2	3.5	2.6	10.9	5.9	2.4	6.4	10.7	22.7	28.2	5.6	100
1997	1.0	0.2	3.4	2.5	11.0	6.2	2.4	6.3	10.5	22.6	28.5	5.5	100
1998	1.1	0.2	3.3	2.7	11.1	5.5	2.3	6.1	10.5	22.8	28.9	5.4	100
1999	1.1	0.2	3.8	2.5	11.5	5.4	2.3	6.1	10.7	22.5	28.7	5.3	100
2000	1.1	0.1	3.7	2.8	11.6	5.2	2.3	6.2	10.6	22.2	29.2	5.1	100
2001	1.1	0.2	3.5	3.0	10.5	5.1	2.1	5.8	10.6	22.8	30.0	5.2	100

Note: Industry account data are measured at basic prices. GDP at basic prices equals GDP at market prices less indirect taxes net of subsidies on products. Constant dollar totals for years prior to 1997 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.

¹ Data for 1987 to 1996 are BC Stats estimates

Source: BC Stats and Statistics Canada

Table A1.4 Employment by Industry in British Columbia

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
	(thousands)										
Total — all industries	1,573	1,620	1,676	1,754	1,792	1,821	1,869	1,870	1,906	1,949	1,942
Primary industries	84	79	79	80	81	85	88	84	78	85	69
Agriculture	32	31	34	31	26	30	33	33	29	30	26
Forestry	28	27	26	31	36	32	33	30	30	37	26
Fishing and trapping	7	5	6	6	5	5	5	4	4	5	5
Mining	18	16	12	12	14	18	17	17	15	13	12
Manufacturing	169	168	179	184	189	195	197	196	192	205	196
Food, beverages and tobacco	22	21	22	27	22	24	26	26	22	24	26
Wood products	42	46	49	50	43	44	45	44	42	47	50
Paper	20	21	22	21	24	23	23	23	22	18	15
Printing and related support activities	6	9	8	9	9	12	10	8	9	11	8
Primary metals	9	7	8	9	12	12	9	9	9	11	8
Metal fabrication	11	10	9	9	10	9	11	11	12	13	13
Transportation equipment	9	8	7	8	9	9	13	13	13	13	10
Other manufacturing	49	47	55	51	60	63	62	64	63	70	66
Construction	112	114	114	126	125	120	123	118	115	113	115
General contractors	47	43	42	47	44	42	39	37	42	42	41
Special trade contractors	65	72	72	78	82	77	84	81	74	71	74
Utilities	13	11	12	13	11	11	10	11	12	11	12
Transportation and warehousing .	95	101	101	99	97	99	109	106	118	114	107
Transportation	92	99	95	96	93	96	103	103	114	111	103
Warehousing and storage	3	2	5	3	4	4	6	3	4	3	4
Trade	258	265	275	289	300	294	302	294	309	303	310
Wholesale trade	54	60	64	64	66	68	71	62	80	67	69
Retail trade	204	205	211	226	234	226	230	233	229	236	241
Finance, Insurance, Real Estate and Leasing	101	109	114	118	118	124	127	123	120	120	116
Finance	42	42	47	48	48	51	56	53	54	53	54
Insurance	25	24	22	25	22	24	27	24	23	28	24
Real Estate	26	35	35	35	38	39	33	38	34	30	27
Leasing	8	9	10	10	10	10	11	8	10	9	12
Service industries	649	674	700	746	769	787	814	845	873	908	929
Education and related services	98	106	113	120	123	118	122	120	128	135	136
Health and welfare services	155	163	164	171	177	183	190	195	195	202	204
Information, culture and recreation	67	65	67	79	86	85	89	94	92	99	106
Services to business management	131	127	142	154	157	166	175	190	201	208	215
Accommodation and food services	123	131	121	129	135	143	145	152	153	164	171
Miscellaneous services	75	82	92	93	91	92	93	94	105	99	98
Public administration	92	99	101	100	104	107	100	93	90	90	89
Federal administration	37	35	34	33	33	37	34	29	32	32	30
Provincial administration	24	33	30	34	38	36	32	29	28	26	32
Local administration	31	32	38	33	34	34	34	35	31	31	27

Note: An asterisk (*) indicates employment of less than 4,000 people.

Source: Statistics Canada, Labour Force Survey (unpublished data).

Table A1.5 Capital Investment by Industry¹

	2000 Actual	2001 Actual (\$ millions)	2002 Intentions	Change	
				2000 to 2001	2001 to 2002
				(per cent)	
Agriculture, forestry, fishing and hunting	353.8	310.1	343.7	-12.4	10.8
Mining, oil and gas	1,749.0	2,460.4	1,880.6	40.7	-23.6
Utilities	832.7	957.9	1,151.5	15.0	20.2
Construction	250.9	260.1	278.8	3.7	7.2
Manufacturing	1,355.0	1,190.8	1,064.8	-12.1	-10.6
Wholesale	342.2	358.9	351.8	4.9	-2.0
Retail trade	819.8	824.0	853.7	0.5	3.6
Transport and warehousing	2,231.8	2,082.3	1,847.5	-6.7	-11.3
Information and culture	961.3	1,189.6	1,198.2	23.7	0.7
Finance and insurance	1,605.2	1,462.5	1,502.9	-8.9	2.8
Real estate, rental and leasing	1,310.7	1,359.2	1,310.3	3.7	-3.6
Education	667.7	760.6	823.9	13.9	8.3
Health care and social	439.1	504.3	426.4	14.8	-15.4
Accommodation and food	230.5	199.3	224.1	-13.5	12.4
Other Services	137.9	120.3	113.9	-12.8	-5.3
Public administration	2,102.1	2,377.2	2,382.5	13.1	0.2
Housing	5,185.8	5,613.4	5,982.3	8.2	6.6
Total	<u>21,025.4</u>	<u>22,525.4</u>	<u>22,244.8</u>	7.1	-1.2
Public	4,617.6	5,071.9	5,307.5	9.8	4.6
Private	<u>16,407.8</u>	<u>17,453.5</u>	<u>16,937.3</u>	6.4	-3.0
Total	<u>21,025.4</u>	<u>22,525.4</u>	<u>22,244.8</u>	7.1	-1.2
Machinery and equipment	8,359.4	8,812.6	8,530.1	5.4	-3.2
Construction	<u>12,666.0</u>	<u>13,712.7</u>	<u>13,714.7</u>	8.3	0.0
Total	<u>21,052.4</u>	<u>22,525.4</u>	<u>22,244.8</u>	7.0	-1.2

¹ Includes professional, scientific and technical services, management of companies, administrative, waste management and remediation, arts, entertainment and recreation, and other services.

Source: Statistics Canada

Table A1.6 British Columbia International Goods Exports by Major Market and Selected Commodities, 2001

Commodity	U.S.	Japan	European Union ¹	Other Markets	Total — All Countries
	(\$ millions)				
Solid wood products	7,032	1,820	228	232	9,313
Lumber (softwood)	4,786	1,351	197	191	6,526
Cedar shakes and shingles	327	0	4	2	334
Selected value-added wood products	147	61	15	1	224
Plywood (softwood)	801	137	9	8	956
Other	971	270	3	29	1,273
Pulp and paper products	2,439	452	1,070	1,194	5,155
Pulp	738	362	1,022	947	3,069
Newsprint	487	67	0	68	623
Paper, paperboard — excluding newsprint	1,096	22	48	164	1,330
Other	118	2	0	14	134
Agriculture and food other than fish	972	169	47	205	1,393
Fruit and nuts	120	11	1	11	143
Vegetables	223	13	13	36	286
Other	628	145	32	158	964
Fish products	617	198	55	95	965
Whole fish; fresh, chilled, frozen — excluding salmon	97	34	7	6	144
Whole salmon; fresh, chilled, frozen	258	28	2	14	302
Salmon; canned, smoked, etc.	12	3	43	15	72
Other	251	132	3	61	447
Metallic mineral products	339	580	15	401	1,336
Copper ores and concentrates	12	263	0	184	458
Molybdenum ores and concentrates	5	17	13	10	45
Unwrought aluminum	87	248	2	155	491
Unwrought zinc	182	7	0	47	236
Other	53	46	1	5	105
Energy products	4,381	500	371	435	5,687
Natural gas	2,719	0	0	0	2,719
Coal	128	499	370	434	1,431
Electricity	1,406	0	0	0	1,406
Other	129	1	0	1	131
Machinery and equipment	2,767	65	251	293	3,376
Motor vehicles and parts	603	5	4	25	638
Electrical/electronic/communications	492	32	34	68	625
Other	1,672	29	213	200	2,114
Plastics and articles of plastic	400	10	6	10	426
Apparel and accessories	234	4	2	2	243
All other commodities	2,251	87	46	392	2,776
Total	21,433	3,887	2,091	3,259	30,670

¹ Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden and the United Kingdom.

Source: BC STATS

Table A1.7 Historical Commodity Prices (in U.S. Dollars)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	Change 2000-2001 (per cent)
Metals												
Copper (London; \$/lb)	1.07	1.04	0.87	1.05	1.33	1.04	1.03	0.75	0.72	0.82	0.72	-12.2
Lead (London; \$/lb)	0.25	0.24	0.19	0.25	0.29	0.35	0.28	0.24	0.23	0.21	0.22	4.8
Zinc (London; \$/lb)	0.51	0.56	0.43	0.45	0.53	0.52	0.60	0.46	0.49	0.51	0.40	-21.6
Gold (London; \$/troy oz) ...	362	344	360	384	384	388	331	295	279	279	271	-2.8
Silver (London; \$/troy oz) ..	4.04	3.95	4.31	5.28	5.20	5.08	4.91	5.57	5.23	4.95	4.38	-11.5
Molybdenum (weekly average price from MetalPrices.com; \$/lb) ..	2.13	1.92	2.28	4.61	7.32	3.61	4.32	3.45	2.70	2.66	2.38	-10.5
Aluminum (London; \$/lb)	0.61	0.59	0.54	0.70	0.82	0.67	0.72	0.62	0.62	0.70	0.66	-5.7
Forest Products												
Lumber (Madison's Lumber Reporter; WSPF, \$/1000 bd ft)	189	227	337	343	251	352	353	286	341	255	248	-2.8
Pulp (Northern Europe; \$/tonne; transaction price)	572	554	427	513	883	590	566	514	522	681	541	-20.6
Newsprint (Pulp and Paper Week \$/tonne)	543	429	442	465	674	652	560	595	514	564	589	4.4
Hemlock baby squares (Madison's Lumber Reporter; 3 9/16")	--	--	--	852	862	796	822	556	584	565	583	3.1
Other												
Oil (West Texas Intermediate; \$/barrel)	21	21	18	17	18	22	21	14	19	30	26	-13.9
Natural gas (Sumas; \$/MmBTU)	--	--	1.87	1.60	1.03	1.35	1.71	1.61	2.15	4.29	4.51	5.1
Electricity (Mid- Columbia Index in \$/MW.h)	--	--	--	--	--	--	--	--	27	138	143	3.6

Sources: Various

Table A1.8 British Columbia Forest Sector Economic Activity Indicators

Indicator	1997	1998	1999	2000	2001	Change ¹ 2000-2001
Wood production		(million cubic metres)				(per cent)
Timber harvest	68.6	65.0	76.0	77.0	72.0	-6.5
Lumber	31.6	30.2	32.4	32.4	30.2	-6.8
Plywood	1.48	1.39	1.54	1.54	1.57	1.9
Timber scaled by species		(million tonnes)				
Lodgepole pine	18.5	17.7	22.0	22.2	22.9	3.2
Spruce	12.0	12.3	12.5	12.1	12.4	2.5
Hemlock	10.0	8.4	10.5	11.0	8.3	-24.5
Douglas fir	8.3	8.4	11.0	10.6	10.8	1.9
Balsam	9.2	8.0	8.8	8.9	7.1	-20.2
Cedar	6.3	6.1	6.6	7.3	6.2	-15.1
All others	4.3	4.1	4.6	4.9	4.5	-8.2
Total²	68.6	65.0	76.0	77.0	72.2	-6.2
		(million tonnes)				
Pulp and paper production	7.18	7.03	8.01	8.29	7.59	-8.4
Market pulp	4.53	4.46	5.00	5.15	4.70	-8.7
Newsprint, paper and paperboard	2.65	2.57	3.02	3.13	2.88	-8.0
Industrial product price indices		(1997 = 100)				
Softwood lumber — British Columbia	100.0	86.3	100.2	83.2	82.6	-0.7
Douglas fir plywood	100.0	92.5	109.4	94.8	94.4	-0.4
Bleached sulphate pulp for export	100.0	97.8	99.4	127.7	105.7	-17.2
Newsprint for export	100.0	111.6	96.3	105.4	123.0	16.7

¹ Percentage change based on unrounded numbers.

² Total may not add due to rounding.

Sources: Timber harvest — Ministry of Forests.

Lumber and plywood production — Statistics Canada.

Pulp and paper production — Canadian Pulp and Paper Association.

Industrial product price indices — Statistics Canada.

Table A1.9 Historical Value of Metal Production

Year	Copper	Gold	Lead	Molybdenum	Silver	Zinc	Other	Total
(\$ millions)								
1989	1,003	236	46	112	105	241	14	1,757
1990	983	241	16	87	114	102	3	1,546
1991	847	238	33	67	74	152	8	1,419
1992	892	219	42	55	53	171	6	1,438
1993	721	212	22	58	30	102	31	1,175
1994	797	206	43	113	29	157	9	1,354
1995	1,119	328	51	203	106	192	17	2,016
1996	725	306	53	100	109	215	29	1,537
1997	697	258	40	88	101	290	22	1,495
1998	681	303	24	99	119	231	26	1,484
1999	419	332	30	60	125	202	16	1,183
2000	733	334	32	63	140	244	25	1,571
2001 e	679	322	27	77	132	155	20	1,412

e: Estimate.

Source: Ministry of Energy and Mines.

Table A1.10 Historical Value of Mineral, Petroleum and Natural Gas Production

Year	Metals	Industrial Materials	Structural Materials	Coal	Crude Oil ¹	Natural Gas to Pipeline	Other oil and Gas ²	Total
(\$ millions)								
1989	1,757	125	297	1,001	263	495	25	3,963
1990	1,546	119	313	980	319	537	43	3,857
1991	1,419	86	312	938	260	562	36	3,613
1992	1,438	45	305	749	260	592	38	3,427
1993	1,175	41	335	797	233	814	42	3,437
1994	1,354	47	370	905	235	991	44	3,946
1995	2,016	58	395	968	272	710	58	4,477
1996	1,537	42	398	1,110	441	817	75	4,420
1997	1,495	47	398	1,191	403	1,087	98	4,719
1998	1,484	49	404	1,088	373	1,154	47	4,598
1999	1,183	51	416	915	461	1,577	53	4,656
2000 e	1,571	50	458	800	838	3,865	306	7,888
2001 e	1,412	41	475	1,068	711	5,180	267	9,154

e: Estimate.

¹ Includes Pentanes and Condensate.² LPG's and Sulphur

Source: Ministry of Energy and Mines

Table A1.13 Supply and Consumption of Electrical Energy in British Columbia

Year	Supply				Consumption		
	Net Generation			Receipts From Other Provinces and Imports	Total Provincial Supply	Delivered To Other Provinces and Exports	Total Provincial Consumption
	Hydro	Thermal	Total Provincial Generation				
(gigawatt-hours)							
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	5,716	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	4,436	71,765	3,289	75,053	10,390	64,664
1997.....	61,772	5,189	66,961	4,316	71,278	12,114	59,163
1998	60,849	6,861	67,710	5,056	72,766	10,619	62,147
1999	61,588	6,457	68,045	6,807	74,852	12,529	62,323
2000	59,754	8,485	68,239	6,039	74,278	10,698	63,580
2001	48,338	9,019	57,357	10,154	67,511	6,408	61,104

Source: Statistics Canada

Table A1.14 British Columbia Financial Activity Indicators

Indicator	Units	1998	1999	2000	2001	Change 2000-2001 (per cent)
Chartered banks						
Employees (July)	(number)	25,925	25,900	26,835	n.a.	n.a.
Branches (October)	(number)	945	969	930	n.a.	n.a.
Automated banking machines (October)	(number)	2,165	2,321	2,410	2,319	-3.8
Business loans outstanding (December) ¹	(\$ millions)	14,708	14,114	13,829	13,002	-6.0
Personal loans outstanding (December)	(\$ millions)	13,058	15,019	18,634	18,882	1.3
Credit unions (December)						
Credit unions	(number)	86	78	72	66	-8.3
Branches.....	(number)	329	333	335	337	0.6
Automated banking machines.....	(number)	456	470	445	485	9.0
Members	(thousands)	1,422	1,434	1,455	1,476	1.4
Total assets	(\$ millions)	21,345	22,178	23,381	25,147	7.6
Bloomberg British Columbia Stock Index						
annual close	Dec 1994 = 100	107.4	121.9	126.7	107.2	-15.4

¹ Excludes agricultural loans.

Sources: Chartered Banks -- Canadian Bankers' Association and Bank of Canada.

Credit Unions -- Credit Union Central of BC.

Bloomberg

Table A1.15 British Columbia Real Estate Market Indicators

Indicator	1997	1998	1999	2000	2001	Change 2000-2001 (per cent)
Housing starts (number)						
Single-detached	12,911	8,691	8,731	7,448	7,862	5.6
Semi-detached	1,979	1,218	816	885	916	3.5
Row	3,469	2,117	1,444	1,675	1,686	0.7
Apartment and other	10,992	7,905	5,318	4,410	6,770	53.5
Total	29,351	19,931	16,309	14,418	17,234	19.5
Multiple listing service activity						
Sales of listed homes (number)	68,182	52,910	58,084	53,454	68,105	27.4
Average price (dollars)	220,512	212,046	215,283	216,989	220,952	1.8
Apartment vacancy rates¹ (per cent)						
Vancouver	1.7	2.7	2.7	1.4	1.0	
Victoria	3.4	3.8	3.6	1.8	0.5	
Kamloops	4.7	9.1	8.5	8.1	3.8	
Kelowna	3.9	4.4	2.0	2.1	1.1	
Prince George	5.6	12.2	15.8	15.3	12.2	
Cranbrook	10.9	12.5	9.4	7.1	9.3	

¹ October vacancy rate survey.

Sources: Canada Mortgage and Housing Corporation; Canadian Real Estate Association.

Table A1.16 British Columbia Tourism Revenue and Overnight Visitors

Origin	Revenue		Revenue Change 2000-2001 (per cent)	Overnight Visitors ¹		Visitor Change 2000-2001 (per cent)
	2000	2001		2000	2001	
	(\$ millions)			(thousands)		
British Columbia	<u>2,476</u>	<u>2,452</u>	-1.0	<u>10,761</u>	<u>10,761</u>	0.0
"Short haul" regional						
Alberta	1,392	1,365	-1.9	2,997	2,968	-1.0
Ontario	763	731	-4.2	907	878	-3.2
Man/Sask & Territories	402	392	-2.5	715	704	-1.5
Quebec & Atlantic Canada	<u>277</u>	<u>262</u>	-5.4	<u>295</u>	<u>282</u>	-4.4
Rest of Canada	2,834	2,750	-3.0	4,914	4,832	-1.7
United States	2,365	2,351	-0.6	5,063	5,084	0.4
Mexico	<u>45</u>	<u>49</u>	8.9	<u>63</u>	<u>71</u>	12.7
North Amerca Total	<u>7,720</u>	<u>7,602</u>	-1.5	<u>20,801</u>	<u>20,748</u>	-0.3
Japan	290	264	-9.0	296	273	-7.8
Australia	154	151	-1.9	129	127	-1.6
New Zealand	31	29	-6.5	26	24	-7.7
South Korea	84	95	13.1	85	98	15.3
Taiwan	152	108	-28.9	118	85	-28.0
Hong Kong	92	90	-2.2	82	82	0.0
China	53	66	24.5	47	59	25.5
South East Asia	58	62	6.9	52	56	7.7
Asia/Pacific Total	<u>49</u>	<u>54</u>	10.2	<u>43</u>	<u>48</u>	11.6
Subtotal	<u>963</u>	<u>919</u>	-4.5	<u>878</u>	<u>852</u>	-3.1
Europe						
United Kingdom	326	310	-4.9	298	286	-4.0
Germany	154	139	-9.7	125	114	-8.8
Switzerland	32	26	-18.8	26	21	-19.2
Austria	12	10	-16.7	9	8	-11.1
France	26	22	-15.4	31	27	-12.9
Netherlands	35	33	-5.7	42	39	-7.1
Italy	16	16	0.0	19	20	5.3
Other Europe	<u>102</u>	<u>98</u>	-3.9	<u>127</u>	<u>124</u>	-2.4
Subtotal	<u>687</u>	<u>638</u>	-7.1	<u>658</u>	<u>619</u>	-5.9
Total overseas (excludes N. Amerca)	1,729	1,631	-5.7	1,690	1,614	-4.5
Total International	4,138	4,032	-2.6	6,815	6,769	-0.7
Total Non-Resident	6,972	6,781	-2.7	11,730	11,601	-1.1
Total	<u>9,449</u>	<u>9,233</u>	-2.3	<u>22,491</u>	<u>22,362</u>	-0.6

¹ Preliminary estimates for 2001.

Source: Tourism British Columbia

Table A1.17 British Columbia High Technology Sector Activity

Indicator	1995	1996	1997	1998	1999	2000	2001	Change 2000-2001 (per cent)
Number of Establishments								
Manufacturing	1,238	1,294	1,402	1,422	1,488	1,463		-1.7
Services	3,878	4,434	4,930	5,421	5,861	6,323		7.9
Total	5,116	5,728	6,332	6,843	7,349	7,786		5.9
Employment (persons)								
Manufacturing	7,330	8,120	9,580	9,840	12,350	14,290		15.7
Services	31,890	33,530	35,650	37,200	40,040	46,600		16.4
Total	39,220	41,650	45,230	47,040	52,390	60,890		16.2
Wages and Salaries (\$ millions)								
Manufacturing	266	325	398	427	559	668		19.5
Services	1,377	1,455	1,604	1,647	1,810	2,143		18.4
Total	1,643	1,780	2,002	2,074	2,369	2,811		18.7
Shipments (\$ millions)	1,240	1,514	1,618	1,758	1,592	1,766		10.9
Exports (\$ millions)	563	512	610	770	818	947		15.8

Source: BC STATS

Chapter Two
Financial Review

Introduction¹

This chapter presents information on the financial results for the government and its Crown corporations and agencies and includes:

- an overview of the government's summary financial statements (summary accounts) for 2001/02. These statements combine the financial results of the government and its Crown corporations and agencies;
- details on revenue and expenditure of the consolidated revenue fund (CRF) for 2001/02 (the government's central operating account);
- financial results of major Crown corporations for 2001/02; and
- details on capital spending, borrowing activity and debt of the government and its Crown corporations and agencies.

**2001/02
Overview**

The provincial government recorded a \$1,233-million summary accounts deficit in 2001/02, an improvement of \$267-million compared to the July 30, 2002 budget estimate of a \$1.5-billion deficit. (Unless otherwise indicated, all references to budget in this chapter will be to the July 30 estimate.) Without a \$500-million forecast allowance, the summary accounts deficit would have been \$233 million above budget.

Table 2.1 Summary Accounts Operating Results

	July 30 Budget 2001/02	Actual 2001/02	Actual 2000/01 ¹
		(\$ millions)	
Consolidated revenue fund (CRF):			
Revenue	22,737	22,962	24,013
Expenditure.....	(24,808)	(24,913) ²	(22,465)
	(2,071)	(1,951)	1,548
Wind-up of Fisheries & Forest Renewal BC	-	256	-
CRF balance.....	(2,071)	(1,695)	1,548
Crown corporations and agencies:			
Taxpayer-supported.....	(333)	(262)	(227)
Wind-up of Fisheries & Forest Renewal BC.....	-	(256)	-
Total taxpayer-supported.....	(333)	(518)	(227)
Self-supported commercial	66	(484)	157
Total net contribution (loss) of Crown corporations and agencies	(267)	(1,002)	(70)
Subtotal	(2,338)	(2,697)	1,478
Forecast allowance.....	(500)	-	-
(Deficit) surplus before joint trusteeship	(2,838)	(2,697)	1,478
Joint trusteeship (one-time adjustment).....	1,338	1,464	(52)
Summary accounts (deficit) surplus	(1,500)	(1,233)	1,426

¹ Restated to be consistent with the presentation used for 2001/02.

² Includes \$161 million in restructuring exit costs.

¹ Financial information presented in this chapter is based on 2001/02 Public Accounts information. Figures are consistent with the government's organization and accounting policies effective March 31, 2002, and for comparative purposes, information for prior years has been restated where practical. For additional information on the government's accounting policy, see Appendix 2.

Table 2.2 Summary of Changes from the July 30 Budget 2001/02

	Change	Final Results
	(\$ millions)	
Summary accounts deficit - July 30 Budget 2001/02		(1,500)
Consolidated revenue fund (CRF) changes:		
Revenue changes:		
- Prior-year personal income tax assessment adjustments	323	
- Higher personal income tax base partially offset by lower economic growth and the effect of a federal error in remittances for 2000 and 2001	117	
- Higher corporate income tax payments mainly due to higher assessments for prior year	368	
- Lower sales tax revenue	(129)	
- Other taxes	65	
- Natural resources - lower energy prices and forest harvest volumes	(686)	
- Other miscellaneous sources - higher revenue from MSP premiums, asset dispositions and other sources, partially offset by lower investment earnings and higher allowances for doubtful accounts	84	
- Equalization entitlement, partly offset by lower CHST	51	
- Higher Crown corporation and federal cost-sharing contributions	32	225
Spending changes:		
- Skeena Cellulose Inc.	(307)	
- Ministry of Health Services additional spending	(202)	
- Additional government restructuring costs	(81)	
- Ministry of Attorney General savings	47	
- Ministry of Community, Aboriginal and Women's Services savings	41	
- Ministry of Forests savings	41	
- Ministry of Human Resources savings	33	
- Ministry of Children and Family Development savings	27	
- Other ministry savings	55	
- Contingencies savings	179	
- Lower debt interest	62	(105)
Crown corporation changes:		
Taxpayer-supported:		
- BC Ferries - additional asset write-downs partially offset by higher operating income ...	(26)	
- Forest Renewal BC - higher loss	(72)	
- 552513 British Columbia Ltd. (Skeena Cellulose Inc.) - higher operating loss and asset write-downs	(83)	
- Effect of government loan guarantees and other payments for Skeena Cellulose Inc. ...	220	
- Other changes and adjustments	32	71
Self-supported commercial:		
- BC Hydro - lower net income and increased transfer from rate stabilization account	(117)	
- BC Rail - lower net income including restructuring costs	(173)	
- ICBC - operating loss, asset write-downs and restructuring costs	(286)	
- Other changes and adjustments	26	(550)
Deficit before forecast allowance and joint trusteeship		(1,859)
Forecast allowance		500
Joint trusteeship - increase in one-time benefit based on updated actuarial valuation information		126
Summary accounts deficit - 2001/02 Public Accounts		(1,233)

The final deficit amount included:

- a CRF shortfall of \$1.7 billion; and
- combined Crown corporation net losses of \$1 billion (after dividends paid to the CRF);

partially offset by:

- a \$1.5-billion one-time positive adjustment from implementing joint trusteeship for the Teachers' Pension Plan and Municipal Superannuation Plan.

Excluding the impact of the one-time pension adjustment, the summary accounts had a \$2.7-billion deficit.

CRF revenue for the year was \$225 million more than budgeted primarily due to higher-than-expected personal and corporate income taxation revenue which offset weaker revenue from natural resources.

CRF expenditures were \$105 million above budget as additional spending for assistance to Skeena Cellulose Inc., Ministry of Health Services and government restructuring was partially offset by expenditure savings in other programs.

Combined Crown corporation net losses (after adjustments) of \$1 billion included a one-time, \$256-million transfer to the CRF to reflect the wind-up of Fisheries Renewal BC and Forest Renewal BC. Excluding this transfer, the combined net loss was \$746 million, \$479 million higher than expected, mainly due to lower net income of BC Hydro and significant costs in BC Rail and the Insurance Corporation of British Columbia.

Table 2.2 summarizes the major changes from the 2001/02 budget.

The summary accounts deficit of \$1.2 billion contrasts with a \$1.4 billion surplus recorded in 2000/01 (see Table 2.1). The change primarily resulted from a 4.4-per-cent decrease in CRF revenue, an 11-per-cent increase in CRF spending, and weaker Crown corporation results, in part due to the effect of some one-time restructuring costs and asset write-downs during 2001/02.

The 2001/02 summary accounts deficit was \$731 million lower than the third quarter forecast released with the 2002/03 budget presented on February 19, 2002. This reflects:

- \$272 million of additional CRF revenue due to better-than-expected performance in last quarter revenue from taxation, natural resources, fees and other sources, and federal government and Crown corporation contributions;
- a \$363-million reduction in CRF spending due to 14 ministries not fully spending their budgets (including Children and Family Development; Community, Aboriginal and Women's Services; Forests; and Human Resources) and lower spending in other areas including reduced debt interest costs;

- a \$26-million improvement in Crown corporation finances reflecting, in part, better year-end results for Forest Renewal BC and BC Hydro; and
- a \$70 million forecast allowance that was not utilized.

Further details on changes from the February 2002 revised forecast are provided in Appendix Table A2.4.

Consolidated Revenue Fund Revenue

In 2001/02, CRF revenue totalled \$23 billion, \$225 million above budget and down 4.4 per cent from 2000/01. Higher revenue from taxation, Medical Service Plan premiums, miscellaneous sources, asset dispositions and contributions from Crown corporations and the federal government was partially offset by lower natural resource revenue and higher allowances for doubtful accounts. Tables 2.3, 2.4 and Appendix Table A2.6a provide further details.

An additional \$838 million of dedicated revenue was collected on behalf of, and transferred to, certain Crown corporations, agencies and other external public bodies in 2001/02. Dedicated revenues, except for amounts collected on behalf of other government jurisdictions, are included in the operating results of Crown corporations. Appendix Table A2.6b provides details of the dedicated revenue transfers.

Revenue changes include:

- Personal income tax was \$440 million above budget and down 9.9 per cent from 2000/01. Higher-than-assumed final assessments for the 2000 tax year resulted in \$323 million of additional revenue. The remainder of the variance reflects the resultant effect of the higher tax base in 2001, partly offset by the effects of lower economic growth and a federal government error in remittances for 2000 and 2001.
- Corporation income tax was \$368 million above budget and up 44 per cent from 2000/01. Federal assessment delays resulted in an additional \$333 million of entitlements for the 1999 and 2000 tax years. A higher federal government estimate of the national tax base in 2001 resulted in cash entitlements being \$35 million above budget.
- Social service tax was \$129 million below budget and 2.3 per cent lower than 2000/01 reflecting a weakening of the underlying tax base.
- Other taxes were \$65 million above budget. The effects of stronger tobacco tax collections (in part due to an increase in rates announced on February 19, 2002), property transfer tax and remittances for corporation capital and insurance premium taxes were partly offset by weaker revenue from fuel, property and hotel room taxes, and higher allowances for doubtful accounts.
- Natural gas, petroleum, and minerals revenue was \$514 million below budget and down 30 per cent from 2000/01 mainly due to lower natural gas prices which more than offset the effect of higher volumes. In 2001/02, the average natural gas producer price was 44 per cent below budget and 45 per cent lower than the previous year.
- Forests revenue was \$41 million below budget and 3.8 per cent lower than 2000/01 mainly due to lower-than-budgeted harvest volumes, especially in the Small Business Forest Enterprise Program (1.8 million cubic metres

Table 2.3 Revenue by Source
Consolidated Revenue Fund ¹

	July 30 Budget 2001/02	Actual 2001/02	Actual 2000/01 ²	Annual Change
Taxation Revenue:		(\$ millions)		(per cent)
Personal income.....	4,935	5,375	5,963	(9.9)
Corporation income.....	1,154	1,522	1,054	44.4
Social service.....	3,664	3,535	3,617	(2.3)
Property.....	1,406	1,401	1,371	2.2
Property transfer.....	275	303	262	15.6
Fuel.....	416	398	443	(10.2)
Other.....	1,107	1,190	1,208	(1.5)
Less commissions on collection of public funds	(24)	(36)	(23)	56.5
Less allowance for doubtful accounts.....	(25)	(36)	(14)	157.1
	<u>12,908</u>	<u>13,652</u>	<u>13,881</u>	(1.6)
Natural Resource Revenue:				
Natural gas and petroleum	1,813	1,299	1,847	(29.7)
Minerals.....	53	53	53	0.0
Forests.....	1,150	1,109	1,153	(3.8)
Water.....	301	284	294	(3.4)
Columbia River Treaty.....	475	360	632	(43.0)
<i>Wildlife Act</i> - fees and licences.....	14	15	15	0.0
Less commissions on collection of public funds	(2)	(1)	(1)	0.0
Less allowance for doubtful accounts.....	(10)	(11)	(18)	(38.9)
	<u>3,794</u>	<u>3,108</u>	<u>3,975</u>	(21.8)
Other Revenue:				
Medical Services Plan premiums.....	904	955	895	6.7
Other fees and licences.....	694	685	672	1.9
Investment earnings.....	70	64	111	(42.3)
Miscellaneous.....	220	259	225	15.1
Asset dispositions.....	-	42	-	-
Less commissions on collection of public funds	(13)	(11)	(7)	57.1
Less allowance for doubtful accounts.....	(49)	(84)	(36)	133.3
	<u>1,826</u>	<u>1,910</u>	<u>1,860</u>	2.7
Contributions from Government Enterprises:				
Liquor Distribution Branch	616	637	642	(0.8)
British Columbia Hydro and Power Authority	346	332	372	(10.8)
British Columbia Lottery Corporation ³	429	449	414	8.5
Other.....	20	19	72	(73.6)
	<u>1,411</u>	<u>1,437</u>	<u>1,500</u>	(4.2)
Contributions from the Federal Government:				
Canada health and social transfer.....	2,620	2,445	2,619	(6.6)
Equalization.....	-	226	-	-
Other.....	178	184	178	3.4
	<u>2,798</u>	<u>2,855</u>	<u>2,797</u>	2.1
Total Revenue	<u>22,737</u>	<u>22,962</u>	<u>24,013</u>	(4.4)

¹ Figures based on 2001/02 *Public Accounts* information. Figures exclude dedicated revenue totalling \$838 million, collected on behalf of, and transferred to, British Columbia Transit, British Columbia Ferry Corporation, BC Transportation Financing Authority, Greater Vancouver Transportation Authority (*Translink*), Forest Renewal BC, British Columbia Oil and Gas Commission, Tourism British Columbia and other entities. These revenues are included as part of the operations of Crown corporations and agencies with the exception of *Translink* and certain other public bodies that are not part of the provincial government's summary accounts. Further information is provided in Appendix Table A2.6b.

² CRF revenue for 2000/01 has been restated to reflect a \$52-million reduction in personal income tax revenue due to a federal error in the calculation of personal income tax remittances to BC resulting from capital gains refunds associated with mutual fund trusts for the 2000 tax year. The federal government's errors relating to 1999 and prior years have not been recorded as the amounts and resolution are under verification and legal review. Revenue has also been restated for other minor corrections.

³ Additional revenue of \$146 million was distributed to charities and local governments.

lower than budget). Overall harvest volumes were 2.9 million cubic metres or 4.8 per cent below budget and 11 per cent lower than 2000/01.

- Columbia River Treaty electricity sales were \$115 million below budget due to significantly lower prices in the U.S. in 2001/02. Average U.S. electricity prices for the year were 40 per cent below budget and more than 60 per cent lower than the previous year.
- Other revenue was \$84 million above budget as higher revenue from Medical Services Plan premiums, fines, miscellaneous sources and disposal of some forestry harvesting rights was partly offset by lower revenue from Crown Land sales and leases, investment earnings, and higher allowances for doubtful accounts.
- Contributions from government enterprises were \$26 million above budget mainly due to higher contributions from the Liquor Distribution Branch and BC Lottery, partly offset by lower contributions from BC Hydro and BC Buildings.
- Contributions from the federal government were \$57 million above budget mainly due to unexpected equalization payments received from the federal government, partly offset by a reduced Canada health and social transfer (CHST) entitlement. In 2001/02, BC received equalization payments of \$226 million in part due to a methodological change by Statistics Canada in estimating property tax bases. However, as defined by formula, the new equalization entitlement resulted in a reduction of CHST cash transfers from the federal government.

Consolidated Revenue Fund Expenditure

Expenditure totalled \$24.9 billion in 2001/02, \$105 million above budget and 10.9 per cent higher than 2000/01. Excluding \$161 million of one-time restructuring exit costs, expenditure totalled \$24.8 billion, or 10.2 per cent higher than the previous year.

Major variances from budget include:

- \$307 million for debt guarantee payments and other costs made on behalf of Skeena Cellulose Inc. as a result of an agreement signed in 1998;
- \$202 million of additional spending in the Ministry of Health Services mainly due to higher compensation costs; and
- \$81 million of additional spending for government restructuring funded from supplementary estimates (which, combined with \$80 million from ministry budgets and contingencies, totals \$161 million in restructuring costs);

partially offset by

- \$244 million lower spending in ministries and other areas;
- \$179 million of unused contingencies vote funding; and
- \$62 million of reduced debt interest costs.

In 2001/02, five ministries – Health Services, Education, Advanced Education, Human Resources, and Children and Family Development — accounted for about 80 per cent of total provincial government expenditure. Interest payments on the government's direct operating debt accounted for about 3 per cent of expenditure.

Table 2.4 Comparison of Main Revenue Assumptions and Actual Results - Consolidated Revenue Fund (\$ millions unless otherwise indicated)

Revenue Source and Factors	July 30 Budget Assumption	Actual Result ¹	Budget Variance
Personal income tax	\$4,935	\$5,375	+ \$440
2000 BC tax base growth	3.2%	7.5%	
2001 BC personal income growth	3.2%	2.6%	
2001 BC tax base growth	3.3%	2.6%	
Deductions for mutual fund refunds	0	-\$35M	
Family bonus offset	-\$80M	-\$71M	
The federal government's error in the calculation of personal income tax remittances to BC, resulting from capital gains refunds associated with mutual fund trusts, was corrected for 2001/02 by including a \$35-million deduction (\$52 million in 2000/01). The federal government's errors relating to 1999 and prior years have not been recorded as the amounts and resolution are under verification and legal review. Family bonus entitlement of \$71 million, representing 41 per cent of total program costs was deducted from revenue and the remaining \$103 million was reported as expenditure.			
Corporation income tax	\$1,154	\$1,522	+ \$368
2000 and prior years BC tax base growth	15%	39%	
2001 national tax base growth	-1.0%	1.9%	
Federal government instalments	\$1,210M	\$1,245M	
Adjustment settlement for prior years	-\$56M	+\$277M	
Revenue is recorded on a cash basis and instalments from the federal government are determined from a formula set out in federal/provincial agreements. The settlement for prior years was based on tax assessed by the Canada Customs and Revenue Agency as of December 31, 2001 for the 2000 and prior tax years.			
Social service tax	\$3,664	\$3,535	- \$129
2001 consumer expenditure growth	4.1%	4.7%	
2002 consumer expenditure growth	4.6%	3.2%	
2001 machinery and equipment spending	2.5%	1.5%	
2002 machinery and equipment spending	6.5%	2.3%	
Property and property transfer taxes	\$1,681	\$1,704	+ \$23
Property taxes	\$1,406M	\$1,401M	-\$5M
Property transfer tax	\$275M	\$303M	+\$28M
Higher property transfer and residential taxes offset lower business and rural taxes			
Fuel, tobacco and other taxes	\$1,474	\$1,516	+ \$42
Higher tobacco sales and remittances for corporation capital and insurance premium taxes partly offset by lower tax collections for fuel and hotel room.			
Total Taxation Revenue	\$12,908	\$13,652	+ \$744
Natural gas, petroleum and minerals	\$1,866	\$1,352	- \$514
Average natural gas producer price in 2001/02 (\$ Canadian/gigajoule)	\$6.00	\$3.37	
Natural gas production growth	7.9%	25.5%	
Average bid price for Crown land drilling rights (\$ Canadian/hectare)	\$305	\$455	
Auctioned land base (thousands of hectares)	1,000	686	
Forests	\$1,150	\$1,109	- \$41
Average spruce-pine-fir 2x4 price in 2001 (\$ U.S./thousand board feet)	\$259	\$248	
Average hemlock price in 2001 (\$ U.S./thousand board feet)	\$582	\$583	
Average pulp price in 2001 (\$U.S./tonne)	\$564	\$541	
Average exchange rate in 2001 (U.S. cents/Canadian dollar)	65.5	64.6	
Crown harvest volumes in 2001/02 (millions of cubic metres)	61.5	58.6	
Columbia River Treaty export electricity sales	\$475	\$360	- \$115
Average electricity price in 2001/02 (\$ U.S./megawatt hour)	\$131	\$79	
Other Natural Resource Revenue (including Water Rentals, Wildlife Act fees)	\$303	\$287	- \$16
Lower water rental revenue due to lower power generation			
Total Natural Resource Revenue	\$3,794	\$3,108	- \$686

Table 2.4 Comparison of Main Revenue Assumptions and Actual Results - Consolidated Revenue Fund (\$ millions unless otherwise indicated) — Continued

Revenue Source and Factors	July 30 Budget Assumption	Actual Result ¹	Budget Variance
Medical Services Plan (MSP) premiums	\$904M	\$955M	+ \$51M
Other fees and licences	\$694M	\$685M	- \$9M
Investment earnings	\$70M	\$64M	- \$6M
Fines, penalties and other miscellaneous	\$220M	\$259M	+ \$39M
Commissions and allowances for doubtful accounts	- \$62M	- \$95M	- \$33M
Asset dispositions	0	\$42M	+ \$42M
2001 population growth	0.9%	0.9%	
Higher MSP premium revenue mainly reflects accounts for prior years, partly offset by higher allowances for doubtful account collections. The budget assumed a decline in revenue from fines and miscellaneous year-end recoveries - actual revenue increased. Asset disposition revenue reflects the recognition of the value of timber rights under a legal settlement agreement.			
Total Other Revenue	\$1,826	\$1,910	+ \$84
Liquor Distribution Branch (LDB)	\$616M	\$637M	+ \$21M
British Columbia Hydro and Power Authority (BC Hydro)	\$346M	\$332M	- \$14M
British Columbia Lottery Corporation (BCLC)	\$429M	\$449M	+ \$20M
British Columbia Buildings Corporation (BCBC)	\$16M	\$15M	- \$1M
Columbia Power Corporation	\$2M	\$2M	0
Other	\$2M	\$2M	0
LDB and BCLC net income/contributions were up due to higher-than-expected sales growth. BC Hydro dividend was down mainly reflecting weaker revenue from export trade as U.S. electricity prices fell more than expected resulting in lower export trade margins.			
Total Contributions from Government Enterprises	\$1,411	\$1,437	+ \$26
Canada health and social transfer (CHST)	\$2,620	\$2,445	- \$175
2001/02 national cash	\$17,300M	\$17,300M	
2001/02 national tax points (based on national tax bases and equalization entitlement)	\$15,569M	\$16,339M	
BC entitlement share (based on share of national population)	13.22%	13.18%	
BC gross entitlement (cash and tax)	\$4,345M	\$4,433M	+ \$88M
less BC tax points (based on BC tax bases)	- \$1,713M	- \$1,758M	- \$45M
less BC equalization tax points	0	- \$132M	- \$132M
Obligation for prior years	- \$12M	- \$98M	- \$86M
A higher BC gross entitlement (cash and tax) reflects BC's share (based on population) of higher national tax points due to stronger national tax base growth. This was partially offset by the effect of higher BC tax points due to stronger BC tax base growth. An unexpected entitlement to equalization resulted in equalization tax points reducing CHST cash entitlement (as required under the CHST formula). A higher obligation for prior years was mainly due to BC's equalization entitlement in respect of 1999/00.			
Equalization	0	\$226	+ \$226
BC received \$226 million for equalization in part due to a change in methodology used by Statistics Canada related to provincial property tax bases. Of this amount, \$94 million represented BC's 1999/00 entitlement and the remaining \$132 million represented BC's 2001/02 entitlement. BC did not qualify for equalization in 2000/01 primarily due to strong energy-related revenue earned due to high prices for natural gas and U.S. electricity.			
Other Federal Contributions	\$178	\$184	+ \$6
Higher-than-expected recoveries from federal/provincial cost sharing programs			
Total Contributions from the Federal Government	\$2,798	\$2,855	+ \$57
Total Revenue	\$22,737	\$22,962	+ \$225

¹ Revenue figures based on 2001/02 Public Accounts. Economic factors/actual results based on the Budget 2002 forecast/estimates (February 19, 2002) where actual data is not yet available.

Expenditure results by ministry are shown in Table 2.5.

During 2001/02, the government obtained supplementary estimates to authorize additional spending to restructure Skeena Cellulose Inc., higher spending in the Ministry of Health Services and additional costs for government restructuring. In total the contingencies vote funded \$181 million of ministry spending pressures during the year. Legislation in various programs also provided statutory authority to pay for additional costs.

Because of favourable developments including underspending, the full amount of the supplementary estimates was not needed and requirements from the contingencies vote were significantly reduced.

Significant areas of spending and changes from budget included:

- Ministry of Advanced Education operated within its amended budget (following an allocation from contingencies). Contingencies funding provided \$44 million for government restructuring costs including a lease buy-out for TechBC. In addition, higher spending for student financial assistance was partially offset by lower interest costs for capital-related debt. Compared to the previous year, spending rose 1.9 per cent mainly due to increased funding for student financial assistance. Total funded post-secondary full-time equivalent student spaces increased to 155,068 in 2001/02 from 150,043 in the previous year (up 3.4 per cent).
- Ministry of Attorney General was \$47 million below its amended budget (following an allocation from contingencies). Lower costs for settlements under the *Crown Proceeding Act* and First Nation treaty arrangements more than offset additional spending for government restructuring and legal aid services funded from the contingencies vote.
- Ministry of Children and Family Development was \$27 million below budget mainly due to lower-than-expected compensation costs in the community social services sector resulting from cost containment strategies and changes to public sector provincial labour legislation.
- Ministry of Community, Aboriginal and Women's Services was \$41 million below budget. Spending was below budget mainly in the child care, women's services, multiculturalism and immigration, community transition and Homeowner Protection Office programs.
- Ministry of Education was essentially on budget. Higher spending for public and independent schools was offset by lower interest costs for capital-related debt. In 2001/02, public school full-time enrolment declined 0.5 per cent from 2000/01, while independent school enrolment rose 0.8 per cent.
- Ministry of Forests was \$41 million below budget mainly due to lower-than-expected costs of forest fire suppression.
- Ministry of Health Services was \$202 million above budget. During the year, the ministry received approval for a supplementary estimate of \$230 million primarily to address compensation pressures in part due to an arbitration ruling for doctors. However, the full amount of the supplementary estimates was not required due to underspending at year-end. During the year, spending for acute and continuing care was \$149 million above budget to

Table 2.5 Expenditure by Ministry ¹
Consolidated Revenue Fund

	July 30 Budget 2001/02 ²	Allocation of Contingencies ³	Restated Budget 2001/02 ²	Actual 2001/02	Actual 2000/01 ²	Annual Change ⁴
			(\$ millions)			(per cent)
Legislation.....	44	-	44	39	36	7.2
Officers of the Legislature.....	51	-	51	45	26	72.2
Office of the Premier.....	20	-	20	18	15	18.8
Advanced Education.....	1,894	44	1,938	1,938	1,902	1.9
Agriculture, Food and Fisheries.....	82	-	82	80	82	(2.3)
Attorney General.....	552	36	588	541	603	(10.3)
Children and Family Development.....	1,551	-	1,551	1,524	1,351	12.7
Community, Aboriginal and Women's Services.....	562	-	562	521	465	12.1
Competition, Science and Enterprise.....	72	3	75	75	84	(10.6)
Education.....	4,844	-	4,844	4,842	4,612	5.0
Energy and Mines.....	67	-	67	67	57	18.4
Finance.....	47	-	47	44	43	2.3
Forests.....	539	-	539	498	528	(5.6)
Health Planning.....	5	-	5	3	4	(25.0)
Health Services.....	9,513	-	9,513	9,715	8,798	10.4
Human Resources.....	1,939	-	1,939	1,906	1,871	1.9
Management Services.....	64	33	97	97	57	71.7
Provincial Revenue.....	50	-	50	49	41	18.0
Public Safety and Solicitor General.....	499	25	524	523	462	13.4
Skills Development and Labour.....	30	-	30	30	30	(1.0)
Sustainable Resource Management.....	134	-	134	130	113	14.4
Transportation.....	672	40	712	707	628	12.6
Water, Land and Air Protection.....	216	-	216	213	176	21.4
Other Appropriations:						
Management of Public Funds and Debt.....	823	-	823	761	889	(14.3)
BC Family Bonus.....	120	-	120	103	145	(28.7)
Contingencies (All Ministries) and New Programs ³	360	(181)	179	-	-	-
Skeena Cellulose Inc. Assistance.....	-	-	-	307	-	-
Government Restructuring ⁵	-	-	-	81	-	-
Other Appropriations ⁶	58	-	58	56	(553) ⁷	-
Total Expenditure.....	24,808	-	24,808	24,913	22,465	10.9
Restructuring Exit Costs ⁵	(80)	-	(80)	(161)	-	-
Total Net of Restructuring Exit Costs...	24,728	-	24,728	24,752	22,465	10.2

¹ Figures based on 2001/02 *Public Accounts* information.

² Actual figures for 2000/01 and budget figures for 2001/02 have been restated to reflect the government's organization and accounting policy effective March 31, 2002. 2000/01 actual expenditure has been increased by \$2 million due to changes in accounting for tangible capital assets

³ Charges to the Contingencies vote of \$181 million in 2001/02 (\$51 million in 2000/01) have been allocated to individual ministry spending.

⁴ Percentage change between 2001/02 actual and 2000/01 actual (figures based on unrounded figures shown in the 2001/02 *Public Accounts*).

⁵ Restructuring exit costs of \$161 million are funded from contingencies, ministry budgets and supplementary estimates (see Appendix Tables A2.10a and A2.10b).

⁶ Other Appropriations include: Commissions on Collection of Public Funds and Allowances for Doubtful Revenue Accounts, Environmental Assessment Office, Environmental Boards and Forest Appeals Commission, Forest Practices Board, Public Sector Employers' Council, Seismic Mitigation, Insurance and Risk Management, and Unclaimed Property

⁷ Reflects spending for other appropriations partially offset by a \$634-million expenditure reduction due to pension valuation and accounting policy changes.

finance service and compensation pressures and to assist health authorities with paying down debt. The Medical Services Plan was up \$104 million mainly due to the tentative compensation settlement with physicians. These increases were partially offset by lower-than-budgeted spending for public and preventive health, capital-related debt interest costs and other areas. Ministry spending was up 10.4 per cent from 2000/01, reflecting significant increases in most areas.

- Ministry of Human Resources was \$33 million below budget mainly due to lower-than-expected average income assistance spending and other program savings. The average monthly assistance caseload of 155,354 was essentially on budget and 1.6 per cent lower than in 2000/01.
- Ministry of Management Services (responsible for the Public Service Employee Relations Commission and cross-government pension costs) operated within its amended budget (following an allocation from contingencies). As part of government restructuring, the ministry received \$33 million from contingencies to fund employee severance, extended health and dental benefit, and employee leave liability payments.
- Ministry of Public Safety and Solicitor General operated within its amended budget (following an allocation from contingencies). The ministry received \$25 million from contingencies to fund restructuring costs in the corrections program, higher spending for policing, and for expenditures under the *Criminal Injury Compensation Act* and the *Emergency Program Act*. These increases were partially offset by savings in other program areas.
- Ministry of Transportation was \$5 million below its amended budget (following an allocation from contingencies). The ministry received \$40 million from contingencies primarily for the amortization of Rapid Transit Project 2000 Ltd. deferred charges and *SkyTrain* start-up costs. Only \$35 million of the contingencies amount was needed. During 2001/02, the ministry undertook \$180 million of capital construction and \$142 million of highway rehabilitation, primarily on behalf of the BC Transportation Financing Authority.
- Management of Public Funds and Debt (debt interest) was \$62 million below budget due to significantly lower-than-assumed borrowing requirements and short-term interest rates. These were partially offset by additional costs resulting from a weaker Canada/U.S. exchange rate. Government operating debt was \$353 million below budget while average short-term interest rates were 1.2 percentage points lower than assumed. Lower operating debt and interest costs also contributed to a 14-per-cent drop in interest costs compared to the previous year.
- BC Family Bonus was \$17 million below budget due to lower utilization. Expenditure was 29 per cent lower than 2000/01 due to lower requirements in response to federal changes to the National Child Benefit System.
- As a result of a 1998 agreement with respect to Skeena Cellulose Inc., additional CRF spending of \$307 million was provided within a \$340-million supplementary estimate obtained at the end of 2001/02. Costs included debt guarantee payments, provisions for writing down government's investment, and for recognizing environmental and other related liabilities. As a result, there was a partially-offsetting improvement in Crown corporation balances

(see Crown corporation results). Skeena Cellulose Inc. was sold to NWBC Timber and Pulp Ltd. in April 2002 and is no longer a property of the government or its Crown corporations.

- Government restructuring — Beginning in July 2001, the government commenced core reviews of all of its programs, including the operations of Crown corporations and agencies.

In 2001/02, one-time restructuring exit costs totalling \$429 million were incurred by the government and its Crown corporations to help prepare for achieving service plan targets. These costs included:

	<u>\$ millions</u>
CRF: Funded by ministry budgets and contingencies.....	80
Funded by supplementary estimates.....	<u>81</u>
	161
Taxpayer-supported Crown corporations.....	<u>63</u>
Total taxpayer-supported.....	224
Self-supported commercial Crown corporations....	<u>205</u>
Total restructuring exit costs.....	<u><u>429</u></u>

Further details on government restructuring are provided in Appendix Tables A2.10a and A2.10b.

- Pension Plan Joint Trusteeship — The introduction of joint trusteeship for the Teachers' Pension Plan and the Municipal Superannuation Plan in 2001/02 resulted in a \$1.5-billion one-time positive adjustment to eliminate the unfunded pension plan liability relating to these plans. The adjustment was \$126 million larger than expected due to updated actuarial information for these plans. This gain is not recorded as part of the government's revenue or expenditure (see Table 2.1), but as an adjustment to the summary accounts deficit.

Crown Corporation Results

Taxpayer-Supported Crown Corporations and Agencies

Combined taxpayer-supported net losses (after adjustments) of \$518 million were \$185 million higher than budget. This largely reflects the transfer of \$256 million of remaining Forest Renewal BC and Fisheries Renewal BC assets to government. As noted in the three-year fiscal plan, the Forest Renewal BC function is continued in the Forest Investment Vote. Also included in overall net losses is the positive effect of government assistance to 552513 British Columbia Ltd. (Skeena Cellulose Inc.). Excluding these amounts, net losses were \$149 million worse than planned.

Major changes from budget included:

- BC Ferries was \$26 million below budget as a further \$40-million write-down of the *PacifiCat* ferries was partially offset by a \$14-million improvement in operating results.

- Forest Renewal BC net losses were \$72 million higher than budget due to lower stumpage revenue and higher costs related to the wind-up of the corporation.
- 552513 British Columbia Ltd. (Skeena Cellulose Inc.) — 552513's share of Skeena's operating loss for 2001/02 was \$69 million, \$16 million higher than budget. As well, the provincial government sold its share in Skeena Cellulose Inc. in early 2002 for a net loss of \$154 million. The total summary impact in 2001/02 was a \$223 million loss, \$170 million higher than budget.

The following summarizes government's involvement with Skeena Cellulose.

	(\$ millions)
July 30 Budget estimated operating loss	(53)
2001/02 additional losses:	
Additional operating losses.....	(16)
Loan guarantee payments/write-offs.....	(260)
Less: Benefit to 552513.....	<u>220</u> (40)
Environmental indemnity and other charges....	(47)
552513's share of Skeena's asset write-down ...	<u>(67)</u> (170)
Total losses in 2001/02	(223)
Accumulated losses since 1997/98.....	<u>(57)</u>
Total cost to government of Skeena involvement ..	<u>(280)</u>

Commercial Crown Corporations and Agencies

Self-supported commercial Crown corporations recorded a combined net loss of \$484 million compared to a budgeted net income of \$66 million. The change was primarily due to lower net income for BC Hydro and significant costs for BC Rail and ICBC.

Major changes from budget included:

- BC Hydro's net income (before rate stabilization transfers) was \$258 million, or \$117 million below budget. Electricity trade sales were 23 per cent lower than expected due to weaker electricity prices in the U.S.
- For the year ended December 31, 2001, BC Rail reported a net loss of \$107 million after including restructuring costs of \$100 million. These costs included severance payments, facility closures and lease obligations. Further restructuring costs of \$65 million occurred in the January-to-March 2002 period and are included in the government's fiscal year as part of accounting adjustments.
- ICBC reported a net loss of \$251 million for the year ended December 31, 2001 after including \$40 million in restructuring costs and a \$100-million provision for an expected reduction in the value of the corporation's property investments which include the Surrey City Centre development.

Excluding restructuring and valuation provisions, ICBC showed an operating loss of \$111 million compared to the budget forecast of \$35 million net income. The change from budget was mainly due to a 4.1-per-cent increase in claims.

Five-year financial statements for selected major Crown corporations are presented in Appendix Tables A2.11 to A2.19.

Table 2.6 2001/02 Crown Corporation and Agency Operating Results

	July 30 Budget 2001/02	Actual 2001/02	Actual 2000/01 ¹
		(\$ millions)	
Taxpayer-supported:			
British Columbia Buildings Corporation	40	37	51
British Columbia Ferry Corporation	3	(23)	11
BC Transportation Financing Authority	-	-	1
Forest Renewal BC ²	(107)	(179)	(64)
552513 British Columbia Ltd. (Skeena Cellulose Inc.)	(53)	(69)	-
Other ³	(7)	(6)	32
	(124)	(240)	31
<i>Add:</i> Skeena assistance	-	220	-
<i>Less:</i> Contributions paid to CRF	(18)	(17)	(69)
Accounting adjustments ⁴	(191)	(225)	(189)
Transfer to CRF for the wind-up of Fisheries & Forest Renewal BC	-	(256)	-
Total taxpayer-supported	(333)	(518)	(227)
Self-supported commercial:			
British Columbia Hydro and Power Authority (Hydro)	420	403	446
Liquor Distribution Branch	616	637	642
British Columbia Lottery Corporation	585	606	562
British Columbia Railway Company	1	(107)	(7)
Insurance Corporation of British Columbia	35	(251)	139
Other	3	-	4
	1,660	1,288	1,786
<i>Less:</i> Contributions paid to CRF	(1,393)	(1,420)	(1,431)
Transfer of Hydro earnings (from) to rate stabilization account	(45)	(145)	103
Accounting adjustments ⁵	(156)	(207)	(301)
Total self-supported commercial	66	(484)	157
Total net (loss) contribution of Crown corporations and agencies	(267)	(1,002)	(70)

¹ Restated to be consistent with the presentation used for 2001/02.

² Differs from results shown in Appendix Table A2.14 due to timing differences.

³ Includes BC Pavilion Corporation, BC Assessment Authority, BC Securities Commission, Oil and Gas Commission and other Crown corporations and agencies.

⁴ Primarily includes the amortization of the cost of highways transferred to the BC Transportation Financing Authority in 1998/99, and a \$67 million net write-down of 552513 British Columbia Ltd.'s balance sheet as a result of the disposal of Skeena Cellulose Inc.

⁵ Primarily reflects adjustments to account for differences between the fiscal year ends of the government and BC Rail and ICBC, and transfers of BC Lottery revenue to charities and local governments. The 2001/02 adjustment includes \$65 million of additional restructuring costs incurred by BC Rail during the January - March 2002 period.

Provincial Capital Spending

Capital spending is required to build, acquire or replace assets such as roads, schools, universities, hospitals and related major equipment.

Capital spending is not recorded all at once as part of the government's annual surplus or deficit. Rather, generally accepted accounting principles recommend that such costs be spread out over their useful lives through annual amortization expenses to recognize the estimated wear and tear of government assets (see Appendix Table A2.1).

Table 2.8 - Summary of Changes from the 2001/02 Budget - Capital and Debt

	Change	Final Results
		(\$ millions)
Capital spending - 2001/02 budget		2,903
Taxpayer-supported		
Education facilities.....	(68)	
Health facilities.....	(105)	
Rapid Transit project 2000.....	(110)	
British Columbia Ferry Corporation.....	(32)	
Ministry minor capital.....	(90)	
Other ¹	(63)	(468)
Self-supported commercial		
British Columbia Hydro and Power Authority.....	(55)	
Insurance Corporation of British Columbia.....	(44)	
Columbia power projects.....	(23)	
Other.....	(5)	(127)
Capital spending - actual		2,308
Provincial debt at March 31, 2002 - 2001/02 budget		36,778
Taxpayer-supported debt		
Provincial government operating:		
- assumption of debt related to Skeena Cellulose Inc.	260	
- improved CRF operating results.....	(120)	
- higher-than-expected cash installments for personal income tax (in excess of entitlements).....	(250)	
- reduced working capital requirements.....	(154)	
- lower ministry minor capital spending.....	(90)	
Education and health facilities - reduced capital spending.....	(189)	
Highways, ferries and public transit (lower capital spending and reduced working capital requirements).....	(145)	
Skeena Cellulose Inc. - transfers of debt to government operating and to the minority shareholder ²	(354)	
Other.....	(3)	
Total taxpayer-supported		(1,045)
Self-supported commercial		
BC Hydro - lower net income and increased working capital requirements.....	209	
Other.....	7	216
Warehouse program - higher forecast year-end balance.....		467
Debt forecast allowance not utilized.....		(500)
Provincial debt at March 31, 2002 - 2001/02 Public Accounts		35,916

¹ Includes BC Buildings, Ministry of Attorney General, Ministry of Public Safety and Solicitor General, Ministry of Children and Family Development, BC Transportation Financing Authority, BC Transit, and the Pacific National Exhibition.

² The government assumed \$260 million of Skeena Cellulose Inc.'s debt and the Toronto-Dominion Bank was responsible for \$94 million.

Significant capital projects (those with multi-year budgets totalling \$50 million or more) are shown in Table 2.9. The annual expenditures for these projects are included as part of the provincial government's capital spending shown in Table 2.7. Spending on these major projects in 2001/02 totalled \$631 million, and the cumulative total at March 31, 2002 was \$3.6 billion.

Table 2.9 Major Capital Projects (Total Costs Greater Than \$50 million)

Project	Start Date	Forecast Completion Date	Cumulative Spending at Mar. 31, 2001 ^{1 +}	Actual Spending 2001/02	Cumulative Spending at = Mar. 31, 2002	Total Project Budget ²	Total Project Forecast ²
\$ millions							
Transportation							
Vancouver Island Highway.....	1991	Dec. 2002	1,214	39	1,253	1,308 ³	1,278 ³
Lion's Gate Bridge	May 1998	Dec. 2001 ⁴	98	23	121	125	125
Port Mann Bridge/Cape Horn							
Interchange.....	Aug. 1998	Mar. 2002	46	14	60	61	60
Nisga'a Highway.....	Aug. 1998	Fall 2005	14	4	18	52	52
SkyTrain Extension - Phase 1.....	Sept. 1998	Dec. 2002	811	190	1,001	1,167	1,167
SkyTrain Systems Upgrades ⁵	Oct. 1999	June 2002	61	13	74	94	90
SkyTrain Fleet Expansion.....	Oct. 1998	Mar. 2002	63	1	64	68	68
Total transportation.....			2,307	284	2,591	2,875	2,840
Health Facilities							
Vancouver General Hospital,							
Jim Pattison Pavilion.....	Sept. 2000	Jan. 2005 ⁶	12	24	36	156	156
Royal Jubilee Hospital (Victoria).....	Aug. 1999	Mar. 2002	64	31	95	116	116
Surrey Memorial Hospital.....	July 1998	Nov. 2001	69	8	77	77	77
Prince George Regional Hospital..	Spring 2001	Mar. 2004	6	14	20	50	50
Fraser Valley Health Centre/Eastern							
Fraser Valley Cancer Clinic	April 2001	Mar. 2007	-	1	1	211	211
Total health facilities.....			151	78	229	610	610
Power Generation							
British Columbia Hydro and Power Authority							
- Stave Falls Replacement.....	Feb. 1995	2003 ⁷	137	3	140	181	144
- Burrard Upgrade (including							
six SCRs) ⁸	June 1993	Mar. 2003	151	26	177	222	220
- Georgia Strait Pipeline Crossing ⁹ ..	April 2000 ¹⁰	Oct. 2004	9	9	18	131	170
- Vancouver Island Generation							
Project.....	April 2000 ¹⁰	Nov. 2004	5	19	24	370 ¹¹	370 ¹¹
- Addition of Fourth Generating Unit							
at Seven Mile Dam.....	Feb. 1995 ¹⁰	Mar. 2003	9	32	41	97	97
Arrow Lakes Power Company ¹²							
- Arrow Lakes Generating Station..	Feb. 1999	Dec. 2002	164	96	260	270	270
Total power generation			475	185	660	1,271	1,271
Other							
ICBC Properties Ltd.							
- Surrey City Centre.....	Sept. 1999	Jan. 2003	85	84	169	253	253

¹ Total expenditures since commencement of each project.² Represents sum of annual budgeted expenditures to complete each project.³ Adjusted for inflation. Budget in 1993 dollars is \$1.2 billion.⁴ Final paving on the bridge occurred in the first half of 2002, but the project was substantially completed in December 2001.⁵ Funds for these projects are fully recovered from the Greater Vancouver Transportation Authority (*TransLink*).⁶ Project components were completed starting in December 2000 and will continue over the next three years.⁷ In service as of December 1999. Additional costs will be incurred, but the project is substantially completed.⁸ Burrard generating station upgrade includes installation of Selective Catalytic Reduction (SCRs) systems on all 6 generating units. SCRs reduce emissions from the units and were required to meet the air quality standards for the Greater Vancouver Regional District.⁹ Joint venture with a private sector partner. Amount shown represent BC Hydro's 50 per cent share of the costs; however, only partial funding has been approved to date.¹⁰ Initial planning, preliminary field work and engineering design costs. Physical construction will begin at a later date.¹¹ In May 2002, a proposed private sector partnership to develop this project was terminated. The total budget and revised forecast amounts have been increased to reflect BC Hydro's 100 per cent ownership of the project.¹² A joint venture of the Columbia Power Corporation and the Columbia Basin Trust.

Provincial Debt

The government and its Crown corporations borrow to finance their own operations (for example, when revenues fall short of meeting expenditures), to finance construction of capital projects or other investments, to refinance maturing debt and to finance working capital needs.

Provincial debt is reported using two classifications:

- Taxpayer-supported debt includes debt for government operating and capital purposes, and debt of Crown corporations and agencies that require a subsidy from the provincial government.

Table 2.10 Provincial Debt Summary ¹
For the Fiscal Years Ended March 31

	July 30 Budget 2002	Actual 2002	Variance ²	Actual 2001
(\$ millions)				
Taxpayer-supported debt				
Provincial government direct operating ^{3,4}	14,142	13,789	(353)	12,113
Education facilities.....	5,605	5,517	(88)	5,263
Health facilities.....	2,021	1,920	(101)	1,780
Highways, ferries and public transit.....	4,784	4,639	(145)	4,191
Other ⁵	1,668	1,310	(358)	1,651
Total taxpayer-supported debt.....	28,220	27,175	(1,045)	24,998
Self-supported debt				
Commercial Crown corporations and agencies.....	7,458	7,674	216	7,570
Warehouse borrowing program.....	600	1,067	467	1,312
Total self-supported debt.....	8,058	8,741	683	8,882
Forecast allowance.....	500	-	(500)	-
Total provincial debt.....	36,778	35,916	(862)	33,880

¹ Debt is after deduction of sinking funds and unamortized discounts, and excludes accrued interest. Government direct and fiscal agency accrued interest is reported in the government's accounts as an accounts payable.

² 2001/02 actual less 2001/02 budget.

³ A change in accounting policy resulted in vehicle leases being recorded as capital costs rather than operating expenditures. Government operating debt has been restated to include the vehicle lease obligations of \$44 million in 2000/01 and \$50 million in 2001/02.

⁴ In March 2002, debt of 552513 British Columbia Ltd. (Skeena Cellulose Inc.) was assumed by the provincial government (\$260 million) and by the minority shareholder (\$94 million) in preparation for returning Skeena Cellulose Inc. to the private sector.

⁵ Includes government services Crown corporations and agencies, other fiscal agency loans, student assistance loans, loan guarantees to agricultural producers, guarantees issued under economic development and home mortgage assistance programs, and loan guarantee provisions.

- Self-supported debt includes debt of commercial Crown corporations and the warehouse borrowing program. Commercial Crown corporation debt is generally used to finance capital since enough revenue is earned through the sale of services at commercial rates to cover operating expenses, interest costs, and principal repayments. Warehouse borrowing is used to take advantage of market opportunities to borrow in advance of requirements. These funds are invested until they are needed by the government or its Crown corporations and agencies.

Provincial debt totalled \$35.9 billion at March 31, 2002, or 27.5 per cent of provincial GDP (see Table 2.10). Total debt was \$862 million below budget as improved government operating results, reduced capital spending and non-utilization of the forecast allowance was partially offset by additional requirements for commercial Crown corporations and a reduced draw-down of the warehouse borrowing program.

Taxpayer-supported Debt

Taxpayer-supported debt increased by \$2.2 billion to total \$27.2 billion at year-end (20.8 per cent of GDP). This was \$1 billion below budget, mainly reflecting:

- lower borrowing requirements for government's consolidated revenue fund due to better-than-expected operating results and higher-than-expected federal cash instalments for collections of provincial income taxes;
- reduced capital spending for education, health and transportation projects; and
- transfer of Skeena Cellulose-related debt to the minority shareholder in preparation for returning the company to the private sector.

Self-supported Debt

Self-supported debt totalled \$8.7 billion at March 31, 2002 (6.7 per cent of GDP). Debt at year-end was \$141 million lower than the previous year but \$683 million above plan mainly reflecting:

- weaker-than-expected operating results of BC Hydro; and
- a higher-than-expected year-end balance for the warehouse borrowing program.

Table 2.8 shows a summary of debt changes from the 2001/02 budget. Appendix Table A2.5 provides a reconciliation between the summary accounts deficit of \$1.2 billion and the total provincial debt increase of \$2 billion.

Credit Rating

A credit rating is an evaluation of a borrower's ability to pay interest and to repay principal. A credit rating affects the borrower's debt servicing costs and the investor's rate of return since an investor will demand a higher interest rate on a higher-risk, lower-rated security. Table 2.11 provides an interprovincial comparison of credit ratings.

The ratio of taxpayer-supported debt relative to gross domestic product is a measure often used by investors and credit rating agencies when analyzing a province's ability to manage its debt load. British Columbia's taxpayer-supported debt is one of the lowest in Canada, and this translates into a strong credit rating and lower debt service costs.

Table 2.11 Interprovincial Comparison of Credit Ratings, June 2002

Province	Rating Agency ¹		
	Moody's Investors Service	Standard and Poor's	Dominion Bond Rating Service
	Aa2	AA-	AA (Low)
British Columbia.....	Aaa	AAA	AAA
Alberta.....	Aa3	A+	A
Saskatchewan.....	Aa3	AA-	A
Manitoba.....	Aa3	AA	AA
Ontario.....	A1	A+	A
Quebec.....	A1	AA-	A
New Brunswick.....	A3	A-	BBB (High)
Nova Scotia.....	A2	Not Rated	A (Low)
Prince Edward Island.....	A3	A-	BBB
Newfoundland.....			

¹ The rating agencies assign letter ratings to borrowers. The major categories, in descending order of credit quality are: AAA/Aaa; 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.

Debt Indicators

A number of financial indicators are used to help the public understand provincial borrowing and its fiscal impact. Table 2.12 provides a historical summary of financial indicators. More comprehensive information on the debt of government and its Crown corporations and agencies is provided in the *Debt Statistics Report*. This document, which is also available on the government's web site, provides a variety of information to help readers assess the province's debt position.

Table 2.12 Key Debt Indicators
For Fiscal Years Ended March 31

	1998	1999	2000	2001	July 30 Budget 2002	Actual 2002
Debt to revenue (per cent)						
Total provincial.....	99.2	103.1	102.4	83.4	95.2	95.1
Taxpayer-supported.....	94.2	99.7	101.6	90.3	109.0	103.8
Debt per capita (\$) ¹						
Total provincial.....	7,665	8,071	8,559	8,347	8,972	8,769
Taxpayer-supported.....	5,594	5,805	6,251	6,159	6,885	6,635
Debt to GDP (per cent) ²						
Total provincial.....	26.5	27.9	28.6	26.6	28.2	27.5
Taxpayer-supported.....	19.3	20.1	20.9	19.6	21.7	20.8
Interest bite (cents per dollar of revenue) ³						
Total provincial.....	7.6	7.8	7.5	6.4	6.8	6.4
Taxpayer-supported.....	7.0	7.4	7.2	6.8	7.4	6.6
Interest costs (\$ millions)						
Total provincial.....	2,319	2,452	2,528	2,604	2,616	2,429
Taxpayer-supported.....	1,656	1,723	1,785	1,871	1,913	1,731
Interest rate (per cent) ⁴						
Taxpayer-supported.....	7.6	7.6	7.4	7.5	7.2	6.6
Background Information:						
Revenue (\$ millions)						
Total provincial ⁵	30,593	31,294	33,679	40,618	38,624	37,764
Taxpayer-supported ⁶	23,525	23,285	24,784	27,690	25,898	26,183
Total debt (\$ millions) ⁷						
Total provincial.....	30,355	32,261	34,478	33,880	36,778	35,916
Taxpayer-supported ⁸	22,151	23,204	25,181	24,998	28,220	27,175
Provincial GDP (\$ millions) ⁹	114,601	115,604	120,608	127,564	130,190	130,396
Population (thousands at July 1) ¹⁰	3,960	3,997	4,028	4,059	4,099	4,096

¹ The ratio of debt to population (e.g. debt at March 31, 2002 divided by population at July 1, 2001).

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. debt at March 31, 2002 divided by 2001 GDP).

³ The ratio of interest costs (less sinking fund interest) to revenue. Figures 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 A change in accounting policy resulted in vehicle leases being recorded as capital costs rather than operating expenditures. Government operating debt has been restated to include the vehicle lease obligations as follows: 1998/99 - \$27 million, 1999/00 - \$26 million, 2000/01 - \$44 million and 2001/02 - \$50 million.

⁸ Excludes debt of commercial Crown corporations and agencies (including non-guaranteed debt) and funds held under the province's warehouse borrowing program.

⁹ GDP for the calendar year ending in the fiscal year (e.g. GDP for 2001 is used for the fiscal year ended March 31, 2002).

¹⁰ Population at July 1st within the fiscal year (e.g. population at July 1, 2001 is used for the fiscal year ended March 31, 2002).

Appendix 2

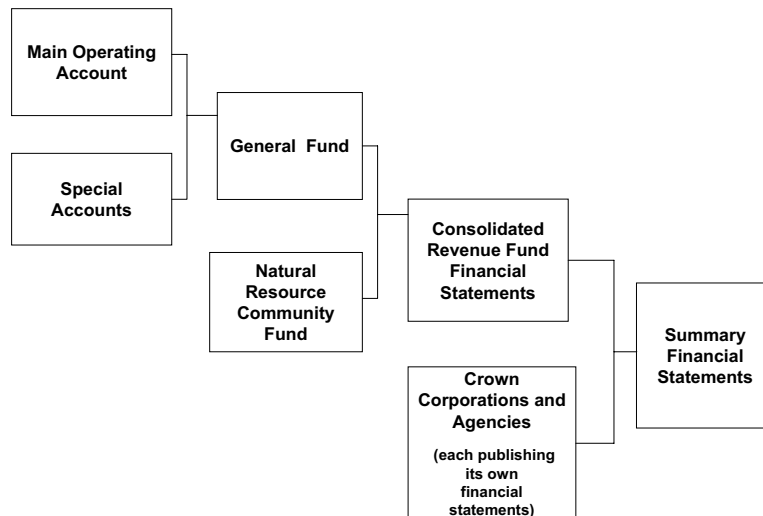
Government's Financial Statements

The government conducts its activities through ministries, Crown corporations and agencies, and what is known as the SUCH sector (school districts, universities, colleges, and health care facilities and organizations). Information on the combined financial results of the government and its Crown corporations and agencies is presented in the government's summary financial statements, or summary accounts, which are published as part of the annual *Public Accounts*. The *Public Accounts* also provide supplemental information on the SUCH sector and its impact on the summary accounts. In 2001/02, the effect of the SUCH sector on government's summary statements was positive and it reduced the deficit from \$1,233 million to \$1,008 million.

Consolidated Revenue Fund

The accounts relating to the government's direct activities are contained in the consolidated revenue fund. In 2000/01, 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 A2.1).

Chart A2.1 Summary Financial Statements Components - 2001/02



The financial results of the consolidated revenue fund are reported as a separate entity in the *Public Accounts*. Revenue and expenditure are recorded on an accrual basis of accounting, with certain limited exceptions. Assets are recorded to the extent that they represent financial claims by the government upon outside parties; are items held for resale, prepaid expenses, deferred charges, or prepaid capital advances; or are tangible capital assets acquired. Similarly, liabilities are recorded only if they represent actual or probable financial claims against the government.

Crown corporations and agencies

Crown corporations and agencies may be classified as either taxpayer-supported or self-supported. 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 whose primary purpose is to provide services to the government. Self-supported Crown corporations and agencies do generate

sufficient revenue to cover operating and debt service costs, and may pay dividends to the provincial government. 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. As individual Crown corporations and agencies publish their own financial statements, only summarized financial information is provided in the *Public Accounts*.

Summary Accounts

The financial results of the consolidated revenue fund and the Crown corporations and agencies are combined into the summary accounts. Where the accounting policies of taxpayer-supported Crown corporations and agencies differ from those used by the central government in preparing its own consolidated revenue fund financial statements, the Crown corporation and agency financial statements are adjusted to conform to government's accounting policies unless they are following the norms for their industry.

Currently, as is the practice of other jurisdictions in the rest of Canada, the summary accounts do not include the financial results of the SUCH sector, although the government publishes SUCH sector financial information in supplemental schedules to the *Public Accounts*. The government has passed legislation requiring that financial statements fully conform to generally accepted accounting principles (GAAP) beginning with fiscal year 2004/05. Therefore, appropriate SUCH sector financial results will be fully combined with the summary accounts financial statements beginning in 2004/05.

In this appendix, current and historical operating results are presented for the government's summary accounts in accordance with the government's accounting policies effective March 31, 2002.

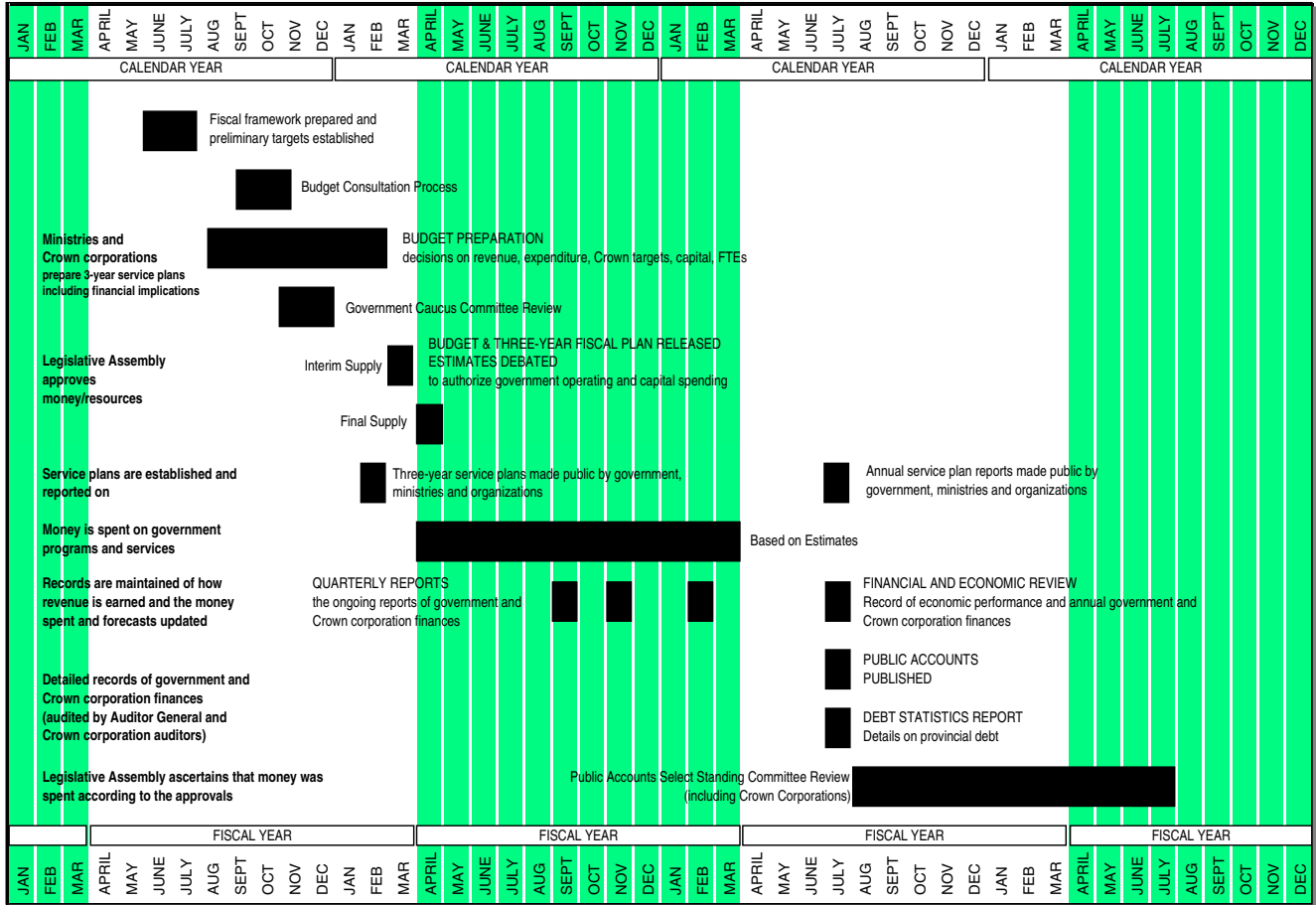
The Financial Cycle

The *Budget Transparency and Accountability Act* (BTAA) outlines government's reporting requirements during the financial cycle and imposes specific reporting deadlines or release dates for these publications. Under the BTAA, the provincial government currently focuses its budgeting and reporting on a summary accounts basis. The BTAA requirements include reporting on the advice of the Economic Forecast Council, presentation of the annual *Estimates* and *Quarterly Reports* on the summary accounts basis, publication of *Quarterly Reports* with revised forecasts, presentation of the *Public Accounts*, and annual performance plans for each ministry and government organization.

The BTAA is augmented by the *Balanced Budget and Ministerial Accountability Act* (BBMAA), which requires ministries and major Crown corporations to prepare three-year service plans that outline their objectives and budgets. At the end of each fiscal year, ministers' performances are assessed based on whether their ministries achieved their service plan targets and stayed within budget. Financial penalties — 10 per cent of ministerial salaries — are assessed against those ministers who fail to meet their targets; and a further 10 per cent of ministerial salaries are lost if government fails to meet its annual surplus or deficit target. The BBMAA also specifies that the government must balance its budget beginning in the 2004/05 fiscal year. As these provisions of the BBMAA are effective April 1, 2002, they do not apply to the 2001/02 fiscal year.

Chart A2.2 summarizes the annual financial process of the provincial government. This process consists of four main stages.

Chart A2.2 Financial Planning and Reporting Cycle



- Planning and Budget Preparation* — Treasury Board reviews longer-term estimates of revenue, expenditure, capital and debt, and establishes a preliminary fiscal plan within the framework of the government’s overall strategic plan. Preliminary high level targets are provided to ministries and preliminary benchmarks to Crown corporations who prepare three-year service plans, including operating and capital budgets, for review by Treasury Board. Treasury Board makes decisions on budget allocations (for ministries) and net income benchmarks (for Crown corporations) based on government revenue forecasts, spending and capital priorities and debt targets within the context of the fiscal plan. As input to this process, a consultation paper is made public by September 15th of each year that invites public comment on issues that need to be addressed in the fiscal and service plans, and a committee of the legislature holds public hearings throughout the province.
- Implementation and Reporting* — The government’s revenue, expenditure and capital plans for the next three fiscal years, as well as other information on the government’s finances, are presented to the Legislative Assembly by the Minister of Finance in a budget document called the *Budget and Three-Year Fiscal Plan*. The service plans and a report on major capital projects (those whose cost exceed \$50 million) must also be tabled. Throughout the year, the authorized funding as specified in the *Estimates* and ministry service plans is spent on programs and services. Crown corporations follow approved service plans under direction of their own Boards of Directors. *Quarterly Reports* are published by legislated dates to provide regular public updates on the government’s finances.

- *Evaluation* — At the end of the fiscal year, the *Public Accounts* are prepared by the Comptroller General and examined by the Auditor General to ensure that the financial statements fairly present the government's financial position. The *Public Accounts* are augmented by the *British Columbia Financial and Economic Review*, which provides an overview of annual and historical financial and economic results. The government also issues the *Debt Statistics Report* to provide detailed information on the debt of the government and its Crown corporations and agencies, and various indicators on debt performance and management.
- *Accountability* — The *Public Accounts* are presented to the Legislative Assembly, and the Public Accounts Committee (a committee of the Legislative Assembly) examines them to ensure that government spending was in accordance with what was approved. In addition, ministries and most Crown corporations are required to publish by August 31st service plan reports on results for the previous fiscal year.

Capitalization

Up until 1995/96, the provincial government recorded amounts spent to acquire tangible capital assets as expenditures in the year they were purchased — i.e. “expenditure basis” of accounting. In 1995/96, the government began recording these amounts on its balance sheet (capitalization) and replacing them, in the government's annual budgetary expenditures, with the amortization expense associated with the assets. This method of accounting is often referred to as the “expense basis” of accounting.

The provincial government also issues advances to the SUCH sector for investment in capital assets. Prior to 1997/98, these advances were categorized as loans. Beginning with the 1997/98 *Public Accounts*, these advances have been capitalized in the summary accounts balance sheet as prepaid capital advances. Prepaid capital advances are amortized in similar fashion to capital assets.

The following table illustrates the effect of capitalization accounting policy on the government's summary accounts surplus (deficit) for 1997/98 to 2001/02. The table shows that excluding the effect of capitalization, the 2001/02 deficit was \$1,476 million, compared to a \$423-million surplus in 2000/01. Additional information on the government's capitalization accounting policy is provided in the 2001/02 *Public Accounts*.

Table A2.1 Effects of Capitalization on the Summary Accounts

	1997/98 ¹	1998/99 ¹	1999/00 ¹	2000/01 ¹	2001/02
	(\$ millions)				
Surplus (deficit) excluding effects of capitalization	(298)	(1,318)	(803)	423	(1,476)
Adjustments to include capitalization policy:					
Less: Cost of capital asset investments during the year	1,147	1,689	1,900	2,028	1,414
Add: Disposals, amortization and asset valuation adjustments	(1,016)	(1,374)	(1,074)	(1,025)	(1,171)
Net adjustment	131	315	826	1,003	243
Surplus (deficit) after capitalization	(167)	(1,003)	23	1,426	(1,233)

¹ Restated to reflect the capitalization policies in effect as of 2001/02 and any corrections of errors.

The five-year summary accounts balance sheet and the relationship between the surplus/deficit and changes in debt is included in Appendix Table A2.5.

Unfunded Pension Liabilities

On April 5, 2001, joint trusteeship came into effect for the Teachers' Pension and Municipal Superannuation pension plans. This concluded the provincial government's devolution of pension plan sponsorship (the Public Service Pension Plan went into joint trusteeship in January 2001). Under joint trusteeship, the provincial government is no longer the sole sponsor of these plans. Instead, sponsorship is now placed with constituted pension boards made up of representatives from the government and plan members. The only pension plan that has the provincial government as its sole sponsor is the MLA Superannuation Plan.

Table A2.2 Unfunded Pension Liabilities

Pension Plan	Actuarial Valuation Liability (Surplus)		Public Accounts Information			
	Initial Valuation	Latest Valuation ¹	Accounting Liability March 31, 2001	Annual Amortization	Plan Changes ²	Accounting Liability March 31, 2002 ³
			(\$ millions)			
Public Service (joint trusteeship)	438	(567)	-	-	-	-
MLA Superannuation (sponsor)	7	6	13	(7)	-	6
Provincial 70%-Share of Municipal Superannuation (joint trusteeship) ..	740	(317)	149	-	(149)	-
Teachers' (joint trusteeship)	1,779	(42)	1,315	-	(1,315)	-
College (administration only)	(32)	(120)	n/a	n/a	n/a	n/a
Total	<u>2,932</u>	<u>(1,040)</u>	<u>1,477</u>	<u>(7)</u>	<u>(1,464)</u>	<u>6</u>

¹ The latest valuations reflect the province's 50% share of the accrued net assets as per the joint trusteeship arrangements with the pension plans. The amounts are based on extrapolations of the most recent actuarial valuations as follows:

- Public Service Pension Plan (March 31, 1999);
- Municipal Superannuation Plan (December 31, 1997);
- Teachers' Pension Plan (December 31, 2000); and,
- College Pension Plan (August 31, 1997).

² The \$7-million amortization of the MLA Superannuation Plan liability reflects a year-end estimation adjustment. No other amortization was recorded as joint trusteeship for the Municipal Superannuation and Teachers' Pension Plans was introduced in April 2001. The \$1,464-million plan change reflects the writing off of the accumulated surplus of these plans with the introduction of joint trusteeship and is recorded as an adjustment to the government's summary accounts bottom line (see Chapter 2, Table 2.1).

³ Under joint trusteeship, the province has no formal claim on the accrued net assets of the pension plans until such time as formal declarations are made by the Joint Trusteeship Boards to reduce or suspend employer contributions. Therefore, a valuation allowance has been provided to write down the value of the net assets to a net realizable value of zero at year end.

Based on actuarial valuations, the major public sector pension plans administered by the provincial government were all in a surplus position as of March 31, 2002. These surpluses totalled \$1,040 million, a change of almost \$4 billion from the unfunded liability of \$2,932 million calculated in the initial valuations in the early 1990's, primarily due to higher fund investment returns and lower inflation.

If a plan has an actuarial surplus at the time a joint trusteeship takes effect, the government eliminates the full amount of any liability on its balance sheet. Similarly, if the government has recognized all or a portion of a pension surplus on its balance sheet, that amount is also eliminated since, under joint trusteeship, the government does not have a claim on those surpluses. As the government had on its books a significant unamortized pension liability, primarily for the Teacher's Pension Plan, a large one-time benefit of removing most of this liability was recorded in 2001/02.

Accumulated Deficit

During 2001/02 numerous retroactive adjustments were made to the financial statements to reflect changes in accounting policy and to correct previously published information. The following is a brief summary of the changes.

	\$ millions
Accumulated deficit on March 31, 2001 as reported in the 2000/01 <i>Public Accounts</i>	(3,472)
2000/01 accounting policy adjustments.....	(35)
Original 2000/01 surplus as reported in the 2000/01 <i>Public Accounts</i>	1,498
2000/01 restated surplus as reported in the 2001/02 <i>Public Accounts</i>	<u>1,426</u> <u>72</u>
Accumulated deficit on March 31, 2001 as per 2001/02 <i>Public Accounts</i>	(3,509)
2001/02 accounting policy adjustments.....	32
2001/02 deficit as reported in the 2001/02 <i>Public Accounts</i>	<u>(1,233)</u>
Accumulated deficit on March 31, 2002 as reported in the 2001/02 <i>Public Accounts</i>	<u>(4,710)</u>

The 2000/01 accounting policy adjustments and surplus restatements consisted of:

- the application of the government's capitalization accounting policy to land improvements, which, along with some other minor capital asset valuation adjustments, reduced the 2000/01 surplus by \$4 million and the opening accumulated deficit balance by \$85 million;
- the correction of an overpayment error by the Canada Customs and Revenue Agency relating personal income tax collections on behalf of the province, which decreased the 2000/01 surplus by \$52 million and increased the opening accumulated deficit balance by \$15 million; and
- a correction to the method used by the province for consolidating Canadian Blood Services, which decreased the 2000/01 surplus by \$16 million and increased the opening accumulated surplus balance by \$35 million.

The 2001/02 accounting policy adjustments consisted of:

- the province's proportional interest in valuation adjustments made by the Provincial Capital Commission (\$2 million) and Canadian Blood Services (\$20 million);
- the historical net earnings of the BC Racing Commission (\$4 million) as the province began including this agency in the summary accounts; and
- the cumulative prior year net impact of adjusting BC Rail's fiscal year end to match that of the province (\$6 million).

Table A2.5 Five-Year Summary Accounts Statement of Financial Position (unaudited)

for fiscal years ended March 31	1998	1999	2000	2001	2002
	(\$ millions)				
Financial Assets					
Cash and temporary investments	1,298	791	1,569	548	780
Other financial assets	3,492	3,577	4,030	4,400	4,342
Investments in commercial Crown corporations and agencies					
- Retained earnings of self-supported Crown corporations	2,815	2,960	2,820	3,001	2,525
- Loans for purchases of assets recoverable from agencies	7,634	7,988	7,499	7,437	7,552
	10,449	10,948	10,319	10,438	10,077
Warehouse borrowing program assets	212	658	1,320	1,312	1,067
	15,451	15,974	17,238	16,698	16,266
Liabilities					
Current liabilities	3,656	3,374	3,970	3,829	4,038
Unfunded pension liabilities	2,696	2,444	2,053	1,477	6
Debt					
- Taxpayer-supported debt	22,151	23,204	25,181	24,998	27,175
- Commercial Crown corporations and agencies	8,204	9,057	9,297	8,882	8,741
Total provincial debt	30,355	32,261	34,478	33,880	35,916
Less: guarantees and non-guaranteed debt	(1,210)	(707)	(934)	(597)	(464)
	29,145	31,554	33,544	33,283	35,452
	35,497	37,372	39,567	38,589	39,496
Net Liabilities	(20,046)	(21,398)	(22,329)	(21,891)	(23,230)
Capital and Other Assets					
Prepaid capital advances	5,655	6,138	6,517	6,905	7,033
Tangible capital assets	10,197	10,029	10,476	11,091	11,206
Other assets	244	278	401	386	281
	16,096	16,445	17,394	18,382	18,520
Accumulated surplus (deficit)	(3,950)	(4,953)	(4,935)	(3,509)	(4,710)

Change in Summary Accounts Financial Position

	1997/98	1998/99	1999/00	2000/01	2001/02
	(\$ millions)				
Change in accumulated (surplus)/deficit:					
(Surplus)/deficit for the period	167	1,003	(23)	(1,426)	1,233
Accounting policy equity adjustments	-	-	5	-	(32)
	167	1,003	(18)	(1,426)	1,201
Working capital changes:					
Increase (reduction) in cash and temporary investments	200	(507)	778	(1,021)	232
Reduction in unfunded pension liability	418	252	391	576	1,471
Other working capital changes	(233)	(102)	207	159	(505)
	385	(357)	1,376	(286)	1,198
Capital asset and investment changes:					
Increase in taxpayer-supported capital investments	1,147	1,689	1,900	2,028	1,414
Less: amortization and other accounting changes	(1,016)	(1,374)	(1,074)	(1,025)	(1,171)
	131	315	826	1,003	243
Increase in total investment in commercial Crown corporations	647	740	632	952	410
Less: loan repayments and other accounting changes	(458)	(241)	(1,261)	(833)	(771)
	189	499	(629)	119	(361)
Increase (decrease) in warehouse borrowing investments	112	446	662	(8)	(245)
	432	1,260	859	1,114	(363)
Increase (decrease) in total provincial debt	984	1,906	2,217	(598)	2,036

**Table A2.6a Five-Year Revenue by Source
Consolidated Revenue Fund
For Fiscal Years Ended March 31 ¹**

	1998	1999	2000	2001	2002
	(\$ millions)				
Taxation Revenue					
Personal income.....	5,362	5,423	5,825 ²	5,963 ²	5,375
Corporation income.....	1,138	1,098	939	1,054	1,522
Social service.....	3,243	3,209	3,338	3,617	3,535
Fuel.....	642	654	470	443	398
Tobacco.....	486	505	498	460	499
Property - residential (school purpose) ³	502	511	529	538	556
Property - business (school purpose).....	735	764	758	770	781
Property - rural area.....	62	61	63	63	64
Property transfer.....	310	223	245	262	303
Corporation capital.....	406	455	460	459	395
Insurance premium.....	176	195	199	196	203
Hotel room.....	74	79	86	93	93
Horse racing.....	4	4	3	-	-
	<u>13,140</u>	<u>13,181</u>	<u>13,413</u>	<u>13,918</u>	<u>13,724</u>
Less commissions on collection of public funds.....	(24)	(24)	(24)	(23)	(36)
Less allowance for doubtful accounts.....	(13)	(23)	(25)	(14)	(36)
Total taxation revenue.....	<u>13,103</u>	<u>13,134</u>	<u>13,364</u>	<u>13,881</u>	<u>13,652</u>
Natural Resource Revenue					
Natural gas and petroleum					
Natural gas royalties.....	156	193	328	1,249	836
Permits and fees.....	214	106	248	462	360
Petroleum royalties.....	77	62	94	136	103
	<u>447</u>	<u>361</u>	<u>670</u>	<u>1,847</u>	<u>1,299</u>
Minerals.....	<u>52</u>	<u>44</u>	<u>47</u>	<u>53</u>	<u>53</u>
Forests					
Timber sales.....	968	815	1,041	821	830
Small Business Forest Enterprise Program.....	318	209	269	257	186
Logging tax.....	13	14	24	60	28
Other forests revenue.....	65	55	58	15	65
	<u>1,364</u>	<u>1,093</u>	<u>1,392</u>	<u>1,153</u>	<u>1,109</u>
Water resources.....	<u>322</u>	<u>306</u>	<u>297</u>	<u>294</u>	<u>284</u>
Columbia River Treaty.....	-	16	100	632	360
Wildlife Act - fees and licences.....	14	15	15	15	15
	<u>336</u>	<u>337</u>	<u>412</u>	<u>941</u>	<u>659</u>
Less commissions on collection of public funds.....	(1)	(1)	(1)	(1)	(1)
Less allowance for doubtful accounts.....	(1)	(5)	(3)	(18)	(11)
Total natural resource revenue.....	<u>2,197</u>	<u>1,829</u>	<u>2,517</u>	<u>3,975</u>	<u>3,108</u>
Other Revenue					
Fees and Licences					
Medical Services Plan premiums.....	882	876	868	895	955
Motor vehicle licences and permits.....	316	329	336	342	346
Ministry of Attorney General fees.....	95	106	102	101	107
Other fees and licences.....	299	258	261	229	232
	<u>1,592</u>	<u>1,569</u>	<u>1,567</u>	<u>1,567</u>	<u>1,640</u>
Less commissions on collection of public funds.....	(73)	(51)	(14)	(7)	(7)
Less allowance for doubtful accounts.....	(19)	(34)	(5)	(17)	(44)
	<u>1,500</u>	<u>1,484</u>	<u>1,548</u>	<u>1,543</u>	<u>1,589</u>
Investment Earnings and Miscellaneous					
Investment earnings.....	48	51	60	111	64
Fines and penalties.....	101	112	108	99	99
Other miscellaneous.....	130	125	127	126	160
	<u>279</u>	<u>288</u>	<u>295</u>	<u>336</u>	<u>323</u>
Less commissions on collection of public funds.....	(4)	(4)	(3)	-	(4)
Less allowance for doubtful accounts.....	-	-	(4)	(19)	(40)
	<u>275</u>	<u>284</u>	<u>288</u>	<u>317</u>	<u>279</u>
Asset dispositions.....	24	63	52	-	42
Total other revenue.....	<u>1,799</u>	<u>1,831</u>	<u>1,888</u>	<u>1,860</u>	<u>1,910</u>

**Table A2.6a Five-Year Revenue by Source
Consolidated Revenue Fund
For Fiscal Years Ended March 31¹ - Continued**

	1998	1999	2000	2001	2002
Contributions from Government Enterprises					
			(\$ millions)		
Liquor Distribution Branch	609	616	617	642	637
British Columbia Hydro and Power Authority	369	323	343	372	332
British Columbia Lottery Corporation ⁴	282	369	416	414	449
Other contributions.....	20	54	78	72	19
Total contributions from government enterprises.....	1,280	1,362	1,454	1,500	1,437
Contributions from the Federal Government					
Canada health and social transfer.....	1,637	1,968	2,438	2,619	2,445
Equalization.....	-	-	-	-	226
Education (public schools).....	75	76	81	74	85
Other payments	125	106	90	104	99
Total contributions from the federal government.....	1,837	2,150	2,609	2,797	2,855
Total Revenue.....	20,216	20,306	21,832	24,013	22,962

¹ For comparative purposes, figures for prior years have been restated to be consistent with the presentation used in 2001/02. Figures exclude dedicated revenue collected on behalf of, and transferred to, British Columbia Transit, British Columbia Ferry Corporation, BC Transportation Financing Authority, Greater Vancouver Transportation Authority (*Translink*), Forest Renewal BC, BC Oil and Gas Commission, and Tourism British Columbia. These revenues are included as part of the operations of Crown corporations and agencies, with the exception of *Translink* and certain other public bodies that are not part of the provincial government.

² CRF revenue has been restated for 1999/00 and 2000/01 to reflect a reduction in personal income tax revenue due to a federal error in the calculation of personal income tax remittances to BC resulting from capital gains refunds associated with mutual fund trusts for the 2000 tax year and one quarter of the 2001 tax year. The effect reduces revenue by \$14 million in 1999/00 and \$52 million in 2000/01. The federal government's errors relating to 1999 and prior years have not been recorded as the amounts and resolution are under verification and legal review. Revenue has also been restated for other minor corrections.

³ Revenue is shown net of home owner grants (basic and supplementary).

⁴ The British Columbia Lottery Corporation remitted additional funds to government which was distributed to charitable organizations and local governments.

**Table A2.6b Five-Year Dedicated Revenue Collected on Behalf of, and Transferred to,
Crown Corporations and Agencies, and Other Entities
For Fiscal Years Ended March 31**

	1998	1999	2000	2001	2002
Dedicated Revenue:					
			(\$ millions)		
British Columbia Transit ¹	87	94	8	7	8
BC Transportation Financing Authority (BCTFA) ²	119	124	176	202	195
Forest Renewal BC ³	483	177	302	187	144
British Columbia Ferry Corporation ⁴	-	-	65	73	71
Greater Vancouver Transportation Authority (<i>TransLink</i>) ⁵	-	-	182	173	201
Tourism British Columbia ⁶	20	20	22	24	24
Oil and Gas Commission ⁷	-	6	13	18	17
Other ⁸	147	149	151	158	178
Total Dedicated Revenue.....	856	570	919	842	838

¹ For 1998/99 and prior years, figures include motor fuel tax collected in the Vancouver and Victoria regional transit service areas. Effective April 1, 1999, figures include motor fuel tax collected in the Victoria regional transit area only (2.5 cents/litre on clear gasoline and motive fuel) as a result of the creation of *TransLink*.

² Includes motor fuel tax and a sales tax on short-term rentals of passenger vehicles. Beginning in 2000/01, figures are based on a transfer of 3.25 cents/litre on clear gasoline and motive fuel (up from 3 cents/litre effective April 1, 2000). The initial rate of 1 cent/litre (effective May 1, 1994) was increased to 2 cents/litre on July 1, 1997 and 3 cents/litre on June 1, 1999.

³ Includes incremental stumpage and royalty revenue resulting from changes to rates introduced under the provincial government's Forest Renewal Plan on and after May 1, 1994.

⁴ Includes 1 cent/litre of motor fuel tax for the period April 1, 1999 to September 30, 1999 and 1.25 cents/litre effective October 1, 1999.

⁵ Effective April 1, 1999, includes 8 cents/litre on clear gasoline and motive fuel (4 cents/litre of which was previously collected on behalf of BC Transit) and social services tax on parking in the Vancouver transit area. Effective April 1, 2001, the tax transferred increased to 9 cents/litre on clear gasoline and motive fuels.

⁶ Includes a 1.65-per-cent share of the revenue raised from the 8-per-cent provincial hotel room tax.

⁷ Includes fees collected under the Petroleum and Natural Gas Act and the Pipeline Act, and a levy assessed under the Oil and Gas Commission Levy Regulation.

⁸ Primarily reflects transfers of property tax revenue collected on behalf of local governments.

Table A2.8 Five-Year Expenditure by Function ¹
Consolidated Revenue Fund
For Fiscal Years Ended March 31

	1998	1999	2000 ²	2001 ²	2002
	(\$ millions)				
Health					
Hospital care.....	4,388	4,546	4,836	5,278	5,998
Medical care.....	2,307	2,420	2,665	2,847	3,166
Preventive care.....	250	207	248	337	384
Other health.....	279	306	268	283	298
Total.....	7,224	7,479	8,017	8,745	9,846
Social services.....	3,048	3,031	3,011	3,126	3,286
Education					
Elementary and secondary.....	4,161	4,161	4,262	4,349	4,868
Post-secondary.....	1,450	1,451	1,497	1,806	1,796
Other education.....	155	213	216	202	189
Total.....	5,766	5,825	5,975	6,357	6,853
Protection of persons and property					
Law enforcement.....	374	410	428	409	471
Police protection.....	148	157	161	175	197
Corrections.....	194	207	224	242	267
Other protection and regulation.....	263	297	297	275	263
Total.....	979	1,071	1,110	1,101	1,198
Transportation					
Road and air.....	477	472	469	447	494
Ferries.....	5	24	1,080 ³	-	-
Public transit.....	288	294	148 ⁴	164	207
Total.....	770	790	1,697	611	701
Natural resources and economic development					
Forests (includes firefighting).....	475	577	493	597	810
Minerals and mines.....	20	31	43	57	113
Environment and agriculture.....	205	213	226	238	306
Fish and game.....	11	21	21	28	18
Trade and industry.....	114	90	182 ³	110	93
Total.....	825	932	965	1,030	1,340
Other expenditure					
Local government.....	239	200	127	122	169
Housing support.....	87	91	93	104	134
Recreation and culture.....	147	81	139 ³	115	90
Restructuring costs.....	-	-	-	-	168 ⁵
Total.....	473	372	359	341	561
General government					
Legislature.....	30	35	34	35	39
Administration.....	186	214	212	230	328
Total.....	216	249	246	265	367
Debt servicing.....	834	838	835	889	761
Total Expenditure.....	20,135	20,587	22,215	22,465	24,913

¹ Expenditure by function has been restated to conform more closely to the presentation used by Statistics Canada. Figures are based on 2001/02 Public Accounts information. For comparative purposes, figures for previous years have been restated to be consistent with the presentation used in 2001/02.

² Certain prior years' comparative expenditure figures were increased reflecting a change in government's capitalization policy (2000/01 \$2 million, 1999/00 \$3 million).

³ 1999/00 includes one-time expenditures of \$1,183 million to record the forgiveness of \$1,080 million of debt owed by the British Columbia Ferry Corporation to the government, and write-downs of provincial investments in the Vancouver Trade and Convention Centre (trade and industry - \$70 million) and the Kemess mine (recreation and culture - \$33 million).

⁴ Public transit expenditures are lower in 1999/00 due to the transfer of transit responsibilities for the Lower Mainland from British Columbia Transit to the Greater Vancouver Transportation Authority (*TransLink*) at the end of 1998/99. Funding for *TransLink* is provided by increased provincial transfers of revenue from fuel and sales taxes, increased access to the local property tax base, and other own-source fees and charges.

⁵ 2001/02 expense includes \$161 million from restructuring exit costs.

**Table A2.9 Five-Year Expenditure by Function - Supplementary Information
Consolidated Revenue Fund
For Fiscal Years Ended March 31 ¹**

	1998	1999	2000	2001	2002
	(per cent)				
Per Cent of GDP:					
Health care.....	6.3	6.5	6.6	6.9	7.6
Social services.....	2.7	2.6	2.5	2.5	2.5
Education.....	5.0	5.0	5.0	5.0	5.3
Protection of persons and property.....	0.9	0.9	0.9	0.9	0.9
Transportation.....	0.7	0.7	1.4	0.5	0.5
Natural resources and economic development.....	0.7	0.8	0.8	0.8	1.0
Other expenditure.....	0.4	0.4	0.3	0.1	0.4
General government.....	0.2	0.2	0.2	0.2	0.3
Debt servicing.....	0.7	0.7	0.7	0.7	0.6
Total Expenditure.....	17.6	17.8	18.4	17.6	19.1
	(per cent)				
Growth Rates:					
Health care.....	2.6	3.5	7.2	9.1	12.6
Social services.....	2.7	-0.6	-0.7	3.8	5.1
Education.....	0.3	1.0	2.6	6.4	7.8
Protection of persons and property.....	-7.5	9.4	3.6	-0.8	8.8
Transportation ²	-8.8	2.6	114.8	-64.0	14.7
Natural resources and economic development ²	-18.6	13.0	3.5	6.7	30.1
Other expenditure ²	-3.3	-21.4	-3.5	-5.0	64.5
General government.....	1.4	15.3	-1.2	7.7	38.5
Debt servicing.....	-3.8	0.5	-0.4	6.5	-14.4
Total Expenditure ².....	-0.5	2.2	7.9	1.1	10.9
	(dollars)				
Per Capita Expenditure:					
Health care.....	1,824	1,871	1,990	2,155	2,404
Social services.....	770	758	747	770	802
Education.....	1,456	1,457	1,483	1,566	1,673
Protection of persons and property.....	247	268	276	271	292
Transportation.....	194	198	421	151	171
Natural resources and economic development.....	208	233	240	254	327
Other expenditure.....	120	93	90	84	137
General government.....	55	62	61	65	90
Debt servicing.....	211	210	207	219	186
Total Expenditure.....	5,085	5,150	5,515	5,535	6,082
Real Per Capita Expenditure (2000 dollars)	5,252	5,305	5,619	5,535	5,943
- growth rate (per cent) ²	-3.2	1.0	5.9	-1.5	7.4

¹ Expenditure has been restated to reflect the government's accounting policy at March 31, 2002.

² Excluding one-time expenditures in 1999/00 of \$1,183 million, 1999/00 growth rates would be -21.9% for transportation, -4.3% for natural resources and economic development, -12.4% for other, 2.1% for total spending, and 0.3% for real per capita; 2000/01 growth rates would be -1.0% for transportation, 15.2% for natural resources and economic development, 4.6% for other, 6.8% for total spending, and 3.9% for real per capita.

Note: Per capita expenditure is calculated using July 1 population (e.g. 2001/02 expenditure divided by population on July 1, 2001). Similarly, expenditure as a per cent of GDP is calculated using GDP for the calendar year ending in the fiscal year (e.g. 2001/02 expenditure divided by GDP for the 2001 calendar year). Expenditure is converted to real (inflation-adjusted) terms using the consumer price index (CPI) for the corresponding calendar year (e.g. 2001 CPI for 2001/02 expenditure).

**Table A2.10a Government Restructuring Exit Expense
For the Fiscal Year 2001/02 ¹**

	\$ millions	
Consolidated Revenue Fund:		
Ministry budgets.....	23	
Contingencies vote.....	57	
Restructuring - supplementary estimates.....	<u>81</u>	161 ²
Taxpayer-supported Crown Corporations:		
Forest Renewal BC.....	37	
BC Transportation Financing Authority.....	7	
BC Buildings Corporation.....	5	
BC Assessment Authority.....	6	
Legal Services Society.....	6	
Fisheries Renewal BC.....	1	
BC Pavilion Corporation.....	<u>1</u>	63 ³
Commercial Crown Corporations:		
BC Rail.....	165	
Insurance Corporation of BC.....	<u>40</u>	205 ⁴
Total restructuring exit costs.....		<u><u>429</u></u>

¹ Includes one-time expenditures relating to staffing, building occupancy and other restructuring activities that have no future value to government.

² As reported in Table A2.10b.

³ As reported in the 2001/02 *Public Accounts* summary statements.

⁴ Included as part of changes to government investments in commercial Crown corporations.

**Table A2.10b Consolidated Revenue Fund
Government Restructuring Expense for the Fiscal Year 2001/02**

	Restructuring Exit Expense ¹				Non-Exit Restructuring ²				Total
	Staffing	Building Occupancy	Other	Total	Staffing	Building Occupancy	Other	Total	
	(\$ millions)								
Legislation.....	-	-	-	-	-	-	-	-	-
Officers of the Legislature.....	0.6	-	0.9	1.5	-	-	-	-	1.5
Office of the Premier.....	0.2	-	-	0.2	-	-	-	-	0.2
Advanced Education.....	0.8	42.4	3.2	46.4	-	-	-	-	46.4
Agriculture, Food and Fisheries.....	0.6	-	-	0.6	-	-	-	-	0.6
Attorney General.....	5.3	3.5	-	8.8	-	0.2	4.0	4.2	13.0
Children and Family Development.....	7.6	0.3	-	7.9	0.5	0.5	0.5	1.5	9.4
Community, Aboriginal and Women's Services.....	2.4	0.1	-	2.5	-	0.2	-	0.2	2.7
Competition, Science and Enterprise..	0.4	-	-	0.4	-	-	-	-	0.4
Education.....	1.0	-	0.1	1.1	-	-	-	-	1.1
Energy and Mines.....	0.9	-	-	0.9	-	-	-	-	0.9
Finance.....	1.3	-	-	1.3	-	0.2	-	0.2	1.5
Forests.....	7.5	-	-	7.5	-	-	-	-	7.5
Health Planning.....	0.2	-	-	0.2	-	-	-	-	0.2
Health Services.....	6.7	-	-	6.7	-	-	-	-	6.7
Human Resources.....	6.0	-	-	6.0	-	-	-	-	6.0
Management Services.....	2.9	-	-	2.9	-	-	-	-	2.9
Provincial Revenue.....	0.9	-	-	0.9	-	-	-	-	0.9
Public Safety and Solicitor General....	5.9	12.0	-	17.9	-	0.1	-	0.1	18.0
Skills Development and Labour.....	3.5	0.3	-	3.8	-	-	-	-	3.8
Sustainable Resource Management...	3.7	0.2	-	3.9	-	-	-	-	3.9
Transportation.....	8.9	0.5	-	9.4	-	-	-	-	9.4
Water, Land and Air Protection.....	3.1	0.6	1.6	5.3	-	-	-	-	5.3
Other Appropriations.....	0.1	-	-	0.1	-	-	-	-	0.1
Cross-Government ³	24.5	-	0.7	25.2	-	0.3	-	0.3	25.5
Total.....	95.0	59.9	6.5	161.4	0.5	1.5	4.5	6.5	167.9

Sources of Funding:

Restructuring Exit:

Government Restructuring (All Ministries) Vote - Supplementary Estimates.....	80.5
Contingencies (All Ministries) and New Programs Vote.....	57.9
Ministry Budgets.....	23.0
Total.....	161.4

Non-Exit:

Government Restructuring (All Ministries) Vote - Supplementary Estimates.....	0.2
Contingencies (All Ministries) and New Programs Vote.....	4.2
Ministry Budgets.....	2.1
Total.....	6.5

¹ Restructuring exit costs represent no future value to government.

² Non-exit restructuring costs result from the restructuring initiative but do have a future value to government.

³ Cross-Government staffing expense includes government-wide charges for enhanced pension eligibility (\$13 million), involuntary severance (\$5 million), severance for long-term disability employees (\$3.3 million), and other costs not attributable to a specific ministry.

**Table A2.11 British Columbia Buildings Corporation
Five-Year Income Statement for the Years Ended March 31**

	1998	1999	2000	2001	2002
	(\$ millions)				
Revenues:					
Rentals	403.7	399.0	399.3	403.6	412.7
Other income	24.8	37.3	48.3	48.2	46.1
Gains on sale of properties	11.8	9.9	15.9	10.4	6.6
	<u>440.3</u>	<u>446.2</u>	<u>463.5</u>	<u>462.2</u>	<u>465.4</u>
Expenses:					
Lease costs and client projects	162.6	165.4	169.0	174.8	172.5
Operations and maintenance	129.8	139.3	149.7	156.7	168.7
Amortization	47.9	40.6	39.8	41.6	41.6
Interest expense	60.7	51.5	60.0	38.2	39.9
	<u>401.0</u>	<u>396.8</u>	<u>418.5</u>	<u>411.3</u>	<u>422.7</u>
Net income before restructuring costs	39.3	49.4	45.0	50.9	42.7
Restructuring costs	-	-	-	-	(5.5)
Net income	<u>39.3</u>	<u>49.4</u>	<u>45.0</u>	<u>50.9</u>	<u>37.2</u>

Source: British Columbia Buildings Corporation.

**Table A2.12 British Columbia Ferry Corporation
Five-Year Income Statement for the Years Ended March 31**

	1998	1999	2000	2001	2002
	(\$ millions)				
Revenues					
Tolls	290.1	296.5	292.4	292.8	305.7
Catering and other income	88.6	87.6	85.9	91.1	95.0
Provincial grant/dedicated revenue ¹	4.7	24.0	64.9	72.5	71.7
	<u>383.4</u>	<u>408.1</u>	<u>443.2</u>	<u>456.4</u>	<u>472.4</u>
Expenses:					
Salaries, wages and benefits	220.6	235.2	227.2	227.1	241.6
Other operating costs	144.1	146.5	161.9	168.9	166.4
Net financing expense	33.8	42.4	53.1	(0.3)	0.9
Amortization	43.9	50.3	60.2	50.0	46.1
	<u>442.4</u>	<u>474.4</u>	<u>502.4</u>	<u>445.7</u>	<u>455.0</u>
Net income (loss) before unusual items	(59.0)	(66.3)	(59.2)	10.7	17.4
Provision for write-down of <i>PacifiCat</i> ferries	-	(48.0)	(240.0)	-	(40.0)
Net income (loss)	<u>(59.0)</u>	<u>(114.3)</u>	<u>(299.2)</u> ²	<u>10.7</u>	<u>(22.6)</u>

¹ Differs from amounts reported in Table A2.6b (dedicated revenue) due to minor year-end accounting adjustments.² Excludes the effect of the government's forgiveness of \$1,080 million of debt. This is recorded on the corporation's balance sheet and is accounted for in the government's summary accounts as an adjustment to taxpayer-supported Crown corporations and agencies.

Source: British Columbia Ferry Corporation.

**Table A2.13 BC Transportation Financing Authority
Five-Year Consolidated Statement of Income for the Years Ended March 31**

	1998	1999	2000	2001	2002
	(\$ millions)				
Revenue					
Dedicated revenue ¹	130.6	126.3	177.2	199.5	196.7
Provincial grants	-	-	-	-	43.7
Contractors' fees and other	-	-	33.5	87.3	38.2
Capital contributions (amortization) ²	-	-	189.7	189.7	188.7
	<u>130.6</u>	<u>126.3</u>	<u>400.4</u>	<u>476.5</u>	<u>467.3</u>
Expenditures					
Operations and administration	32.6	49.7	46.4	41.0	55.2
Construction wages and benefits	-	-	26.6	80.6	30.2
Amortization ²	13.9	32.1	231.4	247.9	263.4
Interest	27.7	68.1	73.8	106.3	118.4
	<u>74.2</u>	<u>149.9</u>	<u>378.2</u>	<u>475.8</u>	<u>467.2</u>
Earnings (loss) from operations	56.4	(23.6)	22.2	0.7	0.1
Extraordinary items ³	(4.8)	(90.7)	-	-	-
Net (loss) earnings for the year	<u>51.6</u>	<u>(114.3)</u>	<u>22.2</u>	<u>0.7</u>	<u>0.1</u>

¹ Differs from amounts reported in Table A2.6b (dedicated revenue) due to minor year-end accounting adjustments.

² Effective March 31, 1999, the provincial government transferred highway infrastructure assets to the Authority. Asset values are recorded on the Authority's balance sheet as a deferred capital contribution, and are amortized as income of the Authority with an offsetting adjustment to amortization expense.

³ The 1998 figure represents costs for emergency repairs to highways and bridges affected by slides and washouts. The 1999 expenditure represents the net book value of highways in the Lower Mainland that were transferred to the Greater Vancouver Transportation Authority.

Source: BC Transportation Financing Authority.

Table A2.14 Forest Renewal BC
Five-Year Statement of Operations for the Years Ended March 31

	1998	1999	2000	2001	2002
	(\$ millions)				
Revenues					
Statutory forest revenue	482.8	177.4	301.5	187.1	144.4
Investment income	51.2	45.3	31.3	34.4	18.0
	<u>534.0</u>	<u>222.7</u>	<u>332.8</u>	<u>221.5</u>	<u>162.4</u>
Expenditures					
Program expenditures	596.4	463.2	314.5	270.8	252.0
Administration	25.3	24.1	17.1	14.3	11.3
Wind-up costs and other one-time items	-	-	-	-	78.8
	<u>621.7</u>	<u>487.3</u>	<u>331.6</u>	<u>285.1</u>	<u>342.1</u>
Net revenue	<u>(87.7)</u>	<u>(264.6)</u>	<u>1.2</u>	<u>(63.6)</u>	<u>(179.7)</u>
Equity, beginning of the year	851.1	763.4	498.8	500.0	436.4
Net revenue	(87.7)	(264.6)	1.2	(63.6)	(179.7)
Wind-up transfer to CRF	-	-	-	-	(256.7)
Equity, end of the year	<u>763.4</u>	<u>498.8</u>	<u>500.0</u>	<u>436.4</u>	<u>-</u>

Source: Forest Renewal BC.

**Table A2.15 British Columbia Hydro and Power Authority
Five-Year Income Statement for the Years Ended March 31**

	1998	1999	2000	2001	2002
	(\$ millions)				
Revenues					
Domestic	2,191.7	2,277.9	2,327.5	2,431.0	2,450.0
Electricity trade	341.2	739.0	1,129.1	5,458.0 ¹	3,861.0
	<u>2,532.9</u>	<u>3,016.9</u>	<u>3,456.6</u>	<u>7,889.0</u>	<u>6,311.0</u>
Expenses					
Energy costs	610.6	1,075.2	1,354.9	5,162.0	4,407.0
Operating expenses	561.7	592.3	612.4	929.0 ¹	716.0
Depreciation	335.7	338.8	365.0	380.0	386.0
Finance charges	585.0	615.2	578.8	559.0	544.0
	<u>2,093.0</u>	<u>2,621.5</u>	<u>2,911.1</u>	<u>7,030.0</u>	<u>6,053.0</u>
Net income before customer profit-sharing and rate stabilization account transfer	439.9	395.4	545.5	859.0	258.0
Customer profit sharing	(32.1)	-	-	(310.0)	-
Transfer (to) from RSA ²	-	-	(129.3)	(103.0)	145.0
Total net income	<u>407.8</u>	<u>395.4</u>	<u>416.2</u>	<u>446.0</u>	<u>403.0</u>

¹ Reflects adjustments and provision to recognize uncertainty in realizing portions of electricity sales to California.

² Effective March 31, 1999, the Authority modified its accounting and reporting of transfers (to) from the rate stabilization account (RSA). RSA transfers are now shown as adjustments to net income rather than to retained earnings as previously reported.

Source: British Columbia Hydro and Power Authority.

**Table A2.16 Liquor Distribution Branch
Five-Year Income Statement for the Years Ended March 31**

	1998	1999	2000	2001	2002
	(\$ millions)				
Provincial liquor sales	1,594.5	1,640.8	1,663.3	1,719.2	1,792.9
Less: Cost of sales ¹	825.9	850.6	864.8	891.6	929.6
Gross margin	768.6	790.2	798.5	827.6	863.3
Operating expenses	(165.8)	(178.2)	(188.4)	(197.9)	(231.9)
Other income	3.2	3.9	7.3	12.7	5.3
Net income	<u>606.0</u> ²	<u>615.9</u>	<u>617.4</u>	<u>642.4</u>	<u>636.7</u>

¹ Includes discounts and commissions.

² Differs from the amount reported in Appendix Table A2.6a due to year-end accounting adjustments.

Source: Liquor Distribution Branch.

**Table A2.17 British Columbia Lottery Corporation
Five-Year Income Statement for the Years Ended March 31**

	1998	1999	2000	2001	2002
	(\$ millions)				
Gaming revenue	942.2	1,261.5	1,401.5	1,483.0	1,607.4
Less: Prizes and direct costs	571.4	699.1	745.9	796.1	863.5
Gross margin	370.8	562.4	655.6	686.9	743.9
Operating expenses (net)	(80.5)	(106.4)	(123.6)	(124.9)	(137.8)
Net income	<u>290.3</u>	<u>456.0</u>	<u>532.0</u>	<u>562.0</u>	<u>606.1</u>
Allocation of net income					
Government of Canada	6.9	7.0	7.2	7.4	7.6
Funding for provincial gaming programs	4.2	5.0	1.9	3.7	4.1
Transfers to charities/local governments	-	74.6	106.9	137.2	145.6
Contribution to provincial revenue	279.2 ¹	369.4	416.0	413.7	448.8
	<u>290.3</u>	<u>456.0</u>	<u>532.0</u>	<u>562.0</u>	<u>606.1</u>

¹ Differs from the amount reported in Appendix Table A2.6a due to year-end accounting adjustments.

Source: British Columbia Lottery Corporation.

**Table A2.18 British Columbia Railway Company
Five-Year Income Statement for the Years Ended December 31**

	1997	1998	1999	2000	2001
	(\$ millions)				
Revenue	427.1	417.6	478.1	495.7	447.2
Expenses	349.5	357.9	411.2	451.4	418.6
Operating income	77.6	59.7	66.9	44.3	28.6
Non-operating expenses	(37.4)	(35.6)	(32.4)	(38.0)	(35.5)
Income before special charges	40.2	24.1	34.5	6.3	(6.9)
Special charges	-	-	(616.6) ¹	(13.0) ²	(100.0) ³
Net income	<u>40.2</u>	<u>24.1</u>	<u>(582.1)</u>	<u>(6.7)</u>	<u>(106.9)</u>

¹ Asset impairment charge on northern British Columbia rail assets.

² Provision to reflect anticipated future costs of environmental remediation.

³ Restructuring costs.

Source: British Columbia Railway Company.

**Table A2.19 Insurance Corporation of British Columbia
Five-Year Income Statement for the Years Ended December 31**

	1997	1998	1999	2000	2001
	(\$ millions)				
Revenue:					
Net premiums	2,303.5	2,368.9	2,382.4	2,387.0	2,447.1
Investment income	387.0	412.2	449.2	625.7	454.0
Net provincial fine and licence collections ¹	48.8	41.0	-	-	-
	<u>2,739.3</u>	<u>2,822.1</u>	<u>2,831.6</u>	<u>3,012.7</u>	<u>2,901.1</u>
Claims and expenses:					
Claims incurred	2,025.9	1,915.1	1,842.1	1,739.8	2,128.5
Claims operations expense	219.4	248.8	275.2	276.8	274.0
Traffic operations and road safety programs	60.3	124.3	167.2	159.2	139.9
Administration, commissions and taxes	419.7	413.4	451.4	479.7	469.7
	<u>2,725.3</u>	<u>2,701.6</u>	<u>2,735.9</u>	<u>2,655.5</u>	<u>3,012.1</u>
Income before unusual items	14.0	120.5	95.7	357.2	(111.0)
Unusual items	-	(47.0) ²	-	(218.5) ²	(139.5) ³
Net income (loss)	<u>14.0</u>	<u>73.5</u>	<u>95.7</u>	<u>138.7</u>	<u>(250.5)</u>

¹ Commencing in 1997, the corporation assumed responsibility for the collection of licence fees and fines revenues as part of a merger with the Motor Vehicle Branch of the Ministry of Transportation and Highways.

² Road Safety Dividend.

³ Includes restructuring costs (\$39.5 million) and a provision for a reduction in investment value (\$100 million).

Source: Insurance Corporation of British Columbia.

**Table A2.20 Five-Year Provincial Debt Summary ¹
For Fiscal Years Ended March 31**

	1998	1999	2000	2001	July 30 Budget 2002	Actual 2002
	(\$ millions)					
Taxpayer-supported debt						
Provincial government direct operating ²	11,488	12,217	13,859 ³	12,113	14,142	13,789
Education facilities ⁴						
Schools.....	2,990	3,261	3,609	3,880	4,130	4,092
Post-secondary institutions.....	1,362	1,336	1,369	1,383	1,475	1,425
	<u>4,352</u>	<u>4,597</u>	<u>4,978</u>	<u>5,263</u>	<u>5,605</u>	<u>5,517</u>
Health facilities ⁴	1,417	1,282	1,451	1,780	2,021	1,920
Highways, ferries and public transit						
BC Transportation Financing Authority.....	1,089	1,433	1,843	2,197	2,559	2,514
British Columbia Ferry Corporation.....	795	973	24 ³	21	58	19
British Columbia Transit.....	1,579	59	79	75	82	79
Public transit ⁴	-	987	952	948	941	936
SkyTrain extension ⁴	-	133	488	836	1,144	1,044
Rapid Transit Project 2000 Ltd.....	-	56	101	114	-	47
	<u>3,463</u>	<u>3,641</u>	<u>3,487</u>	<u>4,191</u>	<u>4,784</u>	<u>4,639</u>
Other						
British Columbia Buildings Corporation.....	735	715	615	610	614	596
552513 British Columbia Ltd. (Skeena Cellulose Inc.) ⁵ ..	-	-	-	337	356	-
Social housing ⁶	175	183	205	265	281	299
Homeowner Protection Office.....	-	11	34	71	82	113
Universities and colleges - fiscal agency loans.....	144	137	130	124	121	114
Student assistance loans.....	273	287	267	159	121	90
Other ⁷	104	134	155	85	93	98
	<u>1,431</u>	<u>1,467</u>	<u>1,406</u>	<u>1,651</u>	<u>1,668</u>	<u>1,310</u>
Total taxpayer-supported debt.....	<u>22,151</u>	<u>23,204</u>	<u>25,181</u>	<u>24,998</u>	<u>28,220</u>	<u>27,175</u>
Self-supported debt						
Commercial Crown corporations and agencies						
British Columbia Hydro and Power Authority.....	7,234	7,474	6,945	6,852	6,654	6,863
British Columbia Railway Company.....	503	607	655	603	597	614
552513 British Columbia Ltd. (Skeena Cellulose Inc.) ⁵ ..	157	221	280	-	-	-
Columbia Basin Power Company ⁸	95	94	94	93	118	120
Columbia Power Corporation.....	-	-	-	20	87	64
Liquor Distribution Branch.....	3	3	3	2	2	13
	<u>7,992</u>	<u>8,399</u>	<u>7,977</u>	<u>7,570</u>	<u>7,458</u>	<u>7,674</u>
Warehouse borrowing program.....	212	658	1,320	1,312	600	1,067
Total self-supported debt.....	<u>8,204</u>	<u>9,057</u>	<u>9,297</u>	<u>8,882</u>	<u>8,058</u>	<u>8,741</u>
Forecast allowance.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>-</u>
Total provincial debt.....	<u>30,355</u>	<u>32,261</u>	<u>34,478</u>	<u>33,880</u>	<u>36,778</u>	<u>35,916</u>

¹ Debt is after deduction of sinking funds and unamortized discounts, and excludes accrued interest. Government direct and fiscal agency accrued interest is reported in the government's accounts as an accounts payable. Figures for earlier years have been restated to conform with the presentation used in 2001/02.

² A change in accounting policy resulted in vehicle leases being recorded as capital costs rather than operating expenditures. Government operating debt has been restated to include the vehicle lease obligations as follows: 1998/99 - \$27 million, 1999/00 - \$26 million, 2000/01 - \$44 million and 2001/02 - \$50 million.

³ Effective March 31, 2000, the provincial government assumed responsibility for the fiscal agency loans of the British Columbia Ferry Corporation Corporation (\$1,080 million) and 580440 British Columbia Ltd. (Vancouver Trade and Convention Centre) (\$70 million). Although this resulted in a change to debt composition, debt totals were not affected.

⁴ Represents government direct debt incurred for capital financing purposes.

⁵ Based on a revised outlook for world pulp prices and its potential impact on the finances of 552513 British Columbia Ltd. (Skeena Cellulose Inc.), the company's debt was reclassified from self-supported to taxpayer-supported in 2000/01. In March 2002, the company's debt was assumed by the provincial government (\$260 million) and by the minority shareholder (\$94 million) in preparation for returning Skeena Cellulose Inc. to the private sector.

⁶ Includes the British Columbia Housing Management Commission and the Provincial Rental Housing Corporation.

⁷ Includes the British Columbia Assessment Authority, the Pacific Racing Association, and other taxpayer-supported Crown corporations and agencies. Also includes loan guarantees to agricultural producers, guarantees issued under economic development assistance programs and loan guarantee provisions.

⁸ A joint venture of the Columbia Power Corporation and Columbia Basin Trust.

**Table A2.21 Five-Year Provincial Debt Summary -- Supplementary Information
For Fiscal Years Ended March 31**

	1998	1999	2000	2001	2002
Per Cent of GDP:					
			(per cent)		
Taxpayer-supported debt					
Provincial government direct.....	10.0	10.6	11.5	9.5	10.6
Education.....	3.8	4.0	4.1	4.1	4.2
Health facilities.....	1.2	1.1	1.2	1.4	1.5
Highways, ferries and public transit.....	3.0	3.1	2.9	3.3	3.6
Other debt.....	1.2	1.3	1.2	1.3	1.0
Total taxpayer-supported debt.....	<u>19.3</u>	<u>20.1</u>	<u>20.9</u>	<u>19.6</u>	<u>20.8</u>
Self-supported debt					
Commercial Crown corporations and agencies.....	7.0	7.3	6.6	5.9	5.9
Warehouse borrowing program.....	0.2	0.6	1.1	1.0	0.8
Total self-supported debt.....	<u>7.2</u>	<u>7.8</u>	<u>7.7</u>	<u>7.0</u>	<u>6.7</u>
Total provincial debt.....	<u>26.5</u>	<u>27.9</u>	<u>28.6</u>	<u>26.6</u>	<u>27.5</u>
Growth Rates:					
			(per cent)		
Taxpayer-supported debt					
Provincial government direct.....	4.2	6.3	13.4	-12.6	13.8
Education.....	2.9	5.6	8.3	5.7	4.8
Health facilities.....	-1.0	-9.5	13.2	22.7	7.9
Highways, ferries and public transit.....	10.1	5.1	-4.2	20.2	10.7
Other debt.....	-0.6	2.5	-4.2	17.4	-20.7
Total taxpayer-supported debt.....	4.1	4.8	8.5	-0.7	8.7
Self-supported debt					
Commercial Crown corporations and agencies.....	-0.1	5.1	-5.0	-5.1	1.4
Warehouse borrowing program.....	112.0	210.4	100.6	-0.6	-18.7
Total self-supported debt.....	1.3	10.4	2.6	-4.5	-1.6
Total provincial debt.....	3.4	6.3	6.9	-1.7	6.0
Per Capita Debt:					
			(dollars)		
Taxpayer-supported debt					
Provincial government direct.....	2,901	3,056	3,441	2,984	3,367
Education.....	1,099	1,150	1,236	1,297	1,347
Health facilities.....	358	321	360	439	469
Highways, ferries and public transit.....	874	911	866	1,033	1,133
Other debt.....	361	367	349	407	320
Total taxpayer-supported debt.....	<u>5,594</u>	<u>5,805</u>	<u>6,251</u>	<u>6,159</u>	<u>6,635</u>
Self-supported debt					
Commercial Crown corporations and agencies.....	2,018	2,101	1,980	1,865	1,874
Warehouse borrowing program.....	54	165	328	323	261
Total self-supported debt.....	<u>2,072</u>	<u>2,266</u>	<u>2,308</u>	<u>2,188</u>	<u>2,134</u>
Total provincial debt.....	<u>7,665</u>	<u>8,071</u>	<u>8,559</u>	<u>8,347</u>	<u>8,769</u>

Note: Totals may not add due to rounding.

**Table A2.22 Summary of Changes from the 2001/02
Third Quarterly Report Revised Forecast - Capital Spending and Debt**

	Change	Final Results
	(\$ millions)	
Capital spending - third quarter revised forecast		2,493
Taxpayer-supported		
Education facilities.....	(42)	
Health facilities.....	(31)	
BC Transportation Financing Authority.....	(7)	
British Columbia Ferry Corporation.....	(11)	
Rapid Transit project 2000.....	(32)	
Ministry minor capital.....	(30)	
Other	(27)	(180)
Self-supported commercial		
British Columbia Hydro and Power Authority.....	10	
Columbia power projects.....	(10)	
Other.....	(5)	(5)
Capital spending - actual.....		2,308
Provincial debt at March 31, 2002 - third quarter revised forecast		36,385
Taxpayer-supported debt		
Provincial government operating - improved results of the CRF.....	(87)	
Education facilities - reduced capital spending.....	(92)	
Health facilities- reduced capital spending.....	(30)	
Other.....	14	
Total taxpayer-supported.....		(195)
Self-supported commercial		
BC Hydro - higher income, lower capital spending and reduced working capital requirements.....		(213)
BC Rail and Columbia Power Corporation		(28)
Warehouse program - lower year-end balance.....		(33)
Provincial debt at March 31, 2002 - 2001/02 Public Accounts		35,916

**Table A2.23 Historical Summary Accounts Surplus (Deficit)
For Fiscal Years Ended March 31 ¹**

Year	Consolidated Revenue Fund			Crown Corporations and Agencies	Joint Trusteeship Arrangements	Summary Accounts Surplus (Deficit)	Surplus (Deficit) as a Per Cent of GDP
	Revenue	Expenditure	Balance				
	(\$ millions)						
1970	1,248	1,244	4	-	-	4	-
1971	1,373	1,274	99	-	-	99	1.1
1972	1,558	1,474	84	-	-	84	0.8
1973	1,772	1,675	97	-	-	97	0.8
1974	2,217	2,071	146	-	-	146	1.0
1975	2,769	2,779	(10)	-	-	(10)	(0.1)
1976	3,124	3,534	(410)	-	-	(410)	(2.1)
1977	3,785	3,691	94	-	-	94	0.4
1978	4,372	4,168	204	-	-	204	0.8
1979	4,853	4,582	271	-	-	271	0.9
1980 ¹	5,860	5,318	542	(88)	-	454	1.4
1981	5,982	6,239	(257)	45	-	(212)	(0.6)
1982	7,139	7,323	(184)	43	-	(141)	(0.3)
1983	7,678	8,662	(984)	(257)	-	(1,241)	(2.8)
1984	8,335	9,347	(1,012)	49	-	(963)	(2.0)
1985	8,807	9,801	(994)	172	-	(822)	(1.6)
1986	9,160	10,127	(967)	110	-	(857)	(1.6)
1987	9,463	10,624	(1,161)	526	-	(635)	(1.1)
1988	11,007	11,055	(48)	119	-	71	0.1
1989	12,570	11,834	736	194	-	930	1.3
1990	13,656	13,200	456	40	-	496	0.7
1991	14,236	15,010	(774)	107	-	(667)	(0.8)
1992	14,570	17,101	(2,531)	192	-	(2,339)	(2.8)
1993	16,172	17,858	(1,686)	210	-	(1,476)	(1.7)
1994	17,923	18,833	(910)	11	-	(899)	(1.0)
1995	19,506	19,953	(447)	219	-	(228)	(0.2)
1996	19,698	20,054	(356)	38	-	(318)	(0.3)
1997	20,126	20,241	(115)	(270)	-	(385)	(0.4)
1998	20,216	20,135	81	(248)	-	(167)	(0.1)
1999	20,306	20,587	(281)	(722)	-	(1,003)	(0.9)
2000	21,832	22,215	(383)	406	-	23	-
2001	24,013	22,465	1,548	(70)	(52)	1,426	1.1
2002	22,962	24,913	(1,951) ²	(746) ²	1,464	(1,233)	(0.9)

¹ The provincial government began publishing summary financial statements in 1979/80. Figures for prior years are unavailable. For 1970/71 to 1978/79, the CRF surplus/(deficit) is used in place of the summary accounts surplus/(deficit).

² Does not include the \$256-million transfer to the CRF for the wind-up of Fisheries and Forest Renewal BC.

**Table A2.24 Historical Revenue by Source
Consolidated Revenue Fund
For Fiscal Years Ended March 31 ¹**

Year	Taxation	Natural Resource	Other Revenue	Contributions from Government Enterprises	Contributions from the Federal Government	Total
(\$ millions)						
1985.....	5,015	721	886	360	1,825	8,807
1986.....	5,237	704	965	398	1,856	9,160
1987.....	5,354	658	979	448	2,024	9,463
1988.....	6,200	1,223	1,060	470	2,054	11,007
1989.....	6,973	1,272	1,729	447	2,149	12,570
1990 ²	8,095	1,249	1,464	727	2,121	13,656
1991.....	8,702	1,171	1,433	834	2,096	14,236
1992.....	8,997	1,101	1,573	701	2,198	14,570
1993.....	9,897	1,264	1,580	1,016	2,415	16,172
1994 ³	11,101	1,772	1,733	1,048	2,269	17,923
1995.....	11,937	2,244	1,835	1,028	2,462	19,506
1996 ⁴	12,509	2,026	1,801	968	2,394	19,698
1997.....	13,094	2,186	1,743	1,148	1,955	20,126
1998.....	13,103	2,197	1,799	1,280	1,837	20,216
1999.....	13,134	1,829	1,831	1,362	2,150	20,306
2000 ⁵	13,364	2,517	1,888	1,454	2,609	21,832
2001 ⁵	13,881	3,975	1,860	1,500	2,797	24,013
2002.....	13,652	3,108	1,910	1,437	2,855	22,962

¹ Revenue has been restated to reflect the government's accounting policy at March 31, 2002. Further information is provided in footnotes to Table A2.3, and in the introduction to this appendix. Figures exclude dedicated revenue collected on behalf of, and transferred to, Crown corporations and agencies. These revenues are included as part of the operations of the Crown corporations and agencies. Figures are based on *Public Accounts* information.

² Beginning in 1989/90, other revenue has been restated to reflect a change in accounting policy to exclude sinking fund earnings from revenue.

³ 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.

⁴ Beginning in 1995/96, other revenue 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.

⁵ CRF revenue has been restated for 1999/00 and 2000/01 to reflect a reduction in personal income tax revenue due to a federal error in the calculation of personal income tax remittances to BC resulting from capital gains refunds associated with mutual fund trusts for the 2000 tax year and one quarter of the 2001 tax year. The effect reduces revenue by \$14 million in 1999/00 and \$52 million in 2000/01. The federal government's errors relating to 1999 and prior years have not been recorded as the amounts and resolution are under verification and legal review.

**Table A2.26 Historical Provincial Debt Summary
For Fiscal Years Ended March 31¹**

Year	Taxpayer-Supported Debt					Total Taxpayer- Supported Debt	Self- Supported Debt ³	Total Provincial Debt	Total Debt as a Per Cent of GDP	Taxpayer- Supported Debt as a Per Cent of GDP
	Provincial Government Direct Operating	Education Facilities Capital Financing	Health Facilities Capital Financing	Highways, Ferries and Public Transit	Other ²					
	(millions)								(per cent)	
1970	-	338	42	142	100	622	1,661	2,283	25.7	7.0
1971	-	362	64	172	99	697	1,808	2,505	26.9	7.5
1972	-	380	85	233	95	793	1,948	2,741	26.5	7.7
1973	-	408	105	288	87	888	2,062	2,950	24.8	7.5
1974	-	425	117	340	145	1,027	2,228	3,255	22.1	7.0
1975	-	485	133	386	149	1,153	2,650	3,803	21.8	6.6
1976	-	557	178	544	145	1,424	3,144	4,568	23.4	7.3
1977	261	658	236	649	188	1,992	3,787	5,779	25.1	8.7
1978	261	710	291	656	215	2,133	4,464	6,597	25.7	8.3
1979	261	778	334	653	91	2,117	4,838	6,955	24.2	7.4
1980	235	836	401	730	195	2,397	5,704	8,101	24.3	7.2
1981	209	919	461	729	270	2,588	5,956	8,544	22.3	6.8
1982	183	1,067	561	844	291	2,946	7,227	10,173	22.7	6.6
1983	883	1,204	660	1,024	894	4,665	7,692	12,357	27.5	10.4
1984	1,596	1,321	712	1,392	1,174	6,195	8,440	14,635	30.8	13.1
1985	2,476	1,308	717	691 ⁴	1,276	6,468	9,082 ⁴	15,550	31.2	13.0
1986	3,197	1,276	680	1,034	1,376	7,563	8,990	16,553	30.9	14.1
1987	4,802	1,268	681	1,097	812	8,660	8,485	17,145	30.3	15.3
1988	5,017	1,278	716	1,192	660	8,863	8,149	17,012	27.2	14.2
1989	4,919	1,322	763	1,213	842	9,059	7,396	16,455	23.7	13.1
1990	4,209	1,367	837	1,244	1,262	8,919	7,340	16,259	21.5	11.8
1991	4,726	1,565	959	1,287	1,281	9,818	7,444	17,262	21.8	12.4
1992	6,611	1,939	1,040	1,527	1,431	12,548	7,493	20,041	24.4	15.3
1993	8,969	2,426	1,141	1,719	1,641	15,896	7,526	23,422	26.8	18.2
1994	10,257 ⁵	3,054	1,181	1,862 ⁵	1,627	17,981	7,946	25,927	27.5	19.1
1995	10,181	3,631	1,318	2,158	1,749	19,037	8,013	27,050	26.9	18.9
1996	10,237	3,990	1,399	2,598	1,695	19,919	8,847	28,766	27.2	18.8
1997	11,030	4,230	1,431	3,144	1,440	21,275	8,096	29,371	26.9	19.5
1998	11,488	4,352	1,417	3,463	1,431	22,151	8,204	30,355	26.5	19.3
1999	12,217 ⁶	4,597	1,282	3,641	1,467	23,204	9,057	32,261	27.9	20.1
2000	13,859 ⁶	4,978	1,451	3,487 ⁶	1,406	25,181	9,297	34,478	28.6	20.9
2001	12,113 ^{6,7}	5,263	1,780	4,191 ⁷	1,651 ^{7,8}	24,998	8,882 ⁸	33,880	26.6	19.6
2002	13,789 ^{6,9}	5,517	1,920	4,639	1,310 ⁹	27,175	8,741	35,916	27.5	20.8

¹ Debt is after deduction of sinking funds and unamortized discounts, and excludes accrued interest. Government direct and fiscal agency accrued interest is reported in the government's accounts as an accounts payable. Figures for earlier years have been restated to conform with the presentation used in 2001/02.

² Includes the British Columbia Buildings Corporation, British Columbia Housing Management Commission, Provincial Rental Housing Corporation and other taxpayer-supported Crown corporations and agencies. Also includes loan guarantees to agricultural producers, guarantees issued under economic development assistance programs and loan guarantee provisions.

³ Includes commercial Crown corporations and agencies and, beginning in 1995/96, funds held under the province's warehouse borrowing program.

⁴ Prior to 1984/85 debt outstanding for the British Columbia Railway Company was classified as taxpayer-supported debt. Beginning in 1984/85 the company was considered to be a commercial operation.

⁵ Prior to the establishment of the BC Transportation Financing Authority in the spring of 1993, capital financing for highways was provided through provincial government direct operating debt.

⁶ A change in accounting policy resulted in vehicle leases being recorded as capital costs rather than operating expenditures. Government operating debt has been restated to include the vehicle lease obligations as follows: 1998/99 - \$27 million, 1999/00 - \$26 million, 2000/01 - \$44 million and 2001/02 - \$50 million.

⁷ Effective March 31, 2000, the provincial government assumed responsibility for fiscal agency loans of the British Columbia Ferry Corporation (\$1,080 million) and 580440 British Columbia Ltd. (Vancouver Trade and Convention Centre) (\$70 million)

⁸ Based on a revised outlook for world pulp prices and its potential impact on the finances of 552513 British Columbia Ltd. (Skeena Cellulose Inc.), the company's debt was reclassified from self-supported to taxpayer-supported in 2000/01.

⁹ In March 2002, Skeena Cellulose debt was assumed by the provincial government (\$260 million) and by the minority shareholder (\$94 million) in preparation for returning Skeena Cellulose Inc. to the private sector

Table A2.27 Provincial Taxes (as of July 2002)

Type and Statute Reference	Tax Base	Tax Rate	Characteristics and Exemptions
Income — <i>Income Tax Act</i>	Taxable Income (1) Corporate. (2) Personal	13.5% of taxable income. (small business rate: 4.5%). Tax rates of 6.05%, 9.15%, 11.7%, 13.7% and 14.7% corresponding to tax brackets of up to \$31,124, \$31,124 to \$62,249, \$62,249 to \$71,470, \$71,470 to \$86,785 and over \$86,785.	Both personal and corporate taxes are administered by the Canada Customs and Revenue Agency under an agreement between the province and the federal government. Corporate tax credits include the scientific research and experimental development tax credit, the logging tax credit and the film tax credit. In addition, the provincial political contributions tax credit, the provincial royalty tax credit, the mining exploration tax credit and venture capital tax credits are available to both individuals and corporations. Under the tax on income system, BC provides a set of non-refundable credits equivalent to all federal non-refundable credits. 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.
Capital — <i>Corporation Capital Tax Act</i>	Net BC 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 qualifying purchases of new capital assets. Special definition of net BC paid-up capital for banks, trust companies, credit unions and investment dealers.	General rate 0.15% effective from September 1, 2001 to August 31, 2002. Banks, trust companies and credit unions with net paid-up capital: greater than \$1 billion — 3%; \$1 billion or less or headquartered in British Columbia 1%.	Associated groups of corporations with net paid-up capital of less than \$5.0 million are exempt from the tax. Family farm, cooperative, 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 \$5.0 million and \$5.25 million. There is a 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.	Exemptions include: transfers of principal residences, recreational residences and family farms to related individuals; transfers of property between spouses pursuant to written separation agreements or court orders; transfers of property to local governments, registered charities and educational institutions; 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 exempt from tax on transfers of eligible properties.

Table A2.27 Provincial Taxes (as of July 2002) — Continued

Type and Statute Reference	Tax Base	Tax Rate	Characteristics and Exemptions
Retail Sales — <i>Social Services Tax Act</i>	Purchase and lease price of tangible personal property, repair labour and legal services.	General rate is 7.5%. Liquor 10%. Passenger vehicles: under \$47,000 – 7.5%; \$47,000 to \$48,000 – 8%; \$48,000 to \$49,000 – 9%; greater than \$49,000 – 10%.	Collected through vendors and lessors registered under the act and paid by purchasers and lessees. The 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) specified inputs for certain sectors to enhance competitiveness such as the exemption for machinery and equipment used in manufacturing and in the natural resource industries and the exemption of specified equipment used by <i>bona fide</i> farmers, fishers and aquaculturists; (3) safety-related equipment designed to be worn by a worker, such as high-visibility vests and steel-toed boots, and specified general safety equipment such as life jackets; (4) energy conservation materials and equipment such as insulation material for buildings, and eligible wind, solar and micro-hydro equipment.
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.	15 cents per cigarette and tobacco stick; 77% of retail price on cigars to a maximum tax of \$5 per cigar; 15 cents per gram of loose tobacco.	
Motor Fuel — <i>Motor Fuel Tax Act</i>			Tax generally applies to all fuels used in internal combustion engines. Qualifying persons with disabilities who own or lease a vehicle are entitled to refunds of provincial tax paid up to an annual maximum of \$400. In the Vancouver Regional Transit service area the province collects an additional 6 cents per litre tax on clear gasoline and motive fuel on behalf of <i>Translink</i> to help fund regional public and private transportation system costs. In the Victoria Regional Transit service area the province collects (collected on behalf of) an additional 2.5 cents per litre on behalf of BC Transit to help fund the public transit system.

Table A2.27 Provincial Taxes (as of July 2002) — Continued

Type and Statute Reference	Tax Base	Tax Rate	Characteristics and Exemptions
▼	Clear gasoline (unleaded gasoline only).	11 cents per litre. Includes 3.25 cents per litre collected on behalf of the BC Transportation Financing Authority, and 1.25 cents per litre collected on behalf of the British Columbia Ferry Corporation. Of the tax collected in the Greater Vancouver Regional District, 5 cents is collected on behalf of <i>TransLink</i> .	
▼	Motive fuel.	11.5 cents per litre. Includes 3.25 cents per litre collected on behalf of the BC Transportation Financing Authority, and 1.25 cents per litre on behalf of the British Columbia Ferry Corporation. Of the tax collected in the Greater Vancouver Regional District, 5 cents is collected on behalf of <i>TransLink</i> .	Tax applies to any fuel except unleaded gasoline, gasohol, natural gas, propane and butane used in a motor vehicle. Refunds of 0.5 cents per litre are available for motive fuel used in private passenger vehicles.
▼	Alternative fuels.	Propane 2.1 cents per litre.	Natural gas, 85% ethanol and methanol blends are exempt from tax. Fuels using PuriNOx additive technology to blend at least 15% water and diesel motor fuel is also exempt from taxation until July 31, 2004.
▼	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.
▼	Locomotive fuel.	3 cents per litre.	Tax applies to fuel specifically for use in locomotives.
▼	Jet and aviation fuel.	2 cents per litre.	Jet fuel tax applies to fuel produced specifically for use in a turbine aircraft engine. Aviation fuel tax applies to fuel produced specifically for use in a non-turbine aircraft engine.
▼	Natural gas used in stationary engines.	7% of price if purchased. 1.1 cents per 810.32 if used but not purchased.	Tax applies to natural gas used in stationary engines other than pipeline compressors.
▼	Natural gas used in pipeline compressors to transmit marketable gas.	1.9 cents per 810.32 litres.	Tax applies to natural gas used in a stationary engine at a pipeline compressor station.
	Natural gas used in pipeline compressors to extract and transmit raw gas from wells to processing plants.	Exempt.	
	Natural gas used in compressors to re-inject sour gas into depleted wells.	Exempt.	

Table A2.27 Provincial Taxes (as of July 2002) — Continued

Type and Statute Reference	Tax Base	Tax Rate	Characteristics and Exemptions
▼	Marine bunker.	Exempt.	Exemption 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%.	Total provincial tax, net of commissions, is returned to the British Columbia Racing Commission to be spent on increased purses, maintenance of a breeders incentive fund, grants for breeders societies, operating race courses and horse racing meets, equine health research, and capital construction projects and related research costs.
Natural Resources — <i>Logging Tax Act</i>	Net income from logging in B.C.	10% (fully recoverable against federal and provincial corporation and personal income tax).	Net income from logging after deducting non-forestry income and a processing allowance.
<i>Mineral Land Tax Act</i>	Assessed value of freehold mineral land and production areas.	Undesignated mineral land — \$1.25 to \$4.94 per hectare. Designated production areas — \$4.94 per hectare.	Rates of tax set on sliding scale, dependent on size and designation of land.
<i>Mineral Tax Act</i>	Cash flow from individual metal and coal mines (other than placer gold mines).	2% of net current proceeds (NCP). 13% of 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.
	Volume of production of limestone, dolomite, marble, shale, clay, volcanic ash, diatomaceous earth, sandstone, quartzite and dimension stone.	\$0.15 per tonne removed from all quarries operated.	An operator may deduct 25,000 tonnes from the total number of tonnes removed from all quarries operated by that operator. However the amount deducted from any one quarry by all operators of that quarry must not exceed 25,000 tonnes.
	Value of minerals sold by placer gold mines.	0.5% of value of minerals sold.	
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> .	Rates are set annually. For 2002, the rates are 0.05% for farms and managed forest land; 0.102% for residential; 0.17% for recreational property/non-profit organizations; 0.37% for light industry, business and other property not contained in any other class; 0.42% for utilities; 0.45% for major industry and unmanaged forest land.	Some exemptions apply under various statutes.

Table A2.27 Provincial Taxes (as of July 2002) — Continued

Type and Statute Reference	Tax Base	Tax Rate	Characteristics and Exemptions
Residential school tax — <i>School Act</i>	Assessed value of residential land and improvements. Assessment determined under the <i>Assessment Act</i> .	Rates are set annually and vary by school district. For 2002 rates range from about 0.25% to 0.9%; weighted average 0.37%.	Basic rates are calculated using a formula to moderate effects of varying average assessments on school district taxes. School districts may levy additional tax if authorized by local referendum. Amendments to the <i>School Act</i> in 2002 allow the Minister of Finance to apply different tax rates within a school district. Tofino is the only municipality with a rate that differs from the rest of the school district.
<i>Non-residential school tax</i> — <i>School Act</i>	Assessed value of non-residential land and improvements. Assessment determined under the <i>Assessment Act</i> .	Rates are set annually. For 2002 the rates are 0.45% for recreational property/non-profit organizations; 0.23% 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.	Some exemptions apply under various statutes.

Table A2.28 Interprovincial Comparisons of Tax Rates for 2002 (rates known as of July 1, 2002)

	British Columbia	Alberta	Saskat- chewan	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	New- foundland
Provincial personal income tax (as a per cent of family income) ¹	3.6	3.9	5.8	5.8	3.2	4.9	5.9	6.2	6.1	6.7
Corporation income tax (per cent of taxable income) ²										
General rate	13.5	13.0	17.0	16.5	12.5	9.04/16.25	16.0	16.0	16.0	14.0
Manufacturing rate.....	13.5	13.0	10.0	16.5	11.0	9.04	16.0	16.0	7.5	5.0
Small business rate	4.5	4.5	6.0	5.0	6.0	9.04	4.0	5.0	7.5	5.0
Small business threshold (\$000s)	300	350	300	300	280	n/a	300	200	200	200
Corporation capital tax (per cent) ³										
Non-financial	0.15	Nil	0.6	0.3/0.5	0.3	0.64	0.3	.25/.5	Nil	Nil
Financial	1.0/3.0	Nil	.7/3.25	3.0	.6/.72/.9	1.28	3.0	3.0	3.0	4.0
Health care monthly premiums (individual/ family) ⁴	\$54/\$108	\$44/\$88	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payroll tax (per cent) ⁵	Nil	Nil	Nil	2.15	1.95	4.26	Nil	Nil	Nil	2.0
Insurance premium tax (per cent) ⁶	2.0-4.0	2.0-3.0	3.0-4.0	2.0-3.0	2.0-3.5	2.0-3.0	2.0-3.0	3.0-4.0	3.5	4.0
Fuel tax (cents per litre) ⁷										
Gasoline	11.0	9.0	15.0	11.5	14.7	19.2	10.7	15.5	14.0	16.5
Diesel	11.5	9.0	15.0	10.9	14.3	20.2	13.7	15.4	13.5	16.5
Sales tax (per cent) ⁸										
General rate	7.5	Nil	6.0	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
Accommodation ⁹	8.0	5.0	6.0	7.0	5.0	7.5	8.0	8.0	10.0	8.0
Tobacco tax (dollars per carton of 200 cigarettes) ¹⁰	\$30.00	\$32.00	\$35.80	\$33.20	\$17.20	\$18.10	\$23.60	\$25.20	\$22.90	\$31.70

¹ 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.

² Alberta, Manitoba, Ontario and New Brunswick plan further reductions in their corporate income tax rates or increases in their small business thresholds in future years. Quebec's rate on investment income is 16.25 per cent. Other Quebec rates include a "youth fund" tax of 1.6 per cent.

³ The British Columbia non-financial rate applies to corporations with paid-up capital in excess of \$5 million. The tax on non-financial corporations will be eliminated effective September 1, 2002. The tax will be prorated for fiscal years straddling this date; Ontario's exemption of \$2 million was replaced by a deduction of \$5 million for all corporations effective January 1, 2002; Manitoba has a \$5 million exemption level and the higher rate applies to corporations with taxable capital in excess of \$10 million; Saskatchewan has a \$10 million deduction. Large Saskatchewan resource corporations are assessed a surcharge on the value of Saskatchewan resource sales. Ontario and Quebec have an additional surcharge or compensation tax on financial institutions. Quebec has announced that its capital taxes will be reduced by approximately 50 per cent by 2007.

⁴ British Columbia has a two-person rate of \$96 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.

⁵ Manitoba, Ontario and Newfoundland provide payroll tax relief for small businesses.

⁶ 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 per cent), Newfoundland (12 per cent) and Quebec (9 per cent). The sales tax is 5 per cent for auto insurance in Quebec and Ontario.

⁷ Tax rate is for regular unleaded fuel used on highways. The British Columbia rate includes 3.25 cents per litre dedicated to the BC Transportation Financing Authority, 1.25 cents per litre dedicated to the British Columbia Ferry Corporation and five cents per litre dedicated to TransLink, Vancouver's regional transportation authority. The rates do not include regional taxes. The Quebec rate includes estimated sales tax

⁸ The Quebec and Prince Edward Island tax rates are imposed on top of the federal goods and services tax.

⁹ The British Columbia rate includes 1.65 percentage points which are imposed on behalf of Tourism British Columbia.

¹⁰ Includes estimated provincial sales tax where applicable.

Table A2.29 Summary of Major Tax Changes Announced (from July 1, 2001 to June 30, 2002)**Income Tax Act****Personal:****Effective for the 2002 and subsequent tax years:**

- The rates at which alternative minimum tax is charged and credited is changed to the ratio of BC's first tax bracket rate to the federal first tax bracket rate.
- The Overseas Employment Tax Credit rate is changed from 49.5 per cent to the ratio of BC tax to federal tax.
- The province's disability-related credits are increased.
- The BC Sales Tax Credit is increased to \$75 per adult, from \$50 per adult.

Corporate:

- The general corporate income tax rate was reduced to 13.5 per cent from 16.5 per cent effective January 1, 2002.
- Effective July 31, 2001, a mining flow-through share tax credit was introduced, which applies to personal and corporate income taxes.
- The maximum amount of taxable income to which the small business corporate income tax rate may be applied was increased to \$300,000 from \$200,000, effective April 1, 2002.

Corporation Capital Tax Act

- The corporation capital tax on non-financial corporations was phased out in two stages. Effective September 1, 2001, the rate was reduced to 0.15 per cent from 0.3 per cent. The tax will be eliminated effective September 1, 2002.
- An investment allowance for banks and trust companies was introduced.

Social Service Tax Act

- Effective July 31, 2001, a sales tax exemption was introduced for eligible machinery and equipment used in manufacturing, logging, mining and energy sector.
- Effective February 20, 2002, the exemption for non-generic parts used to repair or recondition exempt machinery and equipment was expanded to include all parts used for these purposes.
- On July 31, 2001, the threshold at which the surtax for passenger vehicles applies was raised to \$47,000 from \$32,000. Passenger vehicles valued at less than \$47,000 are taxed at a rate of 7.5 per cent; vehicles valued at \$47,000 or more but less than \$48,000 are taxed at 8 per cent; vehicles valued at \$48,000 or more but less than \$49,000 are taxed at 9 per cent and; vehicles valued at \$49,000 or more are taxed at 10 per cent.
- The general sales tax rate was increased to 7.5 per cent from 7 per cent as of February 20, 2002. The tax rates that apply to multi-jurisdictional vehicles will be increased on October 1, 2002 to reflect the increase in the general sales tax rate.
- A sales tax refund was made available for purchases made after June 30, 2002 using funds raised by Parent Advisory Councils. To qualify, the goods must be given to a school for a school use.
- Effective February 20, 2002, boats and travel trailers brought into the province by non-resident individuals for long-term personal use are exempt from tax.

School Act

- For 2002, the province increases average gross residential school taxes by 2 per cent. As usual, the province adjusted school property tax rates in response to changes in average assessed values in each school district. Some homeowners will experience an increase in their school taxes, while others will have offsetting reductions.
- The province amended the *School Act* to allow multiple residential tax rates within a single school district. In 2002, Tofino is the only municipality which has a tax rate that differs from the rest of its school district.
- For each of the eight non-residential property classes, a single, province-wide rate is set. Non-residential school tax rates are unchanged from last year. Individual property tax bills for non-residential property owners may rise or fall depending on changes in assessment.

Taxation (Rural Area) Act

- The province increased average gross residential rural area taxes by 2 per cent. The residential tax rate was increased to 0.104 per cent. Assessments, on average, were stable. Non-residential rates were not changed from last year.

Motor Fuel Tax Act

- Effective August 1, 2001, a tax exemption was provided for marine bunker fuel.
- Effective August 1, 2001, the domestic jet fuel tax rate was reduced to 2 cents per litre from 5 cents per litre and the non-jet aviation fuel tax rate was reduced to 2 cents per litre from 3 cents per litre.
- Effective August 1, 2001, a tax exemption was provided for PuriNOx motor fuel for three years. PuriNOx was an environmentally beneficial fuel that blends about 20% water with diesel motor fuel by means of a special blending technology.
- Effective April 1, 2002, the tax rate for clear gasoline and motor fuel collected in the Greater Vancouver transportation service region on behalf of *Translink* was increased by 2 cents per litre.

Tobacco Tax Act

- As of February 20, 2002, the tax rate on cigarettes was increased to \$30 from \$22 per carton of 200 cigarettes and the tax rate on fine-cut tobacco was increased to 15 cents from 11 cents per gram.

Appendix 3
**Constitutional
Framework**

Constitutional Framework

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 two 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.

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 companion legislation to 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.

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.

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 79 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.

The Legislature will reconvene on Tuesday morning at 10:00 a.m., October 7, 2002. The Legislature operates on a fixed schedule - the second Tuesday in February each year will be reserved for the Throne Speech and the third Tuesday in February each year will be reserved for the Budget Speech. During the third session of the 37th Parliament, the Legislature will be in session from February 12, 2002 to May 30, 2002 and from October 7, 2002 to November 28, 2002.

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 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 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.

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.

Judiciary

The judiciary performs functions that 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 to 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 Supreme Court of British Columbia and the Court of Appeal of British Columbia. The Provincial Court includes Small Claims, Adult Criminal, Youth and Family divisions. 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 of 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.

