Consolidated Summary Financial Statements

Province of British Columbia

For the Fiscal Year Ended
March 31, 2023

BRITISH
COLUMBIA

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Statement of Responsibility for the Summary Financial Statements of the Government of the Province of British Columbia

Responsibility for the integrity and objectivity of the Summary Financial Statements for the Government of the Province of British Columbia rests with the government. The Comptroller General prepares these financial statements in accordance with the *Budget Transparency and Accountability Act* (BTAA), which requires generally accepted accounting principles (GAAP) for senior governments in Canada, supported by regulations of Treasury Board under the BTAA. The fiscal year of the government is from April 1 to March 31 of the following year.

To fulfill its accounting and reporting responsibilities, the government maintains financial management and internal control systems. These systems give due consideration to costs, benefits and risks, and are designed to provide reasonable assurance that transactions are properly authorized by the Legislative Assembly, are executed in accordance with prescribed regulations and are properly recorded. This is done to maintain accountability of public money and safeguard the assets and properties of the Province of British Columbia under government administration. The Comptroller General of British Columbia maintains the accounts of British Columbia, a centralized record of the government's financial transactions, and obtains additional information as required from ministries, Crown corporations, agencies, school districts, universities, colleges, institutes and health organizations to meet accounting and reporting requirements.

The Auditor General of British Columbia provides an independent opinion on the financial statements prepared by the government. The duties of the Auditor General in that respect are contained in section 11 of the *Auditor General Act*.

Annually, the financial statements are tabled in the legislature as part of the Public Accounts, and are referred to the Select Standing Committee on Public Accounts of the Legislative Assembly. The Select Standing Committee on Public Accounts reports to the Legislative Assembly with the results of its examination and any recommendations it may have with respect to the financial statements and accompanying audit opinions.

Approved on behalf of the Government of the Province of British Columbia:

Katrine Conroy

KATRINE CONROY
Chair, Treasury Board

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Office of the
Auditor General
of British Columbia

Independent Auditor's Report

To the Legislative Assembly of the Province of British Columbia:

Qualified Opinion

I have audited the Summary Financial Statements of the Government of the Province of British Columbia ("government") using my staff and resources. The Engagement Leader, Molly Pearce, CPA, CA is responsible for this audit and its performance. The Summary Financial Statements of government comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations, change in net liabilities, remeasurement gains and losses and cash flows for the year then ended, and notes to the Summary Financial Statements including a summary of significant accounting policies.

In my opinion, except for the effects of the matters described in the basis for qualified opinion section of my report, the Summary Financial Statements present fairly, in all material respects, the financial position of government as at March 31, 2023, and the results of its operations, change in its net liabilities, remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Summary Financial Statements* section of my report. I am independent of government in accordance with the ethical requirements that are relevant to my audit of the Summary Financial Statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

Deferral of Revenues

Government's accounting treatment for funds received from other governments, and for externally restricted funds received from non-government sources, is to initially record them as deferred revenue (a liability) and then recognize revenue in the statement of operations either on the same basis as the related expenditures occur or, in the case of funds for the purchase or construction of capital assets, to recognize revenue on the same basis as the related assets are amortized.

Under Canadian public sector accounting standards, government's method of accounting for contributions is only appropriate in circumstances where the funding meets the definition of a liability. Otherwise, the appropriate accounting treatment is to record contributions as revenue when they are received or receivable. In my opinion, certain contributions from others do not meet the definition of a liability, and as such government's method of accounting for those contributions represents a departure from Canadian public sector accounting standards.

This departure has existed since the inception of the standard, which applies to periods beginning on or after April 1, 2012. Had government made an adjustment to correct for this departure in the current year, the liability for deferred revenue as at March 31, 2023 would have been lower by $6.97 billion, contribution revenue, surplus for the year, and accumulated surplus would have been higher by $6.97 billion, and net liabilities would have been lower by $6.97 billion.

Incomplete Contractual Obligations Disclosure

Under Canadian public sector accounting standards, contractual obligations that commit government to make certain expenditures, for a considerable period into the future, are required to be disclosed so that financial statement users understand the nature and extent to which government's resources are already committed to meet its future obligations. The Summary Financial Statements do not provide the required disclosures in relation to certain contracts, such as many contracts below the $50 million threshold noted in Note 28 – Contingent Liabilities and Contractual Obligations as well as larger contracts such as the obligation to the BC First Nations Gaming Revenue Sharing Limited Partnership (see following qualification). In my opinion, this represents a departure from Canadian public sector accounting standards. The following table, derived from historical information and management's records, sets out the estimated effect of this departure on Note 28 – Contingent Liabilities and Contractual Obligations.

Understatement of Contractual Obligations	In Millions						
	2024 $	2025 $	2026 $	2027 $	2028 $	2029 and beyond $	Total $
Consolidated Revenue Fund and Taxpayer-supported Crown corporations and agencies	987	604	455	427	384	2,070	4,927

BC First Nations Gaming Revenue Sharing Agreement Accounting Treatment

On October 31, 2019, amendments to the *Gaming Control Act* (the Act) added Division 4 – First Nations Revenue Sharing. On September 16, 2020, the Province of British Columbia entered into the Long-Term BC First Nations Gaming Revenue Sharing and Financial Agreement (the Agreement) which sets out the administrative mechanism for implementing the amendments to the Act. Both the amendments and the Agreement set out the direction to pay 7% of the net income of British Columbia Lottery Corporation (BCLC) to the BC First Nations Gaming Revenue Sharing Limited Partnership (the Partnership) each year for 23 years commencing in 2022.

Under Canadian public sector accounting standards, this arrangement should be accounted for on a gross basis, whereby, the net income of BCLC should be included in the revenue of government and the transfer of 7% of the BCLC net income made to the Partnership should be recorded as a government transfer expense. Note disclosures associated with this transaction should reflect this accounting treatment. Government's Summary Financial Statements have accounted for this transaction on a net basis. As a result, neither the revenues nor the expenses have been reflected on the statement of operations. Note 39 – Dedicated Revenues describes the transaction as a "flow-through" arrangement. In my opinion, government's method of accounting for the Agreement, and the disclosure in Note 39 – Dedicated Revenues, represents a departure from Canadian public sector accounting standards.

The effect of this departure is an understatement of both revenues and expenses on the statement of operations in the current year of $113.6 million, and an inaccurate characterization of this transaction as a "flow-through" arrangement in Note 39. Additionally, the Agreement represents a contractual obligation that should be included in Note 28 – Contingent Liabilities and Contractual Obligations (see previous qualification).

Key Audit Matters

Key audit matters are those that, in my professional judgment, were of most significance in my audit of the Summary Financial Statements of the current period. These matters were addressed in the context of my audit of the Summary Financial Statements as a whole and in forming my opinion thereon and I do not provide a separate opinion on these matters. In addition to the matters described in the basis for qualified opinion section, I have determined the matters described below to be the key audit matters to be communicated in my report.

Estimate of Personal and Corporate Income Taxation Revenue

Personal and corporate income tax are two of government's largest tax revenue streams, estimated at more than $17.3 billion and $9.2 billion respectively, for fiscal 2023. These two revenue streams are included in Note 29 – Taxation Revenue with further information included in Note 2 - Measurement Uncertainty.

Personal and corporate income tax revenue in a fiscal year is derived from management's estimate of income tax for two separate calendar years. For the fiscal year ending March 31, 2023, government records nine months of revenue for calendar year 2022 and three months of revenue for calendar year 2023. However, the tax assessments for the 2022 calendar year will not be finalized until many months later, and the 2023 tax assessments won't be available until one year later. This means precise income tax revenue figures cannot be determined until at least 21 months after the fiscal year-end date. As a result, government is required to estimate these revenues based on the best information available at the time of reporting. For the current year, this included ensuring the estimates incorporated information received in the most recent tax sharing statements received in late July. Both the estimates are complex and include several inputs and assumptions and as a result have collectively been identified as a key audit matter.

Audit work to address this key audit matter included assessing the appropriateness of the methods used to make the estimates and performing a retrospective review to evaluate the accuracy of the models used. Audit work was also performed work to ensure the underlying data supporting management's estimates is correct, testing the accuracy of management's calculations supporting the estimates and developing range estimates to assess management's estimates against. Audit procedures also included a review of the estimates for indications of management bias, an evaluation of the quality of the measurement uncertainty disclosure in the Summary Financial Statements and obtaining written representations from management related to estimates.

An auditor's specialist was engaged to assist with the audit of these complex estimates.

Financial Instruments and Related Standards

Effective for the current year, government adopted a suite of public sector accounting standards related to financial instruments. These standards include PS3450: Financial Instruments, PS3041: Portfolio Investments, PS2601: Foreign Currency Translation, and PS1201: Financial Statement Presentation. As described in Note 1(d), government's financial instruments include cash, receivables, investments, payables and debt, as well as derivative instruments such as cross-currency swaps, interest rate swaps, and forward foreign exchange contracts. Government has over $90 billion in long-term debt. Government hedges the risks that arise related to their debt borrowing using the aforementioned derivative instruments. Financial instruments can be difficult to measure and can expose government to risks. These standards are designed to provide financial statement users with information about how the instruments were measured, and the extent to which government is exposed to risks arising from the financial instruments it holds.

These accounting standards require government to present a new statement called the statement of remeasurement gains and losses, which is designed to show gains and losses associated with changes in the value of financial instruments from one period to the next, along with any changes resulting from financial instrument transactions that occurred during the period. These standards also require government to include key disclosures relating to its financial instruments, such as the fair value for government’s $7.5 billion investments, distinguishing between three categories of measurement to help financial statement users understand the level of subjectivity associated with their measurement. Furthermore, government is required to make certain disclosures related to the risk exposure associated with their use of financial instruments, including disclosures relating to liquidity risk, interest rate risk, foreign exchange risk, credit risk and other market risks. The valuation of financial instruments is complex and involves significant judgments and estimates, and there are extensive disclosure requirements on the risks associated with government’s use of these instruments. As a result, the adoption of these standards has been identified as a key audit matter.

Audit work to address this key audit matter included assessing government’s accounting policy for compliance with these standards, evaluating the completeness of the scoped in financial instruments, assessing the appropriateness of government’s methodology, data, and assumptions to value derivative financial instruments, assessing significant contracts for embedded derivatives, reviewing documents to assess the appropriateness of the new statement of remeasurement gains and losses, and evaluating the presentation and disclosure of financial instruments in accordance with the requirements of Canadian public sector accounting standards.

An auditor’s specialist was engaged to assist with the audit of fair values of the derivative financial instruments.

Valuation of Plan Assets and Pension Benefits for Pension Plans

Government participates in four jointly trusteed pension plans that include a joint defined benefit component for most British Columbia public servants. The estimated plan assets and accrued benefit obligations of these plans both exceed $89 billion.

Pension plan accounting values plan assets at market-related value for funded plans. Market-related value is derived from the fair value of plan assets reported in the pension plan financial statements. When observable market data is not available for investments, estimates of fair value are required. Fair value estimates require significant management judgment.

Government relies on a third-party actuarial specialist to estimate the accrued benefit obligation and other information for financial statement note disclosures. These calculations rely on management’s assumptions for significant economic and demographic assumptions.

Valuing pension benefits is a complex area requiring significant judgement and estimates. Given the magnitude of the accrued benefit obligation, small changes to the long-term assumptions can have a material impact on the liability, or asset, and expenses. As a result, pension plan accounting has been identified as a key audit matter.

Audit work to address this key audit matter included performing procedures to rely on the pension plan auditor’s reports for the plan assets used in the estimates, as well as their work over the data provided by management to the actuary for making the estimate. Audit work also included assessing the qualifications of management’s actuarial expert, gaining an understanding of the assumptions and methods used by the actuary in determining the accrued benefit obligation for pension benefits, obtaining the actuarial report, audited pension plan financial statements and other supporting documentation to test management’s assumptions, calculations and journal entries for pension accounting and evaluating the presentation and disclosure of pension plans in accordance with the requirements of Canadian public sector accounting standards.

Asset Retirement Obligations

Effective for the current year, government adopted the new public sector accounting standard PS3280: Asset Retirement Obligations. This new standard requires government to record a liability for obligations related to the retirement of assets. It defines which retirement activities should be accrued for, establishes when to recognize the liability, how to measure asset retirement obligations, and provides requirements for financial statement presentation and disclosure. As at March 31, 2023, government recorded $1.87 billion in asset retirement obligations, with $1.7 billion reported for the prior year which has been restated.

The Summary Financial Statements provide information about the impact of the implementation of this new standard in Note 1(e) changes in accounting policy – Adoption of Public Sector Accounting Standards PS 3280, Asset Retirement Obligations. Further information is included in note 1(d) significant accounting policies – Asset Retirement Obligations, Note 12 - Accounts Payable and Accrued Liabilities and Note 36 - Asset Retirement Obligations.

The adoption of this standard required government to identify tangible capital assets with retirement activities meeting the definition of an asset retirement obligation, estimate the cost to complete retirement activities, and determine when retirement activities will occur. This process was complex and required significant judgment and assumptions and as a result, has been identified as a key audit matter.

Audit work to address this key audit matter included assessing government's accounting policy for asset retirement obligations, evaluating the completeness and accuracy of identified tangible capital assets with qualifying retirement activities, assessing the appropriateness of government's methodology, data, and assumptions to estimate the cost of retirement activities, and evaluating the presentation and disclosure of asset retirement obligations in accordance with the requirements of Canadian public sector accounting standards. This also included assessing the qualifications and work of government's experts engaged to assist in the estimation process.

Other accompanying information

Government is responsible for the information they report in the annual Public Accounts. My opinion on the Summary Financial Statements does not cover other information included in the annual Public Accounts that accompanies the Summary Financial Statements and, except for my independent auditor's report on the debt-related statements, I do not express any form of assurance conclusion thereon.

In connection with my audit of the Summary Financial Statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Summary Financial Statements, or my knowledge obtained during the audit or otherwise appears to be materially misstated.

Prior to the date of my auditor's report, I obtained a copy of the Public Accounts. If, based on the work I have performed on the other information, I conclude that there is a material misstatement therein, I am required to report that fact in this auditor's report.

As described in the basis for qualified opinion section above, I believe there are material misstatements in government's accounting for deferral of revenues. I have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the annual report affected by this departure from Canadian public sector accounting standards.

Responsibilities of Treasury Board for the Summary Financial Statements

The Treasury Board of British Columbia is responsible for the oversight of the financial reporting process including the approval of significant accounting policies. The Comptroller General of British Columbia (comptroller general) is responsible for the preparation and fair presentation of the Summary Financial Statements in accordance with the *Budget Transparency and Accountability Act*, and for such internal control as the comptroller general determines is necessary to enable the preparation of the Summary Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Summary Financial Statements, the comptroller general is responsible for assessing government's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting when government will continue its operations for the foreseeable future.

Auditor's responsibilities for the audit of the Summary Financial Statements

My objectives are to obtain reasonable assurance about whether the Summary Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with generally accepted accounting principles, being public sector accounting standards for senior governments in Canada. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Summary Financial Statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the Summary Financial Statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of government's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the comptroller general.
- Conclude on the appropriateness of the comptroller general's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on government's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the Summary Financial Statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause government to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Summary Financial Statements, including the disclosures, and whether the Summary Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

The audit of the Summary Financial Statements is a group audit engagement. As such I also obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the Summary Financial Statements. I am responsible for the direction, supervision and performance of the group audit and I remain solely responsible for my audit opinion.

I communicate with the Chair of Treasury Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the Chair of Treasury Board with a statement that I have complied with relevant ethical requirements regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Michael A. Pickup, FCPA, FCA
Auditor General of British Columbia

Victoria, British Columbia, Canada
August 22, 2023

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Summary Financial Statements
Consolidated Statement of Financial Position
as at March 31, 2023

	Note	2023	2022
		In Millions	
			as restated
Financial Assets		$	$
Cash and cash equivalents		7,833	6,827
Temporary investments		414	315
Accounts receivable	3	7,396	6,779
Inventories for resale	4	103	74
Due from other governments	5	1,360	1,778
Due from self–supported Crown corporations and agencies	6	421	331
Equity in self–supported Crown corporations and agencies	7	12,634	12,223
Loans, advances and mortgages receivable	8	4,763	4,199
Other investments	9	4,371	3,944
Sinking fund investments	10	521	510
Derivative financial instruments	20	663	
Loans for purchase of assets, recoverable from agencies	11	28,145	27,218
		68,624	64,198
Liabilities			
Accounts payable and accrued liabilities	12	17,386	14,060
Employee future benefits	13	3,234	3,075
Due to other governments	14	3,108	673
Due to Crown corporations, agencies and trust funds	15	643	701
Deferred revenue	16	15,005	13,379
Taxpayer–supported debt	18	60,564	62,565
Self–supported debt	19	28,332	27,209
Derivative financial instruments	20	1,031	
		129,303	121,662
Net assets (liabilities)	21	(60,679)	(57,464)
Non–financial Assets			
Tangible capital assets	22	59,811	56,133
Restricted assets	23	2,224	2,147
Prepaid program costs	24	1,104	1,347
Other assets	25	243	444
		63,382	60,071
Accumulated surplus (deficit)	26	**2,703**	**2,607**
Measurement uncertainty	2		
Employee pension plans	17		
Contingent assets and contractual rights	27		
Contingent liabilities and contractual obligations	28		

The accompanying notes and supplementary statements are an integral part of these consolidated financial statements.

Prepared in accordance with Canadian generally accepted accounting principles.

CARL FISCHER
Comptroller General

Summary Financial Statements
Consolidated Statement of Operations
for the Fiscal Year Ended March 31, 2023

	In Millions		
	2023		2022
	Estimates (Note 34)	Actual	Actual as restated
Revenue	$	$	$
Taxation (Note 29)	40,070	49,025	40,717
Contributions from the federal government	11,340	12,526	11,980
Fees and licenses	4,886	4,928	4,584
Miscellaneous	3,807	4,445	3,910
Net earnings of self–supported Crown corporations and agencies (Note 7)	3,764	3,098	5,424
Natural resources (Note 30)	3,387	6,198	4,471
Investment income	1,298	1,316	1,306
	68,552	81,536	72,392
Expense (Note 31)			
Health	27,685	30,322	27,591
Education	16,673	16,991	15,801
Social services	7,916	9,652	7,268
Other	7,484	5,736	3,082
Natural resources and economic development	3,748	6,284	5,213
Interest	2,926	2,719	2,742
Protection of persons and property	2,479	3,483	2,937
Transportation	2,454	3,319	4,453
General government	1,648	2,326	2,040
	73,013	80,832	71,127
Surplus (deficit) for the year before forecast allowance	(4,461)	704	1,265
Forecast allowance	(1,000)		
Surplus (deficit) for the year	**(5,461)**	**704**	**1,265**
Accumulated surplus (deficit)—beginning of year as restated (Note 26)		2,201	946
Net remeasurement gains and (losses)		(202)	396
Accumulated surplus (deficit)—end of year		**2,703**	**2,607**

The accompanying notes and supplementary statements are an integral part of these consolidated financial statements.

Summary Financial Statements
Consolidated Statement of Change in Net Liabilities
for the Fiscal Year Ended March 31, 2023

	In Millions 2023 Estimates[1]	2023 Actual	2022 Actual as restated
	$	$	$
Surplus (deficit) for the year	(5,461)	704	1,265
Effect of change in tangible capital assets:			
Acquisition of tangible capital assets	(9,279)	(6,755)	(6,020)
(Gain) or loss on sale of tangible capital assets	(22)	(40)	(18)
Amortization of tangible capital assets	2,815	2,926	2,681
Disposals and valuation adjustments	20	191	74
	(6,466)	(3,678)	(3,283)
Effect of change in:			
Restricted assets	(66)	(77)	(144)
Prepaid program costs	(6)	243	(83)
Other assets	1	201	(126)
	(71)	367	(353)
Effect of self–supported Crown corporations' and agencies' other comprehensive income	10	231	(287)
Effect of net remeasurement gains and (losses)		(829)	
Effect of change in other investments[2]		(10)	
(Increase) in net liabilities	(11,988)	(3,215)	(2,658)
Net (liabilities)—beginning of year	(57,623)	(57,464)	(54,806)
Net (liabilities)—end of year (Note 21)	**(69,611)**	**(60,679)**	**(57,464)**

The accompanying notes and supplementary statements are an integral part of these consolidated financial statements.

[1]The estimates amounts are from page 178 of the Budget and Fiscal Plan 2022/23–2024/25.
[2]Due to adoption of the financial instruments accounting standard during fiscal 2023.

Summary Financial Statements
Consolidated Statement of Remeasurement Gains and Losses
for the Fiscal Year Ended March 31, 2023

	In Millions 2023	2022
	$	$
Accumulated remeasurement gains (losses) – beginning of year, before other comprehensive income	0	0
Adjustments for adoption of the financial instruments–related standards:		
Foreign exchange	120	
Derivatives	144	
Portfolio investments[1]	128	
Total adjusted accumulated remeasurement gains (losses) – beginning of year	392	0
Changes in unrealized gains (losses) attributable to:		
Foreign exchange	(1,125)	
Derivatives	286	
Portfolio investments	(47)	
Total changes in unrealized gains (losses)	(886)	0
Amounts reclassified to the statement of operations:		
Foreign exchange	533	
Derivatives	(798)	
Portfolio investments	(70)	
Total reclassified to the statement of operations	(335)	0
Total remeasurement gains (losses) attributable to:		
Foreign exchange	(472)	
Derivatives	(368)	
Portfolio investments	11	
Remeasurement gains and (losses), before other comprehensive income from self–supported Crown corporations and agencies	**(829)**	0
Accumulated other comprehensive income from self–supported Crown corporations and agencies – beginning of the year	396	683
Other comprehensive income from self–supported Crown corporations and agencies	231	(287)
Accumulated other comprehensive income from self–supported Crown corporations and agencies	**627**	**396**
Accumulated remeasurement gains (losses) – end of year	**(202)**	**396**

The accompanying notes and supplementary statements are an integral part of these consolidated financial statements.

[1]Portfolio investments include equities, bonds and certain other investments designated to the fair value measurement category.

Summary Financial Statements
Consolidated Statement of Cash Flow
for the Fiscal Year Ended March 31, 2023

	In Millions 2023 Receipts	2023 Disbursements	2023 Net	2022 Net as restated
Operating Transactions	$	$	$	$
Surplus (deficit) for the year[1]			704	1,265
Non–cash items included in surplus (deficit):				
Amortization of tangible capital assets			2,926	2,681
Amortization of public debt deferred revenue and deferred charges			40	(57)
Concessionary loan adjustments increase			10	5
(Gain) or loss on sale of tangible capital assets			(40)	(18)
Valuation adjustment			305	118
Net earnings of self–supported Crown corporations and agencies			(3,098)	(5,424)
Temporary investments (increase) decrease			(99)	82
Accounts receivable (increase)			(705)	(892)
Due from other governments decrease (increase)			418	(67)
Due from self–supported Crown corporations and agencies (increase)			(90)	(49)
Accounts payable and accrued liabilities increase			3,326	3,526
Employee future benefits increase			159	210
Due to other governments increase			2,435	50
Due to Crown corporations, agencies and funds (decrease)			(58)	(9)
Employee pension plan (decrease)				(1)
Items applicable to future operations increase			1,875	925
Dividends from self–supported Crown corporations and agencies			2,919	2,546
Cash derived from operations			11,027	4,891
Capital Transactions				
Tangible capital assets dispositions (acquisitions)	183	(6,755)	(6,572)	(5,955)
Cash (used for) capital	183	(6,755)	(6,572)	(5,955)
Investment Transactions				
Investment in self–supported Crown corporations and agencies		(1)	(1)	
Loans, advances and mortgages receivable (issues)	256	(872)	(616)	(187)
Other investments—net (increase)		(414)	(414)	(601)
Restricted assets—net (increase)		(77)	(77)	(144)
Sinking fund investments—net (increase)	23	(44)	(21)	(30)
Cash (used for) investments	279	(1,408)	(1,129)	(962)
Sub–total cash excess (requirements)			3,326	(2,026)

Summary Financial Statements
Consolidated Statement of Cash Flow—Continued
for the Fiscal Year Ended March 31, 2023

	In Millions			
	2023			2022
	Receipts $	Disbursements $	Net $	Net $
Sub–total cash excess (requirements) carried forward from previous page			3,326	(2,026)
Financing Transactions[2]				
Public debt (decreases) increases	24,844	(26,166)	(1,322)	3,598
(Used for) purchase of assets, recoverable from agencies	9,224	(10,222)	(998)	(908)
Cash (used for) derived from financing	34,068	(36,388)	(2,320)	2,690
Increase in cash and cash equivalents			1,006	664
Cash and cash equivalents—beginning of year			6,827	6,163
Cash and cash equivalents—end of year			**7,833**	**6,827**
Cash and cash equivalents are made up of:				
Cash			7,059	5,843
Cash equivalents			774	984
			7,833	**6,827**

[1]Interest received during the year was $1,304 million (2022: $1,302 million). Interest paid during the year was $2,696 million (2022: $2,725 million). Interest received includes interest income from the Statement of Operations in the amount of $1,316 million (2022: $1,306 million) plus the change in accrued interest receivable in the amount of $(12) million (2022: $(4) million). Interest paid includes interest expense from the Statement of Operations in the amount of $2,719 million (2022: $2,742 million) plus the change in accrued interest payable in the amount of $(23) million (2022: $(17) million).

[2]Financing transaction receipts are from debt issues and disbursements are for debt repayments.

The accompanying notes and supplementary statements are an integral part of these consolidated financial statements.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023

1. Significant Accounting Policies

(a) BASIS OF ACCOUNTING

The government's Summary Financial Statements are prepared in accordance with the *Budget Transparency and Accountability Act* (BTAA), which requires generally accepted accounting principles (GAAP) for senior governments in Canada, supported by regulations of Treasury Board under the BTAA.

(b) REPORTING ENTITY

These financial statements include the accounts of organizations that meet the criteria of control (by the province) as established under Canadian Public Sector Accounting Standards. The reporting entity also includes government partnerships.

A list of organizations included in these consolidated financial statements may be found on pages 93 – 95. Trusts administered by government or government organizations are excluded from the reporting entity.

(c) PRINCIPLES OF CONSOLIDATION

Taxpayer–supported Crown corporations, agencies, and the school districts, universities, colleges, institutes, health organizations (SUCH) and the Consolidated Revenue Fund (CRF) are consolidated using the full consolidation method. The government's interests in government partnerships are recorded on a proportional consolidation basis. Self–supported Crown corporations, agencies, entities and government business partnerships are consolidated using the modified equity basis of consolidation.

Organizations are reviewed annually to determine whether they can be expected to meet the definition of self–supported over their normal course of operations. In determining whether organizations will be able to maintain their operations and meet their liabilities from revenues received from sources outside of the government reporting entity, the following factors are considered as they apply:

i) The organization's history of maintaining its operations and meeting its liabilities;

ii) Whether the organization would continue to maintain its operations and meet its liabilities without relying on sales to, or subsidies in cash or kind from, the government reporting entity;

iii) Past, present and future economic conditions within which the organization operates; and

iv) Whether the organization has realistic and specific plans that show how it expects to be able to maintain its operations and meet its liabilities in the future.

The status of self–supported organizations is not changed in response to financial results which are reasonably expected to be temporary in nature. Organizations are classified as self–supported on establishment and during a start up period if they are reasonably expected to meet the definition of self–supported in their normal course of operations.

The definitions of these consolidation methods can be found on page 153.

Adjustments are made for Crown corporations, agencies and entities whose fiscal year ends are different from the government's fiscal year end of March 31. These Crown corporations, agencies and entities consist of all school districts (June 30).

Statistics Canada's Financial Management System for Government Statistics provides the guidance for establishing segment disclosure and function reporting. The Consolidated Statement of Financial Position by Sector and the Consolidated Statement of Operations by Sector are found on pages 96 – 103. These statements include the operations of the CRF, taxpayer–supported Crown corporations and agencies, and SUCH sector organizations. Each taxpayer–supported Crown corporation, agency and SUCH sector organization is assigned to a sector based on its major activity. Sectors are identified using functions. The nature of each function is described in greater detail under Note 1(d) Classification by Sector.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

1. Significant Accounting Policies—Continued

(d) SPECIFIC ACCOUNTING POLICIES

Classification by Sector

The province uses the following sectors: health, education, social services, natural resources and economic development, protection of persons and property, transportation, general government, debt servicing and other.

The health sector includes the provincial health care system. It includes providing medical, hospital and preventive care, and other health–related services such as laboratories and diagnostic facilities.

The education sector includes education services. It includes elementary, secondary, and post–secondary schools. It also includes other education services such as programs to upgrade the skills of individuals and to provide apprenticeship training.

The social services sector includes outlays that the province made to help disadvantaged individuals and families overcome obstacles and circumstances which threaten their well–being. It includes counselling and rehabilitation services, transfer payments to individuals with a physical or mental disability, and services and goods provided by the province to the elderly.

The natural resources and economic development sector includes the promotion and development of industries, as well as the development and conservation of the natural resources on which these industries depend. It includes regulating the various industrial activities that are carried on in the province, as well as research related to resource conservation.

The protection of persons and property sector includes the protection of persons and property from negligence, abuse and crime. It includes policing, operating and maintaining courts of law and correctional facilities. It includes services related to new immigrants. It also includes negotiations to resolve land, resources, governance and jurisdictional issues with First Nations.

The transportation sector includes the operation and maintenance of transportation systems. This includes highway infrastructure, other road systems and public transit.

The general government sector is composed of three sub–categories. These are general administration, executive and legislature, and other general government services. General administration includes central accounting, budgeting, tax administration and collection, and other centralized administrative services. Executive and legislature includes the political, law enactment and constitutional activities of the province.

The debt servicing sector represents the financial impacts of activities related to management of public debt.

The other sector consists of activities, such as housing and culture, which cannot be allocated to any of the specifically described sector classifications.

Revenue

All revenue is recorded on an accrual basis. For corporate income tax, the cash received from the federal government is used as the basis for estimating the tax revenue. Annual tax revenues also include adjustments between the estimated revenues of previous years and actual amounts, as well as revenues from reassessments relating to prior years. Revenues do not include estimates of unreported taxes, or the impact of future reassessments that cannot be reliably determined.

Personal income tax revenue is accrued in the year earned based on estimates of household and taxable income. The revenue reported in the fiscal year is based on a pro-ration of the calendar year estimates.

Direct taxes, such as sales, fuel, carbon and tobacco, are recorded during the period in which the taxable event occurs and when authorized by legislation. Property tax revenues are recorded based on a pro–ration of actual property tax billings for each of the calendar years that comprise the fiscal year.

Taxes payable by the province in the normal course of operations are reported on the gross basis, as are the related expenses.

Tax concessions are accrued on the same basis as the associated tax revenues and reduce gross taxation revenue, but are not considered valuation allowances.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

1. Significant Accounting Policies—Continued

Royalty revenue is reported net of allowable credits integral to determining the amount of royalty. Amounts are reported as revenue when received or receivable.

Government transfers are recognized as revenues in the period during which the transfer is authorized and any eligibility criteria are met. Government transfers are deferred if they are restricted through stipulations for specific programs such as health transfers.

Expense

The cost of all goods consumed and services received during the year is expensed. Interest expense includes debt servicing costs such as amortization of discounts and premiums, realized foreign exchange gains and losses, and issue costs.

Pension expense is calculated as the cost of pension benefits earned by employees during the year, interest on the pension benefits liability, net of pension plan assets, and amortization of the government's share of any experience gains or losses, less contributions made by members. The estimated total cost of government's share of plan amendments related to past service is expensed in the year the plan is amended.

Government transfers include grants, entitlements and transfers under agreements, as defined in the definitions on page 154. Government transfers are recognized as expenses in the period in which the events giving rise to the transfer occurred, as long as the transfer is authorized, eligibility criteria have been met and a reasonable estimate of the amount can be made.

Financial Instruments

Financial instruments include primary instruments, such as cash, receivables, investments, payables, and debt, and derivative instruments such as interest rate swaps and currency swaps. Derivatives, portfolio investments in equities and bonds quoted in an active market, and certain other investments are measured at fair value. All other financial assets and liabilities are measured at cost or amortized cost. A government classifies fair value measurements using a hierarchy with the following levels:

Level 1: quoted prices in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability

Level 3: inputs that are not based on observable market data.

Derivatives are measured using internal models developed from observable market data (Level 2), portfolio investments are measured using quoted prices (Level 1), and certain other investments are measured with inputs not based on observable market data (Level 3). Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the Consolidated Statement of Remeasurement Gains and Losses. Upon settlement, cumulative gains or losses are reclassified to the Consolidated Statement of Operations.

Assets

Assets are recorded to the extent they represent cash and claims upon outside parties, items held for resale to outside parties, prepaid expenses, deferred charges, derivative financial instruments, or tangible capital assets acquired as a result of events and transactions prior to year end.

Financial Assets

Cash and cash equivalents include cash on hand, demand deposits and short–term highly liquid investments that are readily convertible to known amounts of cash. These are subject to an insignificant risk of changes in value. These short–term investments generally have a maturity of three months or less and are held for the purpose of meeting short–term cash commitments rather than for investing.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

1. Significant Accounting Policies—Continued

Temporary investments and Warehouse Program investments include short–term investments recorded at the lower of cost or market value. The fair values of short–term investments approximate their carrying values because of the short–term maturity of these instruments. Warehouse Program investments are short–term investments related to specific borrowings in advance of requirements under the Warehouse Borrowing Program.

Inventories for resale are expected to be sold within one year and include property that has been purchased, or for which development costs have been incurred, and that is held for ultimate resale or lease to outside parties. Inventories for resale are recorded at the lower of cost or net realizable value.

Equity in self–supported Crown corporations and agencies represents the province's investment (including long–term advances) in those self–supported Crown corporations and agencies at cost, increases/decreases in the investees' net assets, and other comprehensive income.

Loans for purchase of assets recoverable from agencies are recorded at maturity value, less unamortized premium or discount, deferred foreign exchange gains or losses and sinking fund balances. Premium/discount is amortized on a constant yield basis.

Loans and advances are recorded at cost less adjustment for any prolonged impairment in value. Mortgages receivable are recorded at the principal amount less valuation allowance, are secured by real estate and are repayable over varying terms. Concessionary loans and mortgages are recorded at net present value at issue, and related present value discounts are expensed. Valuation allowances are made when collectibility is considered doubtful. Interest is accrued on loans receivable only when collection is certain. Otherwise, it is recognized on the cash basis.

Investments in equities and bonds quoted in an active market and certain other investments are recorded at fair value. Other investments are recorded at the cost of acquisition, which may be adjusted by attributed income. Valuation adjustments are made when the value of investments is impaired.

Sinking fund investments are cash and marketable securities held specifically for the purpose of repaying outstanding debt at maturity. Sinking fund investments in marketable securities are recorded at fair value.

Tangible Capital Assets

Tangible capital assets are recorded at historical cost, plus asset retirement obligations, less accumulated amortization and valuation adjustments. The recorded cost, less the residual value, is generally amortized over the estimated useful lives of the assets on a straight–line basis.

All significant tangible capital assets of government organizations and operations have been capitalized. Intangible assets and items inherited by right of the Crown, such as forest, water and mineral resources, are not recognized in these financial statements. Crown land is capitalized at a nominal value of one dollar.

The value of collections (e.g. artifacts, documents, specimens, works of art) has been excluded from the Consolidated Statement of Financial Position. When collections are purchased, these items are expensed.

Liabilities

All liabilities are recorded to the extent they represent claims payable to outside parties as a result of events and transactions prior to year end. This includes probable losses on loan guarantees issued by the province, contingent liabilities (when it is likely a liability exists and the amount of the liability can be reasonably determined on an individual or portfolio basis), unfunded pension liabilities, and derivative financial instruments. Liabilities are not recorded for tax concessions or royalty credits which are integral in determining the amount of revenue.

Guaranteed debt includes guarantees by the Minister of Finance, made through specific agreements or legislation, to repay promissory notes, bank loans, lines of credit, mortgages and other securities. Loss provisions on guaranteed debt are recorded when it is likely that a loss will occur. The amount of the loss provision represents the best estimate of future payments less recoveries. The loss provision is recorded as a liability and an expense in the year determined and is adjusted as necessary to ensure it equals the expected payout of the guarantee.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

1. Significant Accounting Policies—Continued

Employee Pension Plans

The province accounts for employee pension plans by recognizing a liability and an expense in the reporting period in which the employee has provided service. The amount is calculated using the accrued benefit actuarial cost method. Where plans are in a net asset position and Joint Trusteeship Agreements restrict access to the assets, the province records the value of plan net assets as nil. The province records a liability for its share where plans are in a net obligation position. Changes in net liabilities/assets, which arise as a result of actuarial gains and losses, are amortized on a straight–line basis over the average remaining service period of employees active at the date of the adjustments. Past service costs from plan amendments are recognized in full in the year of the amendment.

Unfunded pension liabilities of the Members of the Legislative Assembly Superannuation Account represent the terminal funding that would be required from the province for the difference between the present value of the obligations for future benefit entitlements and the amount of funds available in the account.

Public Debt

Public debt represents the direct debt obligations of the Province of British Columbia, including borrowings incurred for government operating purposes, the acquisition of capital assets, re–lending to authorized government bodies and borrowings in advance of future requirements under the Warehouse Borrowing Program. Public debt is reported at amortized cost and consists of short–term promissory notes, notes, bonds and debentures, bank loans, capital leases and mortgages payable. These obligations are recorded at principal less unamortized premium or discount and are adjusted for unrealized foreign exchange gains or losses.

Public debt is reported under two categories:

(i) Taxpayer–supported debt—includes direct debt used for government operating and capital purposes, the debt of those Crown corporations, agencies and SUCH sector entities who require an operating or debt servicing subsidy from the provincial government, and the debt of an entity that is fully consolidated within these financial statements.

(ii) Self–supported debt—includes the portion of debt of self–supported organizations and entities that has been borrowed through the government's fiscal agency loan program. It does not include all debt of self–supported organizations as these entities are consolidated on the modified equity basis. Self–supported organizations fully fund their operations and debt from revenue generated through the sale of goods and/or services at commercial rates to buyers that are outside the government reporting entity. Self–supported debt includes debt of the Warehouse Borrowing Program.

Debt premium/discount is amortized using the effective interest method. Unamortized premium/discount on bonds is amortized over the life of the debt.

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the exchange rate prevailing at year end. Foreign currency transactions are translated at the exchange rate prevailing at the date of the transaction. Adjustments to revenue or expense transactions arising as a result of foreign currency translation are credited or charged to operations at the time the adjustments arise. Unrealized foreign currency gains and losses on long–term, fixed–term monetary assets and liabilities are reported in the Consolidated Statement of Financial Position and in the Consolidated Statement of Remeasurement Gains and Losses. Non–monetary assets and liabilities are translated at historical rates of exchange.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

1. Significant Accounting Policies—Continued

Derivative Financial Instruments

The province is a party to financial instruments whose value may vary due to fluctuations in foreign currency exchange rates, interest rate fluctuations and counterparty default on financial obligations, and utilizes derivative financial instruments in hedging strategies to mitigate risk. The fair value of derivative financial instruments is reported in the Consolidated Statement of Financial Position and in the Consolidated Statement of Remeasurement Gains and Losses. The province does not use derivative financial instruments for speculative purposes. Off–balance sheet position data is given in the form of nominal principal amounts outstanding. Amounts earned and expenses incurred under swaps are recognized and offset against the related interest expense.

Other Comprehensive Income

Any recognition of other comprehensive income for self–supported Crown corporations has been reflected in the equity in self–supported Crown corporations and agencies, and in the accumulated surplus (deficit).

Asset Retirement Obligations

The province recognizes asset retirement obligations where there is a legal obligation to retire a tangible capital asset and a reasonable estimate of the fair value of the obligation can be determined. For assets that are not fully amortized, the associated retirement costs are capitalized as part of the carrying value and amortized over the underlying assets' useful lives. Costs relating to obligations for fully amortized assets or assets no longer in productive use are expensed.

(e) CHANGES IN ACCOUNTING POLICY

Adoption of Public Sector Accounting Standards PS 1201, financial statement presentation; PS 2601, foreign currency translation; PS 3041, portfolio investments; and PS 3450, financial instruments

The province adopted these standards prospectively, beginning in this fiscal year. First–time effects of this change include an increase in financial assets of $11 million from portfolio investments adjusted to fair value, an increase to foreign currency–denominated debt of $472 million, and recognition of derivative financial instruments liabilities of $368 million, resulting in net remeasurement losses of $829 million before other comprehensive income from self–supported Crowns corporations and agencies.

Adoption of Public Sector Accounting Standards PS 3280, asset retirement obligations

The province adopted this standard on a modified retroactive basis with restatement, beginning in this fiscal year. The effects of this change include an increase in liabilities of $1,826 million (2022: $1,680 million), an increase in non–financial assets of $131 million (2022: $132 million), a decrease in accumulated surplus (deficit)–beginning of year of $1,548 million (2022: $1,507 million), and an increase in expense of $147 million (2022: $41 million).

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

2. Measurement Uncertainty

The preparation of financial statements requires the province to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses during the reporting period. Uncertainty in the determination of these amounts is known as measurement uncertainty.

Some of the more significant estimates used in these financial statements affect the accrual of tax revenues, Canada Health Transfer and Canada Social Transfer entitlements, liabilities for pension obligations and other employee future benefits, accruals for environmental obligations, future payments related to contingent liabilities, and valuation allowances for loans, investments and advances. Actual results could differ from estimates. For many common financial statement items, such as accounts payable and allowances for doubtful accounts, measurement uncertainty is inherent but inestimable.

A provision for environmental clean–up is included in accounts payable and accrued liabilities. The provision is subject to a high degree of measurement uncertainty because the existence and extent of contamination, the responsibility for clean–up, and the timing and cost of remediation cannot be reliably estimated in all circumstances. The degree of measurement uncertainty resulting from the estimation of the provision cannot be reasonably determined. Environmental clean–up disclosure is included in Note 28.

A provision for asset retirement obligations is included in accounts payable and accrued liabilities. The provision is subject to a high degree of measurement uncertainty due to the long–term nature of these liabilities and often indeterminate settlement dates. The degree of measurement uncertainty resulting from the estimation of the provision cannot be reasonably determined. Asset retirement obligation disclosure is included in Note 36.

The amount of personal income tax attributable to the year can change as a result of changes in the underlying revenue assumptions, such as household income growth and tax base growth, and as a result of tax assessments and reassessments. The amount of corporate income tax attributable to the tax year can change as a result of tax assessments and reassessments in subsequent years. Tax transfer expenses related to refundable tax credits attributable to the year are also impacted by both personal income tax and corporate income tax assessments and reassessments. The variability of the final amounts attributable to the year cannot be reasonably determined.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. The amount of variability cannot be reasonably determined at this time.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

2. Measurement Uncertainty—Continued

Measurement uncertainty exists in these financial statements, as identified in the table below, for items with a variability of over $10 million:

	In Millions				
Program Area	Actual[1] Amount Recorded	Measurement Uncertainty Minimum	Measurement Uncertainty Maximum	Range Minimum	Range Maximum
	$	$	$	$	$
Liabilities					
Accounts Payable and Accrued Liabilities					
Litigation and Arbitration	166	141	216	(25)	50
Crime Victim Assistance Program	223	190	225	(33)	2
Silviculture Liability	200	180	220	(20)	20
Employee Leave Entitlements	464	450	481	(14)	17
Long–Term Disability Special Account	515	489	541	(26)	26

Variability arises from uncertainty of the outcomes or the use of estimates.

Revenue					
Taxation					
Personal Income Tax	17,268	16,868	18,068	(400)	800
Employer Health Tax	2,720	2,584	2,856	(136)	136
Speculation and Vacancy Tax	52	44	60	(8)	8
Provincial Sales Tax Rebate	100	95	106	(5)	6
Natural Resources					
Logging Tax	403	222	584	(181)	181
Mineral and Mining Tax	817	749	1,001	(68)	184
Contributions from the Federal Government					
Canada Health Transfer payments[2]	6,176	6,131	6,221	(45)	45
Canada Social Transfer payments[2]	2,177	2,161	2,193	(16)	16
Expense (Note 31)					
Government Transfers					
Tax Transfers	3,919	3,719	4,119	(200)	200

Variability is based on the potential differences between the estimates for the economic factors used in calculating the accruals and actual economic results.

[1]Actual amount recorded for each program area may not represent the entire amount in the financial statement line item.
[2]Canada Health Transfer and Canada Social Transfer payments are transfers from the federal government based on the provincial share of national population figures.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

3. Accounts Receivable

	In Millions 2023	2022
	$	$
Accounts receivable	4,340	4,049
Taxes receivable	3,453	3,169
Accrued interest	373	361
	8,166	7,579
Provision for doubtful accounts	(770)	(800)
	7,396	**6,779**

4. Inventories for Resale

	In Millions 2023	2022
	$	$
Properties	40	13
Miscellaneous	63	61
	103	**74**

Inventories for resale are charged to the statement of operations when sold. During the year, the total cost of sales was $123 million (2022: $113 million) including the effect of write–downs of $1 million (2022: $1 million). Write–downs occurred due to obsolete materials no longer used, damaged goods, and reductions in the market value of goods.

5. Due from Other Governments

	In Millions 2023	2022
	$	$
Government of Canada:		
Current	1,272	1,692
Provincial governments:		
Current	24	24
Local governments:[1]		
Current	60	58
Long–term	4	4
	1,360	**1,778**

[1]Local governments are municipal units established by the provincial government which include regional and metropolitan municipalities, cities, towns, townships, districts, rural municipalities and villages.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

6. Due from Self–supported Crown Corporations and Agencies

	In Millions 2023	2022
	$	$
British Columbia Lottery Corporation	177	168
British Columbia Liquor Distribution Branch	71	43
UBC Properties Investments Ltd	54	49
Columbia Power Corporation	47	47
British Columbia Hydro and Power Authority	44	13
SFU Community Trust	18	
Vancouver Island Technology Park Trust	7	7
Heritage Realty Properties Ltd	3	4
	421	**331**

See Statement of Financial Position for Self–supported Crown Corporations and Agencies on pages 104 – 105 for details.

7. Equity in Self–supported Crown Corporations and Agencies

	In Millions 2023				2022
	Investments	Unremitted Earnings	Other Comprehensive Income	Total	Total
	$	$	$	$	$
British Columbia Hydro and Power Authority	20	7,328	(58)	7,290	6,980
Insurance Corporation of British Columbia		3,151	603	3,754	3,709
Columbia Power Corporation	26	186		212	197
British Columbia Lottery Corporation		(17)	88	71	32
	46	**10,648**	**633**	**11,327**	**10,918**
Self–Supported Subsidiaries[1]					
Columbia Basin Trust joint ventures[2]	941	24		965	966
British Columbia Railway Company[3]	107	130	(6)	231	238
Great Northern Way Campus Trust[4]	72	(19)		53	55
UBC Properties Investments Ltd		45		45	33
SFU Community Trust		13		13	8
Vancouver Island Technology Park Trust[5]	1	(5)		(4)	1
Miscellaneous	1	3		4	4
	1,122	**191**	**(6)**	**1,307**	**1,305**
	1,168	**10,839**	**627**	**12,634**	**12,223**

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

7. Equity in Self–supported Crown Corporations and Agencies—Continued

In Millions

	2023				2022
	Investments $	Unremitted Earnings $	Other Comprehensive Income $	Total $	Total $
Change in Equity in Self–supported Crown Corporations and Agencies					
Balance–beginning of year	46	10,470	402	10,918	8,309
Increase (decrease) in other comprehensive income			231	231	(286)
Net earnings of self–supported Crown corporations and agencies		3,008		3,008	5,342
Dividends		(2,576)		(2,576)	(2,230)
Adjustments to dividends		(254)		(254)	(217)
Balance—end of year	**46**	**10,648**	**633**	**11,327**	**10,918**
Self–Supported Subsidiaries[1]					
Balance–beginning of year	1,121	190	(6)	1,305	1,323
Increase (decrease) in investment	1			1	
Increase (decrease) in other comprehensive income					(1)
Net earnings of self–supported Crown corporations and agencies		90		90	82
Dividends		(106)		(106)	(102)
Transfers (to) from deferred revenue		17		17	3
Balance–end of year	**1,122**	**191**	**(6)**	**1,307**	**1,305**
	1,168	**10,839**	**627**	**12,634**	**12,223**

[1]Self–supported subsidiaries are non–core government business enterprises that are consolidated under the modified equity method by taxpayer–supported organizations.

[2]Brilliant Power Corporation, Brilliant Expansion Power Corporation, Arrow Lakes Power Corporation and Waneta Expansion Power Corporation are jointly controlled with Columbia Power Corporation.

[3]A subsidiary of BC Transportation Financing Authority.

[4]Great Northern Way Campus Trust is owned 25% each by Emily Carr University of Art & Design, British Columbia Institute of Technology, The University of British Columbia, and Simon Fraser University.

[5]A subsidiary of the University of Victoria.

See Statement of Financial Position for Self–supported Crown Corporations and Agencies and Summary of Results of Operations and Statement of Equity for Self–supported Crown Corporations and Agencies on pages 104 – 107 for details.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

8. Loans, Advances and Mortgages Receivable

	In Millions 2023	In Millions 2022
Loans and Advances	$	$
Land tax deferment loans	1,900	1,669
Construction loans to social housing projects	1,222	927
BC student loans	1,120	1,094
Note receivable	618	610
Miscellaneous	211	189
	5,071	4,489
Provision for doubtful accounts	(324)	(303)
	4,747	4,186
Mortgages Receivable		
Reconstruction Program	17	18
Provision for doubtful accounts	(1)	(5)
	16	13
	4,763	**4,199**

The Land Tax Deferment Program allows eligible owners to defer payment of all, or a portion of, annual property taxes due on principal residences. Eligible individuals are either 55 years of age or older, a surviving spouse, a person with a disability, or an owner who is financially supporting, at the time of application, a dependent child. The program for individuals 55 years of age or older, a surviving spouse, or a person with a disability, requires 25% equity in the home. The program for families with dependent children requires 15% equity in the home. Simple interest is charged on the deferred taxes at a rate set by the minister of finance. This rate will not exceed the prime lending rate of the principal banker to the government and there is a different interest rate between the two programs. The deferred taxes, plus any administration fees or outstanding interest, must be repaid before the residence can be legally transferred to a new owner, other than directly to a surviving spouse or adding a current spouse to title. Land Tax Deferment Loans are secured by registered charge on title.

Construction loans are provided by British Columbia Housing Management Commission (BCHMC), a taxpayer–supported Crown corporation and an approved lender under the *National Housing Act*. BCHMC provides construction loans for societies that are building approved projects under social housing programs. Interest is payable at the province's weighted average borrowing rate for short–term funds, plus administration costs. Loans are repaid at substantial completion of each project from financing arranged with private lenders.

The BC Student Loan Program provides funding in the form of interest–free repayable loans to students for post secondary education leading toward a credential. Amortization of the loans is set on repayment commencement by the borrower. Most periods are 114 months in length but borrowers can extend that amortization to a maximum of 174 months if minimum payment requirements have been met. Defaulted loans are due on demand. The Ministry of Finance also administers defaulted student loans issued by financial institutions under a guaranteed or a risk sharing agreement with the province.

The note receivable is due to a sale of property by Providence Health Care Society.

Miscellaneous loans include housing and other loans receivable issued by The University of British Columbia of $48 million (2022: $42 million) in accordance with the University's Housing Action Plan, bearing interest of nil or at the Canada Revenue Agency's prescribed interest rate, with maturities up to 30 years, commercial loans of $33 million (2022: $25 million) issued by Columbia Basin Trust bearing interest of 3.65% to 10.20% maturing by 2048 and loans of $19 million (2022: $20 million) issued by University of Victoria to subsidiary government business enterprises bearing interest of 5.13% to 8.70% maturing by 2030.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

8. Loans, Advances and Mortgages Receivable—Continued

The Reconstruction Loan Program was established in 1998 under the *Homeowner Protection Act* to provide financial assistance to British Columbians who own homes damaged by premature building envelope failure and have limited ability to secure financing to pay for necessary remediation work. The financial assistance includes interest free loans as well as guarantees and interest subsidies of those loans provided by lenders outside of the government reporting entity. No new applicants under the program were being accepted after July 31, 2009. Financial assistance is secured by registered mortgages.

9. Other Investments

	In Millions	
	2023	2022
	$	$
Pooled investment portfolios	2,804	2,622
Equity investments	637	459
Municipal, corporate and other bonds	133	132
British Columbia Ferry Services Inc	75	75
Provincial government bonds	70	86
Government of Canada bonds	17	7
Commercial loans and investments	14	11
Miscellaneous	621	552
	4,371	**3,944**

Investments in equities and bonds traded on active markets and certain other investments are recognized at fair market value.[1] All other investments are recognized at cost.

Pooled investment portfolios consist mainly of units in various funds of the British Columbia Investment Management Corporation. These funds' investments consist primarily of debt and equity holdings of privately held companies. Pooled investment portfolios have a market value of $2,811 million (2022: $2,748 million).

Equity investments have a historical cost of $417 million. They include investments in Canadian, United States (U.S.) and international equity markets.

Municipal, corporate and other bonds have a historical cost of $138 million with yields ranging from 1.09% to 7.96%. Maturity dates range from April 4, 2023 to May 26, 2082.

As part of a secured debenture amendment and preferred share surrender agreement dated May 23, 2003, the province exchanged its interest in British Columbia Ferry Corporation for 75,477 preferred shares in British Columbia Ferry Services Inc. These non–voting preferred shares are valued at $1,000 per share and entitle the province to a fixed cumulative dividend at a rate of 8% of the issue price.

Provincial bonds of various provinces have a historical cost of $77 million with yields ranging from 0.00% to 7.60%. Maturity dates range from April 17, 2024 to December 2, 2051.

Government of Canada bonds have a historical cost of $17 million with yields ranging from 0.25% to 5.75%. Maturity dates range from June 15, 2024 to December 1, 2064.

Commercial loans and investments are recorded at the lower of cost of acquisition adjusted by attributed income and market value. Commercial loans and investments include Columbia Basin Trust's $14 million (2022: $11 million) investment in power developments and other investments.

Miscellaneous investments consist of other pooled funds as well as various forms of income securities, notes and treasury bills. The market value of miscellaneous investments is $621 million (2022: $676 million).

[1]The fair market value recognition of investments began in fiscal 2023. In fiscal 2022 all investments were recognized at cost.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

10. Sinking Fund Investments

	In Millions 2023	2022
	$	$
Sinking fund investments related to taxpayer–supported debt	219	230
Sinking fund investments related to self–supported debt	302	280
	521	**510**

	In Millions 2023	2022
	$	$
Provincial government bonds	515	490
Pooled investment portfolios	1	15
Local government bonds	5	5
	521	**510**

Provincial bonds of various provinces have a historical cost of $532 million, with yields ranging from 3.43% to 4.94%. Maturity dates range from April 17, 2023 to June 18, 2050.

Pooled investment portfolios have a historical cost of $1 million. These pooled investment portfolios consist of units in the British Columbia Investment Management Corporation's bond funds, which mainly consist of various governments' bonds and short–term unitized funds that hold money market instruments.

Local government bonds have a historical cost of $5 million, with yields of 4.49%. Maturity date is November 30, 2023. Local government bonds mainly consist of debt issued by the Municipal Finance Authority of British Columbia.

Sinking fund investments related to self–supported debt include Province of British Columbia bonds with a carrying value of $104 million (2022: $103 million).

Sinking fund investments are recorded at fair market value[1].

[1]The fair market value recognition of investments began in fiscal 2023. In fiscal 2022 all investments were recognized at cost.

11. Loans for Purchase of Assets, Recoverable from Agencies

	In Millions 2023	2022
	$	$
British Columbia Hydro and Power Authority	26,796	25,850
Columbia Basin Trust joint ventures[1]	945	958
Columbia Power Corporation	261	266
British Columbia Lottery Corporation	140	140
Improvement districts	3	4
	28,145	**27,218**

[1]Columbia Basin Trust joint ventures with Columbia Power Corporation (Brilliant Power Corporation, Brilliant Expansion Power Corporation, Arrow Lakes Power Corporation, and Waneta Expansion Power Corporation).

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

12. Accounts Payable and Accrued Liabilities

	In Millions	
	2023	2022
	$	$
Accounts payable	9,672	7,676
Other accrued estimated liabilities[1]	5,090	3,936
Asset retirement obligations[2]	1,870	1,717
Accrued interest on debt	754	731
	17,386	**14,060**

[1]Includes pending litigation, provision for guaranteed debt payout and other miscellaneous accrued claims as disclosed in Note 28.
[2]See Asset Retirement Obligations disclosed in Note 36.

13. Employee Future Benefits

	In Millions	
	2023	2022
	$	$
Vacation, compensatory time off, sick bank	1,493	1,425
Retirement allowance	831	804
Long–term disability	469	420
Post–retirement benefits	222	239
Worker compensation benefits	219	187
	3,234	**3,075**

There are a variety of employee benefit plans across the reporting entity with different terms that provide for post–employment benefits, compensated absences, and termination benefits. The cost of benefits is recognized in the periods the employee provides service. A liability is recognized for benefits that do not vest or accumulate when an event that obligates the province to pay benefits occurs.

The retirement allowance includes actuarially determined liabilities. As at March 31, 2023, unamortized actuarial losses (gains) from actuarial estimates performed every three years were $17 million (2022: $22 million). During the year, the amount of benefits paid was $53 million (2022: $67 million).

Amounts recorded in the financial statements relating to long–term disability benefits represents the actuarial estimate for future payments based on claims ongoing at year–end.

Post–retirement benefits include amounts accrued for non–pension retiree and early retirement benefits.

Worker compensation benefits represent the actual premiums and claims costs accruing to WorkSafeBC for the year.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

14. Due to Other Governments

	In Millions 2023	2022
	$	$
Government of Canada:		
Current	2,760	577
Provincial governments:		
Current	17	26
Local governments:[1]		
Current	331	70
	3,108	**673**

[1]Local governments are municipal units established by the provincial government that include regional and metropolitan municipalities, cities, towns, townships, districts, rural municipalities and villages.

15. Due to Crown Corporations, Agencies and Trust Funds

	In Millions 2023	2022
	$	$
Columbia Basin Trust joint ventures[1]	619	627
Great Northern Way Campus Trust	9	9
Trust funds	15	65
	643	**701**

[1]Columbia Basin Trust joint ventures with Columbia Power Corporation (Brilliant Power Corporation, Brilliant Expansion Power Corporation, Arrow Lakes Power Corporation, and Waneta Expansion Power Corporation).

16. Deferred Revenue

	In Millions 2023	2022
	$	$
Deferred restricted contributions (*see* table)	11,953	10,342
Unearned lease revenue	1,297	1,265
Tuition	680	603
Motor vehicle licences and permits	308	301
Petroleum, natural gas and minerals, leases and fees	172	249
Water rentals and recording fees	135	124
Derivative debt instruments		64
Miscellaneous	460	431
	15,005	**13,379**

Unearned lease revenue represents lease payments received in advance. Revenue is recognized as the performance obligations are met over the term of the lease.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

16. Deferred Revenue—Continued

Petroleum, natural gas and minerals, leases and fees include payments received from external sources to obtain exclusive subsurface tenure rights to explore for, or produce, petroleum and natural gas resources. Revenue is recognized over the average term of the tenures issued, currently estimated at 10 years.

Deferred Restricted Contributions are those contributions received from external sources that are restricted through legislative or contractual stipulations for the purpose of program delivery. These deferred contributions are reduced and recognized as revenue when the stipulations of the contribution agreement are satisfied.

	Revenue Recognition (Years)	In Millions 2023 $	2022 $
Restricted Contributions from the Federal Government			
Build Canada fund for highway and transportation infrastructure	3–100	2,141	2,037
Infrastructure and economic diversification	20–50	880	691
Operating contributions for other sectors	1–12	744	589
Emergency response and recovery assistance	1–12	695	
Operating contributions for the education sector	1–12	553	560
Strategic infrastructure fund investments in post–secondary institutions	3–40	399	362
Miscellaneous contributions for post–secondary institutions	1–40	72	83
Regional services and facilities in the health sector	3–40	41	20
Miscellaneous contributions for transportation infrastructure	1–40	12	81
Other	1–40	2	83
Restricted Contributions from Municipal Sources			
Regional hospital districts for equipment and facilities	3–40	1,345	1,279
Bylaw capital funding for schools	3–40	162	144
Operating contributions for the transportation sector	1–12	94	114
Municipal transportation infrastructure funding	3–77	69	67
Restricted Contributions from Other Sources			
Health endowments and other contributions	5–50	2,159	2,038
Education endowments	30	1,685	1,290
Operating contributions for the education sector	1–12	590	587
Operating contributions for the health sector	1–12	71	125
Operating contributions for the other sector	1–12	29	16
Miscellaneous contributions from other sources	5–50	210	176
		11,953	**10,342**

Impact to revenue for the next five fiscal years and thereafter is estimated to be:

	In Millions $
2024	2,775
2025	864
2026	594
2027	576
2028	1,365
Thereafter	5,779
Total deferred restricted contributions	**11,953**

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

17. Employee Pension Plans

Joint trusteed plans

The province contributes to four pension plans for substantially all of its employees. The four pension plans are the Public Service Pension Plan, the Municipal Pension Plan, the Teachers' Pension Plan and College Pension Plan. The plans provide basic pensions based on length of service, highest five–year average earnings and plan members' age at retirement. Benefits, such as group health benefits and inflation protection for the basic pension, are not guaranteed and are contingent upon available funding. No unfunded liability exists for the future indexing of pensions as the obligation is limited to the amount of available assets in separate inflation accounts.

The Public Service, Municipal, Teachers' and College pension plans are joint trusteed plans. In joint trusteed plans, control of the plans and their assets is assumed by individual pension boards made up of plan employer and plan member appointed trustees. The Province participates as a plan employer in each plan. Provisions of these plans stipulate that the province has no formal claim to any pension plan surplus or asset. The boards are fully responsible for the management of the plans, including investment of the assets and administration of the plans. The BC Pension Corporation provides benefit administrative services as an agent of the boards of trustees. The British Columbia Investment Management Corporation provides investment management services as an agent of the boards of trustees.

In the event an unfunded liability is determined by an actuarial valuation (performed at least every three years), the pension boards are required to address it through contribution adjustments shared equally by plan members and employers.

The reported net assets or net obligations of the pension plans are administered under joint trust arrangements. The province has no claim on accrued asset amounts. The province is responsible for 50% of a reported net obligation. Settlement of the obligation will occur in future periods as contributions maintain a fully funded plan status over time. Also, only 70% of the pension fund assets, accrued benefit obligation, and preliminary current year employer contributions are included for the Municipal Pension Plan, reflecting the province's interest in the plan.

The accrued benefit obligations and pension assets shown for 2022/23 are based on extrapolations of the most recent actuarial valuations as shown below. Fund assets are based on market–related value at the date of actuarial valuation and extrapolated using actuarial growth assumptions as shown in the following table. The expected long–term inflation rates used in these assumptions are nil, since the future indexing of pensions is limited to the amount of available assets in the inflation adjustment account.

Key actuarial assumptions, data and dates:

	Public Service Pension Plan	Municipal Pension Plan	Teachers' Pension Plan	College Pension Plan
Date of actuarial valuation	Mar 31/20	Dec 31/21	Dec 31/20	Aug 31/21
Date of audited financial statements	Mar 31/22	Dec 31/21	Dec 31/21	Aug 31/22
Expected long–term rate of return used as discount rate	6.00%	6.00%	5.75%	6.00%
Expected average remaining service life of employee group	9.9 years	10.5 years	12.1 years	8.7 years
Normal actuarial cost used in extrapolations	15.76%	16.80%	17.24%	17.39%
Basic benefits paid during the plan's fiscal year (in millions)	$1,244	$2,191	$1,309	$248
Total contribution rate for basic benefits (members and employers)	14.20%	15.08%	16.34%	16.88%
Assumed rate of salary escalation	3.25%	3.25%	3.25%	3.25%
Current benefit accrual rate	1.95%	1.90–2.12%	1.90%	2.00%
Entry–age normal cost rate–basic account	15.26%	15.49%	17.01%	16.83%
Market value of plan net assets at latest financial statement date (in millions)	$31,299	$42,526	$30,521	$5,130

Actuarial assumptions are decisions of the individual pension boards and have been collected from the latest audited financial statements and actuarial valuation of each pension plan. The audited financial statements and actuarial valuations of each pension plan listed, except the Account, may be found in the annual reports at www.pensionsbc.ca outside these audited statements.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

17. Employee Pension Plans—Continued

Accrued net obligation (asset) table:

The estimated financial position as at March 31, 2023, for the basic pension in each joint trusteed plan is as follows:

	In Millions				
	Public Service Pension Plan	Municipal Pension Plan	Teachers' Pension Plan	College Pension Plan	Total
	$	$	$	$	$
Accrued benefit obligation	24,616	35,281	24,429	4,955	89,281
Pension fund assets	28,451	42,444	27,871	5,478	104,244
	(3,835)	(7,163)	(3,442)	(523)	(14,963)
Unamortized actuarial gain (loss)	827	3,594	2,455	168	7,044
Accrued net obligation (asset)	**(3,008)**	**(3,569)**	**(987)**	**(355)**	**(7,919)**
Attributable to the province	**(1,504)**	**(1,784)**	**(494)**	**(177)**	**(3,959)**
Valuation adjustment	**1,504**	**1,784**	**494**	**177**	**3,959**
Province's reported net obligation	**0**	**0**	**0**	**0**	**0**

The province is obligated under labour contracts to provide retirement benefits for its employees through contributions to these pension plans. Contribution rates are adjusted to reflect the results of the triennial actuarial valuation of each plan. The province contributes approximately 50% of the total contributions for these plans; therefore, the province's accrued net obligation is 50%. An accrued net obligation will not result in a payment to the plan, but will be addressed through increased contributions over time.

The preliminary overall fund rates of return (loss) reported to the pension boards as at December 31, 2022 for each plan are: the Public Service Pension Plan (3.2%) (2022: 12.3%), the Municipal Pension Plan (3.4%) (2022: 11.5%), the Teachers' Pension Plan (3.3%) (2022: 11.7%), and the College Pension Plan (4.1%) (2022: 12.8%).

The province's share includes contributions for all participants in the government reporting entity. When the plans are in an accrued net asset position for accounting purposes, pension expense for the period is equal to employer contributions. Total employer contributions this year for each plan are: the Public Service Pension Plan $514 million (2022: $478 million), the Municipal Pension Plan $954 million (2022: $938 million), the Teachers' Pension Plan $428 million (2022: $406 million), and the College Pension Plan $125 million (2022: $121 million).

Members of the Legislative Assembly Superannuation Account

The Legislative Assembly Superannuation Account (the "Account") is administered by the British Columbia Pension Corporation (the "BC Pension Corporation"). As members of the Legislative Assembly retire, the present value of the amount required to provide a legislative member's future pension benefit is transferred from the Account to the Public Service Pension Plan from which monthly pensions are paid. The province contributes to this plan and provides additional funding when the present value of the funding exceeds the accumulated assets in the Account available to fund those members' benefit entitlements in the plan. This plan provides basic pension benefits based on length of service, highest four–year average earnings and plan members' age at retirement. Benefits, such as group health benefits and inflation protection for the basic pension, are not guaranteed and are contingent upon available funding.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

17. Employee Pension Plans—Continued

Other pension plans

Other pension plans represent defined benefit plans outside of the College, Public Service, Municipal, and Teachers' Pension plans which are funded by entities within the government reporting entity and are included in other investments in Note 9. Total employer contributions this year for each plan are: Simon Fraser University's Academic Pension Plan and Administrative/Union Pension Plan $29 million (2022: $25 million), the University of Victoria's pension plan for employees other than faculty and professional staff $6 million (2022: $6 million), and Canadian Blood Services' pension plan for regular employees $2 million (2022: $2 million). Only 14.67% of the pension fund assets and accrued benefit obligation are included for the Canadian Blood Services pension plan, reflecting the province's interest in the plan.

The estimated financial position as at March 31, 2023, for the other pension plans is as follows:

	In Millions			
	Simon Fraser University Pension Plan	University of Victoria Pension Plan	Canadian Blood Services Pension Plan	Total
	$	$	$	$
Accrued benefit obligation	430	273	78	781
Pension fund assets	485	315	79	879
	(55)	(42)	(1)	(98)
Unamortized actuarial gain (loss)	(43)	(3)		(46)
Accrued net obligation (asset)	**(98)**	**(45)**	**(1)**	**(144)**

There are additional employee pension plans in Crown corporations and agencies consolidated on the modified equity basis. Total employer contributions this year for each plan are: British Columbia Hydro and Power Authority $51 million (2022: $51 million), British Columbia Lottery Corporation $14 million (2022: $13 million), and the Insurance Corporation of British Columbia (ICBC) $38 million (2022: $38 million). Net assets or net liabilities of the pension funds are included in the equity balance of the particular Crown corporation or agency in Note 7.

The estimated financial position as at March 31, 2023, for the pension plans of commercial Crown corporations is as follows:

	In Millions				
	BC Hydro Pension Plan	ICBC Pension Plan	BC Lottery Pension Plan	BC Railway Pension Plan	Total
	$	$	$	$	$
Accrued benefit obligation	5,141	2,542	359	19	8,061
Pension fund assets	4,581	2,720	396	16	7,713
Accrued net obligation (asset)	**560**	**(178)**	**(37)**	**3**	**348**

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

18. Taxpayer–supported Debt[1]

	Year of Maturity	Canadian Dollar	US Dollar[2]	Other Currencies[2]	2023	2022
		In Millions				
		$	$	$	$	$
Short–term promissory notes	2023				0	4,908
	2024	2,252	1,267		3,519	0
Notes, bonds and debentures[3]	2023				0	3,709
	2024	3,338			3,338	3,325
	2025	1,517	1,663	712	3,892	3,898
	2026	3,835		350	4,185	4,119
	2027	1,090	4,110	170	5,370	5,367
	2028	2,081			2,081	2,061
	2029–2033	12,618	2,224	392	15,234	13,701
	2034–2038	3,162		209	3,371	3,372
	2039–2043	5,073		502	5,575	5,588
	2044–2048	1,945		340	2,285	2,134
	2049–2053	8,336		1,245	9,581	9,330
	2054–2058	1,130			1,130	130
	2059–2063	181			181	181
	2064–2068				0	0
Capital leases	2023–2048	262			262	264
Total debt issued at face value		**46,820**	**9,264**	**3,920**	60,004	62,087
Unamortized premium					144	478
Unrealized foreign exchange (gain) loss[4]					416	
Total taxpayer–supported debt					**60,564**	**62,565**

The effective interest rates (weighted average) as at March 31 on the above debt are:

	2023	2022
2023	3.47%	
2022		3.13%

[1]The balances and interest rates reflect the impact of the related derivative contracts, presented in Note 20.

[2]Foreign currency denominated debt as at March 31, 2023 includes USD$7,186 million which was fully hedged to CAD$9,264 million; 100 million Swiss Francs was fully hedged into CAD$96 million; 1,908 million EURO was fully hedged to CAD$2,807 million, $1,018 million AUD was fully hedged to CAD$1,017 million.

[3]Notes, bonds, and debentures includes $24 million (2022: $26 million) in other loans.

[4]The foreign currency denominated debt adjustment to exchange rates as at March 31, 2023, includes USD$7,186 million converted to CAD$9,724 million; 100 million Swiss Francs converted into CAD$148 million; 1,908 million EURO converted to CAD$2,806 million; and $1,018 million AUD converted to CAD$922million.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

18. Taxpayer–supported Debt—Continued

Notes, bonds and debentures

Redeemable by the province

Balances include debentures issued to the Canada Pension Plan totalling $2,459 million (2022: $2,823 million) at a weighted average interest rate of 4.25% (2022: 4.49%). These debentures mature at various dates from April 7, 2023 to July 12, 2049 with interest rates varying between 1.98% and 5.98%. These debentures are redeemable in whole or in part before maturity, on thirty days prior notice, at the option of the province. During the year, no Canada Pension Plan debentures were issued (2022: $103 million).

Public–private partnership obligations

Balances include the present value of the minimum payments related to tangible capital assets financed by public–private partnership agreements totalling $3,369 million (2022: $3,400 million).

Mortgages

Balances include mortgages totalling $191 million (2022: $191 million) secured by land and buildings. The carrying value is $260 million (2022: $273 million).

Aggregate payments to meet sinking fund instalments and retirement provisions

Aggregate payments for the next five fiscal years and thereafter to meet sinking fund instalments and retirement provisions on notes, bonds and debentures are:

	In Millions
	$
2024	3,734
2025	3,904
2026	4,182
2027	5,337
2028	2,071
2029–2068	37,196
Total of stated minimum payments	**56,424**

Capital Lease Obligations

Capital lease obligations consist of the present value of the minimum lease payments related to capital leased assets. The province has lease agreements with terms between 2 years and 42 years, with interest rates ranging between nil and 25.00%.

Major leases include: Vancouver Coastal Health Authority capital lease obligation for the Gordon and Leslie Diamond Health Care Centre of $92 million (2022: $95 million), with a weighted average interest rate of 5.37% and maturing August 1, 2036, Ministry of Citizens' Services capital lease obligation for office space in Capital Park of $87 million (2022: $91 million), with a weighted average interest rate of 3.97% and maturing March 1, 2040, Thompson Rivers University lease agreements for land and student residences of $34 million (2022: $35 million), with a weighted average interest rate of 5.14% and maturing August 31, 2047, and British Columbia Institute of Technology capital lease obligation for the building at Annacis Island Campus of $22 million (2022: $15 million), with a weighted average interest rate of 4.00% and maturing July 31, 2044.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

18. Taxpayer–supported Debt—Continued

Aggregate payments to meet capital lease payments

Aggregate minimum lease payments over the next five fiscal years and thereafter are:

	In Millions
	$
2024	32
2025	29
2026	25
2027	23
2028	22
2029–2048	248
Total minimum lease payments	379
Less imputed interest	(117)
Total capital lease liability	**262**

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

19. Self–supported Debt[1]

	Year of Maturity	Canadian Dollar (In Millions)	US Dollar[2]	Other Currencies[2]	2023	2022
		$	$	$	$	$
Short–term promissory notes	2023				0	2,939
	2024	2,181	747		2,928	0
Notes, bonds and debentures	2023				0	500
	2024	200			200	200
	2025				0	0
	2026	900	648	391	1,939	1,923
	2027	850			850	850
	2028	1,000			1,000	1,000
	2029–2033	6,510		200	6,710	5,735
	2034–2038		378		378	370
	2039–2043	3,273			3,273	3,273
	2044–2048	2,900			2,900	2,900
	2049–2053	8,106			8,106	7,356
	2054–2058	60			60	60
	2059–2063	50			50	50
Total debt issued at face value		**26,030**	**1,773**	**591**	28,394	27,156
Unamortized premium (discount)					(118)	46
Unrealized foreign exchange (gain) loss[3]					56	7
Total self–supported debt					**28,332**	**27,209**

The effective interest rates (weighted average) as at March 31 on the above debt are:

2023	3.20%	
2022		3.12%

[1]The balances and interest rates reflect the impact of the related derivative contracts, presented in Note 20.

[2]Foreign currency denominated debt as at March 31, 2023 includes USD$1,351 million (CAD$1,773 million), of which USD$1,124 million was fully hedged to CAD$1,466 million and USD$227 million was unhedged (CAD$307 million), and 402 million EURO was fully hedged to CAD$591 million.

[3]The foreign currency denominated debt adjustment to exchange rates as at March 31, 2023, includes USD$1,351 million converted to CAD$1,828 million; and 402 million EURO converted to CAD$592 million.

Notes, bonds and debentures

Redeemable by the province

Balances include debentures issued to the Canada Pension Plan totalling $223 million (2022: $223 million) at a weighted average interest rate of 3.34% (2022: 3.34%). These debentures mature at various dates from May 8, 2042 to July 10, 2042, with interest rates varying between 3.22% and 3.54%. These debentures are redeemable in whole or in part before maturity, on thirty days prior notice, at the option of the province. During the year, no Canada Pension Plan debentures were issued (2022: nil).

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

19. Self–supported Debt—Continued

Aggregate payments to meet retirement provisions

Aggregate payments for the next five fiscal years and thereafter to meet retirement provisions on notes, bonds and debentures are:

	In Millions
	$
2024	200
2025	0
2026	1,939
2027	850
2028	1,000
2029–2063	21,477
Total of stated minimum payments	**25,466**

20. Risk Management and Derivative Financial Instruments

The province borrows funds in both domestic and foreign capital markets, and manages its existing debt portfolio to achieve the lowest debt costs within specified risk parameters. As a result, the province is exposed to risks associated with fluctuations in interest rates, foreign exchange rates, and credit risk. In accordance with the risk management policy guidelines set by the Risk Committee of the Ministry of Finance, the province uses a variety of derivative financial instruments to hedge the exposure to these risks.

Debt at amortized cost includes the impacts of the related derivative contracts. Derivatives used by the province include interest rate swaps, cross–currency swaps, and forward foreign exchange contracts. A derivative instrument is a financial contract with a counterparty that is applied to hedge against interest rate or foreign exchange exposure that exists in the underlying provincial debt instrument. A derivative derives value from the impact of market changes on the underlying hedged debt instrument. The fair value of derivatives is reported in the statement of financial position and in the statement of remeasurement gains and losses, as detailed in the following table.

Derivative Financial Instruments (Market Values)

	In Millions
	2023
	$
Taxpayer–supported derivative assets	419
Self–supported derivative assets	244
Derivative assets	**663**
Taxpayer–supported derivative liabilities	(972)
Self–supported derivative liabilities	(59)
Derivative liabilities	**(1,031)**
Total derivative financial instruments	**(368)**

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

20. Risk Management and Derivative Financial Instruments—Continued

The following tables present maturity schedules of the province's derivatives, based on the notional amounts of the contracts. Cross–currency swaps can have an exchange of the notional amounts at the start of the contract, the end of the contract, or both. There is no exchange of the notional amounts in interest rate swaps.

Taxpayer–supported Portfolios (Notional Values)

		In Millions			
	Year of Maturity	Cross–Currency Swaps[1]	Interest Rate Swaps[1]	Forward Foreign Exchange Contracts[1]	Total
		$	$	$	$
	2024	41	132	1,267	1,440
	2025	2,375	2		2,377
	2026	350	100		450
	2027	4,280	321		4,601
	2028		103		103
	2029–2033	2,616	472		3,088
	2034–2038	209	127		336
	2039–2043	502	100		602
	2044–2048	340	200		540
	2049–2053	1,245	400		1,645
	2054–2058		78		78
Total		**11,958**	**2,035**	**1,267**	**15,260**

[1]At March 31, 2023, fair market valuation was an unrealized loss of $512 million (2022: $117 million loss) on cross–currency swaps, and an unrealized loss of $40 million (2022: $117 million gain) on interest rate swaps, and an unrealized loss of $1 million (2022: $15 million loss) on forward foreign exchange contracts. These unrealized gains and losses are incurred on derivatives held in matched hedging arrangements with related debt instruments. The unrealized gains or losses on these hedging derivatives are offset by corresponding unrealized gains or losses on the matched debt instruments. These gains and losses are subject to measurement uncertainty.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

20. Risk Management and Derivative Financial Instruments—Continued

Self–supported Portfolios (Notional Values)

		In Millions			
	Year of Maturity	Cross–Currency Swaps[2]	Interest Rate Swaps[2]	Forward Foreign Exchange Contracts[2]	Total
		$	$	$	$
	2024			747	747
	2025				0
	2026	391		436	827
	2027				0
	2028				0
	2029–2033	200			200
	2034–2038		1,325	283	1,608
	2039–2043				0
	2044–2048				0
	2049–2053				0
	2054–2058		1,550		1,550
Total		**591**	**2,875**	**1,466**	**4,932**

[2]At March 31, 2023, fair market valuation was an unrealized loss of $31 million (2022: $27 million loss) on cross currency swaps, an unrealized gain of $184 million (2022: $130 million gain) on interest rate swaps, no unrealized gain or loss (2022: $50 million gain) on advanced rate setting agreements, and an unrealized gain of $33 million (2022: $6 million gain) on forward foreign exchange contracts. These unrealized gains and losses are incurred on derivatives held in matched hedging arrangements with related debt instruments that are held to maturity. The unrealized gains or losses on these hedging derivatives are offset by corresponding unrealized gains or losses on the matched debt instruments. These gains and losses are subject to measurement uncertainty.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

20. Risk Management and Derivative Financial Instruments—Continued

Undiscounted Cashflows for Derivative Instruments[1]

In Millions

Year of Maturity	Cross–Currency Swaps Principal Outflows	Cross–Currency Swaps Principal Inflows	Cross–Currency Swaps Interest Outflows	Cross–Currency Swaps Interest Inflows	Interest Rate Swaps Interest Outflows	Interest Rate Swaps Interest Inflows	Forward Foreign Exchange Contracts Principal Outflows	Forward Foreign Exchange Contracts Principal Inflows
	$	$	$	$	$	$	$	$
2024	(41)	37	(290)	185	(96)	72	(2,014)	2,012
2025	(2,375)	2,326	(264)	171	(72)	65		
2026	(741)	735	(211)	129	(53)	64	(436)	464
2027	(4,280)	4,552	(157)	95	(43)	60		
2028			(120)	65	(36)	57		
2029–2033	(2,816)	3,018	(539)	255	(160)	170		
2034–2038	(209)	221	(371)	118	(149)	105	(283)	311
2039–2043	(502)	515	(292)	80	(124)	75		
2044–2048	(340)	338	(186)	46	(72)	58		
2049–2053	(1,245)	1,221	(51)	13	(5)	5		
Total.............	**(12,549)**	**12,963**	**(2,481)**	**1,157**	**(810)**	**731**	**(2,733)**	**2,787**

[1]Undiscounted cash inflows and outflows of the Province's cross currency swaps, interest rate swaps, and forward foreign exchange contracts. Future foreign payments paid or received are converted to Canadian dollars using the March 31, 2023 foreign exchange rates.

Interest rate risk

Interest rate risk is the risk that the province's debt servicing costs will fluctuate due to changes in interest rates. The province uses derivative contracts (interest rate swaps) to manage interest rate risk by exchanging a series of interest payments and assuming either a fixed or floating rate liability to a counterparty, based on the notional principal amount. Derivatives allow the province to alter the proportion of its debt held in fixed and floating rate form to take advantage of changes in interest rates.

The government's current policy guidelines with respect to the provincial government direct debt portfolio, which totals $36,751 million (2022: $43,533 million), allow floating rate exposure up to 45.00% (2022: 45.00%) of this portion of the taxpayer–supported debt. At March 31, 2023, floating rate debt exposure was 14.23% (2022: 16.08%) of the government direct debt portfolio.

Under current policy guidelines for British Columbia Hydro and Power Authority (BC Hydro), the maximum floating rate exposure is 25.00% (2022: 25.00%) of their debt which totals $26,667 million (2022: $25,569 million). At March 31, 2023, floating rate debt exposure for BC Hydro was 10.80% (2022: 12.70%) of their debt.

Based on the taxpayer–supported and self–supported debt portfolios at March 31, 2023, a one percent change in interest rates would impact the annual debt servicing expense by $68 million (2022: $87 million) for the taxpayer–supported debt portfolio and $29 million (2022: $29 million) for the self–supported debt portfolio.

At March 31, 2023, swap agreements relating to investments held by taxpayer–supported portfolios included interest rate swaps totalling $44 million (2022: $44 million).

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

20. Risk Management and Derivative Financial Instruments—Continued

Foreign exchange risk

Foreign exchange risk is the risk that the province's debt servicing costs and principal payments will fluctuate due to changes in foreign exchange rates. The province uses derivative contracts (cross–currency swaps) to hedge foreign exchange risk by converting foreign currency principal and interest cash flows into Canadian dollar cash flows.

The government's current policy guidelines with respect to the provincial government direct debt portfolio, which totals $36,751 million (2022: $43,533 million), allow unhedged foreign debt exposure up to 10.00% (2022: 10.00%) of this portion of the taxpayer–supported debt. At March 31, 2023, there was no unhedged foreign debt exposure of the government direct debt portfolio (2022: nil).

Under current policy guidelines for BC Hydro, the maximum unhedged foreign debt exposure is 5.00% (2022: 5.00%) of its debt, which totals $26,667 million (2022: $25,569 million). At March 31, 2023, 0.00% (2022: 0.00%) of its debt was in the form of unhedged foreign debt in US dollars.

Based on the taxpayer–supported and self–supported debt portfolios at March 31, 2023, a one cent change in the Canadian dollar versus the US dollar would not impact the annual debt servicing cost (2022: nil) for the taxpayer–supported debt portfolio; however, the self–supported debt portfolio would increase by $2 million (2022: $2 million).

At March 31, 2023, swap agreements relating to investments held by taxpayer–supported portfolios included cross–currency swaps totalling $37 million (2022: $34 million).

Credit risk

Credit risk is the risk that the province will incur financial losses due to a counterparty defaulting on its financial obligations. In accordance with the government's policy guidelines, the province reduces its credit risk by dealing with only highly rated counterparties. The province only enters into derivative transactions with counterparties that have a rating from Standard & Poor's or Moody's Investors Service Inc. of at least A+/A1. The province also establishes limits on individual counterparty credit exposures and monitors these exposures on a regular basis.

The province implements Credit Support Annex agreements for all derivative type transactions, including cross–currency and interest rate swaps, to mitigate exposure to counterparty default risk. Under the terms of these agreements, the province may be required to pledge or receive eligible collateral with its counterparties. These amounts will be returned to or received from the counterparties when there are no longer any outstanding obligations. As at March 31, 2023, gross counterparty exposure was valued at $(365) million (2022: $154 million), and collateral held was $83 million (2022: $529 million held), with a $2 million net counterparty exposure (2022: nil). Collateral held consists of $351 million net cash paid which is included in accounts receivable (*see* Note 12) (2022: $104 million cash received), and $434 million (2022: $425 million) of securities received, which have not been recognized in the financial statements as it is pledged by counterparties and held by a third party until the derivative transaction is completed or default occurs.

Liquidity Risk

The province utilizes a cash management framework to ensure that cash is available where and when it is needed while minimizing the cost of cash and maximizing returns on temporary balances. The province forecasts all cash inflows and outflows, including debt and the related derivatives maturities, for the full current fiscal year and the following two fiscal years. The forecast is for each business day and is revised daily based on actual flows, analysis of current trends, historical patterns, and emerging market conditions.

Market Price Risk

The province is committed to generating long–term investment returns that meet or exceed targets and benchmarks without unnecessary risk. The province is exposed to market price risk on its portfolio investments, and utilizes strategies such as diversification and the selection of only high–quality investment assets to mitigate this exposure.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

21. Net Liabilities

The Consolidated Statement of Change in Net Liabilities (*see* page 45) shows the net impact of applying the expenditure basis of accounting. The net liabilities calculation uses the expenditure, rather than the expense basis of accounting. Under the expenditure basis of accounting, tangible capital assets, prepaid program costs and other assets are recorded as expenditures when calculating the current year surplus or deficit. Under the expense basis of accounting, these items are recorded on the Consolidated Statement of Financial Position as assets and amortized over an applicable period of time.

22. Tangible Capital Assets

	In Millions	
	2023	2022
	$	$
Land and land improvements	6,220	6,129
Buildings (including tenant improvements)	30,232	28,106
Highway infrastructure	15,099	14,267
Transportation equipment	3,507	3,120
Computer hardware and software	2,299	2,191
Other	2,454	2,320
	59,811	**56,133**

See Consolidated Statement of Tangible Capital Assets on page 108.

The estimated useful lives of the more common tangible capital assets are: buildings (3–90 years); highway infrastructure (3–90 years); transportation equipment (including rapid transit, ferries and related infrastructure) (15–100 years); computer hardware and software (1–18 years); major software systems (1–18 years); and other (including vehicles, specialized equipment, and furniture and equipment) (1–30 years). Land improvements are amortized over 30 years (recreation areas) or 40 years (dams and water management systems). Leasehold improvements (2–40 years) are amortized over the lesser of the lease term and the life of the asset.

BC Transportation Financing Authority (BCTFA) assets include capital assets under lease to South Coast British Columbia Transportation Authority (SCBCTA). These capital assets under lease consist of land, land improvements, interests in land, park and ride facilities, stations, guideways, rolling stocks and other assets related to the SkyTrain system, including the Millennium Line, Evergreen Line, the Expo Line SkyTrain systems and the West Coast Express. These assets are made available for use by SCBCTA under operating lease arrangements for a nominal lease amount pursuant to an Order in Council and to the Millennium Line Use Agreement, and represent one of the province's contributions toward public transportation in the Metro Vancouver service area. The Expo Line and Millennium Line Use Agreements expire in January 2024 and may be renewed, if mutually agreed, for successive five year terms as long as the assets remain a part of the Greater Vancouver regional transportation system. The net book value of these assets is $2,215 million (2022: $2,266 million).

The province received donations of tangible capital assets during the year of $29 million (2022: $3 million).

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

23. Restricted Assets

	In Millions 2023	2022
	$	$
Endowment funds	**2,224**	**2,147**

Donors have placed restrictions on their contributions to the endowment funds of universities, colleges, school districts, health organizations, and taxpayer–supported Crown corporations. One restriction is that the original contribution should not be spent. Endowment agreements may also require that a portion of investment income be used to offset the eroding effect of inflation or preserve the original value.

24. Prepaid Program Costs

	In Millions 2023	2022
	$	$
Prepaid program costs	**1,104**	**1,347**

The prepaid program costs include deferred costs associated with the BC Timber Sales Program, prepaid operating costs and inventories of supplies and other not–for–resale items held by taxpayer–supported Crown corporations and agencies which are charged to expense when consumed in the normal course of operations. At March 31, 2023, the total inventories held for use or consumption was $522 million (2022: $800 million). During the year, the total expense due to the consumption of inventories was $2,187 million (2022: $1,626 million) including the effect of write–downs of $168 million (2022: $10 million).

25. Other Assets

	In Millions 2023	2022
	$	$
Deferred debt instrument costs		137
Other deferred costs	243	307
	243	**444**

Other deferred costs include funds held by a service provider to provide group health and welfare benefits on behalf of health authorities, affiliates and community social service organizations.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

26. Accumulated Surplus (Deficit)

	In Millions 2023	2022
	$	$
Accumulated surplus (deficit)—before remeasurement gains and losses—beginning of year as previously reported[1]	3,759	2,453
Adjustments to accumulated surplus (deficit)[2,3]	(1,558)	(1,507)
Accumulated surplus (deficit)—beginning of year as restated	2,201	946
Surplus (deficit) for the year	704	1,265
Accumulated surplus (deficit)—before remeasurement gains and losses	**2,905**	**2,211**
Effect of remeasurement gains and (losses)	(202)	396
Accumulated surplus (deficit)—end of year	**2,703**	**2,607**

[1]The opening accumulated surplus (deficit) figures for April 1, 2022 and April 1, 2021 are reported before remeasurement gains and losses.

[2]During 2022/23, adjustments were made to the opening accumulated surplus for 2021/22 for the following items:

Adoption of the asset retirement obligations accounting standard during fiscal 2023	(1,507)
Total	(1,507)

[3]During 2022/23, adjustments were made to the opening accumulated surplus for 2022/23 for the following items:

Adoption of the asset retirement obligations accounting standard during fiscal 2023	(1,548)
Adjustments to opening equity for the adoption of the financial instruments accounting standard during fiscal 2023	(10)
Total	(1,558)

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

27. Contingent Assets and Contractual Rights

(a) UNRECOGNIZED ASSETS

Intangible assets and items inherited by right of Crown, such as forest, water and mineral resources, are not recognized in these financial statements. Land inherited by the right of Crown is capitalized at a nominal value of one dollar. The value of collections (e.g. artifacts, specimens, works of art, and documents) has been excluded from the Statement of Financial Position. When collections are purchased, these items are expensed.

(b) CONTINGENT ASSETS

The province has no contingent assets where the estimated amount is, or exceeds $100,000, and the occurrence of the confirming future event is likely.

(c) CONTRACTUAL RIGHTS

Contractual rights are future–oriented financial information based on multi–year contracts the government has entered into that will become assets and revenue when terms of the contracts are met. The following table presents contractual rights that are greater than $50 million, by sector, by year.

	In Millions						
	2024	2025	2026	2027	2028	2029 and beyond	Total
Consolidated Revenue Fund and Taxpayer–supported Crown corporations and agencies	$	$	$	$	$	$	$
Health	1	1	1				3
Education	38	23	19	18	15	17	130
Social services	729	842	911				2,482
Natural resources and economic development	193	186	184	182	162	4,851	5,758
Transportation	425	377	258	54	43	1,210	2,367
General government	413	392	482	467	443	2,595	4,792
	1,799	1,821	1,855	721	663	8,673	15,532
Self–supported Crown corporations and agencies							
Natural resources and economic development	461	317	291	260	221	4,444	5,994
Protection of persons and property	22	18	15	13	8	22	98
	483	335	306	273	229	4,466	6,092
Total	**2,282**	**2,156**	**2,161**	**994**	**892**	**13,139**	**21,624**

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

27. Contingent Assets and Contractual Rights—Continued

The following table presents amounts provided in multi-year government transfer agreements that are greater than $50 million, by sector, by year. These government transfers may be authorized by the federal government in the future.

	In Millions						
	2024	2025	2026	2027	2028	2029 and beyond	Total
Consolidated Revenue Fund and Taxpayer–supported Crown corporations and agencies	$	$	$	$	$	$	$
Education	98						98
Social services	388	45	45				478
Other	149	153	52	37	23	27	441
Natural resources and economic development	18	17	17	17	17		86
Total	653	215	114	54	40	27	1,103

28. Contingent Liabilities and Contractual Obligations

(a) GUARANTEED DEBT

The authorized limit for loans guaranteed by the province as at March 31, 2023 was $398 million (2022: $398 million). These guarantees include amounts where indemnities have been made for explicit quantifiable loans. Guaranteed debt as at March 31, 2023 totalled $15 million (2022: $16 million). *See* Consolidated Statement of Guaranteed Debt on page 109 for details.

(b) CONTINGENT LIABILITIES

Litigation

The province is a defendant in legal actions and is involved in matters such as expropriation, contract and tax disputes. These matters may give rise to future liabilities.

The province has the following contingent liabilities where the estimated or known claim is, or exceeds $100,000, but the likelihood of payment is uncertain.

	In Millions	
	2023	2022
	$	$
Tax disputes	64	49
Property access disputes	30	27
Contract disputes	33	16
Damage to persons or property	3	2
Negligence and miscellaneous	1,794	345
	1,924	**439**

When it is determined it is likely a liability exists and the amount can be reasonably estimated, the amount is recorded as an accrued liability (*see* Note 12) and an expense. The accrued liability for pending litigation in process at March 31, 2023 was $117 million (2022: $116 million).

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

28. Contingent Liabilities and Contractual Obligations—Continued

Tax Appeals

The province has received appeals under various tax statutes totalling $201 million (2022: $147 million). The cost to the province cannot be determined as the outcome of these appeals is uncertain.

Guarantees and Indemnities

The province also has contingent liabilities in the form of indemnities, indirect guarantees and outstanding claims for amounts that are not explicit or reasonably estimable at this time.

Environmental Clean–up

The province is responsible for the remediation of numerous contaminated sites in the province that are no longer in productive economic use.

For sites where the province is directly responsible or has assumed responsibility for remediation, the following provision for future clean–up costs has been accrued based on preliminary environmental assessments, or estimations for those sites where an assessment has not been conducted. The provision is recorded as an accrued liability (*see* Note 12).

	In Millions	
	2023	2022
	$	$
Mine sites	348	350
Transportation infrastructure	33	33
Industrial sites	25	26
Salt sheds	5	5
Maintenance yards	5	3
Pulp mills	1	4
Miscellaneous	96	101
	513	**522**

This provision for future clean–up costs is an estimate of the minimum remediation costs for known sites where an assessment has been conducted, or where available information on sites is sufficient to estimate the costs. Where information is not available to make an estimate, costs are extrapolated from the estimated costs of similar sites. The undiscounted estimated costs for sites that require ongoing remediation, monitoring or maintenance is $124 million. Where settlement dates are known, these costs are discounted using the province's estimated weighted average cost of capital at periodic evaluation dates. As at March 31, 2023, the weighted average cost of capital is 3.47% (2022: 3.13%).

As at the reporting date, 27 sites where historical industrial activity has occurred have been identified for monitoring purposes. Remediation activities are unlikely to be performed on these sites and a liability may be recorded at a later date.

Additional environmental liabilities of government business enterprises include $270 million (2022: $296 million) accrued by British Columbia Hydro and Power Authority, and $10 million (2022: $96 million) accrued by British Columbia Railway Company. The liabilities are included in the investment balance of the Crown corporation or agency in Note 7.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

28. Contingent Liabilities and Contractual Obligations—Continued

Treaty Negotiations

Treaty negotiations between the province, Canada and First Nations commenced in 1994. The province anticipates these negotiations will result in modern–day treaties defining the boundaries and nature of First Nations treaty settlement lands. As of March 31, 2023, there were 73 First Nations in various stages of negotiation, including 39 First Nations in active or completed negotiations.

When final treaty agreements are ratified by all parties, the provincial cost of treaties is recorded in the Public Accounts. Costs are accounted for based on the substance of the final agreement.

A Final Agreement with Yale First Nation was ratified by Yale First Nation in March 2011, by the provincial government on June 2, 2011 and by the Parliament of Canada on June 19, 2013. A treaty effective date has not yet been agreed to by the parties. Through the treaty, the province will provide Yale with a capital transfer of $2.5 million, economic development funding of $1.1 million and 1,179 hectares of provincial Crown lands.

It is expected the capital transfer components for all treaty agreements will be, in most cases, entirely provided by Canada. The current commitments of provincial Crown land for all Final Agreement and Increment Treaty Agreement tables are as follows:

- Ditidaht, 3,567 hectares
- Homalco, 822 hectares
- In–SHUCK–ch, (Skatin and Samahquam) 9,474 hectares
- Kaska Dena Council, 677 hectares
- Kitselas, 34,839 hectares
- Kitsumkalum, 44,661 hectares
- K'omoks, 3,040 hectares
- Ktunaxa Nation Council, 418 hectares
- Lake Babine Nation (BC only), 511 hectares with a one–time payment of $0.02 million
- Lheidli T'enneh, 3,416 hectares
- Nazko, 172 hectares
- NStQ (Canoe Creek, Sugar Cane, Canim Lake, Soda Creek), 3,656 hectares
- Pacheedaht, 1,216 hectares
- Te'mexw (Malahat, Scia'new, Snaw–naw–as, Songhees and T'Sou–ke), 1,182 hectares
- Tla–o–qui–aht, 47 hectares
- Wei Wai Kai (Cape Mudge First Nation), 3,100 hectares
- Wei Wai Kum (Campbell River First Nation) 2,276 hectares
- Wuikinuxv, 13,946 hectares
- Yekooche, 5,960 hectares

Upon coming into effect, treaties and other incremental agreements will also trigger implementation costs and may result in compensation to third parties. Those costs are not determinable at this time.

Some First Nations have chosen not to negotiate through the formal British Columbia Treaty Commission process. A number of those First Nations have chosen to advance their claims through litigation. Claims include declarations with respect to aboriginal rights and title, commercial rights, challenges with respect to adequacy of consultation and accommodation, and damages for unjustified infringements. The amount of any provincial liability is not determinable at this time.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

28. Contingent Liabilities and Contractual Obligations—Continued

Crown Corporations, Agencies and School Districts, Universities, Colleges, Institutes and Health Organizations (SUCH)

(i) The BC Transportation Financing Authority has unrecorded contingent liabilities of $67 million (2022: $103 million), including $18 million (2022: $17 million) for expropriation claims and $27 million (2022: $27 million) for contaminated sites.

(ii) The B.C. Pavilion Corporation and predecessor property owners remain liable for environmental and reclamation obligations for known hazards that may exist at its facilities. Management is not aware of any existing environmental problems related to its facilities that may result in a material liability to the B.C. Pavilion Corporation.

(c) CONTRACTUAL OBLIGATIONS

The government has entered into a number of multiple–year contracts for the delivery of services and the construction of assets. These contractual obligations will become liabilities in the future when the terms of the contracts are met. Disclosure relates to the unperformed portion of the contracts. Contractual obligations are future–oriented financial information about non–discounted future cash payments for operating and capital contracts, and do not indicate when the related expenses will be recognized in the financial statements.

The following table presents the minimum amounts required to satisfy the contractual obligations, for contractual obligations that are greater than $50 million, by sector, by year. Details are available as unaudited supplementary information on the public website at http://gov.bc.ca/publicaccounts.

	In Millions						
	2024	2025	2026	2027	2028	2029 and beyond	Total
Consolidated Revenue Fund and Taxpayer–supported Crown corporations and agencies	$	$	$	$	$	$	$
Health	4,600	2,415	1,764	1,128	908	5,331	16,146
Education	1,003	471	215	100	50	153	1,992
Social services	136						136
Other	411	330	251	191	162	4,110	5,455
Natural resources and economic development	45	34	35	38	63	203	418
Transportation	2,344	1,584	1,090	870	831	9,723	16,442
Protection of persons and property	577	553	528	529	514	2,279	4,980
General government	557	489	158	134	114	283	1,735
	9,673	5,876	4,041	2,990	2,642	22,082	47,304
Self–supported Crown corporations and agencies							
Natural resources and economic development	3,709	3,183	2,398	2,244	2,179	39,886	53,599
General government	163	73	19	1	1		257
	3,872	3,256	2,417	2,245	2,180	39,886	53,856
Total	**13,545**	**9,132**	**6,458**	**5,235**	**4,822**	**61,968**	**101,160**

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

28. Contingent Liabilities and Contractual Obligations—Continued

The following table presents the amounts provided in multiple–year government transfer agreements that are greater than $50 million, by sector, by year. While there is no current obligation for these amounts, these government transfers may be authorized by government in a future year.

	In Millions						
	2024	2025	2026	2027	2028	2029 and beyond	Total
Consolidated Revenue Fund and Taxpayer–supported Crown corporations and agencies	$	$	$	$	$	$	$
Education	96	87	68				251
Social services	472	13					485
Other	54	55	56	57	60	444	726
Natural resources and economic development	580	194	397				1,171
Total	**1,202**	**349**	**521**	**57**	**60**	**444**	**2,633**

29. Taxation Revenue

	In Millions	
	2023	2022
	$	$
Personal income	17,268	13,704
Provincial sales	9,818	8,731
Corporate income	9,156	5,053
Property	3,253	3,012
Employer health	2,720	2,443
Property transfer	2,293	3,327
Carbon	2,161	2,011
Fuel	1,021	1,022
Tobacco	531	708
Other	804	706
	49,025	**40,717**

Personal income tax and corporate income tax revenues are recorded after deductions for non–refundable tax credits. Deductions allowable in the calculation of personal income tax revenue were $176 million (2022: $110 million) and corporate income tax were $232 million (2022: $127 million). The types of tax credits adjusting personal income tax and corporation income tax revenues are for foreign taxes, logging taxes, venture capital, scientific and experimental development tax, and mining flow–through share.

Personal income tax revenue was also reduced by $199 million (2022: $191 million) for the BC Tax Reduction.

Personal and corporate income tax refunds related to prior years may be issued under the *International Business Activity Act*. Corporate income tax reimbursements were $3 million (2022: $10 million).

Property tax revenue was recorded net of home owner grants of $892 million (2022: $878 million).

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

30. Natural Resource Revenue

	In Millions 2023 $	In Millions 2022 $
Petroleum, natural gas and minerals	3,356	1,848
Forests	1,887	1,893
Water and other	955	730
	6,198	**4,471**

Oil and gas royalty revenues are reported after adjustments for various royalty deduction programs such as producer cost of service allowances, deep well, marginal, ultra marginal, low production, net profit, new pool discovery and road construction. Deductions allowable in the calculation of royalty revenue were $1,671 million (2022: $1,517 million). Natural resource revenue includes mining taxes of $801 million (2022: $660 million) and logging taxes of $403 million (2022: $154 million).

The province offers credits for certain costs incurred by producers including the deep well, road and summer drilling programs. Deep well credits of $2,215 million (2022: $2,838 million), road credits of $10 million (2022: $14 million) and summer drilling credits of $3 million (2022: $3 million) have been incurred by producers and will reduce future natural gas royalties payable when wells go into production.

31. Expense

Total Expense by Group Account Classification	In Millions 2023 $	In Millions 2022 $
Government transfers	28,246	22,425
Salaries and benefits	28,214	26,124
Operating costs	17,595	16,340
Amortization	2,926	2,681
Interest[1]	2,719	2,742
Other	1,132	815
	80,832	**71,127**

[1]Total interest function costs include a $79 million net loss (2022: $25 million net gain) related to cross currency and interest rate derivatives.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

32. Valuation Allowances

	In Millions 2023	2022
	$	$
Inventory held for use	167	10
Accounts receivable	88	84
Loans, advances and mortgages receivable	42	15
Tangible capital assets	8	9
	305	**118**

These amounts are included in "Other" of "Total Expense by Group Account Classification" in Note 31, and represent the write–down of assets in the above Consolidated Statement of Financial Position categories.

33. Trusts Under Administration

Trusts Under Administration are not included in the Summary Financial Statements because the province has no equity in, or power of appropriation over, these trusts. The province administers these trusts on behalf of third parties according to the terms of the underlying trust arrangements. The trust assets consist of cash, term deposits, investments, real estate, and other sundry assets. Trust liabilities consist of trade payables, loans payable, and mortgages payable. Summary financial information from the financial statements of trust funds is provided below.

	In Millions			
	Assets	Liabilities	2023	2022
	$	$	$	$
Public Guardian and Trustee of British Columbia[1] —administered by government officials	1,410	(47)	1,363	1,265
Credit Union Deposit Insurance Corporation of British Columbia[1] —administered by various government officials and a non–government investment corporation	861	(2)	859	810
Supreme and provincial court (Suitors' Funds) —administered by the Courts	213		213	223
Other trust funds —administered by various government officials	252	(62)	190	144
	2,736	**(111)**	**2,625**	**2,442**

[1]These organizations are reported under International Financial Reporting Standards.

34. Comparison to Estimates

The Estimates numbers on the Statement of Operations are taken from the Estimated Statement of Operations, the Estimated Revenue by Source, and the Estimated Expense by Function, on pages 4 – 6 of the *Estimates, Fiscal Year Ending March 31,* 2023, presented to the Legislative Assembly February 22, 2022.

35. Comparatives

Comparative figures have been restated to conform with the current year's presentation. The effect of restatements on the previously reported operating result is disclosed in Note 26.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

36. Asset Retirement Obligations

Asset retirement obligations recognized by the province include estimated costs for which there is a legal obligation to conduct activities associated with the retirement of tangible capital assets. Activities may include remediation of hazardous materials such as asbestos in buildings and the decommissioning or restoration of assets such as land or leaseholds to their original use and condition. The following table summarizes the changes to the province's asset retirement obligations during the year:

In Millions

	Balance–beginning of year	New liabilities in the year	Accretion expense in the year	Changes in estimate[1]	Liabilities settled in the year	2023	2022
	$	$	$	$	$	$	$
Consolidated Revenue Fund and Taxpayer–supported Crown corporations and agencies							
Health	335	2	12			349	335
Education	719	2	4	82		807	719
Other	248	10	17			275	248
Natural Resources and Economic Development	36	7	1		(3)	41	36
Protection of Persons and Property		1				1	
Transportation	244	3				247	244
General Government	135		4	11		150	135
	1,717	**25**	**38**	**93**	**(3)**	**1,870**	**1,717**
Self–supported Crown corporations and agencies							
Natural Resources and Economic Development	80		2	(5)	(7)	70	80
Transportation	191		5	(21)		175	191
General Government	1			2		3	1
	272	**0**	**7**	**(24)**	**(7)**	**248**	**272**
	1,989	**25**	**45**	**69**	**(10)**	**2,118**	**1,989**

The estimated undiscounted cash flows required to settle these obligations are $2,103 million. Those with legally stipulated settlement dates are expected to be settled between 2023 and 2083. The timing of settlement for all other obligations is dependent on the use of the underlying assets. Where the settlement date is known, estimated future costs are discounted using the province's estimated weighted average cost of capital at periodic evaluation dates. As at March 31, 2023, the weighted average cost of capital is 3.47% (2022: 3.13%).

Self–supported Crown corporations' balances are calculated using International Financial Reporting Standards.

[1]Can include changes in the estimated cost, timing of settlement and the discount of the current value of the obligation.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

37. Government Partnerships

Canadian Blood Services owns and operates the national blood supply system for Canada, except for the province of Quebec. It is a government partnership amongst Canadian provinces and territories. The ministers of health for the provinces and territories, except Quebec, provide contributions to fund its operations. Its financial results are proportionately consolidated with those of the province based upon the province's share of its total provincial contributions (14.67%). The amounts included in these financial statements are as follows:

Consolidated Statement of Financial Position	In Millions	
	2023	2022
	$	$
Financial assets	101	99
Liabilities	131	128
Net liabilities	**(30)**	**(29)**
Non–financial assets	81	79
Accumulated surplus (deficit)	**51**	**50**

Consolidated Statement of Operations	In Millions	
	2023	2022
	$	$
Revenue	202	197
Expenses	201	190
Surplus (deficit) for the year	**1**	**7**
Accumulated surplus (deficit)—beginning of year	50	43
Accumulated surplus (deficit)—end of year	**51**	**50**

38. Regulatory Accounting

Included in the Summary Financial Statements are entities that are regulated by the independent British Columbia Utilities Commission (the Commission). The Commission is responsible for regulating utilities in British Columbia which includes establishing tariffs, approving the construction of new facilities planned by utilities, and their issuance of securities. As an independent provincial agency, the operating results of the Commission are also included in the Summary Financial Statements.

Rate–regulation can result in the deferral and amortization of costs and recoveries to allow for adjustment of future rates. In the absence of rate–regulation, these amounts would otherwise be included in the determination of net income in the year the amounts are incurred. BC Hydro had unamortized net regulatory assets at the end of March 31, 2023 of $1,467 million (2022: $2,911 million). Regulatory accounting resulted in a decrease to net income for BC Hydro for the year ended March 31, 2023 of $1,162 million (2022: $608 million decrease). Further details are available in BC Hydro's financial statements outside these audited financial statements at http://gov.bc.ca/financepublications.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2023—Continued

39. Dedicated Revenue

Legislation establishes the right of other governments and organizations to revenues under various enactments. The province acts as an administrative agent for revenues collected on behalf of, and transferred to, other governments and organizations. These revenues are not included in the provincial operating results because the province has no discretion to direct the use of, or cease, the flow–through.

	In Millions	
	2023	2022
	$	$
Rural areas	457	423
South Coast British Columbia Transportation Authority	400	400
Municipalities or eligible entities	118	63
British Columbia First Nations Gaming Revenue Sharing Limited Partnership	114	91
Habitat Conservation Trust	6	5
Cowichan Tribes	4	4
	1,099	**986**

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