

# Public Accounts

For the Fiscal Year Ended  
March 31, 2001



BRITISH  
COLUMBIA

Ministry of Finance  
Office of the Comptroller General

2000  
2001

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**COMPARISON OF 2000/01 PLANNED TO ACTUAL EXPENSE IN THE STATEMENT OF OPERATIONS**

This is the first year that the government of British Columbia presents, for its summary accounts, a detailed plan to actual comparison of revenue and expense. Comparing the plan to actual expense by function for Health, Social services, and Education shows large variances. They have occurred partly because, for the fiscal year 2000/01, programs have been included in planned expense by function inconsistent with how they were actually accounted for in the summary accounts. This mismatch happened in the transition from Consolidated Revenue Fund (CRF) to the summary accounts budgeting and has subsequently been identified and corrected.

Comparing plan to actual results for a fiscal year's operation is a useful measure of accountability provided by the Summary Financial Statements. To be meaningful the comparison must be made between the main estimates and the final results, both having been prepared on the same basis. For the transitional fiscal year 2000/01, the main estimates presented to the Legislative Assembly were for the CRF, while the actual results were presented for the summary accounts level. This necessitated a restatement of the 2000/01 planned results, which were then published in the 2001/02 Estimates in March 2001. It was later found that the basis used for allocating the planned results for 2000/01 included in the March 15, 2001 Estimates in some respects was not the same as that used in reporting the actual results.

As explained in Note 30 (page 58) to the audited Summary Financial Statements, the Statement of Operations (page 25) shows the estimated expense by function in accordance with the restated comparative figures extracted from the Estimates for the Year Ending March 31, 2002 presented to the Legislative Assembly in March 2001. In explaining the variances between the planned and actual expense the government has agreed with the Auditor General that a table prepared by the Secretary to Treasury Board showing the revised allocations be inserted in the Public Accounts.

The following unaudited table shows the adjusted comparison of planned to actual expense for fiscal 2000/01:

	In Millions			
	2000/01 Estimates (See Statement of Operations)	Correction <sup>1</sup>	2000/01 Revised Estimates	2000/01 Actual (See Statement of Operations)
	\$	\$	\$	\$
Health.....	8,306	255	8,561	8,985
Social services.....	3,761	(430)	3,331	3,263
Education.....	6,158	132	6,290	6,436
Protection of persons and property.....	1,318	43	1,361	1,227
Transportation.....	1,505		1,505	1,546
Natural resources.....	1,578		1,578	1,791
Other.....	689		689	761
General government.....	244		244	407
Interest.....	2,003		2,003	1,873
	25,562	0	25,562	26,289

<sup>1</sup> The correction reflects a reallocation of programs between the functional categories. For example, Public Health Services, Children and Families was incorrectly included in Social services and should be in Health.

The above changes do not affect the total 2000/01 estimated expenses nor do they affect the actual results.

July 30, 2001

*July 30, 2001*  
Victoria, British Columbia

*Lieutenant Governor of the Province of British Columbia*

MAY IT PLEASE YOUR HONOUR:

The undersigned has the honour to present the Public Accounts of the Government of the Province of British Columbia for the fiscal year ended March 31, 2001.

GARY COLLINS  
*Minister of Finance*

*Ministry of Finance*  
*Victoria, British Columbia*  
*July 30, 2001*

*Honourable GARY COLLINS*  
*Minister of Finance*

I have the honour to submit herewith the Public Accounts of the Government of the Province of British Columbia for the fiscal year ended March 31, 2001.

Respectfully submitted,

ARN VAN IERSEL  
*Comptroller General*

# Setting The Course

The Public Accounts are one of the province's key accountability documents to the citizens of British Columbia. The Public Accounts represent the primary report on the province's financial status and operations against the financial plan tabled in the Legislature for the previous fiscal year. It is critical, therefore, that the Public Accounts be comprehensive, accurate, timely and independently verified to maintain the trust of all readers.

In co-operation with the Select Standing Committee on Public Accounts of the Legislature, the Auditor General, and government ministers and ministries, the Office of the Comptroller General continues to strive to make improvements to the Public Accounts such that British Columbia maintains its leadership role in accounting and reporting for senior governments in Canada.

Consistent with the above, improvements for the 2000/01 Public Accounts include the following:

1. Completion and release of the Public Accounts by July 30, 2001—our earliest date yet and well ahead of the legislated deadline of August 31, 2001.
2. A new Statement of Net Liabilities which moves net liabilities information from a note to a separate statement.
3. Improved notes to the financial statements which more fully explain the various statement figures (e.g. the unfunded pension liabilities, loans, advances and mortgages receivable, and other investments).
4. Multi-year information on the Detailed Summary Accounts schedule and Provincial Debt.

British Columbia continues with its "One Bottom Line", i.e., the Summary Financial Statements of the Government of the Province of British Columbia including ministries, Crown corporations and agencies. While the Auditor General continues to believe that the statements should further include schools, universities, colleges and institutes, and health care organizations, we do not believe this is appropriate or consistent with the practices of other senior governments in Canada. For full disclosure, however, we also show the results on the Auditor General's preferred entity which, for 2000/01, would have improved the province's bottom line by \$98 million.

We continue to make use of the Internet as an information distribution tool recognizing the importance of this medium and its ease of access. The full Public Accounts package is available at [www.fin.gov.bc.ca](http://www.fin.gov.bc.ca). As in the past, a browser is included for more quickly finding the information you are seeking.

I would like to thank the staff of the Office of the Auditor General for their advice and co-operation in completing the 2000/01 Public Accounts. Without their support, we could not have further advanced the release date. We look forward to continuing a positive and productive relationship.

My office is committed to further improving the Public Accounts. If you have any comments or questions regarding the Public Accounts documents, please contact me by mail at PO BOX 9413 STN PROV GOVT, VICTORIA BC V8W 9V1, by email at [Arn.vanIersel@gems8.gov.bc.ca](mailto:Arn.vanIersel@gems8.gov.bc.ca), by telephone (250) 387-6692 or fax (250) 356-2001.

ARN VAN IERSEL  
*Comptroller General*

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# Public Accounts Content

*Overview*—provides a written commentary on the Summary Financial Statements plus additional information on the financial performance of the government is provided at the beginning of the volume.

*Summary Financial Statements*—these audited statements have been prepared to disclose the financial impact of the government's activities. They aggregate the Consolidated Revenue Fund and government organizations (taxpayer-supported Crown corporations and agencies) and government enterprises (self-supported Crown corporations and agencies).

*Supplementary Information (Unaudited)*—this section provides supplementary schedules containing detailed information on the results of Crown corporations and agencies that are part of the government reporting entity.

Additional information is also included on the impact of including schools, universities, colleges and institutes, and health care organizations, in the government reporting entity. They currently are not considered a part of the government reporting entity because each is part of a province-wide program but are locally based and have an initial accountability to a local board.

*Consolidated Revenue Fund Extracts (Unaudited)*—the Consolidated Revenue Fund (CRF) reflects the core operations of the province as represented by the operations of government ministries and legislative offices. Its statements are included in an abridged form. The CRF Extracts include a summary of CRF operating results, schedule of net revenue by source, schedule of expenses, schedule of financing transactions and a schedule of write-off, remission and forgiveness, as required by statute.

*Provincial Debt Summary*—presents schedules and statements that provide further details on provincial debt and reconcile the Summary Financial Statements to the province's total debt as reported in the Debt Statistics report. Also included are the audited Summary of Provincial Debt, Summary of Key Benchmarks and Key Indicators of Provincial Debt.

This publication is available on the Internet at: [www.fin.gov.bc.ca](http://www.fin.gov.bc.ca)

## *Additional Information Available*

The following information is available only on the Internet at: [www.fin.gov.bc.ca](http://www.fin.gov.bc.ca)

*Consolidated Revenue Fund Schedules*—this section contains schedules that provide details of financial activities of the province's Consolidated Revenue Fund, including details of expenses by ministerial appropriations, together with an analysis of statutory appropriations, Special Accounts and Special Funds, and financing transactions.

*Detailed Schedules of Payments*—this section contains detailed schedules of salaries, wages, travel expenses, grants and other payments.

*Financial Statements of Crown Corporations and Agencies*—this section contains the audited financial statements of Crown corporations and agencies included in the reporting entity.

*Trust Funds Financial Statements*—this section contains the audited financial statements of the pension, superannuation and long-term disability funds administered by the government. A summary of financial information for trust funds is also included in this section.

*Summaries of Financial Statements of Corporations and Agencies to which the Financial Information Act applies*—this section contains summaries of the financial statements of corporations, associations, boards, commissions, societies and public bodies required to report under the *Financial Information Act* (R.S.B.C. 1996, chap. 140, sec. 2).

# Provincial Financial Reporting Overview

The focus of the government's financial reporting is the Summary Financial Statements, which consolidate the operating and financial results of the government's Crown corporations and agencies with the Consolidated Revenue Fund. These are general-purpose statements designed to meet, to the extent possible, the information needs of a variety of users.

The Summary Financial Statements include a Balance Sheet, showing our financial position in terms of total assets and liabilities, and a Statement of Operations presenting both the actual and budgeted results of operations in terms of revenues and expenses using full accrual accounting. Statements are also included which show the changes in cash and temporary investments in terms of sources and uses of financial resources, and the net liabilities of the government in terms of capital and operating components.

The Public Accounts are prepared in accordance with the *Financial Administration Act*, the *Budget Transparency and Accountability Act* (BTAA), and the *Balanced Budget Act* (BBA).

The BTAA requires that the Public Accounts be made public by August 31st each year, and focused on the Summary Financial Statements. The reporting entity upon which the Summary Financial Statements are based is determined pursuant to the requirements of the BTAA. The BTAA also requires that the Estimates be prepared on the Summary, rather than the Consolidated Revenue Fund, basis; this facilitates comparison with the actual results of operations as reported in the Public Accounts. This change to the Estimates was implemented for fiscal 2000/01.

The BBA was enacted during fiscal 2000/01. The purpose of this legislation is to bring revenues and expenses into balance in a manner that protects the health and safety of British Columbians from emergency or unexpected circumstances. The BBA requires that the main Estimates for a fiscal year must not forecast a deficit for that fiscal year which is greater than the maximum deficit set out in the Act. The maximum deficit for fiscal 2000/01 is \$1,278 million. The BBA also requires that, when there has been a change in the reporting entity or accounting policies since the preparation of the Estimates, the Public Accounts must include a calculation of the surplus or deficit for the year on a basis consistent with the Estimates. A schedule detailing this calculation can be found on page 14.

The Public Accounts are printed in one volume and include the Overview, the Summary Financial Statements, Supplementary Information (Unaudited), Summary Financial Statements Including SUCH Sec-

tor, Consolidated Revenue Fund Extracts (Unaudited), and the Provincial Debt Summary. Additional information is available on the Internet at: [www.fin.gov.bc.ca](http://www.fin.gov.bc.ca)

## *Tangible Capital Assets*

Implementation of the government's long-term plan to capitalize assets held by the government and its organizations continues. The plan provides for the capitalization and amortization of those classes of assets for which the estimated and actual values can be readily ascertained. As the plan proceeds, this process is reviewed and refined to provide the best and most accurate information available.

Prior to fiscal 2000/01, the province capitalized the following asset groups: certain land, vehicles, ferries, highway infrastructure, buildings, tenant improvements, heavy equipment, operating equipment, transportation equipment, and mainframe, mini, and micro computer systems.

During fiscal 2000/01, office furniture and equipment was capitalized by the province. The upcoming fiscal year will see the capitalization of land improvements, including recreational areas, as well as dams and water management systems.

## *Pension Accounting*

As various pension funds progress toward net asset status, joint trusteeship agreements between the members of the Pension Plan and the government become advantageous. During the year the Public Service Pension Plan entered joint trusteeship, resulting in the control of the plan and their assets being assumed by newly constituted boards made up of government and plan member representatives. Under the agreement the government has no formal claim on pension plan surpluses and is liable for only 50% of any unfunded liabilities. This change requires that the government eliminate the actuarial balances of the former plan and record only half of future actuarial balances under the new joint plan. In April 2001, similar joint trusteeship agreements were entered into for both the Municipal Superannuation Plan and the Teachers' Pension Plan, resulting in similar changes to balances next year. (See Note 20 and Note 32 to the audited Summary Financial Statements).



### Summary Accounts Surplus (Deficit) for the Fiscal Year Ended March 31, 2001

	In Millions		
	2000/01 <sup>1</sup> Estimates	2000/01 Actual	1999/00 Actual
<b>Consolidated Revenue Fund</b>	\$	\$	\$
Revenue .....	21,500	24,066	21,846
Expense .....	(21,932)	(22,463)	(22,212)
Consolidated Revenue Fund operating result .....	(432)	1,603	(366)
Impact of change in pension accounting policy ( <i>See</i> page 58) .....	(368)		
	(800)	1,603	(366)
 <b>Crown Corporations and Agencies</b>			
Taxpayer-supported Crown corporations and agencies .....	(306)	(210)	596
Self-supported Crown corporations and agencies (net of dividends paid to the Consolidated Revenue Fund) .....	128	157	(190)
Net Crown corporations and agencies' operating result .....	(178)	(53)	406
Forecast allowance <sup>2</sup> .....	(300)		
Loss on pension settlement .....		(52)	
<b>Summary accounts surplus (deficit) .....</b>	<b>(1,278)</b>	<b>1,498</b>	<b>40</b>

<sup>1</sup>Estimates 2000/01.

<sup>2</sup>This allowance is to provide for unanticipated changes prior to the fiscal year-end.

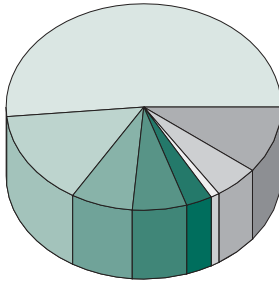
### Summary Accounts Accumulated Surplus (Deficit) for the Fiscal Year Ended March 31, 2001

	In Millions	
	2000/01 Actual	1999/00 Actual
	\$	\$
Summary accounts accumulated surplus (deficit)—beginning of year .....	(4,965)	(4,992)
Adjustments <sup>1</sup> .....	(5)	(13)
Summary accounts accumulated surplus (deficit)—beginning of year—as restated ...	(4,970)	(5,005)
Summary accounts surplus (deficit) .....	1,498	40
<b>Summary accounts accumulated surplus (deficit)—end of year .....</b>	<b>(3,472)</b>	<b>(4,965)</b>

<sup>1</sup>*See* Note 24 Net Equity (Deficiency) of the Summary Financial Statements for additional information.

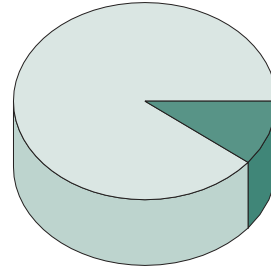
## Revenues and Expenses Charts for the Fiscal Year Ended March 31, 2001

### Revenue by Category



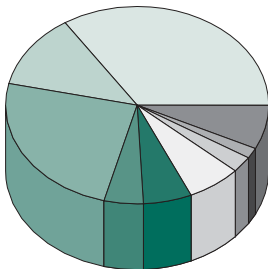
- Taxation 51.4%
- Natural Resources 15.0%
- Fees and licences 7.3%
- Self-supported Crowns 6.2%
- Miscellaneous 3.2%
- Investment Earnings 1.0%
- Recoveries 5.4%
- Federal Government 10.5%

### Revenue by Main Source



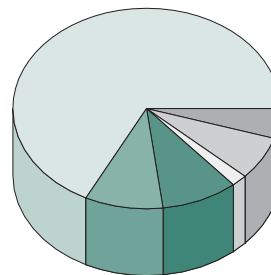
- Own Source 89.5%
- Federal Government 10.5%

### Expense by Function



- Health 34.2%
- Social Services 12.4%
- Education 24.5%
- Protection 4.7%
- Transportation 5.9%
- Natural Resources 6.8%
- Other 2.7%
- General Government 1.7%
- Interest 7.1%

### Expense by Group Account Classification



- Grants and Contributions 67.6%
- Salaries and Benefits 9.3%
- Operating Costs 9.3%
- Amortization 2.0%
- Interest 7.1%
- Other 4.7%

**Detailed Summary Accounts  
Surplus (Deficit)  
for Fiscal Years Ended March 31**

	In Millions					
	2000/01 Estimates	2000/01 Actual	1999/00 Actual <sup>1</sup>	1998/99 Actual <sup>1</sup>	1997/98 Actual <sup>1</sup>	1996/97 Actual <sup>1</sup>
<b>Consolidated Revenue Fund (CRF)</b>	\$	\$	\$	\$	\$	\$
Operating result .....	(432)	1,603	(366)	(281)	81	(115)
Impact of change in pension policy .....	(368)					
	<u>(800)</u>	<u>1,603</u>	<u>(366)</u>	<u>(281)</u>	<u>81</u>	<u>(115)</u>
<b>Taxpayer-supported Crown Corporations and Agencies:<sup>2</sup></b>						
BC Transportation Financing Authority	(1)	1	22	(114)	52	25
British Columbia Buildings Corporation	62	51	45	49	39	39
British Columbia Ferry Corporation .....	(10)	11	(299)	(114)	(59)	(76)
Forest Renewal BC .....	(52)	(64)	1	(265)	(88)	105
Other .....	(16)	49	(44)	9	40	(21)
	<u>(17)</u>	<u>48</u>	<u>(275)</u>	<u>(435)</u>	<u>(16)</u>	<u>72</u>
Net transfers from (to) the CRF .....	(62)	(69)	(78)	(14)	(20)	(10)
Other accounting adjustments <sup>3</sup> .....	(227)	(189)	949	(368)	(278)	(279)
	<u>(306)</u>	<u>(210)</u>	<u>596</u>	<u>(817)</u>	<u>(314)</u>	<u>(217)</u>
<b>Self-supported Crown Corpo- rations and Agencies:<sup>2</sup></b>						
British Columbia Hydro and Power Au- thority .....	429	446	416	395	408	339
British Columbia Liquor Distribution Branch .....	620	642	617	616	606	587
British Columbia Lottery Corporation ..	534	562	532	456	290	273
British Columbia Railway Company .....	40	(7)	(582)	24	40	36
Insurance Corporation of British Co- lumbia .....	3	139	96	74	14	(135)
Other .....	42	4	1	(23)	(24)	(8)
	<u>1,668</u>	<u>1,786</u>	<u>1,080</u>	<u>1,542</u>	<u>1,334</u>	<u>1,092</u>
Net transfers from (to) the CRF .....	(1,386)	(1,431)	(1,376)	(1,348)	(1,260)	(1,138)
Other accounting adjustments <sup>4</sup> .....	(154)	(198)	106	(99)	(8)	(7)
	<u>128</u>	<u>157</u>	<u>(190)</u>	<u>95</u>	<u>66</u>	<u>(53)</u>
Forecast allowance .....	(300)					
Loss on pension settlement .....		(52)				
<b>Summary accounts surplus (deficit) .....</b>	<b><u>(1,278)</u></b>	<b><u>1,498</u></b>	<b><u>40</u></b>	<b><u>(1,003)</u></b>	<b><u>(167)</u></b>	<b><u>(385)</u></b>

<sup>1</sup> Figures have been restated to reflect material changes in government's accounting policies.

<sup>2</sup> See pages 73 and 74.

<sup>3</sup> Fiscal 2000/01 includes adjustments made to transfer the revenue recognition of deferred capital contribution (\$189 million) to contributed surplus in BC Transportation Financing Authority.

<sup>4</sup> Fiscal 2000/01 includes transfers of British Columbia Lottery Corporation revenue to charities and local governments, adjustments to the British Columbia Hydro and Power Authority rate stabilization account, and adjustments to the Insurance Corporation of British Columbia and the British Columbia Railway Company financial results to bring them in line with the government fiscal year.

## Reconciliation of Summary Accounts Net Revenue / Expense to Gross Revenue / Expense for the Fiscal Year Ended March 31, 2001

	In Millions			
	2001		2000	
	Revenue \$	Expense \$	Net Surplus (Deficit) \$	Net Surplus (Deficit) \$
Net Consolidated Revenue Fund .....	24,066	(22,463)	1,603	(366)
Consolidated Revenue Fund recoveries <sup>1</sup> .....	2,610	(2,610)		
Gross Consolidated Revenue Fund <sup>2</sup> .....	26,676	(25,073)	1,603	(366)
Taxpayer-supported Crown corporations and agencies <sup>3</sup> .....	3,107	(3,059)	48	(409)
Self-supported Crown corporations and agencies <sup>4</sup> .....	1,725		1,725	1,295
Adjustments to eliminate transfers between organizations and co-ordinate accounting policies .....	(3,669)	1,843	(1,826)	(480)
<b>Gross revenue/expense for the year ended March 31, 2001 ..</b>	<b>27,839</b>	<b>(26,289)</b>	<b>1,550</b>	<b>40</b>
Loss on pension settlement .....			(52)	
<b>Surplus for the year ended March 31, 2001 .....</b>			<b>1,498</b>	
<b>Gross revenue/expense for the year ended March 31, 2000 ..</b>	<b>24,594</b>	<b>(24,554)</b>	<b>40</b>	

<sup>1</sup>The Consolidated Revenue Fund (CRF) recoveries represent amounts earned and applied against expenses. Recoveries include costs and amounts recovered from outside the CRF, the offset for commissions paid for revenue collection, and bad debt expense for various revenue accounts.

<sup>2</sup>Represents the CRF total revenue and expense after adding recoveries to show total spending.

<sup>3</sup>Represents the revenue and expense of taxpayer-supported Crown corporations and agencies fully consolidated into the government reporting entity.

<sup>4</sup>Represents the net revenue (after deducting expenses) of self-supported Crown corporations and agencies brought into the government reporting entity on a modified equity basis.

## Summary Accounts Staff Utilization<sup>1</sup> for the Fiscal Year Ended March 31, 2001

	2001
Consolidated Revenue Fund (CRF) <sup>2</sup> .....	33,269
Taxpayer-supported Crown corporations and agencies <sup>3,4</sup> .....	8,926
CRF employees funded by Crown corporations and agencies <sup>5</sup> .....	310
<b>Total staff utilization .....</b>	<b>42,505</b>

<sup>1</sup>Staff utilization is the full time equivalent of the number of persons employed in the fiscal year whose salaries are paid by taxpayer-supported entities within the Summary Accounts. Employees in taxpayer-supported Crown corporations whose salaries are included in the cost of capital projects are not counted as FTEs in order to maintain consistency between base salaries expense and FTEs.

<sup>2</sup>See the Consolidated Revenue Fund Schedules at [www.fin.gov.bc.ca](http://www.fin.gov.bc.ca) for details of amounts included in this total.

<sup>3</sup>See financial statements of Crown corporations and agencies at [www.fin.gov.bc.ca](http://www.fin.gov.bc.ca) for details of amounts included in this total.

<sup>4</sup>This total does not include 2,251 FTEs employed by Highway Constructors Ltd. whose salaries are included in the cost of capital projects.

<sup>5</sup>This is comprised of 231 employees of the Ministry of Forests and 79 employees of the Ministry of Environment, Lands and Parks who are funded by Crown corporations and agencies.

**Summary Accounts Surplus (Deficit)  
Required Under Section 5(2) of the *Balanced Budget Act*  
for the Fiscal Year Ended March 31, 2001**

The *Balanced Budget Act* requires that, when there has been a change in the reporting entity or accounting policies since the preparation of the main Estimates, the Public Accounts must include a calculation of the surplus or deficit for the year on a basis consistent with the main Estimates, as follows:

	In Millions
	2001
	\$
Summary accounts surplus (deficit) as reported in the Summary Financial Statements.....	1,498
<b>Impact of Changes in Reporting Entity<sup>1</sup></b>	
BC Immigrant Investment Fund Ltd .....	
British Columbia Enterprise Corporation .....	
British Columbia Investment Management Corporation.....	
British Columbia Systems Corporation .....	
Forensic Psychiatric Services Commission.....	1
Organized Crime Agency of British Columbia .....	(1)
Private Post-Secondary Education Commission .....	
	0
<b>Impact of Changes in Accounting Policy<sup>2</sup></b>	
Pension expense calculation .....	(207)
<b>Summary accounts surplus—restated to government reporting entity and accounting policies in the main Estimates .....</b>	<b>1,291</b>

<sup>1</sup>These entities were not included in the preparation of the main Estimates (Estimates 2000/01), primarily resulting from a timing difference. The main Estimates are prepared in advance of the fiscal year being reported, while the reporting entity included in the Summary Accounts is based on the entities in existence at the end of the fiscal year being reported.

<sup>2</sup>The method of calculating pension expense was changed to conform to the recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Previously, cash payments were used to estimate pension expense, adjusted by an amortization of the change in unfunded pension liability and the impact of any plan amendments in the fiscal year. The new method will include an estimate of the earned employee benefits and the net interest earnings of the pension plan in its calculated expense total rather than the cash payments. The new accounting policy resulted in a net pension recovery of \$630 million, the previous accounting policy would have recorded a net recovery of \$423 million. The difference is \$207 million. This change had not been effected at the time the main Estimates were prepared.

## DEFINITIONS

*Summary Accounts*—the financial position and operating result of the government reporting entity including the Consolidated Revenue Fund and Crown corporations and agencies; the amounts represented by the Summary Financial Statements of the government.

*Consolidated Revenue Fund (CRF)*—includes the taxpayer-supported activities of the General Fund and special funds of government through which the government delivers central government programs. It does not include the activities of government operated through Crown corporations.

*Consolidation*—the methods used to combine the results of Crown corporations and agencies with the Consolidated Revenue Fund. The two methods used are:

(i) full or proportional consolidation—the accounts of the Crown corporation or agency are adjusted to a basis consistent with the accounting policies of the government. Operating results and financial position of the Crown entities are combined on a “line-by-line” basis. Inter-entity accounts and transactions are eliminated upon consolidation. Proportional consolidation differs from full consolidation in that only the government’s portion of operating and financial results is combined on a “line-by-line” basis.

(ii) modified equity consolidation—the original investment of the government in the Crown corporation or agency is initially recorded at cost and adjusted annually to include the net earnings/losses and other net equity changes of the entity. There is no adjustment to conform to the government’s accounting policies. Since the government ensures the ongoing activities of self-supported Crown corporations and agencies, full account is taken of losses in these entities, even when cumulative losses exceed the original investment. Accounts and transactions between self-supported entities are not eliminated; however, profit elements included in such transactions, including certain increases in contributed surplus, are eliminated.

*Government business partnership*—a government partnership that has all the following characteristics:

(i) is a separate legal entity with the power to contract in its own name and that can sue or be sued

(ii) has been delegated the financial and operational authority to carry on a business

(iii) sells goods and/or services to individuals and organizations outside the government reporting entity as its principal activity, and

(iv) can, in the normal course of its operation, maintain its operations and meet its liabilities from revenue received from sources outside the government reporting entity.

*Government partnership*—a contractual arrangement between the government and a party or parties outside the government reporting entity that has all the following characteristics:

(i) the partners co-operate toward achieving significant, clearly defined common goals

(ii) the partners make a financial investment in the government partnership

(iii) the partners share control of decisions related to the financial and operating policies of the government partnership on an ongoing basis, and

(iv) the partners share, on an equitable basis, significant risks and benefits associated with the operation.

*Taxpayer-supported Crown corporations and agencies*—all Crown corporations or agencies outside the Consolidated Revenue Fund that are accountable for the administration of their financial affairs and resources either to a minister of the government or directly to the Legislature and are owned or controlled by the government. In addition, they must not meet the criteria for being self-supported. This also includes the government’s interest in government partnerships that are not government business partnerships.

*Self-supported Crown corporations and agencies*—all Crown corporations or agencies that are accountable for the administration of their financial affairs and resources either to a minister of the government or directly to the Legislature and are owned or controlled by the government. In addition, they must also carry on a business that sells goods and/or services to persons outside the reporting entity as their principal activity and maintain operations and meet liabilities from revenue received outside the reporting entity in the normal course of operations. This also includes the government’s interest in government business partnerships.

*Provincial government direct debt*—combines the government direct operating debt and the debt incurred to finance education, health facilities and public transit. This combined portfolio represents the debt for which the government has direct responsibility for the associated debt service costs.

*Debt*—represents the par value of the debt less sinking fund balances and unamortized discounts and premiums.