

Ministry of Finance

Notification of the impact of a change in the composition of the government reporting entity pursuant to the *Budget Transparency and Accountability Act*, Section 11(1)

Change in the composition of the government reporting entity with the addition of the Real Estate Council of British Columbia, the Real Estate Foundation of British Columbia and the Forest Enhancement Society of BC.

On September 30, 2016, legislative amendments were made to the *Real Estate Services Act* and the *Real Estate Services Regulation*. These amendments resulted in the Real Estate Council of British Columbia (plus its subsidiary the Real Estate Errors and Omissions Insurance Corporation) and the Real Estate Foundation of British Columbia becoming part of the government reporting entity.

Also, in fiscal year 2016/17, it was determined the Forest Enhancement Society of BC should be included in the government reporting entity.

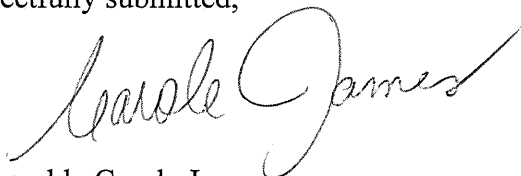
This change has been made in accordance with generally accepted accounting principles (GAAP), which requires organizations that are controlled by the government be included in the government reporting entity. Control is the power to govern the financial and operating policies of another organization with expected benefits or the risk of loss to the government from the other organization's activities. This change has the following effect on the province's summary financial statements in the Public Accounts for the 2016/17 fiscal year:

\$ Thousands

	Revenue	Expenses	Net impact
Real Estate Council of British Columbia	7,149	(806)	6,343
Real Estate Foundation of British Columbia	15,326	(2,174)	13,152
Forest Enhancement Society of BC	151,000		151,000
Real Estate Errors and Omissions Insurance Corporation	25,505	(4,939)	20,566
Total	198,980	(7,919)	191,061

This change in the government reporting entity does not affect the results reported under the *Balanced Budget and Ministerial Accountability Act* (BBMAA) for fiscal 2016/17. The BBMAA requires that ministerial accountability be based on the government reporting entity used in the Estimates of the same year.

Respectfully submitted,



Honourable Carole James
Chair, Treasury Board