

# *Summary Financial Statements*

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Public Accounts  
2000/01



# Report of the Auditor General of British Columbia

## ON THE SUMMARY FINANCIAL STATEMENTS OF THE GOVERNMENT OF THE PROVINCE OF BRITISH COLUMBIA

*To the Legislative Assembly  
of the Province of British Columbia*

I have audited the balance sheet and the statement of net liabilities of the Government of the Province of British Columbia as at March 31, 2001, and its statements of operations and of changes in cash and temporary investments for the year then ended. These financial statements are the responsibility of the Government. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation.

As required by the *Auditor General Act*, I advise Members of the Legislative Assembly these financial statements are presented in accordance with the stated accounting policies and on a basis consistent with that applied to the comparative amounts of the preceding year. In addition, I advise that I have been provided all of the information I required.

### **Reservation**

In note 1 to these financial statements, the Government reports that its stated accounting policies are not fully consistent with generally accepted accounting principles for senior governments as recommended by The Canadian Institute of Chartered Accountants. Consequently, these financial statements do not include the complete planned and actual financial results of school districts, universities, colleges and institutes, public health care organizations, and regional hospital districts.

REPORT OF THE AUDITOR GENERAL  
OF BRITISH COLUMBIA ON THE  
SUMMARY FINANCIAL STATEMENTS  
OF THE GOVERNMENT OF THE  
PROVINCE OF BRITISH COLUMBIA

Had a complete accounting been provided as at March 31, 2001, (as disclosed in note 1c), total assets would increase by \$5,259 million (\$4,724 million at March 31, 2000), total liabilities would increase by \$2,426 million (\$1,989 million at March 31, 2000), and the net deficiency would decrease by \$2,833 million (\$2,735 million at March 31, 2000). Similarly, for the year ended March 31, 2001, total revenues would increase by \$1,874 million (\$1,882 million for 2000), total expenses would increase by \$1,776 million (\$1,893 million for 2000), and the annual surplus would increase by \$98 million (decrease by \$11 million for 2000).

In these financial statements, the Government has placed lesser emphasis on its "net liabilities" by providing this key indicator of financial position in a separate statement rather than reporting it as an integral part of the Government's balance sheet, as recommended by The Canadian Institute of Chartered Accountants.

**Opinion**

In my opinion, except for the effects of my reservation explained in the preceding paragraphs, these financial statements present fairly, in all material respects, the financial position of the Government of the Province of British Columbia as at March 31, 2001, the results of its operations and the changes in its cash and temporary investments for the year then ended, in accordance with generally accepted accounting principles for senior governments as recommended by The Canadian Institute of Chartered Accountants.

*Victoria, British Columbia  
June 8, 2001*

*Wayne Strelieff*

Wayne Strelieff, CA  
Auditor General

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

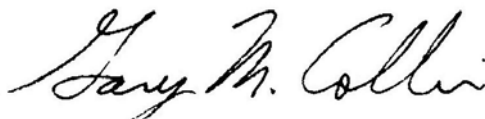
Responsibility for the integrity and objectivity of the Summary Financial Statements of the Government of the Province of British Columbia rests with the government. These financial statements are prepared by the Comptroller General under the direction of Treasury Board, in accordance with the government's stated accounting policies. 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 systems of financial management and internal control. 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, agencies and Crown corporations 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 10 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 on the results of its examination together with 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:



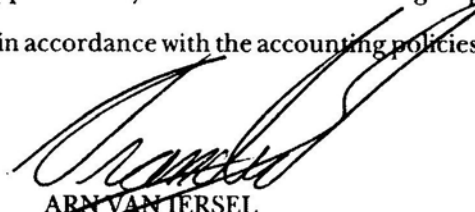
GARY COLLINS  
Chair, Treasury Board

**Summary Financial Statements**  
**Balance Sheet**  
**as at March 31, 2001**

	Note	In Millions	
		2001	2000
		\$	\$
<b>Assets</b>			
Cash and temporary investments .....	3	554	1,569
Warehouse Program investments .....	4	1,312	1,320
Accounts receivable .....	5	2,802	2,353
Inventories .....	6	305	245
Due from other governments .....	7	229	271
Due from self-supported Crown corporations and agencies .....	8	422	417
Equity in self-supported Crown corporations and agencies .....	9	3,001	2,742
Loans, advances and mortgages receivable .....	10	574	382
Other investments .....	11	252	299
Loans for purchase of assets, recoverable from agencies .....	12	7,437	7,530
Other assets .....	13	339	340
Prepaid capital advances .....	14	6,905	6,517
Tangible capital assets .....	15	10,985	10,244
		<b>35,117</b>	<b>34,229</b>
<b>Liabilities and Net Equity</b>			
Accounts payable and accrued liabilities .....	16	3,119	2,924
Due to other governments .....	17	104	103
Due to Crown corporations, agencies and funds .....	18	71	82
Deferred revenue .....	19	580	527
Unfunded pension liabilities .....	20	1,477	2,053
Taxpayer-supported debt .....	21	24,619	24,794
Self-supported debt .....	22	8,619	8,711
		38,589	39,194
Net equity (deficiency) .....	24	(3,472)	(4,965)
		<b>35,117</b>	<b>34,229</b>
Net liabilities .....	25	21,362	21,726
Contingencies and commitments .....	26		

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

Prepared in accordance with the accounting policies as determined by Treasury Board.

  
**ARN VAN IERSEL**  
 Comptroller General

**Summary Financial Statements**  
**Statement of Operations**  
**for the Fiscal Year Ended March 31, 2001**

	In Millions		
	2001 Estimates (Note 30)	2001 Actual	2000 Actual
<b>Revenue</b>	\$	\$	\$
Taxation (Note 27) .....	13,581	14,315	13,734
Natural resources .....	2,696	4,181	2,821
Fees and licences .....	1,975	2,025	1,965
Investment earnings (Note 27) .....	106	294	198
Miscellaneous .....	407	877	566
Net earnings of self-supported Crown corporations and agencies (Note 9) .....	2,350	1,725	1,295
Contributions from the federal government .....	2,800	2,912	2,704
Recoveries .....	1,037	1,510	1,311
<b>Total revenue</b> .....	<b>24,952</b>	<b>27,839</b>	<b>24,594</b>
<b>Expense</b>			
Health (Note 28) .....	8,306	8,985	8,082
Social services .....	3,761	3,263	3,115
Education (Note 28) .....	6,158	6,436	6,050
Protection of persons and property .....	1,318	1,227	1,229
Transportation (Note 28) .....	1,505	1,546	1,684
Natural resources and economic development .....	1,578	1,791	1,438
Other .....	689	761	784
General government .....	244	407	403
Interest (Note 28) .....	2,003	1,873	1,769
<b>Operating expense before loss on pension settlement (Note 28) .....</b>	<b>25,562</b>	<b>26,289</b>	<b>24,554</b>
<i>Less: forecast allowance</i> .....	300		
<i>Less: loss on pension settlement (Note 33) .....</i>		52	
<b>Surplus (deficit) for the year compared to Estimates adjusted for pension accounting change .....</b>	<b>(910)</b>	<b>1,498</b>	<b>40</b>
<i>Less: impact of pension accounting policy changes not anticipated in original Estimates (Note 30) .....</i>	368		
<b>Surplus (deficit) for the year compared to original Estimates total .....</b>	<b>(1,278)</b>	<b>1,498</b>	<b>40</b>

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

**Summary Financial Statements**  
**Statement of Changes in Cash and Temporary Investments**  
**for the Fiscal Year Ended March 31, 2001**

	In Millions			2000
	2001			
	Receipts \$	Disburse- ments \$	Net \$	Net \$
<b>Operating Transactions</b>				
Surplus for the year .....			1,498	40
Non-cash items included in surplus:				
Amortization of tangible capital assets .....			521	492
Amortization of prepaid capital advances .....			363	337
Amortization of public debt deferred revenues and de- ferred charges .....			30	38
Concessionary loan adjustments increases (decreases) .....			1	(2)
Valuation adjustments .....			52	392
Net earnings of self-supported Crown corporations and agencies .....			(1,725)	(1,295)
Unfunded pension liability (decreases) .....			(576)	(340)
Transfer of highways to municipalities .....				10
Accounts receivable (increases) .....			(432)	(321)
Due from other governments decreases .....			44	15
Due from self-supported Crown corporations and agencies (increases) .....			(5)	(16)
Accounts payable increases .....			131	266
Due to other governments (decreases) .....			(16)	(41)
Due to Crown corporations, agencies and funds increases (de- creases) .....			(11)	15
Items applicable to future operations (decreases) .....			(13)	(68)
Contributions of self-supported Crown corporations and agencies .....			1,567	1,485
Cash derived from operations .....			1,429	1,007
<b>Investing Transactions</b>				
Tangible capital assets—net (acquisitions) .....	51	1,234	(1,183)	(1,243)
Loans, advances and mortgages receivable—net (issues) .....	46	220	(174)	(87)
Investment in self-supported Crown corporations and agen- cies (increases) .....		24	(24)	(50)
Other investments—net decrease (increase) .....	47		47	(73)
Prepaid capital advances (increases) .....		751	(751)	(716)
Cash (used for) investments .....	144	2,229	(2,085)	(2,169)
Total financing (requirements) .....			(656)	(1,162)

**Summary Financial Statements**  
**Statement of Changes in Cash and Temporary Investments**  
**for the Fiscal Year Ended March 31, 2001—Continued**

	In Millions			2000
	2001			
	Receipts \$	Disburse- ments \$	Net \$	Net \$
<b>Financing Transactions<sup>1</sup></b>				
Public debt increases (decreases).....	17,668	18,242	(574)	2,198
Derived from (used for) Warehouse Program investments.....	(2,144)	(2,153)	9	(663)
Derived from loans for purchase of assets, recoverable from agencies.....	(5,221)	(5,426)	205	388
Cash derived from (used for) financing .....	<u>10,303</u>	<u>10,663</u>	<u>(360)</u>	<u>1,923</u>
<b>Non-Cash Transactions included on the Balance Sheet<sup>2</sup></b>				
Fiscal agency loan receivable decreases .....			182	
Taxpayer-supported debt (increases) .....			(214)	
Self-supported debt decreases .....			32	
Assets of 552513 British Columbia Ltd. ....			(168)	
Liabilities of 552513 British Columbia Ltd. ....			194	
Equity adjustments .....			(25)	
			<u>1</u>	
Increase (decrease) in cash and temporary investments.....			(1,015)	761
Balance—beginning of year.....			1,569	808
<b>Balance—end of year .....</b>			<u><b>554</b></u>	<u><b>1,569</b></u>

<sup>1</sup>Financing transaction receipts are from debt issues and disbursements are for debt repayments.

<sup>2</sup>Includes net cash impact resulting from change in accounting for 552513 British Columbia Ltd.

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

**Summary Financial Statements**  
**Statement of Net Liabilities**  
**as at March 31, 2001**

	Note	In Millions	
		2001	2000
<b>Net liabilities represented by:</b>		\$	\$
Net deficiency—end of year .....	24	3,472	4,965
Prepaid capital advances.....	14	6,905	6,517
Tangible capital assets.....	15	10,985	10,244
<b>Net liabilities—end of year .....</b>	<b>25</b>	<b>21,362</b>	<b>21,726</b>
<b>Calculation of net liabilities:</b>			
Total assets.....		35,117	34,229
Prepaid capital advances.....		(6,905)	(6,517)
Tangible capital assets.....		(10,985)	(10,244)
Financial assets .....		17,227	17,468
Liabilities .....		38,589	39,194
<b>Net liabilities—end of year.....</b>		<b>21,362</b>	<b>21,726</b>

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

## Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001

### 1. Significant Accounting Policies

#### (a) REPORTING ENTITY

These financial statements include the accounts of organizations which 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. Accountability to a minister or directly to the Legislature, for purposes of the reporting entity, does not include those entities that are part of a province-wide program yet are locally based and have an initial accountability to a local board.

The reporting entity also includes government partnerships.

A list of organizations included in these consolidated financial statements may be found on pages 61 and 62.

Trusts administered by the government or a Crown corporation or agency are excluded from the reporting entity.

#### (b) PRINCIPLES OF CONSOLIDATION

Taxpayer-supported Crown corporations and agencies are consolidated with the Consolidated Revenue Fund using the full consolidation method. The government's interests in government partnerships are recorded on a proportional consolidation basis.

Self-supported Crown corporations and agencies and government business partnerships are consolidated with the Consolidated Revenue Fund on the modified equity basis of consolidation.

The definitions of these consolidation methods can be found on page 15.

No adjustments are made for Crown corporations and agencies whose fiscal year-ends are different from the government's fiscal year-end of March 31, unless the effect of an adjustment would be significant to the consolidated operating result.

#### (c) BASIS OF ACCOUNTING

The government's Summary Financial Statements are prepared in accordance with the generally accepted accounting principles for senior governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants, with the following exceptions:

- (i) Reporting entity—PSAB recommends that the reporting entity comprise all organizations that are accountable for the administration of their financial affairs and resources either to a minister of the government or directly to the Legislature, or local government council, and are owned or controlled by the government. The government does not include schools, universities, colleges and institutes, and health care organizations (SUCH sector) in its reporting entity; it is the government's position that these entities are directly accountable to independent bodies
- (ii) Prepaid capital advances—PSAB recommends that government transfers be expensed in a government's financial statements in the period that the events giving rise to the transfer occurred, as long as the transfer is authorized, eligibility criteria are met and a reasonable estimate of the amount can be made. Transfers to schools, universities, colleges and institutes, and health care organizations that are for the acquisition of tangible capital assets are not expensed in the year they are issued; rather, they are treated as a prepaid expense and amortized over the life of the tangible capital assets acquired with the advances

## Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

### 1. Significant Accounting Policies—Continued

(iii) Expense basis of accounting—PSAB recommends that when a government reports expenses and tangible capital assets in its financial statements, tangible capital assets should be reported as a component of net liabilities (as shown in the Statement of Net Liabilities, *see* page 29). In addition, the Statement of Operations should provide a reconciliation of the expense-based surplus or deficit to the change in net liabilities. The government reports tangible capital assets directly on its Balance Sheet; they are included in total assets in calculating the “net equity”. The Statement of Operations is prepared on the expense basis, but is not returned to the expenditure basis of accounting to provide a reconciliation of the change in net liabilities. The Statement of Net Liabilities provides a reconciliation of the change in net liabilities to the annual operating result.

The following table provides the impact to the province’s financial statements if the accounting policies were changed to conform to PSAB.

	In Millions					
	Assets	Liabilities	Net Equity	Revenue	Expense	Surplus
	\$	\$	\$	\$	\$	\$
Inclusion of SUCH sector and expensing pre-paid capital advances.....	5,259	2,426	2,833	1,874	1,776	98
Change from expense to expenditure basis of accounting.....	(20,511)		(20,511)		1,239	(1,239)
<b>Increase (decrease) .....</b>	<b>(15,252)</b>	<b>2,426</b>	<b>(17,678)</b>	<b>1,874</b>	<b>3,015</b>	<b>(1,141)</b>

#### (d) SPECIFIC ACCOUNTING POLICIES

##### *Revenue*

All revenue is recorded on an accrual basis except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The exception is corporation income tax, which is recorded on a cash basis.

Government transfers are recognized as revenues in the period during which the transfer is authorized and any eligibility criteria are met.

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

##### *Expenses*

The cost of all goods and services received during the year is recorded as expenses.

Interest expense is recorded net of sinking fund earnings.

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 employees and other employers. The estimated total cost of the government’s share of the plan amendments related to past service is expensed in the year the plan is amended.

## Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

### 1. Significant Accounting Policies—Continued

Major types of government transfers include grants and contributions. Government transfers are recognized as expenses in the period during which the transfer is authorized and any eligibility criteria are met. This excludes transfers that meet the criteria for a prepaid capital advance. Present value discounts for concessionary loans are expensed as the loan is issued.

Acquisitions of tangible capital assets and prepaid capital advances are recorded as assets and the cost is amortized over the useful life of the relevant tangible capital asset. Tangible capital assets not related to a capitalized class of assets are expensed in the year of acquisition.

#### *Assets*

Assets are recorded to the extent that they represent cash and claims upon outside parties, items held for resale to outside parties, a prepaid expense, deferred charge, prepaid capital advances or tangible capital assets acquired as a result of events and transactions prior to the year-end.

#### *Financial Assets*

Temporary and Warehouse Program investments include short-term investments recorded at the lower of cost or market value.

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

Equity in self-supported Crown corporations and agencies represents the government's investment (including long-term advances) in those self-supported Crown corporations and agencies at cost, adjusted for increases and decreases in the investees' net assets.

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 periods ranging up to thirty years. Concessionary loans and mortgages are recorded at net present value at issue. Valuation allowances are made when collectibility is considered doubtful.

Other investments are recorded at cost of acquisition (which may be adjusted by attributed income), or estimated current value. Valuation adjustments are made when the value of investments is impaired.

Loans recoverable from agencies are recorded at maturity value less unamortized premium/discount and sinking fund balances. Premium/discount is amortized on a constant yield basis.

#### *Prepaid Capital Advances*

Prepaid capital advances are provided to school districts, post-secondary educational institutions, health organizations and other specified government organizations to fund capital asset acquisitions. The province has an on-going claim on the assets of these organizations. Prepaid capital advances are amortized over the useful life of the assets funded.

#### *Tangible Capital Assets*

All significant tangible capital assets of government organizations and operations have been capitalized with the exception of certain land that is not associated with a capitalized class of asset. Non-capitalized tangible capital assets are recorded at the nominal value of \$1.

## Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

### 1. Significant Accounting Policies—Continued

Gains arising from the initial valuation and capitalization of the existing tangible capital assets are accounted for as a component of accumulated equity.

Tangible capital assets are recorded at historical cost. Estimated cost is used to record existing tangible capital assets when actual cost is unknown. The recorded cost, less the residual value, is generally amortized over the estimated useful lives of the assets on a straight-line basis except for some transportation equipment which is amortized using the sinking fund method.

#### *Liabilities*

All liabilities are recorded to the extent that they represent claims payable to outside parties as a result of events and transactions prior to the year-end, including probable losses on loan guarantees issued by the government, 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, and unfunded pension liabilities.

#### *Unfunded Pension Liabilities*

Unfunded pension liabilities represent the unfunded portion of pensions to be provided to public sector employees. The percentage of the unfunded portion of certain statutory pension plans, which are funded by the province, is included. The amount is calculated using the accrued benefit actuarial cost method.

Changes in the unfunded liability for pension plans which arise as a result of estimation adjustments due to experience gains or losses and changes in actuarial assumptions are amortized over the expected average remaining service life of the related employee group. Gains or losses arising as a result of plan amendments are recognized in full in the year of amendment.

#### *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, for re-lending to authorized government bodies and for borrowings in advance of future requirements under the Warehouse Program. Public debt 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 sinking fund balances where applicable. Public debt is reported under two categories: (1) taxpayer-supported, and (2) self-supported.

(1) Taxpayer-supported debt includes direct debt used for government operating and capital purposes, and the debt of Crown corporations and agencies that requires an operating or debt servicing subsidy from the provincial government or which are fully consolidated within these financial statements.

(2) Self-supported debt includes the debt of commercial Crown corporations and agencies that 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 Program.

Debt premium/discount is amortized on a constant yield basis. Unamortized premium/discount on bonds called and refinanced is amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter.

## Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

### 1. Significant Accounting Policies—Continued

When it has been determined that there are sufficient securities to satisfy scheduled interest and principal payments for a debt instrument, the sinking fund assets are set aside in a defeased trust account. The debt and the related securities used to extinguish the debt are removed from the province's Balance Sheet. The debt is considered extinguished for financial reporting purposes.

#### *Foreign Currency Translation*

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the exchange rate prevailing at the year-end. Foreign currency transactions are translated at the exchange rate prevailing at the date of the transaction unless hedged by forward contracts that specify the rate of exchange. 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 as deferred charges and amortized over the remaining terms of the related items on a straight-line basis. Non-monetary assets and liabilities are translated at historical rates of exchange.

#### *Derivative Financial Instruments*

The province is a party to financial instruments with off-balance sheet risk due to fluctuations in foreign currency exchange rates, interest rate fluctuations and counterparty default on financial obligations. 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 paid and received under swaps are recognized and offset against the related interest expense. Gains and losses on terminated derivative contracts are deferred and amortized over the lesser of the remaining term of the contract or the related debt.

### (e) CHANGE IN ACCOUNTING TREATMENT

#### *Employee Post-Employment Benefits*

Employees are entitled to retirement allowances as provided for under the collective agreement and terms of employment. In 2000/01, the government changed its accounting treatment to accrue this type of post-employment benefit. The estimated costs for this benefit is recorded as the employees render the services necessary to earn them. This change, made retroactively, has the effect of increasing liabilities at April 1, 2000, by \$45 million and decreasing 1999/00 surplus by \$5 million.

#### *Full Consolidation of 552513 British Columbia Ltd.*

There has been a change in accounting treatment for 552513 British Columbia Ltd. (majority shareholder of Skeena Cellulose Inc.). The company continues to be dependent upon government subsidies and does not anticipate being able to meet the criteria for a self-supported organization for the next year. Accordingly, in fiscal year 2000/01, the government classified 552513 British Columbia Ltd. as a taxpayer-supported entity and it is now recorded in these statements on a full consolidation rather than the modified equity basis. Through ownership of 552513 British Columbia Ltd., the government owns 71% of the shares of Skeena Cellulose Inc. The government's interest in Skeena Cellulose Inc. is consolidated proportionally in these statements. There has been no default on amounts owed to the province for loans it has issued that will be repaid through the minority interest share of Skeena Cellulose Inc.; therefore, these have been left as loans receivable. Since this change is not considered a change in accounting policy, comparative figures were not restated. This change resulted in an increase for 2000/01 in: assets \$221 million; liabilities \$239 million; net deficiency \$18 million; total revenue \$290 million; total expenses \$288 million; and equity in government enterprises \$59 million.

## **Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued**

### **2. Measurement Uncertainty**

Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Uncertainty exists whenever estimates are used because it is reasonably possible that there could be a material variance between the recognized amount and another reasonably possible amount.

Measurement uncertainty in these financial statements exists in the accruals for pension obligations, Canada Health and Social Transfer (CHST) and personal income tax.

The nature of the uncertainty in the accruals for pension obligations arises because actual results may differ significantly from the province's best estimates of expected results based on variables such as earnings on pension investments and life expectancy of claimants. Uncertainty related to the accrual for CHST and personal income tax arises because of the possible differences between the estimated and actual economic growth and related impact on taxes receivable.

British Columbia Hydro and Power Authority (BC Hydro), a wholly owned self-supported Crown corporation, is directly exposed to counterparty credit risk as a result of the purchase and sale of electricity and natural gas. The rapid rise of wholesale power prices and in-state supply shortages have caused significant financial hardship for a number of utilities in California. A number have accumulated large losses and defaulted on payments. As a result, BC Hydro has not recognized as revenue some amounts owed to it from sales to these utilities and has recorded provisions for uncollectible amounts, which, in management's best estimate, are sufficient to cover any remaining exposure. Due to the instability in the California market and ongoing regulatory and legal proceedings, management cannot predict the outcome and the amount ultimately collected may differ materially from management's current estimate.

## Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

### 3. Cash and Temporary Investments

	In Millions	
	2001	2000
	\$	\$
Cash (cheques issued in excess of funds on deposit) .....	(191)	279
Temporary investments <sup>1</sup> .....	745	1,290
	<b>554</b>	<b>1,569</b>

<sup>1</sup>Temporary investments consist mainly of units in the British Columbia Investment Management Corporation Pooled Investment Portfolios. Units are carried at the lower of cost of acquisition adjusted by income attributed to the units, or market value.

### 4. Warehouse Program Investments

	In Millions	
	2001	2000
	\$	\$
Temporary investments <sup>1</sup> .....	1,312	1,330
Deferred charges .....		5
	1,312	1,335
Accrued interest payable .....		(15)
	<b>1,312</b>	<b>1,320</b>

<sup>1</sup>Temporary investments consist mainly of units in the British Columbia Investment Management Corporation Pooled Investment Portfolios. Units are carried at the lower of cost of acquisition adjusted by income attributed to the units, or market value.

### 5. Accounts Receivable

	In Millions	
	2001	2000
	\$	\$
Taxes receivable .....	1,689	1,681
Trade accounts receivable .....	1,295	829
Accrued interest .....	262	270
	3,246	2,780
Provision for doubtful accounts .....	(444)	(427)
	<b>2,802</b>	<b>2,353</b>

### 6. Inventories

	In Millions	
	2001	2000
	\$	\$
Properties for resale .....	102	96
Small Business Forest Enterprise Program .....	130	135
Other .....	73	14
	<b>305</b>	<b>245</b>

## Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

### 7. Due from Other Governments

	In Millions	
	2001	2000
	\$	\$
Government of Canada:		
Current.....	211	252
Long-term .....	1	1
Provincial governments:		
Current.....	2	12
Local governments: <sup>1</sup>		
Current.....	15	6
	<b>229</b>	<b>271</b>

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

### 8. Due from Self-supported Crown Corporations and Agencies

	In Millions	
	2001	2000
	\$	\$
British Columbia Hydro and Power Authority .....	372	343
British Columbia Liquor Distribution Branch.....	1	
British Columbia Lottery Corporation.....	46	74
Columbia Power Corporation.....	3	
	<b>422</b>	<b>417</b>

See page 66 for details.

### 9. Equity in Self-supported Crown Corporations and Agencies

	In Millions			2000
	2001		Total	
	Investments	Unremitted Earnings		Total
	\$	\$	\$	\$
552513 British Columbia Ltd. <sup>1,2</sup> .....				(57)
British Columbia Hydro and Power Authority.....		1,691	1,691	1,514
British Columbia Railway Company .....	258	268	526	532
Columbia Power Corporation .....	276	13	289	264
Insurance Corporation of British Columbia .....		481	481	475
Provincial Capital Commission .....		14	14	14
	<b>534</b>	<b>2,467</b>	<b>3,001</b>	<b>2,742</b>

## Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

### 9. Equity in Self-supported Crown Corporations and Agencies—Continued

Change in Equity in Self-supported Crown Corporations and Agencies	In Millions			2000
	2001			Total \$
	Investments \$	Unremitted Earnings \$	Total \$	
Balance—beginning of year .....	510	2,232	2,742	2,885
Increase in investment.....	24		24	50
Net earnings of self-supported Crown corporations and agencies .....		1,725	1,725	1,295
Contributions paid to the Consolidated Revenue Fund .....		(1,431)	(1,431)	(1,376)
Adjustments to contributions paid .....		(136)	(136)	(109)
Adjustments to unremitted earnings .....		20	20	(3)
Transfer to consolidated entity <sup>2</sup> .....		57	57	
<b>Balance—end of year .....</b>	<b>534</b>	<b>2,467</b>	<b>3,001</b>	<b>2,742</b>

<sup>1</sup>This company owns shares in Skeena Cellulose Inc.

<sup>2</sup>552513 British Columbia Ltd. no longer meets the criteria of a self-supported Crown corporation and is no longer consolidated using the modified equity basis. It is fully consolidated in the 2000/01 Summary Financial Statements.

See pages 66 and 67 for details.

### 10. Loans, Advances and Mortgages Receivable

	In Millions	
	2001 \$	2000 \$
<b>Loans and advances</b>		
BC Student loans .....	128	65
Industrial Development Fund commercial loans .....	140	130
Land Tax Deferment loans .....	133	123
Construction loans to social housing projects .....	80	47
Capital expansion loans .....	35	
Accountable advances .....	21	15
Other (under \$20 million) .....	108	91
	645	471
Provision for doubtful accounts .....	(123)	(115)
	522	356
<b>Mortgages Receivable</b>		
Other (under \$20 million) .....	60	37
	60	37
Provision for doubtful accounts .....	(8)	(11)
	52	26
	<b>574</b>	<b>382</b>

## Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

### 10. Loans, Advances and Mortgages Receivable—Continued

The BC Student Loan program provides loans to students for higher education. Students are required to repay these loans, through a contracted service provider, to the province over a maximum of 174 months with a floating interest rate of prime plus 2.5%. Defaulted loans are due on demand with interest at a floating rate of prime plus 2.5%. The program also administers defaulted student loans issued by financial institutions under a risk sharing agreement with the province. Defaulted risk sharing loans arise due to bankruptcy or death of the student while attending school.

The Industrial Development Fund provides loans to assist the establishment of new industry, the introduction of new technology to existing industry, or the development of a region of British Columbia. These loans incur interest at rates ranging from 0% to 10.05%, and must not exceed \$600 million in total.

The Land Tax Deferral program allows eligible individuals to defer payment of all, or a portion of, annual property taxes due on residences. Eligible individuals are either 60 years or older, a surviving spouse or a disabled person. Simple interest is charged on the deferred taxes at a rate set semi-annually by the Ministry of Finance and Corporate Relations. This rate is generally 2.0% below the prime rate. The deferred taxes plus any outstanding interest must be repaid when the residence is transferred to a new owner.

Construction loans are provided by BC 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.

Capital expansion loans are made to taxpayer-supported Crown corporations and agencies for plant expansion.

Accountable advances have been issued by taxpayer-supported Crown corporations and agencies. These advances represent funds issued for program costs, which have not yet been expended in accordance with the applicable agreements.

Other includes loans and advances which are each under \$20 million.

Mortgages receivable have terms ranging from 2.5 to 20.0 years, with interest rates ranging from 4.00% to 9.58%. They include zero interest or deferred payment loans issued under the Reconstruction Program to assist owners of water-damaged homes.

### 11. Other Investments

	In Millions	
	2001	2000
	\$	\$
Government of Canada bonds.....	17	25
Provincial government bonds.....	40	35
Commercial loans and investments.....	111	121
Pooled Investment Portfolios.....	93	80
Investment in Western Star Trucks Holdings Ltd.....		60
Banker's acceptances, investments and deposits of Columbia Basin Trust.....	56	46
Pooled and managed investment funds of Forest Renewal BC.....	32	24
Other (under \$20 million).....	29	34
	378	425
Provision for doubtful accounts.....	(126)	(126)
	<b>252</b>	<b>299</b>

## Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

### 11. Other Investments—Continued

Government of Canada bonds have a market value of \$17.9 million (par value \$16.0 million), with yields ranging from 4.599% to 4.789%. Maturity dates range from April 1, 2002 to February 1, 2003.

Provincial bonds of various provinces have a market value of \$42.7 million (par value \$38.1 million), with yields ranging from 4.671% to 5.971%. Maturity dates range from August 29, 2001 to July 22, 2013.

Commercial loans and investments are recorded at lower of cost of acquisition adjusted by attributed income and market value.

Pooled investment portfolios consist of units in the British Columbia Investment Management Corporation's BC Focus Fund and Illiquid Fund. These Funds investments consist primarily of debt and equity holdings of privately held companies.

Bankers acceptances and deposits held by Columbia Basin Trust have maturities of one to five years, with 80% of the holdings maturing within one year. Deposit holdings are not marketable, but Columbia Basin Trust may, on ninety days written notice, redeem up to 10% of deposits initially made for a period of one year or longer, without cost or penalty, provided that such redemption occurs only once during a particular deposit's term.

Investments held by Forest Renewal BC include a \$10 million pooled investment fund deposit, a \$20 million managed investment fund deposit, and a \$2 million specialty fund deposit. The pooled investment fund deposit is to provide loan assistance for infrastructure projects, and is held by the Municipal Finance Authority. Interest is paid quarterly at a rate of 5.51%. The deposit is repayable March 31, 2008. The managed investment fund deposits are repayable March 15, 2029 to March 31, 2031. Income earned on these deposits up to specified maximums can be used by certain universities for endowment program expenditures. The specialty fund deposit is held with Provincial Treasury. Income earned in the fund will be used by the BC Wood Specialties Group, starting in 2004. The fund was established March 29, 2001, and continues until March 31, 2024.

### 12. Loans for Purchase of Assets, Recoverable from Agencies

	In Millions	
	2001	2000
	\$	\$
552513 British Columbia Ltd. <sup>1</sup> .....		31
British Columbia Hydro and Power Authority .....	6,703	6,753
British Columbia Railway Company .....	584	606
Columbia Power Corporation.....	20	
Improvement districts .....	6	4
Oak Bay Lodge.....		1
Pacific Racing Association.....	5	5
Post-secondary educational institutions .....	124	130
	7,442	7,530
Provision for doubtful accounts .....	(5)	
	<b>7,437</b>	<b>7,530</b>

<sup>1</sup>This company owns shares in Skeena Cellulose Inc.

## Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

### 13. Other Assets

	In Millions	
	2001	2000
	\$	\$
Prepaid program costs <sup>1</sup> .....	118	81
Deferred debt instrument costs .....	146	196
Deferred treaty costs.....	28	32
Other deferred costs.....	47	31
	<b>339</b>	<b>340</b>
	<b>339</b>	<b>340</b>

<sup>1</sup>Includes inventories of operating material held in the Purchasing Commission and Queen's Printer warehouses pending distribution in a subsequent fiscal year.

### 14. Prepaid Capital Advances

	In Millions	
	2001	2000
	\$	\$
Health facilities .....	2,666	2,301
Post-secondary educational institutions .....	2,218	2,178
Schools .....	5,926	5,579
	10,810	10,058
Accumulated amortization.....	(3,905)	(3,541)
	<b>6,905</b>	<b>6,517</b>
	<b>6,905</b>	<b>6,517</b>

### 15. Tangible Capital Assets

	In Millions	
	2001	2000
	Net Book Value	Net Book Value
	\$	\$
Land .....	653	600
Buildings .....	1,132	1,123
Highway infrastructure.....	6,143	5,872
Ferries and related infrastructure .....	588	620
Transportation equipment .....	1,932	1,613
Computer hardware and software .....	279	267
Other .....	258	149
	<b>10,985</b>	<b>10,244</b>
	<b>10,985</b>	<b>10,244</b>

See Statement of Tangible Capital Assets on page 68.

The estimated useful lives of the more common tangible capital assets are: buildings (10–50 years); highway infrastructure (15–40 years); ferries and related infrastructure (5–40 years); transportation equipment (5–40 years); computer hardware and software (3–5 years); and other (including vehicles, specialized equipment, and furniture and equipment) (5–20 years). Tenant improvements (included in buildings) are amortized over 5 years or the length of the relevant lease term.

## Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

### 16. Accounts Payable and Accrued Liabilities

	In Millions	
	2001	2000
	\$	\$
Trade accounts payable and other liabilities .....	1,532	1,348
Accrued interest on debt.....	824	820
Accrued employee leave entitlements.....	238	222
Other accrued estimated liabilities <sup>1</sup> .....	525	534
	<b>3,119</b>	<b>2,924</b>
	<b>3,119</b>	<b>2,924</b>

<sup>1</sup>Includes pending litigation, provision for guaranteed debt payout and other miscellaneous accrued claims.

### 17. Due to Other Governments

	In Millions	
	2001	2000
	\$	\$
Government of Canada:		
Current.....	57	46
Provincial governments:		
Current.....	12	8
Local governments: <sup>1</sup>		
Current.....	9	29
Long-term .....	26	20
	<b>104</b>	<b>103</b>
	<b>104</b>	<b>103</b>

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

### 18. Due to Crown Corporations, Agencies and Funds

	In Millions	
	2001	2000
	\$	\$
British Columbia Liquor Distribution Branch.....		7
Health care organizations .....		13
Post-secondary educational institutions .....	2	2
Trust funds.....	69	60
	<b>71</b>	<b>82</b>
	<b>71</b>	<b>82</b>

**Notes to Summary Financial Statements**  
**for the Fiscal Year Ended March 31, 2001—Continued**

**19. Deferred Revenue**

	In Millions	
	2001	2000
	\$	\$
Medical Services Plan premiums .....	54	58
Motor vehicle licences and permits.....	160	157
Petroleum, natural gas and minerals, leases and fees .....	29	27
Water rentals and recording fees .....	82	83
Derivative debt instruments .....	1	12
Unearned lease revenue .....	95	92
Federal and municipal highway project revenues .....	33	13
Miscellaneous.....	126	85
	<b>580</b>	<b>527</b>
	<b>580</b>	<b>527</b>

**20. Unfunded Pension Liabilities**

	In Millions	
	2001	2000
	\$	\$
Public Service Pension Plan .....		124
Members of the Legislative Assembly Superannuation Plan .....	13	7
Municipal Superannuation Plan .....	149	357
Teachers' Pension Plan .....	1,315	1,565
	<b>1,477</b>	<b>2,053</b>
	<b>1,477</b>	<b>2,053</b>

The province contributes to defined benefit pension plans for substantially all its employees and for Members of the Legislature. The plans provide pensions based on length of service and final average earnings. They do not provide for inflation protection other than that set aside in special inflation accounts. The government's contributions to pensioners post-retirement group benefits are also made to these accounts and are expensed in the year they occur.

The Public Service Pension Plan and the College Pension Plan are joint trusteeship plans in which control of the pension plans and their assets are assumed by a pension board made up of government and plan member representatives. Under these agreements, the government has no formal claim on pension plan surpluses and is liable for only 50% of any resulting unfunded liabilities. Subsequent to the fiscal year end, on April 5, 2001, joint trusteeship agreements were entered into for both the Municipal Superannuation Plan and the Teachers' Pension Plan. The future accounting of these plans is described in Note 33 of these financial statements.

## Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

### 20. Unfunded Pension Liabilities—Continued

The unfunded pension liability for each plan consists of the accrued benefit obligation less the pension fund assets and any unamortized estimation adjustments and provisions, as follows:

	In Millions					Total
	Public Service Pension Plan	Members of Legislative Assembly Superannu- ation Plan	Municipal Superannu- ation Plan	Teachers' Pension Plan	College Pension Plan	
	\$	\$	\$	\$	\$	\$
Accrued benefit obligation.....	7,376		9,919	8,576	700	26,571
Pension fund assets .....	8,495		10,254	8,217	897	27,863
	(1,119)		(335)	359	(197)	(1,292)
Unamortized estimation adjust- ments.....		13	547	956		1,516
Accrued liability (asset) .....	(1,119)	13	212	1,315	(197)	224
Provincial share .....	(559)	13	149	1,315	(98)	820
Valuation allowance .....	559				98	657
<b>Balance Sheet total.....</b>	<b>0</b>	<b>13</b>	<b>149</b>	<b>1,315</b>	<b>0</b>	<b>1,477</b>

The accrued benefit obligations and pension assets shown for 2000/01 are based on extrapolations of the most recent actuarial reports as follows: Public Service Pension Plan: March 31, 1999; Municipal Superannuation Plan: December 31, 1997; Teachers Pension Plan: December 31, 1999; and College Pension Plan: August 31, 1997. Actuarial valuations are performed every three years for all plans except the Members of the Legislative Assembly Superannuation Plan. Reported balances are derived from the estimated benefit obligations less the estimated assets of the funds. The estimation adjustments resulting from fund performance changes experienced in the periodic actuarial reports are amortized on a straight-line basis over the expected average remaining service life of the related employee groups (10.5 to 10.7 years for the Municipal Superannuation Plan; 12.5 to 12.66 years for the Teachers Pension Plan). Because the Public Service Pension Plan's and the College Pension Plan's assets are based on initial actuarial valuations at the time they became joint trusteeship plans, there are no unamortized estimation adjustments as at March 31, 2001, for either plan. The reported balance sheet totals for the Public Service Pension Plan and the College Pension Plan are effected by the joint trusteeship agreements. Under these agreements, the province's share of the accrued liability or asset is 50%. However, since the government has no formal claim on accrued asset amounts until such time as they are applied to employer purposes by the trustees, a valuation allowance has been provided to write down the value of the asset to its net realizable value at the balance sheet date. The reported balance sheet total for the Municipal Superannuation Plan is based on the province's share (70%) of the accrued liability balance.

Actuarial valuations for accounting purposes are performed triennially on all plans except the Members of the Legislative Assembly Superannuation Plan, using the projected benefit method pro-rated on services. The assumptions used in the valuations were based on the government's estimates of expected long-term rates and short-term forecasts. Each plan's future experience will inevitably vary from the assumptions. Differences between the actuarial assumptions and future experience will emerge as gains or losses, estimation adjustments, in future valuations.

## Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

### 20. Unfunded Pension Liabilities—Continued

Key actuarial assumptions used in the valuations include a long-term annual rate of return on pension fund assets of 7.30% for the Public Service Pension Plan, 7.25% for the Municipal Pension Plan, 7.50% for the Teachers Pension Plan, and 7.10% for the College Pension Plan, and long-term annual salary increases of 4.80% for the Public Service Pension Plan, 4.75% for the Municipal Pension Plan, 5.00% for the Teachers Pension Plan, and 4.60% for the College Pension Plan.

A separate pension fund is maintained for each pension plan except for the Members of the Legislative Assembly Superannuation Plan. Pension plan fund assets consist primarily of direct ownership in units of pooled investment portfolios, managed by the British Columbia Investment Management Corporation under the general management of the British Columbia Pension Corporation.

The total pension-related expense consists of the following components:

	In Millions	
	2001	2000
	\$	\$
Current period benefit cost .....	551	508
Prior period cost of plan amendment.....		142
Amortization of estimation adjustments .....	(270)	(217)
Employee/employer contributions .....	(790)	(720)
Expected interest on accrued benefit asset .....	(90)	(85)
Expected interest on accrued benefit liability .....	41	95
Valuation allowance—accrued benefit asset.....	657	
	<b>99</b>	<b>(277)</b>

The following tables provide a detailed breakdown of the total pension-related expenses by pension plan:

	In Millions	
	2001	2000
	\$	\$
<b>Public Service Pension Plan</b>		
Current period benefit cost .....	149	171
Prior period cost of plan amendment.....		142
Amortization of estimation adjustments .....	(104)	(138)
Employee/employer contributions .....	(95)	(117)
Expected interest on accrued benefit asset .....	(66)	(74)
Valuation allowance—accrued benefit asset.....	559	
	<b>443</b>	<b>(16)</b>

	In Millions	
	2001	2000
	\$	\$
<b>Members of the Legislative Assembly Superannuation Plan</b>		
Current period benefit cost .....	<b>6</b>	<b>0</b>

**Notes to Summary Financial Statements**  
**for the Fiscal Year Ended March 31, 2001—Continued**

**20. Unfunded Pension Liabilities—Continued**

	In Millions	
	2001	2000
<b>Municipal Superannuation Plan</b>	\$	\$
Current period benefit cost .....	167	167
Amortization of estimation adjustments .....	(51)	(51)
Employee/employer contributions .....	(314)	(314)
Expected interest on accrued benefit asset .....	(11)	
	<b>(209)</b>	<b>(198)</b>
	<b>(209)</b>	<b>(198)</b>

	In Millions	
	2001	2000
<b>Teachers, Pension Plan</b>	\$	\$
Current period benefit cost .....	207	148
Amortization of estimation adjustments .....	(115)	(28)
Employee/employer contributions .....	(381)	(289)
Expected interest on accrued benefit liability .....	41	95
	<b>(248)</b>	<b>(74)</b>
	<b>(248)</b>	<b>(74)</b>

	In Millions	
	2001	2000
<b>College Pension Plan</b>	\$	\$
Current period benefit cost .....	22	22
Expected interest on accrued benefit asset .....	(13)	(11)
Valuation allowance—accrued benefit asset .....	98	
	<b>107</b>	<b>11</b>
	<b>107</b>	<b>11</b>

The audited financial statements of each pension plan listed, along with full descriptions, benefit formulas, inflation assumptions and funding policies, are published on the British Columbia Pension Corporation web site.

## Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

### 21. Taxpayer-Supported Debt<sup>1</sup>

In Millions							
	Year of Maturity	Canadian Dollar	US Dollar <sup>2</sup>	Japanese Yen <sup>2</sup>	Other Currencies <sup>2</sup>	2001 Canadian Dollar Total	2000 Canadian Dollar Total
Short-term promissory notes.....	2001						1,158
	2002	786	41			827	
Notes, bonds and debentures <sup>3</sup> .....	2001						2,026
	2002	1,894			197	2,091	2,006
	2003	1,049	1,200			2,249	2,185
	2004	1,391			410	1,801	1,755
	2005	1,110	100		585	1,795	1,607
	2006	1,785				1,785	1,986
	2006–2011	4,910	1,202	262	1,203	7,577	6,604
	2011–2016	3,803	155			3,958	4,008
	2016–2021	528				528	379
	2021–2026	2,260				2,260	2,260
	2026–2031	2,810				2,810	2,410
	2031–2036	486				486	
	2036–2041	365				365	365
<b>Total debt issued at face value.....</b>		<b>23,177</b>	<b>2,698</b>	<b>262</b>	<b>2,395</b>	28,532	28,749
Sinking funds <sup>4</sup> .....						(3,761)	(3,840)
Unamortized discount .....						(134)	(113)
Amount held in the Consolidated Revenue Fund .....						(18)	(2)
<b>Total taxpayer-supported debt .....</b>						<b>24,619</b>	<b>24,794</b>

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

2001 .....	7.08
2000 .....	7.30

<sup>1</sup>The balances and interest rates reflect the impact of the related derivative contracts, presented in Note 23 (Risk Management and Derivative Financial Instruments).

<sup>2</sup>Foreign currencies include: \$1,804 million US (\$2,698 million Canadian); 22,000 million Japanese yen (\$262 million Canadian); 191 million Pound Sterling (\$409 million Canadian); 800 million Swiss Francs (\$782 million Canadian); 703 million Deutsche Mark (\$576 million Canadian); and 2,500 million French Francs (\$628 million Canadian).

<sup>3</sup>Notes, bonds and debentures include bank loans, capital leases and mortgages payable.

<sup>4</sup>Sinking fund balances include assets totalling \$109 million (2000: \$83 million) invested in the Matched Book Program and assets totalling \$3,652 million (2000: \$3,757 million) set aside for orderly repayment of debt. Sinking funds at March 31, 2001, totalling \$140 million US (2000: \$131 million US) act as a natural hedge of the US dollar debentures.

## Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

### 21. Taxpayer-Supported Debt<sup>1</sup>—Continued

#### Notes, bonds and debentures

##### *Redeemable by the bond holder*

Balances include debentures issued to the Canada Pension Plan totalling \$3,409 million (2000: \$3,339 million) at a weighted average interest rate of 10.93% (2000: 11.17%). These debentures mature at various dates from April 10, 2001 to October 10, 2020, with interest rates varying between 5.61% and 17.51%. These debentures are redeemable in whole or in part before maturity, on six months' prior notice, at the option of the Minister of Finance of Canada, subject to certain restrictions. During the year, \$149 million in Canada Pension Plan debentures were issued. Under Canada Pension Plan legislation, any significant amendment to benefits or contributions requires the approval of the legislature of two-thirds of the provinces.

Balances include 5.40% debentures, due December 4, 2026, totalling \$40 million (2000: \$40 million). The holders have a put option which, if exercised, would result in the bond maturing on December 4, 2002. If the option is not exercised, the bond will be redeemed for \$50 million (2000: \$50 million) on December 4, 2026, and the coupon rate on the bond will be 7.00% for the period December 5, 2002 to December 4, 2026.

Balances include 5.45% debentures, due August 17, 2028, totalling \$200 million (2000: \$200 million). The holders have a put option which, if exercised, would result in the bond maturing on August 17, 2005. If the option is not exercised, the debenture will mature on August 17, 2028, and the effective rate on the bond will be 5.62% for the period August 17, 2005 to August 17, 2028.

Balances include 5.86% debentures due June 18, 2029, totalling \$250 million (2000: \$250 million). The holders have a put option which, if exercised, would result in the bond maturing on June 19, 2006. If the option is not exercised, the debenture will mature on June 18, 2029.

Balances include British Columbia Savings Bonds totalling \$702 million (2000: \$930 million) maturing at dates from October 15, 2001 to October 15, 2007, and with an effective rate of 5.60% are redeemable at par by the holder each April 15 and October 15 prior to maturity.

##### *Redeemable by the province*

Issues totalling \$210 million (2000: \$210 million) with effective rates ranging from 4.56% to 5.21% are redeemable at par at the province's option on dates ranging from June 14, 2001 to December 14, 2010.

##### *Defeasances*

At March 31, 2001, sufficient securities had been set aside in an irrevocable trust to satisfy the scheduled interest and principal payment requirements of \$1,114 million (2000: \$1,313 million). The related debt is considered extinguished for financial reporting purposes.

Aggregate payments for the next five years to meet sinking fund and retirement provisions are:

	In Millions Canadian Dollar
2002 .....	1,588
2003 .....	1,767
2004 .....	1,288
2005 .....	1,502
2006 .....	1,580

## Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

### 22. Self-Supported Debt<sup>1</sup>

		In Millions					2001	2000
	Year of Maturity	Canadian Dollar	US Dollar <sup>2</sup>	Japanese Yen <sup>2</sup>	Other Currencies <sup>2</sup>	Canadian Dollar Total	Canadian Dollar Total	
Short-term promissory notes.....	2001						1,770	
	2002	35	1,307			1,342		
Notes, bonds and debentures <sup>3</sup> .....	2001						125	
	2002	404				404	404	
	2003		442			442	407	
	2004	300	315			615	591	
	2005	388	263	135		786	886	
	2006	356				356	306	
	2006–2011	1,663	200		150	2,013	1,685	
	2011–2016	500				500	400	
	2016–2021	600				600	600	
	2021–2026	696	789			1,485	1,423	
	2026–2031	250				250	650	
	2031–2036	414				414		
	2036–2041	50	473			523	486	
<b>Total debt issued at face value.....</b>		<b>5,656</b>	<b>3,789</b>	<b>135</b>	<b>150</b>	9,730	9,733	
Sinking funds <sup>4</sup> .....						(1,089)	(923)	
Unamortized discount .....						(22)	(99)	
<b>Total self-supported debt .....</b>						<b>8,619</b>	<b>8,711</b>	

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

2001 .....	7.04
2000 .....	6.92

<sup>1</sup>The balances and interest rates reflect the impact of the related derivative contracts, presented in Note 23 (Risk Management and Derivative Financial Instruments).

<sup>2</sup>Foreign currencies include: \$2,434 million US (\$3,789 million Canadian); 10,000 million Japanese yen (\$135 million Canadian); 637 million French Francs (\$150 million Canadian).

<sup>3</sup>Notes, bonds and debentures include bank loans, capital leases and mortgages payable.

<sup>4</sup>Sinking funds at March 31, 2001, totalling \$436 million US (2000: \$401 million US) act as a natural hedge of the US dollar debentures and short-term promissory notes.

### Notes, bonds and debentures

#### *Redeemable by the bond holder*

Balances include debentures issued to the Canada Pension Plan totalling \$341 million (2000: \$341 million) at a weighted average interest rate of 11.10% (2000: 11.10%). These debentures mature at various dates from July 10, 2004 to June 9, 2009, with interest rates varying between 9.62% and 14.06%. These debentures are redeemable in whole or in part before maturity, on six months' prior notice, at the option of the Minister of Finance of Canada, subject to certain restrictions. During the year, no Canada Pension Plan debentures were issued for self-supported debt. Under Canada Pension Plan legislation, any significant amendment to benefits or contributions requires the approval of the legislature of two-thirds of the provinces.

## Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

### 22. Self-Supported Debt<sup>1</sup>—Continued

Balances include a \$200 million US (2000: \$200 million US) note with an effective rate of 5.68% maturing January 15, 2004. This note was translated at the exchange rate prevailing at year-end. The bond holder or the issuer may redeem the note on any interest payment date on thirty days' notice.

Aggregate payments for the next five fiscal years to meet sinking fund and retirement provisions are:

	In Millions Canadian Dollar
2002 .....	413
2003 .....	448
2004 .....	573
2005 .....	748
2006 .....	345

### 23. 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 interest rate fluctuations and foreign exchange rate fluctuations. In accordance with risk management policy guidelines set by the Risk Committee of the Ministry of Finance and Corporate Relations, the province uses a variety of derivative financial instruments to hedge exposure to these risks.

Derivatives used by the province include interest rate swaps, cross-currency swaps, forward foreign exchange contracts, forward rate agreements, and options. A derivative instrument is a financial contract with a financial institution or counterparty which is applied to effect a hedge on interest rate or foreign exchange exposure contained in the underlying provincial debt instrument. A derivative derives value from the impact of market changes on the underlying hedged debt instrument. All derivative instruments entered into by the province are recorded off-balance sheet, which is consistent with the Canadian Institute of Chartered Accountants' accounting guidelines for non-speculative hedge instruments.

## Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

### 23. Risk Management and Derivative Financial Instruments—Continued

The following tables present maturity schedules of the province's derivatives, by type, outstanding at March 31, 2001, based on the notional amounts of the contracts:

#### Taxpayer-supported Debt

Year of Maturity	In Millions			
	Cross Currency Swaps	Interest Rate Swaps	Forward Foreign Exchange Contracts	Total
2002	197	100	41	338
2003	234	515		749
2004	410	6		416
2005	685	95		780
2006		270		270
6–10 years	3,089	2,328		5,417
Over 10 years	218	1,114		1,332
<b>Total</b> .....	<b>4,833</b>	<b>4,428</b>	<b>41</b>	<b>9,302</b>

#### Self-supported Debt

Year of Maturity	In Millions			
	Cross Currency Swaps	Interest Rate Swaps	Forward Foreign Exchange Contracts	Total
2002		300		300
2003		563		563
2004				
2005	467			467
2006		284		284
6–10 years	350	150		500
Over 10 years				
<b>Total</b> .....	<b>817</b>	<b>1,297</b>	<b>0</b>	<b>2,114</b>

#### *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 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, allow floating rate debt exposure up to 45.00% of debt. At March 31, 2001, floating rate debt exposure was 36.60% (2000: 35.56%) of debt.

Under current policy guidelines for British Columbia Hydro and Power Authority (BC Hydro), the maximum floating rate debt exposure is 35.00% of debt. At March 31, 2001, floating rate debt exposure for BC Hydro was 19.00% (2000: 29.50%) of debt.

A 1.00% increase in interest rates would result in an increase in the debt servicing expense of \$71 million for taxpayer-supported debt and \$21 million for self-supported debt.

## Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

### 23. 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 to hedge foreign exchange risk by converting foreign currency principal and interest cash flows into Canadian dollar cash flows. Within specified limits set by policy, the province and provincial corporations may assume only unhedged exposure to US dollars and Japanese yen.

The government's current policy guidelines, with respect to the provincial government direct debt portfolio, allow unhedged foreign debt exposure up to 10.00% of debt. At March 31, 2001, unhedged foreign debt exposure, in US dollars and Japanese yen, was 7.52% (2000: 7.46%) of debt.

Under current policy guidelines for BC Hydro, the maximum unhedged foreign debt exposure is 44.00% of debt. At March 31, 2001, 38.60% (2000: 34.70%) of debt was in the form of unhedged foreign debt in US dollars.

A one cent decrease in the Canadian dollar versus the US dollar would result in an increase in the debt servicing expense of \$13 million for taxpayer-supported debt and \$10 million for self-supported debt. A decrease in the value of the Canadian dollar of one yen would result in an increase to debt servicing expenses of \$1 million for taxpayer-supported debt.

#### *Credit risk*

Credit risk is the risk that the province will incur financial loss due to a counterparty defaulting on its financial obligation to the province. In accordance with the government's policy guidelines, credit risk is reduced by dealing with only highly rated counterparties. The province only enters into derivative transactions with counterparties that have a rating from Moody's Investors Service and Standard & Poor's of at least AA-/Aa3 or A+/A1 in the case of Canadian Schedule A banks. The province also establishes limits on individual counterparty credit exposures and monitors these exposures on a regular basis.

## Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

### 24. Net Equity (Deficiency)

	In Millions	
	2001	2000
	\$	\$
Net equity (deficiency)—beginning of year as previously reported <sup>1</sup> .....	(4,965)	(4,992)
Adjustments made to 1999/00 net deficiency due to changes in accounting treatment:		
Capitalization of furniture and equipment <sup>2</sup> .....		31
Record liability for employee future benefits <sup>3</sup> .....		(51)
Miscellaneous adjustments <sup>4</sup> .....		10
British Columbia Railway Company accrued vacation pay adjustment <sup>5</sup> .....		(3)
Include 552513 British Columbia Ltd. as a consolidated entity <sup>6</sup> .....	(25)	
Adjustment to Insurance Corporation of British Columbia unremitted earnings <sup>7</sup> ..	20	
Net equity (deficiency)—beginning of year as restated <sup>1</sup> .....	(4,970)	(5,005)
Surplus for the year <sup>1</sup> .....	1,498	40
<b>Net equity (deficiency)—end of year</b> .....	<b>(3,472)</b>	<b>(4,965)</b>

<sup>1</sup>Net equity (deficiency) has been restated to apply changes in accounting treatment and correction of errors. The total impact of these changes has the effect of increasing the 1999/00 opening net deficiency by \$13 million (from \$4,992 million to \$5,005 million) and decreasing the surplus for the year by \$12 million (from \$52 million to \$40 million).

<sup>2</sup>Furniture and equipment were capitalized in 2000/01 as part of the phased-in approach to the capitalization of tangible capital assets. This change has the effect of increasing 1999/00 tangible capital assets by \$24 million and decreasing the 1999/00 surplus by \$7 million.

<sup>3</sup>In 2000/01, the Consolidated Revenue Fund and various Crown corporations changed accounting policies to accrue the estimated costs for employee future benefits as the employees render the services necessary to earn them. This change has the effect of increasing the 1999/00 accrued employee leave liability by \$56 million and decreasing the 1999/00 surplus by \$5 million.

<sup>4</sup>Miscellaneous adjustments consist of a \$7 million adjustment for a prior year adjustment related to 552513 British Columbia Ltd. and a correction of an error that increases tangible capital assets by \$3 million.

<sup>5</sup>In 2000/01, British Columbia Railway Company recorded a prior period adjustment which increased its liability for accrued vacation pay by \$3 million. This entry has the effect of reducing the 1999/00 unremitted earnings by \$3 million.

<sup>6</sup>In 2000/01, an adjustment was required to include 552513 British Columbia Ltd. as a consolidated entity.

<sup>7</sup>This adjustment is to record the earnings of the Insurance Corporation of British Columbia (ICBC) for the period January 1 to March 31, 1999, which has not been recorded due to a change made last year to use the April 1 to March 31 earnings of ICBC when preparing the Summary Financial Statements.

### 25. Net Liabilities

	In Millions	
	2001	2000
	\$	\$
<b>Change in net liabilities:</b>		
(Surplus) deficit for the year .....	(1,498)	(40)
Impact of prepaid capital advances.....	388	379
Impact of tangible capital assets.....	741	438
Increase (decrease) in net liabilities .....	(369)	777
Impact of accounting adjustment to net deficiency.....	5	
Net liabilities—beginning of year .....	21,726	20,949
<b>Net liabilities—end of year</b> .....	<b>21,362</b>	<b>21,726</b>

The net liabilities calculation uses the expenditure, rather than the expense, basis of accounting. Under the expenditure basis of accounting, prepaid capital advances and tangible capital assets are recorded as expenditures when calculating the current year surplus or deficit. Under the expense basis of accounting, prepaid capital advances and tangible capital assets are recorded on the Balance Sheet as assets and amortized over an applicable period of time.

## Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

### 26. Contingencies and Commitments

#### (a) GUARANTEED DEBT

Guaranteed debt as at March 31, 2001, totalled \$447 million (2000: \$698 million). *See* Statement of Guaranteed Debt on page 69 for details.

#### (b) CONTINGENT LIABILITIES

##### (i) Litigation and Other Claims

The government is a defendant in legal actions and is involved in matters such as expropriation compensation disputes and tax assessment appeals. These matters may give rise to future liabilities.

These potential liabilities are accrued when it is likely that a liability exists and the amount of the liability can be reasonably estimated on an individual or portfolio basis (*see* Note 16—Other accrued estimated liabilities).

The government has contingent liabilities in respect of the following summary of matters where the estimated or known claim is or exceeds \$100,000 and is net of accrued amounts:

	In Millions	
	2001	2000
	\$	\$
Timber harvesting rights disputes .....	37	237
Expropriation disputes.....	79	62
Contract disputes.....	285	59
Damages to persons or property.....	77	29
Property access disputes.....	25	23
Tax disputes .....	10	18
Motor vehicle accidents .....	12	9
Negligence and miscellaneous .....	62	15
	<b>587</b>	<b>452</b>

On March 28, 1998, the federal government announced the establishment of a \$1.1 billion fund to compensate Hepatitis C victims who were infected as a result of blood transfusions between 1986 and 1990. The value of the settlement includes payments of \$1.1 billion plus a contingent liability of \$18 million for the Red Cross and interest accrued on these balances as of April 1, 1998. The federal government will contribute \$800 million and the provincial and territorial governments will contribute \$300 million. A liability has been accrued based on the estimated costs of future payments for claims. The outcome of claims may exceed the accrued amount but this additional exposure cannot be determined with certainty.

##### (ii) Other Contingent Liabilities

The government also has contingent liabilities in the form of indemnities, indirect guarantees and outstanding claims. Where indemnities are for explicit quantifiable loans, the amounts are included in the guaranteed debt note above.

The government is responsible for the environmental clean up of numerous contaminated sites in the province. Based on preliminary environmental audits of some sites, a liability has been recorded based upon the minimum estimated clean up costs, where an estimate has been provided. Maximum estimated clean up costs for sites under evaluation would increase the liability by at least \$90 million at March 31, 2001. Many other sites remain to be evaluated; this future liability is not determinable.

The Insurance Corporation of British Columbia (the Corporation) has settled some claims which require the Corporation to provide claimants with periodic payments, usually for a lifetime. The Corporation has purchased annuities from approved life insurance companies to make these

## Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

### 26. Contingencies and Commitments—Continued

payments. The list of approved insurance companies is determined by ongoing analysis of total assets, credit rating reports, and past service history. The gross amounts of these settlements at December 31, 2000, was approximately \$498 million (December 31, 1999: \$460 million). In the event a life insurance company fails in this obligation, the Corporation remains responsible to continue the payments.

The unsecured creditors of Skeena Cellulose Inc. are entitled to additional amounts of up to 10% of their claims, to a total of \$10 million, if minimum wood pulp prices and company cash flow requirements are met as set out under the *Companies' Creditors Arrangement Act* Plan. The Plan states that these minimum requirements must occur in a fiscal year prior to and including 2004. These amounts have not been recognized in the Summary Financial Statements, as it is the opinion of Skeena Cellulose Inc. management that the realization of the minimum requirements is not determinable.

BC Transportation Financing Authority has contingent liabilities of \$103 million remaining after deducting the estimated settlement expense currently accrued from gross claims outstanding for capital projects.

At March 31, 2001, Rapid Transit Project 2000 Ltd. (RTP2000) was reviewing various contract changes and claims relating to schedule delays. As at March 31, 2001, one legal claim in the amount of \$33 million (plus damages and costs) had been filed. This claim is in dispute. RTP2000 has not accrued any costs related to these items, since the eventual outcome, and potential amount, if any, of these claims is presently indeterminable.

#### (iii) Aboriginal Land Claims

The absence of treaties in most of British Columbia has resulted in a number of outstanding aboriginal land claims across the province. The provincial position is that these claims should be resolved through negotiation, not litigation. Most First Nations agree that the negotiation of claims is the better way to resolve this issue.

A formal process for treaty negotiations in British Columbia has been agreed to amongst the province, Canada and the First Nations Summit. Negotiations commenced in 1994. The province anticipates that these negotiations will result in modern-day treaties defining the boundaries and nature of First Nations treaty settlement lands and rights and ensure a more stable environment for resource development in British Columbia.

The British Columbia Treaty Commission facilitates treaty negotiations under a six-stage negotiation process. As of March 31, 2001, there were 41 active treaty tables in the process representing two-thirds of the aboriginal people in British Columbia. In addition, there were three transboundary tables. The Sechelt Indian Band was in the final negotiation stage; thirty-seven tables were in the Agreement in Principle stage of negotiations, four were in the Framework Agreement stage and two were in the Readiness stage.

When final treaty agreements are ratified, the provincial cost of treaties is recorded in the Public Accounts. Costs are amortized over the same period as the period of capital transfers established in final agreements. The Nisga'a treaty was given royal assent by the federal government on April 13, 2000. The provincial cost of the Nisga'a treaty has been recorded and will be amortized over 15 years.

If a final treaty is negotiated which contains the same terms as the Sechelt Agreement in Principle, Sechelt Treaty Land would amount to approximately 1,988 hectares. The province would transfer \$4.2 million in capital transfers over a number of years.

Since the Supreme Court of Canada decision on December 11, 1997 of *Delgamuukw v. Her Majesty the Queen in Right of British Columbia and Attorney General of Canada* there has been an increase in cases involving aboriginal rights.

The *Delgamuukw* case itself set out a framework for analyzing aboriginal title but did not find that the Gitksan and Wet'suwet'en First Nations held aboriginal title. Instead, the court referred the

## Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

### 26. Contingencies and Commitments—Continued

matter back for a new trial. At this time, the Gitksan and Wet'suwet'en have taken no steps to initiate that action.

Several First Nations have commenced litigation claiming aboriginal title over their traditional lands and/or challenging provincial approvals regarding resource extraction on those lands. These challenges are often commenced on the basis that the provincial Crown has not consulted adequately with respect to aboriginal rights or title. There are also several cases, which challenge the province's exclusive ownership of roads that traverse reserves and seek compensation for the use of those roads. The result of these actions is not determinable at this time.

#### (c) COMMITMENTS

The government has ongoing operational and capital commitments to fund a variety of programs for public welfare including health, education, social services, protection of persons and properties, and management of natural resources. In addition, the government normally contracts out construction or maintenance of its roads, bridges and buildings. All these ongoing operational and capital commitments are detailed in the Estimates published yearly and are not repeated in this note. Any significant non-operating commitments (less than five years duration costing more than \$50 million) and their completion costs are detailed in this note.

The Insurance Corporation of British Columbia has \$120.8 million in outstanding commitments related to the Central City development, whose estimated total development cost is \$209.4 million.

Arrow Lake Power Company, consolidated under the Columbia Power Corporation, entered into a turn-key, design-build contract for approximately \$210 million for the construction of the ALGS Powerplant due to be completed by the end of 2001.

At the end of each year, the BC Transportation Financing Authority has a number of general commitments outstanding for ongoing infrastructure projects. The approved capital program for 2001/02 is \$301.1 million.

### 27. Revenue

	In Millions	
	2001	2000
<b>Taxation revenue includes:</b>	\$	\$
Personal income .....	6,015	5,839
Corporation income .....	1,054	943
Social service.....	3,605	3,347
Property .....	1,694	1,413
Other.....	1,947	2,192
	<b>14,315</b>	<b>13,734</b>

See notes at end of the Schedule of Net Revenue by Source on page 86 for additional information on taxation revenue.

	In Millions	
	2001	2000
<b>Investment earnings include:</b>	\$	\$
Warehouse Program .....	112	79
Other.....	182	119
	<b>294</b>	<b>198</b>

**Notes to Summary Financial Statements  
for the Fiscal Year Ended March 31, 2001—Continued**

**28. Expense**

	In Millions	
	2001	2000
<b>Interest expense by function:</b>	\$	\$
Health .....	157	131
Education .....	460	455
Transportation.....	90	89
Interest .....	1,873	1,769
	<b>2,580</b>	<b>2,444</b>

	In Millions	
	2001	2000
<b>Total expense by group account classification:</b>	\$	\$
Grants and contributions.....	17,775	16,461
Salaries and benefits.....	2,436	2,351
Operating costs.....	2,451	2,150
Amortization .....	521	478
Interest <sup>1</sup> .....	1,873	1,769
Other <sup>1</sup> .....	1,233	1,345
	<b>26,289</b>	<b>24,554</b>

<sup>1</sup>For 2000/01, interest expense of \$707 million (2000: \$675 million) is included in Other.

**29. Expense Due to Valuation Allowances**

	In Millions	
	2001	2000
	\$	\$
Accounts receivable .....	23	48
Tangible capital assets .....	24	302
Investments .....		36
Inventories .....		6
Loans, advances and mortgages receivable .....	5	
	<b>52</b>	<b>392</b>

These amounts are included in Other in expense by group account classification in Note 28 and represent the writedown of assets in the above Balance Sheet categories.

## Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

### 30. Comparison to Estimates

The expense by function Estimates numbers on the Statement of Operations are based on comparative restated Estimates amounts for 2000/01 provided in the 2001/02 Estimates presented to the Legislature in March 2001.

The following table shows the adjustments made to calculate the Estimated expense by function for fiscal 2000/01:

	In Millions			2000/01 Estimates
	Restated 2000/01 Estimates <sup>1</sup>	Pension Expense Allocation	Eliminate 2001/02 Adjustment <sup>2</sup>	
	\$	\$	\$	\$
Health.....	8,479	(165)	(8)	8,306
Social services.....	3,803	(42)		3,761
Education .....	6,447	(161)	(128)	6,158
Protection of persons and property.....	1,364	(46)		1,318
Transportation .....	1,520	(15)		1,505
Natural resources.....	1,620	(42)		1,578
Other .....	693	(4)		689
General government.....	277	(23)	(10)	244
Interest .....	2,003			2,003
Pension liability adjustment.....	(130)	130		
Pension accounting policy change <sup>3</sup> .....	(368)	368		
	<b>25,708</b>	<b>0</b>	<b>(146)</b>	<b>25,562</b>

<sup>1</sup>Restated per schedule I of the 2001/02 Estimates.

<sup>2</sup>The restated 2000/01 Estimates included a capital maintenance adjustment of \$146 million so that it would be comparable to the 2001/02 Estimates. This adjustment is eliminated to return to 2000/01 Estimates.

<sup>3</sup>The pension expense allocation includes \$368 million for the pension accounting policy change not included in the original 2000/01 Estimates. The impact is included in the estimated expense for each function to provide a proper comparison of estimated to actual but is eliminated as a bottom line adjustment on the Statement of Operations to reflect the original budgeted deficit for that fiscal year.

**Notes to Summary Financial Statements  
for the Fiscal Year Ended March 31, 2001—Continued**

**31. Amounts Held in Trust and Administered by, or on behalf of,  
the Province<sup>1</sup>**

	In Millions	
	2001	2000
	\$	\$
Superannuation, pension and long-term disability funds <sup>2,3</sup>		
—administered by the British Columbia Pension Corporation (BCPC) .....	42,751	40,971
Sinking funds <sup>2,6</sup>		
—administered by British Columbia Investment Management Corporation (BCIMC) .....	4,952	4,902
Defeased trust funds <sup>4,6</sup>		
—administered by BCIMC .....	1,059	1,270
Investment funds of non-consolidated entities <sup>5</sup>		
—administered by BCIMC .....	255	207
—administered by British Columbia Investment Fund Ltd.....	26	25
Public Trustee and Official Administrators		
—administered by government officials .....	607	596
Supreme, Provincial and County Court (Suitors' Funds)		
—administered by the Courts.....	26	27
Workers' Compensation Board of British Columbia (WCB) <sup>2,3,6</sup> .....	8,020	7,551
Other trust funds		
—administered by various government officials .....	54	85
	<b>57,750</b>	<b>55,634</b>

<sup>1</sup>Pension funds under joint trusteeship agreements are included here for full disclosure (*see* Note 20).

<sup>2</sup>*See* the Trust Funds Financial Statements available on the BCPC's web site for the audited financial statements of superannuation and pension funds. Other financial statements are available from the WCB website and the websites of other entities whose sinking funds are administered by BCIMC.

<sup>3</sup>The amounts for five of the superannuation and pension funds totalling \$30,256 million (2000: \$28,017 million) and for the WCB (excluding the Workers' Compensation Board Superannuation Plan), have been taken from these funds' audited financial statements which have a different fiscal year-end than these financial statements.

<sup>4</sup>Defeased trust funds represent investments set aside to repay outstanding term debt and related interest payments. These defeased debts have been removed from the Balance Sheet of each taxpayer-supported and self-supported Crown corporation and agency and are considered extinguished for financial reporting purposes.

<sup>5</sup>Includes assets and liabilities not administered by BCIMC.

<sup>6</sup>Sinking funds include \$3,759 million (2000: \$3,800 million) and defeased trust funds include \$830 million (2000: \$1,042 million) held by BCIMC for the repayment of direct operating debt of the province.

## Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

### 32. Workers' Compensation Board of British Columbia (WCB)

WCB administers the *Workers' Compensation Act*. Its main functions are promotion of occupational health and safety, compensation for occupational injury, death or disease, and rehabilitation of injured workers. WCB collects funds necessary for its operations from employers covered under the Act and as a trust is excluded from the government reporting entity. This is consistent with the reporting of most other provinces. The audited financial statements of WCB at December 31, 2000, reflect the following financial information: assets \$8,264 million; liabilities \$7,553 million; net equity \$711 million; income \$1,651 million; expenses \$1,576 million; surplus from operations \$75 million.

### 33. Significant Events

#### *Joint Trusteeship Agreements for Pension Plans*

Effective January 2001, the Public Service Pension Plan moved from sole responsibility of government to joint trusteeship with its present and retired employees. Under the Joint Trusteeship Agreement, the assets (\$7.9 billion) and the liabilities (\$6.9 billion) of the former plan were transferred to the new plan. The impact on the government's operating statement is a \$52 million write-off of the net assets that had accrued up to the settlement date, December 31, 2000, under the former plan.

On April 5, 2001, joint trusteeship agreements were entered into for both the Municipal Superannuation Plan and the Teachers' Pension Plan, resulting in the control of the plans and their assets being assumed by newly constituted boards made up of government and plan member representatives. Under these new agreements, the government has no formal claim on pension plan surpluses and is liable for only 50% of any unfunded liabilities.

The settlement of the former plans will result in the early realization of past actuarial gains that exist in the plans. These gains would normally be deferred and credited to operations over a period of approximately 10–12 years, in accordance with government accounting policy. It is estimated that the early realization of these past gains will reduce the government's recorded unfunded pension liabilities in fiscal 2001/02 by \$149 million for the Municipal Superannuation Plan and \$1,189 million for the Teachers' Pension Plan, for a total credit to operations of \$1,338 million.

#### *Environmental Cleanup*

On April 12, 2001, the government entered into an agreement to assume the costs of environmental clean up for the Britannia Mine site. These costs are estimated at \$76 million, less contributions from predecessor owners of \$30 million. The net estimated liability of \$46 million will be recorded in fiscal 2001/02.

#### *Change in Income Taxation Rates*

On June 6, 2001, the government announced personal income tax rate reductions effective July 1, 2001 made retroactive to January 1, 2001. The reductions that affect revenue for the calendar year 2001 are: 1.1% for tax bracket 1; 1.4% for tax bracket 2; and 3% for tax brackets 3, 4, and 5. Because the decision to make this change was made subsequent to the year end, the revenue estimates included in these statements are not changed. Thus, the financial position of the government at March 31, 2001, is correctly stated based on the rates then in effect. If the rate changes had been in place before the fiscal year end, it is estimated that 2000/01 personal income tax revenue and related taxes receivable would have been reduced by \$193 million, and the taxes receivable asset reduced by the same amount.

### 34. Comparatives

Certain of the comparative figures for the previous year have been restated to conform with the current year's presentation. These restatements have had no effect on the operating result as previously reported except as specifically noted.

**Summary Financial Statements  
Reporting Entity  
for the Fiscal Year Ended March 31, 2001**

**TAXPAYER-SUPPORTED CROWN CORPORATIONS AND  
AGENCIES (GOVERNMENT ORGANIZATIONS)  
RECORDED ON A CONSOLIDATED BASIS**

**Consolidated Revenue Fund**

**Health Sector**

B.C. Health Care Risk Management Society  
British Columbia Health Research Foundation  
Canadian Blood Services<sup>1</sup>  
Forensic Psychiatric Services Commission  
Health Facilities Association of British Columbia<sup>2</sup>

**Education Sector**

Industry Training and Apprenticeship Commission  
Private Post-Secondary Education Commission

**Natural Resources and Economic Development Sector**

552513 British Columbia Ltd<sup>3</sup>  
577315 British Columbia Ltd<sup>4</sup>  
580440 B.C. Ltd<sup>5</sup>  
BC Immigrant Investment Fund Ltd<sup>6</sup>  
B.C. Games Society  
B.C. Pavilion Corporation  
B.C. Society for the Distribution of Gaming Revenue to Charities  
British Columbia Assets and Land Corporation  
British Columbia Enterprise Corporation  
British Columbia Securities Commission  
British Columbia Trade Development Corporation  
Columbia Basin Trust  
Creston Valley Wildlife Management Authority Trust Fund  
Discovery Enterprises Inc  
Duke Point Development Limited  
Fisheries Renewal BC  
Forest Renewal BC  
Homeowner Protection Office  
Okanagan Valley Tree Fruit Authority  
Oil and Gas Commission  
Pacific National Exhibition  
Science Council of British Columbia  
Tourism British Columbia  
Vancouver Trade and Convention Centre Authority

**Transportation Sector**

BC Transportation Financing Authority  
British Columbia Ferry Corporation  
British Columbia Transit  
Rapid Transit Project 2000 Ltd  
Victoria Line Ltd

**Summary Financial Statements**  
**Reporting Entity**  
**for the Fiscal Year Ended March 31, 2001—Continued**

**TAXPAYER-SUPPORTED CROWN CORPORATIONS AND**  
**AGENCIES (GOVERNMENT ORGANIZATIONS)**  
**RECORDED ON A CONSOLIDATED BASIS—CONTINUED**

**Social Services Sector**

B.C. Community Financial Services Corporation  
 British Columbia Housing Management Commission  
 Provincial Rental Housing Corporation

**Other Sector**

B.C. Festival of the Arts Society  
 British Columbia Arts Council  
 British Columbia Assessment Authority  
 British Columbia Buildings Corporation  
 British Columbia Heritage Trust  
 British Columbia Systems Corporation<sup>7</sup>  
 First Peoples' Heritage, Language and Culture Council  
 Legal Services Society  
 Organized Crime Agency of British Columbia Society

**SELF-SUPPORTED CROWN CORPORATIONS AND**  
**AGENCIES (GOVERNMENT ENTERPRISES)**  
**RECORDED ON A MODIFIED EQUITY BASIS**

BCIF Management Ltd  
 British Columbia Hydro and Power Authority  
 British Columbia Liquor Distribution Branch  
 British Columbia Lottery Corporation  
 British Columbia Railway Company  
 Columbia Power Corporation  
 Insurance Corporation of British Columbia  
 Provincial Capital Commission

<sup>1</sup>This organization reflects a government partnership amongst Canadian provinces and is proportionally consolidated based upon the province's share (14.9%) of the total provincial contributions to the partnership.

<sup>2</sup>Health Facilities Association was wound up on March 31, 2001. All assets have been transferred to the province.

<sup>3</sup>This company owns shares in Skeena Cellulose Inc and was previously recorded on a modified equity basis.

<sup>4</sup>This company has sold its investments and no longer has any financial interest in Western Star Trucks Holdings Ltd.

<sup>5</sup>This company provides funding to the Vancouver Trade and Convention Centre Authority that, in turn, constructs the Vancouver Trade and Convention Centre.

<sup>6</sup>This organization was established during the current year.

<sup>7</sup>British Columbia Systems Corporation ceased operations on April 30, 2000. All assets have been transferred to the province.

**Summary Financial Statements**  
**Balance Sheet by Sector**  
**as at March 31, 2001**

In Millions

	CRF <sup>1</sup>	Health	Education	Natural Resources	Transportation	Social Services	Other	Adjustments <sup>2</sup>	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Assets</b>									
Cash and temporary investments .....	(57)	40	4	500	32	25	18	(8)	554
Warehouse Program investments .....	1,312								1,312
Accounts receivable .....	2,818	2		53	15	8	35	(129)	2,802
Inventories .....	163	12		48	83			(1)	305
Due from the Province of British Columbia .....		10		87	25	4	2	(128)	
Due from other governments .....	172			2	42	12	1		229
Due from self-supported Crown corporations and agencies .....	422							0	422
Equity in self-supported Crown corporations and agencies .....	760							2,241	3,001
Loans, advances and mortgages receivable .....	388			86	1	98		1	574
Other investments .....	150			90		12			252
Loans for purchase of assets, recoverable from agencies .....	10,655							(3,218)	7,437
Other assets .....	259	4		6	59	10	1		339
Prepaid capital advances .....	8,744							(1,839)	6,905
Tangible capital assets .....	603	26	1	317	8,811	375	853	(1)	10,985
	<b>26,389</b>	<b>94</b>	<b>5</b>	<b>1,189</b>	<b>9,068</b>	<b>544</b>	<b>910</b>	<b>(3,082)</b>	<b>35,117</b>

**Summary Financial Statements**  
**Balance Sheet by Sector**  
**as at March 31, 2001—Continued**

	In Millions								
	CRF <sup>1</sup>	Health	Education	Natural Resources	Transpor- tation	Social Services	Other	Adjust- ments <sup>2</sup>	Total
<b>Liabilities and Net Equity</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities.....	2,659	17	2	118	307	49	68	(101)	3,119
Due to other governments.....	81			18	5				104
Due to Crown corporations, agencies and funds .....	152	1		2		4		(88)	71
Due to the Province of British Columbia .....		6		73	5			(84)	
Deferred revenue .....	414	24		15	1,860	106	18	(1,857)	580
Unfunded pension liabilities .....	1,477								1,477
Taxpayer-supported debt.....	24,249	4		303	2,407	265	607	(3,216)	24,619
Self-supported debt .....	8,619								8,619
	<u>37,651</u>	<u>52</u>	<u>2</u>	<u>529</u>	<u>4,584</u>	<u>424</u>	<u>693</u>	<u>(5,346)</u>	<u>38,589</u>
Net equity (deficiency) .....	(11,262)	42	3	660	4,484	120	217	2,264	(3,472)
	<u><b>26,389</b></u>	<u><b>94</b></u>	<u><b>5</b></u>	<u><b>1,189</b></u>	<u><b>9,068</b></u>	<u><b>544</b></u>	<u><b>910</b></u>	<u><b>(3,082)</b></u>	<u><b>35,117</b></u>

<sup>1</sup>Consolidated Revenue Fund.

<sup>2</sup>Represents sectoral adjustments to conform to government accounting policies and to eliminate transactions between sectors, and between sectors and the Consolidated Revenue Fund.

**Summary Financial Statements  
Statement of Operations by Sector  
for the Fiscal Year Ended March 31, 2001**

In Millions

	CRF <sup>1</sup>	Health	Education	Natural Resources	Transportation	Social Services	Other	Adjustments <sup>2</sup>	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>									
Taxation .....	13,933			24	283		61	14	14,315
Natural resources .....	3,975			187				19	4,181
Fees and licences .....	1,544		1	50	413			17	2,025
Investment earnings .....	112	2		70	2	6	2	100	294
Miscellaneous .....	205	23		384	97	35	126	7	877
Contributions from the provincial government/self-supported Crown corporations and agencies .....	1,500	195	75	129	70	117	444	(805)	1,725
Contributions from the federal government.....	2,797			9	22	79	5		2,912
Recoveries .....								1,510	1,510
<b>Total revenue.....</b>	<b>24,066</b>	<b>220</b>	<b>76</b>	<b>853</b>	<b>887</b>	<b>237</b>	<b>638</b>	<b>862</b>	<b>27,839</b>
<b>Expense</b>									
Grants and contributions .....	18,024	1	4	138		128	12	(532)	17,775
Salaries and benefits.....	1,763	52	7	136	342	21	123	(8)	2,436
Operating costs.....	1,949	89	4	504	245	46	355	(741)	2,451
Amortization .....	125	3		21	322	6	46	(2)	521
Interest .....	889			25	118	13	39	789	1,873
Other .....	2,323	58	60	68	45	20	16	(1,357)	1,233
Recoveries .....	(2,610)							2,610	
<b>Operating expense .....</b>	<b>22,463</b>	<b>203</b>	<b>75</b>	<b>892</b>	<b>1,072</b>	<b>234</b>	<b>591</b>	<b>759</b>	<b>26,289</b>
Loss on pension settlement .....	52								52
<b>Surplus (deficit) for the year 2000/01</b>	<b>1,551</b>	<b>17</b>	<b>1</b>	<b>(39)</b>	<b>(185)</b>	<b>3</b>	<b>47</b>	<b>103</b>	<b>1,498</b>
<b>Surplus (deficit) for the year 1999/00</b>	<b>(366)</b>	<b>25</b>	<b>0</b>	<b>11</b>	<b>(492)</b>	<b>(4)</b>	<b>51</b>	<b>815</b>	<b>40</b>

PUBLIC ACCOUNTS 2000/01

<sup>1</sup>Consolidated Revenue Fund.

<sup>2</sup>Represents sectoral adjustments to conform to government accounting policies and to eliminate transactions between sectors, and between sectors and the Consolidated Revenue Fund.

**Summary Financial Statements**  
**Statement of Self-Supported Crown Corporations and Agencies**  
**Summary of Financial Position**  
**as at March 31, 2001**

	In Millions						2001 Total	2000 Total
	Utility	Insurance	Liquor	Transportation	Finance	Natural Resources		
	\$	\$	\$	\$	\$	\$	\$	
<b>Assets</b>								
Cash and temporary investments.....	688	5,354	15	19	81	3	6,160	5,769
Accounts receivable .....	349	134	7	89	36		615	807
Inventories.....	81		59	32			172	237
Long-term investments.....	326	204					530	194
Tangible capital assets .....	9,443	146	28	1,110	21	12	10,760	10,912
Other assets .....	945	71	2	122	10		1,150	895
	<b>11,832</b>	<b>5,909</b>	<b>111</b>	<b>1,372</b>	<b>148</b>	<b>15</b>	<b>19,387</b>	<b>18,814</b>
<b>Liabilities</b>								
Accounts payable and accrued liabilities.....	1,512	4,169	108	200	102		6,091	5,335
Deferred revenue .....	998	1,259		24		1	2,282	2,328
Due to the Province of British Columbia.....	375		1		46		422	417
Long-term debt due to the Province of British Columbia.....	6,724			593			7,317	7,391
Other long-term debt .....	243		2	29			274	601
	9,852	5,428	111	846	148	1	16,386	16,072
<b>Equity</b>								
Investment by the Consolidated Revenue Fund ...	276			258			534	510
Unremitted earnings—end of year.....	1,704	481		268		14	2,467	2,232
	1,980	481		526		14	3,001	2,742
<b>Total liabilities and equity.....</b>	<b>11,832</b>	<b>5,909</b>	<b>111</b>	<b>1,372</b>	<b>148</b>	<b>15</b>	<b>19,387</b>	<b>18,814</b>

**Summary Financial Statements**  
**Statement of Self-Supported Crown Corporations and Agencies**  
**Summary of Results of Operations and Statement of Equity**  
**for the Fiscal Year Ended March 31, 2001**

	In Millions							
	Utility <sup>1</sup>	Insur- ance <sup>2</sup>	Liquor <sup>3</sup>	Transpor- tation <sup>4</sup>	Finance <sup>5</sup>	Natural Resources <sup>6</sup>	2001 Total	2000 Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue .....	7,903	2,653	1,732	496	1,489	4	14,277	10,380
Expense .....	7,350	2,667	1,090	502	939	4	12,552	9,085
Net earnings of self-supported Crown corpora- tions and agencies.....	553	(14)	642	(6)	550		1,725	1,295
Contributions paid to the Consolidated Revenue Fund.....	(375)		(642)		(414)		(1,431)	(1,376)
Adjustments to contributions <sup>7</sup> .....					(136)		(136)	(109)
Increase in unremitted earnings in self-supported Crown corporations and agencies .....	178	(14)		(6)			158	(190)
Unremitted earnings—beginning of year .....	1,526	475		274		(43)	2,232	2,425
Adjustment to unremitted earnings <sup>8</sup> .....		20					20	(3)
Transfer to consolidated entity <sup>9</sup> .....						57	57	
Unremitted earnings—end of year.....	1,704	481		268		14	2,467	2,232
Investment by the Consolidated Revenue Fund ....	276			258			534	510
<b>Equity in self-supported Crown corporations and agencies for the year .....</b>	<b>1,980</b>	<b>481</b>	<b>0</b>	<b>526</b>	<b>0</b>	<b>14</b>	<b>3,001</b>	<b>2,742</b>

<sup>1</sup>Utility—British Columbia Hydro and Power Authority and Columbia Power Corporation.

<sup>2</sup>Insurance—Insurance Corporation of British Columbia (ICBC).

<sup>3</sup>Liquor—British Columbia Liquor Distribution Branch.

<sup>4</sup>Transportation—British Columbia Railway Company.

<sup>5</sup>Finance—British Columbia Lottery Corporation and BCIF Management Ltd.

<sup>6</sup>Natural Resources—Provincial Capital Commission.

<sup>7</sup>These adjustments are for a number of different items: (a) a \$4 million (2000: \$2 million) payment to the Consolidated Revenue Fund (CRF) to pay for the Problem Gambling Program which is shown as a recovery by the CRF; (b) \$96 million (2000: \$86 million) paid to the CRF that was then transferred to the B.C. Society for the Distribution of Gaming Revenue to Charities; (c) a \$35 million (2000: \$20 million) payment to the Gaming Policy Secretariat which is shown as a recovery by the CRF; (d) a \$1 million (2000: \$1 million) payment to BC Gaming Commission which is shown as a recovery by the CRF.

<sup>8</sup>The 2001 adjustment is to record the earnings of ICBC for the period January 1 to March 31, 1999, which has not been recorded due to the change made last year to use the April 1 to March 31 earnings of ICBC when preparing the Summary Financial Statements. The 2000 adjustment relates to a prior period adjustment by British Columbia Railway Company for employee accrued vacation benefits.

<sup>9</sup>552513 British Columbia Ltd. no longer meets the criteria of a self-supported Crown corporation and is no longer consolidated using the modified equity basis. It is fully consolidated in the 2000/01 Summary Financial Statements.

**Summary Financial Statements**  
**Statement of Tangible Capital Assets<sup>1,2</sup>**  
**for the Fiscal Year Ended March 31, 2001**

	In Millions							2001 Total	2000 Total
	Land	Buildings	Highway Infra- structure	Ferries	Transporta- tion Equip- ment	Computer Hardware /Software	Other <sup>4</sup>		
<b>Historical Cost<sup>3</sup></b>	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening cost .....	600	1,902	9,041	1,275	1,986	671	393	15,868	15,023
Inclusion of Crown corporation previ- ously excluded <sup>5</sup> .....		12	35				78	125	
Additions .....	58	73	500	34	335	142	92	1,234	1,267
Disposals and valuation adjustments...	(5)	(26)	(2)	(47)	(1)	(90)	(54)	(225)	(422)
	<u>653</u>	<u>1,961</u>	<u>9,574</u>	<u>1,262</u>	<u>2,320</u>	<u>723</u>	<u>509</u>	<u>17,002</u>	<u>15,868</u>
<b>Accumulated Amortization</b>									
Opening balance .....		779	3,169	655	373	404	244	5,624	5,217
Inclusion of Crown corporation previ- ously excluded <sup>5</sup> .....		1	9				12	22	
Amortization expense .....		68	262	39	16	94	42	521	492
Effects of disposals and valuation ad- justments .....		(19)	(9)	(20)	(1)	(54)	(47)	(150)	(85)
		<u>829</u>	<u>3,431</u>	<u>674</u>	<u>388</u>	<u>444</u>	<u>251</u>	<u>6,017</u>	<u>5,624</u>
<b>Net book value.....</b>	<b><u>653</u></b>	<b><u>1,132</u></b>	<b><u>6,143</u></b>	<b><u>588</u></b>	<b><u>1,932</u></b>	<b><u>279</u></b>	<b><u>258</u></b>	<b><u>10,985</u></b>	<b><u>10,244</u></b>

<sup>1</sup>This statement includes assets that are held on capital leases at March 31, 2001, at a net book value totalling \$28 million (2000: \$22 million) which is comprised of: buildings \$6 million (2000: nil); ferries \$21 million (2000: \$21 million); computer hardware/software nil (2000: \$1 million); and heavy equipment \$1 million (2000: nil).

<sup>2</sup>Included in tangible assets are capital assets of BC Transit consisting of land, land improvements, stations, guideways and other assets related to the SkyTrain system and West Coast Express utilized within the related TransLink system. These assets are subject to a lease arrangement which is expected to be completed during 2001/02 with Greater Vancouver Transportation Authority. The net book value of these assets is \$993 million (2000: \$1,003 million).

<sup>3</sup>Historical cost includes work-in-progress at March 31, 2001, totalling \$1,296 million (2000: \$916 million) which is comprised of: buildings \$29 million (2000: \$53 million); highway infrastructure \$379 million (2000: \$263 million); ferries nil (2000: \$23 million); transportation equipment \$827 million (2000: \$518 million); computer hardware/software \$58 million (2000: \$55 million); and, specialized equipment \$3 million (2000: \$4 million).

<sup>4</sup>In 2001/01 the Consolidated Revenue Fund added office furniture and equipment to the existing tangible asset classes. See Note 24 Net Equity (Deficiency) for information relating to the impact of this change on prior years.

<sup>5</sup>552513 British Columbia Ltd. is fully consolidated for the first time in fiscal 2000/01; previously it had been consolidated on the modified equity basis.

## Summary Financial Statements

### Statement of Guaranteed Debt<sup>1</sup>

#### as at March 31, 2001

Guaranteed debt represents that debt of municipalities and other governments, private enterprises and individuals, and debt and minority interests of provincial Crown corporations, which has been explicitly guaranteed or indemnified by the government, under the authority of a statute, as to net principal or redemption provisions.

	In Millions	
	2001	2000
	Net Outstanding <sup>1</sup> \$	Net Outstanding <sup>1</sup> \$
<b>Taxpayer-supported Guaranteed Debt</b>		
Municipalities and other local governments:		
<i>Municipal Act</i> debentures.....	2	2
Subtotal, municipalities and other local governments.....	2	2
Government Services:		
<i>Homeowner Protection Act</i> loan guarantees .....	56	24
Subtotal, government services.....	56	24
Health and education:		
<i>Financial Administration Act</i> student aid loans <sup>2</sup> .....	159	267
Subtotal, health and education.....	159	267
Economic development:		
<i>Build BC Act</i> debentures .....		6
<i>Securities Act</i> .....	2	1
<i>Financial Administration Act:</i>		
District of Tumbler Ridge .....		3
Farm Distress Operating Loan Program .....	4	
Feeder Association's Loan Guarantee Program .....	5	1
Forest Renewal BC .....	19	26
Skeena Cellulose Inc .....	36	
Miscellaneous guarantees each less than \$1 million .....	1	2
<i>Home Mortgage Assistance Program Act</i> mortgages .....	20	24
<i>Home Mortgage Assistance Program Act</i> second mortgages <sup>3</sup> .....	3	4
Subtotal, economic development .....	90	67
Total taxpayer-supported guaranteed debt.....	307	360

**Summary Financial Statements**  
**Statement of Guaranteed Debt<sup>1</sup>**  
**as at March 31, 2001—Continued**

	2001	2000
	Net Outstanding <sup>1</sup> \$	Net Outstanding <sup>1</sup> \$
<b>Self-supported Guaranteed Debt</b>		
Economic development:		
<i>British Columbia Railway Finance Act</i> capital leases <sup>4</sup> .....	5	7
<i>Financial Administration Act</i> :		
Skeena Cellulose Inc <sup>4</sup> .....		156
Subtotal, economic development .....	5	163
Utilities:		
<i>Hydro and Power Authority Act</i> bonds and debentures <sup>4</sup> .....	149	192
Subtotal, utilities .....	149	192
Total self-supported guaranteed debt .....	154	355
Grand total, all guaranteed debt .....	461	715
Provision for probable payout .....	(14)	(17)
<b>Net total, all guaranteed debt<sup>5,6</sup> .....</b>	<b>447</b>	<b>698</b>

<sup>1</sup>Guaranteed debt includes gross principal debt less sinking fund balances, and represents the total amount of contingent liability of the government arising from relevant guarantees. Amounts payable in foreign currency are translated into Canadian dollars at the rate of exchange prevailing at the fiscal year-end.

<sup>2</sup>The government enters into risk sharing agreements with the lending institutions that provide student loans whereby the province guarantees the repayment of specific unpaid student loans under certain circumstances. Lending institutions are required to provide claims evidencing that strict criteria have been met prior to the government providing payment.

<sup>3</sup>The British Columbia Second Mortgage Program was sold to the Bank of Montreal in June 1989, with the condition that the province will buy back any mortgages which may become uncollectible in future years.

<sup>4</sup>See the financial statements of Crown corporations and agencies for details of maturity dates, interest rates and redemption features of the outstanding debt of these Crown agencies and for details of derivative financial products.

<sup>5</sup>The government has unconditionally guaranteed the payment of principal and interest for nil (2000: \$79 million) of debenture issued to the Canada Pension Plan Investment Fund.

<sup>6</sup>Debentures totalling \$0.1 million (2000: nil) have been defeased and are considered extinguished for financial reporting purposes.