
Provincial Debt Summary



Overview of Provincial Debt (Unaudited)

The provincial government and its Crown corporations and agencies incur debt to finance operations and capital projects. Borrowing for operations is required when revenues fall short of expenditures and to meet other cash requirements such as loans and investments. Borrowing for capital projects finances the building of schools, hospitals, roads, public transit and other social and economic capital assets. As these investments provide essential services over several years, the government, like the private sector, borrows to fund these projects and amortizes the cost over the asset's useful life.

Provincial debt is reported using two basic classifications: (1) taxpayer-supported debt and (2) self-supported debt.

Taxpayer-supported Debt—includes government direct debt, which is incurred for government operating and capital purposes, and the debt of those Crown corporations and agencies that require an operating or debt service subsidy from the provincial government or that are fully consolidated in the Summary Financial Statements. Examples include debt of the British Columbia Buildings Corporation and the BC Transportation Financing Authority.

Self-supported Debt—includes the debt of commercial Crown corporations and agencies as well as the Warehouse Program. Commercial Crown corporations and agencies generate sufficient revenues to cover interest costs and repay principal and may pay dividends to the province. The British Columbia Hydro and Power Authority and the British Columbia Railway Company are examples of commercial Crown corporations. The Warehouse Program is used to take advantage of borrowing opportunities in advance of requirements. Eventually, this debt is allocated to the province, Crown corporations or agencies. In the interim, these funds are invested at market rates.

The following provincial debt summary provides additional detailed information and related key indicators and benchmarks to allow a more informed assessment of the debt totals. A reconciliation is also provided to explain the differences between the Summary of Provincial Debt and the Summary Financial Statements.

The total provincial debt as at March 31, 2004 was \$37,337 million which consists of \$36,938 million in the Summary Financial Statements, with \$232 million in additional debt of self-supported Crown corporations and agencies and \$167 million in additional taxpayer-supported debt.

Provincial Debt as at March 31, 2004 (Unaudited)

The accumulated provincial debt of \$37,337 million has been incurred for various purposes as shown in Chart 1 below. Over the years, borrowing activity has contributed to economic development in the province and has provided resources to deliver health, education and social programs, and transportation infrastructure.

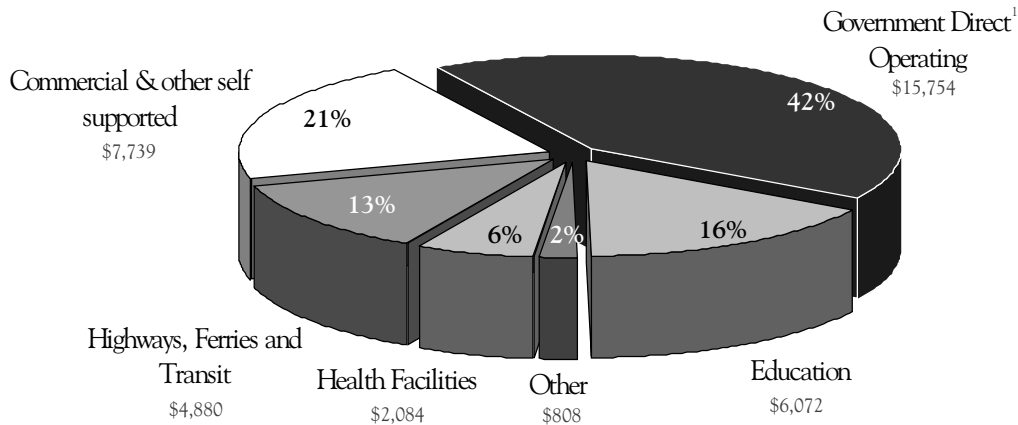
At March 31, 2004, taxpayer-supported debt totalled \$29,598 million—including debt incurred for government operating purposes (\$15,754 million), educational facilities (\$6,072 million), health facilities (\$2,084 million), transportation infrastructure (\$4,880 million) and other debt (\$808 million). Other debt is comprised mainly of British Columbia Buildings Corporation, debt relating to social housing, and loans to universities and colleges.

At March 31, 2004, self-supported debt relating to commercial Crown corporations and agencies totalled \$7,739 million. Commercial debt includes the debt of British Columbia Hydro and Power Authority, British Columbia Railway Company and debt relating to Columbia River power projects.

Chart 1

In Millions//Percent of Total

■ Taxpayer-supported: \$29,598 million (79%)
□ Self-supported: \$7,739 million (21%)



Total: \$37,337 Million

¹ Operating debt includes a portion of highway infrastructure debt incurred prior to 1994/95, ferry infrastructure debt transferred in 1999/00 and amounts required to finance operating deficits.

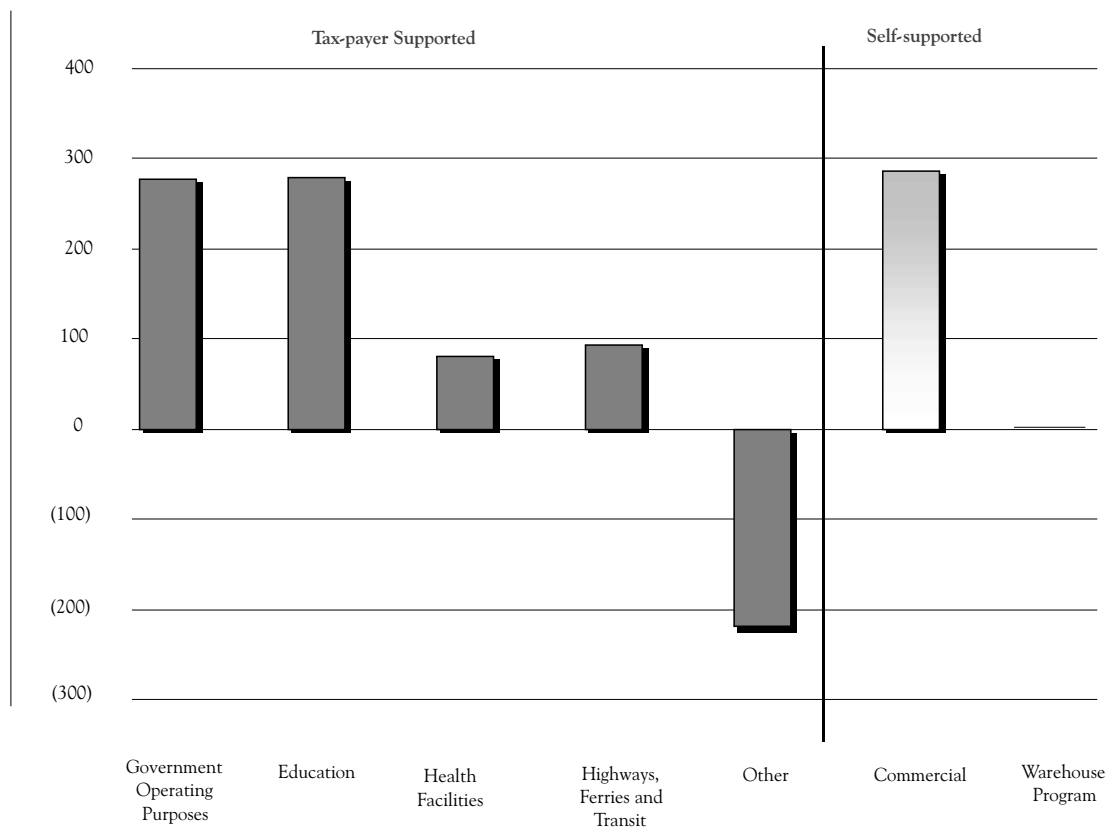
Change in Provincial Debt¹ (Unaudited)

Provincial debt increased by \$798 million in 2003/04; this included increases in taxpayer-supported debt of \$511 million and in self-supported debt of \$287 million (see Chart 2 below).

Taxpayer-supported Debt—The 2003/04 increase of \$511 million was due to an increase (\$277 million) in government operating debt to finance the operating deficit partially offset by higher cash balances at the start of the year, cash flows for health accord funding and other working capital sources. The increase also included new capital financing (partially offset by changes in sinking fund balances) totalling \$453 million, used to fund various provincial infrastructures in the education (\$279 million), health (\$80 million), and transportation (\$94 million) sectors. Other debt decreased by \$219 million mainly due to reductions in debt of the British Columbia Buildings Corporation.

Self-supported Debt—The 2003/04 increase of \$287 million consists of a \$256 million increase in British Columbia Hydro and Power Authority's debt and a \$97 million increase in debt relating to Columbia River power projects, offset by reductions in other self-supported debt (\$66 million) primarily relating to British Columbia Railway Company and Columbia Power Corporation.

Chart 2



¹Includes gross new borrowings plus changes in sinking fund balances, less debt maturities.

**Reconciliation of Summary Financial Statements (Surplus) Deficit
to Change in Taxpayer-supported Debt and Total Debt
for the Fiscal Year Ended March 31, 2004
(Unaudited)**

	In Millions	
	2004	2003 ¹
	\$	\$
(Surplus) deficit for the year	1,339	3,199
Taxpayer-supported debt decreased by:		
Non-cash expenses included in (surplus) deficit	(1,182)	(1,380)
Accounts receivable, accounts payable and other working capital net decreases.....	(1,191)	(995)
	<u>(2,373)</u>	<u>(2,375)</u>
Taxpayer-supported debt increased by:		
Self-supported Crown corporation and agency earnings in excess of contributions to the CRF .	340	109
Prepaid capital advances	496	490
Tangible capital asset net acquisitions	73	392
Net increases in loans, advances and investments.....	636	79
	<u>1,545</u>	<u>1,070</u>
Net increase (decrease) in taxpayer-supported debt	511	1,894
Taxpayer-supported debt—beginning of year	29,087	27,193
Taxpayer-supported debt—end of year	29,598	29,087
Self-supported debt ²	7,739	7,452
Total debt³	<u>37,337</u>	<u>36,539</u>

**Reconciliation of Total Debt to the Summary Financial Statements Debt
as at March 31, 2004
(Unaudited)**

	In Millions	
	2004	2003 ¹
	\$	\$
Total debt.....	37,337	36,539
Debt included as part of equity in self-supported Crown corporations and agencies.....	(232)	(226)
Contingent liabilities for debt of individuals and organizations that have been guaranteed by the province.....	(167)	(189)
Summary Financial Statements debt	<u>36,938</u>	<u>36,124</u>
Comprised of		
Taxpayer-supported debt	29,431	28,899
Self-supported debt	7,507	7,225
	<u>36,938</u>	<u>36,124</u>

¹Restated. See Note 26.

²See Summary of Provincial Debt, page 113.

³Total debt includes debt of self-supported Crown corporations and agencies, and debt of individuals and organizations guaranteed by the province.

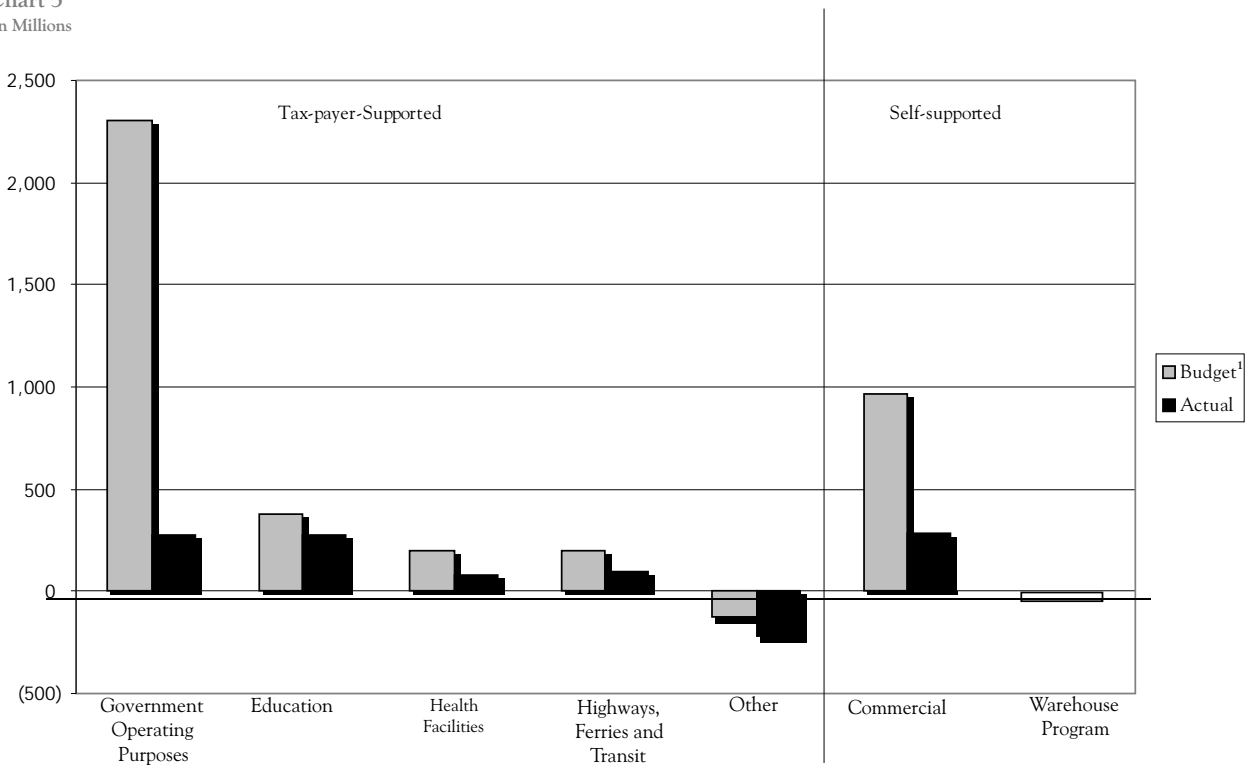
Change in Provincial Debt Comparison to Budget (Unaudited)

The increase in provincial debt was \$3,629 million less than originally budgeted (per the Budget and Fiscal Plan presented in February 2003, adjusted to reflect the restated Public Accounts balance at March 31, 2003). Chart 3 below shows the difference between the actual change in provincial debt and the budgeted change by major category. The increase in taxpayer-supported debt was \$2,448 million less than budget and the increase in self-supported debt was \$681 million lower than budget. In addition, the \$500 million forecast allowance included in the budget was not required.

Taxpayer-supported Debt—The increase was \$2,448 million lower than budget due to reduced borrowing for government operating purposes (\$2,028 million) due to improved operating results, higher than forecast cash balances at the start of the year, updated cash flow information for health accord funding, and reduced financing transaction requirements; lower than forecast capital spending and changes in sinking fund balances (\$326 million) on education, health and transit infrastructure and lower than expected debt of the British Columbia Buildings Corporation and other agencies (\$94 million).

Self-supported Debt—The increase was \$681 million lower than budget as a result of reduced debt for British Columbia Power and Hydro Authority (\$649 million) due to improved operating results and lower working capital requirements, and lower debt of other self-supported Crown corporations and agencies (\$32 million).

Chart 3
In Millions



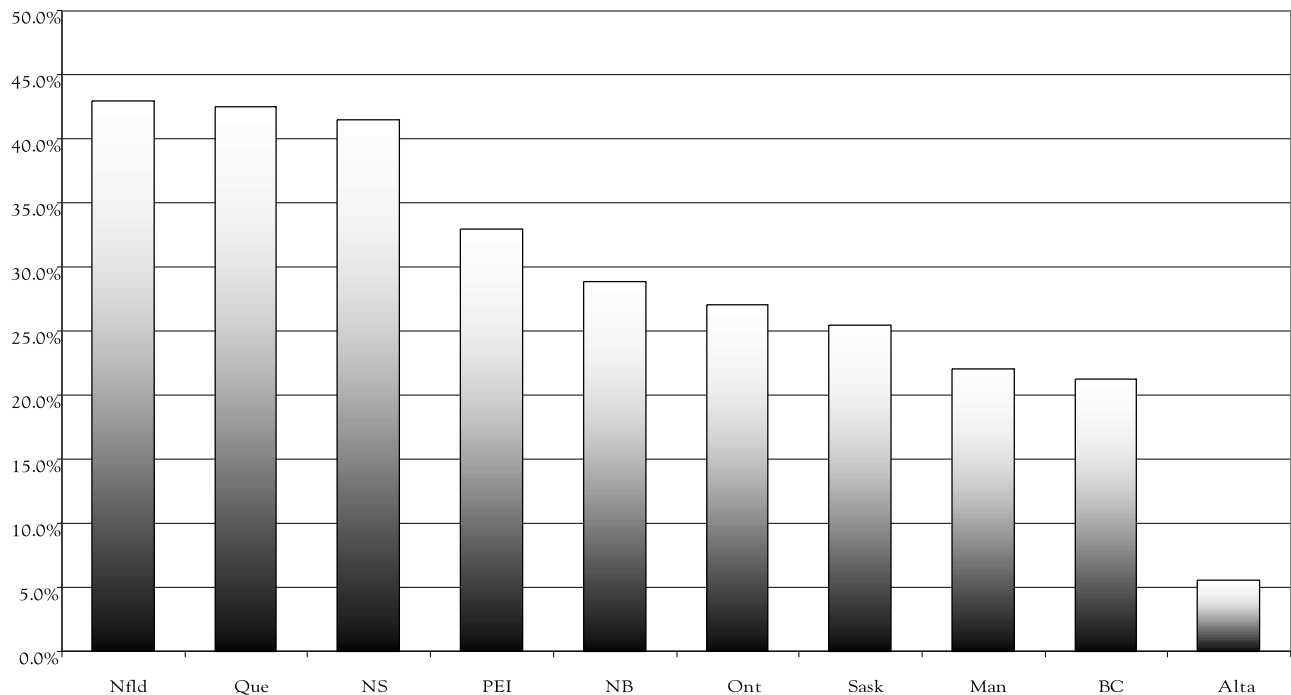
¹ Adjusted to reflect restated Public Account balances at March 31, 2003.

Interprovincial Comparison of Taxpayer-supported Debt as a Percentage of Gross Domestic Product (Unaudited)

Chart 4 below shows the ratio of each province's taxpayer-supported debt as a percentage of their Gross Domestic Product (GDP). The ratio of a province's taxpayer-supported debt relative to its GDP highlights the ability of a province to service its debt load. This rating is often used by investors and credit rating agencies when assessing a province's investment quality. British Columbia's taxpayer-supported debt ratio is one of the lowest in Canada and this translates into a strong credit rating and relatively low debt servicing costs. According to Moody's Investors Services Inc., British Columbia has the second lowest taxpayer-supported debt to GDP ratio of all provinces, based on May 2004 estimates.

Chart 4

Percent of GDP, at March 31, 2004

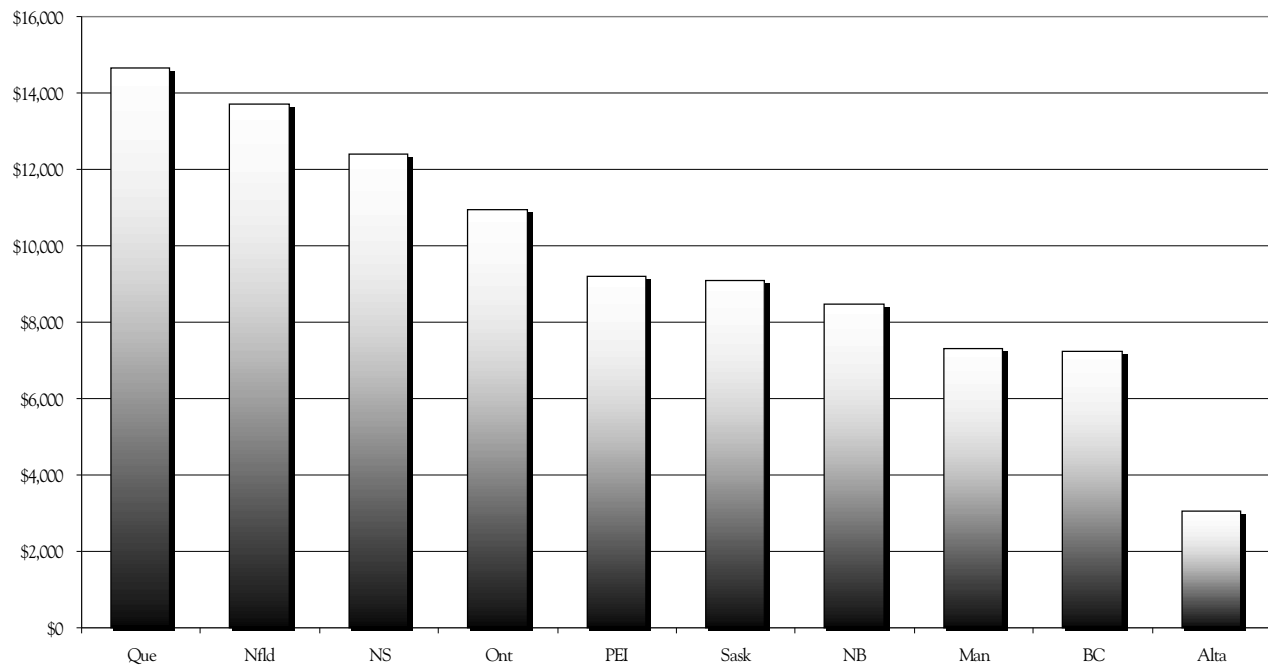


Source: Moody's Investors Service Inc., based on May 2004 Estimates

Interprovincial Comparison of Taxpayer-supported Debt per Capita (Unaudited)

Chart 5 shows the inter-provincial taxpayer-supported debt per capita, which is the amount of taxpayer-supported debt owing for each resident in a province. According to the Moody's Investors Service, British Columbia has the second lowest taxpayer-supported debt per capita of all provinces, based on May 2004 estimates.

Chart 5
\$ Per capita , at March 31, 2004



Source: Moody's Investors Service Inc., based on May 2004 Estimates.

More comprehensive information on the debt of the province and its Crown corporations and agencies is provided on the Debt Management Branch web-site. This more detailed information can assist readers in assessing the province's debt position. The web-site is available on the Internet at: <http://www.fin.gov.bc.ca/PT/dmb/index/shtml>.



Report of the Auditor General of British Columbia

ON THE SUMMARY OF PROVINCIAL DEBT, KEY INDICATORS OF PROVINCIAL DEBT, AND SUMMARY OF PERFORMANCE MEASURES

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

Preamble

Each year since 1995 the Auditor General has provided a special report to the Legislative Assembly on the accuracy of debt-related statements prepared by the Government. For the 2003/04 fiscal year these statements are the Summary of Provincial Debt, Key Indicators of Provincial Debt, and Summary of Performance Measures. Through these statements the Government reports on its debt management by presenting five years of information on provincial debt and debt indicators, and compares its actual results of Performance Measures to its benchmark measures for the fiscal year ended March 31, 2004.

Consistent with prior years, in preparing these statements, and in the 2003/04 budget, the government reporting entity has been that which is defined by the Canadian Institute of Chartered Accountants but excludes schools, universities, colleges and institutes, and health care organizations (SUCH sector). Accordingly, in these statements the provincial debt, whether directly borrowed or guaranteed by the Government, does not include amounts borrowed from private lenders by SUCH sector organizations. For the 2003/04 fiscal year, the outstanding balance of these excluded borrowings amounted to \$493 million (\$368 million for 2002/03).

The preparation of the three statements named above is the responsibility of the Government. My responsibility is to express an opinion on the accuracy of such information based on the above definition of the reporting entity and provincial debt.

Page 2
REPORT OF THE AUDITOR GENERAL
OF BRITISH COLUMBIA ON THE
SUMMARY OF PROVINCIAL DEBT,
KEY INDICATORS OF PROVINCIAL DEBT, AND
SUMMARY OF PERFORMANCE MEASURES

Scope

I examined financial and other information included in the statements titled Summary of Provincial Debt for the five years ended March 31, 2004, Key Indicators of Provincial Debt for the five years ended March 31, 2004, and Summary of Performance Measures for the year ended March 31, 2004 in accordance with procedures I considered necessary in the circumstances. These procedures include the verification of financial information extracted from financial statements audited by me or by other auditors whose work I have reviewed on a test basis. These procedures also include confirming or assessing the reasonableness of the non-financial and statistical data used by the Government for the Province's credit rating, population and gross domestic product; however, I did not perform an audit of such data.

Opinion

As a result of applying these procedures, I am of the opinion that the information included in the statements titled Summary of Provincial Debt for the five years ended March 31, 2004, Key Indicators of Provincial Debt for the five years ended March 31, 2004, and Summary of Performance Measures for the year ended March 31, 2004 are, in all significant respects, consistent with the sources from which they are extracted, and are presented in a consistent manner.

Disclaimer

I have not been associated with the development of the Government plans to manage provincial debt, nor have I audited them. This is the responsibility of the government. My responsibility is limited to examining the information included in the statements specifically referred to in the above scope paragraph, based on the definition of the reporting entity and provincial debt as outlined in the preamble to this report.



Wayne Strelieff, FCA
Auditor General

*Victoria, British Columbia
May 14, 2004*

Summary of Provincial Debt¹ as at March 31

	In Millions				
	2004	2003	2002	2001	2000
Taxpayer-supported Debt	\$	\$	\$	\$	\$
Provincial government direct operating ²	15,754	15,477	13,805	12,045	13,735
Education ³					
Schools	4,384	4,294	4,092	3,880	3,609
Post-secondary educational institutions	1,688	1,499	1,425	1,383	1,369
	6,072	5,793	5,517	5,263	4,978
Health facilities ³	2,084	2,004	1,920	1,780	1,451
Highways, ferries and public transit					
BC Transportation Financing Authority.....	2,764	2,661	2,514	2,197	1,843
British Columbia Ferry Corporation ²			19	21	24
British Columbia Transit	83	87	79	75	79
Public transit ³	914	930	936	948	952
SkyTrain extension ³	1,119	1,105	1,044	836	488
Rapid Transit Project 2000 Ltd.		3	47	114	101
	4,880	4,786	4,639	4,191	3,487
Other					
British Columbia Buildings Corporation	317	456	596	610	615
552513 British Columbia Ltd. (Skeena Cellulose Inc.) ⁴				337	
Social housing ⁵	156	161	299	265	205
Homeowner Protection Office.....	129	123	113	71	34
Universities and colleges.....	90	105	114	124	130
577315 British Columbia Ltd. (Western Star Trucks Holdings Ltd.)					62
580440 British Columbia Ltd. (Vancouver Trade and Convention Centre) ²					3
Other ⁶	116	182	190	244	357
	808	1,027	1,312	1,651	1,406
Total taxpayer-supported debt.....	29,598	29,087	27,193	24,930	25,057

Summary of Provincial Debt¹ as at March 31—Continued

	In Millions				
	2004	2003	2002	2001	2000
Self-supported Debt	\$	\$	\$	\$	\$
Commercial Crown corporations and agencies					
British Columbia Hydro and Power Authority.....	7,040	6,784	6,670	6,649	6,880
British Columbia Railway Company.....	477	494	614	603	655
552513 British Columbia Ltd. (Skeena Cellulose Inc.) ⁴					280
Columbia River power projects ⁷	215	118	120	93	94
Columbia Power Corporation.....		47	64	20	
British Columbia Liquor Distribution Branch.....	7	9	13	2	3
	<u>7,739</u>	<u>7,452</u>	<u>7,481</u>	<u>7,367</u>	<u>7,912</u>
Warehouse Program			1,067	1,312	1,320
Total self-supported debt	<u>7,739</u>	<u>7,452</u>	<u>8,548</u>	<u>8,679</u>	<u>9,232</u>
Total provincial debt.....	<u>37,337</u>	<u>36,539</u>	<u>35,741</u>	<u>33,609</u>	<u>34,289</u>

¹Debt is after deductions of sinking funds, unamortized discounts, unrealized foreign exchange gains/(losses), and, excludes accrued interest. Government direct and fiscal agency debt accrued interest is reported in the government's accounts as an accounts payable. Figures for earlier years have been restated to conform with the presentation used for 2004 and to reflect changes in underlying data.

²Effective March 31, 2000, the provincial government assumed responsibility for the fiscal agency loans of the British Columbia Ferry Corporation (\$1,080 million) and 580440 British Columbia Ltd. (Vancouver Trade and Convention Centre—\$70 million).

³Represents government direct debt incurred for capital financing of education and health facilities and public transit infrastructure.

⁴Based on the outlook for world pulp prices and their potential impact on 552513 British Columbia Ltd. (Skeena Cellulose Inc.), the debt was reclassified as being taxpayer-supported in 2000/01. In fiscal 2001/02, the company's debt was assumed by the provincial government (\$260 million) and by the minority shareholder (\$94 million), as Skeena Cellulose Inc. was sold to the private sector.

⁵Includes debt of the British Columbia Housing Management Commission and the Provincial Rental Housing Corporation.

⁶Includes debt of Land and Water British Columbia Inc., the Pacific National Exhibition, other taxpayer-supported Crown corporations and agencies and the fiscal agency loans to local governments. Also includes student loan guarantees, loan guarantees to agricultural producers, guarantees under economic development and home mortgage assistance programs.

⁷Joint ventures of Columbia Power Corporation and Columbia Basin Trust.

Key Indicators of Provincial Debt¹ for the Fiscal Years Ended March 31

	2004		2003	2002	2001	2000
	Budget Estimate ²	Actual	Actual	Actual	Actual	Actual
Debt to Revenue (percent)						
Total provincial.....	112.1	104.2	108.9	94.8	82.7	101.4
Taxpayer-supported.....	124.4	112.4	116.2	104.2	90.0	100.6
Debt per Capita (\$)³						
Total provincial.....	9,800	9,003	8,879	8,764	8,321	8,549
Taxpayer-supported.....	7,667	7,137	7,069	6,668	6,172	6,247
Debt to GDP (percent)⁴						
Total provincial.....	29.4	26.2	27.0	27.1	25.6	28.4
Taxpayer-supported.....	23.0	20.8	21.5	20.6	19.0	20.7
Interest Bite (cents per dollar of revenue)⁵						
Total provincial.....	7.3	6.3	6.7	6.4	6.4	7.5
Taxpayer-supported.....	7.7	6.5	6.6	6.6	6.8	7.2
Interest Costs (\$ millions)						
Total provincial.....	2,666	2,241	2,233	2,423	2,604	2,528
Taxpayer-supported.....	1,982	1,707	1,662	1,724	1,871	1,785
Interest Rate (percent)⁶						
Taxpayer-supported.....	6.5	5.8	5.9	6.6	7.5	7.4
Background Information						
Revenue (\$ millions)						
Total provincial ^{7, 8}	36,528	35,824	33,545	37,689	40,618	33,804
Taxpayer-supported ⁹	25,757	26,334	25,034	26,108	27,690	24,909

Key Indicators of Provincial Debt¹ for the Fiscal Years Ended March 31—Continued

	2004		2003	2002	2001	2000
	Budget Estimate ²	Actual	Actual	Actual	Actual	Actual
Total Debt (\$ millions)						
Total provincial.....	40,966	37,337	36,539	35,741	33,609	34,289
Taxpayer-supported ¹⁰	32,046	29,598	29,087	27,193	24,930	25,057
Provincial GDP (\$ millions)¹¹.....	139,540	142,418	135,552	132,050	131,086	120,921
Population (thousands at July 1)¹².....	4,180	4,147	4,115	4,078	4,039	4,011

¹Figures for prior years have been restated to conform with the presentation used for 2004 and to include the effects of changes in underlying data and statistics.

²Represents the budget estimate as presented in the Budget and Fiscal Plan tabled February 18, 2003.

³The ratio of debt to population (e.g. 2003/04 debt divided by population at July 1, 2003).

⁴The ratio of debt outstanding at fiscal year end to provincial nominal gross domestic product (GDP) for the calendar year ending in the fiscal year (e.g. 2003/04 debt divided by 2003 GDP).

⁵The ratio of interest costs (less sinking fund interest) to revenue. Figures include capitalized interest expense in order to provide a more comparable measure to outstanding debt.

⁶Weighted average of the cost of all outstanding debt issues.

⁷Total provincial revenue has been restated to reflect a change in accounting policy for power utilities. Electricity trade activities that are supported by derivative purchases and sales are now reported on a net basis (no bottom line impact). This resulted in a revenue decrease (and an offsetting decrease in expense) of \$1.3 billion in 2002/03 and \$1.1 billion in 2003/04 for BC Hydro. Amounts for previous years have not been restated as information is not available. This restatement effects the calculation of two indicators: total provincial debt to revenue and total provincial interest bite.

⁸Includes revenue of the Consolidated Revenue Fund plus revenue of all Crown corporations and agencies.

⁹Excludes revenue of commercial Crown corporations and agencies.

¹⁰Excludes debt of commercial Crown corporations and agencies, and funds held under the province's Warehouse Borrowing Program.

¹¹GDP for the calendar year ending in the fiscal year (e.g. GDP for 2003 is used for the fiscal year ending March 31, 2004).

¹²Population at July 1st within the fiscal year (e.g. population at July 1, 2003 is used for the fiscal year ending March 31, 2004).

Summary of Performance Measures¹ for the Fiscal Year Ended March 31, 2004

	2004	2004	2003
	Target	Actual	Actual
Provincial credit rating ²	Aa2	Aa2	Aa2
Debt to GDP ratio ²	In the lowest 3	2nd lowest	2nd lowest
Debt service costs as a percentage of revenue ²	2nd lowest	2nd lowest	2nd lowest

¹Performance measures as presented in the Ministry of Finance Service Plan in February 2003.

²Moody's Investor Service Inc., based on May 2004 estimates. The debt to GDP and debt service costs as a percentage of revenue performance measures represent inter-provincial comparisons.

(Unaudited)

DEFINITIONS

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

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

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

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

Debt—represents the par value of the debt less sinking fund balances, internally held debt, unamortized discount and premiums, and unrealized foreign exchange gains or losses.

Deficit—meaning is dependent upon the statement to which it applies:

(i) Statement of Financial Position: the accumulated deficit is the amount by which the total liabilities of the government exceed its total assets.

(ii) Statement of Operations: the annual deficit is the amount by which the total annual expenses for the operating year exceed total annual revenues (see “Surplus” definition).

Entitlement—a government transfer that the government must make if the recipient meets specified eligibility criteria. Entitlements are non-discretionary in the sense that both eligibility criteria and the amount of the payment are prescribed in a statute or regulation.

Financial assets—assets on hand at the end of the accounting period, including cash and assets that are convertible into cash and are not intended for consumption in the normal course of activities, that could provide resources to discharge existing liabilities or finance future operations.

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

- (i) is a separate legal entity with the power to contract in its own name and that can sue or be sued;
- (ii) has been delegated the financial and operational authority to carry on a business;
- (iii) sells goods and/or services to individuals and organizations outside the government reporting entity as its principal activity; and
- (iv) can, in the normal course of its operation, maintain its operations and meet its liabilities from revenue received from sources outside the government reporting entity.

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

- (i) the partners co-operate toward achieving significant, clearly defined common goals;
- (ii) the partners make a financial investment in the government partnership;
- (iii) the partners share control of decisions related to the financial and operating policies of the government partnership on an ongoing basis; and
- (iv) the partners share, on an equitable basis, significant risks and benefits associated with the operation.

(Unaudited)

DEFINITIONS — Continued

Government transfers—transfers of money from government to an individual, organization or another government from which the government making the transfer does not:

- (i) receive any goods or services directly in return;
- (ii) expect to be repaid in the future; nor
- (iii) expect a financial return.

Grants—a government transfer made at the sole discretion of the government. The government has the discretion to decide whether or not to make the grant, the conditions to be complied with, if any, the amount of the grant and to whom to provide the grant.

Net liabilities—the amount by which the total liabilities of the government exceed its total financial assets. The separate calculation of this number on the Statement of Financial Position is unique to financial statements for Canadian senior governments. Can also be referred to as “net debt”; however, as this term can be confused with the term “debt” (*see* definition), the more descriptive net liabilities terminology is used by this province. Excludes non-financial assets such as buildings and prepaid expenses from total assets on the Statement of Financial Position.

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

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

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

Surplus—meaning is dependent upon the statement to which it applies:

- (i) Statement of Financial Position: the accumulated surplus is the amount by which the total assets of the government exceed its total liabilities.
- (ii) Statement of Operations: the annual surplus is the amount by which the total annual revenues for the operating year exceed total annual expenses (*see* “Deficit” definition).

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

Transfers under agreements (including shared cost)—a government transfer that is a reimbursement of eligible expenditures pursuant to an agreement between the government and the recipient. The recipient usually spends the money first, and the government has some input into how the money is spent.