

Request:

"Documentation on the breakdown of debt servicing costs over the past two fiscal years, 2013-14 and 2014-15, in terms of the amount that went towards principal payments and the amount that went towards interest costs including the figures based on a core and summary basis if possible; If the breakdown isn't available, provide an estimate, e.g. 50% interest, 50% principal; Documentation on the government's policy regarding debt repayments such as restrictions around terms, annual sinking fund requirements, etc. (Date Range for Record Search: From 01/01/2013 To 11/11/2015)"

Key: Summary Financial Statements

SFP = Statement of Financial Position

SO = Statement of Operations

SCF = Statement of Cash Flows

SUMMARY LEVEL**Financial Year 2014-2015****Principal Payments Reconciliation**

	Taxpayer Supported Debt	Self-supported Debt	Total	Reference
Debt as at March 31, 2014	41,761	19,041	60,802	SFP
Less:				
Sinking Fund	- 707	- 128	- 835	SFP
Net Debt as at March 31, 2014	41,054	18,913	59,967	
New Issues/Drawdowns	17,645	13,460	31,105	SCF
Maturities/Principal Repayments	- 16,312	- 12,035	- 28,347	SCF
Sinking Fund Investments	- 115	- 27	- 142	SCF
Amortization	- 401	- 1	- 402	
Net Debt as at March 31, 2015	41,871	20,310	62,181	
Add:				
Sinking Fund	822	155	977	SFP
Debt as at March 31, 2015	42,693	20,465	63,158	SFP

Interest Expense

Interest Expense =	2,498	SO
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Financial Year 2013-2014**Principal Payments Reconciliation**

	Taxpayer Supported Debt	Self-supported Debt	Total	Reference
Debt as at March 31, 2013	39,828	17,011	56,839	SFP
Less:				
Sinking Fund	- 1,665	- 113	- 1,778	SFP
Net Debt as at March 31, 2013	38,163	16,898	55,061	
New Issues/Drawdowns	15,713	13,820	29,533	SCF
Maturities/Principal Repayments	- 13,372	- 11,789	- 25,161	SCF
Sinking Fund Investments	959	16	943	SCF
Amortization	- 409	-	- 409	
Net Debt as at March 31, 2014	41,054	18,913	59,967	
Add:				
Sinking Fund	707	128	835	SFP
Debt as at March 31, 2014	41,761	19,041	60,802	SFP

Interest Expense

Interest Expense =	2,482	SO
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Key: Consolidated Revenue Fund
 SFP = Statement of Financial Position
 SO = Statement of Operations
 SCF = Statement of Cash Flows

CORE LEVEL

Financial Year 2014-2015

Principal Payments Reconciliation

	Taxpayer			Reference
	Supported Debt	Self-supported Debt	Total	
Debt as at March 31, 2014	37,749	18,913	56,662	SFP
Net Debt as at March 31, 2014	37,749	18,913	56,662	
New Issues/Drawdowns	17,266	13,434	30,700	SCF
Maturities/Principal Repayments	- 16,282	- 12,036	- 28,318	SCF
Amortization	- 405	- 1	- 406	
Net Debt as at March 31, 2015	38,328	20,310	58,638	
Debt as at March 31, 2015	38,328	20,310	58,638	SFP

Interest Expense

Interest Expense =	1,181	SO
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Financial Year 2013-2014

Principal Payments Reconciliation

	Taxpayer			Reference
	Supported Debt	Self-supported Debt	Total	
Debt as at March 31, 2013	35,107	16,898	52,005	SFP
Net Debt as at March 31, 2013	35,107	16,898	52,005	
New Issues/Drawdowns	16,398	13,804	30,202	SCF
Maturities/Principal Repayments	- 13,348	- 11,789	- 25,137	SCF
Amortization	- 408	- -	- 408	
Net Debt as at March 31, 2014	37,749	18,913	56,662	
Debt as at March 31, 2014	37,749	18,913	56,662	SFP

Interest Expense

Interest Expense =	1,235	SO
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Policy on Establishment of Sinking Funds

1) Establishing sinking funds

Unless otherwise directed under the *Financial Administration Act*, sinking funds are required to be established for all new government body borrowings* that meet the following criteria:

- Term of borrowing is equal to or greater than five years, and;
- The borrowings have a principal amount of CDN \$20 million or more (or its equivalent in other currencies).

*Except for borrowings repayable in instalments of principal

2) Exemptions to Policy

(a) The following are exempt from establishing new sinking funds:

- Government direct
- British Columbia Hydro and Power Authority
- BC Transportation Finance Authority

(b) The following have a temporary exemption from establishing new sinking funds on their borrowings:

- Transportation Investment Corporation ("TI Corp") – exemption granted until such time a steady revenue stream is realized by TI Corp, or as determined by the Minister of Finance

3) Sinking Fund payments

The assumed future interest rate earnings on new sinking funds shall be set at 5% per annum in order to determine the amount of the annual sinking fund payment.

This Policy on Establishment of Sinking Funds is dated the 2nd day of April, 2013 and supersedes previously approved policies. This policy may be replaced or amended from time to time.


Peter Milburn
Deputy Minister of Finance