

### Financial Statement Results

The FSDA (green tab) provides an overview of the financial position of the province and the results of operations. All of the recommended indicators show positive results and trends for the year.

The government's Summary Financial Statements are prepared on the same basis as the previous year.

- In accordance with the *Budget Transparency and Accountability Act* (BTAA), which requires generally accepted accounting principles (GAAP) for senior governments in Canada, supported by regulations of Treasury Board under the BTAA. In Canada, GAAP for senior governments is the Public Sector Accounting Standards.
- Any changes to government's accounting policy must be approved by Treasury Board. Changes in accounting policy that have a greater than \$25 million impact on the annual budgeted surplus/deficit of greater must be tabled as a change in accounting policy.
  - There were no changes to accounting policy in 2018/19.
  - There were no new accounting standards adopted in 2018/19.
- The Government's Reporting Entity includes the Core Government and all organizations that are controlled by government at the reporting date,
  - There was one new entity added to the Government Reporting Entity in 2018/19 – BC Infrastructure Benefits Inc. was established during the year.

The headline results are:

- Annual Surplus: \$1,535 million
  - \$1,316 million higher than budget
  - \$1,161 million higher than Q3 forecast
  - Revenues were higher than budget by \$2.9 billion (Taxes \$2B)
  - Expenses were higher than budget by \$2.0 billion (NR \$1.4B)
- Increase in Total Provincial Debt: \$1,043 million
  - Taxpayer-supported \$926 million decrease
    - Elimination of direct operating debt \$1,156 million decrease
  - Self-supported \$1,969 million increase
- Taxpayer-supported debt to GDP 14.5%
- Capital Spending (total provincial debt basis) \$8.6 billion
  - Taxpayer-supported \$4,452 million – \$722 million lower than budget
  - Self-supported \$4,106 million – \$45 million higher than budget

**Audit Opinion:** Page 2

### Public Accounts release

Event details: Last known release date– July 18<sup>th</sup> afternoon

Draft slide deck: provided for review and comments

**Audit Opinion:**

*Removal of the qualification on rate regulated accounting:*

- The auditor general removed her qualification on the use of rate regulated accounting.
- A Treasury Board regulation under the BTAA that required BC Hydro to adopt the US standard codification ASC980 was repealed during the year. This TB regulation was used as a stop-gap measure to ensure continuity while standard setters addressed rate regulated accounting.
- With the repeal, BC Hydro formally adopted International Financial Reporting Standards, including the IFRS14 interim standard on Regulatory Deferral Accounts.
- Government made other regulatory changes during the year that will allow the regulator to determine deferrable costs and the future rates required to recover those costs.

*Qualification on deferral of revenues:*

- The auditor general has qualified her opinion in the recognition of revenues received from outside sources, including the federal government, since 2011/12 (8 years).
- The auditor believes that contributions received from outside sources for specific purposes should be recognized when the expenditure occurs, or in the case of capital contributions, when the asset has been built or purchased.
- Provinces that defer restricted contributions without qualification; BC, ALTA, ONT, QUE, NS.
- In 2016 on review of the differences in treatment, the Public Sector Accounting Board concluded that sufficient flexibility exists in the government transfers standard to support recognizing revenue over the service delivery period.

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**Financial Results:**

- Annual Surplus: \$1,535 million
  - \$1,316 million higher than budget
  - \$1,161 million higher than Q3 forecast
- Significant Variances to Budget and Q3 Forecast:

	To BUDGET	To Q3 FORECAST
Revenue	\$2,935 million higher	\$492 million higher
Taxation	\$2,122 million higher	\$77 million higher
Natural res.	\$695 million higher	\$138 million higher
Miscellaneous	\$261 million higher	\$155 million higher
Other revenue	\$416 million higher	\$88 million higher
Offset by:		
Self Supp. Crowns	\$559 million lower	\$34 million higher
Expenses	\$1,969 million higher	\$169 million lower
Natural resource	\$1,392 million higher	\$447 million higher
Health	\$500 million higher	\$155 million higher
Protection	\$354 million higher	\$44 million higher
Education	\$188 million higher	\$188 million lower
All other expenses	\$92 million higher	\$49 million higher
Offset by:		
Other	\$557 million lower	\$676 million lower

- Increase in Total Provincial Debt: \$1,043 million
  - Taxpayer supported \$926 million decrease
    - Transportation \$613 million increase
    - Education \$38 million increase
    - Health \$65 million increase
  - Offset by:
    - Government direct operating \$1,156 million decrease
    - Provincial government general capital \$355 million decrease
    - Other taxpayer supported entities \$131 million decrease
  - Self-supported \$1,969 million increase
    - BC Hydro \$2,074 million increase
  - Offset by:
    - Other self-supported entities \$105 million decrease
- Taxpayer-supported debt to GDP 14.5%

**Ministerial Accountability Report**

- All ministers will receive their 10% holdback for achieving a surplus
- All ministers will receive their 10% holdback for meeting their individual results
- All ministers of state will receive their 10% holdback for achieving non-financial targets

## Financial Results - continued

Comparison of Budget, Q3 forecast and Actuals in detail:  
in millions \$

	Budget	Q3 forecast	Actual	B-A	Q3-A
<b>Revenues</b>					
Taxation	30,592	32,637	32,714	2,122	77
Federal contributions	8,930	9,062	9,052	122	(10)
Fees and licences	5,363	5,565	5,593	230	28
Miscellaneous	3,152	3,258	3,413	261	155
Self-supported Crowns	2,564	1,971	2,005	(559)	34
Natural resources	2,413	2,970	3,108	695	138
Investment Income	<u>1,179</u>	<u>1,173</u>	<u>1,243</u>	<u>64</u>	<u>70</u>
Total Revenues	54,193	56,636	57,128	2,935	492
<b>Expenses</b>					
Health	21,651	21,996	22,151	500	155
Education	13,897	14,273	14,085	188	(188)
Social Services	5,317	5,329	5,343	26	14
Interest	2,739	2,615	2,684	(55)	69
Natural resources and economic development	2,433	3,378	3,825	1,392	447
Other	2,367	2,486	1,810	(557)	(676)
Transportation	2,134	2,158	2,021	(113)	(137)
Protection	1,650	1,960	2,004	354	44
General Government	<u>1,436</u>	<u>1,567</u>	<u>1,670</u>	<u>234</u>	<u>103</u>
Total Expenses	53,624	55,762	55,593	1,969	(169)
Forecast Allowance	<u>(350)</u>	<u>(500)</u>	<u>-</u>	<u>350</u>	<u>500</u>
Surplus	<u>219</u>	<u>374</u>	<u>1,535</u>	<u>1,316</u>	<u>1,161</u>



July 4, 2019

not provided

### Government's Accounting Policy

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- Any changes to government's accounting policy must be approved by Treasury Board. Changes in accounting policy that have a greater than \$25 million impact on the annual budgeted surplus/deficit of greater must be tabled as a change in accounting policy. There were no changes to accounting policy in 2018/19.
- There were no new accounting standards adopted in 2018/19.
- The Government's Reporting Entity includes the Core Government and all organizations that are controlled by government at the reporting date,
  - The CRF, or core government, includes the General Fund (all ministries, special offices and special accounts) and the Special Fund (BC Prosperity Fund).
  - Crown corporations and agencies and schools, universities, colleges, health authorities and hospitals (SUCH).
  - There was one new entity added to the Government Reporting Entity in 2018/19 – BC Infrastructure Benefits Inc. was established during the year.

**Key Dates in the Audit Cycle:**

Fiscal Year end March 31

Post-closing adjustments completed April 15

Draft 1 transmitted to OAG May 17

- 25 comments on specific disclosure items were received from the Auditor General on May 28.
  - 14 minor edits were made as a result of the auditor's comments on the draft statements.

Draft 2 transmitted to OAG June 17

- 9 comments on specific disclosure items for Draft #2 were received June 24.
  - 5 minor edits to text were made.

Audit Opinion scheduled date June 28

- OAG provided their audit opinion on June 28.

Working Date for release Week of July 15<sup>th</sup>

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The FSDA (green tab) provides an overview of the financial position of the province and the results of operations.

The headline results are:

- Annual Surplus: \$1,535 million
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- Increase in Total Provincial Debt: \$1,043 million
  - Taxpayer-supported \$926 million decrease
    - Transportation \$613 million increase
    - Health \$65 million increase
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- Taxpayer-supported debt to GDP 14.5%
- Capital Spending (total provincial debt basis)
  - Taxpayer-supported \$4,452 million – \$722 million lower than budget
    - Hospitals 20%
    - Roads, bridges, transit 21%
    - Post-Secondary 23%
    - Schools 14%
    - Social housing 11%
    - All other 11%
  - Self-supported \$4,106 million – \$45 million higher than budget
    - Primarily Hydro

The rest of the FSDA provides additional narrative information and required indicators of financial health recommended by accounting standards. All of the recommended indicators show positive results and trends for the year.

**Audit Opinion:**

*Removal of the qualification on rate regulated accounting:*

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## Draft #2 2018/19 Public Accounts

### Draft #2:

- Draft #2 includes results of audited financial statements received from crowns and SUCH and audit adjustments for Ministry to the end of June 14<sup>th</sup>
- Sent to the OAG on June 17<sup>th</sup>; OAG comments expected on June 25<sup>th</sup>

### Changes from Draft #1:


- Operating Surplus of \$1,535 million
  - \$23M lower than Draft #1 as a result of:
    - \$50M increase in revenue for Property Tax accrual adjustment
    - \$33M increase in Consumer tax revenue from March submissions (PST, Fuel)
    - \$(65)M decrease for elimination of unrealized gain (School District and BC Hydro)
    - \$(23)M decrease from audit adjustments in Post Secondary Institutes for sales of goods/services
    - \$(5)M decrease from health authorities audit adjustments
    - \$(2)M net increase from all other crowns
- Disclosure is complete with results from Crown audited financial statements

### Outstanding audit issues:

Total Potential Adjs: \$14M, surplus \$1,549M

- Deferred revenue qualification – \$unknown –
- No Financial Statement Suggestion Forms have been issued by the auditor at this time
- Mineral tax adjustment – \$14M increase to revenue due to auditor's suggested revised estimate

### Key Dates:

June 25 <sup>th</sup>	OAG comments on Draft #2
June 26 <sup>th</sup>	Sign off — Final Summary Financial Statements
June 28 <sup>th</sup>	 Audit Opinion Due
To be determined	Minister's briefing
Week of July 8 <sup>th</sup>	Public Accounts available for release

**Minister's Briefing** *for meeting w/OAG*  
**2018/19 Public Accounts**

**Results:**

- Results have been compiled from audited financial statements received from crowns and SUCH and includes audit adjustments for Ministries to the end of June 17<sup>th</sup>.
- Annual Operating Surplus of \$1,535 million
  - \$1,316M higher than Budget due to:
    - \$2,935M higher revenues
    - \$1,969M higher expenses
    - \$350M unused forecast allowance
  - \$1,161M higher than Q3 Forecast due to:
    - \$492M higher revenues
    - \$169M lower expenses
    - \$500M unused forecast allowance

**Outstanding audit issues:**

- One adjustment has been discussed with the Ministry of Finance - Revenue Division. The auditor has suggested an increase in Mineral tax revenue of \$14 million. The Ministry disagrees with the adjustment and believes that the current estimate for March 31, 2019 reflects the best information available.
- Although no information has yet been provided by the auditor, the longstanding deferred revenue qualification is expected to remain:
  - Deferred revenue – \$5.6 billion reduction to liabilities and increase to revenue (amount subject to change pending further information OAG requested from external auditors)
- The auditor has indicated that they will be removing the qualification on rate regulated accounting for the current year. However, the opinion will reference the prior year qualification as it relates to the prior year figures included in the summary financial statements.
- The audit opinion is expected on June 28<sup>th</sup> and there has been no indication of delay.

**Next steps:**

- Once the audit has concluded, any final adjustments will be made and the final financial statements will be completed. The audit opinion will be provided and inserted for publication.
- Release day will be co-ordinated with the Minister's availability. Assuming the audit opinion is received on June 28<sup>th</sup>, the Public Accounts will be available for release after July 8<sup>th</sup>.
- Logistics for release day will be organized between the MO, DMO, GCPE and OCG.



**Changes between Draft 1 and Draft 2**  
**Summary Financial Statements**  
**As at March 31, 2019**  
**in Millions**

	Health	Education	Social	Debt	NRED	Trans	Other	Protect	Gen Govt	Sum Adjs	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Financial Assets</i>											
Cash and cash equivalents	9	(1)	-	-	5	(3)	(1)	-	-	1	10
Temporary investments	-	(7)	-	-	1	-	(1)	-	-	-	(7)
Accounts receivable	2	13	(1)	-	2	6	(29)	(1)	77	-	69
Inventories for resale	-	1	-	-	-	-	-	-	-	-	1
Due from the Province of British Columbia	-	(7)	-	-	1	(3)	(16)	-	-	25	-
Due from other governments	(3)	5	-	-	(1)	-	1	-	-	-	2
Due from self-supported Crown corporations	-	-	-	-	-	-	-	-	-	-	-
Equity in self-supported Crown corporations a	-	(2)	-	-	(64)	(1)	-	2	-	-	(65)
Loans, advances and mortgages receivable	-	-	-	-	(3)	-	29	-	(1)	-	25
Other investments	(5)	7	-	-	3	(1)	1	-	-	-	5
Sinking fund investments	-	(1)	-	-	-	1	-	-	-	-	-
Loans for purchase of assets, recoverable from	-	-	-	-	-	-	-	-	-	-	-
	3	8	-1	0	-56	-1	-16	1	76	26	40
<i>Liabilities</i>											
Accounts payable and accrued liabilities	(1)	24	-	-	(37)	12	(15)	-	(2)	4	(15)
Accrued employee leave entitlements	1	2	-	-	-	(3)	-	-	-	-	-
Due to other governments	-	-	-	-	(1)	-	-	1	-	-	-
Due to Crown corporations, agencies and trust	-	-	-	-	(22)	-	-	-	-	22	-
Due to the Province of British Columbia	-	-	(1)	-	1	-	-	-	-	-	-
Deferred revenue	5	15	-	-	20	3	-	-	1	-	44
Employee pension plans	-	-	-	-	-	-	-	-	-	-	-
Taxpayer-supported debt	1	(1)	-	-	1	-	-	-	(1)	-	-
Self-supported debt	-	-	-	-	-	-	-	-	-	-	-
	6	40	-1	0	-38	12	-15	1	-2	26	29
Net assets (liabilities)	-3	-32	0	0	-18	-13	-1	0	78	0	11
<i>Non-financial Assets</i>											
Tangible capital assets	2	16	-	-	-	(3)	(1)	-	-	-	14
Restricted assets	-	(4)	-	-	-	2	-	-	-	-	(2)
Prepaid program costs	(4)	(1)	4	-	2	1	-	4	-	-	6
Other assets	-	-	-	-	-	-	-	-	-	-	-
	-2	11	4	0	2	0	-1	4	0	0	18
Accumulated surplus (deficit)	-5	-21	4	0	-16	-13	-2	4	78	0	29

Changes between Draft 1 and Draft 2  
Summary Financial Statements  
As at March 31, 2019  
in Millions

	Consolidated Statement of Operations by Sector										
	Health	Education	Social	Debt	NRED	Trans	Other	Protect	Gen Govt	Sum Adjs	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Revenue</i>											
Taxation	-	-	-	-	-	2	-	-	85	-	87
Contributions from the federal government	(1)	3	-	-	-	-	(2)	-	-	-	-
Fees and licences	-	-	-	-	(15)	(1)	-	-	-	-	(16)
Miscellaneous	(17)	(91)	-	-	(4)	2	3	(13)	-	-	(120)
Net earnings of self supported crown corp.	-	(8)	-	-	2	-	(1)	-	-	10	3
Natural resources	-	-	-	-	-	-	-	-	-	-	-
Investment income	2	14	-	1	2	-	-	-	-	(1)	18
Total revenue	-16	-82	0	1	-15	3	0	-13	85	9	-28
<i>Expense</i>											
Salaries and benefits	(1)	5	-	-	-	1	1	-	1	-	7
Government transfers	6	(1)	-	-	(4)	-	20	(4)	-	-	17
Operating costs	(16)	1	(3)	-	3	16	(19)	-	(4)	-	(22)
Interest	1	-	-	-	-	-	-	-	-	(1)	-
Amortization	(1)	1	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	(10)	(1)	(2)	(13)	9	10	(7)
Operating expense	-11	6	-3	0	-11	16	0	-17	6	9	-5
<i>Surplus (deficit)</i>	-5	-88	3	1	-4	-13	0	4	79	0	-23

**Change in Surplus**

-23 decrease

*CRF adjustments*

Accrual Adjustments in the CRF:

Consumer Tax accrual adj	33 increase	revenue
Property tax accrual adj	50 increase	revenue
Other taxation	2 increase	revenue

*Effects from the CRF:*

Draft to audit adjustments - Unrecognized gain sale of asset (SD/BCHydro)	85	-65 decrease
Draft to audit adjustments - Universities and colleges sales/services		-23 decrease
Draft to audit adjustments - updated BCTFA results		-13 decrease
Draft to audit adjustments - Health Authorities		-5 decrease
Draft to audit adjustments - all other crown corporations		-2 decrease

## 2018/19 PUBLIC ACCOUNTS

### KEY ISSUES

**Issue: Annual surplus of \$1,535M was higher than budget**

#### Key Messages

- The budget surplus was estimated at \$219 million and the actual was a surplus of \$1,535 million. Total revenues were \$2,935 million higher than budget and were \$5,108 million higher than the prior year. Total expenses were \$1,969 million higher than budget and were \$3,887 million higher than prior year.
- The increase in revenue from budget was a result of increases in taxation revenue resulting from estimated household growth, prior year income tax assessments and new tax policy measures.
- The increase in spending from budget was primarily in the Natural Resource sector for direct fire and economic agreements, the Health sector for services, and the protection sector for increased court costs and emergency preparedness. Additional spending was authorized through Supplementary Estimates and statutory appropriation.
- The increase in total expenses over the prior year was due to spending in the Health sector for increased service volume and demands, and services related to the opioid public health emergencies. Spending in the Natural Resource sector was for direct fire and the Production Services Tax Credit. (\$759M total)

#### Background

- Personal Income Tax increased from budget by \$1,528 million and increased over the prior year by \$2,441 million due to higher prior year income tax assessments, estimated household income growth and the introduction of a new top tax bracket. Corporate income tax increased from budget by \$1,084 million and increased over the prior year by \$1,015 million due to increased federal installments and prior year settlements. Property transfer tax decreased \$409 million over budget and \$315 million over prior year due to lower sales.
- Total expenses increased from prior year primarily due to spending increases in the Natural Resource and Economic Development sector of \$1,392 million and the Health sector of \$500 million. The increase in Natural Resource was attributed to direct fire costs and the Production Service Tax Credits. The increase in Health sector was attributed to increased costs from higher patient volume.

## 2018/19 PUBLIC ACCOUNTS

### KEY ISSUES

**Issue: The Auditor General has qualified her opinion on the Public Accounts**

#### Key Messages

- Auditor General removed the qualification on the use of Rate Regulated Accounting.
- The audit opinion for the 2018/19 Summary Financial Statements contains one reservation on the longstanding issue of deferrals of revenue.

#### *Deferral of revenues:*

- The Auditor General recommends recognizing revenue for restricted grants in the year the funds are received.
- Government recognizes grant revenue only when the restricted purpose has been met so that the obligation for service delivery is disclosed, and the actual results align with budget.
- The proposed treatment fails to meet the following public interest objectives:
  - Actual results would no longer be directly comparable with budgets and spending authority.
  - The source and obligations arising out of contributed funds would no longer be transparent to stakeholders.
  - The misalignment between recognized revenue and related expenses will artificially constrain available funding in downturns – when government programs and services are needed most.
- There are 4 provinces that defer restricted contributions; BC, Alberta, Ontario and Quebec – BC is the only qualification.
- The impact of the recommendation in the current year would be to increase revenue and surplus by \$5,739 million and decrease liabilities by \$5,739 million.

## 2018/19 PUBLIC ACCOUNTS

### KEY ISSUES

**Issue: The qualification on rate regulated accounting has been removed**

#### Key Messages

- The Auditor General has removed the qualification on the use of rate regulatory accounting in the 2018/19 Public Accounts; however, continues to refer to the qualification as it pertains to the prior year amounts reported in these financial statements.
- In 2018/19, BC Hydro adopted International Financial Reporting Standards with certain first-time adoption elections, including the use of rate regulated accounting. BC Hydro also adjusted certain rate regulatory accounts established under government direction.

#### Background

- The Auditor General qualified the 2016/17 Public Accounts for the inappropriate use of rate regulated accounting in BC Hydro and was unable to quantify the amount.
- In response to that qualification, a \$950 million adjustment to rate regulatory accounts was made in the Summary Financial Statements for March 31, 2018. The Auditor General again qualified the 2017/18 financial statements for the use of rate regulatory accounting at BC Hydro and quantified the remaining amount of deferred regulatory assets (\$4.5 billion) as requiring adjustment.
- During 2018/19, Part 3 of Treasury Board regulation 257/2010 was repealed and BC Hydro was directed to adopt International Financial Reporting Standards in full. BC Hydro also expensed the balance of their rate smoothing regulatory accounts (\$1,140 million). 1044  
After accommodating the summary level adjustment made in 2017/18, the net impact in these Public Accounts is \$190 million. 94
- s.13
- Regulatory deferral accounts are a component of equity in self-supported Crown corporations and agencies on the Consolidated Statement of Financial Position.

*Take out  
but  
keep for  
Diane*

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BCHydro

Summary:

Budget	712	gain
Actuals	(428)	loss
Variance	1,140	

Explained by:

Write off	1,044	rate smoothing (815 (F18)+229(F19))
Other regulatory	75	net change in year
Operating costs	(210)	lower
Financing costs	481	higher
Revenues	(250)	higher
	1,140	

1044  
950  
94M net write off  
in BCH 18/19 FS  
2017/18 adj SFS

British Columbia Hydro and Power Authority

AUDITED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	2019	2018
<i>for the years ended March 31 (in millions)</i>		(Note 24)
<b>Revenues (Note 4)</b>		
Domestic	\$ 5,432	\$ 5,223
Trade	1,141	731
	6,573	5,954
<b>Expenses</b>		
Operating expenses (Note 5)	4,696	4,497
Finance charges (Note 6)	1,186	824
<b>Net Income Before Movement in Regulatory Balances</b>	691	633
Net movement in regulatory balances (Note 14)	(1,119)	51
<b>Net Income (Loss)</b>	(428)	684

Although note 14 which mentions the \$815m and \$229m and says it's a part of the operating expense, it doesn't seem to be the case if you look at the break down of operating expenses in their note 5.

	Budget	Actual	Variance
<b>Revenue</b>	6,323	6,573	(250)
<b>Op Costs</b>	4,906	4,696	210
<b>Finance Charges</b>	705	1,186	(481)
<b>Regulatory movement</b>		1,119	(1,119)
<b>Net income</b>	712	(428)	(1,140)

## AUDITED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	2019	2018
<i>for the years ended March 31 (in millions)</i>		(Note 24)
<b>Revenues (Note 4)</b>		
Domestic	\$ 5,432	\$ 5,223
Trade	1,141	731
	<b>6,573</b>	<b>5,954</b>
<b>Expenses</b>		
Operating expenses (Note 5)	Exp 4,696	4,497
Finance charges (Note 6)	Exp 1,186	824
<b>Net Income Before Movement in Regulatory Balances</b>	<b>691</b>	<b>633</b>
Net movement in regulatory balances (Note 14)	Exp (1,119)	51
<b>Net Income (Loss)</b>	<b>(428)</b>	<b>684</b>
	Exp = 7001	
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
<b>Items That Will Be Reclassified to Net Income (Loss)</b>		
Effective portion of changes in fair value of derivatives designated as cash flow hedges (Note 20)	(24)	57
Reclassification to income (loss) of derivatives designated as cash flow hedges (Note 20)	8	(30)
Foreign currency translation gains (losses)	3	(5)
<b>Items That Will Not Be Reclassified to Net Income (Loss)</b>		
Actuarial gain (loss)	(173)	193
Other Comprehensive Income (Loss) before movement in regulatory balances	(186)	215
Net movements in regulatory balances (Note 14)	173	(193)
Other Comprehensive Income (Loss)	(13)	22
<b>Total Comprehensive Income (Loss)</b>	<b>\$ (441)</b>	<b>\$ 706</b>

See accompanying Notes to the Consolidated Financial Statements.

RSRA 815 F2018  
 229 F2019  
 1044  
 <950>  
 94 net impact in F2019@SF3  
 Budgeted 712 gain  
 Actual 428 loss  
 1140  
 <1044> w/o  
 250 ↑ REVENUE  
 135 ↓ expense  
 <481> ↑ Finance costs

Rev 6573  
 Exp 7001  
 <428> RCHNI  
 950 SF3 Adj  
 522 ANI

<1119>  
 815  
 <304> net Δ  
 in Reg acc!

2018/19 Annual Service Plan Report

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	As at March 31 2019	As at March 31 2018 (Note 24)	As at April 1 2017 (Note 24)
<i>(in millions)</i>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents (Note 8)	\$ 84	\$ 42	\$ 49
Restricted cash (Note 8)	109	77	28
Accounts receivable and accrued revenue (Note 9)	912	728	761
Inventories (Note 10)	168	144	185
Prepaid expenses	179	167	162
Current portion of derivative financial instrument assets (Note 20)	79	174	144
	<b>1,531</b>	<b>1,332</b>	<b>1,329</b>
<b>Non-Current Assets</b>			
Property, plant and equipment (Note 11)	27,952	25,079	22,994
Intangible assets (Note 12)	602	591	601
Derivative financial instrument assets (Note 20)	49	156	215
Other non-current assets (Note 13)	596	632	560
	<b>29,199</b>	<b>26,458</b>	<b>24,370</b>
<b>Total Assets</b>	<b>30,730</b>	<b>27,790</b>	<b>25,699</b>
<b>Regulatory Balances (Note 14)</b>	<b>4,942</b>	<b>5,891</b>	<b>6,127</b>
<b>Total Assets and Regulatory Balances</b>	<b>\$ 35,672</b>	<b>\$ 33,681</b>	<b>\$ 31,826</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities (Note 15)	\$ 1,478	\$ 1,603	\$ 1,172
Current portion of long-term debt (Note 16)	3,121	3,344	2,878
Current portion of unearned revenues and contributions in aid (Note 17)	87	85	82
Current portion of derivative financial instrument liabilities (Note 20)	89	112	60
	<b>4,775</b>	<b>5,144</b>	<b>4,192</b>
<b>Non-Current Liabilities</b>			
Long-term debt (Note 16)	19,261	17,020	17,146
Derivative financial instrument liabilities (Note 20)	296	66	41
Unearned revenues and contributions in aid (Note 17)	1,905	1,758	1,620
Post-employment benefits (Note 19)	1,752	1,474	1,566
Other non-current liabilities (Note 21)	1,988	2,021	1,516
	<b>25,202</b>	<b>22,339</b>	<b>21,889</b>
<b>Total Liabilities</b>	<b>29,977</b>	<b>27,483</b>	<b>26,081</b>
<b>Regulatory Balances (Note 14)</b>	<b>748</b>	<b>751</b>	<b>845</b>
<b>Shareholder's Equity</b>			
Contributed surplus	60	60	60
Retained earnings	4,934	5,421	4,896
Accumulated other comprehensive loss	(47)	(34)	(56)
	<b>4,947</b>	<b>5,447</b>	<b>4,900</b>
<b>Total Liabilities, Shareholder's Equity and Regulatory Balances</b>	<b>\$ 35,672</b>	<b>\$ 33,681</b>	<b>\$ 31,826</b>

Commitments and Contingencies (Notes 11 and 22)

See accompanying Notes to the Consolidated Financial Statements.

Approved on behalf of the Board:


Ken Peterson  
Executive Chair

Len Boggio, FCPA, FCA, ICD.D  
Chair, Audit & Finance Committee



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

NOTE 14: RATE REGULATION

*Regulatory Accounts*

The Company has established various regulatory accounts through rate regulation and with the approval of the BCUC. In the absence of rate regulation, these amounts would be reflected in total comprehensive income (loss). For the year ended March 31, 2019, the impact of regulatory accounting has resulted in a net decrease to total comprehensive income of \$946 million (2018 - \$142 million net decrease) which is comprised of a decrease to net income of \$1.12 billion (2018 - \$51 million increase) and an increase to other comprehensive income of \$173 million (2018 - \$193 million decrease). For each regulatory account, the amount reflected in the Net Change column in the following regulatory tables represents the impact on comprehensive income for the applicable year. Under rate regulated accounting, a net decrease in a regulatory asset or a net increase in a regulatory liability results in a decrease to comprehensive income.

<i>(in millions)</i>	<i>As at April 1 2018</i>	<i>Addition / (Reduction)</i>	<i>Interest<sup>A</sup></i>	<i>Amortization</i>	<i>Net Change<sup>B</sup></i>	<i>As at March 31 2019</i>	<i>Remaining recovery/ reversal period (years)</i>
<b>Regulatory Assets</b>							
Non-Heritage Deferral Account	462	\$ (170)	\$ 13	\$ (229)	\$ (386)	\$ 76	Note D
Trade Income Deferral Account	127	(109)	1	(19)	(127)	-	Note D
Demand-Side Management	903	111	-	(99)	12	915	1-15
Debt Management	-	163	-	-	163	163	9-35
First Nations Provisions & Costs	518	22	4	(39)	(13)	505	5-9 Note G
Non-Current Pension Costs	304	240	-	(58)	182	486	8-12
Site C	472	-	19	-	19	491	Note E
CIA Amortization	88	(5)	-	-	(5)	83	21
Environmental Provisions & Costs	261	(1)	(2)	(31)	(34)	227	Note F, G
Smart Metering & Infrastructure	239	-	9	(31)	(22)	217	10
IFRS Pension	535	-	-	(38)	(38)	497	13
IFRS Property, Plant & Equipment	1,025	67	-	(28)	39	1,064	33-42
Rate Smoothing <sup>C</sup>	815	(815)	-	-	(815)	-	-
Storm Restoration Costs	47	19	2	(10)	11	58	Note F
Total Finance Charges	-	3	-	17	20	20	Note F
Foreign Exchange Gains and Losses	-	(2)	-	14	12	12	1-10
Other Regulatory Accounts	95	37	4	(8)	33	128	2-5
<b>Total Regulatory Assets</b>	<b>5,891</b>	<b>(440)</b>	<b>50</b>	<b>(559)</b>	<b>(949)</b>	<b>4,942</b>	
<b>Regulatory Liabilities</b>							
Heritage Deferral Account	423	95	19	(52)	62	485	Note D
Trade Income Deferral Account	-	212	3	44	259	259	Note D
Foreign Exchange Gains and Losses	31	(6)	-	(25)	(31)	-	1-10
Debt Management	158	(158)	-	-	(158)	-	9-35
Total Finance Charges	134	(50)	-	(84)	(134)	-	Note F
Other Regulatory Accounts	5	(1)	-	-	(1)	4	2-5
<b>Total Regulatory Liabilities</b>	<b>751</b>	<b>92</b>	<b>22</b>	<b>(117)</b>	<b>(3)</b>	<b>748</b>	
<b>Net Regulatory Asset</b>	<b>\$ 5,140</b>	<b>\$ (532)</b>	<b>\$ 28</b>	<b>\$ (442)</b>	<b>\$ (946)</b>	<b>\$ 4,194</b>	

NI <1119>  
OCI - 173  
946

British Columbia Hydro and Power Authority

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

<i>(in millions)</i>	<i>As at April 1 2017</i>	<i>Addition / (Reduction)</i>	<i>Interest<sup>A</sup></i>	<i>Amortization</i>	<i>Net Change<sup>B</sup></i>	<i>As at March 31 2018</i>	<i>Remaining recovery/ reversal period (years)</i>
<b>Regulatory Assets</b>							
Non-Heritage Deferral Account	756	(123)	26	(197)	(294)	462	Note D
Trade Income Deferral Account	194	(21)	5	(51)	(67)	127	Note D
Demand-Side Management	916	82	-	(95)	(13)	903	1-15
First Nations Provisions & Costs	532	20	5	(39)	(14)	518	6-9 Note G
Non-Current Pension Costs	485	(123)	-	(58)	(181)	304	9-13
Site C	453	-	19	-	19	472	Note E
CIA Amortization	91	(3)	-	-	(3)	88	22
Environmental Provisions & Costs	294	-	(2)	(31)	(33)	261	Note F, G
Smart Metering & Infrastructure	261	-	10	(32)	(22)	239	11
IFRS Pension	574	-	-	(39)	(39)	535	14
IFRS Property, Plant & Equipment	962	90	-	(27)	63	1,025	34-43
Rate Smoothing	488	327	-	-	327	815	-
Storm Restoration Costs	39	16	2	(10)	8	47	Note F
Other Regulatory Accounts	82	28	1	(16)	13	95	3-6
<b>Total Regulatory Assets</b>	<b>6,127</b>	<b>293</b>	<b>66</b>	<b>(595)</b>	<b>(236)</b>	<b>5,891</b>	
<b>Regulatory Liabilities</b>							
Heritage Deferral Account	371	61	5	(14)	52	423	Note D
Foreign Exchange Gains and Losses	66	4	-	(39)	(35)	31	1-11
Debt Management	187	(29)	-	-	(29)	158	10-35
Total Finance Charges	212	24	-	(102)	(78)	134	Note F
Other Regulatory Accounts	9	(1)	-	(3)	(4)	5	3-6
<b>Total Regulatory Liabilities</b>	<b>845</b>	<b>59</b>	<b>5</b>	<b>(158)</b>	<b>(94)</b>	<b>751</b>	
<b>Net Regulatory Asset</b>	<b>\$ 5,282</b>	<b>\$ 234</b>	<b>\$ 61</b>	<b>\$ (437)</b>	<b>\$ (142)</b>	<b>\$ 5,140</b>	

<sup>A</sup>As permitted, interest charges were accrued to certain regulatory balances at a rate of 4.0% for the year ended March 31, 2019 (2018 – 4.1%).

<sup>B</sup>Net Change includes a net increase to net loss of \$1.12 billion (2018 – a net increase to net income of \$51 million) and net decrease to other comprehensive loss of \$173 million (2018 – a net decrease to other comprehensive income of \$193 million).

<sup>C</sup>As at December 31, 2018, the entire balance of the Rate Smoothing Regulatory Account (RSRA) was expensed as BC Hydro determined that collection of the RSRA was no longer probable based on information received from the Province. This resulted in an operating expense of \$1.04 billion during the year ended March 31, 2019. The operating expense was comprised of the \$815 million balance in the account as at April 1, 2018 and \$229 million deferred in the account from April 1, 2018 to December 31, 2018.

<sup>D</sup>For fiscal 2018 to fiscal 2019, the balances in these regulatory accounts were recovered in rates through the Deferral Account Rate Rider (DARR), which is an additional charge on customer bills. The DARR was 5 per cent for fiscal 2018 and fiscal 2019. In the Fiscal 2020 to Fiscal 2021 Revenue Requirements Application, BC Hydro proposed to reduce the DARR from 5 per cent to 0 per cent effective April 1, 2019 and to refund the forecasted net credit balance in the Revenue Requirements Application in these accounts over the fiscal 2020 to fiscal 2021 test period.

<sup>E</sup>The recovery period for this account will be determined by the BCUC as part of a future regulatory proceeding once the Site C Project is placed into service.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018**

<sup>F</sup> The forecast balances in these accounts at the end of a test period are recovered over the next test period. A test period refers to the period covered by a revenue requirements application filing. The forecast balance at the end of fiscal 2019 will be recovered over fiscal 2020 to fiscal 2021 test period.

<sup>G</sup> The First Nations Provisions & Costs and Environmental Provisions & Costs regulatory accounts include both expenditures and provisions (costs to be incurred in future years). Actual expenditures are recovered over the term identified. The provision balance becomes recoverable at such time as actual expenditures are incurred and transferred to the respective regulatory cost account.

**RATE REGULATION**

On March 1, 2018, the BCUC issued Order No. G-47-18, which approved final rate increases of 4.0 per cent for fiscal 2017, 3.5 per cent for fiscal 2018, and 3.0 per cent for fiscal 2019. In addition, the BCUC directed the establishment of two new regulatory accounts, the Post Employment Benefit (PEB) Current Pension Costs Regulatory Account and the Dismantling Cost Regulatory Account and the closure of the Future Removal and Site Restoration Regulatory Account.

On February 25, 2019, BC Hydro filed the Fiscal 2020 to Fiscal 2021 Revenue Requirements Application requesting rate increases of 6.85 per cent for fiscal 2020 and 0.72 per cent for fiscal 2021 and a reduction in the Deferral Account Rate Rider from 5 per cent to 0 per cent effective April 1, 2019. If approved, these two requests would result in a net bill increase of 1.76 per cent for fiscal 2020 and 0.72 per cent for fiscal 2021. BC Hydro proposed to reduce the Deferral Account Rate Rider to 0 per cent as the accounts it is intended to recover have a combined credit balance at March 31, 2019. Instead of the Deferral Account Rate Rider recovery mechanism, BC Hydro has proposed to refund the forecast fiscal 2019 net closing balance and the forecast fiscal 2020 and fiscal 2021 net additions and interest applied to the Heritage Deferral Account, the Non-Heritage Deferral Account, and the Trade Income Deferral Account over the fiscal 2020 to fiscal 2021 test period.

**HERITAGE DEFERRAL ACCOUNT**

This account is intended to mitigate the impact of certain cost and revenue variances between the forecast costs and revenues in a revenue requirements application and actual costs and revenues associated with the Company's hydroelectric and thermal generating facilities. These deferred variances are recovered in rates through the Deferral Account Rate Rider (DARR). The DARR, which was set at 5 per cent for fiscal 2018 and fiscal 2019, is an additional charge on customer bills and is currently used to recover the balances in the energy deferral accounts for fiscal 2018 and fiscal 2019.

**NON-HERITAGE DEFERRAL ACCOUNT**

This account is intended to mitigate the impact of certain cost and revenue variances between the forecast costs and revenues in a revenue requirements application and actual costs and revenues related to items including all non-heritage energy costs (e.g., costs related to power acquisitions from Independent Power Producers) and load (i.e., customer demand). These deferred variances are recovered in rates through the DARR for fiscal 2018 and fiscal 2019.

**TRADE INCOME DEFERRAL ACCOUNT**

This account is intended to mitigate the uncertainty associated with forecasting the net income of the Company's trade activities. The impact is to defer the difference between the Trade Income forecast in a revenue requirements application and actual Trade Income. These deferred variances are recovered in rates through the DARR for fiscal 2018 and fiscal 2019.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018**

**DEMAND-SIDE MANAGEMENT**

Demand-Side Management expenditures are deferred and amortized on a straight-line basis over the anticipated 15 year period of benefit of the expenditures. Demand-Side Management expenditures include materials, direct labour and applicable portions of support costs, equipment costs, and incentives, which are not eligible for capitalization. Costs relating to identifiable tangible assets that meet the capitalization criteria are recorded as property, plant and equipment. In March 2017, the Government issued Orders in Council No. 100 and No. 101, which enable BC Hydro to pursue cost-effective electrification and allows for costs related to undertakings pursuant to Order in Council No. 101 to be deferred to the Demand-Side Management Regulatory Account.

**FIRST NATIONS PROVISIONS & COSTS**

The First Nations Provisions Regulatory Account includes the present value of future payments related to agreements reached with various First Nations groups. These agreements address settlements related to the construction and operation of the Company's existing facilities and provide compensation for associated impacts. Lump sum and annual settlement costs paid pursuant to these settlements are transferred to the First Nations Costs Regulatory Account. In addition, annual negotiation costs are deferred to the First Nations Costs Regulatory Account.

Forecast lump sum settlement payments are amortized over 10 years starting in the year of payment, forecast annual settlement payments are amortized in the year of payment, and actual annual negotiation costs are recovered from the First Nations Costs Regulatory Account in the year incurred. Variances between forecast and actual lump sum and annual settlement payments in the current test period are recovered over the following test period. A test period refers to the period covered by a revenue requirements application filing.

**NON-CURRENT PENSION COSTS**

The Non-Current Pension Costs Regulatory Account captures variances between forecast and actual non-current service costs, such as net interest income or expense, related to pension and other post-employment benefit plans. In addition, all re-measurements of the net defined benefit liability (asset) are deferred to this account. Amounts deferred during the current test period are amortized at the start of the following test period over the expected average remaining service life of the employee group (currently 12 years).

**SITE C**

Site C Project expenditures incurred in fiscal 2007 through the third quarter of fiscal 2015 were deferred. In December 2014, the Provincial Government approved a final investment decision for the Site C Project, resulting in expenditures being capitalized in property, plant and equipment starting in the fourth quarter of fiscal 2015. BC Hydro plans to seek BCUC approval to begin amortizing the balance of the Site C Regulatory Account once the assets are in service.

**CONTRIBUTIONS IN AID (CIA) OF CONSTRUCTION AMORTIZATION**

This account captures the difference in revenue requirement impacts of the 45 year amortization period the Company uses as per a depreciation study and the 25 year amortization period determined by the BCUC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

**ENVIRONMENTAL PROVISIONS & COSTS**

A liability provision and offsetting regulatory asset has been established for environmental compliance and remediation arising from the costs that will likely be incurred to comply with the Federal Polychlorinated Biphenyl (PCB) Regulations enacted under the *Canadian Environmental Protection Act*, the Asbestos requirements of the Occupational Health and Safety Regulations under the jurisdiction of WorkSafe BC and the remediation of environmental contamination at a property occupied by a predecessor company.

Actual expenditures related to environmental regulatory provisions are transferred to the environmental cost regulatory asset accounts. Forecast environmental and remediation costs are amortized from the accounts each year. Variances between forecast and actual environmental and remediation expenditures in the current test period are recovered over the following test period.

**SMART METERING & INFRASTRUCTURE**

Net operating costs incurred with respect to the Smart Metering & Infrastructure program were deferred through the end of fiscal 2016 when the project was completed. Costs relating to identifiable tangible and intangible assets that meet the capitalization criteria were recorded as property, plant and equipment or intangible assets respectively. The balance in the regulatory account at the end of fiscal 2016 is being amortized over a period of 13 years, reflecting the remaining period of the overall amortization period of 15 years, which is based on the average life of Smart Metering & Infrastructure assets.

**IFRS PENSION**

Unamortized experience gains and losses on the pension and other post-employment benefit plans recognized at the time of transition to IFRS as part of the Prescribed Standards (the previous accounting standards applicable to BC Hydro that were effective April 1, 2012) were deferred to this regulatory account to allow for recovery in future rates. The account balance is amortized/recovered over 20 years on a straight-line basis beginning in fiscal 2013.

**IFRS PROPERTY, PLANT & EQUIPMENT**

This account includes the fiscal 2012 incremental costs impacts due to the application of the accounting principles of IFRS to Property, Plant & Equipment to the comparative fiscal year for the adoption of IFRS as part of the Prescribed Standards (the previous accounting standards applicable to BC Hydro that were effective April 1, 2012). In addition, the account includes an annual deferral of overhead costs, ineligible for capitalization under the accounting principles of IFRS. The annual deferred amounts are amortized over 40 years beginning the year following the deferral of the expenditures.

**RATE SMOOTHING**

As part of the 10 Year Rates Plan, the Rate Smoothing Regulatory Account was established with the objective of smoothing rate increases over the 10 Year Rates Plan period so that there is less volatility from year to year. As part of the Comprehensive Review, BC Hydro ceased using the Rate Smoothing Regulatory Account at the end of the third quarter of fiscal 2019. The balance of the Rate Smoothing Regulatory Account was written-off in December 2018 in the amount of \$1.04 billion, resulting in a net loss for BC Hydro in fiscal 2019. BC Hydro is seeking BCUC approval to close this regulatory account in fiscal 2020.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

### STORM RESTORATION COSTS

This account captures the difference between certain forecast storm restoration costs in a revenue requirements application and actual storm restoration costs. Variances deferred during the current test period are recovered over the following test period.

### FOREIGN EXCHANGE GAINS AND LOSSES

Foreign exchange gains and losses from the translation of specified foreign currency financial instruments are deferred. Foreign exchange gains and losses are subject to external market forces over which BC Hydro has no control. The account balance is amortized using the straight-line pool method over the weighted average life of the related debt.

### DEBT MANAGEMENT

This account captures mark-to-market gains and losses on financial contracts that economically hedge future long-term debt. The realized gains or losses are amortized over the remaining term of the associated long-term debt issuances, commencing in the test period following the test period in which the long-term debt associated with a particular hedge is issued.

### TOTAL FINANCE CHARGES

This account is intended to mitigate the impact of certain variances that arise between the forecast finance costs in a revenue requirements application and actual finance charges incurred. Variances deferred during the current test period are recovered over the following test period.

### OTHER REGULATORY ACCOUNTS

Other regulatory asset and liability accounts with individual balances less than \$50 million include the following: Real Property Sales, Capital Project Investigation Costs, Arrow Water Systems Provisions, Arrow Water Systems (Costs), Dismantling Cost, PEB Current Pension Costs, Customer Crisis Fund and Amortization of Capital Additions.

### NOTE 15: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

<i>(in millions)</i>	<b>March 31, 2019</b>	<b>March 31, 2018</b>	<b>April 1, 2017</b>
Accounts payable	\$ 359	\$ 259	\$ 224
Accrued liabilities	908	995	792
Current portion of other long-term liabilities (Note 21)	100	136	97
Dividend payable (Note 18)	59	159	-
Other	52	54	59
	<b>\$ 1,478</b>	<b>\$ 1,603</b>	<b>\$ 1,172</b>

## 2018/19 PUBLIC ACCOUNTS

### KEY ISSUES

**Issue: Taxation revenue was \$2,122M higher than budget**

#### Key Messages

- Personal income tax increased by \$1,528 million due to stronger 2017 income tax assessments reflecting the economic outlook for that year.
- Corporate income tax is \$1,084 million higher due to higher federal installments and prior year settlements.
- Property Transfer Tax is (\$409) million lower than budget due to decreased sales of properties of 17.5%; offset by an average increase of 3.4% (2018: 7.9%) in the average dollar value per tax return.
- Provincial sales tax is (\$66) million lower due to slightly weakened growth in retail sales and goods consumption particularly in durable and non-durable goods.
- Other taxes are (\$15) million lower than budget.

#### Background

##### **Taxation Revenue**

*In millions*

	2019 Budget	2019 Actual	Variance
Personal Income Tax	9,836	11,364	1,528
Provincial Sales Tax	7,428	7,362	(66)
Corporate Income Tax	4,096	5,180	1,084
Property Transfer Tax	2,235	1,826	(409)
Other taxes	6,997	6,982	(15)
	<u>30,592</u>	<u>32,714</u>	<u>(2,122)</u>

## 2018/19 PUBLIC ACCOUNTS

### KEY ISSUES

**Issue: New Employer Health Tax revenue is \$464M**

#### Key Messages

- The Employer Health Tax (EHT) came into effect January 1, 2019, as part of Government's commitment to eliminate MSP premiums.
- EHT revenue for fiscal year 2018/19 was \$464 million, compared to a budget of \$500 million.

#### Background

- Employers with a payroll of more than \$1.5 million in British Columbia will pay a rate of \$1.95% on their total payroll. Lower rates apply to employers with lower payrolls. Employers with payroll of less than \$500,000 are exempt from paying the Employer Health Tax. Employers with payroll between \$500,000.01 and \$1,500,000 pay a reduced tax rate, calculated at 2.925% x (B.C. payroll *minus* \$500,000).
- Over the next two years, revenue growth is projected to be 4.0% annually consistent with employee compensation income growth.
- Going forward, elimination of MSP premiums is expected to result in \$2.7 billion of annual savings for taxpayers (\$900 per year for individuals and \$1,800 for families).
- MSP premiums were reduced by 50% effective January 1, 2018 and resulted in a (\$906) million decrease compared to prior year. MSP premiums will be eliminated effective January 1, 2020.

<i>\$ Millions</i>	<i>2017/18 Actual</i>	<i>2018/19 Actual</i>	<i>2019/20 Budget</i>	<i>2020/21 Estimate</i>	<i>2021/22 Estimate</i>
Medical Services Plan	2,266	1,360	1,015	0	0
Employer Health Tax	0	464	1,854	1,930	2,007



## 2018/19 PUBLIC ACCOUNTS

### KEY ISSUES

**Issue: New Speculation and Vacancy Tax revenue is \$115M**

#### Key Messages

- The Speculation and Vacancy Tax came into effect during the 2018/19 fiscal year and generated revenue of \$115 million. There is no prior year comparative. *Budget 2018 \$90M*
- The speculation and vacancy tax is a key measure in tackling the housing crisis in major urban centers in British Columbia, where home prices and rents have skyrocketed.
- *The tax reported covers 15 months.*

#### Background

- This new annual tax is designed to:
  - Target foreign and domestic speculators who own residences in B.C. but don't pay taxes here.
  - Turn empty homes into good housing for people.
  - Raise revenue that will directly support affordable housing.
- The tax rate for calendar year 2018 was 0.5% of the property's assessed value and was based on property ownership as of December 31, 2018. Rates for calendar year 2019 increased to 2% for foreign owners and satellite families.
- Homeowners must complete declarations annually with the first declaration due March 31, 2019.
- Speculation Tax January 1, 2018 – December 31, 2018

<b>Summary by Region</b>	<b>Potential Tax Payable</b>	<b># of Returns</b>
1. Metro Vancouver	\$49,843,230	1,198,027
2. Capital Regional District	4,841,660	197,200
3. Fraser Valley	757,565	137,695
4. Central Okanagan	2,996,936	98,132
5. Nanaimo	617,536	50,232
6. Other	3,351,318	3,438
<b>Total</b>	<b>\$62,408,245</b>	<b>1,684,724</b>

12 mos	Estimated tax payable 2018	\$62,408,245
3 mos	Estimated tax payable 2019	52,351,188 *
	<b>Total</b>	<b><u>\$114,759,433</u></b>

*15 mos in year of implementation*  
\*2019 Estimate based on rates and returns from 2018 data

*estimated 33,500 undeclared.*

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## 2018/19 PUBLIC ACCOUNTS

### KEY ISSUES

**Issue: Property Transfer Tax has decreased during the year**

#### Key Messages

- Property transfer tax was lower than budget by \$409 million and lower than the prior year by \$315 million.
- The decrease is due to a 17.5% decrease in sales of properties offset by an average increase of 3.4% in dollar value.
- Property transfer tax includes \$176 million in additional transfer tax (2018: \$245 million) charged on residential property purchased by foreign buyers in five regions in the province.

#### Background

<i>In millions</i>	2019 Budget	2019 Actual	2018 Actual	Variance to budget	Variance to prior year
Property Transfer tax	\$2,235	\$1,826	\$2,141	(\$409)	(\$315)

- The Additional Transfer Tax (ATT) measure placed a 20% property transfer tax on all residential property purchased by foreign buyers in the Vancouver (MVRD), Victoria, Nanaimo, Fraser Valley, and Central Okanagan areas. The tax was introduced to address the lack of rental supply and housing affordability in these regions.

	In Millions			
	Metro Vancouver	Outside Metro Vancouver	Capital Region District	Total
Total Property Transfer Tax	\$1,124	\$420	\$106	\$1,650
Additional Transfer Tax	165	5	6	\$176
<b>Total</b>	<b>\$1,289</b>	<b>\$425</b>	<b>\$112</b>	<b>\$1,826</b>

## 2018/19 PUBLIC ACCOUNTS

### KEY ISSUES

**Issue: \$176M in revenue from the Additional Transfer Tax (*Foreign Home Buyers Tax*)**

#### Key Messages

- The 2018/19 surplus includes revenue of \$176 million from the Additional Transfer Tax.
- This tax came into effect August 2016 within the Metro Vancouver Regional District.
- On February 20, 2018, four additional districts were added: Capital Regional District, Fraser Valley Regional District, Regional District of Central Okanagan and the Regional District of Nanaimo.
- In the current fiscal year, 94% of the revenue, \$165 million, from the Additional Transfer Tax was collected from the Metro Vancouver area.

#### Background

- The Additional Transfer Tax (ATT) measure placed a 15% property transfer tax on all residential property purchased by foreign buyers in Metro Vancouver Regional District (MVRD) on or before February 21, 2018.
- The ATT was expanded in February 2018 to include four additional districts. The tax amount was also increased to 20% of the fair market value of the property.
- The tax was introduced to address the lack of rental supply and housing affordability in the Vancouver, Victoria, Nanaimo, the Fraser Valley, and Central Okanagan.

	2016/17 Actuals	2017/18 Actuals	2018/19 Actuals
<b>General Property Transfer Tax</b>			
Number of Returns	201,000	192,000	160,000
Total PTT Revenue	\$1.9 billion	\$1.9 billion	\$1.6 billion
Average PTT Return Value	\$9,500	\$9,800	\$10,000
<b>Additional Property Transfer Tax</b>			
Number of Returns	1,100	2,100	1,300
Total ATT Revenue	\$110 million	\$245 million	\$176 million
Average ATT Return Value	\$99,800	\$116,000	\$135,000
<b>Total Combined Revenue</b>	<b>\$2 billion</b>	<b>\$2.1 billion</b>	<b>\$1.8 billion</b>

- The number of foreign entities purchasing property located in the Metro Vancouver and the province has dropped significantly since the introduction of the ATT.
- In July 2016, prior to the introduction of ATT, 15% of residential property transfers involved foreign entities.

	12 Month Outlook											
	Summary of Total Property Transfers Involving Foreign Nationals (%)											
	April 2018	May 2018	June 2018	July 2018	Aug 2018	Sept 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019
Total Property Transfers Province-wide involving Foreign Nationals	2.38	2.56	1.93	1.49	2.15	2.11	2.13	2.72	2.24	2.37	2.49	2.16

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## 2018/19 PUBLIC ACCOUNTS

### KEY ISSUES

**Issue: ICBC had a net loss of \$1,153M in the year**

#### Key Messages

- ICBC's net loss of (\$1,153) million at March 31, 2019 was \$174 million lower than its prior year's net loss of (\$1,327) million.
- ICBC's premium revenue has grown due to a vehicle premium rate increase as well as growth in number of insured vehicles, these were \$507 million higher in the current year.
- ICBC's claims costs increased by \$882 million due to:
  - increased crash frequency that has led to more claims;
  - increase in number of bodily injury claims that are legally represented with lower closure rates following the passage of product reform, as well as an increase number of large and complex claims;
  - material damage repair costs have been rising.
- ICBC's operating costs decreased (\$452) million due to deferred premium acquisition costs.
- ICBC had an increase in investment income of \$97 million from the prior year due to increased real estate gains of \$98 million, dividend and other income of \$86 million; offset by losses on bonds (\$87) million due to rising interest rates.

#### Background

<i>\$Millions</i>	<i>FY18 Actual</i>	<i>FY19 Budget</i>	<i>FY19 Q3 Forecast</i>	<i>FY19 Actual</i>	<i>FY19 vs. FY18 Actual</i>	<i>FY19 Actual vs. Budget</i>
<b>Expenses</b>	<b>7,103</b>	<b>7,146</b>	<b>7,541</b>	<b>7,533</b>	<b>430</b>	<b>387</b>
- Net claims incurred	5,647	5,962	6,437	6,529	882	567
- Operating	1,456	1,184	1,104	1,004	(452)	(180)
<b>Non-Insurance Costs</b>	<b>126</b>	<b>131</b>	<b>128</b>	<b>127</b>	<b>1</b>	<b>(4)</b>
<b>Revenues</b>	<b>(5,442)</b>	<b>(5,977)</b>	<b>(5,945)</b>	<b>(5,949)</b>	<b>(507)</b>	<b>28</b>
<b>Investment Income</b>	<b>(461)</b>	<b>(616)</b>	<b>(544)</b>	<b>(558)</b>	<b>(97)</b>	<b>58</b>
<b>Net Loss</b>	<b>(1,327)</b>	<b>(684)</b>	<b>(1,180)</b>	<b>(1,153)</b>	<b>174</b>	<b>(469)</b>
	<i>PY</i>	<i>B</i>	<i>Q3</i>	<i>CY</i>	<i>CY-PY</i>	<i>CY-B</i>

loss was \$469m greater than budget  
 loss was \$174m lower than PY  
 loss was on target w/ Q3

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## 2018/19 PUBLIC ACCOUNTS

### KEY ISSUES

**Issue: Taxpayer-supported debt decreased \$926M and Self-supported debt increased \$1,969M**

#### Key Messages

- Provincial debt increased by \$1,043 million in 2018/19 when compared to the prior year. This includes a decrease in taxpayer-supported debt of (\$926) million and an increase in self-supported debt of \$1,969 million.
- Government direct operating debt was eliminated during the year.

#### Background

Taxpayer-supported debt decreased by \$926 million to \$42,681 million.

Sector	In Millions	
	Increase/ (Decrease)	Balance at Y/E
Education	38	14,274
Health	65	7,968
Transportation	613	16,767
Other sectors	(486)	3,672
Government direct operating debt	(1,156)	0
<b>Total</b>	<b>(926)</b>	<b>42,681</b>

Self-supported debt increased by \$1,969 million to \$23,281 million.

Commercial Crown or project	In Millions	
	Increase/ (Decrease)	Balance at Y/E
BC Hydro & Power Authority	2,074	22,064
Columbia River power projects	(15)	418
Post-secondary commercial entities	(31)	387
Columbia Power Corp	(4)	282
BC Lottery Corp	(55)	100
Other Commercial Crowns	0	30
<b>Total</b>	<b>1,969</b>	<b>23,281</b>

**FISCAL 2018/19 PUBLIC ACCOUNTS  
QUESTIONS AND ANSWERS LAYOUT**

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## A. PUBLIC ACCOUNT RESULTS

1. The Public Accounts report a surplus of \$1,535 million compared to the government budget of \$219 million surplus and the February 19, 2019 updated forecast of \$374 million. Why was there such a large improvement?

(Ref: References pg 1)

- The improvement of \$1,316 million over *Budget 2018* estimates was mainly due to higher than expected revenues of \$2,935 million, offset by higher than expected expenses of \$1,969 million, and the forecast allowance of \$350 million.
- Improvements in revenues were:
  - \$2,122 million – tax revenues;
  - \$695 million – natural resources revenue;
  - \$491 million – fees and miscellaneous revenue;
  - \$186 million – other revenues;
- Offset by:
  - (\$559) million – self-supported Crown corporations
- The \$1,161 million improvement over the third Quarterly Report forecast was due to a combination of a \$492 million increase in revenue, a \$169 million lower than expected spending, and the forecast allowance of \$500 million. (Ref: References pg 2)

2. What was the impact on operating results of taxpayer-supported and commercial Crown corporations?

(Ref: PA pg 105-107)

- Consolidating taxpayer-supported Crown corporations resulted in a negative impact of (\$611) million towards government's bottom line.
  - (\$771) million loss – BC Transportation Financing Authority
  - (\$122) million loss – BC Housing Management Commission
  - (\$25) million loss – Forest Enhancement Society
  - \$288 million net income – Provincial Rental Housing Corporation
  - \$15 million net income – Columbia Basin Trust
  - \$4 million net income – other Crowns
- Consolidating Commercial Crown corporations resulted in a positive impact of \$2,005 million.
  - \$1,405 million net income – BC Lottery Corporation
  - \$1,104 million net income – British Columbia Liquor Distribution Branch (LDB)
  - \$522 million net income – BC Hydro and Power Authority (net of \$50M)
  - (\$1,153) million loss – Insurance Corporation of British Columbia
  - \$127 million net income – other Crowns

## A. PUBLIC ACCOUNT RESULTS

### 3. Why is provincial debt \$3,410 million lower than the \$69,372 million estimate in Budget 2018?

*(Ref: FSD&A pg 11)*

- (\$2,517) million lower than budgeted borrowing requirements for taxpayer-supported entities
  - (\$1,014) million in transportation,
  - (\$762) million in general provincial capital,
  - (\$308) million in K-12 and post-secondary,
  - (\$216) million in health,
  - (\$199) million in social housing, and
  - (\$18) million in other capital investments spending
- (\$543) million decrease over budgeted borrowing requirements by commercial Crown corporations
  - (\$477) million for BC Hydro,
  - (\$70) million for BC Lottery,
  - (\$43) million in other government business enterprises, offset by
  - \$47 million commercial subsidiaries of certain post-secondary institutions.
- (\$350) million unused forecast allowance.

### 4. How much was spent on capital projects?

*(Ref: References pg 7)*

- Taxpayer-supported capital spending was \$4,452 million, which included:
  - Post-secondary – \$1,024 million
  - Health – \$904 million
  - BCTFA – \$853 million
  - Schools – \$626 million
  - Social housing – \$483 million
  - Provincial capital – \$421 million
  - Other – \$141 million
- Self-supported capital spending was \$4,106 million, which included:
  - BC Hydro – \$3,826 million
  - BC Lottery Corp – \$75 million
  - ICBC – \$66 million
  - Liquor Distribution Branch – \$60 million
  - Others – \$79 million



## B. AUDIT OPINION

### 5. Were there any qualifications in this year's public accounts?

- The audit opinion for 2018/19 includes one qualification.

#### *Deferral of revenues*

- The Auditor General believes accounting for restricted grants should be changed to recognize restricted revenue when received.
- The effect of their recommendation would have increased current year revenue and surplus by \$5,739 million and liabilities would have decreased by \$5,739 million.
- We have not adopted this change because guidance allows for the current treatment. Treatment differs across Canada, notably Ontario and Alberta report on a consistent basis with BC and their statements are not qualified.
- We believe it is important to recognize restricted revenues only when the restricted purpose has been met so that the obligation for service delivery is disclosed, and the actual results align with budget.

#### *Removal of prior year qualification on Rate Regulated Accounting*

- The Auditor General has removed her qualification on the use of rate regulated accounting for the 2018/19 fiscal year because of changes that government made to its regulatory framework and the adoption of International Financial Reporting Standards by BC Hydro.
- The prior year figures for the use of rate regulated accounting continue to be qualified as stated in the Auditor General's opinion on the 2017/18 Summary Financial Statements.

## B. AUDIT OPINION

**6. The Auditor General continues to provide a qualified opinion on the Public Accounts. Why isn't the government providing financial statements that fully conform to accounting standards?**

- British Columbia's accounting policies have been the same since Public Sector GAAP was adopted as the standard, and our financial statements are fully consistent with GAAP.
- We know that because for many years those same areas were audited by OAG and did not result in a qualification – these are the same policies that have been followed in BC and in other jurisdictions across Canada without issue.
- Since FY 2007/08 the Auditor General has recommended changes to longstanding accounting practices and in some cases we have disagreed with their interpretation because they have been inconsistent with the underlying principles of GAAP.
- Several significant changes recommended by the Auditor General over the years have been withdrawn. Had we adopted the Auditor General's recommendations it would have resulted in a significant impact on the provinces bottom line and financial position.
- We think it is prudent to be more conservative and maintain our alignment with the other jurisdictions in Canada.

**7. Who sets the accounting standard and who is responsible for determining how accounting policies are applied to the Public Accounts?**

- Accounting policies are established by Treasury Board on the advice of the Comptroller General.
- Generally accepted accounting principles for senior governments in Canada are defined as Canadian Public Sector Accounting Standards (PSAS).
- The Treasury Board is responsible for determining how accounting policies are applied to the Public Accounts as per the *Financial Administration Act*.
- The Comptroller General, subject to any directive of Treasury Board, must develop and issue policies and guidelines, and establish procedures for appropriate financial management and recording of financial transaction of the government. This authority is established under the *Financial Administration Act*.

## **B. AUDIT OPINION**

**8. With these continuing differences in opinion with GAAP, does PSAB continue to meet the needs of the public?**

- BC remains strongly committed to transparency in reporting. BC is recognized nationally for strong advocate work in the accounting community for accounting standards that are comprehensive, consistent and promote transparent reporting.
- We will continue to work with standard setters as they develop their standard to ensure it is able to meet the accountability requirements of the public that were defined in the Budget Process Review Panel reports of 1999 and 2009.

**9. How will the qualification in the audit opinion affect accounting policies for the Public Accounts going forward?**

- There will be no change to the provinces accounting policies as a result of the recommendation made in the audit opinion.
- As GAAP continues to change we will work through proposals as they occur and make changes to our accounting policies when they are necessary and meet the accountability requirements of the public.
- OCG will continue to engage in ongoing research and input into the development of national standards to ensure a strong accounting community of practice in the province.

**10. What impact will your qualified financial statements have on the province's credit rating and borrowing costs?**

- No change would occur from the credit rating perspective, they are very happy with our level of disclosure.

## C. REVENUE

### 11. What are the main reasons for the increased revenue compared to the budget?

(Ref: References pg 5)

- Revenue increased \$2,935 million from budget mainly due to the following reasons:
  - Taxation revenue increased by \$2,122 million
    - \$1,528 million – personal income tax
    - \$1,084 million – corporate income tax
    - (\$409) million – property transfer tax
    - (\$66) million – provincial sales tax
    - (\$15) million – other tax revenue
  - Natural Resource revenue increased by \$695 million
    - \$414 million – forest
    - \$193 million – petroleum, natural gas and mineral
    - \$88 million – other
  - Fees and licenses revenue increased by \$230 million
    - \$197 million – tuition fees
    - \$33 million – other fees and licenses
  - Federal government contributions increased by \$122 million
  - Other revenue sources increased by \$325 million; offset by
  - Earnings of self-supported Crowns decreased by (\$559) million

- CIBT 1169  
other 74  
45% cannabis delay [45 vs 50]

### 12. What are the changes to tax revenue compared to budget?

- Personal income tax increased by \$1,528 million due to estimated household income growth and stronger 2017 tax assessments reflecting the economic outlook for that year.
- Corporate income tax is \$1,084 million higher due to increased federal installments and prior year adjustments.
- Property transfer tax was lower than budget by (\$409) million and was 15% less than fiscal 2017/18. Lower than budgeted results reflect an increase of 3.4% in the average dollar value per tax return which was offset by decreased sales in the number of properties by 17.5%. Increased mortgage rates, the stress test were new factors in the current fiscal year and increased assessment values, increased migration and economic activity continued to be ongoing contributing factors.
- Provincial sales tax is (\$66) million lower due to weakened growth in retail sales and goods consumption particularly in durable and non-durable goods.
- other tax revenues decreased by (\$15) million.

## C. REVENUE

### 1. What are the main reasons for the increased revenue compared to the prior year?

(Ref: References pg 5)

- Revenue increased \$5,108 million from prior year due to the following:
  - Taxation revenue increased by \$4,393 million
    - \$2,441 million – personal income tax
    - \$1,015 million – corporate income tax
    - \$538 million – consumption tax (PST \$244M; Carbon \$210M; other \$84M)
    - \$464 million – employer health tax \*(new in the year)
    - \$250 million – property taxes
    - (\$315) million – property transfer tax
  - Earnings of self-supported Crowns increased by \$949 million
    - \$950 million – adjustment for regulatory deferral accounts
    - (\$1) million – change in net income
      - \$174 million – ICBC
      - (\$161) million – BC Hydro
      - (\$14) million – other; BC Lottery, Liquor Distribution
  - Natural Resource revenue increased by \$413 million
    - \$341 million – forest stumpage
    - \$91 million – water
    - (\$21) million – petroleum, natural gas and mineral
    - \$2 million – other
  - Investment income increased by \$142 million
  - Fees and licenses revenue decreased by (\$656) million
    - (\$905) million – reduced MSP fees
    - \$241 million – post secondary fees
    - \$11 million – motor vehicle licence fees
    - (\$3) million – other fees and licenses
  - Other miscellaneous revenues decreased by (\$130) million
    - (\$268) million – sale of tangible capital assets
    - \$65 million – prior year penalty settlements
    - \$41 million – sales of goods/services
    - \$32 million – other general miscellaneous
  - Federal government contributions decreased by (\$3) million
    - (\$244) million – other federal funding – DEFAA in PY
    - \$241 million – CHST

## C. REVENUE

### 13. What are the changes to tax revenue compared to the prior year?

*(Ref: PA pg 78)*

- Personal income tax is \$2,441 million higher due to stronger tax return assessments.
- Corporate income tax is \$1,015 million higher due to increased federal installments as well as prior year adjustments from the federal government.
- Employer health tax came into effect January 1, 2019 is \$464 million.
- Property taxes is \$250 million higher including the new speculation tax of \$115 million.
- Provincial sales tax is \$244 million higher due to increase growth in consumer expenditures and retail sales.
- Property transfer tax is (\$315) million lower due to decreased activity and values in the property market as well as higher interest rates and stress test.
- All other taxes increased by \$294 million.

### 14. Why is there still HST revenue?

*(Ref: PA pg 78)*

- HST terminated March 31, 2013. The balance of \$7 million relates to adjustments in prior years.
- As per the federal agreement, each tax year is open 6 years for adjustment.

### 15. Are there any metrics available that show the total tax burden on the taxpayer?

- Total tax burden depends on the individuals own situation so we include representative information in the budget to help people compare their tax situation in British Columbia.
- Appendix A of the Budget and Fiscal Plan provides comparisons of tax rates in Canada:
  - Table A2 compares Corp Income Tax rates across provinces.
  - Table A3 Compares provincial and federal tax payable by province.
  - Table A4 compares Personal Income Tax rates across provinces.

## C. REVENUE

16. How much revenue was received from the Additional Property Transfer Tax (*Foreign Home Buyers Tax*)?

(Ref: References pg 18-19)

- Revenue of \$176 million (2018: \$245 million) was received from the Foreign Home Buyers Tax (ATT). Decrease is consistent with the decreased activity in the real estate market and the increase from 15% to 20% tax rate.
- 94% of the revenue from ATT was received from the Metro Vancouver area.
- Distribution of Property Transfer Tax across districts for Fiscal 2018/19

	In Millions			Total
	Metro Vancouver	Outside Metro Vancouver	Capital Region District	
Total Property Transfer Tax	\$1,124	\$420	\$106	\$1,650
Additional Transfer Tax	165	5	6	\$176
<b>Total</b>	<b>\$1,289</b>	<b>\$425</b>	<b>\$112</b>	<b>\$1,826</b>

## 17. How much revenue was received from the Speculation Tax?

(Ref: Reference pg 20)

- The Speculation and Vacancy Tax became effective for the 2018 calendar year.
- Revenue from the Speculation Tax was \$115 million for the current fiscal year.
- Speculation Tax January 1, 2018 – December 31, 2018

SUMMARY BY REGION	Potential Tax Payable (\$)	# of Returns
1. Metro Vancouver	\$49,843,230	1,198,027
2. Capital Regional District	4,841,660	197,200
3. Fraser Valley	757,565	137,695
4. Central Okanagan	2,996,936	98,132
5. Nanaimo	617,536	50,232
6. Other	3,351,318	3,438
<b>Total</b>	<b>\$62,408,245</b>	<b>1,684,724</b>

Estimated Tax payable 2018	\$62,408,245
Estimated Tax payable 2019	52,351,188 *
<b>Total</b>	<b><u>\$114,759,433</u></b>

\*2019 Estimate based on rates and returns from 2018 data

## C. REVENUE

**18. How much Employer Health Tax (EHT) revenue was reported at year end? What was the overlap with MSP Premium?**

(Ref: PA pg 78)

- EHT came into effect January 1, 2019. \$464 million was reported for EHT at March 31, 2019.
- MSP fees were reduced by 50% effective January 1, 2018 and resulted in a (\$906) million decrease compared to prior year.

**19. Have there been any changes to royalty or revenue rates?**

- Natural gas royalty price decreased to \$0.89/GJ in 2018/19 from \$1.08/GJ in 2017/18.
- Oil royalty revenue increased to \$394.16/m<sup>3</sup> in 2018/19 from \$356.90/m<sup>3</sup> in 2017/18.
- Average stumpage rates increased to \$21.74/m<sup>3</sup> in 2018/19 from \$16.28/m<sup>3</sup> in 2017/18.

**20. Why did Natural Resource revenue increase by \$413 million from prior year?**

(Ref: PA pg 78)

- Forests revenue increased \$341 million due to significantly higher stumpage rates and timber tenures but lower harvest volume. *PER Page 23 for rates + volume*
- Water power revenue increased \$91 million due to higher electricity sales volume under the Columbia River Treaty; other resource revenue increased by \$2 million.
- Petroleum, natural gas and mineral revenues decreased (\$21) million mainly due to:
  - decrease mineral tax of (\$79) million due to lower metal prices and higher costs,
  - increase royalty credits utilized and decreased natural gas revenue (\$22) million,
  - lower volumes produced for petroleum royalties of (\$1) million despite higher oil prices, offset by;
  - increase in gas royalty revenues of \$81 million.

**21. Why did Natural Resource revenue increase by \$695 million from budget?**

(Ref: References pg 5)

- Forests revenue increased by \$414 million. Stumpage revenue increased \$323 million due to higher than expected stumpage rates and logging tax increased \$90 million. Other forest revenues increased \$1 million.
- Petroleum, natural gas and mineral revenues increased \$193 million mainly attributed to higher natural gas royalty revenue from natural gas liquids, royalty credits granted and mineral tax revenue.
- Water power revenue increased \$86 million due to higher sales volumes. Other resource revenues increased \$2 million.



## C. REVENUE

22. How much did you get in the current year in Bonus Bids and how does it impact the future going forward?

- The new bonus bids acquired in 2018/19 was \$50 million.
- The revenue recognized from bonus bids this year was \$227 million.
- With a finite supply of high value land parcels and the decline in oil and natural gas prices, this will contribute to lower volume and price per hectare in bonus bids. The expected trend is a continuing decline in bonus bid revenue in future years.

23. What types of deferred revenue is reported by the Province?

(Ref: PA pg 58)

In the Public Accounts, there are several categories of deferred revenue. The major ones are:

- Deferred contributions: \$4,141 million
  - capital contributions – \$3,060 million
  - operating contributions – \$644 million
  - endowment contributions – \$437 million
- Federal and municipal infrastructure project contributions: \$1,798 million
  - federal highway project contributions – \$1,745 million
  - municipal highway project contribution – \$53 million
- Federal contributions: \$1,482 million
  - capital contributions – \$1,005 million
  - operating contributions – \$389 million
  - other federal contributions – \$88 million.
- Petroleum, natural gas and minerals, leases and fees were \$619 million, including Bonus Bids.
- all other deferred revenues totalled \$2,364 million (includes tuition, lease revenue, and motor vehicle licences).

Municipalities (schools)  
RHD  
private contributors (univ)

24. What are the significant deferred revenues reported by Sector for the Province?

- \$4,246 million – Education
- \$2,422 million – Health
- \$2,055 million – Transportation
- \$1,116 million – Natural resources

## C. REVENUE

## 25. How much revenue was generated from surplus asset sales?

program

(Ref: References pg 16)

- We generated \$27 million in revenue from surplus asset sales.

	In Millions
BC Transportation Financing Authority (BCTFA)	\$ 16
Core government	7
School Districts	4
	<u>\$ 27</u>

PY = 46

included in misc revenue

## 26. What role do dividends have in provincial revenue?

- Cash distributions or dividends paid from government business enterprises to the parent (government, Crowns or SUCH entities) do not impact provincial revenue. It is simply cash transferring within the government reporting entity.
- The amount of cash transferred can and does differ from the net income earned.
- The net income (loss) earned by the government business enterprises, primarily outside of the government reporting entity, is included in provincial revenue.

## 27. What was the impact of Rate Regulated Accounting on BC Hydro?

- Regulatory accounting resulted in a decrease to 2019 net income of (\$1,119) million (2018: increase of \$51 million) in BC Hydro.
- BC Hydro had unamortized net regulatory assets of \$4,194 million at the end of March 31, 2019 (2018: \$5,140 million).
- BC Hydro adopted IFRS in 2018/19 and removed \$1,044 million of their rate smoothing regulatory accounts. An adjustment was made in the Summary Financial Statements in 2017/18 for \$950 million; therefore, the impact of this write down was \$94 million reduction to the 2018/19 surplus.

## C. REVENUE

### 28. Why is ICBC income down?

(Ref: PA 107; References pg 4)

- ICBC's premium revenue has grown, due to a vehicle premium rate increase. However, provisions for claims costs were higher than expected and there was an increase in the estimate for losses.
  - Net loss, March 31, 2019: (\$1,153) million; (2018: (\$1,327) million). Net loss was lower by \$174 million from prior year due to:
    - an increase in premiums related revenue of \$507 million and investment income of \$97 million;
    - offset by an increase in the claims and operating expenses of (\$430) million.
- Claims costs were \$567 million higher than budget as a result of rising crash rates, injury claims and vehicle repair costs.

### 29. What are the other significant impacts of Government Business Enterprises (GBEs)?

(Ref: PA 107; References pg 4)

- BC Hydro had \$522 million net income, a decrease of (\$161) million from the prior year.
- BC Liquor Distribution Branch had \$1,104 million net income, an decrease of (\$15) million from the prior year, mainly due to increased operating expenses.
- BC Lottery Corporation had \$1,405 million net income, an increase of \$14 million from the prior year, mainly from increased sales.
- Columbia Power Corporation and its subsidiaries co-owned with Columbia Basin Trust had \$100 million net income, an increase of \$9 million from the prior year.

↘ BCH FS loss <428>  
     950 backout adj  
                           
     522 ANI

BCH FS B 712  
     A <428>  
                   
     1140

## D. EXPENSES

### 30. What are the main reasons for the increased spending compared to the prior year?

(Ref: References pg 6)

- Expenses increased \$3,887 million from 2017/18 primarily due to:
  - Health spending increased by \$1,224 million
    - salary costs for staffing and collective agreement – \$570 million
    - increased drug/medical supply costs, service volumes and inflation – \$339 million
    - grants expense for Regional Health Services – \$335 million
    - other spending decrease – (\$20) million
  - Education spending increased by \$994 million
    - salary costs and direct increase in faculty and staff required for increased enrollment – \$576 million
    - student loan interest elimination – \$203 million
    - professional fees and operating costs – \$121 million
    - other spending increase – \$94 million
  - Social services spending increased by \$606 million
    - grants for support and shelter management and child care services and child care operating funding – \$475 million
    - adult in care services provided by Community Living BC – \$85 million
    - salary spending for new child care programs – \$46 million
  - Natural Resource spending increased by \$451 million
    - Production Services and Film and Television Tax Credits – \$257 million
    - salary increase in ministry regional operations – \$49 million
    - Clean Water and Wastewater fund – \$47 million
    - Non-Treaty Indigenous Funding – \$42 million
    - other spending increase – \$56 million
  - Other sector spending increased by \$257 million
    - grants for housing priority initiatives – \$224 million
    - other spending increase – \$33 million
  - General Government sector spending increased by \$130 million
    - Corporate Income Tax Credits – \$78 million
    - Personal Income Tax Credits – \$46 million
    - Northern Development Grants – \$14 million
    - offset by; other spending decrease – (\$8) million
  - The remaining sectors had increased spending of \$225 million.

~~29~~ 29

## D. EXPENSES

### 31. What are the main reasons for the variances in expenses in comparison to the budget?

*(Ref: References pg 6)*

- Expenses were \$1,969 million higher than budget primarily due to:
  - Natural Resource and Economic Development increased \$1,392 million
    - fire-fighting activity – \$568 million
    - Production Services and Film and Television Tax Credit – \$314 million
    - First Nations economic agreements – \$121 million
    - Clean Water and Wastewater Fund – \$101 million
    - contaminated sites liability – \$39 million
    - other costs – \$249 million
  - Health increased by \$500 million
    - compensation – \$322 million
    - health medical supplies – \$95 million
    - other healthcare expenses – \$83 million
  - Protection of Persons and Property increased by \$354 million
    - Emergency Program Act – \$261 million
    - policing and security – \$22 million
    - increased court caseloads – \$18 million
    - other expenses – \$53 million
  - General Government increased by \$234 million
    - Connectivity initiatives – \$50 million
    - Corporate Income Tax Credits – \$46 million
    - Personal Income Tax Credits – \$35 million
    - Provincial by-election – \$18 million
    - other expenses – \$85 million
  - Education sector increased \$188 million
    - elimination of student loan interest – \$203 million
    - Teacher pension adjustment – (\$53) million
    - other education expenses – \$38 million
  - Other sector decreased (\$557) million
    - contingencies allocated to other sectors – (\$421) million
    - unused contingencies – (\$108) million
    - other costs – (\$66) million
    - offset by; housing priority initiatives – \$38 million.
  - the remaining sectors were below budget by (\$142) million.

## D. EXPENSES

### 32. Government transfers increased in 2018/19, what programs were affected?

- Total government transfers increased by \$1,856 million over prior year due to:
  - Social services transfers increased \$475 million
    - Child Care Programs
    - Temporary Assistance
  - Natural resource and economic development transfers increased \$370 million
    - Production Services Tax Credits
    - Fire Management
  - Health transfers increased \$335 million
    - Regional Health Services
    - Medical Service Plan (MSP) – increase physician payments
  - Education transfers increased \$253 million
    - BC Student Loan Program – elimination of student loan interest
  - Other sector transfers increased \$226 million
    - Housing Priority Initiatives
    - Local Services Grant Programs
  - General government transfers increased \$164 million
    - Corporate Income Tax Credits
    - Personal Income Tax Credits
  - the remaining sectors increased by \$33 million.

### 33. Were there any significant Statutory Authorities used?

(Ref: CRF Supplementary – Pg 93-97)

- \$568M Forests, Lands and Natural Resource Operations and Rural Development – *Wildfire Act* (PY \$143M)
- \$373M Finance – *Income Tax Act*, various tax credits
- \$257M PSSG – *Emergency Program Act*, fire management and flood-related costs
- \$199M Finance – *Financial Administration Act*, elimination of student loan interest

\$33  
#34

### 34. How much was spent on Wildfires?

(Ref: CRF Supplementary – Pg 48-49)

- \$632 million was spent on wildfires, \$568 million more than budgeted.

### 35. How was the Confidence and Supply Agreement Secretariat funded?

(Ref Estimates – Pg 96)

- Confidence and Supply Agreement Secretariat was funded under Government Communications and Public Engagement in the Ministry of Finance.

## D. EXPENSES

### CONTINGENCIES

#### 36. How many ministries accessed contingencies and for what purposes?

(Ref: CRF Supplementary – Pg 76-80)

- Seventeen ministries and five Special Office accessed the Contingencies Vote for a total of \$442 million (PY \$432M). Top 5 Ministries are:

- \$131M Indigenous Relations and Reconciliation  
Indigenous Funding Envelope  
shishalh Foundation Agreement  
First Nation Gaming Limited Partnership  
Squamish First Nation Benefits Agreement  
Various settlement agreements and implementation costs
- \$60M Forest, Lands, Natural Resource Operations and Rural Development  
Remediation of Flowing Artesian Well  
Talhtan First Nations' Interim Housing Project  
Contaminated Site Liability  
Comox Valley Project Watershed Society  
Natural Resource Permitting Program  
Softwood Lumber Litigation Costs
- \$48M Public Safety and Solicitor General  
Provincial Police RCMP contract  
Gang Suppression Action Plan  
Cannabis Legalization costs; community safety, drugs and driving  
Crime Victims Assistant; Community operations violence against women  
Intersection Safety Camera; Road Safety Initiative  
Post Mortem Diagnostic Services  
National Disaster Migration Program and Disaster Financial Assistance
- \$27M Education  
Public Libraries and Public Education Benefit Trust
- \$25M Attorney General  
Federal Legal Aid; Major Cases; Bail Hearing Teams  
Cannabis Legalization  
Family Maintenance & Enforcement  
Civil Resolution Tribunal Vehicle Accident Claims  
Violation Ticket Administration  
Disclosure Management Pilot Project; Independent Investigations Office  
Surrey Courthouse Expansion  
Gaming investigations  
Intersection Safety Cameras

**D. EXPENSES****SUPPLEMENTARY ESTIMATES****37. What was spent on Supplementary Estimates?***(Ref: Budget and Fiscal Plan – 2019/20 to 2021/22 – Pg 94)*

Ministry/Special Office	Purpose	Supplementary Estimate (In Thousands)
Advanced Education, Skills and Training	Adult Basic Education and English Language Learning programs providing access to tuition free adult education	\$5,500
Attorney General	Civil Resolution Tribunal to support the online tribunal, which resolves small claim disputes under \$5,000 and strata property cases	\$7,900
Children and Family Development	Child care initiatives to support the Child Care Fee Reduction Initiative and Child Care BC Maintenance Fund, and other services	\$19,900
Citizens' Services	Connecting BC program to expand high-speed internet connectivity to rural and Indigenous communities	\$50,000
Energy, Mines and Petroleum Resources	Clean Energy Vehicle Program and the Mining Jobs Task Force	\$32,400
Forests, Lands, Natural Resource Operations and Rural Development	Manage impact of an increase to the liability for high priority contaminated sites	\$30,000
Health	Grants to health and life science research organizations to attract and retain researchers and to support research, entrepreneurship and commercialization	\$89,000
Municipal Affairs and Housing	Norther Capital and Planning Grant and grants to local governments for infrastructure investment programs	\$135,400
Tourism, Arts and Culture	Resort Municipality Initiative to assist small tourism-oriented municipalities to invest in infrastructure projects	\$5,000
<b>Total</b>		<b>\$375,100</b>

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#3



## D. EXPENSES

### COMPENSATION

**38. How much has been spent for the Capital City Living Allowance, ministers' travel, and ministers' salaries?**

- The totals spent for Capital City Allowance (including accommodation and meal allowance) \$324,128, travel \$822,961 and salaries \$1,172,644.

**39. Isn't the Capital City Living Allowance simply a hidden pay increase for Cabinet ministers?**

- The purpose of the Capital City Living Allowance is to provide overnight accommodation and living expenses to MLAs and cabinet ministers from outside the Capital Regional District while performing their duties in Victoria.
- Ministers can claim living allowances (rent per month) up to a maximum of \$19,000 per year (increased to \$21,500 per year effective April 1, 2019). If staying at a hotel, ministers may claim up to \$17,000 per year (increased to \$18,925 per year effective April 1, 2019). Ministers can also claim a meal allowance of up to \$61 per day.

**40. Why is salary disclosure in the Public Accounts different from salary disclosure by the Public Sector Employers' Council (PSEC)? Why is there no money for wage increases when CEO's and top-ranking executives get paid so much money?**

- The Public Accounts reports compensation for direct employees of the government and is based on established thresholds; \$75,000 and higher annual salary, \$5,000 and higher annual travel, all salary for OIC appointees.
- PSEC requires Public Sector employers (i.e., Crown corporations) to report Statements of Executive Compensation that are modelled on PSEC disclosure requirements; total compensation for the CEO and top four senior executive annual salaries over \$125,000 (and all school district superintendents even if compensation is under \$125,000).
- Total compensation includes base salary, benefits, pension contributions and performance payments. In some cases, benefits include much more than the normal medical, dental, insurance, vacation, car allowance, sick leave and pension for Public Sector executives.
- The boards of our Crown agencies spend what is necessary to recruit and retain the kind of people who have the skills to run these major corporations, and it is the boards who ultimately decide what the CEO's compensation will be, within the guidelines provided by government.

## INTRODUCTION TO THE SUPPLEMENTARY ESTIMATES

Each year the government presents a budget to the Legislative Assembly. The budget includes the Main Estimates, which, in conjunction with Supply Acts passed by the Legislature, provide government with authority (voted appropriations) to spend money from the General Fund of the Consolidated Revenue Fund. If spending from voted appropriations is forecast to exceed that set out in the Main Estimates, in some circumstances; unless section 8.1(2) of the *Budget Transparency and Accountability Act* applies; Supplementary Estimates and another Supply Bill may be presented to the Legislative Assembly.

Where Supplementary Estimates increase the funding for purposes included in a vote description in the Main Estimates, that vote description may be referenced in the Supplementary Estimates. Where Supplementary Estimates provide funding for purposes that are not included in the vote descriptions of the Main Estimates, new vote descriptions are provided in the Supplementary Estimates.

These Supplementary Estimates provide funding from the General Fund of the Consolidated Revenue Fund in the amount of \$375,100,000 for operating expenses as set out in the Schedule of Appropriations to be Voted (page 3) for the following purposes:

Ministry of Advanced Education, Skills and Training – \$5,500,000 for Adult Basic Education and English Language Learning programs providing access to tuition-free adult education, enabling more students to continue into post-secondary education;

Ministry of Attorney General – \$7,900,000 for the British Columbia Civil Resolution Tribunal to support the province's online tribunal, which resolves small claims disputes under \$5,000 and strata property (condominium) cases in British Columbia;

Ministry of Children and Family Development – \$19,900,000 for child care initiatives to support the Child Care Fee Reduction Initiative and the Child Care BC Maintenance Fund, and other services;

Ministry of Citizens' Services – \$50,000,000 for the Connecting BC program to expand high-speed internet connectivity to rural and Indigenous communities across the province;

Ministry of Energy, Mines and Petroleum Resources – \$32,400,000 for the Clean Energy Vehicle program and the Mining Jobs Task Force;

Ministry of Forests, Lands, Natural Resource Operations and Rural Development – \$30,000,000 to manage the impact of an increase to the province's liability for high priority contaminated sites;

Ministry of Health – \$89,000,000 for grants to health and life sciences research organizations to attract and retain researchers, and to support research, entrepreneurship, and commercialization;

Ministry of Municipal Affairs and Housing – \$135,400,000 for the Northern Capital and Planning Grant and for grants to local governments for infrastructure investment programs; and

Ministry of Tourism, Arts and Culture – \$5,000,000 to support the Resort Municipality Initiative to assist small, tourism-oriented municipalities to invest in infrastructure projects.

## D. EXPENSES

### 41. Why did staff utilization increase during the year?

(Ref: PA pg 111)

- The increase in full time equivalents (FTEs) over budget and prior year was due to a combination of staff requirements for new programs (such as CleanBC and childcare initiatives) and for existing program delivery (such as corrections officers and mental health professionals).
- The more significant increases were:
  - 391 FTEs in Ministry of Attorney General and Ministry of Public Safety and Solicitor General to support programs for justice services including additional correctional officers and officers to combat organized crime and cannabis legalization;
  - 331 FTEs in Ministry of Children and Family Development to support program caseloads and new child care initiatives;
  - 203 FTEs in Forest, Land, Natural Resource Operations and Rural Development for additional staffing to support programs including coast forest sector revitalization and wildfire support;
  - 155 FTEs in Ministry of Citizens' Services to provide accommodation and IT services to support increases in ministries government programs;
  - 182 FTEs in taxpayer-supported Crown Corporations and agencies.
- The balance of <sup>increased</sup> new FTEs was distributed across ministries to deliver programs including employment standards and temporary foreign worker registry transformation; mental health services; independent oversight of mining and other professions and reconciliation with First Nations.

### 42. How much was paid in severance and where is that reported?

(Ref: Detailed Sch pg 429)

- The total severance paid in 2019 was \$8,203,901 (2018: \$16,536,977) to 143 individuals (2018: 318). This amount is reported in the Detailed Schedule of Payments under Severance Settlements.

#### Background:

- Questions regarding the reporting of severance were raised during the release of the 2017/18 Public Accounts.
- OCG worked with the PSA to understand how severance was reported.
  - Payments made through salary continuance were reported by employee;
  - Payments made in one lump sum were reported on one line.
- Severance payments are now reported consistently under one line "severance settlements" on page 429 of the detailed schedule of payments.
- Questions regarding specific severance agreements can be directed to the PSA who will provide complete information.

**E. DEBT**

**43. Why did provincial debt increase by \$1,043 million compared to prior year?**

*(Ref: PA pg 133)*

- Taxpayer-supported debt decreased by \$926 million because \$1,156 million of government direct operating debt was eliminated. Taxpayer-supported debt was further reduced by \$34 million for social housing, \$355 million for provincial government general capital, and \$97 million in other debt. The decreases were offset by increases of \$38 million in the education sector, \$65 million in the health sector, and \$613 million in the transportation sector.
- Self-supported debt increased by \$1,969 million due to new capital financing requirements of \$2,074 million by BC Hydro and Power Authority. This increase was partially offset by a \$55 million decrease by BC Lottery Corporation and \$50 million by other government business enterprises.

**44. With such large cash balances, why did debt not decrease more?**

*(Ref: PA pg 25)*

- Total provincial debt (as per the Summary of Provincial Debt) increased by \$1,043 million to \$65,962 million. Government direct (operating and capital) debt was eliminated.
- Cash and temporary investment balances decreased by \$411 million. Government maintains appropriate operating levels of cash and temporary investments.

**45. How has the March 31, 2019 debt to gross domestic product (GDP) ratio changed from that budgeted? How does the Province's debt load compare to other provinces?**

*(Ref: PA pg 136-137, 145)*

- Taxpayer-supported debt-to-GDP ratio for the 2018/19 fiscal year end is 14.5% which is lower than the budget forecast of 15.5%.
- Total provincial debt-to-GDP ratio for the 2018/19 fiscal year end is 22.3% which is lower than the budget forecast of 23.8%.
- According to Moody's rating agency, the Province of BC has one of the lowest taxpayer-supported debt-to-GDP in Canada at 14.5% after:
  - Alberta (14.3%), and
  - Saskatchewan (11.9%).
- The province's taxpayer-supported debt service costs as a percentage of revenue (interest bite) is very low at 3.2% and is the third lowest in Canada after:
  - Alberta (3.0%), and
  - Saskatchewan (2.7%).

## E. DEBT

**46. What was the total interest paid for the taxpayer-supported debt compared to the budget?**

*(Ref: PA pg 145)*

- The taxpayer-supported debt interest costs were \$1,793 million, which was \$52 million less than budget due to lower borrowing for capital purposes and debt refinancing offset with higher sinking funds.
- The total interest costs on total provincial debt were \$2,776 million, which was higher than forecast by \$21 million.

**47. If interest rates increase/decrease by 1%, how much more or less interest would the province pay?**

*(Ref: PA pg 68)*

- The full-year impact of a one percent change in interest rates based on the total debt outstanding at March 31, 2019 would be \$102 million increase/decrease in debt servicing expense (impact on taxpayer-supported debt would be \$71 million).
- NOTE TO MINISTER: The calculated impact of a one percent change is based on the assumption that the change would occur at the beginning of the fiscal year.

**48. Why do the Summary Financial Statements record debt as \$65,864 million while the provincial debt summary of the Public Accounts shows total provincial debt as \$65,962 million?**

*(Ref: PA pg 134)*

- Total provincial debt is the measure of debt used by rating agencies. It includes \$15 million guaranteed by the province, \$835 million of debt included as part of equity in self-supported Crown Corporations and is reported net of sinking fund investments of \$752 million.

## E. DEBT

**49. Does the Province have any unhedged foreign exchange exposure? If yes, which currencies and how much? How will an increase in the Canadian dollar affect this exposure?**

*(Ref: PA pg 69)*

- As at March 31, 2019, there is no unhedged foreign debt exposure in the government direct debt portfolio.
- The province has unhedged foreign currency exposure for US\$227 million (CAD\$303 million) held by BC Hydro in U.S. dollar sinking funds and will be naturally hedged by BC Hydro's U.S. dollar export sales.
- An increase in the Canadian dollar will reduce the cost of obtaining U.S. dollars to meet BC Hydro's unhedged interest and maturity obligations.
- The province also has Chinese Renminbi and Indian Rupee bonds in the amount of \$199 million CAD and \$97 million CAD respectively that are not hedged with a derivative financial instrument, however, the currency exposure is in effect hedged through Chinese Renminbi and Rupee-denominated investments (natural hedge).

**50. Why did the Province issue debt in the offshore Chinese Renminbi and Indian Rupee bond market?**

- The province followed up its 2014 Chinese renminbi bond issue with an onshore issue in January 2016. It also issued a bond in the Indian rupee market in September 2016. Issuing bonds in these markets was a statement of continued confidence by British Columbia in the importance of the global bond markets as a significant and emerging source of financing. It also reflects the provincial government's desire to promote stronger relationships between China, India, B.C. and Canada.
- Proceeds from the Renminbi and Rupee bonds were invested in Chinese and Indian securities, where a small positive return is earned and foreign exchange exposure for taxpayers is fully hedged. The transactions were done as part of the province's Matched Book Program (which was established about 15 years ago) because it was not possible to swap the renminbi and rupee bonds into a Canadian dollar liability at a competitive Canadian dollar cost.

**E. DEBT****51. How does government expect taxpayer-supported debt-to-GDP to trend over the duration of the fiscal plan?**

- Fiscal plan targets are updated on a quarterly basis.

	2018/19	2018/19	2019/20	2020/21	2021/22
Amounts in millions	Estimated	Actual	Estimated	Estimated	Estimated
Taxpayer supported debt	\$45,198	\$42,681	\$46,384	\$50,454	\$53,986
Taxpayer supported debt to GDP	15.5%	14.5%	15.0%	15.7%	16.1%

- These fiscal plan targets will be updated again for the First Quarterly Report to be released in September 2019.

**52. What is the per capita debt in British Columbia?***(Ref: PA pg 145)*

- The taxpayer-supported debt-per-capita as at March 31, 2019 is \$8,550 which is \$734 less than the budget forecast of \$9,284.
- The total provincial debt-per-capita as at March 31, 2019 is \$13,214 which is \$1,035 million below the budget forecast of \$14,249.
- Note: Economists no longer support use of per capita ratios as a valid economic indicator.

## F. CAPITAL

### 53. What capital projects were funds spent on?

- Capital funds for taxpayer-supported entities were spent on:
  - Education facilities including:
    - Willoughby Slope
    - New Westminster Secondary
    - K-12 seismic mitigation program
    - University of British Columbia – Life Science Teaching Laboratories Redevelopment
    - Simon Fraser University – Energy Systems Engineering Building
    - Camosun College – Centre for Health Sciences
  - Health facilities including:
    - Royal Inland Hospital Patient Care Tower
    - Penticton Regional Hospital – Patient Care Tower
    - Royal Columbian Hospital Redevelopment – Phases 1, 2 and 3
  - Investment in transportation infrastructure including:
    - Various highway widening and improvements projects
    - Pattullo Bridge Replacement
    - Broadway Subway
  - Other capital spending including:
    - Natural Resource Permitting Projects (IM/IT Project)
    - Abbotsford Courthouse
    - Maples Adolescent Treatment Centre and Provincial Assessment Centre
- Capital funds for self-supported entities were spent on:
  - \$3,826 million by BC Hydro on electrical generation, transmission and distribution projects;
  - \$75 million by BC Lottery Corporation on replacement of key legacy business systems, expansion of lottery distribution network and acquisition of gaming equipment to support lottery;
  - \$66 million by ICBC including investments in information technology and facility maintenance and upgrades;
  - \$60 million by Liquor Distribution Branch for costs related to the Liquor Distribution Branch Warehouse project, updates and improvements to liquor stores, expansion of cannabis stores, technology-related projects and ongoing operating equipment replacements.



#53

#54

## F. CAPITAL

### 54. Why did “Loans for Purchase of Assets” increase \$2,013 million?

- BC Hydro borrowings increased \$2,074 million to finance several ongoing capital projects, including the Site C, John Hart generating station, Ruskin Dam safety and powerhouse and Bridge River upgrade.
- Other self-supported Crown agencies decreased by \$61 million due to repayments.

## G. SPECIFIC AREAS

### CONTINGENT ASSETS AND CONTRACTUAL RIGHTS

**55. What are the major components of the contractual rights in the note disclosure?**

*(Ref: PA pg 73)*

- Contractual rights are disclosed by sector for the entire government reporting entity, for each of the next 5 years, and for the remaining contract terms, consistent with the sectoral reporting and contractual obligations in the Public Accounts.
- The total amounts of contractual rights are estimates of revenue that are expected to be earned over many years in the future.
- Three projects make up a significant component of the \$11,332 million disclosure. These are:
  - \$2,486 million – BC Transportation Financing Authority capital projects;
  - \$1,385 million – BC Housing Management Commission Social Housing Agreement; and
  - \$3,784 million – Columbia Power Corporation's power purchase agreements, BC Hydro's energy sales commitments, Columbia River Treaty Downstream Benefits.

## G. SPECIFIC AREAS

### CONTRACTUAL OBLIGATIONS

#### 56. Why is there a decrease in Contractual Obligations of \$1,485 million?

(Ref: PA pg 77)

- Significant decreases in contractual obligations include:
  - \$2,129 million decrease for BC Hydro as a major obligation related to the purchase of Waneta from TECK was concluded this fiscal year
  - \$1,558 million for the BC Ferries contract as contractual obligations are separated between Federal and Provincial obligations this year.
  - \$362 million decrease in Provincial Policing contract from draw down on contract
  - \$153 million decrease in Citizen's Services Property and Project Management outsourcing from draw down on contract.
  - \$72 million for the BC Housing Management Commission from draw down of housing providers contracts.
- Decreases were offset by increases of:
  - \$1,502 million for highway maintenance as more contracts were signed this year.
  - \$237 million for BC Transportation Financing Authority, the Investment in Canada Infrastructure Program and the Public Transit Infrastructure Fund program.
  - \$283 million for Interior Health Authority Royal Inland Hospital project.
  - \$255 million for Health Authorities' referred out contracts for programs and services.
  - \$198 million for School Districts' new capital projects for seismic upgrades and building new schools.

## G. SPECIFIC AREAS

### CONTRACTUAL OBLIGATIONS

**57. The total contractual obligations are now \$95 billion, shouldn't we be concerned about this large amount?**

*(Ref: PA pg 77)*

- The total amounts of contractual obligations are estimated costs that are expected to be incurred over many years in the future.
- Significant components of the total include:
  - \$52,901 million – BC Hydro's energy purchase contracts; \$3,354 million – BC Hydro's capital projects (together it is 59% of the total).
  - \$8,656 million – BC Ferries Services contract.
  - \$5,532 million – BC Housing Management Commission housing programs.
  - \$4,686 million – the Provincial policing contract with the RCMP.
  - Contractual obligations include the Province's commitments for public-private partnerships (P3) projects. The remaining contractual obligations for the top 5 P3 projects are:
    - \$1,172 million – BC Transportation Financing Authority transportation projects
    - \$567 million – Campbell River and Comox Valley Hospitals
    - \$505 million – Kelowna and Vernon Hospitals Project
    - \$482 million – BC Children's Hospital and BC Women's Hospital and Health Centre
    - \$457 million – Abbotsford Regional Hospital and Cancer Centre
- The other \$20 billion is distributed among Ministries, Crown corporations, and SUCH (schools, universities, colleges, and health) organizations to support operations, program delivery, and investment in capital.
- An indicator of the growth of contractual obligations is total to budgeted expense. If the operating budget remains constant at \$54 billion, the annual percentages of taxpayer-supported operating costs procured through contracts are:
 

▪ 2020	10%
▪ 2021	5%
▪ 2022	4%
▪ 2023	3%
▪ 2024	3%
- For self-supported Crown corporations, the annual percentages of estimated costs procured by contracts compared to their gross current-year expense of \$17 billion are:
 

▪ 2020	19%
▪ 2021	17%
▪ 2022	15%
▪ 2023	13%
▪ 2024	14%

## **G. SPECIFIC AREAS**

### **CONTRACTUAL OBLIGATIONS**

#### **58. Aren't Contractual Obligations just another category of debt?**

- Contractual obligations are not debt because the contracted services have not been delivered yet, and no transactions have been recorded. Once the services have been delivered, government will have an obligation to pay and a corresponding liability will be recorded. Debt is money that has already been borrowed and is already recorded as a liability.
- 93% of all contractual obligations are operating agreements and the costs that will arise in the future will be provided for in the operating budget.
- 7% of contractual obligations are related to capital agreements including P3's. Capital costs can be funded with debt or financial assets.

## G. SPECIFIC AREAS

### PENSIONS

#### 59. Are the positions of the Public Sector Pension Plans healthy?

*(Ref: PA pg 61)*

- All four of the province's defined benefit pension plans are healthy.
- The accounting position of those plans are:
  - Public Service Pension Plan: \$1,809 million net asset
  - Municipal Pension Plan: \$1,389 million net asset
  - College Pension Plan: \$101 million net asset
  - Teachers' Pension Plan: (\$128) million net obligation
- Given their size and the limitation of accounting for estimates for long term arrangements such as these pension plans, all four plans can be considered fully funded.

#### 60. Why is there still a deficit in the Teachers' Pension Plan and why is it decreasing?

*(Ref: PA pg 61)*

- There is an unfunded liability of \$128 million in the Teachers' Pension Plan that is a result of a timing difference between contribution rate changes and the financial statement position at a point in time.
- The province's participation in the plan is limited to 50% and the province has recorded a liability related to the Teachers' Pension Plan of \$64 million.
- Even though we report an unfunded liability for accounting purposes, the obligations are fully funded by contributions.
- The unfunded liability has decreased this year as previous contribution rate increases have begun to fund the obligations. The unfunded liability is expected to decrease in each year until the next actuarial valuation is received in 2018/19.
- The unfunded liability is relatively minor compared to the asset base of \$22 billion.
- Under the joint trusteeship arrangements, all pension plans will approximate around zero on an on-going basis.

## **G. SPECIFIC AREAS**

### **TREATIES**

#### **61. What treaties have been entered into and what is in progress?**

- As of March 31, 2019, there were 65 First Nations in various stages of negotiation, including 40 First Nations in active or completed negotiations, representing two-thirds of the aboriginal people in British Columbia.
- A Final Agreement with Yale First Nation was ratified by the Yale First Nation in March 2011, by the provincial government on June 2, 2011 and by the Parliament of Canada on June 19, 2013. Yale First Nation is now negotiating implementation of the treaty; however, a treaty effective date has not yet been agreed to by the parties.
- First Nations have 23 Incremental Treaty Agreements (ITA) which allows First Nations and the Province to enjoy shared benefits in advance of a Final Agreement.

## G. SPECIFIC AREAS

### CASH MANAGEMENT

**62. Government continues to have significant cash balances largely in the SUCH sector. What steps has government taken to maximize its cash management with regards to the SUCH sector?**

- Over the past year, participation in Provincial Treasury's Central Deposit Program increased \$162 million for a total of \$2,555 million. These balances are used to offset government's borrowing requirements, resulting in lower debt and associated interest costs.
- Balances that remain in the entities at March 31, 2019 are required to meet operational needs or other short-term commitments.
- Government continues to seek cost sharing arrangements with individual government organization on jointly determined capital project priorities in the future on a case-by-case basis.
- Government remains committed to addressing the cash balance issue through a longer term review of the financial framework that is consistent with our commitment to sound financial management and a sustainable fiscal plan.

**63. Why do we invest in Equities instead of paying down debt?**

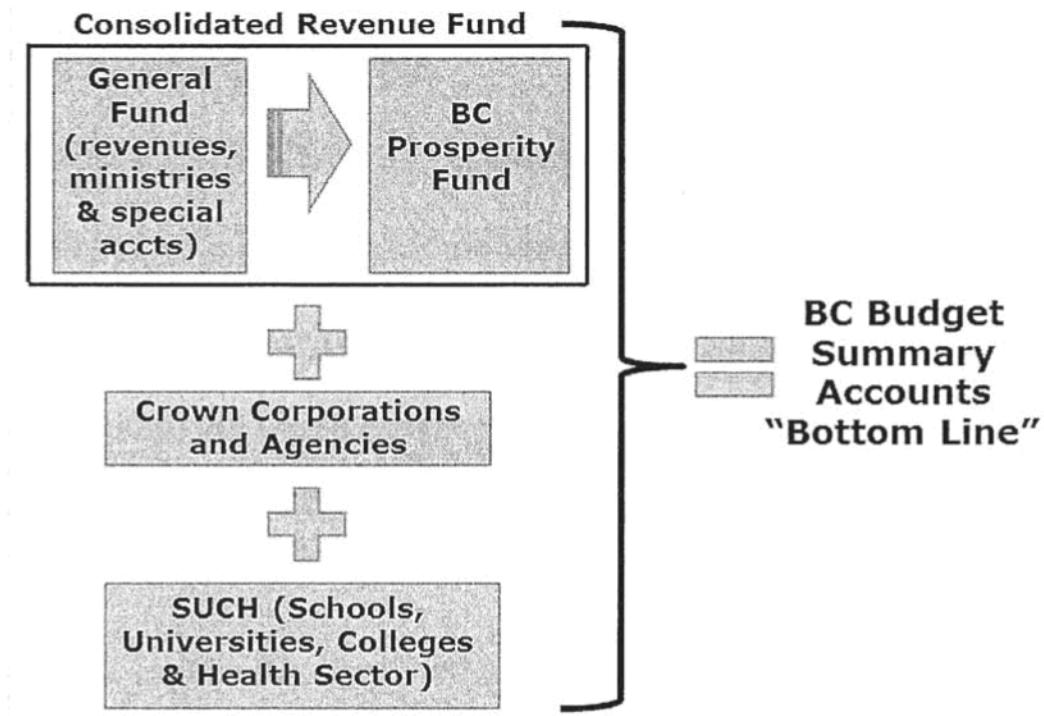
- Equity investments are held in the universities as a way to earn a higher rate of return on their endowments or for other funds held long term for operational purposes.
- A breakdown of the \$314 million is as follows:
  - \$97 million – previous endowment earnings available to spend
  - \$217 million – operational funds held for future spending



## H. BC PROSPERITY FUND

### 64. What is the BC Prosperity Fund?

- The BC Prosperity Fund is a special fund set up to set aside all or a portion of the Province's annual surpluses for future specific purposes.
- The Fund is simply another component of the government's Consolidated Revenue Fund that is included and reported on in the government's annual Budget, Estimates and audited Public Accounts.
- Under the Financial Administration Act, the Consolidated Revenue consists of the General Fund (which includes revenues and spending of ministries and special accounts), plus any special funds created under the Act. BC Prosperity Fund is the only special fund in use today.
- Creation of the new BC Prosperity Fund is akin to setting up a special savings account outside of the General Fund chequing account, for use in the future. In essence it's really no different than families setting up retirement, mortgage repayment or education savings funds, or combinations of.
- In this case, the government has established the Fund's use in legislation and under strict oversight of the Minister of Finance and Treasury Board.



## H. BC PROSPERITY FUND

### 65. How does the BC Prosperity Fund work?

- When the Public Accounts are done, if there is a surplus Treasury Board will then decide how much of that surplus will be set aside in the BC Prosperity Fund. Treasury Board will then authorize a cash transfer from the General Fund chequing account into the BC Prosperity Fund savings account where it will remain there and be invested until needed.
- The Fund will have real assets and any interest or investment income earned will be included as annual revenue of the government's Consolidated Revenue Fund and therefore be part of government's bottom line. Under the legislation, the Fund will always hold in perpetuity a minimum of 25% of the total of all amounts that have been transferred to or earned by the Fund.
- Up to 25% of the total of all amounts that have been transferred to or earned by the Fund will be available for priority spending including capital and operating improvements in health care, education, transportation and job training, and providing family supports. That spending will be included as part of government's overall spending and will also flow to government's bottom line.
- The BC Prosperity Fund legislation provides that 50% of the total of all amounts that have been transferred to or earned by the Fund must be used for reducing the debt of the taxpayer-supported government reporting entity.
- When government uses its cash balances to reduce taxpayer-supported debt there is no direct impact on the annual Fiscal Plan surplus balance other than through reduced debt interest costs.

### 66. Were there any current year transactions?

- There were no transfers into the BC Prosperity Fund authorized by Treasury Board in 2018/19.
- The Fund earned \$11 million in interest in 2018/19.
- There was no spending from the BC Prosperity Fund in 2018/19.

## I. MINISTERIAL ACCOUNTABILITY REPORT

### CABINET COLLECTIVE TARGET

67. Did cabinet members meet their Balanced Budget and Ministerial Accountability Act (BBMAA) target for 2018/19?

- Yes. The surplus was at least 50% of the Estimates surplus (the surplus exceeded the Estimates surplus).

### INDIVIDUAL FISCAL TARGETS

68. Did all ministers meet their individual fiscal targets?

- Yes.

69. What was the impact of contingencies in helping ministers meet their targets?

- Contingency spending is not used to meet budget targets.

Ministries that accessed contingencies:

Fiscal 2018/19 In \$ thousands	Contingency Access
Officers of the Legislature	1,007
Office of the Premier	227
Agriculture	5,001
Attorney General	24,509
Children and Family Development	15,432
Citizens' Services	17,948
Education	27,418
Energy, Mines and Petroleum Resources	9,264
Environment and Climate Change Strategy	12,181
Finance	23,375
Forests, Lands, Natural Resource Operations and Rural Development	59,717
Health	434
Indigenous Relations and Reconciliation	131,125
Jobs, Trade and Technology	5,905
Mental Health and Addictions	3,573
Municipal Affairs and Housing	9,166
Public Safety and Solicitor General	47,538
Tourism, Arts and Culture	15,366
Transportation and Infrastructure	11,562
Other appropriations - Finance	21,072
	441,820

## **I. MINISTERIAL ACCOUNTABILITY REPORT**

### **MINISTERS OF STATE**

#### **70. Did all Ministers of State meet their targets?**

- Yes, the targets for the Minister of State for Trade and the Minister of State for Child Care were met.

#### **71. What evidence is there that would prove the individual Ministers of State with non-financial accountabilities have met their targets?**

- Each Minister of State provides a certification that the targets have been met.
- Targets and results are reported in the annual service plan reports of the Ministry.

### **GENERAL**

#### **72. What is the value of the BBMAA when Supplementary Estimates and contingencies are always used to ensure ministers meet their targets? (Note: there are currently no Supplementary Estimates).**

- Supplementary estimates are passed and contingency spending is approved to make room in the budget for unforeseen costs arising from emergencies or the addition of new priority programs and initiatives.
- The value of BBMAA is that it encourages cabinet members to meet their collective and individual budget targets. BBMAA holds cabinet members responsible, individually and collectively, for ensuring that the province meets its financial targets.
- BBMAA was enacted to bring the spending of public money for all of government services and programs under strict discipline, review and performance measurement and to hold ministers accountable for their fiscal management decisions with respect to the operational governance of the province.

## SUMMARY OF MINISTERIAL ACCOUNTABILITY FOR OPERATING EXPENSES

(for the Fiscal Year Ending March 31, 2019)

(\$000)

Under section 3 of the *Balanced Budget and Ministerial Accountability Act* (BBMAA), each member of the Executive Council has 20 percent of his or her salary held back with restoration of half of the holdback contingent on government achieving its overall fiscal target for the year as per section 4, and restoration of the other half of the holdback contingent on ministers achieving individual goals as set out in section 5. For each minister with responsibility for operating expenses arising from a voted appropriation as accounted for in the Consolidated Revenue Fund, section 5(1) stipulates actual results for the year must not exceed the estimated amounts for that fiscal year. Section 5(3) applies to ministers of state, for whom expected results are specified by Treasury Board regulation.

In the table below, the column entitled "Minister Responsible" lists the ministers with BBMAA section 5(1) assigned responsibilities. The column entitled "Voted Appropriations in the 2018/19 Estimates" shows the voted appropriations for which those ministers are responsible. The columns entitled "Voted Appropriation Operating Expenses (net)" and "2018/19 Estimated Amount" show the dollar amounts of operating expenses (net) and estimated amounts allocated to ministers in the 2018/19 Estimates. The column entitled "Order in Council and Other Adjustments" shows transfers of spending authority resulting from orders in council implementing government reorganizations, or, where a vote authorizes spending by more than one minister, reallocation of spending authority by Treasury Board among the ministers identified in the vote. The column entitled "Legislated Additions" shows additional voted appropriations resulting from supplementary estimates. The final two columns show the reallocated appropriations (or portions thereof) for which individual ministers are now responsible and the revised estimated amounts for each minister.

Minister Responsible	Voted Appropriations in 2018/19 Estimates	Voted Appropriation Operating Expenses (net)	2018/19 Estimated Amount	Order in Council and Other Adjustments <sup>2</sup>	Legislated Additions	Reallocated Appropriation Operating Expenses (net)	Revised 2018/19 Estimated Amount
Premier	Office of the Premier	11,305	11,305			11,305	11,305
Minister of Advanced Education, Skills and Training <sup>1</sup>	Ministry of Advanced Education, Skills and Training	2,211,614			5,500 <sup>4</sup>	2,217,114	
	Capital Funding	431,122	2,642,736			431,122	2,648,236
Minister of Agriculture	Ministry of Agriculture	79,943	79,943			79,943	79,943
Attorney General	Ministry of Attorney General	582,979	582,979		7,900 <sup>4</sup>	590,879	590,879
Minister of Children and Family Development	Ministry of Children and Family Development	1,792,612	1,792,612		19,900 <sup>4</sup>	1,812,512	1,812,512
Minister of Citizens' Services	Ministry of Citizens' Services	524,149	524,149		50,000 <sup>4</sup>	574,149	
	Ministry of Jobs, Trade and Technology	—	—	5,591 <sup>3</sup>		5,591	579,740
Minister of Education <sup>1</sup>	Ministry of Education	6,302,620				6,302,620	
	Capital Funding	483,205	6,785,825			483,205	6,785,825
Minister of Energy, Mines and Petroleum Resources	Ministry of Energy, Mines and Petroleum Resources	58,015	58,015		32,400 <sup>4</sup>	90,415	90,415
Minister of Environment and Climate Change Strategy	Ministry of Environment and Climate Change Strategy	145,851	145,851			145,851	145,851
Minister of Finance	Ministry of Finance	264,234				264,234	
	Management of Public Funds and Debt	1,275,907				1,275,907	
	Contingencies (All Ministries) and New Programs	550,000				550,000	
	Commissions on Collection of Public Funds	1				1	
	Allowances for Doubtful Revenue Accounts	1				1	
	Tax Transfers	1,246,000	3,336,143			1,246,000	3,336,143

SUMMARY OF MINISTERIAL ACCOUNTABILITY FOR OPERATING EXPENSES  
(for the Fiscal Year Ending March 31, 2019)  
(\$000)

Revised Schedule F [No.2]  
February 19, 2019

Minister Responsible	Voted Appropriations in 2018/19 Estimates	Voted Appropriation Operating Expenses (net)	2018/19 Estimated Amount	Order in Council and Other Adjustments <sup>2</sup>	Legislated Additions	Reallocated Appropriation Operating Expenses (net)	Revised 2018/19 Estimated Amount
Minister of Forests, Lands, Natural Resource Operations and Rural Development	Ministry of Forests, Lands, Natural Resource Operations and Rural Development	537,438			30,000 <sup>4</sup>	567,438	
	Forest Practices Board	3,845	541,283			3,845	571,283
Minister of Health <sup>1</sup>	Ministry of Health	19,606,664			89,000 <sup>4</sup>	19,695,664	
	Capital Funding	615,196	20,221,860			615,196	20,310,860
Minister of Indigenous Relations and Reconciliation	Ministry of Indigenous Relations and Reconciliation	90,352	90,352			90,352	90,352
Minister of Jobs, Trade and Technology	Ministry of Jobs, Trade and Technology	104,769	104,769	(5,591) <sup>3</sup>		99,178	99,178
Minister of Labour	Ministry of Labour	12,638	12,638			12,638	12,638
Minister of Mental Health and Addictions	Ministry of Mental Health and Addictions	9,983	9,983			9,983	9,983
Minister of Municipal Affairs and Housing <sup>1</sup>	Ministry of Municipal Affairs and Housing	650,898			135,400 <sup>4</sup>	786,298	
	Capital Funding	227,687				227,687	
	Auditor General for Local Government	2,600	881,185			2,600	1,016,585
Minister of Public Safety and Solicitor General	Ministry of Public Safety and Solicitor General	770,185	770,185			770,185	770,185
Minister of Social Development and Poverty Reduction	Ministry of Social Development and Poverty Reduction	3,363,727	3,363,727			3,363,727	3,363,727
Minister of Tourism, Arts and Culture <sup>1</sup>	Ministry of Tourism, Arts and Culture	140,681			5,000 <sup>4</sup>	145,681	
	Capital Funding	14,836	155,517			14,836	160,517
Minister of Transportation and Infrastructure	Ministry of Transportation and Infrastructure	890,092	890,092			890,092	890,092
Total Estimated Amount			43,001,149	—	375,100	43,376,249	43,376,249
	Not Applicable						
	Legislative Assembly		77,408				77,408
	Officers of the Legislature		59,549				59,549
	Total Voted Appropriations		43,138,106	—	375,100	43,376,249	43,513,206

<sup>1</sup> The Ministers of Advanced Education, Skills and Training; Education; Health; Municipal Affairs and Housing; and Tourism, Arts and Culture each have operating expense accountability for a portion of the Capital Funding Vote. These accountabilities have been allocated according to the distribution shown in Vote 45.

<sup>2</sup> Changes and shared responsibilities are measured as a proportion of the annual result in relation to the period of time the applicable ministers held the responsibility measured in days.

<sup>3</sup> Reflects the reallocation of resources in support of the government reorganization on July 23, 2018 as per *Constitution Act* Order in Council 420/2018.

<sup>4</sup> Additional voted appropriations provided to the minister by the 2018/19 *Supplementary Estimates* presented on February 19, 2019.

**BC Infrastructure Benefits Inc.**  
Statement of Financial Position  
As at March 31, 2019  
(in \$000's)

	<b>Notes</b>	<b>31-Mar-19</b>
<b>Financial assets</b>		
Cash		\$ -
Due from government & other government organizations	<b>3</b>	4,338
		<u>4,338</u>
<b>Liabilities</b>		
Accounts payable & accrued liabilities	<b>4</b>	70
Due to government & other government organizations	<b>5</b>	4,268
Deferred operating contributions	<b>6</b>	16
Deferred capital contributions	<b>7</b>	97
		<u>4,451</u>
<b>Net financial assets (debt)</b>		<u>(113)</u>
<b>Non-financial assets</b>		
Tangible capital assets	<b>8</b>	97
Prepaid expenses	<b>9</b>	16
		<u>113</u>
<b>Accumulated surplus (deficit)</b>		<u>\$ -</u>

Approved on behalf of the Board of Directors on May 15<sup>th</sup>, 2019



Allan Bruce, Chair



Michael Bonshor, Director

The accompanying notes form an integral **part** of these financial statements.

**BC Infrastructure Benefits Inc.**

## Statement of Operations

For the period July 16, 2018 to March 31, 2019

(In \$000's)

	Note	Budget	31-Mar-19
<b>Revenues</b>		(Note 11)	
Provincial grants	\$4M	\$ 4,000	\$ 4,022
		4,000	4,022
<b>Expenses</b>	10		
Outreach and engagement		240	83
Workforce management		480	-
Finance and corporate services	\$4M	3,280	3,939
		4,000	4,022
<b>Annual operating surplus (deficit)</b>		\$ -	\$ -
Accumulated surplus (deficit) at beginning of period		-	-
Accumulated surplus (deficit) at end of period		\$ -	\$ -

*The accompanying notes form an integral part of these financial statements.*



Statement of operations	Budget	Actual	Prior	increase/(decrease)		PY to budget	Budget to Actual	Actual to PY	PY to budget
				Budget to Actual	Actual to PY				
<i>Revenue</i>	p140Fiscal	p40 PA	p40 PA				%	%	%
Taxation	30,592	32,714	28,321	2,122 H	4,393 R				
Feds	8,930	9,052	9,055	122 r1	(3) r2				
Fees	5,363	5,593	6,249	230 r1	(656) r2				
Misc	3,152	3,413	3,543	261 r1	(130) r2				
SS crowns	2,564	2,005	1,056	(559) J	949 T				
Natural	2,413	3,108	2,695	695 I	413 S				
Invest Inc	1,179	1,243	1,101	64 r1	142 r2				
<b>Total</b>	<b>54,193</b>	<b>57,128</b>	<b>52,020</b>	<b>2,935 K</b>	<b>5,108 U</b>				
<i>Expense</i>	p142Fiscal	p40 PA	p40 PA						
Health	21,651	22,151	20,927	500 L	1,224 V		2.31% 5	5.85% 7	
Education	13,897	14,085	13,091	188 L	994 Q			7.59% 8	
Social	5,317	5,343	4,737	26 e1	606 X			12.79% 9	
NR	2,433	3,825	3,374	1,392 M	451 Y			13.37% 10	
Interest	2,739	2,684	2,623	(55) e1	61 e2				
Other	2,367	1,810	1,553	(557) e1	257 e2				
Trans	2,134	2,021	1,931	(113) e1	90 e2				
Protection	1,650	2,004	1,930	354 O	74 e2				
Gen Govt	1,436	1,670	1,540	234 e1	130 e2				
<b>Total</b>	<b>53,624</b>	<b>55,593</b>	<b>51,706</b>	<b>1,969 N</b>	<b>3,887 Z</b>	1,918		7.52% 6	3.71%
Forecast Allowance	(350)			(350)					
<b>Annual surplus</b>	<b>219 A</b>	<b>1,535 B</b>	<b>314</b>	<b>1,316 P</b>	<b>1,221</b>				
<i>Revenue</i>									
r1	18,624	19,301	19,948	677 1	(647) 2				
<i>Expense</i>									
e1	27,890	27,613	25,475	(465) Q					
e2					612 3				

Budget and quarterly updates

	P91 Budget2019	P91 Budget2019	P91 Budget2019	P91 Budget2019	Q3 to PY
	Budget	Q1 update	Q2 update	Q3 update	
Revenue	54,193	55,815	57,198	56,636	
Expense	53,624	54,796	54,898	55,762	
Forecast allowance	(350)	(350)	(950)	(500)	
	<b>219 C</b>	<b>669 D</b>	<b>1,350 E</b>	<b>374 F</b>	

5 Year Track	2014/15	2015/16	2016/17
Budget	184	284	264
Actual *	1,726	810	2,766

\* actual from FSDA rev-exp

## Reference for Minister's slide presentation

2018/19

	p140Fiscal	Note 29 PA	Note 29 PA	increase/(decrease)	
	Budget	Actual	Prior	Budget to Actual	Actual to PY
<i>Taxation revenue</i>					
Personal	9,836	11,364	8,923	1,528 A	2,441 E
Provincial sales *	7,428	7,362	7,118	(66) t1	244 t1
Corporate	4,096	5,180	4,165	1,084 B	1,015 F
Property	2,626	2,617	2,367	(9) t1	250 G
Property Transfer	2,235	1,826	2,141	(409) C	(315) G
Carbon	1,488	1,465	1,255	(23) t1	210 t1
Fuel	1,003	1,015	1,010	12 t1	5 t1
Tobacco	822	781	727	(41) t1	54 t1
Employer Health	463	464		1 t1	464 H
HST		7	13	7 t1	(6) t1
Other	595	633	602	38 t1	31 t1
	<u>30,592</u>	<u>32,714</u>	<u>28,321</u>	<u>2,122</u>	<u>4,393</u>
* includes HST per budg	-	-	-	t1 (81) D	538 I

250  
(315)  
(65)

	p140Fiscal	Note 30 PA	Note 30 PA	increase/(decrease)	
	Budget	Actual	Prior	Budget to Actual	Actual to PY
<i>Nat Res Revenue</i>					
Petroleum, NG, Minera	842	1,035	1,056	193 J	(21) M
Forests	992	1,406	1,065	414 K	341 N
Water and other	579	667	574	88 L	93 O
	<u>2,413</u>	<u>3,108</u>	<u>2,695</u>	<u>695</u>	<u>413</u>

	p140Fiscal	ANI PA	PY	increase/(decrease)	
	Budget	Actual	Prior	Budget to Actual	Actual to PY
<b>Self Supported earning</b>					
BCHydro	712	522	683	(190)	(161) T
Deferral account Adj			(950)	-	950
Net BC Hydro		522	(267)	(190) P	789
ICBC	(684)	(1,153)	(1,327)	(469) Q	174 U
BC Lottery	1,300	1,405	1,391	105 R	14 d1
BC Liquor	1,106	1,104	1,119	(2) d1	(15) d1
Other	130	127	140	(3) d1	(13) d1
	<u>2,564</u>	<u>2,005</u>	<u>1,056</u>	<u>(559)</u>	<u>949</u>
	-	-	-	d1 (5) S	(14) V

	p140Fiscal	TBS Rev CY		increase/(decrease)	
	Budget	Actual	Prior	Budget to Actual	Actual to PY
<b>Federal Contributions</b>					
CHST	6,921	7,090	6,849	169 W	241 Y
Other federal transfers	2,009	1,962	2,206	(47) X	(244) Z
	<u>8,930</u>	<u>9,052</u>	<u>9,055</u>	<u>122</u>	<u>(3)</u>

## Total Provincial Debt to Financial Statement Debt

	p148 fiscal	PDS P143		increase/(decrease)	
Taxpayer supported debt	Budget	Actual	Prior	Budget to Actual	Actual to PY
Provincial operating	-	-	-	-	-
Provincial gen cap	-	-	1,156	-	(1,156)
	-	-	A 1,156	-	(1,156)
school districts	9,005	8,904	8,908	(101)	(4)
post sec	5,577	5,370	5,328	(207)	42
health	8,184	7,968	7,903	(216)	65
BCTFA	11,982	11,293	10,388	(689)	905
Port Mann	3,505	3,510	3,508	5	2
Public transit	1,000	870	1,000	(130)	(130)
Skytrain	1,174	1,021	1,174	(153)	(153)
BC Transit	120	73	84	(47)	(11)
Social housing	1,043	844	878	(199)	(34)
provincial capital	3,125	2,363	2,718	(762)	(355)
BC Pav	395	371	374	(24)	(3)
BCIIF	61	70	157	9	(87)
Other	27	24	31	(3)	(7)
	45,198	42,681	B 42,451	(2,517)	230
Total TS debt	45,198	42,681	43,607	(2,517)	(926) K
Self supported					
BC Hydro	22,541	22,064	19,990	(477) E	2,074
BC Luto	170	100	155	(70) F	(55)
Columbia Power	286	282	286	(4) G	(4)
Columbia River	417	418	433	1 G	(15)
TIC				-	-
PSI Subs	340	387	418	47 G	(31)
other	70	30	30	(40) G	-
Total SS debt	23,824	23,281	C 21,312	(543) I	1,969 L
Forecast allowance	350			(350) J	
Total Prov Debt	69,372	65,962	D 64,919	(3,410)	1,043 M

	TBS	Note 10/guar			
Sinking funds - TS	531	533	1,150	2	(617)
Sinking funds - SS	207	219	198	12	21
Guarantees - TS	(7)	(5)	(6)	2	1
Guarantees - SS	(10)	(10)	(10)	-	-
Non guaranteed - SS	(784)	(835)	(880)	(51)	45
Financial Statement	69,309	65,864	65,371	(3,445)	493

	p148 fiscal	P39 PA *		increase/(decrease)	
Financial Statement Debt	Budget	Actual	Prior	Budget to Actual	Actual to PY
Taxpayer supported	45,722	43,209	44,752	(2,513)	(1,543)
Self supported	23,237	22,655	20,619	(582)	2,036
Forecast allowance	350			(350)	-
	69,309	65,864	65,371	(3,445)	493

\* check to Public Accounts SFP

## Debt to GDP

	p150 fiscal	P145/146			increase/(decrease)							
		PDS			Budget to							
		Budget	Actual	Prior	Actual	Actual to PY						
Provincial GDP	291,672		295,316	279,370	3,644	15,946						
TS Debt to GDP	15.5	A	14.5	C	15.6	(1.0)	(1.1)					
Debt to revenue	84.9	B	75.0	D	82.5	(9.9)	(7.5)					
Net Liabilities (Net Debt) to GDP			14.3	15.0			fsda					
	Budget	P16 Q2 update			p1 Budget 2019		FSDA P28					
		Q1 update	Q2 update		Q3 update	Actual - BC	Canada					
Real GDP Forecast	2.3%	E	2.2%	F	2.2%	G	2.2%	H	2.4%	T	2.0%	U

## Capital Spending

	P145 fiscal	TBS TCA rep		increase/(decrease)			
		Budget	Actual*	Prior	Budget to Actual	Actual to PY	
<i>Taxpayer supported</i>							
school districts	557	626 I	578	69	48	14%	
post sec	902	1,024 J	968	122	56	23%	
health	1,107	904 K	890	(203)	14	20%	421 N
BCTFA	1,371	853 L	717	(518)	136		56 P
BC Transit	158	85 M	115	(73)	(30)		477 R 11%
provincial capital	549	421 N	430	(128)	(9)		
BCHMC&PRHC	450	483 O	169	33	314	11%	853 L
Other	80	56 P	41	(24)	15		85 M
	<u>5,174</u>	<u>4,452</u> Q	<u>3,908</u>	<u>(722)</u>	<u>544</u>		<u>938</u> S 21%
<i>Self supported</i>		FSDA WP8A.f					
BC Hydro	3,744	3,826	2,473	82	1,353		
Columbia Power	5	2	1	(3)	1		
TI Corp			4	-	(4)		
BC Rail	42	33	11	(9)	22		
ICBC	105	66	54	(39)	12		
BC Lottery	105	75	82	(30)	(7)		
LDB	60	60	48	-	12		
Other <sup>1</sup>	-	44	56	44	(12)		
	<u>4,061</u>	<u>4,106</u>	<u>2,729</u>	<u>45</u>	<u>1,377</u>		
Total Capital Spend	9,235	8,558	6,637	(677)	1,921		

<sup>1</sup> Actuals are PSI subsidiaries

**2018/19 PUBLIC ACCOUNTS  
REFERENCES**

**COMPARISON OF BUDGET/FORECAST/ACTUAL**

	<b>In Millions</b>		
	<b>Public Accounts</b>	<b>Budget Estimate</b>	<b>Updated Forecast</b>
Revenue	57,128	54,877	56,636
Expense	(55,593)	(53,624)	(55,762)
Surplus (deficit) before forecast allowance and ICBC		1,253	874
ICBC net loss forecast		(684)	
Forecast Allowance		(350)	(500)
<b>Surplus/(deficit)</b>	<b>1,535</b>	<b>219</b>	<b>374</b>

**Actual to Budget**

	<b>In Millions</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenue</b>			
Taxation	30,592	32,714	2,122
Federal contributions	8,930	9,052	122
Fees and licences	5,363	5,593	230
Miscellaneous	3,152	3,413	261
Self-supported Crowns	2,564	2,005	(559)
Natural resources	2,413	3,108	695
Investment income	1,179	1,243	64
<b>Total Revenue</b>	<b>54,193</b>	<b>57,128</b>	<b>2,935</b>

**Expense**

Health	21,651	22,151	500
Education	13,897	14,085	188
Social services	5,317	5,343	26
Interest	2,739	2,684	(55)
Natural resources and economic development	2,433	3,825	1,392
Other	2,367	1,810	(557)
Transportation	2,134	2,021	(113)
Protection of persons and property	1,650	2,004	354
General government	1,436	1,670	234
<b>Total Expense</b>	<b>53,624</b>	<b>55,593</b>	<b>1,969</b>

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**2018/19 PUBLIC ACCOUNTS  
REFERENCES**

**COMPARISON OF BUDGET/FORECAST/ACTUAL**

**Actual to February 19, 2019 Forecast**

	<b>In Millions</b>		
	<b>Forecast</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenue</b>			
Taxation	32,637	32,714	77
Federal contributions	9,062	9,052	(10)
Fees and licences	5,565	5,593	28
Miscellaneous	3,258	3,413	155
Self-supported Crowns	1,971	2,005	34
Natural resources	2,970	3,108	138
Investment income	1,173	1,243	70
<b>Total Revenue</b>	<b>56,636</b>	<b>57,128</b>	<b>492</b>

<b>Expense</b>			
Health	21,996	22,151	155
Education	14,273	14,085	(188)
Social services	5,329	5,343	14
Interest	2,615	2,684	69
Natural resources and economic development	3,378	3,825	447
Other	2,486	1,810	(676)
Transportation	2,158	2,021	(137)
Protection of persons and property	1,960	2,004	44
General government	1,567	1,670	103
<b>Total Expense</b>	<b>55,762</b>	<b>55,593</b>	<b>(169)</b>

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**2018/19 PUBLIC ACCOUNTS  
REFERENCES**

**RESULTS OF CRF, TAXPAYER-SUPPORTED CROWN AND  
COMMERCIAL CROWNS**

	In Millions			
	CRF	Taxpayer-supported Crowns, Agencies and SUCH Sector	Commercial Crowns	Total
Revenue	47,104	34,552	19,523	
Expense	(45,157)	(34,765)	(17,518)	
Adjustments		434		
Dividends		45	(2,683)	
<b>Surplus/(deficit)</b>	<b>1,947</b>	<b>266</b>	<b>(678)</b>	<b>1,535</b>

- Taxpayer-supported Crown corporations adjusted net income excluding the SUCH Sector (after the removal of net income from subsidiary commercial Crowns and before dividends paid to or received from other government entities) results in a decrease of (\$650) million towards the Summary Financial Statements bottom line:
  - Provincial Rental Housing Corporation: \$288 million;
  - BC Transportation Financing Authority: (\$771) million;
  - British Columbia Housing Management Commission: (\$122) million;
  - remaining taxpayer-supported Crown corporations: (\$6) million.
- Commercial Crown corporations contributed \$2,005 million (before dividends paid to other government entities and before the adjustment to BCH regulatory assets) towards the Summary Financial Statements bottom line:
  - BC Lottery Corporation: \$1,405 million;
  - British Columbia Liquor Distribution Branch (LDB): \$1,104 million;
  - BC Hydro & Power Authority: \$522 million;
  - Columbia Power Corporation: \$55 million;
  - Columbia Basin Trust joint ventures: \$45 million;
  - ICBC: (\$1,153) million;
  - remaining commercial Crown corporations: \$27 million.

**2018/19 PUBLIC ACCOUNTS  
REFERENCES**

**RESULTS OF CRF, TAXPAYER-SUPPORTED CROWN AND  
COMMERCIAL CROWNS**

Actual to Budget

	<b>In Millions</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Commercial Crowns</b>			
BC Hydro (before regulatory assets adjustment)	712	522	(190)
BC Liquor Distribution Branch	1,106	1,104	(2)
BC Lotteries	1,300	1,405	105
ICBC	(684)	(1,153)	(469)
Other (Columbia Power Corporation, BC Railway Company, and subsidiaries of Crowns and post-secondary)	130	127	(3)
<b>Net Income before adjustment</b>	<b>2,564</b>	<b>2,005</b>	<b>(559)</b>
Adjustment to regulatory assets			
<b>Total Net Income</b>	<b>2,564</b>	<b>2,005</b>	<b>(559)</b>

Actual to February 19, 2019 Forecast

	<b>In Millions</b>		
	<b>Forecast</b>	<b>Actual</b>	<b>Variance</b>
<b>Commercial Crowns</b>			
BC Hydro (before regulatory assets adjustment)	(424)	522	946
BC Liquor Distribution Branch	1,101	1,104	3
BC Lotteries	1,396	1,405	9
ICBC	(1,180)	(1,153)	27
Other (Columbia Power Corporation, BC Railway Company, and subsidiaries of Crowns and post-secondary)	128	127	(1)
<b>Net Income before adjustment</b>	<b>1,021</b>	<b>2,005</b>	<b>984</b>
Adjustment to regulatory assets	950		(950)
<b>Total Net Income</b>	<b>1,971</b>	<b>2,005</b>	<b>34</b>

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**2018/19 PUBLIC ACCOUNTS  
REFERENCES**

**HIGH LEVEL VARIANCE**

**REVENUE**

	In Millions			
	Budget	Q3 Forecast	2019	2018
Taxation	30,592	32,637	32,714	28,321
Contributions from the federal government	8,930	9,062	9,052	9,055
Fees and licenses	5,363	5,565	5,593	6,249
Miscellaneous	3,152	3,258	3,413	3,543
Net earnings of self-supported Crown corporations and agencies	2,564	1,971	2,005	1,056
Natural resources	2,413	2,970	3,108	2,695
Investment income	1,179	1,173	1,243	1,101
<b>Total Revenue</b>	<b>54,193</b>	<b>56,636</b>	<b>57,128</b>	<b>52,020</b>

	Variances (In Millions)		
	2019 – Budget	Actual – Q3 Forecast	2019 – 2018
Taxation	2,122	77	4,393
Contributions from the federal government	122	(10)	(3)
Fees and licenses	230	28	(656)
Miscellaneous	261	155	(130)
Net earnings of self-supported Crown corporations and agencies	(559)	34	949
Natural resources	695	138	413
Investment income	64	70	142
<b>Total Revenue</b>	<b>2,935</b>	<b>492</b>	<b>5,108</b>

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**2018/19 PUBLIC ACCOUNTS  
REFERENCES**

**HIGH LEVEL VARIANCE**

**EXPENSE**

	In Millions			
	Budget	Q3 Forecast	2019	2018
Health	21,651	21,996	22,151	20,927
Education	13,897	14,273	14,085	13,091
Social services	5,317	5,329	5,343	4,737
Interest	2,739	2,615	2,684	2,623
Natural resources and economic development	2,433	3,378	3,825	3,374
Other	2,367	2,486	1,810	1,553
Transportation	2,134	2,158	2,021	1,931
Protection of persons and property	1,650	1,960	2,004	1,930
General government	1,436	1,567	1,670	1,540
<b>Total Expense</b>	<b>53,624</b>	<b>55,762</b>	<b>55,593</b>	<b>51,706</b>

	Variances (In Millions)		
	2019 – Budget	Actual – Q3 Forecast	2019 – 2018
Health	500	155	1,224
Education	188	(188)	994
Social services	26	14	606
Interest	(55)	69	61
Natural resources and economic development	1,392	447	451
Other	(557)	(676)	257
Transportation	(113)	(137)	90
Protection of persons and property	354	44	74
General government	234	103	130
<b>Total Expense</b>	<b>1,969</b>	<b>(169)</b>	<b>3,887</b>

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**2018/19 PUBLIC ACCOUNTS  
REFERENCES**

**CAPITAL VARIANCE**

	In Millions		
	<i>Budget</i> Q3 Forecast	Actual	Variance
<b>Taxpayer-supported</b>			
Education			
Schools (K-12)	562	626	64
Post-secondary	1,002	1,024	22
Health	1,147	904	(243)
BC Transportation Financing Authority	974	853	(121)
Government ministries	492	421	(71)
Housing	432	483	51
BC Transit	96	85	(11)
Other	66	56	(10)
<b>Total Taxpayer-supported</b>	<b>4,771</b>	<b>4,452</b>	<b>(319)</b>
<b>Self-supported</b>			
BC Hydro	3,923	3,826	(97)
Columbia River power projects	4	2	(2)
BC Railway Company	37	33	(4)
ICBC	72	66	(6)
BC Lottery Corporation	80	75	(5)
Liquor Distribution Branch	76	60	(16)
Other – (subsidiaries of post-secondary institutions)	-	44	44
<b>Total Self-supported Commercial</b>	<b>4,192</b>	<b>4,106</b>	<b>(86)</b>
<b>Total Capital Spending</b>	<b>8,963</b>	<b>8,559</b>	<b>(404)</b>

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**2018/19 PUBLIC ACCOUNTS  
REFERENCES**

**CONTINGENCY ACCESS**

<b>Ministry/Special Office</b>	<b>Purpose</b>	<b>Contingency Access (In Thousands)</b>
Officers of the Legislature	Conflict of Interest Comm. – Payout of Life Insurance Merit Commissioner – Implement amendments to <i>PSA</i> Ombudsperson – Implement new statutory responsibilities under <i>Public Interest and Disclosure Act</i> Police Complaint Commissioner -Professional services related to adjudication	\$1,007
Office of the Premier	Increased operating requirements related to cross government priorities	\$227
Agriculture	Pacific Salmon Foundation Grant; Cannabis Legalization & Infrastructure	\$5,001
Attorney General	Federal Legal Aid; Family Maintenance & Enforcement; Civil Resolution Tribunal Vehicle Accident Claims; Major Cases; Disclosure Management Pilot Project; Violation Ticket Administration; Bail Hearing Teams; Surrey Courthouse Expansion; Cannabis Legalization; Gaming investigations; Intersection Safety Cameras and Independent Investigations Office	\$24,509
Children and Family Development	Columbia River Treaty Funding for negotiations; Cultural Connections; Fund Consultation and Adoption Supports; Relocation of the Maples Adolescent Treatment Centre; Operating Pressures	\$15,432
Citizens' Services	BC Bid Replacement & Strategic Partnership Office; Surrey Courthouse Expansion and various Facility Projects; BC Service Card and various IT support	\$17,948
Education	Grants for Public Libraries and Public Education Benefit Trust	\$27,418
Energy, Mines and Petroleum Resources	Low Carbon Economy Leadership Fund; Clean Energy Vehicle Commercial Sector Pilot Programs, BC Indigenous Clean Energy Initiatives; Clean Fuel Production Investment Package and Grant to Geoscience BC	\$9,264
Environment and Climate Change Strategy	Organics Diversion and Processing Program; Industrial Clean Growth Incentive Program; Strategic Provincial Climate Risk Assessment; Waste Management and Pesticide use Enforcement; BC Parks Signage; Protection of Herrling and Carey Island and Provincial Parks; Grant to Greater Victoria Greenbelt Society and Environmental Assessment Process Revitalization Advisory Committee	\$12,181

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**2018/19 PUBLIC ACCOUNTS  
REFERENCES**

**CONTINGENCY ACCESS**

Finance	Health Employers' Association of BC Operating Grants; Parliamentary Secretary for Gender Equity; Government Communication and public engagement operating pressures; Clean BC Communication Strategy for the Climate Action Plan; Cannabis legalization public awareness campaign	\$23,375
Forests, Lands, Natural Resource Operations and Rural Development	Remediation of Flowing Artesian Well; Support the Talhtan First Nations' Interim Housing Project; Contaminated Site Liability; Comox Valley Project Watershed Society to Support Restoration; Natural Resource Permitting Program Valuation, Operating and Amortization funding; Softwood Lumber Litigation Costs	\$59,717
Health	Community Based Counselling Grant Fund and McCreary Adolescent Health Survey	\$434
Indigenous Relations and Reconciliation	Campbell River Regional Strategy; L'heidli Tenneh Treaty Mandate; shishalh Foundation Agreement; Northern Secwepemc te Qelmucw Agreement; First Citizens Fund; Toquaht First Nation; Blueberry River First Nation Litigation; Squamish First Nation Benefits Agreement; Kitselas and Kitsumkalam First Nations and 'Namgis Forestry Fund; Establish the First Nation Gaming Limited Partnership and Indigenous Funding Envelope	\$131,125
Jobs, Trade and Technology	STEMCELL Technology Biotech Manufacturing Facility	\$5,905
Mental Health and Addictions	Community Grants	\$3,573
Municipal Affairs and Housing	Kelowna Water Integration Project; Northern Rockies Regional Municipality Infrastructure Plan; Community Organizations Grants and Homelessness Services and Affordable Housing	\$9,166
Public Safety and Solicitor General	General operating pressures; Provincial Police RCMP contract; Cariboo-Chilcotin Regional Community Safety Model; Gang Suppression Action Plan; Implementation cost for Cannabis Legalization; Crime Victims Assistant Program; Intersection Safety Camera programs; Drug and Driving Initiative; Road Safety Initiative; Community operations for violence against women, restorative justice and crime reduction/prevention programming grants; Post Mortem Diagnostic Services; National Disaster Migration Program and Disaster Financial Assistance	\$47,538

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**2018/19 PUBLIC ACCOUNTS  
REFERENCES**

**CONTINGENCY ACCESS**

Tourism, Arts and Culture	Canada 150 Anniversary Investments; Resort Municipality Initiative; Royal BC Museum; KidSport BC Program; Team BC Participation in 2020 North America Indigenous Games; Creative BC Amplify BC Fund; Chinese Canadian Museum and Vancouver Symphony Orchestra for 100 <sup>th</sup> anniversary	\$15,366
Transportation and Infrastructure	Establish Community Benefits Framework; Bike BC Cycling Infrastructure cost-sharing program; Provincial Active Transportation Infrastructure Design Guidelines; Bike to Work and School Promotions; Active Transportation Promotions; Road and Bridge Maintenance contract cost pressures	\$11,562
Other Appropriations	Ex Gratia Payments – Ombudsperson Misfire Report; Employer Health Tax Costs accrued by PSA	\$21,072
<b>Total Contingencies</b>		<b>\$441,820</b>

REF: CRF Supplementary Schedules: Pg 76 - 80

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**2018/19 PUBLIC ACCOUNTS  
REFERENCES**

**COMPENSATION**

➤ **Comparison in Spending for OIC and non-OIC Employees Between 2018 and 2019**

	In Thousands			Change (%)
	2019	2018	Change	
DM & Assoc DM	10,953	11,199	(246)	(2.25%)
OIC	92,009	90,145	1,864	2.03%
Non-OIC	2,150,449	1,999,172	151,277	7.03%
<b>Total</b>	<b>2,253,441</b>	<b>2,100,516</b>	<b>152,895</b>	<b>6.79%</b>

(REF: CRF Detailed Schedule of Payments: Summary of Payments)

➤ **Top 5 non-OIC Employees' Compensation**

Employee Name	Position	Salary
Lakey, William	Medical Dir, Work Hlth & Safe	291,789
Morton, David	Chairperson	276,338
Yamanaka, Michael W	Assistant Medical Director	273,034
Jardine, David A	Legal Counsel Level 4	269,072
Romanko, Catherine M	Public Guardian & Trustee	254,126

(REF: CRF Detailed Schedule of Payments: Other employees – earning \$75K or greater)

➤ **Top 5 OIC Employees' Compensation**

Employee Name	Position	Salary
Crabtree, Thomas James	Chief Judge	337,838
Fraser, Paul	Conflict of Interest Commissioner	336,135
Lowe, Stanley Thomas	Police Complaint Commissioner	330,266
McEvoy, Michael	Info & Privacy Commissioner	312,808
Gill, Gurmail S	Senior Judge	303,692

(REF: CRF Detailed Schedule of Payments: OIC employees )

**2018/19 PUBLIC ACCOUNTS  
REFERENCES**

**COMPENSATION**

➤ **Premier and Ministers' Salaries**

<b>Ministers</b>	<b>Ministry</b>	<b>Salary</b>
Horgan, John	Premier	\$90,982
Bains, Harry	Labour	\$50,545
Beare, Lisa	Tourism, Arts and Culture	\$50,545
Chen, Katrina	Minister of State for Child Care	\$35,381
Chow, George	Minister of State for Trade	\$35,381
Conroy, Katrine	Children and Family Development	\$50,545
Darcy, Judy	Mental Health and Addiction	\$50,545
Dix, Adrian	Health	\$50,545
Donaldson, Doug	Forests, Lands, Natural Resource Operation and Rural Development	\$50,545
Eby, David	Attorney General	\$50,545
Farnworth, Mike	Public Safety and Solicitor General	\$50,545
Fleming, Rob	Education	\$50,545
Fraser, Scott	Indigenous Relations and Reconciliation	\$50,545
Heyman, George	Environment and Climate Change Strategy	\$50,545
James, Carol	Finance & Deputy Premier	\$50,545
Mark, Melanie	Advanced Education, Skills and Training	\$50,545
Mungall, Michelle	Energy, Mines and Petroleum Resources	\$50,545
Popham, Lana	Agriculture	\$50,545
Ralston, Bruce	Jobs, Trade and Technology	\$50,545
Robinson, Selina	Municipal Affairs and Housing	\$50,545
Simpson, Shane	Social Development and Poverty Reduction	\$50,545
Sims, Jinny	Citizens' Services	\$50,545
Trevena, Claire	Transportation and Infrastructure	\$50,545

(REF: CRF Detailed Schedule of Payments: Premier, Ministers, DM and ADMs s Salary and Travel)

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**2018/19 PUBLIC ACCOUNTS  
REFERENCES**

**COMPENSATION**

➤ **Top 10 Minister's Travel**

<b>Minister</b>	<b>Ministry</b>	<b>Travel</b>
Conroy, Katrine	Children and Family Development	79,314
Donaldson, Doug	Forests, Lands, Natural Resource Operation and Rural Development	70,463
Horgan, John	Premier	69,643
Fraser, Scott	Indigenous Relations and Reconciliation	53,682
Popham, Lana	Agriculture	42,380
Farnworth, Mike	Public Safety and Solicitor General	41,454
Trevena, Claire	Transportation and Infrastructure	41,432
Fleming, Rob	Education	39,246
Ralston, Bruce	Jobs, Trade and Technology	33,061
Mark, Melanie	Advanced Education, Skills and Training	32,413

➤ **Top 10 Capital City Living Allowance for Ministers**

<b>Minister</b>	<b>Ministry</b>	<b>CCLA</b>
Donaldson, Doug	Forests, Lands, Natural Resource Operation and Rural Development	24,010
Chen, Katrina	Minister of State for Child Care	21,485
Darcy, Judy	Mental Health and Addiction	21,126
Conroy, Katrine	Children and Family Development	19,575
Mungall, Michelle	Energy, Mines and Petroleum Resources	18,501
Trevena, Claire	Transportation and Infrastructure	17,878
Fraser, Scott	Indigenous Relations and Reconciliation	17,471
Farnworth, Mike	Public Safety and Solicitor General	17,087
Simpson, Shane	Social Development and Poverty Reduction	17,012
Heyman, George	Environment and Climate Change Strategy	16,544

(REF: CRF Detailed Schedule of Payments: Premier, Ministers, DM and ADMs s Salary and Travel)

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**2018/19 PUBLIC ACCOUNTS  
REFERENCES**

**COMPENSATION**

➤ **Top 10 Deputy Minister's and Associate Deputy Minister's Salary**

<b>Deputy Minister and Associate Deputy Minister</b>	<b>Ministry</b>	<b>Salary</b>
Wright, Donald James	Office of the Premier	319,341
Brown, Stephen R	Health	301,915
Baskerville, Shannon L	Advanced Education, Skills and Training	301,584
Fyfe, Richard J	Attorney General	287,419
Mihlar, Fazil	Jobs, Trade and Technology	286,003
Wanamaker, Lori M	Finance	282,189
Main, Grant M	Transportation and Infrastructure	281,905
Caul, Douglas D	Indigenous Relations and Reconciliation	281,606
Lloyd, Evan S	Finance	272,858
Galbraith, David L	Social Development and Poverty Reduction	272,711

➤ **Top 10 Deputy Minister's and Associate Deputy Minister's Travel**

<b>Deputy Minister and Associate Deputy Minister</b>	<b>Ministry</b>	<b>Travel</b>
Nikolejsin, David J	Energy, Mines and Petroleum Resources	78,025
Mihlar, Fazil	Jobs, Trade and Technology	51,254
Macdonald, Douglas Scott	Education	48,910
Hughes, Trevor	Labour	48,197
Pleacas, Bobbi-lynn	Office of the Premier	43,393
Zacharias, Mark A	Environment and Climate Change Strategy	41,839
Shoemaker, Wesley Howard	Agriculture	34,387
Fyfe, Richard J	Attorney General	30,373
Mackenzie, Isobel	Health	29,647
Wright, Donald James	Office of the Premier	25,463

(REF: CRF Detailed Schedule of Payments: Premier, Ministers, DM and ADMs s Salary and Travel)

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**2018/19 PUBLIC ACCOUNTS  
REFERENCES**

**P3 & ASD**

**P3 Agreements**

	<b>In Millions</b>	
	<b>Original</b>	<b>Remaining</b>
<b>Health Sector</b>		
Abbotsford Regional Hospital and Cancer Centre	1,730	503
BC Cancer Agency Centre for the North	169	49
Campbell River and Comox Valley Hospitals	1,361	567
Children's and Women's Health Centre of BC Branch	660	481
Fort St. John Hospital	623	157
Gordon and Leslie Diamond Centre	228	23
Interior Heart and Surgical Project / Royal Inland Hospital	554	423
Jim Pattison Outpatient Care and Surgery Centre	573	162
Kelowna Vernon Hospital Project	1,110	504
Penticton Regional Hospital Patient Care Tower	312	215
Royal Jubilee Hospital	846	241
Surrey Memorial Hospital Emergency Department and Critical Care Tower	1,060	401
<b>Education Sector</b>		
Emily Carr University of Art and Design	159	91
<b>Transportation Sector</b>		
Canada Line Rapid Transit	856	403
Kicking Horse Pass	252	120
Sea-to-Sky Highway	1,613	503
South Fraser Perimeter Road	1,161	329
WR Bennett Bridge	586	216
<b>Protection of Persons and Property Sector</b>		
Okanagan Correctional Centre	529	93
Surrey Pretrial Service Centre	265	62
Abbotsford Courthouse	117	117
<b>Other Sector</b>		
Habitat Housing	220	26

**2018/19 PUBLIC ACCOUNTS  
REFERENCES**

**P3 & ASD**

**ASD Agreements**

		<b>Obligation in Millions</b>
<b>Ministry of Finance</b>		
ESIT Advanced Solutions		56
Telus Sourcing Solutions		42
<b>Ministry of Health</b>		
Maximus		106
<b>Ministry of Technology, Innovation and Citizens' Services</b>		
IBM		35
Telecommunication Services		87

**2018/19 PUBLIC ACCOUNTS  
REFERENCES**

**SURPLUS PROPERTIES PROGRAM**

**In Thousand (\$000s)**

	<b>Location</b>	<b>Gain/(loss) on sale</b>
<b>School Districts</b>		
Kelowna (SD23)	1940 Underhill Street, Kelowna	<b>4,399</b>
<b>BC Transportation Financing Authority</b>		
BC Transportation Financing Authority	3020-3022 Spring St. Port Moody	4,025
BC Transportation Financing Authority	5806 Spring Street, Port Moody	799
BC Transportation Financing Authority	6363, 6850, 6860 – 72 <sup>nd</sup> St, Delta	18
BC Transportation Financing Authority	8100 Nordel Way, Delta	<u>11,197</u>
		<b>16,039</b>
<b>Ministries</b>		
Forest, Land and Natural Resource Ops	Tree Seed Ctr-ALR Portion, Surrey	5,625
Forest, Land and Natural Resource Ops	Village Bay Lake Rec Lots, Quadra Is	<u>714</u>
		<b>6,339</b>
<b>TOTAL</b>		<b><u>26,777</u></b>

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**Summary Financial Statements**  
**Summary of Gain on Disposal of Assets**  
**As at March 31, 2019**

Backup Worksheet	Entity	Property Sold	To Whom it was Sold	in thousands		(Gain) Loss on Sale	Were there any temporary transfers of asset to other GRE before sale (Y/N)	To Whom were they transferred to if Yes	Inventory
				NBV	Net Proceeds				
450-3	599	Central Okanagan Board Office, Kelowna (SD23)	1940 Underhill Street, Kelowna	K West Equities DBA 1940 K West Equities DBA 1940 Underhill Developments Corp.	1,301.00	(5,700.00)	(4,399.00)	N	
450-5	411	BC Transportation Financing Authority	8100 Nordel Way (Boomerang #5), Delta	Corporation of Delta	15.00	(11,212.00)	(11,197.00)	N	X
450-5	411	BC Transportation Financing Authority	3020-3022 Spring Street, Port Moody	Kwikwetlem First Nation	1,681.00	(5,706.00)	(4,025.00)	N	
450-5	411	BC Transportation Financing Authority	5806 Spring Street, Port Moody	Kwikwetlem First Nation	930.00	(1,729.00)	(799.00)	N	
450-5	411	BC Transportation Financing Authority	6363,6850,6860 - 72nd St, Delta	Agri Management Corporation	1,738.00	(1,756.00)	(18.00)	N	
450-2	CRF3	Ministry of Forests, Lands, Natural Resources Operations and Rural Development	Tree Seed Centre - ALR Portion, Surrey	City of Surrey	-	(5,625.00)	(5,625.00)	N	
450-2	CRF3	Ministry of Forests, Lands, Natural Resources Operations and Rural Development	Village Bay Lake Recreational Lots, Quadra Island	Theresa Maria Jacobs, Norman Raymond Knowles, I	-	(714.00)	(714.00)	N	
(Gain) Loss on RAEG Assets				5,665.00	(32,442.00)	(26,777.00)			
Other (Gains) Losses on Tangible Capital Assets									
A01	FHA	Not RAEG				(399.00)			
A02	IHA	Not RAEG				135.00			
A03	NHA	Not RAEG				122.00			
A06	PHSA	Not RAEG				715.00			
599	School District	Not RAEG				(4,190.00)			
C15	NIC	Not RAEG				(4.00)			
C17	NWCC	Not RAEG				(305.00)			
U10	KPU	Not RAEG				(12.00)			
U11	UFV	Not RAEG				120.00			
411	BCTFA	Not RAEG				(448.00)			
622	BC Assessment Authority	Not RAEG				(14.00)			
630	Provincial Rental Housing	Not RAEG				12,531.00			
CRF4	Consolidated Revenue Fund	Not RAEG				(29.00)			
CRF3	Consolidated Revenue Fund	Not RAEG				50.00			
						8,272.00			
Total (Gains) Losses per account 4540000						(18,505.00)			

FY19

**Summary Financial Statements**  
**Summary of Gain on Disposal of Assets**  
**As at March 31, 2018**

in thousands

Backup Worksheet	Entity	Property Sold	To Whom it was Sold	NBV	Net Proceeds	(Gain) Loss on Sale	Were there any temporary transfers of asset to other GRE before sale (Y/N)	To Whom were they transferred to if Yes	Inventory
450-3	S99	Langley	County Line Elementary						
450-4	U11	University of the Fraser Valley	45635 Yale Road, Chilliwack BC						
450-5	U06	University of Victoria	1515 McTavish Road, Victoria BC						X
450-5	U06	University of Victoria	1515 McTavish Road, Victoria BC						
450-5	411	BC Transportation Financing Authority	3080-3088 Spring St. Port Moody, BC						
450-5	411	BC Transportation Financing Authority	80 Electronic - Port Moody, BC						
450-5	411	BC Transportation Financing Authority	Cottonwood Land (11 properties)						X
450-2	CRF3	Ministry of Forests, Lands, Natural Resources Operations and Rural Development	LOT A DISTRICT LOT 2508 CARIBOO DISTRICT PLAN EPP69256						
450-2	CRF3	Ministry of Forests, Lands, Natural Resources Operations and Rural Development	LOT A DISTRICT LOT 1563 CARIBOO DISTRICT PLAN EPP62203						
450-2	CRF3	Ministry of Forests, Lands, Natural Resources Operations and Rural Development	LOT A DISTRICT LOT 2508 CARIBOO DISTRICT PLAN EPP72193						
450-2	CRF3	Ministry of Forests, Lands, Natural Resources Operations and Rural Development	BLOCK H DISTRICT LOT 7363 CARIBOO DISTRICT						
450-2	CRF3	Ministry of Forests, Lands, Natural Resources Operations and Rural Development	BLOCK I DISTRICT LOT 11973 CARIBOO DISTRICT (SEE CA6010524 AS CUTTS, STEPHEN ROBIN THOMAS						
450-2	CRF3	Ministry of Forests, Lands, Natural Resources Operations and Rural Development	BLOCK B DISTRICT LOT 12464 CARIBOO DISTRICT						
450-2	CRF3	Ministry of Forests, Lands, Natural Resources Operations and Rural Development	DISTRICT LOT 13285 CARIBOO DISTRICT						
450-2	CRF3	Ministry of Forests, Lands, Natural Resources Operations and Rural Development	DISTRICT LOT 13284 CARIBOO DISTRICT (SEE CROWN GRANT AS TO SCHAEFFER, RANDY BRUCE						
450-2	CRF3	Ministry of Forests, Lands, Natural Resources Operations and Rural Development	BLOCK E DISTRICT LOT 12548 CARIBOO DISTRICT						
450-2	CRF3	Ministry of Forests, Lands, Natural Resources Operations and Rural Development	BLOCK E DISTRICT LOTS 2193 AND 13275 CARIBOO DISTRICT						
450-2	CRF3	Ministry of Forests, Lands, Natural Resources Operations and Rural Development	BLOCK D DISTRICT LOT 2193 CARIBOO DISTRICT						
450-2	CRF3	Ministry of Forests, Lands, Natural Resources Operations and Rural Development	BLOCK E DISTRICT LOTS 2193 AND 13275 CARIBOO DISTRICT						
450-2	CRF3	Ministry of Forests, Lands, Natural Resources Operations and Rural Development	BLOCK G DISTRICT LOT 1761 CARIBOO DISTRICT						
450-2	CRF3	Ministry of Forests, Lands, Natural Resources Operations and Rural Development	DISTRICT LOT 13286 CARIBOO DISTRICT						
450-2	CRF3	Ministry of Forests, Lands, Natural Resources Operations and Rural Development	BLOCK C DISTRICT LOT 3046 CARIBOO DISTRICT						
450-2	CRF3	Ministry of Forests, Lands, Natural Resources Operations and Rural Development	DISTRICT LOT 13282 CARIBOO DISTRICT						
450-2	CRF3	Ministry of Forests, Lands, Natural Resources Operations and Rural Development	Delta Port Water Lots						
(Gain) Loss on RAEG Assets				18,127.00	(63,990.00)	(45,863.00)			

Other (Gains) Losses on Tangible Capital Assets

A01	FHA	Not RAEG				(384.00)
A02	IHA	Not RAEG				1,605.00
A03	NHA	Not RAEG				193.00
S99	School District	Not RAEG				(7,793.00)
C15	NIC	Not RAEG				(28.00)
C17	NWCC	Not RAEG				(605.00)
U05	UNBC	Not RAEG				1,035.00
U06	UVIC	Not RAEG				-
U10	KPU	Not RAEG				(4.00)
U11	UFV	Not RAEG				-
233	BCNET	Not RAEG				34.00
312	BC Pavilion Corporation	Not RAEG				(26.00)
411	BCTFA	Not RAEG				(14.00)
423	BC Transit	Not RAEG				(139.00)
622	BC Assessment Authority	Not RAEG				(18.00)
629	BC Housing	Not RAEG				7.00
630	Provincial Rental Housing	Not RAEG				(36,627.00)
625	BC Public Schools Employer's Association	Not RAEG				24.00
635	Post Secondary Employer Association	Not RAEG				(1.00)
CRF4	Consolidated Revenue Fund	Not RAEG				(160.00)
CRF3	Consolidated Revenue Fund	Not RAEG				58.00
CRF9	Consolidated Revenue Fund	Not RAEG				(16.00)
CRF10	Consolidated Revenue Fund	Not RAEG				(197,541.00)

(240,399.00)

Total (Gains) Losses per account 4540000

(286,262.00)

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**2018/19 PUBLIC ACCOUNTS  
REFERENCES**

**ADDITIONAL PROPERTY TRANSFER TAX**

- There was a 14% decrease in property transfer tax from Fiscal 2017/18 due to both a drop in the number of sales and in the fair market value of transactions. This decrease is driven particularly by decreased sales and values of higher priced single-family homes in Metro Vancouver.
- There is no clear relation between the timing of the announcement of the speculation tax and the decrease of PTT/ATT revenue. We had a moderate decrease in a month to month comparison from Fiscal 2017/18, consistent both in terms of the number of sales and the fair market value of transactions over the Fiscal 2018/19 period.
- \$165 million (94%) of the ATT revenues are from Metro Vancouver.

	<b>2017/18 Actuals</b>	<b>2018/19 Actuals</b>
<b>General Property Transfer Tax</b>		
Number of Returns	192,000	160,000
Total PTT Revenue	\$1.9 billion	\$1.6 billion
Average PTT Return Value	\$9,800	\$10,000
<b>Additional Property Transfer Tax</b>		
Number of Returns	2,100	1,300
Total ATT Revenue	\$245 million	\$176 million
Average ATT Return Value	\$116,000	\$135,000
<b>Total Combined Revenue</b>	<b>\$2.1 billion</b>	<b>\$1.8 billion</b>



**2018/19 PUBLIC ACCOUNTS  
REFERENCES**

**ADDITIONAL PROPERTY TRANSFER TAX**

**Distribution of Property Transfer Tax across Districts for Fiscal 2018/19**

	In Millions			
	Metro Vancouver	Outside Metro Vancouver	Capital Region District	Total
Total Property Transfer Tax	\$1,124	\$420	\$106	\$1,650
Additional Transfer Tax	165	5	6	\$176
<b>Total</b>	<b>\$1,289</b>	<b>\$425</b>	<b>\$112</b>	<b>\$1,826</b>

**Information relating to Foreign Home buyer tax by region and by month**

12 Month Outlook  
Summary of Total Property Transfers involving Foreign Nationals (%)

	April 2018	May 2018	June 2018	July 2018	Aug 2018	Sept 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019
Total Property Transfers Province-wide involving Foreign Nationals	2.38	2.56	1.93	1.49	2.15	2.11	2.13	2.72	2.24	2.37	2.49	2.16
Total Property Transfers in Metro Vancouver involving Foreign Nationals	2.63	2.89	2.34	1.57	2.25	3.02	2.65	4.07	2.84	2.95	3.20	2.81
Total Property Transfers Rest of BC (outside Metro Van) involving Foreign Nationals	3.78	2.31	1.63	2.62	1.92	1.36	1.75	1.56	1.72	1.84	1.87	1.61
Total Property Transfers in Capital Regional District involving Foreign Nationals	3.45	3.44	0.65	NR*	1.38	0.80	1.50	1.10	NR*	NR*	1.59	NR*
Total Property Transfers in Fraser Valley Regional District involving Foreign Nationals	1.83	0.58	NR*	NR*	NR*	NR*	NR*	NR*	NR*	NR*	NR*	NR*
Total Property Transfers in Central Okanagan Regional District involving Foreign Nationals	NR*	NR*	NR*	NR*	NR*	0	0.75	2.08	NR*	NR*	NR*	NR*
Total Property Transfers in Nanaimo Regional District involving Foreign Nationals	3.82	NR*	3.62	0	NR*	2.05	0	NR*	NR*	NR*	NR*	NR*

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**2018/19 PUBLIC ACCOUNTS  
REFERENCES**

**SPECULATION TAX**

**Speculation Tax January 1, 2018 – December 31, 2018**

<b>SUMMARY BY REGION</b>	<b>Potential Tax Payable (\$)</b>	<b># of Returns</b>	<b># of Exempt</b>
1. Metro Vancouver	\$49,843,230	1,198,027	1,188,075
2. Capital Regional District	4,841,660	197,200	195,424
3. Fraser Valley	757,565	137,695	137,048
4. Central Okanagan	2,996,936	98,132	97,068
5. Nanaimo	617,536	50,232	49,868
6. Other	3,351,318	3,438	3,370
<b>Total</b>	<b>\$62,408,245</b>	<b>1,684,724</b>	<b>1,670,853</b>

Estimated Tax payable 2018	\$62,408,245
Estimated Tax payable 2019	52,351,188 *
<b>Total</b>	<b><u>\$114,759,433</u></b>

\*2019 Estimate based on rates and returns from 2018 data.

- Total number of undeclared returns was 46,677, of this 8,000 were deceased individuals and 5,150 were in the first year of acquisition.
- Of the remaining 33,527 undeclared returns and using the same rates as the declared returns, the estimated revenue from these returns would be \$900,000 if all were eligible to pay the speculation tax.

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