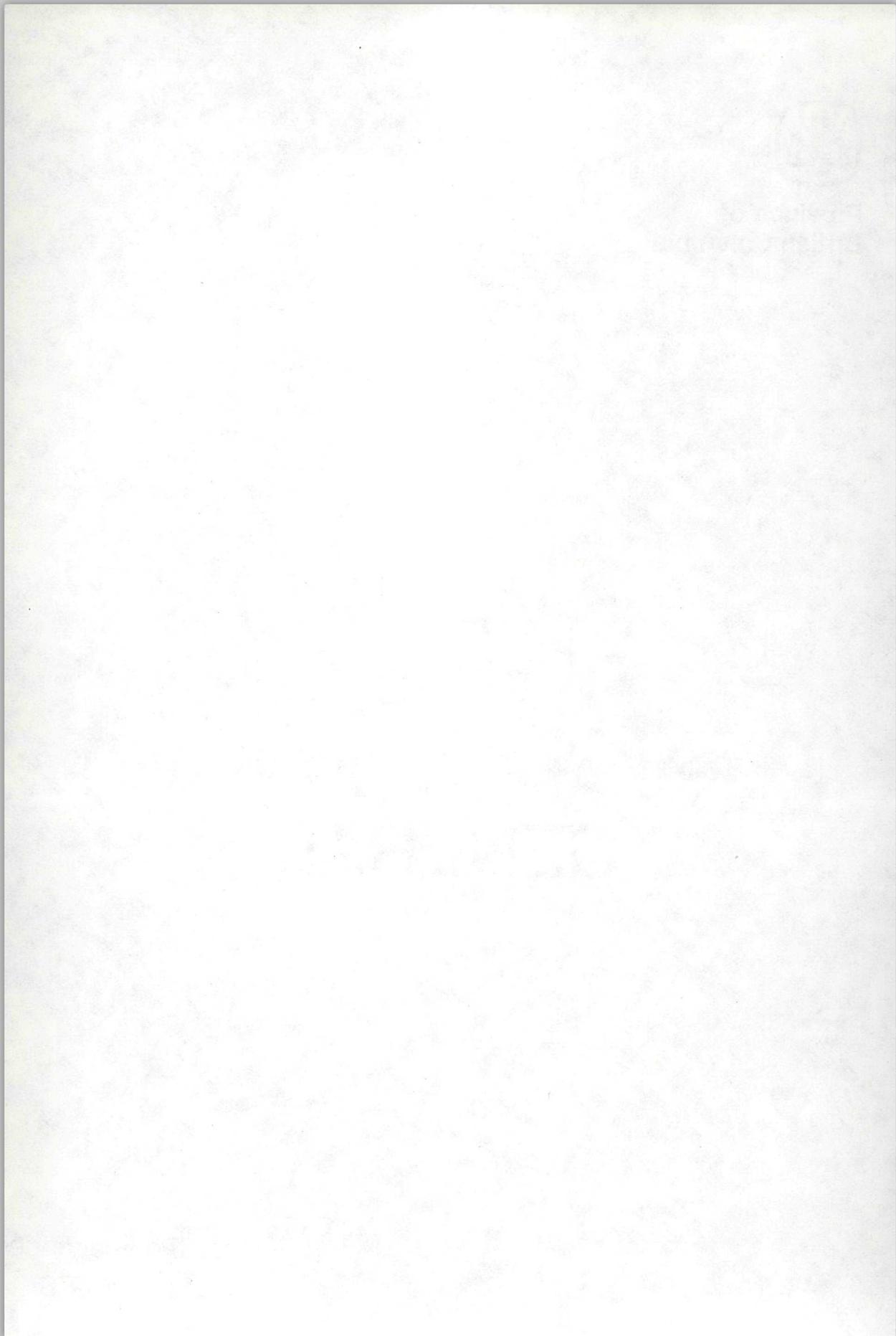




**Province of
British Columbia**

report
of the
**AUDITOR
GENERAL**

for the year ended
31 March 1978





Province of
British Columbia

Office of the
Auditor General
Province of British Columbia

756 Fort Street
Victoria
British Columbia
V8V 1X4

The Honourable Evan M. Wolfe
Minister of Finance
Province of British Columbia

Sir:

I have the honour to transmit herewith my Report to the
Legislative Assembly for the fiscal year ended 31 March 1978
for submission to the Assembly in accordance with the
provisions of Section 10(1) of the Auditor General Act,
S.B.C. 1976, Chapter 3.

A handwritten signature in cursive script, reading "Emma Menzies".

Auditor General

Victoria, British Columbia
30 March 1979

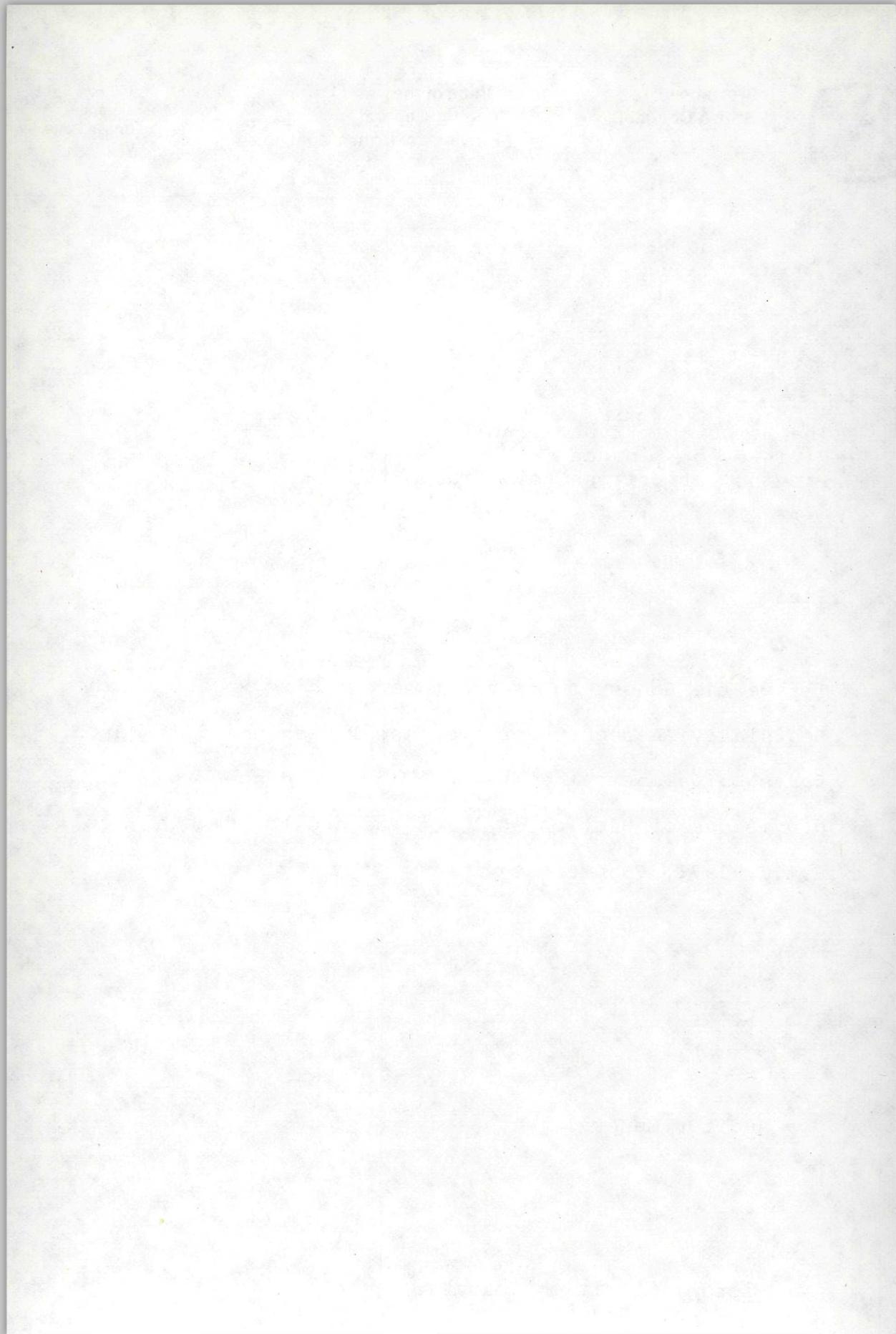


TABLE OF CONTENTS

SECTION	PAGE
1. Highlights.....	7
2. Introduction.....	9
3. Nature and Extent of Examination.....	11
4. Report on the Financial Statements.....	12
5. Legislation.....	14
6. Stated Accounting Policies.....	15
7. Internal Control Over Expenditures.....	17
8. Statement of Assets and Liabilities.....	22
A. Fund Accounts.....	22
Fund Accounting Procedures.....	22
B. General Fund—Revenue Surplus Section.....	23
Cash.....	23
Accounts Receivable From Other Governments and Agencies.....	24
Working Capital Advances.....	24
Other Current Liabilities.....	25
Revenue Surplus.....	26
C. General Fund—Capital Surplus Section.....	28
Capital Surplus.....	28
Analysis of Changes in Capital Surplus.....	29
Taxes and Other Accounts Receivable.....	30
Loans and Other Advances.....	30
Investment in, and Advances to, Crown Corporations.....	32
Investments, Other.....	32
Fixed Assets.....	32
D. Special Purpose Funds.....	34
Housing Fund.....	34
Lottery Fund.....	35
Provincial Home Acquisition Fund.....	36
Provincial Transit Fund.....	36
E. Superannuation Funds.....	38
F. Trust Funds.....	39
Courts.....	39
Public Trustee.....	39
9. Guaranteed Debt.....	40
10. Revenue.....	42
11. Ministries.....	43
Ministry of Consumer and Corporate Affairs—	
Liquor Distribution Branch.....	43

TABLE OF CONTENTS—*Continued*

SECTION	PAGE
11. Ministries— <i>Continued</i>	
Ministry of Education—	
Public School Insurance.....	43
Ministry of Finance—	
Treasury Section.....	44
Securities Section.....	45
Consumer Taxation Branch.....	45
12. Public Bodies.....	47
13. Organization and Activities of the Audit Office.....	48
 APPENDICES	
I Sections of the Auditor General Act Relevant to the Responsibilities of the Auditor General.....	51
II Public Bodies of Which the Auditor General was the Appointed Auditor as at 31 March 1978.....	54
III Public Bodies, of Which the Auditor General was not the Appointed Auditor, Whose Financial Statements are Included in Section F of the Public Accounts.....	55
IV Sections A (pages A 1 to A 12), B and C of the Public Accounts.....	56

I HIGHLIGHTS

A Personal Overview

The *Auditor General Act*, S.B.C. 1976, chapter 3, imposes three specific responsibilities on the Auditor General in regard to the accounts of the Government of the Province. They are:

- to examine the accounts and records;
- to report on the financial statements as presented in accordance with stated accounting policies; and
- to report on the work of the Office, calling attention to anything resulting from the examination which the Auditor General feels should be brought to the attention of the Legislative Assembly, including certain specified matters and others which are discretionary or permitted.

Section 3 of this Report deals with the nature and extent of the examination conducted.

My report on the financial statements for the year ended 31 March 1978, which has been printed in the Public Accounts, is reproduced in Section 4 herein.

This initial annual report to the Legislative Assembly deals with the background, organization, and activities of my Office. It presents comments and observations, arising from the examination conducted by my staff, which are additional or supplementary to the considerations on which my report on the financial statements is based.

The items included have been selected to provide important general information, because of their individual significance, or because they are illustrative of particular situations.

Major concerns discussed include:

- the urgent necessity for revision of financial legislation to meet contemporary needs;
- the importance of the establishment of, and adherence to, a body of clearly stated accounting policies, and improved financial statement presentation to remove present deficiencies and ambiguities;
- the need for correction of serious weaknesses which are evident in the systems of internal control over expenditures; and
- the significance of the status of substantial debt guaranteed by the Province which is disclosed only by implication through a note to the financial statements and which, in my opinion, should be included as direct liability of the Province.

Throughout my examination, excellent co-operation was received from the various ministry and public body officials, and I wish to express my appreciation to them.

It is gratifying to note that correction of some of the weaknesses noted is in progress or is planned. I trust that remedial action will proceed or be undertaken with the least possible delay.

The efforts of my Office will continue to be directed toward meeting, to the best of its capacity, the requirements as to statutory examination, report and opinion, and associated obligations in regard to the accounts and statements of Government and the public bodies of which I am the auditor. In addition, I look forward to extending the scope of the examinations and studies conducted by my Office to include permissive areas of assessment and report as provided by the Act.

2 INTRODUCTION

Foreword

2.1 This is my first Report submitted to the Legislative Assembly of the Province of British Columbia in accordance with the provisions of the *Auditor General Act*, S.B.C. 1976, chapter 3. It describes the background and statutory responsibilities of my position, presents the required opinion on the financial statements of the Government, and reports on the work of my Office, as required by that Act. Within the permissive provisions of the Act, I also present initial comments on the basis of presentation and disclosure of the financial statements.

Legislation

2.2 The *Auditor General Act* was proclaimed in force on 23 June 1977, with the exception of section 7 and section 21 (e) and (f). These excepted sections were proclaimed in force on 20 January 1978. Accordingly, my first annual report is that required on the financial statements of the Government for the fiscal year ended 31 March 1978.

Financial Statements

2.3 Financial statements are prepared for the purpose of providing summarized information as to the financial position of an organization at a given point in time, and the results of its financial activities over a specified period. The Public Accounts are the medium by which this information is provided for the Province of British Columbia.

2.4 The magnitude of financial operations summarized in the Public Accounts, and the special nature of the accountability of governments to the people they represent, impose a great responsibility on those concerned with the proper maintenance of the records on which they are based and the presentation of the results in the most accurate and clearly understandable form possible. This responsibility rests with the Comptroller-General who is the chief accounting officer of the Government. Responsibility for the accounts and financial statements of public bodies rests with the management of those bodies. Representations in the financial statements of the Government and of the public bodies are therefore those of the Government and of the managements of the public bodies.

Function of the Auditor General

2.5 Governments have long felt the need to appoint an officer independent of the government of the day and of public officials and employees, to carry out an examination of the public accounts, and report directly to the elected legislative entity. The practice is international, and Canada has had an Audit Office since 1878. All of the provinces have, over the years, established such offices. In 1976 the Legislative Assembly enacted the *Auditor General Act* establishing the position of Auditor General for the Province of British Columbia. I was appointed as the first incumbent under that Act, taking office on 1 September 1977. I am an officer

of the Legislature, appointed by the Lieutenant-Governor on the recommendation of the Legislative Assembly. By the Act I am independent of the Government, and report directly to the Legislative Assembly.

2.6 One of the primary functions of an auditor is to report on the representations made by management in the financial statements submitted by it to its constituency. Such financial statements are a report by management of its stewardship. In the case of a provincial government, the management is the government of the day. The financial statements are embodied in the Public Accounts submitted to the Legislative Assembly.

2.7 To carry out this function the auditor examines such audit evidence as is deemed appropriate and is available. The examination is conducted in accordance with professionally established generally accepted auditing standards. The Canadian Institute of Chartered Accountants pronounces upon these standards. On the basis of the evidence examined the auditor endeavours to arrive at an opinion as to the credibility of management's representations, and to the degree of their compliance with established accounting principles. In most activities other than those of governments, these are known as "generally accepted accounting principles". Because generally accepted accounting principles have not been established for governments, it is usual to report on the degree of compliance with stated accounting policies.

2.8 Under early legislation of other government jurisdictions, it was usual to restrict the duties required of legislative auditors to those described in the previous paragraph. More recently it has become accepted that they may, or are required to, extend their audit functions beyond those traditionally required for the expression of an opinion, in order to provide additional information for the improvement of financial management. The concept has also evolved that legislative auditors may or should extend the scope of their work to include assessments of the degree to which programs are economically and efficiently administered and the appropriateness of the basis of accounting for fair presentation in the Public Accounts. These extended duties are included in the areas on which the Auditor General of British Columbia may report under the *Auditor General Act*. Future audits and reports, as the capacity of the Office permits, will be directed toward these areas.

2.9 The text of the sections of the *Auditor General Act* relevant to the duties and responsibilities of the Auditor General is included as Appendix I.

3 NATURE AND EXTENT OF EXAMINATION

3.1 The nature and extent of my examination in my initial audit was governed by several factors. They included the legislative requirements of the *Auditor General Act*, the size and complexity of the audit entity, the fact that no independent audit had previously been performed, time constraints, and availability of staff.

3.2 In complying with the requirements of the Act, I decided that the verification of assets and liabilities, and the assessment of internal controls over revenue and expenditure were essential. These matters were accordingly given the highest priority.

3.3 The size and complexity of the financial operations of the Government are readily apparent. The sections of the Act requiring an opinion on the financial statements for the fiscal year ended 31 March 1978 were proclaimed on 20 January 1978, at which time my audit staff numbered 20, of whom only six senior staff members had been with me for more than one month. In addition, the audits of 19 public bodies had been assigned to my Office in December 1977. These facts all combined to limit the extent of audit coverage possible.

3.4 Initial efforts of my staff were directed toward those functions, within both the Ministry of Finance and the Office of the Comptroller-General, concerned with the collection of revenue, the management and custody of cash and investments, and the maintenance of the centralized accounting systems from which the financial statements of the Government are prepared. In addition to assessing the controls exercised by these central agencies, my staff reviewed the major complementary internal controls established within the ministries. The central offices of all ministries were visited, as well as a limited number of regional and district offices.

3.5 The audit findings, comments, and recommendations contained in this Report have been reviewed and discussed with senior officials of the various ministries directly involved.

4 REPORT ON THE FINANCIAL STATEMENTS

My report on the financial statements of the Government, required under section 7 of the *Auditor General Act*, has been included in the Public Accounts for the year ended 31 March 1978. It reads as follows:

AUDITOR GENERAL'S REPORT

*To the Legislative Assembly
of the Province of British Columbia
Parliament Buildings
Victoria, British Columbia*

I have examined the financial statements of the Government of the Province of British Columbia for the year ended March 31, 1978 as presented in the Public Accounts, and the related schedules contained in Sections B and C of the Public Accounts. These statements are:

Statement of Assets and Liabilities as at March 31, 1978.

Notes to Financial Statements.

Summary of Transactions for the Fiscal Year ended March 31, 1978.

Summary of General Fund Revenues for the Fiscal Year ended March 31, 1978.

Summary of General Fund Expenditures for the Fiscal Year ended March 31, 1978.

Statement of Source and Application of Funds for the Fiscal Year ended March 31, 1978.

These statements and schedules in my opinion constitute the statements of financial position, the results of operations and changes in financial position referred to in section 7 of the *Auditor General Act*, S.B.C. 1976, chapter 3.

I did not examine and do not express an opinion on:

Statement of Consolidated Revenue by Major Sources for the fiscal years ended March 31, 1973 through 1978.

Statement of Consolidated Expenditure by Major Functions for the fiscal years ended March 31, 1973 through 1978.

The information contained in these statements is supplementary in nature and not an integral part of the financial statements on which I am required to report.

Except as explained in the following paragraph, my examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances. I have received all the information and explanations I have required for the purpose of my examination.

My Office commenced operations in January 1978, and staff resources and time available for this initial examination were limited. It was not feasible to satisfy myself as to the asset and liability position at the beginning of the 1978 fiscal year and, in addition, an independent audit was not performed for the preceding fiscal year. As a result of these conditions the extent of my tests and procedures was insufficient to provide the level of assurance necessary for an unqualified opinion

on the financial statements and on the consistency of the accounting bases followed as between the fiscal years 1977 and 1978.

I have relied upon information furnished by the Consulting Actuary for the Public Service Superannuation Fund and the Teachers' Pensions Fund as to the accuracy of Note 4 to the financial statements as presented in the Public Accounts.

I report in accordance with section 7 of the *Auditor General Act*. In my opinion, except for the effect of any adjustments which might have been indicated by a more extensive audit examination, these financial statements present fairly the financial position of the Government of the Province of British Columbia as at March 31, 1978 and the results of operations and changes in financial position for the year then ended in accordance with the stated accounting policies as set out in Notes 1, 2, 3 and 5 to the financial statements. For the reasons stated, I do not express an opinion with respect to the consistency of the accounting bases followed as between the fiscal years 1977 and 1978, nor on the 1977 comparative figures presented in the financial statements.

It is emphasized that my opinion above is limited under section 7 of the Act to an opinion on presentation of the financial statements in accordance with the stated accounting policies of the Government. Under section 8 of the Act I report separately to the Legislative Assembly on other matters. That report, dated January 31, 1979, contains a number of comments in regard to accounting policies and disclosure. The most important of these comments relates to the treatment in the Government's financial statements of debt of other parties guaranteed by the Province when the debtor appears unable to meet his obligations. This is of particular importance this year in relation to debt of British Columbia Railway Company guaranteed by the Province.

A handwritten signature in cursive script, reading "Erma Morrison".

ERMA MORRISON, C.A.
Auditor General

Victoria, B.C.
January 31, 1979.

5 LEGISLATION

5.1 The two main statutes providing legislative authority and direction for the administration and control of the financial affairs of the Province are the *Financial Control Act* (formerly the *Audit Act*) and the *Revenue Act*. Both of these Acts are outdated, and fail to recognize changed circumstances or to provide essential statutory definition of duties, responsibilities, and requirements to deal with the financial activities of the Government in present times and circumstances. The provisions of the *Financial Control Act* are basically unchanged from those of the *Audit Act* of 1917. No significant amendments of a financial control nature have been made to the *Revenue Act* since 1932.

5.2 *Legislation to meet current and anticipated requirements in this critical area is urgently needed, and I recommend that action be taken to provide it without delay.*

6 STATED ACCOUNTING POLICIES

6.1 In expressing my opinion on the financial statements, I am required to report whether they present certain financial information fairly in accordance with the stated accounting policies of the Government.

6.2 The purpose of a formal statement of accounting policies, as an integral part of the financial statements, is to provide a clear understanding of the principles and methods used to present the financial information contained in the statements. Due to the nature of government accounting, especially when compared to practices followed in the private sector, the accounting policies stated in the Notes to Financial Statements have particular importance to a reader who would wish to have an adequate understanding of the Public Accounts.

6.3 The major accounting policies of the Government are derived from the provisions of various statutes such as the *Revenue Act*, the *Financial Control Act*, the *Supply Act*, and other Acts which stipulate policies and practices to be followed in the administration of some Special Purpose Funds. Certain other policies are based on conventional accounting practices, while others are formulated at management's discretion.

6.4 A clear and concise description of the significant accounting policies is an essential element of fair presentation of the financial statements. Inherent in this is the understanding that all major accounting practices followed will be subject to the stated policies. It should be noted, however, that an adequate description of stated accounting policies does not necessarily result in fair presentation of the financial statements if the policies are not appropriate in the circumstances.

6.5 The auditor, in commenting on the fairness of presentation of the financial statements, is faced with potential difficulties concerning stated accounting policies. These include:

- Certain key policies may not be stated, or may not be clear.
- There may be departures from stated policies.
- Stated policies may not result in the most appropriate presentation.
- Changes in accounting policies or major accounting practices, and their effects, may not be adequately described in the financial statements.

6.6 In the course of my examination examples of all of the above-mentioned difficulties were encountered, as described below in this section and elsewhere in my Report.

Policies not Stated or Unclear

6.7 Capital surplus. This account is derived from the recording of the following asset accounts which appear in the Statement of Assets and Liabilities:

- Taxes and other accounts receivable.
- Loans and other advances.
- Investment in, and advances to, Crown corporations.
- Investments, other.
- Fixed assets.

There is no statement of policy concerning the bases upon which assets are included in Capital Surplus, or how certain transactions affecting Capital Surplus are to be handled.

6.8 Funds. Policies concerning the treatment of Funds and fund divisions in the financial statements are unclear in that they do not adequately disclose the accounting practice followed with respect to pooling of cash and short-term investments. Further details are contained in Section 8A of this Report.

6.9 Other current liabilities. Although there is a stated policy of accounting for revenues and expenditures on a cash basis (with certain major modifications), it does not clearly disclose the accounting treatment of some substantial current liability items.

Departures From Stated Policies

6.10 Liquor Distribution Branch. Budgetary Revenue of the Province includes net profits of this Branch. These profits are calculated on a full accrual basis, which does not conform to the stated policy of accounting for Provincial revenue on a cash basis. In my opinion, the accrual basis is appropriate for this particular operation. However, attention should be drawn in the Notes to Financial Statements to this modification of the general policy.

Policies not Resulting in Appropriate Presentation

6.11 Loans and other advances. Appropriate allowances for losses are not provided in all cases where realization is considered doubtful, and the extent of loss reasonably determinable.

6.12 Investment in, and advances to, Crown corporations. This classification, shown at cost in accordance with stated policy, does not reflect long-term diminution of value of certain major investments.

Changes in Policies and Practices

6.13 Major changes in cost allocations. As a result of significant changes arising from the establishment of the British Columbia Buildings Corporation, building occupancy charges formerly reported as expenditures of the Ministry of Highways and Public Works are now being reported as expenditures of individual user ministries. The effect of this change on the financial statements should have been disclosed.

6.14 *I consider that deficiencies and ambiguities in the content and application of stated accounting policies are sufficiently serious to warrant a thorough study of the Government's accounting policies and financial statement presentation.*

7 INTERNAL CONTROL OVER EXPENDITURES

7.1 In the fiscal year ended 31 March 1978, the Provincial Government reported General Fund expenditures of approximately \$4,000 million. The total movement of moneys through this and other Funds under the administration of the Government in the course of the year was estimated to be at least three times this figure. The Government is a large and complex entity, consisting of 18 ministries and hundreds of responsibility centres.

7.2 In these circumstances it is essential that there be reliable internal controls to ensure the safeguarding of assets, the reliability of accounting records, and the presentation of accurate financial information.

7.3 My staff conducted a study and evaluation of the internal controls over general disbursements and payrolls. Although certain basic controls were found to be in place in the Comptroller-General's office and in the ministries, in my opinion they were not sufficient to achieve adequate control. Principal matters of concern, detailed later in this section, are summarized hereunder:

- Policies, directives, and guidelines in the area of financial management and control are not clearly defined, nor effectively communicated to individuals concerned. (paragraph 7.6)
- Delegation of authority in the disbursement process lacks definition and regulation, and is inadequately documented. (paragraphs 7.7 to 7.9)
- Organizations have not adequately segregated duties of individuals for purposes of better control. (paragraph 7.10)
- Batch processing controls of documents and other vital controls are seldom utilized. (paragraphs 7.11 to 7.13)
- Financial reports from the Office of the Comptroller-General were not effectively used by most ministries, thus negating the control features inherent in the reports. (paragraph 7.14)
- There has been no audit of expenditures by the Internal Audit Division of the Comptroller-General's office. (paragraph 7.15)
- The payroll system is inadequate. (paragraphs 7.16 to 7.20)
- Payroll bank accounts have not been reconciled on a regular or frequent basis. (paragraph 7.19)

7.4 *Based on these findings, I am of the opinion that the system of internal control over the disbursement of Provincial funds fails to meet generally recognized standards. I recommend that corrective action to bring controls to an adequate level be given high priority.*

7.5 My findings in this regard are described in further detail in the balance of this section. Future audits will continue to evaluate the internal controls as to their adequacy and effectiveness.

General Disbursements

7.6 Policies, directives, and guidelines. Since the Government is a large, decentralized organization it is vital that financial control policies be clearly defined and that related directives and guidelines be effectively communicated to all those concerned. To accomplish this there should be clear, concise direction through readily available financial control manuals. There are no such manuals in use. Directives on accounting matters from the Office of the Comptroller-General are usually contained in Audit Memoranda. Treasury Board matters of general interest are published in Treasury Board Directives. These documents are not appropriately classified and indexed, and cover only a limited range of financial control subjects.

7.7 Delegation of authority. Proper delegation of authority, clearly documented, is necessary to ensure that only those individuals who have been specifically authorized to do so may be involved in the acquisition of goods and services, and payment therefor. Approval by these individuals is the evidence the Office of the Comptroller-General relies on in processing vouchers for payment. From these signatures it is assumed that procedures for receiving goods or services have been observed and that the terms of purchase were complied with. Limitation of the number of such persons and their level of responsibility provides a key control in large, decentralized systems.

7.8 From my examination it appears that there is no standard basis for delegating authority, and no standard format for recording such delegation. Some ministries have no documented evidence of delegation, while in others, delegation instruments indicate little discrimination in determining the types or amounts of payments which may be authorized by various individuals. As a result, some documents may be passed for payment, even for substantial amounts, on the signature of junior employees. Often the types or amounts of expenditures which an individual may approve are not restricted, permitting staff members to be involved with transactions inconsistent with their knowledge and level of responsibility.

7.9 The function of the Voucher Processing Section of the Comptroller-General's office is to evaluate the propriety of all transactions by review and approval prior to payment. For the year under review, the Voucher Processing Section had no systematic and reliable method of ensuring that the signatures on vouchers were those of persons to whom approval authority had been delegated. Vouchers were often passed for payment on the basis of personal knowledge of previous transactions. Few signature cards or similar documents were on file.

7.10 Segregation of duties. Segregation of duties is a method of control employed to reduce risk of fraud and to detect errors. A purchases/payables/payments system should be designed so that the same individuals do not participate in both purchasing or receiving goods and services, and accounting for them. My staff found that in many branch offices of ministries the same individuals initiated purchases, received goods or services, and approved payment therefor. In some smaller offices the lack of segregation of duties was unavoidable because of limited staff numbers. However, in many cases where segregation could have been achieved, this control feature has not been recognized in establishing procedures.

7.11 Batch processing controls. Batch processing is a system of grouping and controlling documents in order to ensure that all data transferred to another location or submitted for processing is actually received and is complete. Control information determined by the source location prior to processing is reconciled with information received after processing to ensure its completeness and accuracy.

7.12 In those ministries with decentralized accounting authority, documents originating from numerous field locations are usually sent directly to the Comptroller-General's office for processing. This compounds the control problem, in that these documents have not been subject to review by a central accounting authority within the ministry.

7.13 In most ministries little attempt is made to ensure that all data is controlled from one step to the next. Within the Comptroller-General's office no batch controls are implemented until immediately before the data is to be processed by the computer. Data could be lost, changed, or removed during the numerous processes before this point. In addition, as discussed more fully later, there is limited user review of output. Without data controls or detailed user review of output there is no assurance that incomplete, inaccurate, or unauthorized data will be detected.

7.14 Timely and meaningful reports. Reports supplying information as to actual disbursements processed are issued to the various ministries by the Comptroller-General's office. Normally such reports would be reconciled to approved disbursements by the originating offices in order to ensure that the reports received accurately reflect expenditures for which each office is responsible. Many ministries, however, have stopped using these reports, preferring instead to rely on their own internally developed reports which frequently are not reconciled to those issued centrally. This reliance on internally generated information means that the ministries do not check the financial data reported by the Comptroller-General's office, thus negating an important check on the basic accuracy of the central accounting system.

7.15 Internal audit. There is an Internal Audit Division in the Office of the Comptroller-General. During the period of our review this Division performed no audits of expenditures due to commitments to revenue, statutory, and other audit matters. I consider that internal audit of expenditure is essential for adequate internal control.

Payrolls

7.16 Payrolls are prepared through a centralized computer and manual system installed essentially in 1966 when there were approximately 25,000 employees on the Government payroll. At that time there were no collective agreements, and therefore no accommodation for the peculiarities of specific contracts was required. Compensation plans were simple enough to allow all salaried and hourly employees to be paid through the same system.

7.17 Since 1966, major changes have occurred in the Government's relationships with its employees. Compensation plans have become complicated, and in 1978 the Government was party to some 30 collective agreements. Remuneration of approximately 50,000 individuals is processed through the payroll system. Many alterations have been made to both the computer and manual systems to deal with the changing requirements. A project to completely redesign and modernize the system to deal with current circumstances is now in progress.

7.18 During the year under review, it was evident that the total payroll system was under considerable stress, in both the computer and manual environments. Pressures on staff to produce payrolls and deliver cheques to employees on a timely basis have resulted in a weakening of those controls necessary to prevent errors and irregularities, and those established to ensure that delegated responsibilities are properly discharged.

7.19 Although some improvements were made during the year, the present payroll procedures do not ensure sufficient control over these expenditures, nor can they be relied upon in the future to pay employees on a timely basis. Key controls which were found to be ineffective or nonexistent include:

- As at 31 March 1978, the payroll bank account had not been reconciled beyond 31 August 1977.
- Batch controls over documents which transfer key payroll information to, through, and from the central pay office, the data centre, and numerous locations throughout the Province, are often lacking. This constitutes a constant risk that data may be mislaid or changed, or that unauthorized data may be entered into the processing system.
- Responsibilities for the payroll payment process are not effectively segregated from the responsibilities for maintenance of employee data. Procedures should be designed so that individuals who are able to initiate changes to employee data should not prepare or process the payroll, handle cheques, or distribute them to employees. This is particularly important in a computer environment.

7.20 The serious problems inherent in the payroll system have been recognized by the Comptroller-General. As mentioned earlier, some improvements have already been made. Although efforts should be continued to strengthen controls within the existing system, the total system redesign project should be given priority.

Financial Management Reporting System

7.21 In order to properly manage their ministries, senior officials need adequate financial information. The Province's financial information systems were originally developed primarily to meet legislative requirements, particularly those of the *Financial Control Act*. Section 13 of that Act requires that the accounts show the standing of all legislative appropriations at all times.

7.22 The necessity for additional information was recognized some time ago, and a Financial Management Reporting System was introduced in 1975. This system reports budgets to the lowest level of program and responsibility centre, and produces monthly reports of actual expenditures and a comparison with budget.

7.23 Few ministries are using the Financial Management Reporting System effectively. In at least one large ministry, a parallel system, which includes commitment reporting, has been designed and implemented. In other ministries systems have been set up, or are contemplated, to overcome the shortcomings of the present system. This clearly indicates a pressing need for improvements in the management information systems.

STATEMENT OF ASSETS AND LIABILITIES**8A Fund Accounts**

SA.1 The Statement of Assets and Liabilities shows four fund divisions accounted for by the Government, namely:

- General Fund.
- Special Purpose Funds.
- Superannuation Funds.
- Trust Funds.

SA.2 General Fund. This fund reflects all revenues and expenditures of a general operating nature, as well as certain nonbudgetary transactions. The net assets of the General Fund are equal to Revenue Surplus and Capital Surplus combined, which represent the balance of the fund.

SA.3 Special Purpose Funds. These funds are set aside or earmarked by legislation for specific purposes. They are not available for the general operations of the Government.

SA.4 Superannuation Funds and Trust Funds. These funds are administered by the Government in its fiduciary capacity. They are not available for the general operating or special purposes of the Government, but are held in trust.

Fund Accounting Procedures

SA.5 For accounting purposes, a fund is defined as a self-balancing entity with its own assets on the one hand, offset by liabilities and a fund balance on the other. The presentation of funds in the financial statements of the Province suggests that the individual funds are accounted for in this manner. In fact, only the assets of the Sinking Funds, which form part of Trust Funds, are permanently separated from those of the other funds. On a day-to-day operating basis, cash and temporary investments of all other funds are intermingled. It is only at a financial statement date that completely balanced positions are achieved by an accounting entry allocating cash and investments from the General Fund to the Special Purpose, Superannuation, and Trust Funds.

SA.6 It is clear that the present method of accounting for the funds does not meet the generally recognized procedures of fund accounting. Superannuation and Trust Funds are, by their nature, distinctly separate from the other funds administered by the Government, and it would be preferable that their assets be segregated from those of the other funds at all times.

SA.7 The fact that cash and short-term investments of all funds are pooled during the year should have been clearly described in the stated accounting policies, together with an explanation of the bases used to allocate interest income among the funds.

STATEMENT OF ASSETS AND LIABILITIES**8B General Fund—Revenue Surplus Section**

SB.1 The assets and liabilities comprising the Revenue Surplus Section of the Statement of Assets and Liabilities are:

Assets:

- Cash.
- Temporary investments.
- Accounts receivable from other governments and agencies.
- Working capital advances.

Liabilities:

- Outstanding cheques.
- Accounts payable.
- Other current liabilities.
- Unmatured debt.

I comment more fully on certain of these items in the following paragraphs.

SB.2 It will be noted throughout the balance of this Report that references are made to specific sections and pages of the Public Accounts. For example, the Statement of Assets and Liabilities as at March 31, 1978, would be referenced for convenience as (PA A 2 and A 3). Sections A (pages A 1 to A 12), B and C of the Public Accounts are included as Appendix IV to this Report.

Cash

SB.3 Cash comprises a number of Government bank accounts for which the Treasury Section of the Ministry of Finance has general responsibility. The following matters regarding bank accounts were noted.

SB.4 Bank reconciliations. The *Financial Control Act* requires the Comptroller-General to prepare monthly reconciliations of bank accounts operated by the Treasury Section. My staff observed that monthly reconciliations were not performed regularly during the year, thus making it difficult, if not impossible, to reconcile some accounts at the year-end date. As at 31 March 1978, the payroll bank account had not been reconciled beyond 31 August 1977. A number of other accounts contained long-standing unreconciled or unexplained differences. While none of these was substantial in amount, their existence gives cause for concern. I am advised at the date of this Report that the bank reconciliations have been brought up-to-date.

SB.5 Authorization of bank accounts. The *Revenue Act* states that “all public moneys . . . shall be paid to the credit of the Minister of Finance, through such banks or persons as the Minister of Finance may . . . direct and appoint.” Within the Ministry of Finance the Treasury Section keeps a list of authorized bank accounts. This list is inaccurate in that various changes to the original banking arrangements, such as signing authorities, have not been updated, and it is incomplete in that there are various Government bank accounts which are not listed.

SB.6 In view of my comments in Section 7 of this Report concerning internal control weaknesses, and the risks inherent in the control and management of cash resources, I strongly urge that bank reconciliations and authorizations be maintained on a current basis in the future.

Accounts Receivable From Other Governments and Agencies

SB.7 The Notes to Financial Statements state that the accounts of the General Fund are maintained on a cash basis whereby revenues are taken into the accounts in the fiscal period in which they are received. A major modification to this policy is described in Note 1.A. (a) as follows:

“Moneys received in April of the next following year pertaining to cost-sharing programs with other governments (principally the Government of Canada), and for which the relative program expenditures have been charged to the current year, are included in revenues and shown as accounts receivable in the statement of assets and liabilities.”

SB.8 My examination disclosed that this policy was not fully complied with. Cash received subsequent to 30 April 1978 amounting to \$1,251,657 and returned cheques not cleared at that date amounting to \$797,134 were included in the amount shown as receivable from sundry agencies and miscellaneous accounts as at 31 March 1978.

SB.9 The returned cheques referred to consist mainly of NSF cheques, a few of which date back to 1970. Items such as these that are considered uncollectible should be deleted from the accounts.

Working Capital Advances

SB.10 Liquor Distribution Branch. The Working Capital Advance of \$4,030,606 represents the excess of assets over liabilities in the accounts of the Liquor Distribution Branch. These are determined on the accrual basis and therefore contain certain assets and liabilities which would not normally have been included in the accounts of the Province.

SB.11 Further reference to, and recommendations regarding this Branch are contained in Sections 6 and 11 of this Report.

SB.12 Queen's Printer. The operations of the Queen's Printer are governed by the *Public Printing Act*, which states in section 11 (1):

“The Queen's Printer shall prepare a statement of accounts made up to the thirty-first day of March in each year and at such other times as the Minister may direct, and shall submit the same to the Comptroller-General for his certification.”

SB.13 Although annual statements have been prepared, they have not been certified by the Comptroller-General in recent years. My staff was informed that the accounting system was not considered sufficiently reliable to support certification of the statements.

SB.14 The major portion of this advance, for which funds are provided from the Consolidated Revenue Fund, consists of inventories of material and supplies which are normally in excess of \$1 million. As at 31 March 1978 it was stated to be approximately \$1.2 million. At that date members of my staff attended the physical stocktaking and performed the audit tests normal to such procedure. The following deficiencies were noted:

- lack of documented procedures to ensure completeness and accuracy of the physical stock count;
- failure to maintain perpetual inventory records to provide control over the material and supplies, work in process and finished goods included in inventory; and
- lack of clear pricing policy to support assigned inventory values.

SB.15 I am informed that some attempts were made since 1976 to redesign the accounting system and to install perpetual inventory records, but that no such work is now in progress. Steps should be taken, without further delay, to remedy the existing deficiencies by instituting systems and procedures to provide accurate information for both management and reporting purposes.

Other Current Liabilities

SB.16 This general classification contains a wide variety of accounts of a liability or suspense nature arising from various types of transactions, and affecting practically all ministries. The following matters were observed in the course of my examination.

SB.17 Stated accounting policies. Although there is a stated policy of accounting for revenues and expenditures on a cash basis (with certain major modifications), it does not clearly disclose the policy followed with respect to the following current liability items:

- Holdbacks on construction contracts amounting to \$10,022,267 were charged to expenditures of the 1978 fiscal year. The actual cash disbursements were made in the following fiscal year. Although this is a commonly accepted practice, it is a departure from the stated policy of accounting.
- Revenue from the sale or lease of Crown lands is only recorded when the Crown grant transferring title or granting a lease is made. As a result of this practice, approximately \$2.7 million received prior to 31 March 1978 was deferred, instead of being recorded in revenue as implied in the stated policy. While this procedure may be technically correct, the opposite treatment is used when property is acquired by the Province.

SB.18 Suspense accounts. The accounts in this category totalled \$13,578,159 as at 31 March 1978. By their very nature, suspense accounts tend to be catchalls for transactions awaiting completion or clarification. Accordingly, it is important that control be maintained over these accounts by the ministries and the Office of the Comptroller-General through a process of regular account reconciliations and disposition of outstanding items. I am concerned about the following matters:

- Many suspense accounts have not been reconciled or cleared for some time. In some cases a lack of adequate subsidiary records precludes any form of reconciliation.
- The suspense account maintained by the Ministry of Forests (\$4,925,504 as at 31 March 1978) is supported by subsidiary records maintained in District Offices. Monthly reconciliations of these records to central control accounts have not been thoroughly reviewed at ministry headquarters and, as a result, the accounts contain numerous old balances which should be adjusted or eliminated.
- Suspense accounts incorrectly include \$1,002,540 receivable from the British Columbia Ferry Corporation for payroll taxes paid on its behalf. This balance should have been shown in current assets as receivable from the Corporation.
- As at 31 March 1978, the Rights-of-Way—Highways account included \$96,164 which represented duplicate charges to the appropriations. These charges arose from failure to adjust the accounts for cheques issued and subsequently redeposited.

SB.19 Guarantee and performance deposits. As a condition of contracting with the Government, or engaging in certain businesses, contractors and licensees are often required to deposit cash or securities which are held by the Government as a guarantee of performance. If the deposit is in cash it is recorded in Other Current Liabilities. If, however, the depositor offers a negotiable security as a deposit it is not recorded in the Provincial accounts, but is noted in memorandum records only as the property of the depositor.

SB.20 During my staff's examination it was noted that effective control is not always maintained over securities lodged as deposits. In one instance a security with \$5,000 face value could not be located in the files of one ministry for over a year. In order to meet the Government's fiduciary responsibility for the safe-keeping of such property, I recommend that all securities held as deposits be under the direct supervision and record keeping of the Securities Section in the Ministry of Finance.

Revenue Surplus

SB.21 The excess of assets over liabilities of the General Fund is presented in two sections in the Statement of Assets and Liabilities. The first of these sections deals with surplus and deficit resulting from operational revenues and expenditures, and the second with Capital Surplus. This discussion is related to the first section. Surplus is the balance of revenue less expenditure accumulated to the financial statement date. If accumulated expenditure exceeds accumulated revenue the result is a deficit.

SB.22 The Statement of Assets and Liabilities presents both a surplus and a deficit. The revenue surplus of \$216,618,708 is the accumulated excess of revenue over expenditure during the period 1 April 1976 to 31 March 1978. The deficit of \$261,447,790 was accumulated prior to 1 April 1976.

SB.23 The net result of the above balances in the accounts of the Province is a deficit of \$44,829,082, which appears as an untitled amount in the Statement of Assets and Liabilities.

SB.24 I do not consider that the presentation in the financial statements achieves the most appropriate disclosure of the deficit in the Province's accounts at 31 March 1978. The balance of \$44,829,082 should be identified as "Deficit" in the Statement of Assets and Liabilities, and the balance of \$216,618,708 in Revenue Surplus Account in the Summary of Transactions (PA A9) should be clearly shown to be "for the period 1 April 1976 to 31 March 1978".

SB.25 **Subsequent event.** The *Revenue Surplus of 1976-77 Appropriation Act, 1978* referred to in Note 8 to the financial statements was passed subsequent to the 1978 fiscal year end; consequently it did not affect the financial statements for that year.

STATEMENT OF ASSETS AND LIABILITIES**8C General Fund—Capital Surplus Section****Capital Surplus**

8C.1 Capital Surplus is derived from the recording of certain assets in the Provincial accounts. These assets are basically of four kinds:

- taxes receivable, not treated as revenue until received in cash;
- other accounts receivable, which generally record recoverable amounts previously expended from the Consolidated Revenue Fund;
- long-term investments, loans, and advances arising out of expenditures from the Consolidated Revenue Fund; and
- fixed assets, adjusted each year to reflect certain additional expenditures out of the Consolidated Revenue Fund, and depreciation.

8C.2 Certain of these assets are commented on in this section of my Report. As stated in the Notes to Financial Statements these assets are recorded “for purposes of record only”. It should be noted that no cash transactions would be involved in any of the adjustments recommended.

8C.3 Because there is no precise description or definition of Capital Surplus, assets in this category have been included on traditional and often arbitrary bases. I therefore recommend that, in order to present Capital Surplus fairly, the stated accounting policies concerning this account be more clearly defined both as to purpose and content.

8C.4 Fixed assets comprise the largest part of Capital Surplus assets. It should be noted, however, that the amounts shown do not include the whole of the Province’s equity in its fixed assets. Land, buildings acquired by ministries other than Highways and Public Works, machinery and equipment, motor-vehicles, and furnishings and equipment acquired through Government expenditures have not been accounted for as fixed assets, or presented as such in the financial statements. I comment further in this regard in paragraphs 8C.26 to 8C.31.

8C.5 In general, Capital Surplus assets result from expenditures out of the Revenue Surplus section of the General Fund. Fixed assets such as highways, bridges, etc., are acquired through annual expenditures from appropriated moneys. Similarly, amounts invested in or advanced to Crown corporations, public bodies, and other entities are provided from either annual or special legislative appropriations. The balance of the Capital Surplus assets (taxes receivable) represents uncollected revenue amounts pertaining to current and prior years which will be recorded as budgetary revenue when received in cash.

8C.6 The analysis of changes in Capital Surplus presented in the financial statements (PA B8) does not, I believe, provide sufficient information about significant transactions. Since these transactions often include the sale or transfer of major Provincial assets, I consider it desirable that the related elements of each transaction be grouped so that the net results are clearly shown. A suggested alternative is presented in the following schedule.

**Analysis of Changes in Capital Surplus During the Year Ended
31 March 1978**

INCREASES	\$	\$
Assets acquired from budgetary and nonbudgetary expenditures of the year:		
Fixed assets		262,089,693
Investments in and advances to Crown corporations, and other loans and advances:		
Ocean Falls Corporation	2,000,000	
T.S. Holdings Ltd.	13,767	
Swan Valley Foods Ltd. (shares)	7,631,250	
Sundry loans and advances—net of repayments	6,616,320	
	<u>16,261,337</u>	
Shares in Canadian Cellulose Company Ltd., held as temporary investments		1,824,942
		<u>280,175,972</u>
Total		280,175,972
Increase in taxes and other accounts receivable		20,677,857
Dividend paid by British Columbia Cellulose Company in shares of various companies	19,849,421	
Less advances written off	14,355,123	
	<u>5,494,298</u>	
Additional shares of Swan Valley Foods Ltd., acquired for waiver of interest on advances		251,000
British Columbia Resources Investment Corporation shares and promissory note, received for Crown assets and rights transferred	151,532,935	
Less book value of assets transferred	54,794,369	
	<u>96,738,566</u>	
Total increases during the year		<u>403,337,693</u>
DECREASES		
Depreciation provided on fixed assets		9,812,082
Write-off of fixed assets transferred to British Columbia Buildings Corporation:		
Net book value of assets transferred	297,211,290	
Less consideration received—promissory note	143,570,934	
	<u>153,640,356</u>	
Instalment payment received on British Columbia Buildings Corporation promissory note, recorded as budgetary revenue of the year		10,000,000
Write-off of Swan Valley Foods Ltd. investment and advances:		
Book value of shares	8,307,751	
Advances	4,440,616	
	<u>12,748,367</u>	
Less consideration received—		
Promissory note	2,000,000	
Balance of cash held in trust	161,452	
Debenture (face value \$1,500,000)	1	
	<u>2,161,453</u>	
		<u>10,586,914</u>

**Analysis of Changes in Capital Surplus During the Year Ended
31 March 1978—Continued**

DECREASES—Continued	\$
Repayment of advances received from British Columbia Harbours Board, recorded as nonbudgetary revenue of the year	2,000,000
Write-off of investment in Crown Development Corporation	1,000
Total decreases during the year	186,040,352
Net increase during the year	217,297,341
Balance of Capital Surplus—31 March 1977	2,524,103,353
Balance of Capital Surplus—31 March 1978	2,741,400,694

Taxes and Other Accounts Receivable

8C.7 The note regarding this item (PA B3) states: "These accounts are included for record purposes only. The amounts are not taken into revenue until received in cash." This practice results in annual adjustments of these accounts being made to Capital Surplus; neither Net Revenue for the year nor the Revenue Surplus account is affected. Nevertheless, these asset accounts should reflect the best available estimate of the amounts receivable.

8C.8 My examination indicates that a more accurate statement of receivables would have been presented had the following items been recognized in the accounts as at 31 March 1978.

8C.9 Timber royalties and stumpage and grazing fees. These accounts receivable represent unpaid billings as at 31 March 1978. My staff has estimated that an amount of \$43 million could reasonably have been added to this receivable, representing timber scalings made in March 1978 and prior months which had not been billed as at 31 March 1978. Had billings been made on a current basis, it is estimated that \$26 million of the above amount would probably have been collected and included as revenue in the 1978 fiscal year. Further details in this regard appear in Section 10 of this Report.

8C.10 Other allowances and adjustments. No provision was made for estimated doubtful accounts receivable of \$6.2 million, nor have adjustments been made for errors noted by my staff which totalled approximately \$1.4 million and affected various accounts included in this category.

Loans and Other Advances

8C.11 The note to this item (PA B3) states: "These assets are carried at book value, as the amount of ultimate realization cannot be determined at this date."

8C.12 The loan of \$1,592,876 to Southern Okanagan Lands Project has been fully provided for by a "reserve for losses on realization". I consider that further provisions for losses are required as described in the following paragraphs. To the extent that provision has not been made, these assets and, by reflection, Capital Surplus are overstated as at 31 March 1978.

SC.13 Ministry of Economic Development Act. In December 1975, under authority of this Act, advances to a borrower totalling \$2,500,000 were approved. The terms of repayment called for an instalment of \$100,000 on or before 31 March 1977, and thereafter, on each succeeding 31 March, a payment of \$300,000 or 50 per cent of the net cash flow from operations, whichever is greater.

SC.14 As at 31 March 1978, no payments had been received by the Province, and my staff has not been able to find any agreements or authority for delaying repayment. Steps should be taken either to enforce the terms of this loan agreement or to obtain authorization for deferral.

SC.15 Farm Products Industry Improvement Act. As part of the transactions encompassed in the sale of Swan Valley Foods Ltd., Creston Valley Foods Ltd. purchased from Swan Valley its plant and processing equipment at Creston, and issued a debenture for \$1,500,000 in payment. Swan Valley Foods Ltd. subsequently assigned this debenture to the Province. It is included in Loans and Other Advances at the nominal value of \$1. I have not been able to determine the authority for this reduction to the nominal amount. Section 25 (2) of the *Revenue Act* requires approval by the Lieutenant-Governor in Council to write off assets in excess of \$200.

SC.16 Pacific North Coast Native Co-operative Loan Act. Loans totalling \$5,500,000 were authorized by the above Act to be made to the Co-operative. A repayment of \$10,708 and proceeds of \$67,000 from the sale of fixed assets have reduced the loan to the present balance.

SC.17 The independent auditors' report on the financial statements of the Co-operative for the year ended 30 April 1978 contains the following qualification:
"The Co-operative has incurred substantial operating losses and has never made any repayments on its long-term debt. The Co-operative does not have sufficient working capital to sustain continued losses and its future depends upon its ability to obtain adequate financing and attain profitable operations."

SC.18 In addition, at 31 March 1978, the Co-operative was in arrears for interest in the amount of \$592,731. Under the circumstances the collectibility of this loan is questionable, and appropriate provision should be made.

SC.19 Provincial Transit Fund. Advances totalling \$10,000,000 were made to this Fund as nonbudgetary expenditures in the 1977 and 1978 fiscal years. These advances are shown as an amount receivable in the General Fund. Since the Provincial Transit Fund (a Special Purpose Fund) is on the cash basis of accounting, no corresponding liability is shown in the fund accounts. Furthermore, it has no sources of revenue, other than the General Fund, from which to repay advances. Accordingly, I consider that the advance was not, at 31 March 1978, a realizable asset of the General Fund.

SC.20 General. A number of other items were noted as being wholly or partially irrecoverable. Because the individual amounts are not considered to be material for purposes of this Report, they are not described in detail. They should, however, be reviewed and considered for deletion from the accounts or offset by an allowance for loss as may seem appropriate in the circumstances.

Investment in, and Advances to, Crown Corporations

SC.21 British Columbia Railway Company. The financial statements of the Company show accumulated operating losses of \$255,913,606 as at 31 December 1977, and an over-all deficiency of equity of \$9,090,706. In view of forecasts from various responsible sources as to the financial future of the Company, it appears that the value of its shares has been completely eroded.

SC.22 In the interests of fair presentation, I recommend that this investment, consisting of the entire issued capital stock of the Company in the amount of \$185,572,900, be written down to a nominal value of \$1.

SC.23 I comment further with respect to debt of the Company in Section 9 of this Report.

Investments, Other

SC.24 British Columbia Resources Investment Corporation. As at 31 March 1978, all issued shares of this Corporation were held in trust for the Province. It seems, therefore, that the promissory note and shares of this Corporation totalling \$151,532,935 would be more appropriately included in Investments in, and Advances to, Crown Corporations.

SC.25 Kootenay Dehydrators Ltd. The Province has an investment of \$100,000 in the shares of this Company and has guaranteed its loans to a total of \$1,952,000. The Company has received interest reimbursement grants from the Province amounting to \$27,678 in the 1978 fiscal year and \$99,410 subsequently. I have been advised by ministry officials of concerns as to the viability of this Company as a self-supporting enterprise. I therefore recommend reappraisal of the value of this investment and potential loss under the guarantees, with appropriate action to reflect these as accurately as possible in the accounts and statements of the Province.

Fixed Assets

SC.26 Stated accounting policy. The only reference to policy on fixed assets is contained in Note 1 to the financial statements which reads, in part: ". . . the Province records certain assets for purposes of record only through credits to Capital Surplus Account. These are: . . . and fixed assets." This fails to address the questions of specific exclusions, basis of valuation, depreciation, or accounting for sale or disposal.

SC.27 In practice, only highways, bridges, wharves, ferries and ferry landings, and buildings and furnishings constructed or otherwise acquired by the Ministry of Highways and Public Works, and reported by that ministry to the Comptroller-General as fixed assets, are included under this account heading.

SC.28 Assets generally regarded as fixed in nature (including land and buildings), but acquired by other ministries through current appropriations or through Special Purpose Funds, are not recorded as fixed assets in the accounts of the Province. My staff was unable to determine, or even to estimate the amount of fixed asset

acquisitions which have not been recorded in prior years. An indication of the extent of this item is provided in the following figures extracted from expenditure summaries for the 1978 fiscal year:

	(\$ Millions)
Machinery and equipment	26.7
Motor-vehicles (transport of personnel)	3.7
Office furniture and equipment	3.6

SC.29 In light of the foregoing comments, steps should be taken to clarify the stated policy regarding fixed assets so that it reflects the practices deemed appropriate in the circumstances.

SC.30 Disposal of fixed assets. Note 3 to the Schedule of Fixed Assets (PA B5) states: "As of March 30, 1978, assets in the amount of \$381,571,109 (at cost) less accumulated depreciation of \$84,359,819 were transferred to the British Columbia Buildings Corporation pursuant to the *British Columbia Buildings Corporation Act*."

SC.31 The adjustment referred to constituted the elimination from the accounts of the Province of all asset values for buildings and furnishings, other than those identified as pertaining to the Parliament Buildings, Government House, and the Glendale Laundry. Due to the lack of subsidiary records of buildings and furnishings, it was not possible to identify net book values of particular assets transferred, or to determine the cost of assets transferred to the British Columbia Buildings Corporation which had never been recorded as fixed assets in the accounts of the Province.

STATEMENT OF ASSETS AND LIABILITIES**8D Special Purpose Funds**

SD.1 Special Purpose Funds are set aside by legislation for specific purposes, and are separated from the ordinary operating funds of the Government. They are listed in PA B11. I comment on certain of these Funds in the following paragraphs.

Housing Fund

SD.2 The Housing Fund was established in 1973, pursuant to the *Ministry of Municipal Affairs and Housing Act*, for the purposes of supervising, acquiring, developing, maintaining, improving, and disposing of housing within the Province.

SD.3 The purposes of the Fund have, to a large extent, been achieved through two other organizations: the Housing Corporation of British Columbia (HCBC), a Crown corporation; and the Central Mortgage and Housing Corporation (CMHC), a federal agency.

SD.4 The Housing Fund was administered by the Ministry of Municipal Affairs and Housing during the year under review. Due to the Ministry's relationship with HCBC in regard to projects administered by HCBC, the Housing Fund has historically relied on HCBC billings and project cost allocations for accounting data. For projects undertaken jointly by the Housing Fund and CMHC, CMHC has been the active partner in the majority of projects. As the active partner, CMHC is responsible for the administration of the projects, while the Housing Fund provides a portion of the financing. Included in the agreement with CMHC is the right to audit, which has never been exercised.

SD.5 The assets of the Housing Fund include inventories of real estate under development and mortgages receivable arising from the sale of completed properties. The Housing Fund maintains subsidiary records of the Province's share of costs for federal/provincial partnership projects. These records were not reconciled to the Housing Fund's control account balance of \$17,352,865 at 31 March 1978. The Fund's share (\$1,917,980) of mortgages receivable under the Rural and Remote Housing Program is not supported by Fund subsidiary records. To establish the correctness of these balances it would have been necessary to rely on CMHC records. At the time of our review the Fund records had not been reconciled with those of CMHC.

SD.6 As a result of the deficiencies described in the foregoing paragraph, the records maintained by the Fund for projects administered by HCBC and CMHC fail to provide adequate control or complete information. The accounting records in general are poorly organized, frequently incomplete, and often do not properly record the transactions which have taken place.

SD.7 Errors were noted during my staff's review of the Housing Fund accounts. Although their adjustment would have resulted in an increase to the Fund balance of only \$301,000, this represents the net result of several major offsetting transactions.

SD.8 The Ministry has recognized this situation and significant improvements are in progress. Since my audit, meetings have been held by the Ministry with CMHC, and the Ministry informs me that it expects better information to be provided on both partnership projects and Rural and Remote Housing mortgages in the future.

SD.9 A further item noted by my staff during the examination of the Housing Fund concerned expenditures for professional services which required specific Treasury Board approval. The Ministry of Municipal Affairs and Housing obtained professional services from the Housing Corporation of British Columbia. The total cost of these services was \$256,163, of which \$175,322 required Treasury Board approval based on the amounts of the individual projects involved. This approval was not obtained. The expenditures were charged as "office expense", and "grants, contributions and subsidies", rather than being properly classified as "professional services".

Lottery Fund

SD.10 The Lottery Fund was established by authority of section 6 of the *Lotteries Act* which states that the Fund is to "be paid all proceeds from the conduct and operation of lotteries by the Province, or jointly with Canada or other provinces, or with municipalities, regional districts, and other local government bodies, or other persons." Sections 6 and 7 of the Act provide for the payment of costs of administration of the Act, and use of the balance for "cultural or recreational purposes or for preserving the cultural heritage of the Province or for any other purpose consistent with the objects of the Western Canada Lottery Foundation."

SD.11 The Western Canada Lottery Foundation was granted Supplementary Letters Patent on 27 September 1977, expanding the areas for which funds could be used. The expanded areas now include: "objects of a national, patriotic, religious, philanthropic, charitable, scientific, artistic, social, professional, sporting, recreational, social welfare, civic improvement, educational, environmental or conservational nature, and to purchase, establish, develop, maintain and operate facilities, programs and services used or useful in connection therewith."

SD.12 The Lotteries Branch is divided into two sections. The Licensing Section is concerned with the licensing and regulation of all lottery operations in the Province, except the Federal and Provincial government lotteries. The Western Canada Lottery Foundation Section is responsible for the distribution of and accounting for tickets of the Western Express and Provincial lotteries.

SD.13 Revenue totalling \$233,630 earned by the Licensing Section was credited to Budgetary Revenue in the 1978 fiscal year, while its operating costs of approximately \$150,000 were charged to the Lottery Fund. It would be more appropriate and accurate for related revenues and expenditures to be reported through the same fund.

SD.14 Although the Fund is to "be paid all proceeds" in the words of the Act, in practice all cash receipts are deposited in the Province's general bank account and Fund disbursements are made from the same account. The unexpended Fund balance, therefore, appears only as a liability account in the books of the Province.

SD.15 This is the only major Special Purpose Fund which is not credited with interest income. The potential income is significant, based on the average Fund balance of approximately \$10 million in the 1978 fiscal year. In view of the Fund's primary revenue source and its stated purposes, it would seem reasonable that the Fund be credited with the interest earned on its unexpended balance.

SD.16 My staff reviewed the grants made from the Fund during their audit for the fiscal year ended 31 March 1978, with which period this Report is concerned. The purposes for which the grants were designated were consistent with the objects of the Western Canada Lottery Foundation.

Provincial Home Acquisition Fund

SD.17 The Provincial Home Acquisition Fund was established in 1967. At 31 March 1978, the Fund balance was \$277,133,149, including \$242,047,536 in mortgages. Approximately 64,000 mortgages have been advanced under three Acts:

- The *Provincial Home Acquisition Act* and the *Home Purchase Assistance Act* provide second mortgages and grants on first-time purchases of homes. Mortgages under these Acts totalled \$224,888,891 at 31 March 1978.
- The *Leasehold and Conversion Mortgage Loan Act* provides mortgage funds for building on Crown land or converting single family homes to multiple unit dwellings. Mortgages under this Act amounted to \$17,158,645 at 31 March 1978.

SD.18 It was noted that no allowance had been made in the accounts for doubtful mortgages. Loans written off as uncollectible totalled \$185,352 in the 1977 fiscal year, and \$622,940 in the 1978 year. The Director of the Fund estimates that a reasonable allowance as at 31 March 1978 would have been \$3 million (1.24 per cent of mortgages receivable). Based on the increasing number of bad debts and foreclosures during the 1978 fiscal year, I believe such a provision should have been made.

Provincial Transit Fund

SD.19 This Fund was originally established in 1968 under the *Burrard Inlet (Third Crossing) Fund Act* with a transfer of \$27 million from the Consolidated Revenue Fund. The enabling legislation is now called the *Provincial Transit Fund Act (1974)* and its purposes are stated as "purchasing, constructing, equipping, and operating such transit facilities or services within the Province as may be required under that Act."

SD.20 The Provincial Transit Fund is unique among the Special Purpose Funds which acquire long-term assets in that it does not record such assets, as is done by the Housing Fund and the Provincial Home Acquisition Fund. It is used simply as an expenditure vehicle. An intimate knowledge of the Public Accounts would be required to determine what assets had been acquired from expenditures of this Fund. The transit facilities acquired are provided for the use of Crown corporations and municipal transit systems at no cost to those entities.

SD.21 Major capital acquisitions of transit facilities made since 1974, largely from the Provincial Transit Fund supplemented by voted appropriations, were as follows:

Provincial Transit Fund	(\$ Millions)
—Burrard Inlet Ferry System (Sea-Bus)	37.1
—Transit Fleet	18.1
	<hr/>
	55.2
	<hr/> <hr/>
 1977 Appropriations	
—Burrard Inlet Ferry System (Sea-Bus)	7.1
—Transit Fleet	7.5
	<hr/>
	14.6
	<hr/> <hr/>

SD.22 Advances of \$10,000,000 from the General Fund to the Provincial Transit Fund are discussed under Loans and Other Advances in Section 8C of this Report.

SD.23 During their review, my staff found two cases of duplicate payments which resulted in an understatement of \$468,235 of the Fund balance at 31 March 1978. The first involved a cheque for \$446,000 in payment of a land purchase which was subsequently replaced with a cheque for a different amount. The original cheque remained outstanding and uncashed from October 1977 to October 1978 when the error was discovered and the cheque returned for cancellation. The second instance concerned a duplicate cheque for \$22,235 issued in November 1977 which was cashed by the payee. When the duplicate payment was found, ministry officials contacted the payee and obtained a reimbursement cheque in November 1978.

STATEMENT OF ASSETS AND LIABILITIES**8E Superannuation Funds**

SE.1 In addition to the Public Service Superannuation Fund and the Members of the Legislative Assembly Superannuation Account included in the financial statements of the Province, I have audited and reported separately on the following superannuation and pension funds:

British Columbia Power Commission Superannuation Fund.

British Columbia Railway Company Pension Fund.

College Pension Fund.

Municipal Superannuation Fund.

Teachers' Pensions Fund.

Workers' Compensation Board Superannuation Fund.

STATEMENT OF ASSETS AND LIABILITIES**8F Trust Funds**

SF.1 The Government acts in a fiduciary capacity in the safekeeping and administration of certain funds held in trust, as listed in the Schedule of Trust Funds Balances (PA B15). During their examination of the individual trust accounts, my staff noted the following matters.

Courts

SF.2 There are 92 local court offices throughout the Province which receive, in trust, deposits in connection with various legal proceedings. These deposits are usually transferred to the Provincial Treasury where they are recorded as Trust Funds. However, certain amounts are retained in local court bank accounts for direct payment to legal recipients in cases where early disposition of the funds is expected. As at 31 March 1978, bank confirmations received by my Office showed \$5.8 million on deposit in local court bank accounts. This figure suggests that fairly substantial amounts, held in local accounts, are not reflected in the central accounting system, nor in Trust Funds reported in the financial statements.

Public Trustee

SF.3 My staff made a preliminary review, but have not yet conducted a detailed examination, of the system and records maintained by the Public Trustee. Based on this limited review, discussions with ministry officials, and observations contained in the Acting Comptroller-General's report on his audit of the accounts and records of the Public Trustee for the period from 25 October 1975 to 23 June 1977, I offer the following comments:

SF.4 Asset control accounts. The Public Trustee accounts for cash and other assets on behalf of Intestate Estates, the Official Committee, and the Official Guardian. Only cash is included in the Public Accounts, while other assets such as jewellery, real estate, automobiles, securities, and personal effects are recorded only as memorandum accounts until converted into cash. These noncash assets as at 31 March 1978 were assigned values totalling \$27,095,077 in the records of the Public Trustee. The control account relating to these assets maintained by the Office of the Comptroller-General showed a balance of \$59,747,909. The difference between the balances in the two offices was attributed to a breakdown in reconciliation procedures caused by data processing problems. While the assets and corresponding liability are not reflected in the Public Accounts, steps should be taken to reconcile the accounts and to maintain them on a controlled basis.

SF.5 Investigative teams. It was noted by the Acting Comptroller-General in his report that single investigators, rather than investigative teams of more than one individual, were being used to inventory and receipt trust assets. This is unsatisfactory from the standpoint of control, as well as being at variance with the procedures prescribed by the Ministry of the Attorney-General.

9 GUARANTEED DEBT

9.1 The Province has undertaken, under the provisions of various Acts, to guarantee the repayment of principal and interest on indebtedness incurred by others. As of 31 March 1978, the Schedule of Guaranteed Debt of the Province shows guarantees for debts of municipalities and other local governments, Crown agencies, and resource enterprises totalling \$6,288,180,152 net of sinking funds.

9.2 The guarantee of debt generally facilitates the borrowing of money, and may enable the borrower to obtain funds at a lower cost than would otherwise be possible. The possibility always exists that a borrower will be unable to repay a loan and the guarantor will be called upon to honour the contingent liability. Should that happen, the contingent liability then becomes the direct obligation of the guarantor. Good financial reporting requires that the obligation be recognized as a liability in the financial statements of the guarantor immediately it is known that the borrower is unable to repay the debt from his own resources. My comments in regard to liability of the Province are based on the foregoing criteria.

9.3 British Columbia Railway Company. As at 31 March 1978, the Public Accounts show guaranteed debt of the British Columbia Railway Company in the net amount of \$652,760,711.

9.4 The Royal Commission on the British Columbia Railway, in its report dated 25 August 1978 concluded, in part, as follows:

“BCR has borrowed for many years to meet commitments on earlier borrowings and to cover losses; if this practice continues BCR’s loss could exceed \$600 million annually by the year 2000 and impair the province’s credit. We recommend that the present total debt of close to \$700 million be removed from BCR’s accounts and assumed directly by the province . . .”.

9.5 The Railway, in its submission to the Royal Commission, as quoted in Note 6 to the financial statements of the Province, expressed the opinion that the Railway cannot in the foreseeable future expect to earn sufficient moneys to service let alone repay its debt.

9.6 *Considering the present financial position of the Company, and the forecasts as to its ability to meet its debt obligations, I am of the opinion that the net debt of the British Columbia Railway Company guaranteed by the Province should be recognized as a direct debt, and recorded as such in the accounts of the Province.*

9.7 Other guaranteed debts. My general comments as to recognition of direct liability apply also to certain other smaller debts guaranteed by the Province where the circumstances are such that the debtor cannot reasonably be expected to repay.

9.8 Calculation of net guaranteed debt. The net outstanding guaranteed debt of \$6,288,180,152 shown in the Public Accounts comprises \$6,913,656,916 gross outstanding debt less \$625,476,764 in sinking funds. Note 1 to the Schedule of Guaranteed Debt (PA B17) states that gross debt would have been increased by approximately \$169 million had accrued interest been included. The sinking fund figures reported include accrued interest of approximately \$11 million. For the

sake of consistency, interest should be treated on the same basis in both gross guaranteed debt and sinking funds. I consider that this schedule would provide better disclosure if accruals were used in both cases. This treatment would also be consistent with that used in regard to the Province's direct unmatured debt in the Statement of Assets and Liabilities as described in Note 1A (c) to the financial statements.

10 REVENUE

10.1 My examination included a review of the systems of internal control over the collection and recording of major Provincial revenues. In the course of this review it came to my attention that abnormal delays had occurred in the billing of timber royalties and stumpage fees. These delays were attributed to problems encountered with a new computerized billing system in the Ministry of Forests. As a result an estimated \$26 million of revenue, which otherwise would have been collected in the 1978 fiscal year, was collected and recorded as revenue in the following fiscal year.

11 MINISTRIES

11.1 In this section I comment on matters which came to my attention concerning specific ministries of the Government, and which have not been dealt with elsewhere in this Report.

Ministry of Consumer and Corporate Affairs

Liquor Distribution Branch

11.2 During the year my staff reviewed the accounts and records of the Branch, and its systems and procedures. In general the accounting systems and procedures were found to be inadequate for today's business environment. As a result the information flowing from them lacked many elements important to management for the purposes of operational control. In December 1977, based on submissions from the Branch, the Treasury Board also recognized such deficiencies and approved \$1.6 million for the development of new management information systems. Although there was little indication of progress during the audit period, my staff has since observed that work on the improvement of systems has been given priority, and that considerable progress has been made.

11.3 Recommendations to the Branch arising from the audit included:

- establishment of formal plans and budgets in order to measure operating performance against defined objectives;
- expansion of scope of the internal audit function to include the audit of accounting systems and warehouse operations; and
- improvement of various accounting controls.

11.4 Branch management has recognized the problems identified, and is presently in the process of implementing improved procedures.

11.5 Comments on the accounting treatment in the Provincial accounts with respect to the Liquor Distribution Branch appear in Section 8B of this Report. Financial statements of the Liquor Distribution Branch for the fiscal year ended 31 March 1978 are contained in Section F of the Public Accounts.

Ministry of Education

Public School Insurance

11.6 Prior to 1974 the responsibility for obtaining fire and general insurance protection for public schools throughout the Province was undertaken by the Boards of Trustees of individual School Districts. The cost of insurance was met out of School District operating funds. On 1 January 1974 the insurance of all public school property was placed with the Insurance Corporation of British Columbia (ICBC) and, commencing in the 1975 fiscal year, the Ministry of Education began paying the required premiums for insurance on public schools out of the current year's appropriations.

11.7 As a result of the Province increasing the insurance deductible amount through two stages (from \$1,000 to \$1,000,000 on 1 March 1976, and from \$1,000,000 to \$5,000,000 on 1 March 1977) and thereby assuming a larger obligation for self-insurance, premium refunds became due to the Province and were recognized as a liability by ICBC. The two increases in deductible amounts resulted in premium reductions of \$4,757,752 and \$3,703,691 respectively.

11.8 These amounts were never reimbursed to the Province, but were held by ICBC and formed, in effect, a fund from which disbursements of an insurance claim or property protection nature were made at the direction of the Ministry of Education. To the fund so created the Ministry transferred \$633,372 from the 1978 appropriations, and ICBC added interest of \$784,870. The accounts of ICBC record \$2,690,483 as a liability to the Province as at 31 March 1978. No corresponding account receivable exists in the accounts of the Province.

11.9 The over-all effects of these transactions were:

- Due to changes in insurance coverage, insurance premiums paid to ICBC from moneys appropriated by the Legislature for the 1976 and 1977 fiscal years were greater than was required for that purpose.
- The premium overpayments were not returned to the Consolidated Revenue Fund but were held to the credit of the Province by ICBC.
- The fund so created, arising from moneys appropriated for specific fiscal years, was used in subsequent years without being charged to votes or appropriations of those later years.

11.10 In my opinion the fund balance should be returned to the Consolidated Revenue Fund.

Ministry of Finance

Treasury Section

11.11 The Treasury Section of the Ministry of Finance is responsible for the banking of all Provincial revenue, overseeing all bank accounts, distributing cheques, and controlling and distributing the Government stock of law stamps, permits, and licences. This Section also reconciles the main bank accounts of the Province.

11.12 My staff reviewed compliance with applicable legislation, and evaluated and tested the accounting system, procedures, and controls. The principal areas of concern are commented on in the following paragraphs.

11.13 Bank accounts. The *Revenue Act* requires that all public moneys be deposited in bank accounts as directed by the Minister of Finance. The Treasury Section exercises this authority on behalf of the Minister and maintains lists of bank accounts and cheque signatories. The cheque signatories list has not been kept current, and many cases were found of Government bank accounts having been set up without proper authorization.

11.14 Bank reconciliations. The Treasury Section prepares the reconciliations of the major Government bank accounts. Reconciliations were not kept up-to-date, and unresolved and sometimes long-standing differences existed in a number of these accounts. Further comments appear in Section 8B of this Report.

Securities Section

11.15 The Securities Section is responsible for the investment, custody, administration, and accounting for short-term and long-term securities which totalled over \$5,000 million at 31 March 1978. These are the security investments of the General and Special Purpose Funds, and those held on behalf of Superannuation Funds, Trust Funds, and other funds administered by the Province in a fiduciary capacity.

11.16 My audit of the Securities Section disclosed a number of weaknesses in organization and supervision, internal controls and accounting records.

11.17 One notable result of these weaknesses came to my attention when my staff carried out their first physical count and reconciliation of securities in the last week of January 1978. At that time it was ascertained that securities in bearer form totalling \$1 million, which had been sent to the issuer for registration in November 1977, had never been received by the issuer. The securities had apparently been misdirected in mailing, and were subsequently recovered. No loss was incurred by the Province, but it is of concern to me that this error could remain undetected for a period in excess of two months.

11.18 It appears that many of the Section's past problems arose from insufficient supervisory staff, and deficiencies in its computerized systems. In recent months progress has been made toward correcting these problems. In view of the complexity and responsibilities of this Section, I urge that efforts in this area continue to be given high priority.

Consumer Taxation Branch

11.19 A number of procedures and controls used to monitor the collection and receipt of taxes by the Consumer Taxation Branch were found to need considerable improvement. My main concerns are outlined below.

11.20 Cash handling. Procedures used for receiving and recording cash and cheques totalling approximately \$987 million in taxes annually need considerable improvement to reach a desirable standard.

11.21 Accounts receivable and collections. Accounts receivable arise mainly from the work of the Audit and Collections Section of the Branch. Of the total recorded receivables of \$6,305,314 at 31 March 1978, approximately 53 per cent, or \$3.3 million, is considered doubtful of collection. This high percentage is attributed to incomplete records, collection difficulties, and the age of the accounts. There had been no write-offs since 1975.

11.22 Fuel taxes. My review indicated that tax audit coverage was not sufficiently comprehensive to ensure adequate monitoring and collection of fuel taxes. Revenue from this source amounted to approximately \$189 million in the 1978 fiscal year. Fuel tax audits are currently performed by personnel whose main efforts are directed toward audits under the *Social Services Tax Act*. The volume of revenue generated by fuel taxes requires a concentration of audit effort, and consideration should be given to supplying specialized staff for this purpose. Of particular concern are the frequency of audits, and the audits of truckers' rebates, transactions between oil companies, common storage facilities for fuels with different tax rates, and marked fuel.

12 PUBLIC BODIES

12.1 A "public body", as defined in section 1 of the *Auditor General Act*, means:

- (i) an agency of the Crown, or
- (ii) a board, commission, council, or other body of persons, whether or not incorporated, all the members of which or all the members of the board of management or board of directors of which are appointed by an Act, an order of the Lieutenant-Governor in Council, or a minister of the Crown, or
- (iii) a corporation, more than 50 per cent of the shares or ownership of which is, directly or indirectly, vested in the Crown, or
- (iv) a corporation, association, board, commission, or society to which a grant or advance of public money is made, or the borrowings of which may be guaranteed by the Crown under the authority of any Act.

12.2 Nineteen audits of public bodies previously performed by the Comptroller-General were transferred to the Auditor General on 15 December 1977 by Order in Council under section 18 of the *Auditor General Act*. Six additional audits were later assigned to me, resulting in a total of 25 public body audits for which I was responsible as at 31 March 1978. The assets and annual expenditures of these public bodies total approximately \$3,500 million and \$1,250 million respectively. A list of the public bodies of which I have been appointed the auditor appear as Appendix II.

12.3 Included in Section F of the Public Accounts are financial statements of a number of public bodies of which I am not the auditor. These are listed in Appendix III to this Report.

12.4 The Liquor Distribution Branch, which was formerly audited and reported on by the Comptroller-General as a separate body, has been audited for the year ended 31 March 1978 by my Office. I have not reported on this Branch separately as it is a Branch of the Ministry of Consumer and Corporate Affairs and as such is included in the audit and report on the general accounts of the Government.

12.5 Three public body audits still remain the responsibility of the Comptroller-General, or persons designated by him. They are:

British Columbia Development Corporation.

British Columbia Systems Corporation.

T.S. Holdings Ltd.

In all cases these entities have been audited and reported on by firms of public accountants. In view of the Comptroller-General's responsibilities, which are internal to the Government, it would seem more appropriate to completely divorce external and internal audit responsibilities.

13 ORGANIZATION AND ACTIVITIES OF THE AUDIT OFFICE

Organization and Personnel

13.1 My appointment as Auditor General became effective on 1 September 1977. The four months following my assumption of office were necessarily devoted to the basic requirements of planning and organizing, as there was no pre-existing organization or transfer of personnel. Concurrently, an extensive recruiting program was established, with the objective of engaging experienced professional accountants for the more senior positions, and individuals of high potential for less senior positions in the Office. This is a most time-consuming and difficult process, but one of the highest importance as the ultimate success of the Office depends on the quality of its staff. I feel that to date this endeavour has been most successful.

13.2 Since inception, the policy established for the Office is to require that all members of the audit staff either possess a recognized accounting qualification, or be actively pursuing a course of study toward such qualification. This general policy has been successfully followed by the Legislative Auditors of the other provinces, and by the Auditor General of Canada. At 31 December 1978, 21 members of my professional staff were members of professional accounting associations. In addition, 20 students-in-accounts were following programs leading to such qualifications.

13.3 In June 1978, following an extensive review and assessment of the standards and programs of the Office, the Institute of Chartered Accountants of British Columbia approved the Office for the registration of students in its training program. This recognition has greatly helped in the development of our professional objectives, and the success of our recruiting efforts.

13.4 The functions of the Office of the Auditor General are comparable to those of a major firm engaged in the professional practice of public accounting. Therefore, I have considered it appropriate to organize the Office along lines similar to those of such firms. A factor in the plan of organization has been the requirement that suitable ratios of senior to junior staff be established to ensure that high professional standards are maintained commensurate with the performance of audits in a cost-effective manner.

13.5 I am assisted in the over-all direction and administration of the Office by the following senior officers:

Robert J. Hayward, C.A., *Deputy Auditor General.*

Frank Barr, C.A., *Audit Director.*

Gordon W. Dawson, C.A., *Audit Director.*

13.6 The staff complement at 31 March 1978 and projected to 31 March 1979 is summarized hereunder:

	Actual 31 March 1978	Projected 31 March 1979
Senior management	4	6
Managers and supervisors	7	15
Auditors	3	10
Other audit staff	10	24
	—	—
Total professional staff	24	55
Administrative staff	4	5
	—	—
	28	60
	==	==

13.7 The eventual size and composition of our staff will depend on many factors yet to be determined or assessed. These will include:

- the degree of reliance placed on systems of internal and managerial control throughout the Government;
- the geographic dispersion of functions and operations of ministries;
- the exposure and sensitivity of transactions to error and fraud;
- the extent of involvement in special assignments; and
- the reliance on assistance from outside sources.

Audit Activities

13.8 On 16 January 1978, members of my staff began auditing the Provincial accounts, and those of certain public bodies of which I am the auditor. The difficulties faced by professional accountants in the initial audit of such large enterprises are considerable. The fact that the accounts of the Province had never before been subject to an independent examination of this nature compounded the difficulty of that assignment.

13.9 A number of the public bodies audited by my staff, such as the Workers' Compensation Board, The University of British Columbia, Simon Fraser University, the University of Victoria, the British Columbia Institute of Technology, and the Medical Services Plan of British Columbia are complex and substantial audits.

13.10 I emphasize these points in order to stress my appreciation of the extra effort and devotion to duty shown by the members of my staff in achieving the results they have, under difficult circumstances and over a relatively short span of time.

13.11 In the early stages of development, my staff resources were insufficient to perform these audits in a timely manner and at an acceptable level of coverage. This gap was bridged by making extensive use of the services of public accounting firms, who provided professional staff to work under the direction of my own personnel. I wish to express my appreciation to both the staff and firms involved.

13.12 While the requirements for outside help will gradually diminish as the capabilities of my Office are built up, there will be continued need to rely on the private sector for assistance and advice in areas where special expertise is required.

Advisory Council

13.13 I have been assisted by a small group of highly qualified and respected members of the accounting profession who served as an Advisory Council. I wish to acknowledge with appreciation their advice, which was of great assistance to me in resolving some of the extremely difficult problems I encountered in formulating my opinion on the financial statements.

Canadian Legislative Auditors' Conference

13.14 Since 1973 the legislative auditors of all the provinces, and the Auditor General of Canada, have met annually to discuss matters of common interest and concern. Prior to my appointment, the Comptroller-General represented the Province at these meetings.

13.15 The sixth annual Conference of Legislative Auditors was held in Edmonton on 25-27 September 1978. It was my honour to serve as General Chairman of the Conference this year. Guest speakers included the Hon. Peter Lougheed, Premier of Alberta; John D. Heller, Assistant to the Comptroller General, U.S. General Accounting Office; and Kenneth J. Sharp, Head of the Government Accountancy Service, Great Britain. Some 40 senior members of the various offices attended, including four from this Office.

In Memoriam

13.16 The sudden death on 23 July 1978 of Donald Barry Wallace, C.A., an Audit Manager on the staff of this Office, saddened his many friends. Although he was with the Office for only some six months, he will long be remembered for his high ethical and moral standards, professional competence, enthusiasm, and warm, good nature. My condolences and those of my staff are extended to Mrs. Wallace and their family.

Sections of the Auditor General Act Relevant to the Responsibilities of the Auditor General

Examination of Accounts

6. (1) The auditor general shall examine in such manner as he considers necessary the accounts and records of the Government relating to the Consolidated Revenue Fund and all public money, including trust and special funds under the management of the Government, and to public property.
- (2) Notwithstanding any other Act, the auditor general
- (a) shall be given access to the records of account and administration of any ministry, and
 - (b) may require and receive from any person in the public service, information, reports and explanations necessary for the performance of his duties.

Report on Financial Statements

7. (1) The auditor general shall report annually to the Legislative Assembly on the financial statements of the Government, including those required by section 40 of the *Financial Control Act*, respecting the fiscal year then ended.
- (2) The report shall form part of the Public Accounts and shall state
- (a) whether he has received all of the information and explanations he has required, and
 - (b) whether in his opinion, the financial statements present fairly the financial position, results of operations and changes in financial position of the Government in accordance with the stated accounting policies and as to whether they are on a basis consistent with that of the preceding year.
- (3) Where the report of the auditor general does not contain the unqualified opinion required under this section, the auditor general shall state the reasons why.

Annual Report

8. (1) The auditor general shall report annually to the Legislative Assembly on the work of his office and call attention to anything resulting from his examination that he considers should be brought to the attention of the Legislative Assembly including any case where he has observed that
- (a) accounts have not been faithfully and properly kept or public money has not been fully accounted for, or
 - (b) essential records have not been maintained, or
 - (c) the rules, procedures, or systems of internal control applied have been insufficient
 - (i) to safeguard and protect the assets of the Crown, or
 - (ii) to secure an effective check on the assessment, collection and proper allocation of the revenue, or
 - (iii) to ensure that expenditures have been made only as authorized, or
 - (iv) to ensure the accuracy and reliability of the accounting data, or
 - (d) public money has been expended for purposes other than for which it was appropriated by the Legislature.
- (2) In the report the auditor general may also include an assessment
- (a) as to whether the financial statements of the Government are prepared in accordance with the most appropriate basis of accounting for the purpose of fair presentation and disclosure, or
 - (b) as to whether any program being administered by a ministry is being administered economically and efficiently.

Trivial Matters

9. The auditor general need not report to the Legislative Assembly on any matter he considers immaterial or insignificant.

Tabling Annual Report

10. (1) A report of the auditor general to the Legislative Assembly shall be submitted by him through the Minister of Finance.

(2) Upon receipt of a report of the auditor general, the Minister of Finance shall lay the report before the Legislative Assembly as soon as possible.

(3) If the Minister of Finance does not lay the report before the Legislative Assembly on the first sitting day following the receipt of the report by him, the auditor general shall transmit the report to the Speaker and the Speaker shall lay the report before the Legislative Assembly.

(4) Upon being laid before the Legislative Assembly, the annual report of the auditor general shall be referred to the Public Accounts Committee of the Legislative Assembly.

Special Report

11. The auditor general may at any time make a special report to the Legislative Assembly on a matter of primary importance or urgency that, in his opinion, should not be deferred until he makes his annual report.

Other Reports

12. The auditor general may at any time make a report to the Minister of Finance, the Treasury Board, the Lieutenant-Governor in Council, or any public officer on any matter that in the opinion of the auditor general should be brought to his or their attention.

Special Assignments

13. The auditor general may undertake special assignments at the request of the Lieutenant-Governor in Council, but he is under no obligation to carry out any such requested assignment if, in his opinion, it would interfere with his primary responsibilities.

Stationing Officers in Ministries

14. (1) The auditor general may station in any ministry a person employed in his office to enable him more effectively to carry out his duties, and the ministry shall provide the necessary office accommodation for a person so stationed.

(2) The auditor general shall require every person employed in his office who is to examine the accounts or the administration of a ministry pursuant to this Act to comply with any security requirements applicable to, and to take any oath of secrecy required to be taken by, persons employed in that ministry.

Inquiry Powers

15. The auditor general may examine any person on oath on any matter pertaining to his responsibilities and for the purpose of such an examination the auditor general has all the powers, protection and privileges of a commissioner under sections 7, 10 and 11 of the *Public Inquiries Act*.

Public Bodies

16. (1) Notwithstanding any other Act, where the auditor general is not the auditor of a public body,

(a) the public body shall, on the request of the auditor general, supply the auditor general with a copy of all financial statements and reports relating to the public body,

(b) the auditor of the public body shall, on the request of the auditor general, make available to the auditor general, within a reasonable time, all working papers, reports and other documents in his possession relating to the public body, and

(c) the auditor general may conduct such examinations of the records and operations of the public body as he considers necessary or advisable to carry out his duties under this Act.

(2) Notwithstanding any other Act, the auditor general

(a) shall be given access to the records of account and administration of any public body, and

(b) may require and receive from any officer or employee of a public body information reports and information necessary for the performance of his duties.

Eligibility as Auditor

17. Notwithstanding any other Act, the auditor general is eligible to be appointed the auditor, or a joint auditor, of a Crown corporation, Crown agency, or public body.

Transfer of Audit Duties

18. The Lieutenant-Governor in Council may transfer to the auditor general the duty imposed by any Act on the comptroller-general to conduct an audit.

**Public Bodies of Which the Auditor General was the Appointed
Auditor as at 31 March 1978**

- *British Columbia Assessment Authority
- British Columbia Educational Institutions Capital Financing Authority
- *British Columbia Harbours Board
- British Columbia Heritage Trust
- British Columbia Institute of Technology
- British Columbia Power Commission Superannuation Fund
- British Columbia Railway Company Pension Fund
- *British Columbia Regional Hospital Districts Financing Authority
- *British Columbia School Districts Capital Financing Authority
- Captain Cook Bi-Centennial Committee
- College Pension Fund
- Creston Valley Wildlife Management Area Trust Fund
- *Legal Services Commission
- *Medical Services Plan of British Columbia
- Municipal Superannuation Fund
- Pacific Vocational Institute
- Provincial Capital Commission
- *Provincial Rental Housing Corporation
- Simon Fraser University
- Teachers' Pensions Fund
- The University of British Columbia
- The University of British Columbia Health Sciences Centre
- University of Victoria
- *Workers' Compensation Board of British Columbia
- Workers' Compensation Board Superannuation Fund

* Included in Section F of the Public Accounts.

APPENDIX III

**Public Bodies, of Which the Auditor General was not the Appointed Auditor,
Whose Financial Statements are Included in Section F of the Public Accounts**

British Columbia Buildings Corporation
British Columbia Cellulose Company
British Columbia Development Corporation
British Columbia Ferry Corporation
British Columbia Health Care Research Foundation
British Columbia Housing Management Commission
British Columbia Hydro and Power Authority
British Columbia Petroleum Corporation
British Columbia Railway Company
British Columbia Steamship Company (1975) Ltd.
British Columbia Systems Corporation
Canadian Cellulose Company, Limited
Health Facilities Association of British Columbia
Housing Corporation of British Columbia
Insurance Corporation of British Columbia
Kootenay Forest Products Ltd.
Ocean Falls Corporation
Panco Poultry Ltd.
Plateau Mills Ltd.
T.S. Holdings Ltd.
Vancouver Resources Board

**Sections A (pages A1 to A12), B and C
of the Public Accounts**

MAIN FINANCIAL STATEMENTS OF THE PROVINCE

CONTENTS

	PAGE
Statement of assets and liabilities as at March 31, 1978.....	A 2
Notes to financial statements.....	A 4
Report of the Auditor General.....	A 7
Summary of transactions for the fiscal year ended March 31, 1978 (General Fund and Special Purpose Funds).....	A 9
Summary of General Fund revenues for the fiscal year ended March 31, 1978.....	A 10
Summary of General Fund expenditures for the fiscal year ended March 31, 1978.....	A 11

(Where appropriate, comparative figures for the preceding year are given.)

STATEMENT OF ASSETS AND

(with comparative figures)

	ASSETS		Net increase or (decrease) during 1977/78 \$
	1978 \$	1977 \$	
General Fund			
Cash	2,134,949	17,660,827	(15,525,878)
Temporary investments	467,333,172	273,349,807	193,983,365
Accounts receivable from other govern- ments and agencies	23,631,007	50,919,790	(27,288,783)
Working capital advances	8,909,831	9,416,158	(506,327)
	<u>502,008,959</u>	<u>351,346,582</u>	<u>150,662,377</u>
Taxes and other accounts receivable	71,371,084	50,693,227	20,677,857
Loans and other advances (note 2)	53,539,815	49,202,658	4,337,157
Investment in, and advances to, Crown cor- porations (notes 3 and 6)	386,841,069	275,275,747	111,565,322
Investments, other	151,718,489	26,067,805	125,650,684
Fixed assets	2,077,930,237	2,122,863,916	(44,933,679)
	<u>3,243,409,653</u>	<u>2,875,449,935</u>	<u>367,959,718</u>
Special Purpose Funds			
Cash	20,209	305,193	(284,984)
Investments	237,612,176	157,569,246	80,042,930
Other assets	399,196,778	414,925,420	(15,728,642)
	<u>636,829,163</u>	<u>572,799,859</u>	<u>64,029,304</u>
Superannuation Funds			
Cash	10,621	20,830	(10,209)
Investments	573,867,624	479,303,442	94,564,182
	<u>573,878,245</u>	<u>479,324,272</u>	<u>94,553,973</u>
Trust Funds			
Cash and investments	739,451,785	622,051,305	117,400,480
	<u>5,193,568,846</u>	<u>4,549,625,371</u>	<u>643,943,475</u>

Notes:

The notes on pages A 4 to A 6 are an integral part of this statement. Detailed schedules of the Asset and Liability accounts can be found in Section B.

LIABILITIES AS AT MARCH 31, 1978

as at March 31, 1977)

LIABILITIES			
	1978	1977	Net increase or (decrease) during 1977/78
	\$	\$	\$
General Fund			
Outstanding cheques	92,417,903	82,703,277	9,714,626
Accounts payable	147,030,787	152,248,168	(5,217,381)
Other current liabilities	45,941,561	40,265,407	5,676,154
	<u>285,390,251</u>	<u>275,216,852</u>	<u>10,173,399</u>
Unmatured debt—			
Deficit repayment	261,447,790	261,447,790	—
Other	—	422,150	(422,150)
Less sinking funds	—	(422,150)	422,150
	<u>261,447,790</u>	<u>261,447,790</u>	<u>—</u>
Excess of assets over liabilities—			
Revenue surplus (note 8)	216,618,708	76,129,730	140,488,978
Deficit at March 31, 1976, funded	(261,447,790)	(261,447,790)	—
	<u>(44,829,082)</u>	<u>(185,318,060)</u>	<u>140,488,978</u>
Capital surplus	2,741,400,694	2,524,103,353	217,297,341
	<u>2,696,571,612</u>	<u>2,338,785,293</u>	<u>357,786,319</u>
	<u>3,243,409,653</u>	<u>2,875,449,935</u>	<u>367,959,718</u>
Special Purpose Funds			
Fixed capital funds—			
Capital accounts	90,000,000	90,000,000	—
Current accounts	8,016,805	7,024,861	991,944
Other funds	534,280,208	472,149,176	62,131,032
Miscellaneous statutory accounts	4,532,150	3,625,822	906,328
	<u>636,829,163</u>	<u>572,799,859</u>	<u>64,029,304</u>
Superannuation Funds (note 4)			
Public Service	572,276,598	478,012,366	94,264,232
Members of the Legislative Assembly	1,601,647	1,311,906	289,741
	<u>573,878,245</u>	<u>479,324,272</u>	<u>94,553,973</u>
Trust Funds			
Miscellaneous trust deposits	739,451,785	622,051,305	117,400,480
	<u>5,193,568,846</u>	<u>4,549,625,371</u>	<u>643,943,475</u>
Guaranteed Debt			
Debt of municipalities, other local governments, and Crown agencies, etc., guaranteed by the Province (net) (note 6)	<u>6,288,180,152</u>	<u>5,484,270,450</u>	
Commitments (note 5)			

LIONEL G. BONNELL, C.A.
Comptroller-General

NOTES TO FINANCIAL STATEMENTS**1. Accounting**

For purposes of the financial statements, funds or accounts held in trust and those set aside or earmarked for specific or special purposes are segregated from the general operating accounts of the government. Thus the accounts are presented in four separate fund divisions—General, Special Purpose, Superannuation and Trust—as shown in the Statement of Assets and Liabilities. The accounting policies and practices employed in the four divisions are summarized below:

A. GENERAL FUND

The accounts of the General Fund are maintained on a cash basis whereby revenues are taken into the accounts in the fiscal period in which they are received and expenditures are charged when the actual payments are made. The financial statements reflect this cash-basis accounting, but with the following major modifications:

- (a) Moneys received in April of the next following year pertaining to cost-sharing programs with other governments (principally the Government of Canada), and for which the relative program expenditures have been charged to the current year, are included in revenues and shown as accounts receivable in the statement of assets and liabilities.
- (b) Accounts payable at March 31 for which cheques are issued during April of the next following year are included in current-year expenditures and are shown as accounts payable in the statement of assets and liabilities.
- (c) Interest accrued on the unmatured deficit repayment debt at March 31 is included in budgetary expenditure and shown in other current liabilities in the statement of assets and liabilities.

General Fund revenues and expenditures are separated into two distinct categories:

- (a) Budgetary transactions: All regular revenues and all ordinary expenditures of government. These are reported in the form of and are compared with the annual Estimates of Revenue and Expenditure as authorized by the Legislature.
- (b) Other, nonbudgetary transactions: Any extraordinary revenues of significant amount and all nonbudgetary expenditures and surplus appropriations, such as appropriations of moneys to and recoveries of balances from Special Purpose Funds, and capital investment in and advances to Crown corporations, boards, etc.

The overall net revenue or expenditure of the General Fund for a fiscal period increases or decreases the Revenue Surplus Account of the Province.

In addition to the operational or current assets and liabilities and the unmatured debt, the Province records certain assets for purposes of record only through credits to Capital Surplus Account. These are: Taxes and other accounts receivable which are not included in Revenue until received in cash, loans and other advances, investments in and advances to Crown corporations, etc., and fixed assets.

B. SPECIAL PURPOSE FUNDS

The accounts of all Special Purpose Funds are maintained on a cash basis with the exception of the Housing, Lottery and Provincial Home Acquisition Funds, wherein mortgage loans, accounts and advances receivable, and investments in real estate, as well as investments in and advances to housing corporations are not charged to expenditure accounts but are capitalized and shown as assets of the respective Funds.

C. SUPERANNUATION FUNDS AND TRUST FUNDS

The individual Funds in these categories are maintained on a cash basis.

2. Loans and Other Advances

Loans and other advances are carried as assets at book value (net of reserves in certain cases), as the amount of their ultimate realization cannot be determined at this date.

3. Investment in and Advances to Crown Corporations

The interest of the Province in its Crown corporations is shown in the financial statements only to the extent of the amounts actually invested in or advanced to them; thus accumulated earnings (or deficits) of these organizations are not reflected therein. Financial statements of Crown corporations and other Government agencies are presented in Section F of this publication.

4. Superannuation and Pension Plans

A. PUBLIC SERVICE SUPERANNUATION PLAN

This plan is financed by employee contributions, matching employer contributions, and additional employer contributions paid at the time each allowance is granted for any shortfall between the actuarial present value of the allowance and the accumulated employee and matching employer contributions.

Under the *Public Service Superannuation Act*, an actuarial valuation of the plan is required to be conducted at least once every five years. The most recent valuation was conducted as at March 31, 1977.

In that report the actuary indicated that, if the plan were financed on the entry age normal basis, a basis frequently employed by private pension plans, there would be an actuarial liability as at March 31, 1977, of about \$154 million in respect of basic benefits. In the actuary's opinion, aggregate statutory contributions, as described above, will exceed entry age normal contributions and he has estimated that these contributions will be sufficient to fully amortize the \$154 million actuarial liability over a period of approximately 20 years if all actuarial assumptions are realized.

Allowances in payment are automatically adjusted quarterly to reflect increases in the Consumer Price Index. Such pension supplements are financed on an approximate "pay-as-you-go" basis by contributions of one-half per cent of salary by both employees and employer. Actuarial liabilities associated with such increases are not funded under the statutory financing provisions, but there is provision for both employee and employer contributions to be increased to 1 per cent of salary when required to maintain the financing on a "pay-as-you-go" basis. There is no statutory provision for any additional contributions beyond this to finance these post-retirement supplements even though it is possible that in future such contributions would be required to maintain financing on the "pay-as-you-go" basis. The actuary reported that as at March 31, 1977, there was an actuarial liability of \$37 million in respect of the pension supplements granted up to that date.

B. TEACHERS' PENSIONS PLAN

Under the *Teachers' Pensions Act* the Province is responsible for the employer contributions to the Teachers' Pensions Fund administered by the Commissioner of Teachers' Pensions; these contributions are included in the budgetary expenditures of the Ministry of Education. A report on the administration of the plan and fund is made annually to the Legislature.

This plan is financed by teacher contributions, matching Government contributions, and additional Government contributions made to ensure that at any time the assets in the fund are at least equal to the actuarial present value of all allowances which are in effect and the total amount of contributions, accumulated with interest, held in the fund on behalf of teachers in respect of whom no allowance has been granted.

Under the *Teachers' Pensions Act*, an actuarial valuation of the plan is required to be conducted by an actuary at least once in each consecutive five-year period. The most recent valuation was conducted as at December 31, 1974. In that report the actuary recommended that the statutory basis of contributions be strengthened so that contributions, in future, would be sufficient to fully finance benefits for all new entrants to the plan and to hold the actuarial liability constant as a percentage of future teacher payroll. On this basis, he advised that the actuarial liability was \$468 million for basic benefits. An actuarial valuation is presently being conducted as at December 31, 1977, and the actuary expects to submit his report by February 28, 1979. Preliminary indications are that the actuarial liability at December 31, 1977, will increase to about \$550 million from the \$468 million at December 31, 1974.

Discussions are continuing between Government and teachers as to the manner in which the recommended increase in contribution rates should be achieved and no change has yet been made. Any such change would require amendment of the Act.

Allowances in payment are automatically adjusted quarterly to reflect increases in the Consumer Price Index. Such pension supplements are financed on an approximate "pay-as-you-go" basis by contributions of 1 per cent of salary by both teachers and Government. Actuarial liabilities associated with such increases are not funded under the statutory financing provisions. There is no statutory provision for any additional contributions to finance these post-retirement supplements even though it is possible that in future such contributions would be required to maintain financing on the "pay-as-you-go" basis.

5. Commitments

No provision is made in the accounts for commitments under construction or other contracts in force at the year-end. Such future expenditures are charged to appropriations in the years in which the work or service is performed.

6. British Columbia Railway Company

The Province holds the entire issued share capital of the Railway and, pursuant to the *British Columbia Railway Company Construction Loan Act*, the Province guarantees the payment of the principal and interest of all moneys borrowed by the Railway. The investment and guarantee are shown in the financial statements under

(a) Investment in and advances to Crown corporations:

The investment is carried at the historical cost of the shares, \$185,572,900. (See note 3 above.)

(b) Guaranteed debt:

The outstanding debt of the Railway at March 31, 1978, net of sinking funds held, aggregated \$652,760,711.

The financial statements of the Railway at December 30, 1977 (reproduced in Section F of this report) show that the net overall shareholder's position is a deficit of \$9,090,706 after recording a net loss for the year then ended of \$58,291,395. The Railway in a submission to the Royal Commission (*see below*) stated that "Substantial debt relief is required. B.C. Railway cannot in the foreseeable future expect to earn sufficient moneys to service let alone repay this debt." The annual interest and debt repayment charges will average approximately \$69 million over the next five years.

By Order in Council dated February 7, 1977, a Royal Commission was appointed "to make inquiry into and concerning all aspects of the management and development of the British Columbia Railway and the participation of the Crown therein as shareholder," including a particular inquiry into "the foreseeable financial requirements of the Railway for all purposes." The final report of the Commission was submitted to the Government on August 28, 1978, and is currently under review. An addendum dealing with specific statutory revisions to give effect to its recommendations has not yet been received.

7. Anti-inflation Legislation

The Province is subject to controls on compensation instituted by the Government of Canada pursuant to an agreement entered into under the *Anti-Inflation Measures Act* (1976, chap. 1), effective June 21, 1976.

8. Revenue Surplus Appropriation

Pursuant to the *Revenue Surplus of 1976-77 Appropriation Act, 1978*, \$76,129,730 of the Revenue Surplus Account has been appropriated for specific purposes.

AUDITOR GENERAL'S REPORT

*To the Legislative Assembly
of the Province of British Columbia
Parliament Buildings
Victoria, British Columbia*

I have examined the financial statements of the Government of the Province of British Columbia for the year ended March 31, 1978, as presented in the Public Accounts, and the related schedules contained in Sections B and C of the Public Accounts. These statements are:

Statement of Assets and Liabilities as at March 31, 1978.

Notes to Financial Statements.

Summary of Transactions for the Fiscal Year ended March 31, 1978.

Summary of General Fund Revenues for the Fiscal Year ended March 31, 1978.

Summary of General Fund Expenditures for the Fiscal Year ended March 31, 1978.

Statement of Source and Application of Funds for the Fiscal Year ended March 31, 1978.

These statements and schedules in my opinion constitute the statements of financial position, the results of operations and changes in financial position referred to in section 7 of the *Auditor General Act*, S.B.C. 1976, chapter 3.

I did not examine and do not express an opinion on:

Statement of Consolidated Revenue by Major Sources for the fiscal years ended March 31, 1973, through 1978.

Statement of Consolidated Expenditure by Major Functions for the fiscal years ended March 31, 1973, through 1978.

The information contained in these statements is supplementary in nature and not an integral part of the financial statements on which I am required to report.

Except as explained in the following paragraph, my examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances. I have received all the information and explanations I have required for the purpose of my examination.

My office commenced operations in January 1978, and staff resources and time available for this initial examination were limited. It was not feasible to satisfy myself as to the asset and liability position at the beginning of the 1978 fiscal year and, in addition, an independent audit was not performed for the preceding fiscal year. As a result of these conditions, the extent of my tests and procedures was insufficient to provide the level of assurance necessary for an unqualified opinion on the financial statements and on the consistency of the accounting bases followed as between the fiscal years 1977 and 1978.

I have relied upon information furnished by the Consulting Actuary for the Public Service Superannuation Fund and the Teachers' Pensions Fund as to the accuracy of Note 4 to the financial statements as presented in the Public Accounts.

I report in accordance with section 7 of the *Auditor General Act*. In my opinion, except for the effect of any adjustments which might have been indicated by a more extensive audit examination, these financial statements present fairly the financial position of the Government of the Province of British Columbia as at March 31, 1978, and the results of operations and changes in financial position for the year then ended in accordance with the stated accounting policies as set out in Notes 1, 2, 3, and 5 to the financial statements. For the reasons stated, I do not express an opinion with respect to the consistency of the accounting bases followed as between the fiscal years 1977 and 1978, nor on the 1977 comparative figures presented in the financial statements.

It is emphasized that my opinion above is limited under section 7 of the Act to an opinion on presentation of the financial statements in accordance with the stated accounting policies of the Government. Under section 8 of the Act I report separately to the Legislative Assembly on other matters. That report, dated January 31, 1979, contains a number of comments in regard to accounting policies and disclosure. The most important of these comments relates to the treatment in the Government's financial statements of debt of other parties guaranteed by the Province when the debtor appears unable to meet his obligations. This is of particular importance this year in relation to debt of British Columbia Railway Company guaranteed by the Province.

ERMA MORRISON, C.A.
Auditor General

Victoria, B.C.
January 31, 1979.

SUMMARY OF TRANSACTIONS FOR THE FISCAL YEAR ENDED MARCH 31, 1978

GENERAL FUND		\$	\$
Revenue			
Budgetary revenue			4,055,491,833
Nonbudgetary revenue			84,251,098
			4,139,742,931
Expenditure			
Budgetary expenditure	3,895,464,582		
Nonbudgetary expenditure	103,789,371		
			3,999,253,953
Net Revenue for the year			140,488,978
Revenue Surplus Account¹			
Balance at beginning of year			76,129,730
Balance at end of year			216,618,708

SPECIAL PURPOSE FUNDS

Revenue and Credits			
Transfers from General Fund—			
Budgetary expenditure—			
Ministry of Agriculture (Vote 97)			28,381,594
Ministry of Municipal Affairs and Housing (Vote 199)			16,000,000
Nonbudgetary expenditure			6,665,099
			51,046,693
Interest on investments and loans			37,726,944
Other receipts			50,088,191
			138,861,828
Expenditure			
Grants—			
Fixed-capital (perpetual) funds	7,148,611		
Other funds	4,342,302		
Miscellaneous statutory accounts	15,134		
			11,506,047
Expenditures—			
Fixed-capital (perpetual) funds	111,341		
Other funds	59,558,623		
Miscellaneous statutory accounts	3,656,513		
			74,832,524
Net Increase in funds			64,029,304
Balance of funds at beginning of year			572,799,859
Balance at end of year (page B 11)			636,829,163

¹ Not including deficit at March 31, 1976, \$261,447,790 funded pursuant to the *British Columbia Deficit Repayment Act, 1975-76*.

SUMMARY OF GENERAL FUND REVENUES FOR THE FISCAL YEAR ENDED MARCH 31, 1978

(With comparative figures for the preceding fiscal year.)

Estimated, 1978 \$	Budgetary Revenue	1978 \$	1977 \$
20,400,000	Property taxes	21,562,622	21,738,190
980,500,000	Social services, fuel taxes, etc.	987,175,258	889,194,512
1,443,500,000	Corporation, personal, succession, and gift taxes	1,287,193,360	1,124,181,413
451,390,000	Privileges, licences, and natural resources taxes and royalties	712,949,614	500,339,740
55,800,000	Sales and service fees	57,310,264	45,908,951
8,500,000	Fines and penalties	10,377,029	9,295,256
12,000,000	Interest, discount, premium, and exchange	34,896,363	16,494,886
627,810,000	Contributions from other governments	707,418,676	671,730,802
203,000,000	Contributions from Government enterprises	195,677,062	211,054,141
27,000,000	Miscellaneous	40,931,585	39,965,588
3,829,900,000	Total budgetary revenue	4,055,491,833	3,529,903,479
Nonbudgetary Revenue			
	Government of Canada contribution to assist in the construction of Dease Lake rail line	79,852,785	—
	Interest earned on above	1,315,295	—
	Recovery of advance to B.C. Harbours Board	2,000,000	—
	Proceeds on windup of Consolidated Sinking Fund	1,083,018	—
	Sale of ferry vessels	—	48,442,000
	Recovery of special purpose fund balances	—	29,760,388
	Recovery of an advance to a special purpose fund	—	10,800,000
	Total nonbudgetary revenue	84,251,098	89,002,388
	Combined General Fund Revenues	4,139,742,931	3,618,905,867

Details of revenue are shown on pages C 2 and C 3.

SUMMARY OF GENERAL FUND EXPENDITURES FOR THE FISCAL YEAR ENDED MARCH 31, 1978

(With comparative figures for the preceding fiscal year.)

Estimated, 1978		1978	1977 ¹
\$	Budgetary Expenditure	\$	\$
3,580,426	Legislation	5,280,369	3,345,188
—	Auditor General	344,966	—
119,810,768	Ministry of Finance	134,297,718	127,727,355
713,648	Executive Council	691,125	553,458
107,689,915	Ministry of the Provincial Secretary and Travel Industry	114,832,084	88,352,267
147,108,802	Ministry of the Attorney-General	152,669,696	118,510,162
7,086,857	Ministry of Economic Development	10,220,302	4,537,262
45,543,610	Ministry of the Environment	45,520,646	38,987,412
64,569,333	Ministry of Agriculture	55,671,527	54,875,367
64,294,319	Ministry of Energy, Transport and Communi- cations	80,456,445	103,400,069
8,560,926	Ministry of Mines and Petroleum Resources	7,974,777	7,148,147
104,025,393	Ministry of Forests	100,849,814	87,866,010
336,012,897	Ministry of Highways and Public Works	431,021,965	378,160,016
947,709,405	Ministry of Education	940,584,501	854,546,043
981,237,356	Ministry of Health	954,710,057	857,980,426
569,826,615	Ministry of Human Resources	545,140,791	481,011,458
223,017,301	Ministry of Municipal Affairs and Housing	215,567,548	219,038,162
35,540,134	Ministry of Labour	39,613,181	18,096,869
8,633,118	Ministry of Consumer and Corporate Affairs	8,630,049	6,261,259
54,939,177	Ministry of Recreation and Conservation	51,387,021	41,032,809
3,829,900,000	Total budgetary expenditure	3,895,464,582	3,491,429,139
	Nonbudgetary Expenditure Charged to Current Revenue		
	Special purpose funds—		
	Appropriation to funds	1,665,099	6,000,000
	Advances to a fund	5,000,000	5,000,000
		6,665,099	11,000,000
	Crown corporations—		
	Advances	2,000,000	—
	Investments	7,631,250	312,505
	Grants	85,668,080	32,600,000
		95,299,330	32,912,505
	Other—		
	Book adjustment to capital surplus account	—	2,873,008
	Elimination of publication services working capital account	—	4,560,885
	Transfer of investment in Canadian Cellu- lose Company Ltd. shares to British Co- lumbia Resources Investment Corporation in exchange for noncash asset (promissory note)	1,824,942	—
		1,824,942	7,433,893
	Total nonbudgetary expenditure	103,789,371	51,346,398
	Combined General Fund Expenditures	3,999,253,953	3,542,776,137

Details of expenditures are shown on pages C 4 to C 12.

¹ The 1977 figures have been restated to reflect reorganizational changes between ministries made in the fiscal year 1976/77, pursuant to the *Constitution Act*.

**STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE
FISCAL YEAR ENDED MARCH 31, 1978**

		GENERAL FUND	
Source		\$	\$
Budgetary revenue		4,055,491,833	
Nonbudgetary revenue		84,251,098	
		<u>4,139,742,931</u>	
Application			
Budgetary expenditure		3,895,464,582	
Nonbudgetary expenditure		103,789,371	
		<u>3,999,253,953</u>	
Net Funds Received accounted for by the increase in current position during the year			<u>140,488,978</u>
		\$	
Increase in current assets (page A 2)	150,662,377		
Less increase in current liabilities (page A 3)	10,173,399		
	<u>140,488,978</u>		

		SPECIAL PURPOSE FUNDS	
Source			
Transfers from General Fund			51,046,693
Interest and other receipts			87,815,135
Decrease in other assets (net)			15,728,642
			<u>154,590,470</u>
Application			
Grants and other expenditures	74,832,524		
Increase in investments	80,042,930		
	<u>154,875,454</u>		
Net Cash Applied accounted for by the decrease in cash position during the year (page A 2)			<u>(284,984)</u>

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES

CONTENTS

	PAGE
General Fund—	
Assets	B 2
Liabilities	B 6
Capital and Revenue Surplus Accounts	B 8
Special purpose funds—	
Assets	B 9
Summary of transactions and balances of funds	B 11
Superannuation funds—	
Assets	B 12
Summary of transactions for the year ended March 31, 1978	B 14
Trust funds—assets, fund balances	B 15
Guaranteed debt	B 16
Details of unmatured debt	B 18

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 1978

(With comparative figures as at March 31, 1977.)

GENERAL FUND ASSETS		1978	1977	Net increase or (decrease) during 1977/78
Cash		\$	\$	\$
Cash on hand.....		7,323	8,330	(1,007)
Cash in chartered banks in Canada.....		1,536,805	17,167,467	(15,630,662)
Cash in banks in England (converted at current rate).....		264,942	219,537	45,405
Cash in banks in United States (U.S. dollars).....		325,879	265,493	60,386
		2,134,949	17,660,827	(15,525,878)
Temporary Investments				
<i>Revenue Act, sec. 9</i> (at cost).....		467,333,172	273,349,807	193,983,365
Securities at par value—				
Short-term deposits with chartered banks, trust companies, etc.—				
Banque Canadienne Nationale.....		—	7,283,684	
Bank of British Columbia.....		11,929,194	10,500,000	
Bank of Montreal.....		56,669,858	41,736,926	
Bank of Nova Scotia.....		59,302,280	43,038,338	
British Columbia Central Credit Union.....		3,327,500	21,000	
Canadian Commercial Industrial Bank.....		1,000,000	—	
Canadian Imperial Bank of Commerce.....		141,424,153	43,372,651	
Mercantile Bank of Canada.....		4,011,020	11,230,847	
Northland Bank.....		1,000,000	—	
Provincial Bank of Canada.....		3,084,000	5,321,400	
Royal Bank of Canada.....		63,373,117	50,821,377	
Toronto Dominion Bank.....		96,662,597	34,645,300	
Yorkshire Trust Company.....		—	2,000,000	
		441,783,719	249,971,523	
Other—				
British Columbia Buildings Corporation notes.....		—	2,000,000	
¹ British Columbia Development Corpo- ration note.....		20,000,000	—	
¹ British Columbia Hydro and Power Au- thority parity bonds.....		9,000	19,808,112	
² Export Development Corporation notes....		981,161	—	
³ Procan Ltd. notes.....		4,770,090	—	
		467,543,970	271,779,635	
Less excess of par value over cost.....		210,798	254,770	
		467,333,172	271,524,865	
Stocks (book value)—Canadian Cellulose Company Ltd., 278,100 common shares....		—	1,824,942	
Total securities at cost, above.....		467,333,172	273,349,807	

¹ Province of British Columbia guarantee.

² Government of Canada guarantee.

³ Provincial Bank of Canada guarantee.

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES—Continued

GENERAL FUND ASSETS—Continued			Net increase or (decrease) during 1977/78
	1978	1977	
Accounts Receivable From Other Governments and Agencies, etc.	\$	\$	\$
Government of Canada—re shared-cost program.....	11,647,116	43,158,929	(31,511,813)
British Columbia Buildings Corporation.....	4,646,566	—	4,646,566
British Columbia municipalities—re shared-cost program	4,175,885	5,052,552	(876,667)
Sundry agencies and miscellaneous accounts.....	3,161,440	2,708,309	453,131
	<u>23,631,007</u>	<u>50,919,790</u>	<u>(27,288,783)</u>
Working Capital Advances			
Langford Warehouse.....	274,601	287,900	(13,299)
Liquor Distribution Branch.....	4,030,606	4,902,791	(872,185)
Workers' Compensation Board.....	245,000	245,000	—
Queen's Printer.....	1,406,799	1,377,187	29,612
Miscellaneous advances—ministries.....	2,952,825	2,603,280	349,545
	<u>8,909,831</u>	<u>9,416,158</u>	<u>(506,327)</u>
Taxes and Other Accounts Receivable			
NOTE—These accounts are included for record purposes only. The amounts are not taken into revenue until received in cash.			
Property taxes.....	10,603,456	10,395,027	208,429
Social services tax.....	6,305,314	3,464,864	2,840,450
Corporation capital tax.....	1,124,803	792,201	332,602
Insurance premiums tax.....	2,512	10,172	(7,660)
Logging tax.....	2,733,249	2,956,313	(223,064)
Mining and mineral land tax.....	457,830	215,101	242,729
Probate fees and succession duties.....	4,726,315	6,299,923	(1,573,608)
Timber royalty and stumpage and grazing fees.....	32,507,826	15,865,441	16,642,385
Social and health agencies.....	691,059	—	691,059
Student-aid loans.....	41,864	41,864	—
Teacher-training loans.....	9,306	9,306	—
Farmers' land-clearing, domestic water, and irrigation drainage assistance.....	11,633,525	10,218,941	1,414,584
Land sales (principal).....	533,771	423,966	109,805
Sundry.....	254	108	146
	<u>71,371,084</u>	<u>50,693,227</u>	<u>20,677,857</u>
Loans and Other Advances			
NOTE—These assets are carried at book value, as the amount of ultimate realization cannot be determined at this date.			
School districts, library districts, improvement districts, and local areas (recoverable through rural property tax collections, mainly in next fol- lowing year)—			
Various school districts.....	25,056,000	23,552,100	1,503,900
Various regional library districts.....	1,125,924	1,141,801	(15,877)
Various improvement districts.....	1,619,384	1,526,626	92,758
Miscellaneous.....	118,342	86,903	31,439
Dyking districts, co-operative associations, and other—			
Various dyking districts.....	—	20,718	(20,718)
Various water and irrigation districts.....	342,337	382,418	(40,081)
Various co-operative associations, etc.....	29,038	44,757	(15,719)
Various enterprises re economic development—			
Ministry of Economic Development Act.....	3,320,800	3,320,800	—
Farm Products Industry Improvement Act.....	2,265,846	4,507,366	(2,241,520)
Pacific North Coast Native Co-operative Loan Act.....	5,422,292	5,450,000	(27,708)

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES—Continued

GENERAL FUND ASSETS—Continued	Net increase or (decrease) during 1977/78		
	1978 \$	1977 \$	\$
Loans and Other Advances—Continued			
Provincial Transit Fund.....	10,000,000	5,000,000	5,000,000
Southern Okanagan Lands Project.....	1,592,876	1,592,901	(25)
University Endowment Lands Administration Account.....	4,184,887	4,184,887	—
Sundry.....	54,965	5,000	49,965
	55,132,691	50,816,277	4,316,414
<i>Less reserve for losses on realization—</i>			
Various dyking districts.....	—	20,718	20,718
Southern Okanagan Lands Project.....	1,592,876	1,592,901	25
	53,539,815	49,202,658	4,337,157
Investment in, and Advances to, Crown Corporations			
¹ British Columbia Buildings Corporation—advances.....	133,570,934	—	133,570,934
British Columbia Cellulose Company—			
Entire issued capital stock of two common shares....	2	2	—
Advances.....	—	14,355,123	(14,355,123)
² British Columbia Development Corporation—entire issued capital stock of 250,000 common shares.....	25,000,000	25,000,000	—
British Columbia Ferry Corporation—entire issued capital stock of 58,497 shares of \$100 each.....	5,849,700	5,849,700	—
British Columbia Harbours Board, advances.....	21,338,693	23,338,693	(2,000,000)
British Columbia Railway Company—entire issued capital stock of 1,855,729 shares of \$100 each.....	185,572,900	185,572,900	—
British Columbia Steamship Company (1975) Ltd.— entire issued capital stock of five common shares.....	5	5	—
Crown Development Corporation—entire issued capital stock of 10 common shares (1977 only).....	—	1,000	(1,000)
I.O.K. Poultry Ltd.—100 per cent interest, 600 com- mon shares at cost.....	600	600	—
Ocean Falls Corporation—			
Amount paid to the corporation pursuant to the <i>Ocean Falls Corporation Appropriation Act,</i> 1973, for the purpose of acquiring the mill and other properties at Ocean Falls.....	789,952	789,952	—
Advances.....	6,000,000	4,000,000	2,000,000
Panco Poultry Ltd.—			
Entire issued capital stock of 101,750 common and 11,027 preferred shares.....	4,800,000	4,800,000	—
Plateau Mills Ltd.—97.5 per cent interest, 8,775 com- mon shares at cost (1977 only).....	—	7,663,256	(7,663,256)
T. S. Holdings Ltd.—			
Entire issued capital stock of one common share.....	1	1	—
Advances.....	3,918,282	3,904,515	13,767
	386,841,069	275,275,747	111,565,322

¹ Pursuant to the *British Columbia Buildings Corporation Act* (Order in Council 763/78), the British Columbia Buildings Corporation issued a noninterest bearing promissory note to the Province dated March 30, 1978, in the amount of \$143,570,934 payable in 29 semiannual instalments, in payment for the completed buildings transferred to the Corporation by the Province. The Corporation paid the first instalment due March 31, 1978, in the amount of \$10,000,000. As buildings under construction are completed, further notes are to be issued to the Province in consideration of expenditures made by the Province on such buildings prior to transfer to the Corporation.

² In addition to its investment in the capital stock of the British Columbia Development Corporation, the Government has advanced the corporation \$20,000,000 repayable March 31, 1979. This advance is included in Temporary Investments (page B 2).

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES—Continued

GENERAL FUND ASSETS—Continued		1978	1977	Net increase or (decrease) during 1977/78
		\$	\$	\$
Investments, Other				
¹ British Columbia Resources Investment Corporation—				
Shares.....		5	—	5
Note.....		151,532,930	—	151,532,930
Chef Ready Foods Ltd.—33.33 per cent interest, 10,000 common shares at cost.....		85,000	85,000	—
Kootenay Dehydrators Ltd.—				
33.33 per cent interest, 2,000 common shares at cost.....		2,000	2,000	—
Entire issued capital stock of 98,000 Class B common shares.....		98,000	98,000	—
South Peace Dehy-Products Ltd.—27.7 per cent interest, 277 nonvoting common and 277 voting preferred shares at cost.....		554	554	—
Swan Valley Foods Ltd.—40 per cent interest, 219,804 common and 28,266 preferred shares at cost.....		—	425,501	(425,501)
Westcoast Transmission Company Limited—10.6 per cent interest, 1,157,125 common shares at cost.....		—	25,456,750	(25,456,750)
		<u>151,718,489</u>	<u>26,067,805</u>	<u>125,650,684</u>
Fixed Assets				
Gross.....		2,198,517,376	2,317,998,792	(119,481,416)
Less depreciation.....		120,587,139	195,134,876	(74,547,737)
		<u>2,077,930,237</u>	<u>2,122,863,916</u>	<u>(44,933,679)</u>
Detail as of March 31, 1978—	Gross	Depreciation	Net	
	\$	\$	\$	
² Highways.....	1,759,596,435	—	1,759,596,435	
Bridges.....	383,860,047	108,825,047	275,035,000	
Wharves.....	203,250	203,240	10	
Ferries and ferry- landings.....	33,897,240	7,110,566	26,786,674	
³ Buildings and fur- nishings.....	20,186,714	4,448,286	15,738,428	
Songhees Reserve, Victoria.....	773,690	—	773,690	
	<u>2,198,517,376</u>	<u>120,587,139</u>	<u>2,077,930,237</u>	

¹ Pursuant to the *British Columbia Resources Investment Corporation Act* (Order in Council 530/78) the following assets and rights were transferred to the British Columbia Resources Investment Corporation in exchange for a promissory note based on the valuations shown:

Canadian Cellulose Company Limited—		
9,848,453 common shares without par value; 39,750 nonvoting shares without par value		\$64,273,320
Plateau Mills Ltd.—9,000 common shares, par value of \$10		9,000,000
Kootenay Forest Products Ltd.—11,993,399 common shares, par value of \$1		1
Westcoast Transmission Company Limited—1,157,125 common shares without par value		37,363,566
Province of British Columbia—Assigned petroleum or natural gas rights		40,896,043
Valuation of promissory note		<u>\$151,532,930</u>

The book values of these assets and rights were as follows:

(a) Shares received as a dividend from <i>British Columbia Cellulose Company</i> in repayment of advances	\$19,849,421
Canadian Cellulose Company Limited—9,570,353 common shares; 39,750 nonvoting shares	
Plateau Mills Ltd.—225 common shares	
Kootenay Forest Products Ltd.—11,993,399 common shares	
(b) Canadian Cellulose Company Limited—278,100 common shares held as temporary investment	1,824,942
(c) Plateau Mills Ltd.—8,775 common shares held as investment in Crown corporation	7,663,256
(d) Westcoast Transmission Company Limited—1,157,125 common shares held as investment, other	25,456,750
(e) Petroleum and natural gas rights	Nil

² Placed on the books March 31, 1926, by order of the Treasury Board, based on mileage classification and average value determined by the then Department of Public Works, plus additions to date.

³ As of March 30, 1978, assets in the amount of \$381,571,109 (at cost) less accumulated depreciation of \$84,359,819 were transferred to the British Columbia Buildings Corporation pursuant to the *British Columbia Buildings Corporation Act*.

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES—Continued

	GENERAL FUND LIABILITIES		Net increase or (decrease) during 1977/78 \$
	1978 \$	1977 \$	
Outstanding Cheques	92,417,903	82,703,277	9,714,626
Accounts Payable (paid in April of next following year).....	147,030,787	152,248,168	(5,217,381)
Other Current Liabilities			
Accrued interest payable on public debt.....	4,253,159	4,536,490	(283,331)
Education tuition fees.....	8,000,000	8,000,000	—
Guarantee and performance deposits—contractors, li- censees, etc.....	2,145,028	2,006,603	138,425
Holdbacks on construction contracts.....	10,022,267	5,860,040	4,162,227
Hospital construction funds held pending claims by hospitals.....	179,911	221,768	(41,857)
Municipal vehicle licence account.....	584,040	590,452	(6,412)
Petroleum production credits redeemable upon per- formance of exploration and development work.....	7,178,997	10,454,539	(3,275,542)
Suspense—			
Permit and licence applications.....	8,697,588	3,023,944	5,673,644
Taxes, fees, etc.....	1,578,938	1,566,536	12,402
Miscellaneous ministerial accounts.....	3,301,633	4,005,035	(703,402)
	45,941,561	40,265,407	5,676,154
Unmatured Debt (for details as to terms of issue, etc., see page B 18)			
¹ Deficit repayment			
Debentures—			
Series AA: Due Dec. 22, 1977, 9¼ per cent.....	—	50,000,000	(50,000,000)
Series AB: Due Sept. 1, 1978, 9¼ per cent.....	—	50,000,000	(50,000,000)
Series AC: Due Nov. 1, 1978, 9¼ per cent.....	50,000,000	50,000,000	—
Series AD: Due Feb. 18, 1979, 8 per cent.....	100,000,000	100,000,000	—
Series AE: Due Mar. 15, 1979, 8 per cent.....	11,447,790	11,447,790	—
Subtotal, deficit repayment debentures.....	161,447,790	261,447,790	(100,000,000)
Treasury Bills—			
Series DS: Due Mar. 31, 1979, 8 per cent.....	50,000,000	—	50,000,000
Series DT: Due Mar. 31, 1979, 8 per cent.....	50,000,000	—	50,000,000
Subtotal, deficit repayment Treasury Bills.....	100,000,000	—	100,000,000
Total deficit repayment.....	261,447,790	261,447,790	—
Other—			
Treasury Bills, payable to Government of Can- ada in annual instalments through 1977—			
Interest free.....	—	278,073	(278,073)
Interest at 2½ per cent.....	—	144,077	(144,077)
Subtotal, other.....	—	422,150	(422,150)
	261,447,790	261,869,940	(422,150)

¹ Borrowing made pursuant to *British Columbia Deficit Repayment Act, 1975-1976* (1976, chap. 6). On May 1, 1978, the above debentures were substituted for 9.125% bonds in the same amount repayable in 10 annual instalments commencing May 1, 1979. (See Note 5, B-18.)

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES—Continued

	GENERAL FUND LIABILITIES—Continued		Net increase or (decrease) during 1977/78
	1978	1977	
¹ Sinking Funds (deducted from unmatured debt)	\$	\$	\$
Book value of funds; being less than par value of assets ..	—	422,150	(422,150)
Assets at par value—			
Cash in banks.....	—	373	
Short-term deposits with chartered banks and trust companies.....	—	1,087,560	
Securities—			
Province of Manitoba.....	—	422,150	
	—	1,510,083	
Less excess of par value over book value (in- cluding a provision for future interest requirements).....	—	1,087,933	
Total sinking fund assets at book value, as above.....	—	422,150	
<i>Summary of Sinking Fund Transactions During Year</i>			
Payments and charges—			
Redemption of debt.....	422,150		
Transfer to Consolidated Revenue Fund—			
Extraordinary income on wind up of fund.....	1,083,018		
		1,505,168	
Receipts and credits—			
Proceeds on disposal of investments.....	1,083,018		
Net reduction in sinking funds during year, as above.....	422,150		

¹ These sinking funds have been provided for the full repayment of long-term debt (principal and interest) exclusive of borrowings pursuant to the *British Columbia Deficit Repayment Act, 1975-1976* (1976, chap. 6).

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES—Continued

GENERAL FUND EXCESS OF ASSETS OVER LIABILITIES

		\$
Revenue Surplus		
Balance at March 31, 1977.....		76,129,730
Net revenue for the year (page A 9).....		140,488,978
		<hr/>
Balance at March 31, 1978.....		216,618,708
		<hr/>
Deficit at March 31, 1976, funded pursuant to the British Columbia Deficit Repayment Act, 1975-1976.....		
		(261,447,790)
		<hr/>
Capital Surplus		
Balance at March 31, 1977.....		2,524,103,353
		<hr/>
Expenditure on fixed assets, less depreciation (page B 5)—	Gross Expenditure	Depreciation
	\$	\$
Highways.....	234,027,257	—
Bridges.....	22,312,325	8,694,905
Ferries and ferry-landings.....	3,516,452	728,827
Buildings and furnishings.....	2,233,659	388,350
	<hr/>	<hr/>
	262,089,693	9,812,082
Less transfer to British Columbia Buildings Corporation (page B 5).....	381,571,109	84,359,819
	<hr/>	<hr/>
	(119,481,416)	(74,547,737)
		(44,933,679)
Net increase in taxes and accounts receivable (page B 3).....		20,677,857
Net increase in loans and advances (page B 4).....		4,337,157
<i>Transactions pertaining to investments in and advances to Crown Corporations and other long-term investments</i>		
British Columbia Buildings Corporation—		
Promissory note received for depreciable assets transferred.....	143,570,934	
Instalment payment received.....	(10,000,000)	
	<hr/>	133,570,934
British Columbia Cellulose Company—		
Dividends received in various securities.....	19,849,421	
Less applied to advances outstanding.....	14,355,123	
	<hr/>	
Balance representing interest earned on advances.....		5,494,298
British Columbia Harbours Board—Advances repaid.....		(2,000,000)
British Columbia Resources Investment Corporation—		
Shares at nominal value.....		5
Promissory note received for assets and rights transferred.....		151,532,930
Book values of assets transferred.....	54,794,369	
Less those that were held as temporary investments (see nonbudgetary expenditure).....	1,824,942	(52,969,427)
	<hr/>	<hr/>
<i>(See footnote (1) on page B 5 for particulars of transfer)</i>		
Crown Development Corporation—write-off shares, corporation wound up.....		(1,000)
Ocean Falls Corporation—additional advances.....		2,000,000
Swan Valley Foods Ltd.—		
Additional shares acquired:		
For cash.....	7,631,250	
For other considerations.....	251,000	
	<hr/>	7,882,250
Book value of the entire Swan Valley Foods Ltd. shareholding sold to Standard Brands Ltd. for \$2,200,000 represented by promissory note of \$2,000,000 and cash held in trust subject to claims settlement. (Included in loans and advances—Farm Products Industry Improvement Act, page B-3).....		(8,307,751)
		(425,501)
T. S. Holdings Ltd.—advances.....		13,767
		<hr/>
Balance at March 31, 1978.....		2,741,400,694
		<hr/>
Combined balance of surplus at March 31, 1978.....		2,696,571,612

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES—Continued

	SPECIAL PURPOSE FUNDS—ASSETS		Net increase or (decrease) during 1977/78 \$
	1978 \$	1977 \$	
Cash (in banks).....	20,209	305,193	(284,984)
Investments (at cost).....	237,612,176	157,569,246	80,042,930
<i>Securities Held at Par Value</i>			
Short-term deposits with chartered banks, trust companies, etc.—			
Banque Canadienne Nationale.....	—	2,000,000	
Bank of British Columbia.....	365,000	4,000,000	
Bank of Montreal.....	9,754,000	3,124,875	
Bank of Nova Scotia.....	7,643,679	8,390,000	
British Columbia Central Credit Union.....	272,500	—	
Canadian Imperial Bank of Commerce.....	30,775,746	—	
Mercantile Bank.....	—	2,421,900	
Provincial Bank of Canada.....	173,000	5,000,000	
Royal Bank of Canada.....	43,278,583	12,817,444	
Toronto Dominion Bank.....	20,072,000	11,000,000	
Other—	112,334,508	48,754,219	
¹ British Columbia Hydro and Power Authority parity bonds.....	17,511,800	16,009,200	
¹ British Columbia Railway Company parity bonds ...	10,235,000	10,235,000	
¹ British Columbia Regional Hospital Districts Fi- nancing Authority bonds.....	22,000,000	22,000,000	
¹ British Columbia School Districts Capital Finan- cing Authority bonds.....	60,592,000	60,592,000	
² Export Development Corporation notes.....	15,000,000	—	
	237,673,308	157,590,419	
<i>Less</i> excess of par value over cost.....	61,132	21,173	
	237,612,176	157,569,246	

¹ Province of British Columbia guarantee.² Government of Canada guarantee.

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES—Continued

Other Assets	SPECIAL PURPOSE FUNDS—ASSETS—Continued		Net increase or (decrease) during 1977/78 \$
	1978 \$	1977 \$	
NOTE—These assets are carried at book value as the amount of ultimate realization cannot be determined at this date.			
Housing Fund (pursuant to the <i>Ministry of Municipal Affairs and Housing Act</i>)—			
Accounts and advances receivable.....	18,411,597	4,674,334	13,737,263
Mortgages receivable—secured.....	4,891,401	3,484,632	1,406,769
Real estate.....	87,852,500	63,440,514	24,411,986
Investments in, and advances to			
Housing Corporation of British Columbia—			
Entire issued share capital of 1,355,084 common shares at cost.....	5,799,760	5,799,760	—
Advances.....	3,889,535	39,441,231	(35,551,696)
Provincial Rental Housing Corporation—			
Entire issued share capital of three com- mon shares at cost.....	633,511	633,511	—
Advances.....	34,473,986	37,439,221	(2,965,235)
British Columbia Housing Management Com- mission Advances.....	1,096,952	6,099,732	(5,002,780)
	<u>157,049,242</u>	<u>161,012,935</u>	<u>(3,963,693)</u>
Lottery Fund—working capital—			
Advance to the Western Canada Lottery Founda- tion.....	100,000	100,000	—
¹ Provincial Home Acquisition Fund—mortgage loans pursuant to the <i>Provincial Home Acquisition Act</i> and the <i>Leasehold and Conversion Mortgage Loan Act</i>	242,047,536	253,812,485	(11,764,949)
	<u>399,196,778</u>	<u>414,925,420</u>	<u>(15,728,642)</u>
<hr/>			
¹ Summary of loan transactions during year (Provincial Home Acquisition Fund)—			\$
Loans issued.....			34,014,348
Deposits refunded (net).....			13,116
			<u>34,027,464</u>
Less—			\$
Repayment of principal.....			44,836,893
Statutory remissions.....			319,820
Loans written off (uncollectable).....			635,700
			<u>45,792,413</u>
Net decrease in book value of loans during year, as above.....			<u>11,764,949</u>

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES—Continued
SPECIAL PURPOSE FUNDS—SUMMARY OF TRANSACTIONS AND BALANCES

	Balance, March 31, 1977		Revenue and Credits				Expenditure			Balance, March 31, 1978	
	\$	—	Transfers	Interest on Investments and Loans	Other Receipts	Total	Adminis-tration Costs	Grants	Other Expendi-ture		Total
Fixed-capital (Perpetual) Funds											
Capital Accounts—											
British Columbia Cultural Fund	20,000,000	—	—	—	—	2,536,340	—	2,925,907	—	2,925,907	66,465
Drug, Alcohol, and Cigarette Education, Prevention, and Rehabilitation Fund	25,000,000	—	—	2,015,507	—	2,015,507	107,817	170,645	3,524	281,986	3,790,921
First Citizens' Fund	25,000,000	—	—	1,967,265	—	1,967,265	—	1,773,099	—	1,773,099	2,641,367
Physical Fitness and Amateur Sports Fund	20,000,000	—	—	1,632,784	—	1,732,784	—	2,278,960	—	2,278,960	1,518,052
	90,000,000	—	—	—	—	8,251,896	107,817	7,148,611	3,524	7,259,952	8,016,805
Current Accounts (Available for Expenditure) —											
British Columbia Cultural Fund	456,032	—	967,900	1,568,440	—	—	—	—	—	—	—
Drug, Alcohol, and Cigarette Education, Prevention, and Rehabilitation Fund	2,057,400	—	—	2,015,507	—	1,259,590	—	—	—	—	—
First Citizens' Fund	2,447,201	—	—	1,967,265	—	50,809,999	—	—	—	—	—
Physical Fitness and Amateur Sports Fund	2,064,228	—	100,000	1,632,784	—	286,950	—	—	—	—	—
	7,024,861	—	1,067,900	7,183,996	—	33,006,620	—	—	—	—	—
Other Funds											
¹ Accelerated Reforestation Fund	1,477	—	—	—	—	—	—	—	—	—	1,477
¹ Agricultural Credit Fund	2,885	—	—	—	—	—	—	—	2,885	—	—
Crop Insurance Stabilization Fund	14,567,394	—	28,381,594	1,259,590	—	1,259,590	—	—	—	—	15,826,984
Farm Income Assurance Fund	3,107,788	—	—	22,428,405	—	50,809,999	—	—	—	50,917,787	3,000,000
Farm Products Industry Improvement Fund	3,354,736	—	—	253,950	—	286,950	—	—	—	1,203,958	2,363,529
² Housing Fund—											
Cash and investments	25,492,055	—	16,000,000	8,715,241	—	33,006,620	—	—	—	905,869	60,465,896
Other assets	161,012,935	—	—	—	—	—	—	—	—	—	157,049,242
	186,504,990	—	16,000,000	8,715,241	—	33,006,620	—	—	—	905,869	217,515,138
Lottery Fund	4,282,167	—	(1,067,900)	—	—	13,689,532	819,479	1,136,797	—	1,956,276	16,015,423
³ Provincial Home Acquisition Fund—											
Cash and investments	4,102,175	—	—	20,314,167	—	20,314,167	—	—	—	1,095,678	35,085,613
Other assets	253,812,485	—	—	—	—	—	—	—	—	—	242,047,536
	257,914,660	—	—	20,314,167	—	20,314,167	—	—	—	1,095,678	277,133,149
¹ Provincial Transit Fund	1,006,806	—	6,665,099	—	—	6,665,099	250,755	—	—	6,402,915	1,018,235
Special Provincial Employment Programmes Act Fund	1,406,273	—	—	—	—	—	—	—	—	—	1,406,273
	472,149,176	—	49,978,793	30,542,948	—	126,031,957	1,070,234	4,342,302	58,488,389	63,900,925	534,280,208
Miscellaneous Statutory Accounts											
Consumer Advancement Fund	1,301	—	—	—	—	—	—	—	—	—	1,301
Crop Insurance Accounts	280,547	—	—	2,404,874	—	2,404,874	—	—	1,564,527	1,564,527	1,120,894
Dairy Producers' Protection Fund	172,233	—	—	21,671	—	21,671	—	—	—	—	193,904
Domestic Animal Protection Fund	109,881	—	—	54,885	—	54,885	25,101	15,134	6,305	46,540	118,226
Pound District Act Account	366	—	—	71	—	71	—	—	328	328	109
University Endowment Lands Administration Account	3,061,494	—	—	2,096,474	—	2,096,474	1,358,302	—	701,950	2,060,252	3,097,716
	3,625,822	—	—	4,577,975	—	4,577,975	1,383,403	15,134	2,273,110	3,671,647	4,532,150
Combined totals	572,799,859	—	51,046,693	37,726,944	—	138,861,828	2,561,454	11,506,047	60,765,023	74,832,524	636,829,163

¹ Interest earned on the assets of this fund is credited to Budgetary Revenue.
² Housing Fund—real estate acquisition and development costs are not charged to fund expenditures but are carried as other assets (page B 10). The costs will be reflected in the fund transactions in future years upon disposal of the properties.
³ Provincial Home Acquisition Fund expenditures comprise statutory abatements and remissions re mortgage loans as well as home acquisition grants. The home-owner (mortgage) loans issued are not charged to fund expenditures but are carried as receivables (page B 10).

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES—Continued

	SUPERANNUATION FUNDS—ASSETS		Net increase or (decrease) during 1977/78 \$
	1978 \$	1977 \$	
Cash (in banks)			
Public Service Superannuation Fund.....	7,520	18,920	(11,400)
Members of the Legislative Assembly Superannuation Account.....	3,101	1,910	1,191
	<u>10,621</u>	<u>20,830</u>	<u>(10,209)</u>
Investments (at book value)			
Public Service Superannuation Fund.....	572,269,078	477,993,446	94,275,632
Members of the Legislative Assembly Superannuation Account.....	1,598,546	1,309,996	288,550
	<u>573,867,624</u>	<u>479,303,442</u>	<u>94,564,182</u>
<i>Securities Held</i>			
Public Service Superannuation Fund—			
Debt securities (par value)—			
Short-term deposits with chartered banks.....	11,170,000	35,488,545	
Province of British Columbia.....	127,463,090	111,558,790	
Province of Ontario.....	1,242,000	939,000	
Province of Quebec.....	727,000	25,000	
Province of Saskatchewan.....	3,451,000	1,600,000	
Government of Canada.....	15,454,000	250,000	
Canadian National Railway.....	6,000	6,000	
Manitoba Hydro-electric Commission (Prov- ince of Manitoba guarantee).....	312,000	16,000	
Manitoba Telephone Systems (Province of Manitoba guarantee).....	70,000	70,000	
Montreal Auto Route (Province of Quebec guarantee).....	250,000	250,000	
New Brunswick Electric Power Commission (Province of New Brunswick guarantee).....	1,595,000	—	
Newfoundland and Labrador Hydro-electric Corporation (Province of Newfoundland guarantee).....	700,000	—	
Nova Scotia Power Corporation (Province of Nova Scotia guarantee).....	2,325,000	1,000,000	
Ontario Hydro-electric Power Commission (Province of Ontario guarantee).....	30,197,000	4,201,000	
Quebec Hydro-electric Commission (Province of Quebec guarantee).....	5,257,000	2,869,000	
¹ British Columbia Hydro and Power Authority.....	275,232,545	200,134,000	
¹ British Columbia Ferry Authority.....	—	15,273,000	
¹ British Columbia Railway Company.....	44,353,000	45,823,000	
¹ British Columbia Regional Hospital Districts Financing Authority.....	10,000,000	10,000,000	
¹ British Columbia School Districts Capital Fi- nancing Authority.....	18,378,000	18,056,800	
¹ British Columbia Steamship Company (1975) Ltd.....	3,400,000	2,800,000	
¹ British Columbia municipalities.....	5,928,666	6,875,412	
¹ British Columbia improvement districts.....	12,234,600	11,912,400	
¹ British Columbia school districts.....	2,625,700	4,104,000	
	<u>572,371,601</u>	<u>473,251,947</u>	
Less excess of par value over book value.....	11,814,135	6,970,113	
	<u>560,557,466</u>	<u>466,281,834</u>	

¹ Province of British Columbia guarantee.

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES—Continued

SUPERANNUATION FUNDS—ASSETS—Continued

	1978	1977
	\$	\$
Investments (at book value)—Continued		
<i>Securities Held—Continued</i>		
Public Service Superannuation Fund—Continued		
Stocks (book value)—		
Bank of British Columbia, 51,055 shares.....	1,147,589	1,147,589
British Columbia Telephone Company, 1,001,955 common shares.....	10,517,167	10,517,167
Canadian Pacific Limited, 1,200 common shares.....	19,800	19,800
Imperial Oil Limited, 300 common shares.....	12,712	12,712
International Nickel Company of Canada Ltd., 450 common shares.....	14,344	14,344
	<hr/>	<hr/>
Total securities at book value, above.....	572,269,078	477,993,446
	<hr/>	<hr/>
Members of the Legislative Assembly Superannuation Account (par value)—		
Short-term deposits with chartered banks.....	373,600	53,600
¹ British Columbia Hydro and Power Authority.....	1,047,000	1,118,000
¹ British Columbia Railway Company.....	20,000	20,000
¹ British Columbia School Districts Capital Finan- cing Authority.....	90,000	90,000
¹ British Columbia improvement districts.....	14,000	16,000
¹ British Columbia municipalities.....	—	2,000
¹ British Columbia school districts.....	24,400	32,000
Government of Canada.....	15,000	—
² Ontario Hydro-electric Power Commission.....	40,000	—
	<hr/>	<hr/>
	1,624,000	1,331,600
Less excess of par value over book value.....	25,454	21,604
	<hr/>	<hr/>
Total securities at book value, above.....	1,598,546	1,309,996
	<hr/>	<hr/>

¹ Province of British Columbia guarantee.² Province of Ontario guarantee.

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES—Continued

SUPERANNUATION FUNDS—SUMMARY OF TRANSACTIONS FOR THE YEARS ENDED
MARCH 31, 1978 AND 1977

PUBLIC SERVICE SUPERANNUATION FUND

	March 31, 1978	March 31, 1977
	\$	\$
Receipts and Credits		
Contributions—		
Employees.....	38,749,640	32,243,433
Province of British Columbia.....	44,467,071	38,005,601
Other employers.....	7,503,560	4,208,069
Transfers from other plans and funds (net).....	1,428,096	841,867
¹ Transfers from Member's Account (below).....	—	649,713
Interest on investments.....	33,993,531	34,178,961
	<u>126,141,898</u>	<u>110,127,644</u>
Disbursements and Charges		
Superannuation allowances.....	22,463,649	18,696,384
Refunds—		
Employees.....	5,110,493	4,534,397
Province of British Columbia.....	4,303,524	3,872,153
	<u>31,877,666</u>	<u>27,102,934</u>
Net increase in funds during year	94,264,232	83,024,710
Balance at credit of funds at beginning of year.....	478,012,366	394,987,656
Balance at credit of funds at end of year.....	<u>572,276,598</u>	<u>478,012,366</u>

MEMBERS OF THE LEGISLATIVE ASSEMBLY SUPERANNUATION ACCOUNT

Receipts and Credits		
Contributions—		
Members.....	85,703	73,051
Province of British Columbia.....	131,017	343,637
Interest on investments.....	76,442	109,770
	<u>293,162</u>	<u>526,458</u>
Disbursements and Charges		
¹ Transfer to Public Service Fund (above).....	—	649,713
Refunds—Members.....	3,421	12,753
	<u>3,421</u>	<u>662,466</u>
Net increase (decrease) in funds during year	289,741	(136,008)
Balance at credit of funds at beginning of year.....	1,311,906	1,447,914
Balance at credit of funds at end of year.....	<u>1,601,647</u>	<u>1,311,906</u>

¹ Superannuation allowances to former Members of the Legislative Assembly are paid from the Public Service Superannuation Fund for purposes of administration. The capitalized values of the allowances are provided by transfer from the Members of the Legislative Assembly Account.

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES—Continued

Cash and Investments	TRUST FUNDS—ASSETS		Net increase or (decrease) during 1977/78
	1978	1977	
	\$	\$	\$
Cash in banks.....	1,116,786	2,221,066	(1,104,280)
Short-term deposits with chartered banks and trust companies.....	195,801,024	79,757,971	116,043,053
Investments—direct or guaranteed securities of the Government of Canada and the Provinces.....	542,533,975	540,072,268	2,461,707
	<u>739,451,785</u>	<u>622,051,305</u>	<u>117,400,480</u>

TRUST FUNDS—BALANCES			
Trust Deposits			
Bond redemption account (unclaimed bonds).....	7,500	15,500	(8,000)
Bond interest coupon account (unclaimed bond coupons).....	3,284	4,589	(1,305)
Cemetery Tax Account.....	85,312	84,872	440
Companies in liquidation.....	382,632	424,941	(42,309)
Courts.....	65,944,112	19,687,523	46,256,589
Intestate estates.....	13,784,862	12,245,058	1,539,804
Official Committee.....	22,627,835	20,953,480	1,674,355
Official Guardian.....	5,650,246	4,215,745	1,434,501
Patients' accounts, Provincial institutions.....	346,377	435,717	(89,340)
Miscellaneous.....	177,905	174,767	3,138
	<u>109,010,065</u>	<u>58,242,192</u>	<u>50,767,873</u>

Sinking Funds			
British Columbia Buildings Corporation.....	314,852	—	314,852
British Columbia Hydro and Power Authority.....	288,858,958	244,095,289	44,763,669
British Columbia Ferry Authority.....	31,268,867	50,490,303	(19,221,436)
British Columbia Railway Company.....	84,557,874	70,870,204	13,687,670
British Columbia Regional Hospital Districts Financing Authority.....	39,921,456	29,187,093	10,734,363
British Columbia School Districts Capital Financing Authority.....	154,212,609	121,494,030	32,718,579
Burnaby, District of.....	709,379	632,332	77,047
Greater Vancouver Sewerage and Drainage District.....	18,112,156	17,319,689	792,467
Queensborough Bridge Account.....	1,524,243	1,752,120	(227,877)
Sundry improvement districts.....	5,164,789	4,387,919	776,870
	<u>624,645,183</u>	<u>540,228,979</u>	<u>84,416,204</u>

Other			
Ferries Insurance Fund.....	4,381,113	4,045,164	335,949
Land Registry Assurance Fund.....	806,522	757,153	49,369
Workers' Compensation Board, Accident Fund bank account.....	405,602	1,027,233	(621,631)
British Columbia Buildings Corporation.....	—	17,750,584	(17,750,584)
Travel Agents Assurance Fund.....	203,300	—	203,300
	<u>5,796,537</u>	<u>23,580,134</u>	<u>(17,783,597)</u>
Total miscellaneous trust deposits.....	<u>739,451,785</u>	<u>622,051,305</u>	<u>117,400,480</u>

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES—Continued

GUARANTEED DEBT

Debt Guaranteed as to Principal and Interest by the Province	\$	Gross Outstanding ¹ \$	Less Sinking Funds ² \$	Net Outstanding \$
Municipalities and other local governments—				
(1) Guarantees authorized pursuant to the <i>Public Schools Construction Act</i> (principally funded).....	867,412,200			
Less held by British Columbia School Districts Capital Financing Authority.....	851,714,000			
		15,698,200 ³	—	15,698,200
(2) Guarantees authorized pursuant to sec. 46, <i>Regional Hospital Districts Act</i>	331,464,000			
Less held by British Columbia Regional Hospital Districts Financing Authority.....	331,464,000			
		—	—	—
(3) Guarantees authorized pursuant to sec. 3, <i>Municipalities Assistance Act</i> (principally serials).....		36,994,645	763,973	36,230,672
(4) Guarantees authorized pursuant to sec. 3, <i>Village Municipalities Assistance Act</i> (repayable serially).....		33,500	—	33,500
(5) Guarantees authorized pursuant to sec. 12, <i>Improvement Districts Assistance Loan Act</i> , debentures (principally serials).....		27,429,400	5,804,369	21,625,031
(6) Greater Vancouver Sewerage and Drainage District debentures (some serials).....		20,085,000	17,006,622	3,078,378
Subtotals, municipalities and local governments.....		100,240,745	23,574,964	76,665,781

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES—Continued

GUARANTEED DEBT—Continued

	Gross Outstanding ¹ \$	Less Sinking Funds ² \$	Net Outstanding \$
<i>Crown agencies—</i>			
(7) Guarantees authorized pursuant to sec. 46, <i>British Columbia Hydro and Power Authority Act, 1964—</i>			
Bonds and debentures—funded	4,683,319,200	294,335,480	4,388,983,720
Parity bonds—unfunded.....	75,000,000	—	75,000,000
(8) Guarantees authorized pursuant to sec. 17, <i>British Columbia Railway Company Construc- tion Loan Act—</i>			
Bonds and debentures—funded.....	736,585,000	90,024,289	646,560,711
Notes—unfunded.....	6,200,000	—	6,200,000
(9) Guarantees authorized pursuant to sec. 28, <i>British Columbia Ferry Authority Act, bonds and debentures—funded.....</i>	18,685,000	18,685,000	—
(10) Guarantees authorized pursuant to sec. 9, <i>British Columbia School Districts Capital Fi- nancing Authority Act, debentures—princi- pally funded.....</i>	851,714,000	157,896,764	693,817,236
(11) Guarantees authorized pursuant to sec. 9, <i>British Columbia Regional Hospital Districts Financing Authority Act, debentures—funded ..</i>	331,464,000	40,639,189	290,824,811
(12) Guarantees authorized pursuant to sec. 8, <i>British Columbia Cellulose Company Act, 1973 (U.S. funds).....</i>	37,000,000	—	37,000,000
(13) Guarantees authorized pursuant to sec. 4A, <i>Ministry of the Environment Act.....</i>	3,400,000	—	3,400,000
(14) Guarantees authorized pursuant to sec. 12, <i>British Columbia Buildings Corporation Act, 1976, debentures—funded.....</i>	33,000,000	321,078	32,678,922
(15) Guarantees authorized pursuant to sec. 14, <i>Development Corporation of British Columbia Act, 1973—notes.....</i>	22,600,000	—	22,600,000
Subtotal, Crown agencies.....	6,798,967,200	601,901,800	6,197,065,400
<i>Resource enterprises—</i>			
(16) Guarantees authorized pursuant to sec. 3, <i>Farm Products Industry Improvement Act, 1973, 2nd Sess.....</i>	10,584,309	—	10,584,309
(17) Guarantees authorized pursuant to sec. 3, <i>Agricultural Credit Act, 1973, 2nd Sess.....</i>	3,525,462	—	3,525,462
(18) Guarantees authorized pursuant to sec. 4 (3), <i>Ministry of Economic Development Act.....</i>	339,200	—	339,200
Subtotal, resource enterprises.....	14,448,971	—	14,448,971
Grand total all guaranteed debt.....	6,913,656,916	625,476,764	6,288,180,152

¹ Except in the case of the British Columbia Hydro and Power Authority where debt payable in United States dollars is translated to Canadian dollars at the rates of exchange prevailing at the date the debt was incurred, debt payable in United States dollars is recorded at par. Translation of the debt payable in United States dollars at the rate of exchange as at March 31, 1978, would increase the total gross debt outstanding by approximately \$198 million. In addition, interest accrued at March 31, 1978, on the gross debt would further increase the total gross debt by approximately \$169 million.

² Sinking funds comprise cash and investments recorded at par value plus accrued interest except for Item (7) recorded at book value plus cash and accrued interest and Item (9) shown at an adjusted value equivalent to the debt outstanding (book value plus accrued interest equals \$31,514,681). Translation of securities payable in United States funds, including accrued interest, at the rate of exchange as at March 31, 1978, would increase the total value of sinking funds by approximately \$11 million.

³ Repayable serially.

STATEMENT OF DEBENTURES AND TREASURY BILLS OUTSTANDING AND UNPAID AS AT MARCH 31, 1978

Maturity	Date of Issue	Rate (%)	Nature	Series	Amount Outstanding	Interest Payable	Place and Manner of Payment	Term (years)	Denomination	Authority
Nov. 1, 1978	Nov. 1, 1976	9.25	Debentures	AC	\$ 50,000,000	1 May & Nov.	L.M.—C.B.C.—V., Vr., E., C.R.W.T.M.H.	2	\$ 1,000; 25,000; 100,000; 500,000; 1,000,000 ^{1, 2}	Revenue Act, R.S.B.C. 1960; B.C.D.R.A. 1975-76 and O.C. 3137/76
Feb. 18, 1979	Feb. 18, 1977	8.00	Debentures	AD	100,000,000	18 Feb. & Aug.	L.M.—C.B.C.—V., Vr., E., C.R.W.T.M.H.	2	1,000; 25,000; 100,000; 500,000; 1,000,000 ^{1, 3}	Revenue Act, R.S.B.C. 1960; B.C.D.R.A. 1975-76 and O.C. 545/77
Mar. 15, 1979	Mar. 15, 1977	8.00	Debentures	AE	11,447,790	15 Mar. & Sept.	L.M.—C.B.C.—V., Vr., E., C.R.W.T.M.H.	2	1,000; 25,000; 100,000; 500,000; 1,000,000 ^{1, 4}	Revenue Act, R.S.B.C. 1960; B.C.D.R.A. 1975-76 and O.C. 899/77
			Total debentures		161,447,790					
Mar. 31, 1979	Dec. 22, 1977	8.00	Treasury Bills	D.S.	50,000,000		L.M.—C.B.C.—V.			Revenue Act, R.S.B.C. 1960; B.C.D.R.A. 1975-76 and O.C. 3634/77
Mar. 31, 1979	Mar. 1, 1978	8.00	Treasury Bills	D.T.	50,000,000		L.M.—C.B.C.—V.			Revenue Act, R.S.B.C. 1960; B.C.D.R.A. 1975-76 and O.C. 429/78
			Total Treasury Bills		100,000,000					
			Grand total, direct debt		261,447,790 ⁵					

¹ Debentures may be obtained in fully registered form in denominations of \$1,000 and authorized multiples thereof.
² The Province has the right at its option to redeem the debentures of this issue on May 1, 1978, as a whole or in part by lot.
³ The Province has the right at its option to redeem the debentures of this issue on June 18, 1977, or any date thereafter, as a whole or in part by lot.
⁴ The Province has the right at its option to redeem the debentures of this issue on April 15, 1977, or any date thereafter, as a whole or in part by lot.
⁵ On May 1, 1978, the Province exercised its option to redeem the debentures and treasury bills comprising the direct debt in the amount of \$261,447,790 and substituted therefor 9.125% Bonds, Series B, in the same amount dated May 1, 1978, and due May 1, 1988. The Bonds are repayable in 10 annual instalments commencing May 1, 1979. The Province has the right at its option to redeem the Bonds on June 1, 1978, or any date thereafter, as a whole or in part.
 L.M.—In lawful money of Canada. C.B.C.—At the Canadian Imperial Bank of Commerce. V.—Victoria. Vr.—Vancouver. E.—Edmonton. C.—Calgary. R.—Regina. W.—Winnipeg. T.—Toronto. M.—Montreal. H.—Halifax. R.S.B.C.—Revised Statutes of British Columbia. B.C.D.R.A.—British Columbia Deficit Repayment Act, 1975-1976.

G. S. BRYSON
 Deputy Minister of Finance

SECTION C

SCHEDULES OF GENERAL FUND REVENUE AND EXPENDITURE

CONTENTS

	PAGE
Revenue for the fiscal year ended March 31, 1978—Details by source.....	C 2
Expenditure for the fiscal year ended March 31, 1978—	
Budgetary expenditures and appropriations by ministries—	
Legislation	C 4
Auditor General.....	C 4
Ministry of Finance.....	C 4
Executive Council.....	C 4
Ministry of the Provincial Secretary and Travel Industry.....	C 4
Ministry of the Attorney-General.....	C 6
Ministry of Economic Development.....	C 6
Ministry of the Environment.....	C 7
Ministry of Agriculture.....	C 7
Ministry of Energy, Transport and Communications.....	C 7
Ministry of Mines and Petroleum Resources.....	C 8
Ministry of Forests.....	C 8
Ministry of Highways and Public Works.....	C 8
Ministry of Education.....	C 9
Ministry of Health.....	C 9
Ministry of Human Resources.....	C 10
Ministry of Municipal Affairs and Housing.....	C 10
Ministry of Labour.....	C 11
Ministry of Consumer and Corporate Affairs.....	C 11
Ministry of Recreation and Conservation.....	C 11
Nonbudgetary expenditure.....	C 12

DETAILS OF REVENUE FOR THE FISCAL YEAR ENDED MARCH 31, 1978

ESTIMATED \$	SOURCE	Received \$	Received \$
PROPERTY TAXES			
20,400,000	Real property tax		21,562,622
SOCIAL SERVICES, FUEL TAXES, ETC.			
7,000,000	Pari mutuel betting tax	8,002,981	
740,000,000	Social services tax (net)	748,383,192	
171,000,000	Gasoline tax	167,031,542	
19,000,000	Motive-fuel use tax	19,792,152	
3,000,000	Fuel-oil tax	2,458,145	
32,000,000	Cigarette and tobacco tax	33,255,747	
8,500,000	Hotel and motel room tax	8,251,499	
980,500,000	Total, social services, fuel taxes, etc.		987,175,258
CORPORATION, PERSONAL, SUCCESSION, AND GIFT TAXES			
Corporation:			
283,000,000	Income tax	245,699,084	
33,000,000	Capital tax	41,452,916	
1,115,500,000	Personal income tax	985,990,685	
12,000,000	Succession and gift taxes	14,050,675	
1,443,500,000	Total, corporation, personal, succession, and gift taxes		1,287,193,360
PRIVILEGES, LICENCES, AND NATURAL RESOURCES TAXES AND ROYALTIES			
48,600,000	Motor-vehicle Licences and Permits	57,791,570	
Natural Resources			
6,100,000	Wildlife Act—Fees and licences	5,541,912	
Lands and Forests—			
500,000	Grazing permits and fees	460,041	
5,000,000	Land leases, rentals and fees	7,050,778	
10,000,000	Logging tax	48,461,112	
150,000	Timber leases	143,532	
500,000	Timber licences	505,639	
7,000,000	Timber royalties	8,668,094	
50,000,000	Timber sales	79,234,093	
			144,523,289
Minerals—			
5,300,000	Coal, minerals, and metals royalties	4,516,651	
245,600,000	Petroleum and natural gas royalties, leases, and fees	426,691,591	
200,000	Free miners' certificates	216,478	
2,500,000	Mining receipts, general	2,004,955	
11,000,000	Mining tax	9,150,820	
9,040,000	Mineral land tax	8,087,921	
11,000,000	Mineral resource tax	11,396,392	
			462,064,808
Water Resources—			
13,300,000	Water rentals and recording fees	14,588,575	
Other			
600,000	Agricultural licences and fees	648,577	
175,000	Boiler inspection fees	292,854	
3,300,000	Companies Branch	3,787,118	
2,200,000	Electrical energy inspection fees	1,941,632	
990,000	Fire Marshal Act—fees, etc.	1,645,580	
175,000	Gas Act—fees	188,171	
210,000	Insurance Act	460,966	
10,000,000	Insurance premiums tax	12,356,562	
1,800,000	Law stamps	2,098,662	
1,000,000	Probate fees	1,321,694	
240,000	Securities Act	178,715	
4,910,000	Sundry licences and permits	3,518,929	
			28,439,460
451,390,000	Total privileges, licences, and natural resources taxes and royalties		712,949,614

DETAILS OF REVENUE FOR THE FISCAL YEAR ENDED MARCH 31, 1978—Continued

ESTIMATED \$	SOURCE	Received \$	\$
SALES AND SERVICE FEES			
Sales			
1,250,000	Land sales.....	2,303,889	
350,000	Sale of maps and air photos.....	354,528	
			2,658,417
Services			
—	Administration Act—fees.....	303,459	
4,000,000	Motor-vehicle lien and search fees.....	3,883,321	
693,000	Education course and examination fees.....	580,739	
5,900,000	Medicare Services recoveries.....	6,020,036	
2,500,000	Ferry revenue.....	2,562,969	
2,567,000	Ambulance Service.....	2,246,843	
6,750,000	Forest scaling fees.....	7,374,248	
840,000	Land-clearing receipts.....	1,468,974	
18,000,000	Land Registry fees.....	19,269,289	
5,068,000	Reservoir waterway improvements.....	2,277,549	
1,500,000	Sheriffs' fees.....	1,312,285	
1,000,000	Publications Service Branch (Education) rentals and sales.....	868,281	
550,000	Vital Statistics.....	456,154	
4,832,000	Sundry services.....	6,027,700	
			54,651,847
55,800,000	Total, sales and service fees.....		57,310,264
FINES AND PENALTIES			
8,500,000	Court fees and fines.....		10,377,029
INTEREST, DISCOUNT, PREMIUM, AND EXCHANGE			
12,000,000	Miscellaneous interest and dividend income.....		34,896,363
CONTRIBUTIONS FROM OTHER GOVERNMENTS			
2,300,000	Canada statutory subsidies.....	2,116,848	
2,000,000	Canada percentage of power corporation tax.....	477,620	
310,300,000	Canada established programs financing.....	373,854,000	
282,403,000	Canada share of joint service programs in lieu of opting out.....	298,211,283	
			674,659,751
597,003,000	Municipal share of joint service programs.....	32,685,829	
30,785,000	Other provinces.....	73,096	
22,000			
627,810,000	Total, contributions from other governments.....		707,418,676
CONTRIBUTIONS FROM GOVERNMENT ENTERPRISES			
170,000,000	Net profit, Liquor Distribution Branch (including permits) ...	180,677,062	
33,000,000	British Columbia Buildings Corporation.....	15,000,000	
203,000,000	Total, contributions from Government enterprises.....		195,677,062
MISCELLANEOUS			
7,045,000	Institutional maintenance receipts.....	15,082,041	
19,955,000	Miscellaneous revenue.....	25,849,544	
			40,931,585
27,000,000	Total, miscellaneous.....		
3,829,900,000	Total, budgetary revenue.....		4,055,491,833
NONBUDGETARY			
	Government of Canada contribution to assist in the construction of Dease Lake rail line.....	79,852,785	
	Interest earned on above.....	1,315,295	
			81,168,080
	Recovery of advance to B.C. Harbours Board.....	2,000,000	
	Proceeds on wind up of Consolidated Sinking Fund.....	1,083,018	
	Total, nonbudgetary revenue.....		84,251,098
	Total revenue.....		4,139,742,931

EXPENDITURE FOR THE FISCAL YEAR ENDED MARCH 31, 1978

SUMMARY SHOWING EXPENDITURE COMPARED WITH MAIN ESTIMATES AND OTHER AUTHORIZATIONS

No. of vote	SERVICE	Total expenditure	Main estimates voted	Expenditure over (under) main estimates	Other authorizations ¹	Net over (under) expenditure
	Legislation	\$	\$	\$	\$	\$
1	Legislation.....	5,131,913	3,580,426	1,551,487		
	Statutory—					
	<i>Constitution Act</i> (R.S.B.C. 1960, chap. 71, sec. 71).....				1,551,487	—
	<i>Crown Corporation Reporting Act</i> (1977, chap. 49, sec. 10).....	148,456		148,456	148,456	—
		5,280,369	3,580,426	1,699,943	1,699,943	—
	Auditor General					
	Statutory— <i>Auditor General Act</i> (1976, chap. 3, sec. 20).....	344,966		344,966	344,966	—
	Ministry of Finance					
2	Minister's office.....	105,026	95,034	9,992		
	Supplement—Special Warrant No. 72.....				10,000	(8)
3	Administrative and support services.....	947,853	903,968	43,885		
	Supplement—Special Warrant No. 72.....				70,000	(26,115)
4	Controlling and audit branch.....	2,599,261	2,830,063	(230,802)		(230,802)
5	Computer and consulting services.....	5,856,154	3,500,010	2,356,144		
	Supplement—Special Warrant No. 72.....				300,000	
	Statutory— <i>Revenue Act</i> , (R.S.B.C. 1960, chap. 341, sec. 55 (3)).....				2,056,144	—
6	Purchasing Commission.....	1,311,898	1,315,344	(3,446)		
	Supplement—Special Warrant No. 72.....				110,000	(113,446)
7	Taxation administration.....	3,982,898	4,322,478	(339,580)		(339,580)
8	Assessment Appeal Board.....	168,175	100,000	68,175		
	Supplement—Special Warrant No. 59.....				72,500	(4,325)
9	Government agencies.....	4,589,145	4,917,294	(328,149)		(328,149)
10	Interest on public debt.....	22,507,492	13,875,000	8,632,492		
	Supplement—Special Warrant No. 72.....				8,691,508	(59,016)
11	Grants, contributions and subsidies.....	31,590,883	30,260,000	1,330,883		
	Supplement—Special Warrant No. 14.....				3,100,000	(1,769,117)
12	Interest on funds and deposits.....	3,430,358	3,500,000	(69,642)		(69,642)
13	Incidentals.....	1,941,053	788,510	1,152,543		
	Supplement—					
	Special Warrant No. 29.....				742,500	
	Special Warrant No. 72.....				440,000	(29,957)
14	Salary contingencies (all ministries).....	41,358,721	41,362,498	(3,777)		
	Supplement—Special Warrant No. 72.....				2,750,000	(2,753,777)
15	Treasury Board.....	10,251,329	10,765,913	(514,584)		
	Supplement—Special Warrant No. 15.....				265,000	(779,584)
16	Building occupancy charges.....	1,616,695	1,666,187	(49,492)		(49,492)
17	Computer and consulting charges.....	1,595,502	1,595,502	—		—
	Statutory—					
	Court of Revision costs, <i>Assessment Amendment Act</i> (1977, chap. 30, sec. 165).....	421,839		421,839	421,839	—
	Judgments against Crown, <i>Crown Proceedings Act</i> (1974, chap. 24, sec. 13 (4)).....	23,436		23,436	23,436	—
		134,297,718	121,797,801	12,499,917	19,052,927	(6,553,010)
	Staff reduction salary savings.....		1,987,033	1,987,033		1,987,033
		134,297,718	119,810,768	14,486,950	19,052,927	(4,565,977)
	Executive Council					
18	Executive Council.....	691,125	713,648	(22,523)		(22,523)
	Ministry of the Provincial Secretary and Travel Industry					
	PROVINCIAL SECRETARY AND TRAVEL INDUSTRY					
19	Minister's office.....	144,787	155,690	(10,903)		(10,903)
20	General administration.....	354,802	339,252	15,550		15,550
21	Central Microfilm Bureau.....	737,173	806,242	(69,069)		(69,069)
22	Postal Branch.....	5,030,070	4,529,088	500,982		
	Supplement—Special Warrant No. 67.....				600,000	(99,018)
23	Legislative Library.....	615,642	646,994	(31,352)		(31,352)
24	Provincial Archives.....	770,534	742,620	27,914		
	Supplement—Special Warrant No. 21.....				39,300	(11,386)
25	Queen's Printer.....	30,312	10	30,302		
	Statutory— <i>Public Printing Act</i> (R.S.B.C. 1960, chap. 318, sec. 12).....				30,302	—

EXPENDITURE FOR THE FISCAL YEAR ENDED MARCH 31, 1978—Continued

No. of vote	SERVICE	Total expenditure	Main estimates voted	Expenditure over (under) main estimates	Other authorizations ¹	Net over (under) expenditure
		\$	\$	\$	\$	\$
Ministry of the Provincial Secretary and Travel Industry—Continued						
PROVINCIAL SECRETARY AND TRAVEL INDUSTRY—Continued						
26	Government House	150,296	131,888	18,408		
	Supplement—Special Warrant No. 22				25,000	(6,592)
27	Agent General's Office and British Columbia House, London, England	519,338	454,184	65,154		
	Supplement—Special Warrant No. 23				130,000	(64,846)
28	Indian Advisory Act	44,567	60,420	(15,853)		(15,853)
29	Public Inquiries Act	1,292,477	280,000	1,012,477		
	Statutory—Public Inquiries Act (R.S.B.C. 1960, chap. 315, sec. 13)				1,012,477	—
30	Grants—Special services and events	2,674,762	2,910,000	(235,238)		(235,238)
31	Provincial Elections Act	515,215	580,236	(65,021)		(65,021)
32	Provincial Emergency Programme	1,266,110	1,347,486	(81,376)		(81,376)
33	Air Services	1,782,116 ²	1,508,000	274,116		
	Statutory—Revenue Act, (R.S.B.C. 1960, chap. 341, sec. 55 (3))				274,116	—
34	British Columbia Lottery Branch	—	10	(10)		(10)
35	Unemployment Insurance and Workers' Compensation	13,269,589	13,200,000	69,589		69,589
36	Provincial Museum and Resource Museums	3,712,823	3,659,102	53,721		
	Supplement—Special Warrant No. 24				128,000	(74,279)
37	Government publications	190,392	200,000	(9,608)		(9,608)
38	Public information	141,229	150,000	(8,771)		(8,771)
39	Legislative tour guides	85,954	96,354	(10,400)		(10,400)
40	Queen Elizabeth II British Columbia Centennial Scholarship Act	10,500	10,500	—		—
41	Flood Relief Act	—	50,000	(50,000)		(50,000)
42	General administration—travel industry	63,427	63,380	47		47
43	Travel division	5,134,905	4,237,780	897,125		
	Supplement—Special Warrant No. 56				900,000	(2,875)
44	Beautiful British Columbia Magazine	1,164,420	1,185,068	(20,648)		(20,648)
45	California and London offices	182,308	174,720	7,588		7,588
46	Film and photographic branch	583,110	588,182	(5,072)		(5,072)
47	Building occupancy charges	5,262,452	5,496,452	(234,000)		(234,000)
48	Computer and consulting charges	450,000	450,000	—		—
	Statutory—					
	Advances to committee, Captain Cook Bi-centennial Commemoration Act (1977, chap. 23, sec. 9)	1,250,000		1,250,000	1,250,000	—
	Medical expenses, London, England and California, Public Service Act (1973, 2nd Sess., chap. 143, sec. 74 (1))	8,140		8,140	8,140	—
	Subtotal, Provincial Secretary and Travel Industry	47,437,450	44,053,658	3,383,792	4,397,335	(1,013,543)
	Staff reduction salary savings		1,139,410	1,139,410		1,139,410
		47,437,450	42,914,248	4,523,202	4,397,335	125,867
PUBLIC SERVICE COMMISSION						
49	Public Service Commission administration	2,248,937	2,564,830	(315,893)		(315,893)
50	Grants re Public Service and retiring allowance	3,609,827	3,970,000	(360,173)		(360,173)
51	Public Service Adjudication Board	21,200	266,600	(245,400)		(245,400)
	Special Warrant No. 42—Negotiated termination settlements	65,371		65,371	100,000	(34,629)
	Subtotal, Public Service Commission	5,945,335	6,801,430	(856,095)	100,000	(956,095)
	Staff reduction salary savings		274,554	274,554		274,554
		5,945,335	6,526,876	(581,541)	100,000	(681,541)
SUPERANNUATION BRANCH						
52	Superannuation Branch administration	1,157,308	1,153,661	3,647		
	Statutory—Public Service Superannuation Act (R.S.B.C. 1960, chap. 57, sec. 29)				3,647	—
53	Public Service Superannuation and Retirement Benefits	49,706,880	45,120,000	4,586,880		
	Statutory—Public Service Superannuation Act (R.S.B.C. 1960, chap. 57, sec. 30 (1))				4,586,880	—
54	Members of the Legislative Assembly Superannuation Act	131,017	135,000	(3,983)		(3,983)
55	Municipal Superannuation Act	27,850	50,000	(22,150)		(22,150)

EXPENDITURE FOR THE FISCAL YEAR ENDED MARCH 31, 1978—Continued

No. of vote	SERVICE	Total expenditure	Main estimates voted	Expenditure over (under) main estimates	Other authorizations ¹	Net over (under) expenditure
		\$	\$	\$	\$	\$
Ministry of the Provincial Secretary and Travel Industry—Continued						
<i>SUPERANNUATION BRANCH—Continued</i>						
56	Employee benefits	10,426,244	11,952,391	(1,526,147)		(1,526,147)
	Subtotal, Superannuation Branch	61,449,299	58,411,052	3,038,247	4,590,527	(1,552,280)
	Staff reduction salary savings		162,261	162,261		162,261
		61,449,299	58,248,791	3,200,508	4,590,527	(1,390,019)
	Total, Ministry of the Provincial Secretary and Travel Industry	114,832,084	109,266,140	5,565,944	9,087,862	(3,521,918)
	Staff reduction salary savings		1,576,225	1,576,225		1,576,225
		114,832,084	107,689,915	7,142,169	9,087,862	(1,945,693)
Ministry of the Attorney-General						
57	Minister's office	106,035	104,720	1,315		1,315
58	Administration and support	2,910,004	3,423,788	(513,784)		(513,784)
59	Courts	25,155,200	24,727,125	428,075		
	Supplement—					
	Special Warrant No. 55				35,000	
	Special Warrant No. 65				250,000	143,075
60	Crown Counsel	8,511,248	7,644,422	866,826		
	Supplement—Special Warrant No. 65				900,000	(33,174)
61	Police services	29,893,855	29,137,388	756,467		
	Supplement—Special Warrant No. 65				800,000	(43,533)
62	Corrections	43,147,454	40,974,313	2,173,141		
	Supplement—					
	Special Warrant No. 9				1,138,550	
	Special Warrant No. 49				39,500	
	Special Warrant No. 65				1,000,000	(4,909)
63	Regional justice co-ordination	388,549	392,576	(4,027)		
	Supplement—Special Warrant No. 1				20,000	(24,027)
64	Legal Services Commission	7,275,491	7,300,000	(24,509)		(24,509)
65	Justice Development Commission	1,618,473	1,721,000	(102,527)		
	Supplement—Special Warrant No. 1				328,000	(430,527)
66	Legal services to Government	2,733,456	2,277,050	456,406		
	Supplement—Special Warrant No. 65				500,000	(43,594)
67	Judiciary	5,143,893	5,350,841	(206,948)		(206,948)
68	Coroners	1,263,760	980,080	283,680		
	Supplement—Special Warrant No. 65				400,000	(116,320)
69	British Columbia Parole Board	73,203	114,416	(41,213)		(41,213)
70	Law Reform Commission	197,067	291,353	(94,286)		(94,286)
71	<i>Criminal Injuries Compensation Act</i>	1,452,474	1,500,000	(47,526)		(47,526)
72	Public Trustee	1,123,462	1,179,013	(55,551)		(55,551)
73	Fire Marshal	661,059	745,692	(84,633)		(84,633)
74	Racing Commission	368,124	351,078	17,046		
	Supplement—Special Warrant No. 25				35,000	(17,954)
75	Land Registry Program	4,408,393	4,503,510	(95,117)		(95,117)
76	Order in Council Patients' Review Board	52,769	50,000	2,769		
	Supplement—Special Warrant No. 65				10,000	(7,231)
77	Building occupancy charges	16,006,032	16,466,107	(460,075)		(460,075)
78	Computer and consulting charges	144,000	144,000	—		—
	Statutory—					
	Separation allowance for Provincial Judge, <i>Provincial Court Act</i> (1975, chap. 57, sec. 34 (4))	21,000		21,000	21,000	—
	Task force on policing costs, <i>Police Act</i> (1974, chap. 64, sec. 7 (4))	14,695		14,695	14,695	—
		152,669,696	149,378,472	3,291,224	5,491,745	(2,200,521)
	Staff reduction salary savings		2,269,670	2,269,670		2,269,670
		152,669,696	147,108,802	5,560,894	5,491,745	69,149
Ministry of Economic Development						
79	Minister's office	113,313	141,324	(28,011)		(28,011)
80	General administration	4,670,476	5,501,806	(831,330)		
	Supplement—					
	Special Warrant No. 13				6,837,500	
	Special Warrant No. 62				110,000	(7,778,830)
81	Grants	1,060,580	1,100,000	(39,420)		(39,420)
82	Building occupancy charges	215,933	227,933	(12,000)		(12,000)
83	Computer and consulting charges	160,000	160,000	—		—
	Special Warrant No. 57—Canada-British Columbia Industrial Development Subsidiary Agreement	4,000,000		4,000,000	4,000,000	—
		10,220,302	7,131,063	3,089,239	10,947,500	(7,858,261)
	Staff reduction salary savings		44,206	44,206		44,206
		10,220,302	7,086,857	3,133,445	10,947,500	(7,814,055)

EXPENDITURE FOR THE FISCAL YEAR ENDED MARCH 31, 1978—Continued

No. of vote	SERVICE	Total expenditure	Main estimates voted	Expenditure over (under) main estimates	Other authorizations ¹	Net over (under) expenditure
		\$	\$	\$	\$	\$
Ministry of the Environment						
84	Minister's office	111,521	124,088	(12,567)		(12,567)
85	General administration	1,502,803	2,201,513	(698,710)		(698,710)
86	Land and Water Management	8,023,104	8,535,823	(512,719)		
	Supplement—					
	Special Warrant No. 51				81,000	
	Special Warrant No. 71				75,000	(668,719)
87	Environmental and engineering services	25,255,278	25,676,795	(421,517)		
	Supplement—					
	Special Warrant No. 7				200,523	
	Special Warrant No. 28				1,126,883	(1,748,923)
88	Environmental protection	6,241,670	7,022,355	(780,685)		(780,685)
89	Environment and Land Use Committee Secretariat	695,196	1,114,830	(419,634)		(419,634)
90	Provincial Land Commission	618,025	667,830	(49,805)		(49,805)
91	Building occupancy charges	2,196,118	2,294,118	(98,000)		(98,000)
92	Computer and consulting charges	726,000	726,000	—		—
	Statutory—					
	Agricultural Land Reserves, <i>Land Commissions Act</i> (1973, chap. 46, sec. 21)	43,205		43,205	43,205	—
	Land purchase, <i>Greenbelt Act</i> (1977, chap. 36, sec. 11)	107,726		107,726	107,726	—
		45,520,646	48,363,352	(2,842,706)	1,634,337	(4,477,043)
	Staff reduction salary savings		2,819,742	2,819,742		2,819,742
		45,520,646	45,543,610	(22,964)	1,634,337	(1,657,301)
Ministry of Agriculture						
93	Minister's office	84,049	85,952	(1,903)		(1,903)
94	Deputy Minister's office	1,133,787	1,186,506	(52,719)		(52,719)
95	General administration	1,135,790	1,063,149	72,641		72,641
96	Production and marketing	3,687,229	4,125,391	(438,162)		(438,162)
97	General and financial services	43,482,605	52,769,511	(9,286,906)		
	Supplement—Special Warrant No. 37				6,000,000	(15,286,906)
98	Specialist and regulatory services	3,537,455	3,962,022	(424,567)		(424,567)
99	Milk Board	164,813	176,148	(11,335)		(11,335)
100	Building occupancy charges	2,194,521	2,291,521	(97,000)		(97,000)
101	Computer and consulting charges	221,000	221,000	—		—
	Statutory—Livestock improvement, <i>Horned Cattle Purchases Act</i> (R.S.B.C. 1960, chap. 176, sec. 8)	30,278		30,278	30,278	—
		55,671,527	65,881,200	(10,209,673)	6,030,278	(16,239,951)
	Staff reduction salary savings		1,311,867	1,311,867		1,311,867
		55,671,527	64,569,333	(8,897,806)	6,030,278	(14,928,084)
Ministry of Energy, Transport and Communications						
102	Minister's office	125,013	134,140	(9,127)		(9,127)
103	General administration	581,615	745,512	(163,897)		(163,897)
104	Engineering Branch	544,511	600,906	(56,395)		(56,395)
105	Weigh Scale Branch	2,379,957	2,668,076	(288,119)		(288,119)
106	Motor-vehicle Branch	10,794,763	14,515,844	(3,721,081)		(3,721,081)
107	Motor Carrier Branch	782,294	878,840	(96,546)		(96,546)
108	Telecommunications Service Branch	10,858,421	11,864,584	(1,006,163)		(1,006,163)
109	Communications System Development and Regulation Branch	350,636	616,780	(266,144)		(266,144)
110	Motor Carrier Commission	211,434	326,596	(115,162)		(115,162)
111	Transport Research and Planning Branch	1,733,050	548,692	1,184,358		
	Supplement—Special Warrant No. 27				4,732,500	(3,548,142)
112	British Columbia Energy Commission	1,260,632	1,122,870	137,762		
	Supplement—Special Warrant No. 46				212,500	(74,738)
113	British Columbia Ferries	48,378,500	29,819,800	18,558,700		
	Statutory—Annual Highway Equivalent Subsidy, <i>British Columbia Ferry Corporation Act</i> (1976, chap. 8, sec. 18 (2))				18,558,700	—
114	Building occupancy charges	1,666,619	1,740,619	(74,000)		(74,000)
115	Computer and consulting charges	789,000	789,000	—		—
		80,456,445	66,372,259	14,084,186	23,503,700	(9,419,514)
	Staff reduction salary savings		2,077,940	2,077,940		2,077,940
		80,456,445	64,294,319	16,162,126	23,503,700	(7,341,574)

EXPENDITURE FOR THE FISCAL YEAR ENDED MARCH 31, 1978—Continued

No. of vote	SERVICE	Total expenditure	Main estimates voted	Expenditure over (under) main estimates	Other authorizations ¹	Net over (under) expenditure
		\$	\$	\$	\$	\$
Ministry of Mines and Petroleum Resources						
116	Minister's office	79,233	86,016	(6,783)		(6,783)
117	Deputy Minister's office	675,888	1,061,418	(385,530)		(385,530)
118	Mineral Resources Branch	3,878,596	4,127,990	(249,394)		(249,394)
119	Petroleum Resources Branch	1,113,191	1,405,616	(292,425)		(292,425)
120	Grants and subsidies	54,000	54,000	—		—
121	Mineral Road Program	790,530	1,000,000	(209,470)		(209,470)
122	Prospectors' Assistance Program	202,044	215,000	(12,956)		(12,956)
123	Mineral Research Program	46,320	82,000	(35,680)		(35,680)
124	Mineral Data Program	159,605	200,000	(40,395)		(40,395)
125	Mineral Employment Program	38,433	60,000	(21,567)		(21,567)
126	Energy Resource Evaluation Program	299,431	325,000	(25,569)		(25,569)
	Supplement—Special Warrant No. 31				175,000	(200,569)
127	Building occupancy charges	515,614	538,614	(23,000)		(23,000)
128	Computer and consulting charges	118,000	118,000	—		—
	Statutory—Correction of safety hazards, <i>Mines Regulation Act</i> (1967, chap. 25, sec. 12 (2))	3,892		3,892	3,892	—
		7,974,777	9,273,654	(1,298,877)	178,892	(1,477,769)
	Staff reduction salary savings		712,728	712,728		712,728
		7,974,777	8,560,926	(586,149)	178,892	(765,041)
Ministry of Forests						
129	Minister's office	105,278	101,012	4,266		4,266
130	Ministry Administration Program	18,398,237	19,421,832	(1,023,595)		(1,023,595)
131	Engineering Support Services Program	9,417,731	9,830,468	(412,737)		(412,737)
132	Public Information Services Program	572,228	591,742	(19,514)		(19,514)
133	Resource Management Program	6,973,645	8,055,875	(1,082,230)		(1,082,230)
134	Special Studies Program	357,015	522,569	(165,554)		(165,554)
135	Reforestation Program	18,418,485	20,853,993	(2,435,508)		(2,435,508)
136	Research Program	2,421,640	2,800,000	(378,360)		(378,360)
137	Fire Suppression Program	7,508,997	9,202,000	(1,693,003)		(1,693,003)
138	Forest Protection Program	8,659,281	10,100,000	(1,440,719)		(1,440,719)
139	Inventory Program	5,063,109	6,000,000	(936,891)		(936,891)
	Supplement—Special Warrant No. 35				52,748	(989,639)
140	Scaling Program	9,446,684	9,800,000	(353,316)		(353,316)
141	Range Management Program	1,713,747	2,000,000	(286,253)		(286,253)
142	Forest Development Roads Program	6,191,538	7,000,000	(808,462)		(808,462)
	Supplement—Special Warrant No. 41				150,000	(958,462)
143	Reservoir Waterway Improvements Program	3,152,984	2,500,000	652,984		652,984
	Supplement—Special Warrant No. 40				800,000	(147,016)
144	Building occupancy charges	1,617,621	1,689,621	(72,000)		(72,000)
145	Computer and consulting charges	535,000	535,000	—		—
	Special Warrant No. 4—Forest Policy Advisory Committee of British Columbia	296,594		296,594	341,300	(44,706)
		100,849,814	111,004,112	(10,154,298)	1,344,048	(11,498,346)
	Staff reduction salary savings		6,978,719	6,978,719		6,978,719
		100,849,814	104,025,393	(3,175,579)	1,344,048	(4,519,627)
Ministry of Highways and Public Works						
146	Minister's office	152,532	158,130	(5,598)		(5,598)
147	General administration—Highways	4,244,458	4,169,162	75,296		75,296
	Supplement—Special Warrant No. 75				80,000	(4,704)
148	Highway maintenance	144,028,277	136,239,800	7,788,477		7,788,477
	Supplement—					
	Special Warrant No. 60				7,760,000	
	Special Warrant No. 73				2,000,000	(1,971,523)
149	Highway Construction—Capital	259,856,034	179,895,078	79,960,956		79,960,956
	Supplement—					
	Special Warrant No. 8				4,440,000	
	Special Warrant No. 36				58,000,000	
	Special Warrant No. 43				561,000	
	Special Warrant No. 52				2,975,000	
	Special Warrant No. 73				14,000,000	(15,044)
150	General administration—Public Works	8,241	10	8,231		8,231
	Statutory— <i>Revenue Act</i> , (R.S.B.C. 1960, chap. 341, sec. 55 (3))				8,231	—
151	Government building maintenance	1,082,272	10	1,082,262		1,082,262
	Statutory— <i>Revenue Act</i> , (R.S.B.C. 1960, chap. 341, sec. 55 (3))				1,082,262	—

EXPENDITURE FOR THE FISCAL YEAR ENDED MARCH 31, 1978—Continued

No. of vote	SERVICE	Total expenditure	Main estimates voted	Expenditure over (under) main estimates	Other authorizations ¹	Net over (under) expenditure
		\$	\$	\$	\$	\$
Ministry of Highways and Public Works—Continued						
152	Construction of Provincial buildings.....	5,257,561	10	5,257,551		
	Supplement—					
	Special Warrant No. 53.....				1,000,000	
	Special Warrant No. 75.....				500,000	
	Statutory— <i>Revenue Act</i> , (R.S.B.C. 1960, chap. 341, sec. 55 (3)).....				3,757,551	—
153	Rentals.....	—	10	(10)		(10)
154	Safety Engineering Division.....	4,299,879	4,786,793	(486,914)		(486,914)
155	Glendale laundry.....	1,532,129	1,586,334	(54,205)		(54,205)
156	Building occupancy charges.....	10,244,582	10,699,582	(455,000)		(455,000)
157	Computer and consulting charges.....	316,000	316,000	—		—
		431,021,965	337,850,919	93,171,046	96,164,044	(2,992,998)
	Staff reduction salary savings.....		1,838,022	1,838,022		1,838,022
		431,021,965	336,012,897	95,009,068	96,164,044	(1,154,976)
Ministry of Education						
158	Minister's office.....	120,506	133,168	(12,662)		(12,662)
159	Administration and support services.....	4,565,039	5,064,827	(499,788)		
	Supplement—					
	Special Warrant No. 38.....				150,000	
	Special Warrant No. 39.....				106,588	
	Special Warrant No. 45.....				36,700	
	Special Warrant No. 66.....				152,156	
	Special Warrant No. 70.....				345,000	(1,290,232)
160	Basic Education K–XII Program.....	564,202,106	563,700,000	502,106		
	Statutory— <i>Provincial Home-owner Grant Act</i> (R.S.B.C. 1960, chap. 308, sec. 15).....				502,106	—
161	Post-secondary Education—Universities.....	190,898,040	191,866,037	(967,997)		
	Supplement—Special Warrant No. 32.....				400,000	(1,367,997)
162	Post-secondary education—community colleges and others.....	111,637,739	118,633,963	(6,996,224)		(6,996,224)
163	Student Aid Programs.....	9,070,648	11,179,254	(2,108,606)		(2,108,606)
164	Teachers' Pension Fund.....	38,225,809	38,300,000	(74,191)		(74,191)
165	Metric conversion.....	191,377	195,630	(4,253)		(4,253)
166	Advances <i>re</i> rural school taxes—net.....	2,112,655	10	2,112,645		
	Statutory— <i>Public Schools Act</i> (R.S.B.C. 1960, chap. 319, sec. 197 (10)).....				2,112,645	—
167	Building occupancy charges.....	18,392,874	19,209,874	(817,000)		(817,000)
168	Computer and consulting charges.....	232,000	232,000	—		—
	Statutory—					
	Transfer of property to Province, <i>The Notre Dame University of Nelson Act</i> (1977, chap. 82, sec. 10).....	231,506		231,506	231,506	—
	Pacific Vocational Institute start-up costs, <i>Colleges and Provincial Institutes Act</i> (1977, chap. 67, sec. 84).....	136,202		136,202	136,202	—
	Trinity Western College, <i>Colleges and Provincial Institutes Act</i> (1977, chap. 67, sec. 84).....	568,000		568,000	568,000	—
		940,584,501	948,514,763	(7,930,262)	4,740,903	(12,671,165)
	Staff reduction salary savings.....		805,358	805,358		805,358
		940,584,501	947,709,405	(7,124,904)	4,740,903	(11,865,807)
Ministry of Health						
169	Minister's office.....	103,293	107,670	(4,377)		(4,377)
170	Deputy Minister's office and support services.....	1,215,216	1,414,550	(199,334)		
	Supplement—Special Warrant No. 18.....				75,000	(274,334)
	Community Health Programs:					
171	Deputy Minister and Branch support services.....	2,744,080	2,870,519	(126,439)		(126,439)
172	Public Health Programs.....	25,896,463	27,193,153	(1,296,690)		
	Supplement—					
	Special Warrant No. 16.....				89,548	
	Special Warrant No. 17.....				100,000	
	Special Warrant No. 19.....				2,437,324	(3,923,562)
173	Mental Health Programs.....	12,561,368	16,128,032	(3,566,664)		(3,566,664)
174	Special Health Services.....	13,723,667	15,330,884	(1,607,217)		(1,607,217)
175	Other health care expenditures.....	8,316,934	9,688,020	(1,371,086)		
	Supplement—Special Warrant No. 16.....				144,730	(1,515,816)

EXPENDITURE FOR THE FISCAL YEAR ENDED MARCH 31, 1978—Continued

No. of vote	SERVICE	Total expenditure	Main estimates voted	Expenditure over (under) main estimates	Other authorizations ¹	Net over (under) expenditure
		\$	\$	\$	\$	\$
Ministry of Health—Continued						
176	Office of the Deputy Minister of Medical and Hospital Programs.....	61,745	63,980	(2,235)		(2,235)
177	Hospital Programs.....	594,766,410	615,621,231	(20,854,821)		
	Supplement—Special Warrant No. 19.....				31,182,676	(52,037,497)
178	Government Institutions.....	49,038,718	53,084,751	(4,046,033)		(4,046,033)
179	Forensic Psychiatric Services.....	2,867,246	3,106,101	(238,855)		(238,855)
180	Medical Services Commission.....	207,300,000	207,300,000	—		—
181	Emergency Health Services.....	20,063,364	20,923,537	(860,173)		(860,173)
182	Building occupancy charges.....	15,863,461	16,568,461	(705,000)		
	Supplement—					
	Special Warrant No. 16.....				24,102	
	Special Warrant No. 19.....				65,000	(794,102)
183	Computer and consulting charges.....	168,000	168,000	—		—
	Special Warrant No. 50—Out-of-court settlement.....	20,092		20,092	20,092	—
		954,710,057	989,568,889	(34,858,832)	34,138,472	(68,997,304)
	Staff reduction salary savings.....		8,331,533	8,331,533		8,331,533
		954,710,057	981,237,356	(26,527,299)	34,138,472	(60,665,771)
Ministry of Human Resources						
184	Minister's office.....	133,983	146,516	(12,533)		(12,533)
185	Administration and community service.....	33,041,501	32,660,388	381,113		
	Supplement—Special Warrant No. 48.....				6,480,600	(6,099,487)
186	Services for families and children.....	54,983,131	60,273,365	(5,290,234)		
	Supplement—					
	Special Warrant No. 48.....				1,694,900	
	Special Warrant No. 74.....				1,500,000	(8,485,134)
187	Services for seniors and handicapped.....	155,251,563	167,023,863	(11,772,300)		
	Supplement—Special Warrant No. 48.....				334,200	(12,106,500)
188	Health services.....	39,705,845	37,100,000	2,605,845		
	Supplement—Special Warrant No. 74.....				2,800,000	(194,155)
189	Community programs.....	23,348,717	30,793,471	(7,444,754)		
	Supplement—Special Warrant No. 48.....				29,000	(7,473,754)
190	Income Assistance Program.....	191,413,797	193,920,046	(2,506,249)		(2,506,249)
191	Special programs for the retarded.....	36,698,760	39,407,911	(2,709,151)		(2,709,151)
192	Burns Lake Community Development Association.....	203,239	206,800	(3,561)		(3,561)
193	Building occupancy charges.....	9,761,255	10,195,255	(434,000)		(434,000)
194	Computer and consulting charges.....	599,000	599,000	—		—
		545,140,791	572,326,615	(27,185,824)	12,838,700	(40,024,524)
	Staff reduction salary savings.....		2,500,000	2,500,000		2,500,000
		545,140,791	569,826,615	(24,685,824)	12,838,700	(37,524,524)
Ministry of Municipal Affairs and Housing						
195	Minister's office.....	161,534	147,856	13,678		13,678
196	Office of the Deputy Minister—Municipal Affairs.....	5,390,944	6,861,776	(1,470,832)		(1,470,832)
197	Grants, Contributions and subsidies.....	142,506,124	140,677,000	1,829,124		
	Supplement—Special Warrant No. 20.....				150,000	
	Statutory—					
	<i>Municipalities Aid Act</i> (R.S.B.C. 1960, chap. 259, sec. 4).....				1,390,152	
	<i>Provincial Home-owner Grant Act</i> (R.S.B.C. 1960, chap. 308, sec. 15).....				288,972	—
198	Office of the Deputy Minister—Housing.....	2,607,400	3,051,234	(443,834)		(443,834)
199	Housing and Development.....	62,559,069	71,770,500	(9,211,431)		
	Statutory— <i>Mobile Home Act</i> (1977, chap. 40, sec. 46).....				168,310	(9,379,741)
200	Central Ministry Services.....	357,334	361,115	(3,781)		(3,781)
201	Building occupancy charges.....	519,638	542,638	(23,000)		(23,000)
202	Computer and consulting charges.....	255,000	255,000	—		—
	Special Warrant No. 2—Police costs; Williams Lake, Mackenzie, Comox, Sidney, and Langley City.....	618,750		618,750	618,750	—
	Special Warrants No. 6 and 61—North-east Coal Development Project.....	591,755		591,755	1,781,989	(1,190,234)
		215,567,548	223,667,119	(8,099,571)	4,398,173	(12,497,744)
	Staff reduction salary savings.....		649,818	649,818		649,818
		215,567,548	223,017,301	(7,449,753)	4,398,173	(11,847,926)

EXPENDITURE FOR THE FISCAL YEAR ENDED MARCH 31, 1978—Continued

No. of vote	SERVICE	Total expenditure	Main estimates voted	Expenditure over (under) main estimates	Other authorizations ¹	Net over (under) expenditure
		\$	\$	\$	\$	\$
Ministry of Labour						
203	Minister's office.....	127,567	131,284	(3,717)		(3,717)
204	Ministerial administration and support service.....	1,534,557	1,632,508	(97,951)		
	Supplement—Special Warrant No. 30.....				250,000	(347,951)
205	Job Training and Employment Opportunity Program.....	31,787,679	28,036,112	3,751,567		
	Supplement—Special Warrant No. 3.....				7,500,000	(3,748,433)
206	Occupational Environment and Compensation Advisory Services.....	1,210,094	1,179,094	31,000		31,000
207	Collective Bargaining and Employment Standards Program.....	2,395,136	2,583,042	(187,906)		(187,906)
208	Human Rights Programs.....	381,994	402,488	(20,494)		(20,494)
209	Labour Relations Board.....	1,128,949	1,147,204	(18,255)		(18,255)
210	Building occupancy charges.....	866,205	905,205	(39,000)		(39,000)
211	Computer and consulting charges.....	181,000	181,000	—		—
		39,613,181	36,197,937	3,415,244	7,750,000	(4,334,756)
	Staff reduction salary savings.....		657,803	657,803		657,803
		39,613,181	35,540,134	4,073,047	7,750,000	(3,676,953)
Ministry of Consumer and Corporate Affairs						
212	Minister's office.....	110,343	108,644	1,699		1,699
213	Administrative and support.....	581,292	641,818	(60,526)		(60,526)
214	Legal Services Branch.....	79,200	87,122	(7,922)		(7,922)
215	Trade Practices Branch.....	645,905	648,720	(2,815)		(2,815)
216	Community Programs Branch.....	711,106	922,804	(211,698)		(211,698)
217	Debtor Assistance Branch.....	391,502	397,838	(6,336)		(6,336)
218	Companies Branch.....	992,504	1,007,540	(15,036)		(15,036)
219	Insurance and Real Estate Branch.....	360,116	358,320	1,796		
	Supplement—Special Warrant No. 69.....				14,000	(12,204)
220	Superintendent of Brokers.....	723,406	777,732	(54,326)		
	Supplement—Special Warrant No. 10.....				5,050	(59,376)
221	Credit Unions and Co-operatives Branch.....	210,870	217,440	(6,570)		
	Supplement—Special Warrant No. 64.....				22,000	(28,570)
222	Film Classification Branch.....	109,392	111,347	(1,955)		
	Supplement—Special Warrant No. 11.....				9,000	(10,955)
223	Rentalsman.....	580,649	1,331,092	(750,443)		(750,443)
224	Rent Review Commission.....	423,785	439,358	(15,573)		(15,573)
225	Liquor Control and Licensing Branch.....	997,479	1,064,138	(66,659)		(66,659)
226	British Columbia Liquor Distribution Branch.....	7,481	45,000	(37,519)		(37,519)
227	Corporate and Financial Services Commission.....	23,669	30,144	(6,475)		(6,475)
228	Trust Companies Branch.....	49,750	86,772	(37,022)		(37,022)
229	Building occupancy charges.....	783,619	818,619	(35,000)		
	Supplement—Special Warrant No. 12.....				61,148	(96,148)
230	Computer and consulting charges.....	159,000	159,000	—		—
	Statutory— <i>Travel Agents Registration Act</i> (1977, chap. 22, sec. 36).....	42,002		42,002	42,002	—
	<i>Residential Tenancy Act</i> (1977, chap. 61, sec. 82).....	646,979		646,979	646,979	—
		8,630,049	9,253,448	(623,399)	800,179	(1,423,578)
	Staff reduction salary savings.....		620,330	620,330		620,330
		8,630,049	8,633,118	(3,069)	800,179	(803,248)
Ministry of Recreation and Conservation						
231	Minister's office.....	83,124	102,752	(19,628)		(19,628)
232	General administration.....	802,140	1,009,729	(207,589)		(207,589)
233	Information and education.....	361,251	438,598	(77,347)		
	Supplement—Special Warrant No. 33.....				62,000	(139,347)
234	Marine resources.....	615,334	558,778	56,556		
	Supplement—Special Warrant No. 54.....				85,000	(28,444)
235	Fisheries Enhancement Program.....	263,808	300,000	(36,192)		(36,192)
236	Fish and Wildlife.....	8,549,144	9,348,676	(799,532)		(799,532)
237	Federal and other agency programs.....	676,662	640,000	36,662		
	Supplement—Special Warrant No. 34.....				240,950	(204,288)
238	Creston Valley Wildlife Management.....	129,862	129,750	112		112
239	Parks operation.....	13,965,408	15,501,080	(1,535,672)		(1,535,672)
240	Parks—Capital Program.....	5,225,985	4,500,000	725,985		
	Supplement—Special Warrant No. 44.....				923,000	(197,015)

EXPENDITURE FOR THE FISCAL YEAR ENDED MARCH 31, 1978—Continued

No. of vote	SERVICE	Total expenditure	Main estimates voted	Expenditure over (under) main estimates	Other authorizations ¹	Net over (under) expenditure
		\$	\$	\$	\$	\$
Ministry of Recreation and Conservation—Continued						
241	British Columbia National Parks (Pacific Rim).....	732,529	2,158,000	(1,425,471)		(1,425,471)
242	Youth Crew.....	999,440	1,000,000	(560)		(560)
243	Heritage Conservation Branch.....	1,127,263	1,468,805	(341,542)		(341,542)
244	Heritage Conservation Capital Program....	76,203	100,000	(23,797)		(23,797)
245	Recreation and Fitness Branch.....	1,000,002	1,546,778	(546,776)		(546,776)
246	Recreation Facilities Program.....	291,927	446,588	(154,661)		(154,661)
247	Recreation facilities grants.....	8,000,000	8,000,000	—		—
248	Grants-in-aid of Regional Park Development.....	1,180,000	1,180,000	—		—
249	Cultural Services Branch.....	307,599	427,274	(119,675)		(119,675)
250	Library Services Program.....	3,733,396	3,846,362	(112,966)		(112,966)
251	British Columbia Arts Program.....	8,948	74,076	(65,128)		(65,128)
252	Capital Improvement District.....	427,495	470,000	(42,505)		(42,505)
253	Building occupancy charges.....	2,478,501	2,588,501	(110,000)		(110,000)
254	Computer and consulting charges.....	351,000	351,000	—		—
		51,387,021	56,186,747	(4,799,726)	1,310,950	(6,110,676)
	Staff reduction salary savings.....		1,247,570	1,247,570		1,247,570
		51,387,021	54,939,177	(3,552,156)	1,310,950	(4,863,106)
	Subtotal budgetary expenditure.....	3,895,464,582	3,866,328,564	29,136,018	241,457,619	(212,321,601)
	Total staff reduction salary savings.....		36,428,564	36,428,564		36,428,564
	Total budgetary expenditure.....	3,895,464,582	3,829,900,000	65,564,582	241,457,619³	(175,893,037)

Nonbudgetary Expenditure Charged to Current Revenue**Special Purpose Funds**

Advance—Provincial Transit Fund (Special Warrant No. 5).....	5,000,000
Grant—Provincial Transit Fund (Special Warrant No. 58) <i>re</i> Burrard Inlet Ferries construction costs.....	1,665,099

Crown Corporations

Advance—Ocean Falls Corporation (<i>Ocean Falls Corporation Act, 1973, chap. 64, sec. 9</i>).....	2,000,000
Grant—British Columbia Buildings Corporation (Special Warrant No. 68) <i>re</i> acquisition of Lansdowne Campus of Camosun College....	4,500,000
Grant—British Columbia Railway Company (<i>British Columbia Railway Company Grant Act, 1977, chap. 46, secs. 1 and 2</i>) <i>re</i> Federal Contribution, Dease Lake rail line.....	81,168,080

Other

Purchase of additional shares in Swan Valley Foods Limited (Special Warrant No. 26).....	7,631,250
Transfer of Investment in Canadian Cellulose Company Ltd. shares to British Columbia Resources Investment Corporation in exchange for noncash asset (promissory note)...	1,824,942

Total nonbudgetary expenditure..... **103,789,371**

Combined general fund expenditure..... **3,999,253,953**

¹ "Other authorizations" comprise statutory and special warrant authorizations as indicated.

² Pursuant to sections 12A and 12B of the *Constitution Act*, administration of Vote 33 was transferred to the Ministry of Energy, Transport and Communications effective December 8, 1977.

³ The total of \$241,457,619 represents statutory authorizations of \$41,426,304 and special warrant (*Financial Control Act*) authorizations of \$200,031,315.

LITHOGRAPHED IN CANADA BY K. M. MACDONALD, QUEEN'S PRINTER, VICTORIA, BRITISH COLUMBIA



