
APPENDICES

A1 REVENUE MEASURES

Revenue Measures: Supplementary Information

INCOME TAX ACT

ALTERNATIVE MINIMUM TAX

Effective for the 2002 and subsequent taxation years, the rate at which BC alternative minimum tax (AMT) is charged and the rate at which it is credited is set at the ratio of the BC first tax bracket rate to the federal first tax bracket rate. As a result, the BC AMT rate for 2002 will be reduced to 37.8 per cent from 49.5 per cent. This is consistent with the recent reductions in BC and federal personal income tax rates.

BC AMT is added to regular BC income tax and is calculated as a percentage of the additional federal tax attributable to the federal AMT calculation. BC AMT for 2002 can be expressed as:

$$\text{BC AMT} = 37.8 \text{ per cent} \times (\text{Federal AMT} - \text{Federal Tax})$$

AMT charged in one year is creditable against taxes payable in subsequent years. As a result of these changes, the BC AMT credit for 2002 will be 37.8 per cent of federal AMT credit claimed.

OVERSEAS EMPLOYMENT TAX CREDIT

Effective for the 2002 and subsequent taxation years, the rate used to calculate BC's Overseas Employment Tax Credit (OETC) is changed from 49.5 per cent to the ratio of BC tax to federal tax.

BC OETC for 2002 can be expressed as:

$$\text{BC OETC} = \text{Federal OETC} \times (\text{BC tax before OETC}) / (\text{Federal Tax before OETC})$$

DISABILITY-RELATED TAX CREDITS

Effective for the 2002 tax year, the province's disability-related credit amounts are increased. In addition, in future years the credit amounts will be indexed to provincial inflation.

The credits include:

- infirm dependant tax credit;
- in-home care of relative credit;
- credit for mental or physical impairment; and
- additional credit for mental or physical impairment for a child under 18.

The enhancements will provide additional assistance for families dealing with physical or mental impairment and are summarized in the following table:

**TABLE A1.1
INCREASES TO DISABILITY-RELATED CREDITS**

Credit	Old amount	New amount
Infirm dependant credit	\$2,475	\$3,574
In-home care of relative	\$2,475	\$3,574
Credit for mental or physical impairment	\$4,453	\$6,126
Credit for mental or physical impairment for child under 18	\$3,051	\$3,574

Note: The credit is equal to the credit amount multiplied by the lowest provincial tax rate of 6.05 per cent.

SALES TAX CREDIT

Effective for the 2002 tax year, the BC refundable sales tax credit is increased to \$75 from \$50 for each adult family member. As a result, eligible credit applicants will receive the increased amount when they file their tax returns for 2002 and subsequent years.

The increase in the sales tax credit will more than offset the increase sales tax paid by most of the 660,000 individuals and families who currently receive the credit. With the increase to the credit, single individuals with up to \$18,750 in net income will receive at least some credit and families will receive some credit up to \$25,500 in family net income.

BC FAMILY BONUS

In response to federal changes to the National Child Benefit supplement, effective July 2002, the basic BC Family Bonus is adjusted by reducing the province's contribution to the combined BC Family Bonus and National Child Benefit supplement. The policy for the next three years will be to allow annual increases in the combined benefit equal to one half the federal inflation adjustment. Thus, families will receive an increase in benefits each year.

SMALL BUSINESS THRESHOLD

*Small business
threshold raised
to \$300,000*

The maximum amount of taxable income to which the small business corporate income tax rate may be applied, or the "business limit", is increased from \$200,000 to \$300,000 effective April 1, 2002. This change parallels similar increases in five other provinces.

Corporations will be required to pro-rate their business limits based on the number of days in the taxation year before and after April 1, 2002. When allocating the business limit among associated corporations, the provincial business limit will continue to be allocated in the same proportion as the federal business limit.

MEDICARE PROTECTION ACT

MEDICAL SERVICES PLAN PREMIUMS

MSP premiums increased to help fund health costs

Effective May 1, 2002, medical services plan premiums are increased by 50 per cent. The additional revenue will assist in funding compensation increases in the health sector. The premium assistance program is enhanced to ensure that people currently qualifying for premium assistance will be protected from the increase.

TABLE A1.2
MONTHLY MEDICAL SERVICES PLAN PREMIUM RATES

	Rate prior to May 2002	Rate effective May 2002
Single	\$36	\$54
Family of 2 persons	\$64	\$96
Family of 3 or more persons	\$72	\$108

Premium assistance is available to lower income individuals and families at five levels ranging from 100 per cent to 20 per cent of premiums otherwise payable.

Premium assistance enhanced

Premium assistance is enhanced by increasing the adjusted net family income thresholds by \$4,000 each (see Table A1.3). The government will continue to review the combined impact of the premium increase, premium assistance enhancements and the 25 per cent personal income tax cut implemented in 2001.

TABLE A1.3
MEDICAL SERVICE PLAN PREMIUM ASSISTANCE CHANGES

Level of assistance	Per cent of premiums payable	Adjusted net family income range*	
		Before changes	After changes
1	0	\$12,000 or less	\$16,000 or less
2	20	\$12,001 to \$14,000	\$16,001 to \$18,000
3	40	\$14,001 to \$16,000	\$18,001 to \$20,000
4	60	\$16,001 to \$18,000	\$20,001 to \$22,000
5	80	\$18,001 to \$20,000	\$22,001 to \$24,000

* Adjusted net family income is used to determine the level of assistance and is defined as net income from an applicant's (and spouse's) income tax return, less \$3,000 for each dependant (reduced by a portion of child care expenses claimed), \$3,000 for each person in the family over age 65 and \$3,000 for each person in the family who is disabled.

The following table shows the impact of these changes for a single person, a senior couple and a family of four at various income levels. For example, the adjusted net income of a senior couple with \$30,000 annual income is \$21,000. This couple will be eligible for the 60 per cent level of assistance and pay monthly premiums of \$57.60 per month, or \$691.20 annually.

TABLE A1.4
EXAMPLES OF MEDICAL SERVICE PLAN PREMIUM CHANGES
 (For Premium and Premium Assistance Changes Effective in 2002)

Annual net family income	Annual premiums before changes	Annual premiums after changes	(Decrease) Increase
Single			
\$12,000 or less	\$0.00	\$0.00	\$0.00
\$12,001 to \$14,000	\$86.40	\$0.00	(\$86.40)
\$14,001 to \$16,000	\$172.80	\$0.00	(\$172.80)
\$16,001 to \$18,000	\$259.20	\$129.60	(\$129.60)
\$18,001 to \$20,000	\$345.60	\$259.20	(\$86.40)
\$20,001 to \$22,000	\$432.00	\$388.80	(\$43.20)
\$22,001 to \$24,000	\$432.00	\$518.40	\$86.40
Over \$24,000	\$432.00	\$648.00	\$216.00
Senior Couple			
\$21,000 or less	\$0.00	\$0.00	\$0.00
\$21,001 to \$23,000	\$153.60	\$0.00	(\$153.60)
\$23,001 to \$25,000	\$307.20	\$0.00	(\$307.20)
\$25,001 to \$27,000	\$460.80	\$230.40	(\$230.40)
\$27,001 to \$29,000	\$614.40	\$460.80	(\$153.60)
\$29,001 to \$31,000	\$768.00	\$691.20	(\$76.80)
\$31,001 to \$33,000	\$768.00	\$921.60	\$153.60
Over \$33,000	\$768.00	\$1,152.00	\$384.00
Family of Four			
\$21,000 or less	\$0.00	\$0.00	\$0.00
\$21,001 to \$23,000	\$172.80	\$0.00	(\$172.80)
\$23,001 to \$25,000	\$345.60	\$0.00	(\$345.60)
\$25,001 to \$27,000	\$518.40	\$259.20	(\$259.20)
\$27,001 to \$29,000	\$691.20	\$518.40	(\$172.80)
\$29,001 to \$31,000	\$864.00	\$777.60	(\$86.40)
\$31,001 to \$33,000	\$864.00	\$1,036.80	\$172.80
Over \$33,000	\$864.00	\$1,296.00	\$432.00

CORPORATION CAPITAL TAX ACT

INVESTMENT ALLOWANCE FOR BANKS AND TRUST COMPANIES

Investment allowance extended to banks and trust companies

To ensure that all financial institutions are treated consistently under the Act, an investment allowance is introduced for banks and trust companies, effective for taxation years starting on or after September 1, 2002. The investment allowance will be available to a bank or trust company that has shares in another financial institution with a permanent establishment in BC. The allowance, which is a deduction from total paid up capital, will be calculated as the proportion of the total paid up capital of the bank or trust company that the carrying value of the qualifying shares bear to the total assets of the bank or trust company. Previously, only credit unions were entitled to the investment allowance. The change will provide consistent treatment for all financial institutions operating in the province.

FORMULA FOR PAID UP CAPITAL OF AUTHORIZED FOREIGN BANKS

*Foreign bank
branch
calculations
adjusted*

The formula for calculating the aggregate paid up capital of authorized foreign banks is adjusted, effective immediately, to ensure that the tax paid by branches of foreign banks is equivalent to the amount of tax that domestic banks of a similar size pay under the Act.

Specifically, the formula is adjusted to require that certain amounts that must be deducted from capital under the capital adequacy requirements of the Superintendent of Financial Institutions be added back for purposes of calculating tax under the Act. The formula is also adjusted to allow for a deduction of subordinated debt, which is not included in the tax base for domestic banks.

STREAMLINE LEGISLATION

*Legislation
streamlined*

Since the Act will no longer apply to general corporations for taxation years starting after August 31, 2002, the legislation will be streamlined by removing all references and calculations for general corporations, effective September 1, 2002. Special calculations for partnership interests will be eliminated. Previous requirements to add together all associated corporations for purposes of various calculations under the Act will be limited to associated corporations that are financial institutions.

PETROLEUM AND NATURAL GAS ACT

NEW ROYALTY FORMULA FOR COALBED METHANE

*New royalty
scheme to
encourage
development of
coalbed methane*

A new royalty formula, recognizing the unique features of coalbed methane production, is implemented effective March 1, 2002. Specifically, the natural gas royalty formula is amended with respect to coalbed methane to:

- allow water handling costs to be included in the producer's cost of service allowance;
- allow costs in excess of royalties to be banked and deducted in subsequent years;
- provide for a royalty credit of \$50,000 for each new well drilled before February 29, 2004; and
- reduce the threshold for the low volume well adjustment factor to 17,000 m³ per day.

Similar changes will apply to the freehold production tax, applicable to freehold interests in coalbed methane. The freehold production tax credit for wells drilled before February 29, 2004 will be \$30,000 to reflect the fact that the freehold production tax is roughly 60 per cent of the royalty applicable to Crown lands.

BASE 9 LAND SALES

To encourage interest in land acquisition for natural gas production, the opportunity for acquiring land to which the preferential Base 9 royalty structure for nonconservation gas applies will be extended for two more years until December 31, 2003. The extension will be retroactive to January 1, 2002 so that land acquired in January will also qualify for the Base 9 royalty structure.

SOCIAL SERVICE TAX ACT

PROVINCIAL SALES TAX RATE

To assist in funding compensation increases in high-demand occupations in the health sector, the general provincial sales tax rate is increased from 7 per cent to 7.5 per cent effective February 20, 2002. The 10 per cent tax rate on beverage alcohol and the 8 per cent, 9 per cent and 10 per cent vehicle surtax rates are unchanged. The annual multijurisdictional tax rates on eligible multijurisdictional vehicles will be adjusted effective October 1, 2002 to reflect the increase in the general rate.

The 7.5 per cent tax rate applies to all purchases made after February 19, 2002. For purchases that are billed at regular intervals, such as telephone, cablevision and hydro, the 7.5 per cent rate applies to the first billing period that begins after February 19, 2002.

A tax refund is provided for the difference between the tax payable at 7 per cent and the tax paid at 7.5 per cent where:

- tangible personal property (TPP) is purchased after February 19, 2002;
- the TPP is incorporated into real property under a fixed-price or lump-sum real property contract entered into before February 20, 2002; and
- the contract precludes the recovery of the additional tax paid.

The 7.5 per cent rate applies to the first payment for a lease period that begins after February 19, 2002 and to each subsequent lease payment.

ITEMS PURCHASED OR LEASED BY *BONA FIDE* FARMERS

*Exemption for
bona fide farmers
expanded*

Effective February 20, 2002, the following changes are made to the list of items that can be purchased or leased exempt from provincial sales tax by *bona fide* farmers for farm purposes:

- The following items are added to the list;
 - hay tarps; and
 - scales designed to weigh livestock.
- The quantity of greenhouse glass that must be purchased to qualify for exemption is decreased to 500 square metres from 5,000 square metres.

- The exemption for feeding and watering systems is expanded to include hardware and software that is integrated into the systems. Stand-alone computers and related software that may be used to control the system, but which are separate from the feeding or watering system, continue to be taxable.

PARTS FOR EXEMPT MACHINERY OR EQUIPMENT

Exemption for parts for machinery and equipment expanded

Effective February 20, 2002, the exemption for parts to repair or recondition exempt machinery or equipment is expanded to include all parts when purchased for use on eligible machinery and equipment. Previously, the exemption only applied to parts “designed for” the repair and reconditioning of exempt machinery or equipment.

The change will simplify administration and compliance and improve the fairness of the machinery and equipment exemption.

PURCHASES FOR SCHOOLS MADE WITH PARENT ADVISORY COUNCIL (PAC) RAISED FUNDS

Tax relief introduced for PACs

To meet a *New Era* commitment, a refund of provincial sales tax is available for goods purchased after June 30, 2002, with funds raised by public school PACs. To qualify, the goods must be given to a school for use by the school and its students.

PACs may claim one refund per school year for the tax paid on eligible purchases. School boards may claim up to two refunds per school year for purchases made with PAC-raised funds. Refunds may be claimed only for the tax paid on that portion of the purchase price paid with PAC-raised funds.

CHEMICALS USED BY PULP MANUFACTURERS TO MAKE AMMONIUM BISULFITE

Exemption introduced for chemicals used to make ammonium bisulfite

Purchases of chemicals used to produce ammonium bisulfite are exempt from tax when the ammonium bisulfite qualifies as a catalyst or direct agent and is used in a pulp manufacturing process. The exemption is retroactive to March 31, 1998.

This exemption parallels an existing exemption for chemicals used to make chlorine dioxide and sodium hydrosulfide in a pulp manufacturing process which was introduced on March 31, 1998. The new exemption provides tax parity for different pulp production processes.

BOATS AND TRAVEL TRAILERS BROUGHT INTO BC BY NON-RESIDENT INDIVIDUALS

In the July 30 Update, the government promised to consult with business and other stakeholders about the application of provincial sales tax to boats and

travel trailers owned by non-residents. As a result of these consultations, effective February 20, 2002 boats and travel trailers brought into BC by non-resident individuals for a non-commercial purpose are exempt from provincial sales tax.

Amendments are also made to clarify and relax the circumstances under which non-residents are required to pay tax on other taxable goods brought into the province for non-commercial long-term use. Currently, non-residents are required to pay tax on such goods if they own real property in BC or have some other form of real property interest with a term of at least 12 months. The goods become taxable after they are used primarily in the province for 12 months following their date of entry.

Effective February 20, 2002, the timing requirement for leaseholds is relaxed. Only non-residents who lease real property under a lease with a term of at least five years including all options to extend or renew are required to pay tax. Non-residents continue to pay the tax on taxable goods purchased in BC, including the tax on parts and labour to repair exempt boats and travel trailers, unless the goods are delivered outside of the province by the vendor.

MULTIJURISDICTIONAL VEHICLE (MJV)

The *Social Service Tax Act* is amended retroactive to January 1, 1996 to allow pick-up trucks and service vehicles used interjurisdictionally and registered under the International Registration Plan (IRP) and other pro-rate registration and licensing plans to be eligible for the MJV tax.

IRP allows commercial vehicles that travel in more than one jurisdiction to register in their home jurisdiction and to pay pro-rated licensing fees to the other jurisdictions based on the extent to which they operate in those other jurisdictions. The MJV tax is an annual tax-in-lieu of the provincial sales tax that is pro-rated to reflect the extent to which a multijurisdictional vehicle operates in BC. The amendment harmonizes the application of the MJV tax with ICBC licensing policies for pro-rate vehicles.

TAX ON ROYALTY PAYMENTS AND LICENCE FEES

The *Social Service Tax Act* is amended retroactive to March 31, 1998 to correct a legislative error made at that time. In some cases, goods are purchased for a price plus royalty payments or licence fees that continue to be paid after the date of purchase. The 1998 amendment clarified the long-standing administrative practice that those royalty payments and licence fees are part of the purchase price and subject to tax. The 1998 amendment was also intended to ensure that those payments were taxable even if the item was originally purchased prior to the six year audit limitation period under the Act, but did not do so. The Act is amended to correct this error.

TOBACCO TAX ACT

TOBACCO TAX RATE

Effective February 20, 2002, the tax rate on cigarettes is increased to \$30 from \$22 per carton of 200 cigarettes, and the tax rate on fine-cut tobacco to 15 cents per gram from 11 cents per gram. The additional revenue will contribute to funding compensation increases for high-demand occupations in the health sector.

(See Consumer Taxation website at: www.gov.bc.ca/ctb for more details on consumption tax changes.)

HOSPITAL DISTRICT ACT AND ASSESSMENT AUTHORITY ACT

TAXPAYER EXEMPTIONS

The *Hospital District Act* and the *Assessment Authority Act* are amended to ensure that property tax exemptions are consistent among all taxing authorities which use the hospital roll. Hospital districts and the BC Assessment Authority levy a property tax on the basis of the hospital roll. The amendments will ensure that exemptions for taxpayers under both acts are consistent with each other and with current administrative practice. Changes are retroactive to December 31, 2001, so that they apply for the 2002 taxation year.

SCHOOL ACT

SCHOOL TAX RATES

In general, a separate *residential* tax rate is set for each school district. For the 2002 calendar year, average residential school taxes before application of the home owner grant will be increased by 2 per cent. The increase on a medium-valued home will be less than \$20 annually. Residential school property tax rates will reflect changes in average assessed values in accordance with the residential school tax formula, which has been used since 1991.

Residential tax rates will be set in April when authenticated assessment roll data are available to calculate the rates according to the provincial residential school tax rate formula.

Even though the average residential tax is increased, the change in individual tax bills will vary. Some homeowners will experience an increase in their school taxes, while others will have reductions. The variation in individual tax bills will occur because changes in the assessed value of any individual property are likely to differ from changes in average provincial and school district assessed values.

For each of the eight *non-residential* property classes, a single, province-wide rate is set. Non-residential school tax rates will remain unchanged from 2001 levels.

ALLOW MORE THAN ONE SCHOOL TAX RATE PER SCHOOL DISTRICT

Effective January 1, 2002, authority is provided for the province to set more than one provincial school tax rate within a school district. In general, the residential school tax rate formula, in effect since 1991, has successfully balanced the residential school tax burden among various school districts. School districts with higher average values pay tax at lower tax rates which partially offset the effect of the higher values.

The amendment will allow the province to deal with situations where there is considerable variation in values among municipalities within a single school district. This can occur when one community has properties with unique attributes that the market considers significantly more desirable than properties elsewhere in the same school district. Under the residential school tax rate formula, the higher valued municipalities within the school district attract more of the school district's tax burden. While there will always be variations about the averages, the amendment will enable the province to address situations where the variation becomes excessive by creating a second tax rate for part of the school district.

These cases will be defined as situations where a municipality meets two tests:

- Average values in the municipality, as measured by the average value in the single family residential subclass, must be at least twice as high as the average for the rest of the school district; and
- The tax saving from moving from a school district rate to a hypothetical rate for the municipality as its own school district must be greater than 20 per cent of the hypothetical stand-alone rate.

In 2002, the only municipality that passes both tests is Tofino.

TAXATION (RURAL AREA) ACT

RURAL AREA TAX RATES

For the 2002 calendar year, average *residential* provincial rural area taxes will be increased by 2 per cent. Since average rural residential values were essentially unchanged for 2002, the provincial rural residential tax rate will increase from \$1.02 per thousand to \$1.04 per thousand.

Non-residential rural area tax rates remain unchanged.

HOME OWNER GRANT ACT

DISABILITY PORTION OF THE HOME OWNER GRANT

The Home Owner Grant program is administered by municipal collectors in incorporated areas and by the provincial Surveyor of Taxes in rural areas of the province, and is applied as a reduction of provincial school property taxes.

The additional grant for persons with disabilities, introduced in 1981, provides an additional \$275 annually to home owners with a permanent disability or who are living with a person with a permanent disability. The intent of the additional grant is to provide financial relief to persons who, due to a loss of mobility, are required to make costly modifications to their home or to pay for physical assistance to allow them to live independently.

In 1997, changes were made to improve the consistency of administration of the grant. The Certificate of Persons with Disabilities and Property Owner (Form B) in the *Home Owner Grant Act* regulations was amended to ask a physician to provide more information on the nature of the disability. Applicants were also asked to complete a supplementary form to verify, among other things, that costs were incurred for physical assistance or structural modifications in the home.

Legislative amendments will confirm the use of the supplementary form for the years 1997-2001 inclusive. The amendments also confirm the requirement that applicants have incurred substantial costs for physical assistance or structural modifications in the home.

The program will continue on this basis in 2002 while the government reviews options to provide these benefits more effectively in the future.

In addition, effective for 2002, regulatory changes are introduced to eliminate the supplementary form and replace it and the old Form B with a new simplified form. Under the new regulation, the home owner, rather than a physician, will verify that costs are incurred for physical assistance or structural modifications to the home.

The amendments will ensure that home owners who qualified for the grant in 2001 will continue to qualify for the grant in 2002.

Additional Revenue for Greater Vancouver Transportation Authority (*TransLink*)

MOTOR FUEL TAX ACT

TRANSLINK GASOLINE AND DIESEL TAX RATES

TransLink fuel taxes increased by 2 cents per litre

As part of an overall agreement with *TransLink*, effective April 1, 2002 the tax rates on clear gasoline and diesel fuel purchased in the Greater Vancouver transportation service region are increased by 2 cents per litre. The tax is collected on behalf of *TransLink* by the provincial government.

The 2 cents per litre increase will help *TransLink* meet the growing cost of development and maintenance of roads and bridges, as well as the expansion and operation of the public transit system in the Greater Vancouver transportation service region. There is no change to provincial revenues as a result of the additional tax.

SOCIAL SERVICE TAX ACT

TRANSLINK PARKING TAX RATE

As required by agreement between the province and *TransLink*, effective June 1, 2002, the *Social Service Tax Act* is amended to allow *TransLink* to raise the tax rate on parking up to 21 per cent. *TransLink* currently levies a tax of 7 per cent on parking.

The tax does not apply to parking sold or leased to residents of residential dwelling units or to street-metered parking.

A2 TAX EXPENDITURES 2001/02

Introduction

A tax expenditure is the reduction in revenues from delivering government programs or benefits through the tax system rather than through voted budget appropriations. Tax expenditures are usually made by offering special tax rates, exemptions, or tax credits. Governments introduce tax expenditures primarily to achieve social policy objectives such as transfers to lower income families or to promote economic development and job creation.

Reporting tax expenditures improves government accountability by providing a more complete picture of government activities. The tax expenditure report outlines major tax expenditures for the 2001/02 tax year. It does not include tax expenditures introduced or expanded in *Budget 2002*. These are described in the Revenue Measures section.

The Role of Tax Expenditure Programs

Using the tax system to deliver programs can reduce administration costs and reduce compliance costs for recipients. In certain situations, the tax system allows intended beneficiaries to be readily identified from information that is already collected. In these cases setting up a separate expenditure program would result in costly overlap and duplication of effort. An example is the provincial sales tax credit, which is delivered through the income tax system. If this were a direct provincial expenditure program, a provincial agency or office would have to be established to duplicate much of the work already done by the Canada Customs and Revenue Agency. In addition, it would require individuals to undertake a separate, time-consuming application process in order to qualify for the benefit.

There are, however, several potential drawbacks to tax expenditure programs. First, their overall cost often receives less public scrutiny than is the case for spending programs because annual budget approvals are not typically required. Second, tax expenditure programs may confer the greatest benefits to those who pay the most taxes, which means that the major beneficiaries are often high income earners. Sales tax exemptions, for example, often provide a greater absolute benefit to those with higher incomes because they have more to spend on consumer products. Finally, costs are often more difficult to control under a tax expenditure program because the benefits tend to be more open ended and enforcement is often more difficult than for spending programs.

Tax Expenditure Reporting

Not all tax reductions, credits and exemptions are classed as tax expenditures. Three criteria were used to choose those features of the tax system that should be reported as tax expenditures.

First, the emphasis is on tax reductions, exemptions and refunds that are close equivalents to spending programs. By implication, the list does not include tax

measures designed to meet broad tax policy objectives such as improving fairness in the tax system, or measures designed to simplify the administration of the tax. The list also does not include items that are generally excluded from a particular tax base. For example, most services are excluded from provincial sales taxes, which are primarily designed to apply to purchases of goods.

Second, revenues raised under provincial government authority that are turned over to agencies outside of government are not reported as tax expenditures in this report. This includes, for example, the hotel room tax revenues transferred to Tourism BC.

Third, smaller items of less than \$2 million are not included. Where practical, smaller items have been presented together as an aggregate figure.

British Columbia Tax Expenditure Programs

The following tables report 2001/02 tax expenditure estimates.

For presentation purposes, British Columbia tax expenditures have been broken into three broad categories.

- *Social and Income Transfer Programs (Table A2.1)*: These include tax expenditures that are offered as part of government's mix of health, education, housing, income transfer and family related programs. Examples include the BC Family Bonus, the home owner grant, the sales tax exemption for children's clothing and the income tax credit for medical expenses.
- *Economic Development and Business Assistance Programs (Table A2.2)*: This category includes tax preferences for small businesses and measures to encourage new investments.
- *Environmental Protection Programs (Table A2.3)*: There are relatively few tax expenditures in this category because environmental protection is now generally based on the principle of "polluter pay", such as the tire tax or motor fuel tax. However, environmental tax expenditures include, for example, a sales tax exemption for bicycles and a fuel tax exemption for certain alternative fuels.

Each category has its own table of tax expenditure estimates. Where applicable, the list of tax expenditures delivered through the income tax system has been separated into two sub-categories.

- *Provincial Measures*: This includes all major tax expenditures that are under provincial policy control.
- *Federal Measures*: British Columbia shares the cost of some federal income tax expenditure programs because, under the tax collection agreement between British Columbia and the federal government, the province has agreed to maintain a consistent income tax base with the federal government in the interest of reducing administrative and compliance costs.

The cost of individual tax expenditures cannot be added together to reach a total tax expenditure figure for two reasons:

- in some cases the programs interact with one another so that eliminating one program could increase or decrease the cost of another; and
- eliminating certain tax expenditure programs could change the choices taxpayers make, which in turn would affect the cost estimates.

The estimates for each tax expenditure are based on a static analysis of the costs and do not take into account any behavioural changes which may occur if the measure were eliminated.

TABLE A2.1 — SOCIAL AND INCOME TRANSFER PROGRAMS
TAX EXPENDITURE

2001/02
Estimated Cost

PROVINCIAL SALES TAX

(\$ millions)

Exemptions for the following items:

• Food (basic groceries, snack foods, candies, soft drinks and restaurant meals) ¹	700
• Residential fuels (electricity, natural gas, fuel oil, etc.)	140
• Prescription and non-prescription drugs, vitamins and certain other health care products and appliances	75
• Children's clothing and footwear	22
• Clothing patterns, fabrics and notions	6
• Specified school supplies	43
• Books, magazines and newspapers	54
• Basic telephone and cable service	54
• "1-800" and equivalent telephone services	8
• Exempt safety equipment	9
• Labour to repair major household appliances, clothing and footwear	6
• Miscellaneous consumer exemptions (e.g., used clothing under \$100)	3
• Livestock for human consumption and feed, seed and fertilizer	36

PERSONAL INCOME TAX

Provincial Measures

BC Family Bonus ²	71
Sales tax credit	42
Political contributions tax credit	3
Provincial Non-Refundable Credits: ³	
• Charitable donations tax credit	108
• Tax credits for tuition and education	43
• Tax credits for disabilities and medical expenses	43
• Pension income tax credit	22
• Credit for persons older than 65 years	70
• Married and equivalent-to-married credits	87
• Tax credit for Canada Pension Plan contributions	104
• Tax credit for Employment Insurance premiums paid	57

Federal Measures⁴

Deduction and inclusion of alimony and child support payments	13
Child care expense deduction	22
Exemption from capital gains up to \$500,000 for small businesses and family farms	22
Deduction for residents of northern and isolated areas	6
Non-taxation of employer-paid insurance premiums for group private health and welfare plans	85

TABLE A2.1 — SOCIAL AND INCOME TRANSFER PROGRAMS
TAX EXPENDITURE — *Continued*2001/02
Estimated Cost

		(\$ millions)
Registered Retirement Savings Plans:⁵		
exemption for — contributions	403	
— investment earnings	258	
taxation of — withdrawals	(220)	
Total		441
Registered Pension Plans:⁵		
exemption for — contributions	251	
— investment earnings	586	
taxation of — withdrawals	(421)	
Total		416
CORPORATION INCOME TAX⁶		
Charitable donations deduction		11
SCHOOL AND RURAL AREA PROPERTY TAXATION⁷		
Home owner grant		502
Exemption for places of worship		9
PROPERTY TRANSFER TAX		
Exemption for first-time home buyers		35
Exemptions for the following items:		
• Property transfers between related individuals		23
• Property transfers to municipalities, regional districts, hospital districts, library boards, school boards, water districts and educational institutions		2
• Property transfers to charities registered under the <i>Income Tax Act</i> (Canada)		3

¹ The cost of exempting food is based on recent data and is lower than the 2000/01 value. The previous value was extrapolated from the 1996 estimate using population growth rates and inflation.

² The \$71 million represents the tax expenditure portion of the program's cost. The tax-expenditure portion represents family bonus payments that effectively reduce the recipient's personal income tax. The remaining cost of the program, including recoveries and administration costs, of \$105 million for 2001/02, is presented in the BC Benefits Vote because it represents payments to families which exceed their provincial income tax liabilities. In 2001/02, the total program cost was \$176 million.

³ Provincial non-refundable credits are generally based on estimates of credit claims by BC residents.

⁴ The estimates show provincial revenue losses only. They are based on estimates of projected federal losses contained in *Government of Canada: Tax Expenditures, 2001*. British Columbia personal income tax expenditures for the federal measures are based on the amounts claimed by British Columbia residents for the measure and the relevant provincial tax rates for the period.

⁵ Registered retirement savings plans and registered pension plans are treated in the same way as in the federal tax expenditure report. The tax expenditure associated with these schemes is presented as the amount of tax that would otherwise be paid in the year of deferral, were the deferral not available. However, this type of estimate overstates the true costs of these preferences because taxes are eventually paid, including tax on investment earnings. An estimate that does not overstate these costs would, however, be difficult to develop and would require some largely speculative assumptions.

⁶ The deduction offered for corporate charitable donations is a federal measure, but the estimate shows only the provincial revenue loss. This is calculated from the federal revenue loss by applying British Columbia's share of corporate taxable income and the relevant tax rates to the federal estimate.

⁷ The property tax estimates are for the 2001 calendar year, and include only school and rural area property taxes levied by the province. Home Owner Grant cost is also shown for the 2001 calendar year.

TABLE A2.2 — ECONOMIC DEVELOPMENT AND BUSINESS ASSISTANCE PROGRAMS TAX EXPENDITURE 2001/02
Estimated Cost

FUEL TAX		(\$ millions)
Tax exemption for international flights carrying cargo		2
Tax exemption for family farm trucks (on road)		2
Tax reduction for compressor fuel used to transmit natural gas from wellhead to processing plant		9
PERSONAL INCOME TAX		
Venture capital tax credit		9
Employee venture capital tax credit		11
CORPORATION INCOME TAX		
Provincial Measures		
Film and video tax credit		20
Production services tax credit		30
International financial business tax refund ¹		7
Two-year corporate income tax holiday for small business		3
Scientific Research and Experimental Development Tax Credit		45
Mining Exploration Tax Credit		3
Manufacturing and Processing Investment Tax Credit		7
CORPORATION CAPITAL TAX		
Two-year tax holiday for eligible British Columbia investment ²		24
SCHOOL AND RURAL AREA PROPERTY TAXATION³		
Assessment exemption of \$10,000 for industrial and business properties		8
Overnight tourist accommodation assessment relief		3
Exemption for property used for pollution abatement ⁴		7
OTHER TAXES		
Oil and gas royalty holiday		2

¹ Includes employee income tax refunds.

² The tax holiday was extended from two to four years for qualifying expenditures made after March 31, 1999.

³ Estimates are for the 2001 calendar year and include only school and rural area property taxes levied by the province.

⁴ The property tax exemption for most land and improvements used in pollution abatement equipment was removed for 1997, but existing properties which were exempt in 1996 remain exempt under grandparenting provisions.

TABLE A2.3 — ENVIRONMENTAL PROTECTION PROGRAMS TAX EXPENDITURE 2001/02
Estimated Cost

PROVINCIAL SALES TAX		(\$ millions)
Exemptions for the following items:		
• Bicycles		5
• Specified energy conservation equipment		11
FUEL TAX		
Tax exemption for alternative fuels		15

TABLE A3
INTERPROVINCIAL COMPARISONS OF TAX RATES — 2002
 (Rates known as of February 12, 2002)¹

Tax	British Columbia ²	Alberta	Saskatchewan	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	Newfoundland
Corporate income tax (per cent of taxable income) ³										
General rate.....	13.5	13.5	17	16.5	12.5	9.04/16.25	16	16	16	14
Manufacturing rate.....	13.5	13.5	10	16.5	11	9.04	16	16	7.5	5
Small business rate.....	4.5	5	6	5	6	9.04	4	5	7.5	5
Small business threshold (\$000s).....	200	300	300	300	280	n/a	300	200	200	200
Corporation capital tax ⁴										
Non-financial.....	.15	Nil	.6	.3/5	.3	.64	.3	.25/.5	Nil	Nil
Financial.....	1.0/3.0	Nil	0.7/3.25	3.0	.6/.72/.9	1.28	3.0	3.0	3.0	4.0
Health care premiums ⁵										
Individual/family.....	54/108	34/68	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payroll tax ⁶ (per cent).....	Nil	Nil	Nil	2.15	1.95	4.26	Nil	Nil	Nil	2.0
Insurance premium tax (per cent) ⁷	2-4	2-3	3-4	2-3	2-3.5	2-3	2-3	3-4	3.5	4
Fuel tax (cents per litre)										
Gasoline ⁸	11.0	9.0	15.0	11.5	14.7	19.2	10.7	13.5	13.0	16.5
Diesel.....	11.5	9.0	15.0	10.9	14.3	20.2	13.7	15.4	13.5	16.5
Sales tax (per cent)										
General rate.....	7.5	Nil	6	7	8	7.5	8	8	10	8
Liquor.....	10	Nil	7	7	12	7.5	8	8	37.5	8
Meals.....	Nil	Nil	Nil	7	8	7.5	8	8	10	8
Accommodation.....	8	5	6	7	5	7.5	8	8	10	8
Tobacco tax (dollars per carton of 200 cigarettes) ⁹	30.00	14.00	19.70	22.35	11.55	13.10	17.65	19.40	17.90	25.96

¹ Rates are those known as of February 12, 2002 and that are in effect for 2002.

² British Columbia tax rates are those announced in the February 19, 2002 Budget.

³ British Columbia's small business threshold will be increased to \$300,000 on April 1, 2002. Alberta has announced that its general and manufacturing rates will fall to 11.5 per cent, the small business rate will be reduced to 4 per cent and the small business threshold will increase to \$400,000 on April 1, 2002. Alberta, Manitoba, Ontario and New Brunswick plan further reductions in their corporate income tax rates or increases in their small business thresholds in future years. Quebec's rate on investment income is 16.25 per cent. Other Quebec rates include a "youth fund" tax of 1.6 per cent.

⁴ The British Columbia non-financial rate applies to corporations with paid-up capital in excess of \$5 million. The tax on non-financial corporations will be eliminated effective September 1, 2002; the tax will be pro-rated for fiscal years straddling this date. Ontario's exemption of \$2 million was replaced by a deduction of \$5 million for all corporations effective January 1, 2002; Manitoba has a \$5 million exemption level and the higher rate applies to corporations with taxable capital in excess of \$10 million; Saskatchewan has a \$10 million deduction. Large Saskatchewan resource corporations are assessed a surcharge on the value of Saskatchewan resource sales. Ontario and Quebec have an additional surcharge or compensation tax on financial institutions. Quebec has announced that its capital taxes will be reduced by approximately 50 per cent by 2007.

⁵ British Columbia has a two person rate of \$96. British Columbia and Alberta offer premium assistance in the form of lower rates or an exemption from premiums for lower income individuals and families.

⁶ Provinces with payroll taxes provide payroll tax relief for small businesses.

⁷ The lower rate applies to premiums for life, sickness and accident insurance; the higher rate applies to premiums for property insurance including automobile insurance. In Ontario, Quebec and Newfoundland specific sales taxes also apply to insurance premiums, except those related to individual life and health.

⁸ Tax rate is for regular fuel used on highways. The British Columbia rate includes 3.25 cents per litre dedicated to the BC Transportation Financing Authority and 1.25 cents dedicated to the BC Ferry Corporation. The rates do not include regional taxes. The Quebec rate includes estimated sales tax.

⁹ Includes estimated provincial sales tax where applicable.

TABLE A4
COMPARISON OF PROVINCIAL AND FEDERAL TAXES BY PROVINCE — 2002

Tax	British Columbia	Alberta	Saskat- chewan	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	New- foundland
(\$)										
Two Income Family of Four — \$90,000										
1. Provincial Income Tax.....	4,361	5,116	6,965	7,412	4,372	8,597	7,061	7,420	7,031	7,987
Net Child Benefits.....	0	0	0	—	0	0	0	0	—	0
2. Property Tax — Gross.....	2,743	2,740	3,924	4,946	3,788	3,554	2,514	3,247	2,639	1,800
— Net.....	2,273	2,740	3,924	4,621	3,788	3,554	2,514	3,247	2,639	1,800
3. Sales Tax.....	1,110	7	910	1,185	1,567	1,859	1,718	1,704	1,805	1,680
4. Fuel Tax.....	165	135	225	173	221	288	161	203	195	248
5. Provincial Direct Taxes.....	7,909	7,998	12,024	13,391	9,948	14,298	11,454	12,574	11,670	11,715
6. Health Care Premiums/Payroll Tax.....	1,296	816	—	1,935	1,755	3,834	—	—	—	1,800
7. Total Provincial Tax.....	9,205	8,814	12,024	15,326	11,703	18,132	11,454	12,574	11,670	13,515
8. Federal Income Tax.....	11,184	11,184	11,184	11,184	11,184	11,184	11,184	11,184	11,184	11,184
9. Net Federal GST.....	1,597	1,657	1,560	1,525	1,627	1,556	1,504	1,491	1,616	1,470
10. Total Tax.....	21,986	21,655	24,768	28,035	24,514	30,872	24,142	25,249	24,470	26,169
Two Income Family of Four — \$60,000										
1. Provincial Income Tax.....	2,340	2,548	3,751	3,780	2,374	3,549	3,829	4,051	3,896	4,344
Net Child Benefits.....	0	106	0	—	0	0	0	0	—	0
2. Property Tax — Gross.....	2,268	1,974	2,747	3,557	2,721	2,883	1,641	1,903	1,300	1,728
— Net.....	1,798	1,974	2,747	3,232	2,721	2,883	1,641	1,903	1,300	1,728
3. Sales Tax.....	861	5	725	954	1,226	1,551	1,369	1,359	1,434	1,347
4. Fuel Tax.....	165	135	225	173	221	288	161	203	195	248
5. Provincial Direct Taxes.....	5,164	4,768	7,448	8,139	6,542	8,271	7,000	7,516	6,825	7,667
6. Health Care Premiums/Payroll Tax.....	1,296	816	—	1,290	1,170	2,556	—	—	—	1,200
7. Total Provincial Tax.....	6,460	5,584	7,448	9,429	7,712	10,827	7,000	7,516	6,825	8,867
8. Federal Income Tax.....	6,203	6,203	6,203	6,203	6,203	6,203	6,203	6,203	6,203	6,203
9. Net Federal GST.....	1,238	1,353	1,243	1,227	1,273	1,298	1,198	1,189	1,284	1,178
10. Total Tax.....	13,901	13,140	14,894	16,859	15,188	18,328	14,401	14,908	14,312	16,248
Two Income Family of Four — \$30,000										
1. Provincial Income Tax.....	658	54	812	380	473	(246)	1,157	1,014	1,013	1,311
Net Child Benefits.....	(354)	(736)	0	—	(383)	(160)	(52)	0	—	0
2. Property Tax — Gross.....	2,268	1,974	2,747	3,557	2,721	2,883	1,641	1,903	1,300	1,728
— Net.....	1,798	1,974	2,747	3,232	2,721	2,883	1,641	1,903	1,300	1,728
3. Sales Tax.....	608	4	516	690	861	1,153	961	965	1,013	952
4. Fuel Tax.....	110	90	150	115	147	192	107	135	130	165
5. Provincial Direct Taxes.....	2,820	1,386	4,225	4,417	3,819	3,822	3,814	4,017	3,456	4,156
6. Health Care Premiums/Payroll Tax.....	518	816	—	645	585	1,278	—	—	—	600
7. Total Provincial Tax.....	3,338	2,202	4,225	5,062	4,404	5,100	3,814	4,017	3,456	4,756
8. Federal Income Tax.....	1,912	1,912	1,912	1,912	1,912	1,912	1,912	1,912	1,912	1,912
9. Net Federal GST.....	393	560	402	406	412	483	359	362	425	351
10. Total Tax.....	5,643	4,674	6,539	7,380	6,728	7,495	6,085	6,291	5,793	7,019
Unattached Individual — \$25,000										
1. Provincial Income Tax.....	842	875	1,585	1,200	871	1,243	1,399	1,452	1,438	1,552
2. Property Tax.....	—	—	—	—	—	—	—	—	—	—
3. Sales Tax.....	427	3	364	507	626	772	687	685	808	679
4. Fuel Tax.....	110	90	150	115	147	192	107	135	130	165
5. Provincial Direct Taxes.....	1,379	968	2,099	1,822	1,644	2,207	2,193	2,272	2,376	2,396
6. Health Care Premiums/Payroll Tax.....	518	408	—	538	488	1,065	—	—	—	500
7. Total Provincial Tax.....	1,897	1,376	2,099	2,360	2,132	3,272	2,193	2,272	2,376	2,896
8. Federal Income Tax.....	2,313	2,313	2,313	2,313	2,313	2,313	2,313	2,313	2,313	2,313
9. Net Federal GST.....	312	343	309	314	325	345	293	291	336	287
10. Total Tax.....	4,522	4,032	4,721	4,987	4,770	5,930	4,799	4,876	5,025	5,496



TABLE A4 — (Continued)
COMPARISON OF PROVINCIAL AND FEDERAL TAXES BY PROVINCE — 2002

Tax	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	Newfoundland
(\$)										
Unattached Individual — \$80,000										
1. Provincial Income Tax.....	5,468	5,783	8,289	8,991	5,914	11,214	8,486	8,781	8,631	9,695
2. Property Tax — Gross.....	1,972	1,848	3,042	3,255	2,536	3,213	2,072	2,475	1,300	1,300
— Net.....	1,502	1,848	3,042	2,930	2,536	3,213	2,072	2,475	1,300	1,300
3. Sales Tax.....	1,120	9	906	1,209	1,592	1,722	1,686	1,671	1,980	1,625
4. Fuel Tax.....	165	135	225	173	221	288	161	203	195	248
5. Provincial Direct Taxes.....	8,255	7,775	12,462	13,303	10,263	16,437	12,405	13,130	12,106	12,868
6. Health Care Premiums/Payroll Tax.....	648	408	—	1,720	1,560	3,408	—	—	—	1,600
7. Total Provincial Tax.....	8,903	8,183	12,462	15,023	11,823	19,845	12,405	13,130	12,106	14,468
8. Federal Income Tax.....	13,101	13,101	13,101	13,101	13,101	13,101	13,101	13,101	13,101	13,101
9. Net Federal GST.....	1,624	1,693	1,535	1,483	1,609	1,456	1,475	1,462	1,578	1,422
10. Total Tax.....	23,628	22,977	27,098	29,607	26,533	34,402	26,981	27,693	26,785	28,991
Senior Couple with Equal Pension Incomes — \$30,000										
1. Provincial Income Tax.....	262	0	1,511	(328)	(350)	69	511	633	561	657
2. Property Tax — Gross.....	2,268	1,974	2,747	3,557	2,721	2,883	1,641	1,903	1,300	1,728
— Net.....	1,523	1,974	2,747	3,232	2,721	2,883	1,641	1,903	1,300	1,728
3. Sales Tax.....	628	7	501	674	875	1,204	1,106	1,070	1,110	1,130
4. Fuel Tax.....	110	90	150	115	147	192	107	135	130	165
5. Provincial Direct Taxes.....	2,523	2,071	4,909	3,693	3,393	4,348	3,365	3,741	3,101	3,680
6. Health Care Premiums/Payroll Tax.....	691	816	—	—	—	—	—	—	—	—
7. Total Provincial Tax.....	3,214	2,887	4,909	3,693	3,393	4,348	3,365	3,741	3,101	3,680
8. Federal Income Tax.....	844	844	844	844	844	844	844	844	844	844
9. Net Federal GST.....	772	800	696	728	754	797	750	718	814	771
10. Total Tax.....	4,830	4,531	6,449	5,265	4,991	5,989	4,959	5,303	4,759	5,295

Personal Income Tax

- Income tax is based on basic personal credits, applicable provincial credits, and typical major deductions at each income level. Quebec residents pay federal income tax less an abatement of 16.5 per cent of basic federal tax. This abatement has been used to reduce Quebec provincial tax rather than federal tax, for comparative purposes. The two income family of four with \$60,000 annual income is assumed to have one spouse earning \$40,000 and the other \$20,000, the family with \$90,000 income is assumed to have one spouse earning \$50,000 and the other \$40,000, the family with \$30,000 is assumed to have each spouse earning \$15,000 and each senior is assumed to receive \$15,000. All representative families are assumed to have employment income except the senior couple. Contributions to the Quebec Health Services Fund are included in Quebec personal income tax.

Net Child Benefits

- Net child benefits are provincial measures affecting payments to families with children. Provincial child benefit measures are available in British Columbia (BC Family Bonus), Alberta (Family Employment Credit), Saskatchewan (Child Benefit), Ontario (Child Care Supplement for Working Families), Quebec (Integrated Child Allowance), New Brunswick (Child Tax Benefit), Nova Scotia (Child Benefit) and Newfoundland (Child Benefit). In addition, the Alberta government has chosen to vary the amount of the basic federal child tax benefit that their residents receive (shown as a net amount and calculated based on estimated values for 2002).

Property Tax

- Estimates of property taxes are from a survey of Royal LePage's on-line listings of residential properties for sale conducted in 2001. It is assumed that the individual at \$25,000 rents accommodation; the family at \$30,000 and at \$55,000 and the senior couple own bungalows; the family at \$90,000 owns a two-storey executive style home; and the single at \$80,000 owns a luxury condominium, in a major city for each province. Net property taxes are estimated as taxes owing after credits provided through the property tax system are subtracted.

Sales and Fuel Tax Estimates

- Includes sales tax on meals, liquor and accommodation. Estimates are based on expenditure patterns from the 1996 Survey of Family Expenditures. In estimating individual and family taxable consumption, disposable income is reduced by 20 per cent to reflect housing (mortgage and property taxes or rent) costs. The senior couple is assumed to own their home and have no mortgage costs. For each province, disposable income is further reduced by estimated federal income taxes, estimated provincial income taxes and health care premiums if applicable. In addition, the single individual with \$80,000 annual income and the family with \$90,000 annual income are assumed to have savings equal to 5 per cent of their disposable income. For each family, disposable income is distributed among expenditures using the consumption pattern of a typical family with the relevant characteristics as estimated by the family expenditure survey. The provincial retail sales tax and the federal goods and services tax (GST) components of these expenditures are then calculated. GST estimates have been reduced by the GST credit, where applicable.

- Fuel tax is based on annual consumption: 1,000 litres of unleaded fuel for the single at \$25,000, the family at \$30,000 and the senior couple; others are assumed to consume 1,500 litres.

Health Care Premiums/Payroll Tax

- Health care premiums are levied in British Columbia and Alberta only. Approximately 50 per cent of British Columbia premiums are paid by employers on behalf of their employees with the remainder paid by individuals, either by employees or by residents who are not employed. Payroll taxes, in the four provinces that levy them, are paid by the employer. The cost to employers of payroll taxes and health care premiums paid on behalf of employees is generally reflected in reduced wages.

Effective Tax Rates

- British Columbia taxes have been calculated using rates in effect for 2002. Taxes for other provinces were calculated using rates that were announced prior to February 12, 2002, and come into effect during 2002.

TABLE A5

INTERPROVINCIAL COMPARISONS OF PROVINCIAL PERSONAL INCOME TAXES PAYABLE¹ — 2002
(Rates known as of February 12, 2002)

Taxable income ²	British Columbia	Alberta	Saskat- chewan	Manitoba	Ontario	Quebec ³	New Brunswick	Nova Scotia	Prince Edward Island	New- foundland
	Annual provincial taxes payable ⁴ (\$)									
\$10,000.....	79	0	166	100	0	1	178	0	0	218
\$20,000.....	642	545	1,213	1,215	671	953	1,079	1,079	1,115	1,202
\$30,000.....	1,206	1,476	2,261	2,254	1,235	2,254	1,981	2,060	2,027	2,209
\$40,000.....	2,048	2,413	3,515	3,702	2,053	3,844	3,316	3,493	3,315	3,759
\$50,000.....	2,963	3,413	4,840	5,242	2,968	5,445	4,798	4,988	4,695	5,375
\$60,000.....	3,878	4,413	6,165	6,782	3,923	7,122	6,280	6,498	6,163	7,006
\$70,000.....	4,991	5,413	7,715	8,422	5,270	9,007	7,875	8,165	7,952	8,968
\$80,000.....	6,331	6,413	9,265	10,162	7,011	10,944	9,527	9,832	9,789	10,932
\$100,000.....	9,203	8,413	12,365	13,642	10,493	14,845	12,831	13,482	13,463	14,861
\$125,000.....	12,878	10,913	16,240	17,992	14,845	19,842	17,251	18,066	18,055	19,771
\$150,000.....	16,553	13,413	20,115	22,342	19,197	24,676	21,711	22,651	22,648	24,682
	Provincial personal income taxes as a per cent of taxable income (%)									
\$10,000.....	0.8	0.0	1.7	1.0	0.0	0.0	1.8	0.0	0.0	2.2
\$20,000.....	3.2	2.7	6.1	6.1	3.4	4.8	5.4	5.4	5.6	6.0
\$30,000.....	4.0	4.9	7.5	7.5	4.1	7.5	6.6	6.9	6.8	7.4
\$40,000.....	5.1	6.0	8.8	9.3	5.1	9.6	8.3	8.7	8.3	9.4
\$50,000.....	5.9	6.8	9.7	10.5	5.9	10.9	9.6	10.0	9.4	10.8
\$60,000.....	6.5	7.4	10.3	11.3	6.5	11.9	10.5	10.8	10.3	11.7
\$70,000.....	7.1	7.7	11.0	12.0	7.5	12.9	11.3	11.7	11.4	12.8
\$80,000.....	7.9	8.0	11.6	12.7	8.8	13.7	11.9	12.3	12.2	13.7
\$100,000.....	9.2	8.4	12.4	13.6	10.5	14.8	12.8	13.5	13.5	14.9
\$125,000.....	10.3	8.7	13.0	14.4	11.9	15.9	13.8	14.5	14.4	15.8
\$150,000.....	11.0	8.9	13.4	14.9	12.8	16.5	14.5	15.1	15.1	16.5

¹ Calculated for a single individual with wage income and claiming credits for Canada Pension Plan and Quebec Pension Plan contributions, Employment Insurance premiums and the basic personal amount. Quebec personal income tax is calculated using the simplified tax system which provides a minimum level of non-refundable credits that is greater than the basic personal credit amount.

² Taxable income, total income less allowable deductions, is defined by federal legislation in all provinces except Quebec. In the table, it is assumed that federally defined taxable income is equal to Quebec taxable income.

³ Quebec residents pay federal tax less an abatement of 16.5 per cent of federal tax. In the table, the Quebec abatement has been used to reduce Quebec provincial personal income tax for comparative purposes.

⁴ Includes provincial low income reductions in Manitoba, Ontario, Nova Scotia and Prince Edward Island, provincial surtaxes payable in Ontario, Nova Scotia, Prince Edward Island and Newfoundland and contributions to the Health Services Fund in Quebec. Excludes credits for sales and property taxes.

TABLE A6
SUMMARY ACCOUNTS OPERATING RESULTS¹

	Actual 1998/99	Actual 1999/00	Actual 2000/01 ²	2001/02		Budget Estimate 2002/03
				July 30 Update ³	Revised Forecast ³	
(\$ millions)						
Consolidated revenue fund (CRF):						
Revenue ⁴	20,306	21,846	24,027	22,924	22,853	22,038
Expenditure.....	(20,587)	(22,212)	(22,463)	(25,102)	(25,637)	(25,556)
CRF Balance	(281)	(366)	1,564	(2,178)	(2,784)	(3,518)
Crown corporations and agencies:						
Taxpayer-supported:						
British Columbia Buildings Corporation.....	49	45	51	40	38	34
British Columbia Ferry Corporation (BCFC)....	(114)	(299)	11	3	17	16
BC Transportation Financing Authority.....	(114)	22	1	—	1	(56)
Forest Renewal BC.....	(265)	1	(64)	—	—	—
552513 British Columbia Ltd. (Skeena Cellulose Inc.).....	(26)	(3)	—	(53)	(142)	—
Other.....	9	(44)	49	(7)	(15)	3
	(461)	(278)	48	(17)	(101)	(3)
<i>Add:</i> Impact of debt assistance for BCFC and Skeena.....	—	1,080	—	—	220	—
<i>Less:</i> Contributions paid to CRF.....	(14)	(78)	(69)	(18)	(22)	(19)
Other accounting adjustments ⁵	(368)	(131)	(189)	(191)	(191)	(184)
Total taxpayer-supported	(843)	593	(210)	(226)	(94)	(206)
Self-supported commercial:						
British Columbia Hydro and Power Authority..	395	416	446	420	395	345
Liquor Distribution Branch.....	616	617	642	616	627	640
British Columbia Lottery Corporation.....	456	532	562	585	600	660
British Columbia Railway Company.....	24	(582)	(7)	1	(118)	14
Insurance Corporation of British Columbia.....	74	96	139	35	(258)	(10)
Other.....	3	4	4	3	—	5
	1,568	1,083	1,786	1,660	1,246	1,654
<i>Less:</i> Contributions paid to CRF.....	(1,348)	(1,376)	(1,431)	(1,393)	(1,402)	(1,401)
BC Hydro rate stabilization account transfer.....	—	129	103	(45)	(195)	5
Other accounting adjustments ⁶	(99)	(23)	(301)	(156)	(129)	(184)
Total self-supported commercial	121	(187)	157	66	(480)	74
Total net contribution (loss) of Crown corporations and agencies	(722)	406	(53)	(160)	(574)	(132)
Subtotal	(1,003)	40	1,511	(2,338)	(3,358)	(3,650)
Forecast allowance	—	—	—	(500)	(70)	(750)
Summary accounts (deficit) surplus before joint trusteeship	(1,003)	40	1,511	(2,838)	(3,428)	(4,400)
Joint trusteeship (one-time adjustment)	—	—	(52)	1,338	1,464	—
Summary accounts (deficit) surplus	(1,003)	40	1,459	(1,500)	(1,964)	(4,400)

¹ Unless otherwise stated, figures for prior years have been restated to be consistent with the presentation used in 2002/03.

² CRF revenue for 2000/01 has been restated to reflect a \$39-million reduction in personal income tax revenue due to a federal error in the calculation of personal income tax remittances to BC resulting from capital gains refunds associated with mutual fund trusts for the 2000 tax year.

³ For comparison purposes, figures for 2001/02 have been restated to reflect the inclusion of Forest Renewal BC revenue and expense in the CRF.

⁴ CRF revenue amounts exclude dedicated revenue collected on behalf of, and transferred to, Crown corporations and agencies and other entities.

⁵ Primarily reflects adjustments to record the amortization of the cost of highways transferred to the BC Transportation Financing Authority. Also includes one-time adjustments to reflect asset transfers and wind-up costs.

⁶ Includes transfers of British Columbia Lottery Corporation revenue to charities and local governments, and adjustments to the Insurance Corporation of British Columbia and the British Columbia Railway Company to adjust their reporting results from a calendar year basis to government's fiscal reporting period ending March 31.

TABLE A7
REVENUE BY SOURCE¹
CONSOLIDATED REVENUE FUND

	Actual 1998/99	Actual 1999/00	Actual 2000/01	2001/02		Budget Estimate 2002/03	Annual Rate of Growth 1998/99 to 2002/03
				July 30 Update	Revised Forecast		
	(\$ millions)						(per cent)
Taxation Revenue:							
Personal income	5,423	5,839	5,976 ²	4,935	5,355	4,854	(2.7)
Corporation income	1,098	939	1,054	1,154	1,520	779	(8.2)
Social service	3,209	3,338	3,617	3,664	3,535	3,802	4.3
Fuel	654	470	443	416	400	395	(11.8)
Tobacco	505	498	460	463	470	622	5.3
Property — residential (school purpose)	511	529	538	541	537	548	1.8
Property — business (school purpose)	764	758	770	800	793	809	1.4
Property — rural area	61	63	63	65	67	68	2.8
Property transfer	223	245	262	275	290	297	7.4
Corporation capital	455	460	459	347	367	165	(22.4)
Insurance premium	195	199	196	200	200	210	1.9
Hotel room	79	86	93	97	90	91	3.6
Horse racing	4	3	—	—	—	—	(100.0)
	<u>13,181</u>	<u>13,427</u>	<u>13,931</u>	<u>12,957</u>	<u>13,624</u>	<u>12,640</u>	(1.0)
Less: commissions on collection of public funds	(24)	(24)	(23)	(24)	(36)	(30)	5.7
allowances for doubtful accounts	(23)	(25)	(14)	(25)	(25)	(25)	2.1
Total taxation revenue	<u>13,134</u>	<u>13,378</u>	<u>13,894</u>	<u>12,908</u>	<u>13,563</u>	<u>12,585</u>	(1.1)
Natural Resource Revenue:							
Petroleum and natural gas:							
Natural gas royalties	193	328	1,249	1,323	805	925	48.0
Permits and fees	106	248	462	351	340	292	28.8
Petroleum royalties	62	94	136	139	104	84	7.9
Sub-total	<u>361</u>	<u>670</u>	<u>1,847</u>	<u>1,813</u>	<u>1,249</u>	<u>1,301</u>	37.8
Minerals	<u>44</u>	<u>47</u>	<u>53</u>	<u>53</u>	<u>61</u>	<u>69</u>	11.9
Forests:							
Timber sales	815	1,041	821	814	804	910	2.8
Small Business Forest Enterprise Program	209	269	257	255	189	208	(0.1)
Logging tax	14	24	60	18	25	13	(1.8)
Other forests revenue	55	58	15	63	64	14	(29.0)
Forest Renewal BC ³	—	—	—	187	163	—	
Sub-total	<u>1,093</u>	<u>1,392</u>	<u>1,153</u>	<u>1,337</u>	<u>1,245</u>	<u>1,145</u>	1.2
Water resources	306	297	294	301	284	251	(4.8)
Columbia River Treaty	16	100	632	475	355	85	51.8
Wildlife Act	15	15	15	14	14	14	(1.7)
Sub-total	<u>337</u>	<u>412</u>	<u>941</u>	<u>790</u>	<u>653</u>	<u>350</u>	1.0
Less: commissions on collection of public funds	(1)	(1)	(1)	(2)	(2)	(1)	0.0
allowances for doubtful accounts	(5)	(3)	(18)	(10)	(10)	(11)	21.8
Total natural resource revenue	<u>1,829</u>	<u>2,517</u>	<u>3,975</u>	<u>3,981</u>	<u>3,196</u>	<u>2,853</u>	11.8



TABLE A7 — *Continued*
 REVENUE BY SOURCE¹
 CONSOLIDATED REVENUE FUND

	Actual 1998/99	Actual 1999/00	Actual 2000/01	2001/02		Budget Estimate 2002/03	Annual Rate of Growth 1998/99 to 2002/03
				July 30 Update	Revised Forecast		
	(\$ millions)						(per cent)
Other Revenue:							
Medical Services Plan premiums	876	868	895	904	947	1,299	10.4
Motor vehicle licences and permits	329	336	342	345	345	347	1.3
Ministry of Attorney General fees	71	67	68	72	72	74	1.0
Land registries	35	35	33	32	38	38	2.1
Real estate earnings of the Crown Land special account	44	55	48	58	40	57	6.7
Coquihalla highway tolls	39	41	42	42	43	44	3.1
Registries Agency fees	36	36	36	37	36	38	1.4
Vital Statistics Agency fees	10	10	10	10	10	10	0.0
Ministry of Health fees	23	24	21	23	26	26	3.1
Provincial Treasury Operations and Insurance and Risk Management special accounts	27	33	22	21	20	20	(7.2)
Safety inspection fees	16	16	16	16	16	16	0.0
Waste management fees	12	12	11	12	13	11	(2.2)
Property tax collection fees	7	7	7	7	7	6	(3.8)
Financial Institutions Commission	2	2	1	1	1	1	(15.9)
Other fees and licences	42	25	15	18	18	17	(20.2)
	1,569	1,567	1,567	1,598	1,632	2,004	6.3
Less: commissions on collection of public funds	(51)	(14)	(7)	(6)	(7)	(6)	(41.4)
allowances for doubtful accounts	(34)	(5)	(17)	(18)	(42)	(47)	8.4
Sub-total	1,484	1,548	1,543	1,574	1,583	1,951	7.1
Investment earnings	51	60	112	70	60	50	(0.5)
Miscellaneous:							
Fines and penalties	112	108	99	85	85	82	(7.5)
Maintenance of children ⁴	10	—	—	—	—	—	(100.0)
Insurance claim receipts	14	13	12	13	12	13	(1.8)
Other miscellaneous	101	114	114	122	140	125	5.5
	288	295	337	290	297	270	(1.6)
Less: commissions on collection of public funds	(4)	(3)	—	(7)	(8)	(8)	18.9
allowances for doubtful accounts	—	(4)	(19)	(31)	(31)	(19)	—
Sub-total	284	288	318	252	258	243	(3.8)
Asset dispositions ⁵	63	52	—	—	—	—	(100.0)
Total other revenue	1,831	1,888	1,861	1,826	1,841	2,194	4.6



TABLE A7 — *Continued*
 REVENUE BY SOURCE¹
 CONSOLIDATED REVENUE FUND

	Actual 1998/99	Actual 1999/00	Actual 2000/01	2001/02		Budget Estimate 2002/03	Annual Rate of Growth 1998/99 to 2002/03
				July 30 Update	Revised Forecast		
(\$ millions)							(per cent)
Contributions from Government Enterprises:							
Taxpayer-supported Crown corporations and agencies:							
British Columbia Buildings Corporation.....	2	71	50	16	15	13	59.7
Other.....	12	7	19	2	7	6	(15.9)
Sub-total.....	14	78	69	18	22	19	7.9
Self-supported Crown corporations and agencies:							
Liquor Distribution Branch.....	616	617	642	616	627	640	1.0
British Columbia Hydro and Power Authority ...	323	343	372	346	329	283	(3.3)
British Columbia Lottery Corporation	369	416	414	429	444	476	6.6
Other ⁶	40	—	3	2	2	2	(52.7)
Sub-total.....	1,348	1,376	1,431	1,393	1,402	1,401	1.0
Total contributions from government enterprises.....	1,362	1,454	1,500	1,411	1,424	1,420	1.0
Contributions from the Federal Government:							
Canada health and social transfer	1,968	2,438	2,619	2,620	2,660	2,805	9.3
Education (public schools).....	76	81	74	76	81	81	1.6
<i>National Training Act</i>	7	—	—	—	—	—	(100.0)
Employability assistance for persons with disabilities	35	27	28	27	27	27	(6.3)
Immigration services.....	22	22	22	20	20	19	(3.6)
Other payments.....	42	41	54	55	41	54	6.5
Total contributions from the federal government.....	2,150	2,609	2,797	2,798	2,829	2,986	8.6
TOTAL REVENUE.....	20,306	21,846	24,027	22,924	22,853	22,038	2.1



TABLE A7 — *Continued*
 REVENUE BY SOURCE¹
 CONSOLIDATED REVENUE FUND

	Actual 1998/99	Actual 1999/00	Actual 2000/01	2001/02		Budget Estimate 2002/03	Annual Rate of Growth 1998/99 to 2002/03
				July 30 Update	Revised Forecast		
(\$ millions)							(per cent)
DEDICATED REVENUE COLLECTED ON BEHALF OF, AND TRANSFERRED TO, CROWN CORPORATIONS AND AGENCIES, AND OTHER ENTITIES							
British Columbia Transit ⁷	94	8	7	8	7	7	(47.8)
Greater Vancouver Transportation Authority ⁸	—	182	173	197	200	242	—
BC Transportation Financing Authority ⁹	124	176	202	204	201	203	13.1
British Columbia Ferry Corporation ¹⁰	—	65	73	74	73	74	—
<i>Tobacco Tax Amendment Act</i> ¹¹	2	2	2	1	2	2	—
Rural Area Property Taxes ¹²	147	149	156	168	168	182	5.5
Tourism British Columbia ¹³	20	22	24	25	23	23	3.6
Oil and Gas Commission ¹⁴	6	13	18	15	18	18	31.6
Forest Renewal BC ¹⁵	177	302	187	—	—	—	(100.0)
BC Racing Commission ¹⁶	—	—	—	14	14	14	—
Total Dedicated Revenue	570	919	842	706	706	765	7.6

¹ Unless otherwise indicated, figures for prior years have been restated to be consistent with the presentation used in 2002/03. Consolidated Revenue Fund revenue amounts exclude dedicated revenue collected on behalf of, and transferred to, Crown corporations and agencies, and other public bodies.

² CRF revenue for 2000/01 has been restated to reflect a \$39-million reduction in personal income tax revenue due to a federal error in the calculation of personal income tax remittances to BC resulting from capital gains refunds associated with mutual fund trusts for the 2000 tax year.

³ For comparison purposes, figures for 2001/02 have been restated to include revenue of Forest Renewal BC, which will be dissolved and included as part of the CRF at the end of 2001/02.

⁴ Beginning in 1999/00, maintenance of children revenue is recorded as a recovery to, or off the related ministry program expenditure vote.

⁵ Includes revenue realized through dispositions of assets resulting from reviews of government properties, agencies and other assets to identify those assets surplus to government's needs.

⁶ Includes British Columbia Railway Company and other Crown corporations and agencies.

⁷ The 1998/99 figure includes motor fuel tax collected in the Vancouver and Victoria regional transit areas. Effective April 1, 1999, figures include motor fuel tax collected in the Victoria regional transit area only (2.5 cents/litre on clear gasoline and motive fuel), as a result of the creation of the Greater Vancouver Transportation Authority (*TransLink*).

⁸ Effective April 1, 1999, includes 8 cents/litre on clear gasoline and motive fuel (4 cents/litre of which was previously collected on behalf of British Columbia Transit) and social service tax on parking in the Vancouver transit area. Effective April 1, 2001, the tax transferred increased to 9 cents/litre on clear gasoline and motive fuel. Effective April 1, 2002, includes an additional 2 cents/litre collected on behalf of the Greater Vancouver Transportation Authority.

⁹ Includes motor fuel tax and social service tax on short-term rentals of passenger vehicles. The 1999/00 figure is based on a transfer of 3 cents/litre on clear gasoline and motive fuel (up from 2 cents/litre effective June 1, 1999). Effective April 1, 2000, the transfer is 3.25 cents/litre on clear gasoline and motive fuels.

¹⁰ Includes 1 cent/litre on motor fuel tax for the period April 1, 1999 to September 30, 1999, and 1.25 cents/litre effective October 1, 1999.

¹¹ Includes tobacco tax collected on behalf of the Cowichan Tribes in respect of the Cowichan Tribes Agreement.

¹² Includes local taxes collected on behalf of local governments in rural areas.

¹³ Includes 1.65 percentage points of the 8-per-cent provincial hotel room tax.

¹⁴ Includes fees collected under the *Petroleum and Natural Gas Act*, the *Pipeline Act*, and a levy assessed under the *Oil and Gas Commission Levy Regulation*.

¹⁵ Includes incremental stumpage and royalty revenue resulting from changes to rates introduced under the provincial government's Forest Renewal Plan on and after May 1, 1994. For comparison purposes, figures for 2001/02 have been restated to exclude revenue of Forest Renewal BC, which will be dissolved and included as part of the CRF at the end of 2001/02.

¹⁶ Prior to 2001/02, this was recorded as a recovery to a voted appropriation.

TABLE A8
EXPENSE BY FUNCTION
CONSOLIDATED REVENUE FUND

	Actual 1998/99	Actual 1999/00	Actual 2000/01	2001/02 ¹		Budget 2002/03	Plan 2003/04	Plan 2004/05	Rate of Growth from July 30 Update 2001/02 to 2004/05
				July 30 Update	Forecast				
	(\$ millions)								(per cent)
Health.....	7,479	8,017	8,745	9,646	9,964	10,380	10,374	10,378	7.6
Social services.....	3,031	3,011	3,126	3,400	3,369	3,197	2,784	2,368	(30.4)
Education.....	5,825	5,975	6,357	6,862	6,862	6,871	6,871	6,871	0.1
Protection of persons and property.....	1,071	1,110	1,101	1,199	1,232	1,200	1,098	1,008	(15.9)
Transportation.....	790	1,697 ²	611	667	709	734	721	677	1.5
Natural resources and economic development.....	932	962	1,028	1,373	1,743	1,065	929	814	(40.7)
Other.....	372	359	341	397	420	370	360	345	(13.1)
Government Restructuring (All Ministries).....	—	—	—	—	95	230	165	—	—
Contingencies (All Ministries) ³	—	—	—	360	58	210	210	210	(41.7)
General government.....	249	246	265	375	387	379	338	275	(26.7)
Debt servicing.....	838	835	889	823	798	920	1,085	1,182	43.6
TOTAL EXPENDITURE.....	20,587	22,212	22,463	25,102	25,637	25,556	24,935	24,128	(3.9)

¹ Figures for 2001/02 have been reclassified based on more accurate information and to more closely follow the presentation used by Statistics Canada. CRF expenditure has been increased (budget: \$294 million; revised forecast: \$361 million) to reflect the inclusion of Forest Renewal BC expenditures as part of CRF spending for comparison to future years. CRF expenditure has been increased by \$58 million to reflect a reclassification of the amortization of unfunded pension liabilities as part of joint trusteeship which is shown as an adjustment to the summary accounts bottom line. There is no effect on the summary accounts deficit.

² Includes forgiveness of \$1.08 billion of debt owed to the government by BC Ferry Corporation.

³ The Contingencies vote is allocated to functions according to specific pressures in actual figures for 1998/99 to 2000/01. The 2001/02 forecast contingencies amount represents unallocated potential pressures, while the remainder of the budget is allocated to functions according to specific pressures (see Table 3.3).

TABLE A9
CONSOLIDATED REVENUE FUND REVENUE ASSUMPTIONS AND SENSITIVITIES

Revenue Source and Assumptions (\$ millions)	2001/02		Budget Estimate 2002/03	Plan 2003/04	Plan 2004/05	Sensitivities 2002/03
	July 30 Update	Revised Forecast				
Personal Income Tax	\$4,935	\$5,355	\$4,854	\$5,159	\$5,499	<p>±1% change in 2001 personal income growth equals ±\$50 to \$75 million as a prior-year adjustment (in 2002/03) and could result in an additional revenue-base change in 2002/03 and in future years</p> <p>±1% change in 2002 BC personal income growth equals ±\$50 to \$100 million</p>
BC personal income growth	3.2%	2.2%	2.0%	3.6%	4.0%	
BC tax base growth	3.3%	2.2%	2.5%	4.6%	5.0%	
Includes Budget 2002 measures:						
Increase sales tax credit		-\$5	-\$20	-\$20	-\$20	
Increase disability-related tax credits		-\$1	-\$4	-\$4	-\$4	
BC Family Bonus adjustments			+\$3	+\$8	+\$12	
Prior-year assessments:						
2000 personal income growth	5.3%	5.2%				
2000 tax-base growth	3.2%	7.5%				
<p>A correction of a recent federal error in the calculation of personal income tax remittances to BC has been factored into the revenue forecast for 2001/02 and onwards. The forecast does not assume a reduction in revenue in respect of errors relating to 1999 and prior years as the amounts and resolution are under review.</p>						
Corporation Income Tax	\$1,154	\$1,520	\$779	\$793	\$1,009	<p>±1% change in the 2002 national tax base equals ±\$10 to \$15 million</p> <p>±1% change in the 2001 BC tax base equals ±\$10 to \$15 million in 2002/03</p>
National tax base growth	-1.0%	1.9%	-10.0%	10.0%	10.0%	
BC instalment share	8.9%	8.9%	9.5%	7.9%	8.4%	
BC corporate profits growth	5.0%	-15.0%	-7.5%	7.5%	7.5%	
BC general tax rate	16.5%	16.5%	13.5%	13.5%	13.5%	
Includes Budget 2002 measure of raising the small business taxable income threshold			-\$10	-\$13	-\$13	
Prior-year adjustments	-\$50	+\$283	-\$152	-\$80	-\$55	
2000 and prior years tax-base growth	15%	39%				
<p>Revenue is recorded on a cash basis. Due to lags in the federal collection and instalment systems, changes to the BC corporate profits and tax base forecasts affect revenue in the succeeding year. For example, 2002/03 instalments from the federal government are based on BC's share of the national tax base for the 2000 tax-year (assessed as of December 31, 2001) and a forecast of the 2002 national tax base.</p>						
Social Service Tax	\$3,664	\$3,535	\$3,802	\$3,982	\$4,175	<p>±1% change equals ±\$25 to \$35 million</p> <p>±1% change equals ±\$10 to \$20 million</p>
Consumer expenditure growth	4.1%	3.6%	3.2%	4.8%	4.8%	
Machinery and equipment spending growth	2.5%	4.1%	2.3%	5.4%	5.9%	
Includes Budget 2002 measures:						
Various exemptions/refunds			-\$17	-\$17	-\$17	
General rate increased to 7.5%			+\$250	+\$250	+\$250	
Tobacco Tax	\$463	\$470	\$622	\$624	\$627	<p>±1% change in population growth equals up to ±\$10 million</p>
Population growth	0.9%	0.9%	0.8%	1.0%	1.2%	
Includes Budget 2002 measure:						
Tax/carton of 200 cigarettes (\$)	\$22.00	\$22.00	\$30.00	\$30.00	\$30.00	
Tax/gram of loose tobacco (¢)	11¢	11¢	15¢	15¢	15¢	
Additional revenue			+\$150	+\$150	+\$150	
<p>Forecast assumes some change in behaviour in response to the higher tax rates.</p>						
Property Taxes	\$1,406	\$1,397	\$1,425	\$1,454	\$1,485	<p>Tax assessments for 2002 are not finalized. Overall forecast risk up to ±\$15 million.</p>
BC housing starts growth	8.2%	19.5%	5.6%	8.5%	9.7%	
Includes Budget 2002 measures to increase provincial residential (school) and rural property taxes			+\$21	+\$21	+\$21	



TABLE A9
 CONSOLIDATED REVENUE FUND REVENUE ASSUMPTIONS AND SENSITIVITIES
 — Continued

Revenue Source and Assumptions (\$ millions)	2001/02		Budget Estimate 2002/03	Plan 2003/04	Plan 2004/05	Sensitivities 2002/03	
	July 30 Update	Revised Forecast					
Fuel, Corporation Capital and Other Taxes	\$1,335	\$1,347	\$1,158	\$1,105	\$1,143	±1% change in economic factors determining growth equals ±\$15 to \$25 million	
Nominal GDP growth	3.6%	1.0%	1.0%	4.2%	4.7%		
Real GDP growth	2.2%	0.7%	0.6%	2.8%	3.1%		
Fuel tax (\$ millions)	\$416	\$400	\$395	\$398	\$413		
Corporation capital tax (\$ millions)	\$347	\$367	\$165	\$90	\$91		
Other taxes (\$ millions)	\$572	\$580	\$598	\$617	\$639		
Corporation capital tax general rate (as of September 1)	0.15%	0.15%	0.0%	0.0%	0.0%		
Tax-point transfer to GVTA (TransLink)* (¢/litre)	9.0¢	9.0¢	9.0¢	9.5¢	9.5¢		
* For details regarding the value of fuel tax-point transfers to GVTA, BCTFA, BC Ferries and BC Transit, see Table A7.							
Petroleum, Natural Gas and Minerals	\$1,866	\$1,310	\$1,370	\$1,475	\$1,529	±\$0.50 change in the natural gas price equals ±\$125 to \$175 million ±1% change in natural gas volumes equals ±\$5 to \$15 million ±5% change in price or volume of land sales equals ±\$12 million	
Natural gas price (\$Cdn/gigajoule)	\$6.00	\$3.35	\$3.65	\$3.90	\$3.95		
Natural gas volumes (annual per cent change)	7.9%	21.0%	3.8%	1.9%	1.8%		
Auctioned land base (000 hectares)	1,000	692	653	653	653		
Average bid price/hectare (\$)	\$305	\$425	\$375	\$375	\$375		
Forests FRBC*	\$1,150	\$1,082	\$1,145	\$1,278	\$1,297		±US\$50 change in SPF price equals ±\$125 to \$150 million ±US\$100 change in hemlock price equals ±\$15 to \$25 million ±US\$50 change in pulp price equals ±\$10 to \$15 million ±10% change in Interior harvest volumes equals ±\$60 to \$100 million ±10% change in Coastal harvest volumes equals ±\$20 to \$30 million
Total Gross Revenue	\$ 187	\$ 163	—	—	—		
SPF 2x4 price (\$US/1000 bd ft, calendar year average)	\$259	\$248	\$250	\$275	\$275		
Hemlock price (\$US/1000 bd ft, calendar year average)	\$582	\$583	\$600	\$600	\$600		
Pulp price (\$US/tonne, calendar year average)	\$564	\$541	\$500	\$550	\$594		
Interior Crown harvest volumes (million cubic metres)	46.5	44.7	44.0	45.0	46.0		
Coastal Crown harvest volumes (million cubic metres)	15.0	13.9	14.0	14.5	15.0		
* Combined with Forests revenue as FRBC will be dissolved at the end of 2001/02.							
Columbia River Treaty Sales	\$475	\$355	\$85	\$165	\$185	±10% change in average selling price equals ±\$5 to \$15 million	
Annual quantity fixed by treaty (million mega-watt hours)	2.5	2.5	2.5	4.5	4.5		
Market prices (annual per cent change) Based on BC Hydro's January 18, 2002 outlook for forward prices	-34.5%	-61.0%	-69.2%	8.3%	15.4%		
Other Sources: Fees, Licences and Miscellaneous	\$1,826	\$1,841	\$2,194	\$2,264	\$2,322	±1% change in population growth equals up to ±\$15 million in MSP premiums	
Population growth	0.9%	0.9%	0.8%	1.0%	1.2%		
Nominal GDP growth	3.6%	1.0%	1.0%	4.2%	4.7%		
Real GDP growth	2.2%	0.7%	0.6%	2.8%	3.1%		
MSP premiums including Budget 2002 measures	\$904	\$947	\$1,299	\$1,342	\$1,353		
One time revenue (prior years)		\$33					
Budget 2002 measure of increasing MSP premiums			\$358	\$392	\$392		



TABLE A9
CONSOLIDATED REVENUE FUND REVENUE ASSUMPTIONS AND SENSITIVITIES
 — *Continued*

Revenue Source and Assumptions (\$ millions)	2001/02		Budget Estimate 2002/03	Plan 2003/04	Plan 2004/05	Sensitivities 2002/03
	July 30 Update	Revised Forecast				
Contributions from Government Enterprises — based on Business Service Plans	\$1,411	\$1,424	\$1,420	\$1,523	\$1,568	See Table A11 for assumptions and sensitivities for the Crown corporations.
Canada health and social transfer (CHST)	\$2,620	\$2,660	\$2,805	\$2,930	\$3,075	±1% change in the national base (cash and tax points) equals ±\$40 to \$50 million, assuming no change to the BC income tax bases ±1% change in BC population with no change in national population equals ±\$40 to \$50 million. 1% increase (decrease) in the BC income tax bases reduces (increases) revenue by \$15 to \$20 million
National cash (\$ billion)	\$17.3	\$17.3	\$18.6	\$19.3	\$20.4	
National tax points (\$ billion)	\$15.7	\$16.1	\$16.4	\$17.3	\$17.9	
BC entitlement (share of national population)	13.2%	13.2%	13.1%	13.1%	13.2%	
BC tax point offset (\$ billion)	-\$1.7	-\$1.7	-\$1.8	-\$1.9	-\$2.0	
Forecast does not assume any change in revenue that may result from entitlement to Equalization transfer payments.						

TABLE A10
 CONSOLIDATED REVENUE FUND EXPENDITURE ASSUMPTIONS AND SENSITIVITIES

Ministry Programs and Assumptions	2001/2002 ¹		Budget Estimate 2002/03	Plan 2003/04	Plan 2004/05	Sensitivities 2002/03
	July 30 Update	Revised Forecast				
Advanced Education \$ millions	1,892	1,892	1,900	1,900	1,900	
<i>Student Spaces (# of FTEs)</i>	155,000	155,000	157,500	160,000	163,500	<i>The number of student spaces may vary depending on the tuition fee policies adopted by post-secondary institutions.</i>
<i>Debt Service Costs — \$ millions</i>	142	140	145	150	164	<i>A 1% change in interest rates affects annual debt service costs by approximately \$1.8 million.</i>
<i>Student Loans Authorized — \$ millions</i>	113	90	143	150	158	<i>A 1% change in interest rates affects annual costs by approximately \$3.6 million.</i>
			<i>Assumes higher demand for student loans.</i>			
<i>Loans and Grants — volume (#)</i>	68,000	67,000	71,740	77,300	83,880	<i>A 1% change in demand affects costs by \$1.4 million.</i>
Attorney General \$ millions	564	564	556	497	481	
<i>Criminal caseload — volume (#)</i>	128,000	128,000	125,000	124,000	123,000	<i>A 10% change in criminal caseload level affects cost by approximately \$9 million annually.</i>
			<i>The average annual cost of funding each additional criminal case is expected to be approximately \$800.</i>			
<i>Civil Court hours — volume (#)</i>	75,000	75,000	72,900	72,500	72,500	<i>A 10% change in the number of civil court hours affects costs by approximately \$5 million annually.</i>
			<i>The average annual cost of funding each additional civil court hour is approximately \$600.</i>			
<i>Number of Court Locations (#)</i>	99 locations 68 staffed 31 unstaffed		74 locations 43 staffed 31 unstaffed			<i>The average savings per court closure is \$400,000.</i>
			<i>The annual savings from court closures is expected to be approximately \$9 million.</i>			
<i>Statutory services — Crown Proceeding Act (CPA) — \$ millions</i>	30	40	30	30	30	<i>Actual annual expenditures vary with the volume/size of claims and timing of settlements. Over the past ten years, the annual cost of settlements has varied from \$2 million to \$81 million.</i>
			<i>The budget provides funding based on a historical ten year average of CPA expenditures.</i>			
Children and Family Development \$ millions	1,553	1,544	1,558	1,394	1,191	
<i>Children-in-care caseload (#)</i>	10,300	10,200	9,700	9,100	8,400	<i>A 5% change in caseload affects annual costs by approximately \$10 million to \$15 million.</i>
			<i>The average annual residential cost per child in care is expected to decrease from approximately \$28,000 in 2001/02 to \$23,000 in 2004/05.</i>			

¹ Restated for consistency with 2002/03 presentation.



TABLE A10
 CONSOLIDATED REVENUE FUND EXPENDITURE ASSUMPTIONS AND SENSITIVITIES — *Continued*

Ministry Programs and Assumptions	2001/2002 ¹		Budget Estimate 2002/03	Plan 2003/04	Plan 2004/05	Sensitivities 2002/03
	July 30 Update	Revised Forecast				
Community Living Services caseload (#)	8,250	8,850	8,850	8,850	9,000	A 5% change in caseload affects annual costs by approximately \$23 million to \$30 million.
			The average annual cost per client is expected to decrease from approximately \$64,000 in 2001/02 to \$51,000 in 2004/05.			
Community, Aboriginal and Women's Services \$ millions	559	559	555	533	478	
2010 Winter Olympic Bid — \$ millions	2	2	2	2	TBD	
			A decision on the winning bid will be made in July 2003. No funding for hosting the Games or for related infrastructure has been included in the budget.			
Education \$ millions	4,842	4,842	4,861	4,861	4,861	
Student Enrolment (# of FTEs)	595,000	595,000	592,000	591,000	589,000	A 1% change in enrolment affects annual costs by approximately \$32 million.
			Assumes a 1% decline in student enrolment over the three year period.			
Class size Kindergarten	20 maximum		19 district average			A one-student per class change in K-12 affects annual costs by approximately \$60 million.
Class size Grades 1-3	22 maximum		21 district average			
Class size Grades 4-12	Variable		30 district average			
Debt service costs — \$ millions	356	330	363	363	363	A 1% change in interest rates affects annual debt service costs by \$7 million.
Energy and Mines \$ millions	67	67	50	45	40	
Vancouver Island Natural Gas Pipeline Act and the Squamish Rate Stabilization Facility — \$ millions	33	33	21	20	19	Each Cdn\$1 per GJ change in the average natural gas price for the fiscal year affects annual costs by \$6 million.
			Assumes median price of \$3.75/GJ.			
Forests \$ millions	832	867	621	528	476	For comparability, 2001/02 is restated to include expenditures of Forest Renewal BC.
Direct Fire Fighting — \$ millions	86	54	55	55	55	Drier-than-normal weather, particularly in the Interior, would likely affect costs. The annual cost of fighting forest fires has varied from \$19 million to \$154 million.
			The budget provides funding based on a historical median fire year and assumes implementation of a cost-shared fire protection model.			

¹ Restated for consistency with 2002/03 presentation.



TABLE A10
 CONSOLIDATED REVENUE FUND EXPENDITURE ASSUMPTIONS AND SENSITIVITIES — *Continued*

Ministry Programs and Assumptions	2001/2002 ¹		Budget Estimate 2002/03	Plan 2003/04	Plan 2004/05	Sensitivities 2002/03
	July 30 Update	Revised Forecast				
Health Services \$ millions	9,516	9,746	10,205	10,206	10,206	
Pharmacare — \$ millions	709		718	630	723	
<i>Demand/cost growth (per cent change)</i>	9	15	15	15	15	<i>An 11% change in utilization affects costs by approximately \$70 million; a 4% change in drug prices affects costs by approximately \$25 million.</i>
<i>Budget Management Strategies</i>		<i>Savings from deductible/co-payment changes implemented January 1, 2002 offset anticipated demand/cost pressures.</i>				
		<i>Additional savings from implementation of income testing for Plans A (Seniors) and E (Universal) on January 1, 2003 offset anticipated demand/cost pressures.</i>				
Medical Services Plan (MSP) — \$ millions	2,244		2,518	2,549	2,583	
<i>Population/ Demographic growth in physician costs (per cent change)</i>	1.8	1.9	1.6	1.6	1.7	<i>A 2% change in the volume of services provided by fee-for-service physicians affects MSP costs by approximately \$38 million.</i>
<i>Arbitration of Working Agreement with physicians</i>			<i>Includes preliminary estimate of annualized cost of interim award.</i>			<i>Finalization of Working Agreement arbitration could affect program costs.</i>

¹ Restated for consistency with 2002/03 presentation.



TABLE A10
 CONSOLIDATED REVENUE FUND EXPENDITURE ASSUMPTIONS AND SENSITIVITIES — *Continued*

Ministry Programs and Assumptions	2001/2002 ¹		Budget Estimate 2002/03	Plan 2003/04	Plan 2004/05	Sensitivities 2002/03
	July 30 Update	Revised Forecast				
<i>Supplementary Benefits</i>	<i>Base savings from changes to chiropractic, massage therapy, physiotherapy, naturopathy, non-surgical podiatry (implemented January 1, 2002) are reallocated to fund population/ demographic growth in physician services.</i>					<i>A 1% change in the average number of supplementary services per beneficiary affects MSP costs by approximately \$0.5 million.</i>
			<i>Future demand growth in supplementary benefits will be managed by prorating and/or reallocating funding between practitioner groups.</i>			
Regional Health Sector — \$ millions	5,933		6,337	6,405	6,297	<i>A 1% change in population affects annual costs by approximately \$60 million.</i> <i>A 1% wage increase affects annual costs by approximately \$45 million.</i>
			<i>Includes increased funding of approximately \$365 million for the health authorities to cover increased compensation costs in the health sector. Compensation cost increases in 2002/03 are largely funded through MSP premium increases. Assumes population growth and non-wage inflation pressures can be managed within the existing budget.</i>			
			<i>The health authorities are responsible for planning and managing health care service delivery. The mix of health care services will be determined by regional health authorities based on the essential health needs of each region's population. Performance contracts between the ministry and health authorities will identify expectations for health care outcomes and results.</i>			

¹ Restated for consistency with 2002/03 presentation.



TABLE A10
 CONSOLIDATED REVENUE FUND EXPENDITURE ASSUMPTIONS AND SENSITIVITIES — *Continued*

Ministry Programs and Assumptions	2001/2002 ¹		Budget Estimate 2002/03	Plan 2003/04	Plan 2004/05	Sensitivities 2002/03
	July 30 Update	Revised Forecast				
<i>Anticipated service changes include:</i>						
<i>Acute inpatient & day surgery cases (#)</i>	625,000	625,000	615,000	625,000	625,000	
			The health authorities will collaborate with the health ministries in the development of surgical performance measures and principles for establishing priority care for non-emergency cases. These principles and measures will be introduced in 2003/04.			
<i>Mental Health — new community beds to replace Riverview beds (#)</i>	10	10	106	298	62	
			The health authorities will introduce best practices as identified in the Mental Health Plan.			
<i>Home and Community Care — assisted living units under construction (#)</i>	0	0	0	1,750	1,750	
			Introduction of assisted living/ supportive housing units to keep clients in the community in accordance with the provincial Home and Continuing Care Plan.			
<i>Administrative expenses as a percent of total expenses</i>	25.8	25.8	25.8	Reduced percentage	Reduced percentage	
			The health authorities will reduce the ratio of support and administration costs to overall expenditures to maximize funding for patient care.			
Emergency Health Services — \$ millions	192		188	188	188	
			Savings from reduced inter-facility transfers, redirection of low priority calls, reduced paid training and program management, and efficiencies are expected to offset anticipated wage, demand and inflation pressures totalling \$55 million over three years.			

¹ Restated for consistency with 2002/03 presentation.



TABLE A10
 CONSOLIDATED REVENUE FUND EXPENDITURE ASSUMPTIONS AND SENSITIVITIES — *Continued*

Ministry Programs and Assumptions	2001/2002 ¹		Budget Estimate 2002/03	Plan 2003/04	Plan 2004/05	Sensitivities 2002/03
	July 30 Update	Revised Forecast				
Human Resources \$ millions	1,937	1,929	1,789	1,550	1,356	
<i>Temporary and Continuous Assistance Average Caseload (#)</i>	155,440	157,130	146,700	131,180	117,710	A 1% change in caseload affects expenditures by approximately \$12 million annually. A 1% change in the unemployment rate affects expenditures by approximately \$40 million annually.
			Caseload assumptions are based on an annual average unemployment rate of 6.9% over the three years.			
<i>Temporary and Continuous Assistance — Average Cost per Case (\$)</i>	686	686	665	609	536	The average cost per case is sensitive to behaviour changes, composition of the caseload, and factors such as treatment of income and length of time on income assistance. A 1% change in the annual average cost per case affects expenditure by approximately \$8 million to \$12 million.
			These costs reflect the average payments per case. Actual income levels for income assistance clients are higher due to income from other sources.			
Public Safety and Solicitor General \$ millions	498	497	506	475	441	Additional 2001/02 spending funded from contingencies.
<i>Corrections — number of inmates (#)</i>	2,200 - 2,400	2,250	2,150 - 2,350	2,150 - 2,350	2,150 - 2,350	A 1% change in the prison population affects costs by \$1.1 million.
<i>Emergency Program Act — \$ millions</i>	17	17	16	17	16	Actual costs will vary depending on the number or severity of natural disasters such as earthquakes or floods.
			The budget provides funding based on a historical average other than extraordinary occurrences.			
Transportation \$ millions	673	671	739	725	681	
<i>Amortization portion of the Public Transit Vote — \$ millions</i>	27	43	53	50	50	Earlier completion could affect annual amortization expenditures.
			Assumes substantive completion of the SkyTrain Millennium Line in 2002/03 and completion of any additional extensions after 2004/05.			

¹ Restated for consistency with 2002/03 presentation.



TABLE A10
 CONSOLIDATED REVENUE FUND EXPENDITURE ASSUMPTIONS AND SENSITIVITIES — *Continued*

Ministry Programs and Assumptions	2001/2002 ¹		Budget Estimate 2002/03	Plan 2003/04	Plan 2004/05	Sensitivities 2002/03
	July 30 Update	Revised Forecast				
Public Sector Pension Liability \$ millions	126	0	0	0	0	<i>In fiscal 2001/02, the last of the unfunded pension liabilities was eliminated. If their triennial actuarial evaluations show them to be in unfunded pension liability (UPL) position, the province would be required to pick up its 50% share in any UPL as an expense.</i>
Management of Public Funds and Debt \$ millions <i>Expected interest rates (per cent)</i> short term: long term:	823 4.7 6.6	798 3.31 6.43	920 2.94 6.51	1,085 4.31 6.68	1,182 4.88 7.30	<i>A 1% change in interest rates affects direct operating debt interest expense by \$88 million and by \$121 million when taxpayer-supported debt is included.</i>
Government Restructuring (All Ministries) \$ millions	0	95	230	165	0	<i>For further detail see topic box.</i>
<i>Workforce Adjustment \$ millions</i>	0	85	65	65	0	
<i>FTE reduction incurring severance costs (#)</i>		2,600	1,900	1,900	0	<i>A 10% change in the estimated number of FTEs incurring severance, or in the average cost of severance, would affect costs by approximately \$22 million.</i>
<i>Accommodation Initiative \$ millions</i>	0	0	135	45	0	<i>As ministry plans are confirmed, costs may change.</i>
			<i>Estimates based on preliminary restructuring plans per ministries.</i>			
Government-Wide Issues						
<i>Compensation</i>			<i>During the 2002/03 through 2004/05 period, virtually all collective agreements expire. Agreements expiring over the next three years will be settled under a new bargaining mandate. There will be no across-the-board, general wage increases for sectors. Legitimate skills shortages may be addressed by employers through market adjustment increases. The provincial government will not provide funding for market adjustment increases.</i>			

¹ Restated for consistency with 2002/03 presentation.

TABLE A11
CROWN CORPORATION ASSUMPTIONS AND SENSITIVITIES

Crown Corporation and Assumptions (\$ millions)	2001/02		Budget Estimate 2002/03	Plan 2003/04	Plan 2004/05	Sensitivities 2002/03
	July 30 Update	Revised Forecast				
British Columbia Buildings Corporation						
Net income (loss)	40	38	34	43	56	±10% in timing/extent of ministry restructuring=±\$3-5 million
Short-term interest rates	4.4%	3.3%	2.9%	4.3%	4.9%	±10% in energy prices=±\$2 million
Gains on disposal of property	7.0	6.2	6.0	14	17	±1% in interest rates=±\$0.6 million
Capital spending	up to 85	up to 59	up to 70	up to 56	up to 52	Value and timing of property sales depend on market.
Dividend to CRF	16	15	13	17	22	±\$10 million in capital spending=±\$0.5 million in net expenses
Grants in lieu of taxes for owned properties (status quo)	19	19	19	19	19	Potential move to full property tax=up to +\$14 million in costs depending on implementation timing
British Columbia Ferry Corporation						
Net income (loss)	2.5	17	16	25	21	
Capital spending	89	68	103	187	164	
Traffic volume trends	+1.0%	+1.5%	+1.6%	+1.5%	1.9%	±1% in traffic volumes=±\$3 million
Toll increases	None	None	CPI	None	CPI	±1% in fuel prices=±\$0.5 million
Fuel costs	54	47	51	54	54	Sale of <i>PacifiCats</i> dependent on market conditions
Dedicated motor fuel tax	74	73	74	76	78	
Sale of <i>PacifiCats</i>	—	—	—	120	—	
BC Transportation Financing Authority						
Net income (loss)	—	0.8	(56)	(77)	(102)	
Capital spending	331	331	254	221	217	±1% in provincial fuel consumption volumes=±\$2 million.
Dedicated tax revenue	204	201	203	209	214	±1% in floating/new-fixed borrowing rates=±\$5 million in interest costs.
Average floating/new fixed borrowing rate	6.0%	6.0%	5.6%	5.8%	6.4%	
British Columbia Hydro and Power Authority						
Net income before transfer (to) from rate stabilization account	375	200	350	400	285	Range of net income up to \$300 million, depending on total impact of the following non-controllable factors:
Transfer (to) from rate stabilization account	45	196	(5)	(36)	77	±5% in average temperatures=±\$5 million in income
Dividend to CRF	346	329	283	301	297	±1% in hydro generation=±\$15 million in income
Capital spending	600	534	745	790	745	±\$5/MW.h in electricity trade margins=±\$115 million in income
Weather patterns	Normal	Normal	Normal	Normal	Normal	±10% in natural gas prices=±\$15 million
Water inflow levels (snowpack)	81%	88%	100%	100%	100%	±100 basis points in borrowing rate=±\$25 million in finance costs.
Domestic load growth	0.0%	-1.0%	-0.1%	+1.6%	+0.5%	±1¢ in exchange rates=±\$40 million in finance costs
BC real GDP	2.2%	0.7%	0.6%	2.8%	3.1%	
Forward energy price date	Jun 01/01	mid-Jan/02	mid-Jan/02	mid-Jan/02	mid Jan/02	
CDN short-term interest rates	4.5%	3.3%	2.9%	4.3%	4.9%	
Exchange rate (US/CDN)	65¢	64¢	64¢	65¢	67¢	
British Columbia Liquor Distribution Branch						
Net income	616	627	640	650	650	Price competition, economic conditions, weather patterns and timing of holidays affect sales.
Net sales increase	0.4%	2.9%	1.8%	1.6%	0.7%	±1% in sales volume=±\$6 million in net income
Capital spending	31	30	22	11	10	



TABLE A11
CROWN CORPORATION ASSUMPTIONS AND SENSITIVITIES — *Continued*

Crown Corporation and Assumptions (\$ millions)	2001/02		Budget Estimate 2002/03	Plan 2003/04	Plan 2004/05	Sensitivities 2002/03
	July 30 Update	Revised Forecast				
British Columbia Lottery Corporation						
Net income	585	600	660	715	765	
Dividend to CRF	429	444	476	553	596	
Capital spending	26	26	26	26	26	
Gaming activity	+5.0%	+6.8%	+7.9%	+7.5%	+6.5%	±1% in gaming activity= ±\$6 million
British Columbia Railway Company						
Net income (loss)	1	(118)	14	52	74	Total traffic disruption could reduce net income by \$4 million per week.
Capital spending	72	73	66	125	64	
Restructing costs	—	100	—	—	—	
Insurance Corporation of British Columbia						
Net income (loss)	35	(258)	(10)	22	51	
Investment income	430	448	399	347	347	+0.25% in investment returns= ±\$14 million
Capital spending						±1% in investment balance= ±\$4 million
• operational	43	25	30	30	30	
• ICBC Properties Ltd.	108	82	86	—	—	
Restructuring costs	—	42	15	—	—	
Policy premium revenue trend	+2.0%	+2.5%	+5.2%	+8.8%	+6.0%	±1% in premium revenue= ±\$26 million
Premium rate changes	None	+7.4% effective Nov 7/01	CPI+	CPI+	CPI+	±1% in assumed claims trend= ±\$21-25 million
Claims-incurred trends	0%	+5.6%	+2.0%	+2.9%	+3.8%	±1% in prior year unpaid claims estimate= ±\$40 million
Adjustment to prior year claims	(48)	(12)	—	—	—	

TABLE A12
SUMMARY ACCOUNTS STAFF UTILIZATION¹

	2001/02		Budget Estimate 2002/03	Plan 2003/04	Plan 2004/05	Per Cent Change ³
	July 30 Update ²	Revised Forecast ²				
Consolidated revenue fund (e.g. ministries and special offices) ⁴	35,046	33,792	31,608	28,460	23,233	(33.7)
Taxpayer-supported Crown corporations and agencies ⁵	9,142	9,154	8,800	8,143	7,914	(13.4)
Total staff utilization	<u>44,188</u>	<u>42,946</u>	<u>40,408</u>	<u>36,603</u>	<u>31,147</u>	(29.5)

¹ Staff utilization is measured in full-time equivalents (FTEs). FTEs are calculated by dividing the total hours of employment paid for in a given period by the number of hours an individual, full-time person would normally work in that period. This does not equate to the physical number of employees. For example, two half-time employees would equal one FTE, or alternatively, three FTEs may represent two full-time employees who have worked sufficient overtime hours to equal an additional FTE.

² Restated to reflect the inclusion of Forest Renewal BC and BC Transportation Financing Authority employees with ministries and special offices.

³ Change between the 2004/05 plan and the July 30 Update.

⁴ The planned reductions are ministry estimates based on their service plans.

⁵ The planned reductions are based on service plans of the various Crown corporations and agencies. In 2002/03, the reduction in FTEs is primarily due to the discontinuance of program funding previously provided by Forest Renewal BC which has been dissolved effective 2001/02. These forecast reductions are subject to the decisions of Crown corporations and agencies as a result of core program reviews that are currently underway.

TABLE A13
SUMMARY ACCOUNTS BALANCE SHEET

	Actual March 31 2001 ¹	July 30 Update March 31 2002 ¹	Revised Forecast March 31 2002	Budget Estimate March 31 2003	Plan March 31 2004	Plan March 31 2005
	(\$ millions)					
Assets						
Cash and temporary investments.....	554	475	588	381	370	388
Other working capital assets ²	4,884	4,870	4,325	4,545	4,813	5,082
Capital assets and investments (net of amortization)						
— Net investment in self-supported Crown corporations.....	3,001	3,067	2,521	2,595	2,769	2,884
— Loans for purchases of assets recoverable from agencies ³	7,437	7,343	7,785	8,087	8,426	8,566
— Prepaid capital advances.....	6,905	7,206	7,106	7,424	7,530	7,598
— Tangible capital assets.....	11,119	11,634	11,296	11,525	11,549	11,609
	28,462	29,250	28,708	29,631	30,274	30,657
Warehouse borrowing program assets.....	1,312	600	1,100	—	—	—
	<u>35,212</u>	<u>35,195</u>	<u>34,721</u>	<u>34,557</u>	<u>35,457</u>	<u>36,127</u>
Liabilities						
Current liabilities ⁴	3,876	3,742	4,198	4,238	4,248	4,301
Unfunded pension liabilities.....	1,477	139	13	13	13	13
Debt						
— Taxpayer-supported debt.....	24,997	28,220	27,370	31,601	33,917	34,361
— Commercial Crown corporations and agencies.....	7,570	7,458	7,915	8,377	8,608	8,791
— Warehouse borrowing program.....	1,312	600	1,100	—	—	—
— Forecast borrowing allowance.....	—	500	—	750	750	750
	33,879	36,778	36,385	40,728	43,275	43,902
Less: guarantees and non-guaranteed debt ⁵	(597)	(541)	(488)	(635)	(492)	(502)
	33,282	36,237	35,897	40,093	42,783	43,400
	<u>38,635</u>	<u>40,118</u>	<u>40,108</u>	<u>44,344</u>	<u>47,044</u>	<u>47,714</u>
Net equity (deficiency) ⁶	(3,423)	(4,923)	(5,387)	(9,787)	(11,587)	(11,587)
	<u>35,212</u>	<u>35,195</u>	<u>34,721</u>	<u>34,557</u>	<u>35,457</u>	<u>36,127</u>

¹ Restated to reflect changes in accounting estimates consistent with the presentation used in the 2002/03 Budget Estimate.

² Accounts receivable, loans, inventories and other assets/investments.

³ Includes loans to commercial Crown corporations for the purchase of capital assets.

⁴ Accounts payable, accrued liabilities and deferred revenue.

⁵ Third party guarantees, and provincial guarantees and non-guaranteed debt of commercial Crown corporations and agencies.

⁶ Accumulated deficits of the government and Crown corporations and agencies plus accounting adjustments resulting from changes in accounting policy.

TABLE A13a
CHANGES IN SUMMARY ACCOUNTS FINANCIAL POSITION

	2001/02		Budget Estimate 2002/03	Plan 2003/04	Plan 2004/05
	July 30 Update	Revised Forecast			
	(\$ millions)				
(Surplus)/deficit for the period	1,500	1,964	4,400	1,800	—
Increase (reduction) in cash and temporary investments	(79)	34	(207)	(11)	18
Capital asset and investment changes:					
Increase (decrease) in assets related to taxpayer-supported capital investments ¹	1,882	1,594	1,669	1,368	1,255
Less: depreciation and other accounting changes.....	(1,066)	(1,216)	(1,122)	(1,238)	(1,127)
	<u>816</u>	<u>378</u>	<u>547</u>	<u>130</u>	<u>128</u>
Increase (decrease) in loans to commercial Crown corporations for asset purchases ¹	1,021	899	1,061	1,048	941
Less: repayments and other accounting changes.....	(1,115)	(551)	(759)	(709)	(801)
	<u>(94)</u>	<u>348</u>	<u>302</u>	<u>339</u>	<u>140</u>
Increase (decrease) in investment in commercial Crown corporations.....	66	(480)	74	174	115
	<u>788</u>	<u>246</u>	<u>923</u>	<u>643</u>	<u>383</u>
Non-cash and other working capital changes:					
Reduction in unfunded pension liability.....	1,338	1,464	—	—	—
Other working capital changes and adjustments.....	64	(990)	327	115	226
	<u>1,402</u>	<u>474</u>	<u>327</u>	<u>115</u>	<u>226</u>
Net debt increase (decrease) for government and its Crown corporations and agencies	3,611	2,718	5,443	2,547	627
Increase (decrease) in warehouse borrowing investments ...	(712)	(212)	(1,100)	—	—
Increase (decrease) in total provincial debt	2,899	2,506	4,343	2,547	627

¹ See Table 1.8 for details on capital spending.

TABLE A14
PROVINCIAL DEBT SUMMARY¹

As at March 31	Actual 1999	Actual 2000	Actual 2001	2002		Budget Estimate 2003
				July 30 Update	Revised Forecast	
(\$ millions unless otherwise indicated)						
Taxpayer-supported debt						
Provincial government direct operating²	12,217	13,872	12,113	14,142	13,876³	17,182
Education facilities						
Schools	3,261	3,609	3,880	4,130	4,152	4,375
Post-secondary institutions	1,336	1,369	1,383	1,475	1,457	1,637
	<u>4,597</u>	<u>4,978</u>	<u>5,263</u>	<u>5,605</u>	<u>5,609</u>	<u>6,012</u>
Health facilities	<u>1,282</u>	<u>1,451</u>	<u>1,780</u>	<u>2,021</u>	<u>1,950</u>	<u>2,199</u>
Highways, ferries and public transit						
BC Transportation Financing Authority	1,433	1,843	2,197	2,559	2,520	2,743
British Columbia Ferry Corporation	973	24	21	58	34	72
British Columbia Transit	59	79	75	82	82	94
Public transit	987	952	948	941	938	937
<i>SkyTrain</i> extension	133	488	836	1,144	1,071	1,214
Rapid Transit Project 2000 Ltd.	56	101	114	—	6	—
	<u>3,641</u>	<u>3,487</u>	<u>4,191</u>	<u>4,784</u>	<u>4,651</u>	<u>5,060</u>
Other						
British Columbia Buildings Corporation	715	615	610	614	597	538
552513 British Columbia Ltd. (Skeena Cellulose Inc.)	—	—	337	356	— ³	—
Social housing ⁴	183	205	265	281	285	218
Homeowner Protection Office	11	34	71	82	112	139
577315 British Columbia Ltd. (Western Star Trucks Holdings Ltd.)	—	62	—	—	—	—
Universities and colleges — fiscal agency loans	137	130	124	121	115	113
Student assistance loans	287	267	159	121	94	73
Other ⁵	133	92	84	93	81	67
	<u>1,466</u>	<u>1,405</u>	<u>1,650</u>	<u>1,668</u>	<u>1,284</u>	<u>1,148</u>
Total taxpayer-supported debt	23,203	25,193	24,997	28,220	27,370	31,601
Self-supported debt						
Commercial Crown corporations and agencies:						
British Columbia Hydro and Power Authority	7,474	6,945	6,852	6,654	7,076	7,442
British Columbia Railway Company	607	655	603	597	634	638
552513 British Columbia Ltd. (Skeena Cellulose Inc.)	221	280	—	—	—	—
Columbia Basin Power Company ⁶	94	94	93	118	120	285
Columbia Power Corporation	—	—	20	87	72	—
Liquor Distribution Branch	3	3	2	2	13	12
	<u>8,399</u>	<u>7,977</u>	<u>7,570</u>	<u>7,458</u>	<u>7,915</u>	<u>8,377</u>
Warehouse borrowing program	<u>658</u>	<u>1,320</u>	<u>1,312</u>	<u>600</u>	<u>1,100</u>	<u>—</u>
Total self-supported debt	9,057	9,297	8,882	8,058	9,015	8,377
Forecast allowance	—	—	—	500	—	750
Total provincial debt	32,260	34,490	33,879	36,778	36,385	40,728
Total provincial debt as a per cent of GDP	27.9%	28.6%	26.6%	28.2%	28.2%	31.3%
Taxpayer-supported debt as a per cent of GDP	20.1%	20.9%	19.6%	21.7%	21.2%	24.3%

¹ Debt is after deduction of sinking funds and unamortized discounts, and excludes accrued interest. Government direct and fiscal agency accrued interest is reported in the government's accounts as an accounts payable.

² A change in accounting policy has resulted in vehicle leases being recorded as capital costs rather than operating expenditures. Government operating debt has been restated to include the vehicle lease obligations as follows: 1998/99 — \$27 million, 1999/00 — \$39 million, and 2000/01 — \$44 million.

³ By March 31, 2002, Skeena Cellulose Inc. will have either been sold or declared bankrupt. In either case, debt of 552513 British Columbia Ltd. (Skeena Cellulose Inc.), will have been assumed by the provincial government (\$261 million) and by the minority shareholder (\$94 million).

⁴ Includes the British Columbia Housing Management Commission and the Provincial Rental Housing Corporation.

⁵ Includes the British Columbia Assessment Authority, Pacific Racing Association, and other taxpayer-supported Crown corporations and agencies. Also includes loan guarantees to agricultural producers, guarantees issued under economic development and home mortgage assistance programs, and loan guarantee provisions.

⁶ A joint venture of the Columbia Power Corporation and Columbia Basin Trust.

TABLE A15
KEY DEBT INDICATORS

	For fiscal year ending March 31					Budget Estimate 2003
	Actual 1999	Actual 2000	Actual 2001	2002		
				July 30 Update	Revised Forecast	
Debt to revenue (per cent)						
Total provincial.....	103.1	102.4	83.5	95.2	98.2	120.1
Taxpayer-supported.....	99.6	101.7	90.4	109.0	107.0	127.9
Debt per capita (\$)¹						
Total provincial.....	8,071	8,562	8,347	8,972	8,883	9,866
Taxpayer-supported.....	5,805	6,254	6,159	6,885	6,682	7,655
Debt to GDP (per cent)²						
Total provincial.....	27.9	28.6	26.6	28.2	28.2	31.3
Taxpayer-supported.....	20.1	20.9	19.6	21.7	21.2	24.3
Interest bite (cents per dollar of revenue)³						
Total provincial.....	7.8	7.5	6.4	6.8	6.8	7.7
Taxpayer-supported.....	7.4	7.2	6.8	7.4	7.1	8.1
Interest costs (\$ millions)						
Total provincial.....	2,452	2,528	2,604	2,616	2,504	2,628
Taxpayer-supported.....	1,723	1,785	1,871	1,913	1,803	2,007
Interest rate (per cent)⁴						
Taxpayer-supported.....	7.6	7.4	7.5	7.2	6.9	6.8
Background Information						
Revenue (\$ millions)						
Total provincial⁵.....	31,294	33,679	40,570	38,624	37,053	33,918
Taxpayer-supported⁶.....	23,285	24,784	27,642	25,898	25,572	24,703
Total debt (\$ millions)⁷						
Total provincial.....	32,260	34,490	33,879	36,778	36,385	40,728
Taxpayer-supported⁸.....	23,203	25,193	24,997	28,220	27,370	31,601
Provincial GDP (\$ millions)⁹.....	115,604	120,608	127,564	130,190	128,840	130,100
Population (thousands at July 1)¹⁰.....	3,997	4,028	4,059	4,099	4,096	4,128

¹ The ratio of debt to population (e.g. 2003 debt divided by population at July 1, 2002).

² The ratio of debt outstanding at fiscal year end to provincial nominal gross domestic product (GDP) for the calendar year ending in the fiscal year (e.g. 2003 debt divided by 2002 GDP).

³ The ratio of interest costs (less sinking fund interest) to revenue. Figures include capitalized interest expense in order to provide a more comparable measure to outstanding debt.

⁴ Weighted average of the cost of all outstanding debt issues.

⁵ Includes revenue of the consolidated revenue fund plus revenue of all Crown corporations and agencies.

⁶ Excludes revenue of commercial Crown corporations and agencies.

⁷ A change in accounting policy has resulted in vehicle leases being recorded as capital costs rather than operating expenditures. Government operating debt has been restated to include the vehicle lease obligations as follows: 1998/99 — \$27 million, 1999/00 — \$39 million, and 2000/01 — \$44 million.

⁸ Excludes debt of commercial Crown corporations and agencies, funds held under the province's warehouse borrowing program and the forecast allowance.

⁹ GDP for the calendar year ending in the fiscal year (e.g. GDP for 2002 is used for the fiscal year ending March 31, 2003).

¹⁰ Population at July 1st within the fiscal year (e.g. population at July 1, 2002 is used for the fiscal year ending March 31, 2003).