



MANAGEMENT OF PUBLIC FUNDS AND DEBT

SUMMARY

(\$000)

	Estimates 2004/05 ¹	Estimates 2005/06
VOTED APPROPRIATION		
Vote 41 — Management of Public Funds and Debt.....	800,000	684,000
OPERATING EXPENSE	<u>800,000</u>	<u>684,000</u>
PREPAID CAPITAL ADVANCES ²	—	—
CAPITAL EXPENDITURES ³	—	—
LOANS, INVESTMENTS AND OTHER REQUIREMENTS ⁴	—	—
REVENUE COLLECTED FOR, AND TRANSFERRED TO, OTHER ENTITIES ⁵	—	—
FULLTIME EQUIVALENT (FTE) EMPLOYMENT ⁶	—	—

NOTES

¹ For comparative purposes only, figures shown for 2004/05 expense, FTEs and capital expenditures have been restated to be consistent with the presentation of the September Update *2005/06 Estimates*. Schedule A presents a detailed reconciliation.

² Details of prepaid capital advances are presented in Schedule C.

³ Details of capital expenditures are presented in Schedule D.

⁴ Details of loans, investments and other requirements are presented in Schedule E.

⁵ Details of revenue collected for, and transferred to, other entities are presented in Schedule F.

⁶ Details of FTEs are presented in Schedule G.

MANAGEMENT OF PUBLIC FUNDS AND DEBT

SUMMARY
\$000

OPERATING EXPENSE	2004/05	2005/06 ESTIMATES		
	Net	Gross	External Recoveries	Net
Core Business				
Cost of Borrowing for Government Operating and Capital Financing Purposes.....	799,997	837,691	(153,694)	683,997
Cost of Borrowing for Relending to Government Bodies.....	1	640,000	(639,999)	1
Cost of Financial Agreements Entered into on Behalf of Government Bodies.....	1	500	(499)	1
Cost of Warehouse Borrowing Program.....	1	7,600	(7,599)	1
TOTAL OPERATING EXPENSES	800,000	1,485,791	(801,791)	684,000

OPERATING EXPENSE BY CORE BUSINESS

\$000

Estimates
2004/05

Estimates
2005/06

VOTE 41 — MANAGEMENT OF PUBLIC FUNDS AND DEBT

This vote provides for the cost of managing public funds and debt resulting from borrowing activities to finance provincial operating and capital requirements; borrowing on behalf of government bodies under the fiscal agency loan program, entering into financial agreements and commodity derivatives with or on behalf of government bodies; and, borrowing for the warehouse program.

COST OF BORROWING FOR GOVERNMENT OPERATING AND CAPITAL FINANCING PURPOSES (NET OF RECOVERIES)

Voted Appropriations

Government Operating Purposes.....	799,992	683,992
Schools Capital Financing.....	1	1
Post Secondary Institutions Capital Financing.....	1	1
Health Facilities Capital Financing.....	1	1
Public Transit Capital Financing.....	1	1
SkyTrain Extension Capital Financing.....	1	1
	<u>799,997</u>	<u>683,997</u>

Voted Appropriations Description: This sub-vote provides for the cost of interest, and all other costs, expenses, charges and fees, associated with debt arising from borrowings or other credit arrangements, including costs under related financial agreements (such as interest rate and currency swaps and forward rate agreements) and commodity derivatives, incurred or assumed by the government for operating purposes or capital financing purposes. This sub-vote also provides for the cost of cash-flow management of the Consolidated Revenue Fund and payment services resulting from borrowing activities. Recoveries from the use of financial agreements (such as interest rate and currency swaps and forward rate agreements) and commodity derivatives, and revenue earned from sinking fund investments, prefunding operations and matched book transactions, are offset against the related expenditure. Costs associated with borrowings for the student loans program and for capital financing purposes are recovered from the debt servicing appropriations of the Ministries of Advanced Education, Education, Health Services and Transportation.

COST OF BORROWING FOR RELENDING TO GOVERNMENT BODIES (NET OF RECOVERIES)

Voted Appropriation

Cost of Borrowing for Relending to Government Bodies.....	<u>1</u>	<u>1</u>
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Voted Appropriation Description: This sub-vote provides for the cost of interest and all other costs, expenses, charges and fees, associated with debt arising from borrowings or other credit arrangements, including costs under related financial agreements (such as interest rate and currency swaps and forward rate agreements) incurred or assumed by the government for the purposes of the fiscal agency loan program. Recoveries from the use of financial agreements (such as interest rate and currency swaps and forward rate agreements) are offset against the related expenditure, and the remaining costs are fully recovered from government bodies or other authorized organizations.

COST OF FINANCIAL AGREEMENTS ENTERED INTO ON BEHALF OF GOVERNMENT BODIES (NET OF RECOVERIES)

Voted Appropriation

Cost of Financial Agreements Entered into on Behalf of Government Bodies.....	<u>1</u>	<u>1</u>
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Voted Appropriation Description: This sub-vote provides for all costs, expenses, charges and fees associated with financial agreements (such as interest rate and currency swaps and forward rate agreements) entered into by the government with or on behalf of government bodies or other authorized organizations other than such agreements related to fiscal agency loans. This sub-vote also provides for all costs, expenses, charges and fees associated with commodity derivatives entered into by the government with or on behalf of government bodies or other authorized organizations. Recoveries from the use of financial agreements (such as interest rate and currency swaps and forward rate agreements) and commodity derivatives are offset against the related expenditure under those agreements or derivatives, and the remaining costs are fully recovered from government bodies or other authorized organizations.

MANAGEMENT OF PUBLIC FUNDS AND DEBT

OPERATING EXPENSE BY CORE BUSINESS (Continued)

\$000

Estimates
2004/05

Estimates
2005/06

COST OF WAREHOUSE BORROWING PROGRAM (NET OF RECOVERIES)

Voted Appropriation

Cost of Warehouse Borrowing Program.....	<u>1</u>	<u>1</u>
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Voted Appropriation Description: This sub-vote provides for the costs associated with debt issued in advance of requirements including the cost of interest, and all other costs, expenses, charges and fees. The debt is held in the program prior to allocation to a government purpose or for loans to a government body or other authorized organization. Interest and other earnings accrued from the investment of proceeds of borrowings while warehoused offsets interest and other costs associated with those borrowings. Recoveries from the use of financial agreements (such as interest rate and currency swaps and forward rate agreements) are offset against the related interest expenditure.

VOTE 41 — MANAGEMENT OF PUBLIC FUNDS AND DEBT	800,000	684,000
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GROUP ACCOUNT CLASSIFICATION SUMMARY

GROUP ACCOUNT CLASSIFICATION

Other Expenses	2,425,327	2,310,249
Internal Recoveries	(838,081)	(824,458)
External Recoveries	<u>(787,246)</u>	<u>(801,791)</u>
TOTAL OPERATING EXPENSE.....	<u>800,000</u>	<u>684,000</u>