

3.7 Liability Relating to Retirement Benefits Other than Pensions

I commend Government for adopting the new standards prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants relating to the recognition of a liability for retirement benefits other than pensions. The new standard was issued in May 2002 and although it required adoption for the fiscal year ended 31 March 2005, Government chose earlier adoption.

An actuarial review was undertaken to determine the Province's liability with respect to group health and life insurance retirement benefits and as a result of this review a liability of \$1.1 billion was recognized in the Consolidated Statement of Financial Position. This liability has added to the already considerable debt load of the Province.

3.8 Changes to the Reporting Format of Government's Financial Statements

I commend Government for adopting the new government reporting model prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants in advance of the required reporting date in the new standard.

As a result of the adoption of this new reporting model for 2003-04, a number of revisions had to be made to the format of the Consolidated Summary Financial Statements (Volume I). In particular, the Consolidated Statement of Financial Position now differentiates between financial assets (e.g. cash and accounts receivable) and non-financial assets (e.g. roads, ferries and buildings) and includes the accumulated deficit. The net debt figure is still presented.

The following items have been recorded in the Consolidated Statement of Financial Position for the first time.

- Tangible capital assets (non-financial assets) totalling \$2.1 billion have been recorded on the Consolidated Statement of Financial Position. In previous years, tangible capital assets were expensed in the year of acquisition and the associated balance was disclosed in a schedule to the financial statements for information purposes. Now tangible capital assets are capitalized and amortized over the useful life of the asset. The Consolidated Statement of Operations includes the amortization expense associated with tangible capital assets and in 2003-04 totalled \$161.7 million.

Comments on Government's Financial Reporting

- Inventories of supplies (non-financial assets) totalling \$29.8 million have been recorded on the Consolidated Statement of Financial Position. In previous years, inventories of supplies were expensed in the year of acquisition.

A new Consolidated Statement of Change in Accumulated Deficit has been included for the first time.

Similar changes have also been made to the Consolidated Revenue Fund Financial Statements (Volume II).

Comments on Government's Financial Reporting
