

ESTIMATES ACCOUNTING POLICIES AND PRESENTATION CHANGES

Estimates Accounting Policies

1. **Basis of Accounting** — The accounting policies followed in the Estimated Statement of Financial Position and the Estimated Statement of Operations in the *2005/06 Estimates* comply, in all material respects, with Generally Accepted Accounting Principles (GAAP) for senior governments as prescribed by the Public Sector Accounting Board (PSAB).
2. **Reporting Entity** — In 2004/05, the government reporting entity was expanded to include school districts, universities, colleges, university colleges and institutes, regional health authorities and hospital societies (the SUCH sector).
3. **Consolidation** — The *2005/06 Estimates* fully consolidate the Consolidated Revenue Fund, which consists of the General Fund (voted appropriations and all Special Accounts), with the individual assets, liabilities, revenues and expenses of taxpayer-supported organizations on a line-by-line basis. Taxpayer-supported organizations include taxpayer-supported Crown corporations/agencies, the SUCH sector and Children and Family Development regional authorities. Self-supported Crown corporation results are consolidated using the modified equity basis, which reports net assets as an investment and net income/loss as revenue.

Significant Presentation Changes in the *2005/06 Estimates*

In order to improve disclosure and better match the Estimates with the Public Accounts, the following significant presentation changes have been incorporated into the *2005/06 Estimates*.

1. **Restatement of 2004/05 Estimates** — The 2004/05 Estimates and Updated Forecast have been restated to be consistent with the *2005/06 Estimates* presentation. These restatements reflect a change in the accounting presentation for sinking funds, defeased debt and related sinking fund investments, as well as a number of inter ministry transfers and/or changes. Schedule A presents a detailed reconciliation of Consolidated Revenue Fund operating expenses, capital expenditures and FTEs.
2. **Sinking funds** — The presentation in the Estimated Statement of Financial Position in the *2005/06 Estimates* has been changed to present public debt net of sinking fund investments. In the *2005/06 Estimates* the impact of this change is a decrease to both assets and liabilities (public debt) of \$3.3 billion. There is no impact on the bottom line as a result of this change. For comparative purposes, the 2004/05 Estimates and Updated Forecast have been restated to reflect this change.
3. **Defeased debt and related sinking fund investments** — The Estimated Statement of Financial Position and the Estimated Statement of Operations in the *2005/06 Estimates* have been changed to recognize defeased debt and associated interest costs, and the related sinking fund investments and investment earnings. In prior years, this debt and related sinking fund investments had been removed from the statement of financial position as they were considered to be extinguished for financial statement reporting purposes through an in-substance defeasance. In the *2005/06 Estimates*, the impact of this change is a net decrease in liabilities (public debt) of \$38 million and an increase in interest expense of \$75 million and an increase in investment earnings of \$56 million. For comparative purposes, the 2004/05 Estimates and Updated forecast have been restated to reflect this change.
4. **Federal Health Accord** — In March 2004, a Supplementary Estimate in the amount of \$148 million was introduced to reflect the new federal funding for health care in the amount of \$131 million from the First Ministers' Accord on Health Care Renewal announced on January 30, 2004, and \$17 million from the new 2004 Public Health and Immunization Trust announced March 23, 2004. The 2004/05 Estimates have been restated for both of these amounts.
5. **Schedules** — The presentation in Schedule K (Taxpayer-supported crown corporations and agencies - Estimated Revenues and Expenses) and Schedule L (SUCH Sector and Regional Authorities - Estimated Revenues and Expenses) has changed to provide the accounting adjustments by individual Crown corporation and agency, for the individual SUCH sector components and for regional authorities. In the prior year the accounting adjustments were made to the totals on these schedules.