New Nouveau
Brunswick

Volume 4
Trust Funds

Public Accounts

for the fiscal year ended 31 March

1998

Printed by
Authority of the Legislature
Fredericton, N.B.

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INTRODUCTION
VOLUME IV

The Public Accounts of the Province of New Brunswick are presented in four volumes.

Volume I contains the audited financial statements of the Provincial Reporting Entity as described in note 1 to the financial statements. They include a Statement of Financial Position, a Statement of Revenue and Expenditure, a Statement of Cash Flow and a Statement of Net Debt. This volume also contains the Auditor's Report, Statement of Responsibility and a variance analysis.

Volume II contains unaudited supplementary information to the Financial Statements presented in Volume I. It presents summary statements for revenue and expenditure as well as five-year comparative statements. Volume II also contains detailed information on Supplementary Appropriations, Funded Debt and Capital Loans, statements of the General Sinking Fund, Securities Held, and revenue and expenditure by government department (this includes salary, travel, vendor, grant and contribution, and loan disbursement listings).

Volume III contains the financial statements of those corporations, boards and commissions which are accountable for the administration of their financial affairs and resources to the Government or the Legislature of the Province. The Government or Legislature also has the power to control these organizations either through ownership or through legislative provisions.

This volume contains the financial statements of various trust funds which the Province administers as Trustee.

FINANCIAL STATEMENTS

PUBLIC SERVICE SUPERANNUATION PLAN

31 MARCH 1998

Office of the Auditor General
Bureau du vérificateur général

New Nouveau Brunswick

AUDITOR'S REPORT

To the Honourable Edmond P. Blanchard, Q.C.
Minister of Finance
Province of New Brunswick

I have audited the statement of net assets available for benefits of the Public Service Superannuation Plan as at 31 March 1998 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's trustee. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Plan's trustee, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at 31 March 1998 and the results of its activities for the year then ended in accordance with generally accepted accounting principles.

Daryl C. Wilson, FCA
Auditor General

Fredericton, N. B.
5 November 1998

TRUST FUND NO. 4
PUBLIC SERVICE SUPERANNUATION PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
31 MARCH 1998

	1998	1997
ASSETS		
Investments (note 3)	$ 2,643,775,431	$ 2,221,479,463
Receivables		
Employee contributions	3,784,008	4,445,934
Employer contributions	910,017	1,454,078
Accrued interest and dividends	19,435,748	15,699,435
Other	12,262,967	133,333
	36,392,740	21,732,780
Total assets	2,680,168,171	2,243,212,243
LIABILITIES		
Accounts payable	46,805,664	39,517,490
Total liabilities	46,805,664	39,517,490
NET ASSETS AVAILABLE FOR BENEFITS	$ 2,633,362,507	$ 2,203,694,753

The accompanying notes are an integral part of these financial statements.

John Mallory
Deputy Minister of Finance

TRUST FUND NO. 4
PUBLIC SERVICE SUPERANNUATION PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED 31 MARCH 1998

	1998	1997
INCREASE IN ASSETS		
Investment income		
Interest	$ 78,180,846	$ 124,648,441
Dividends	30,237,940	6,744,915
Current period increase in market value of investments	309,207,829	66,513,375
Securities lending revenue	241,707	400,000
Pension contributions		
Employee	42,259,321	42,144,016
Employer - normal (note 6)	35,523,547	36,376,650
- special payment re unfunded liability (note 4)	37,795,972	36,413,235
Transfers under reciprocal agreements	773,125	1,463,859
Total increase in assets	534,220,287	314,704,491
DECREASE IN ASSETS		
Pensions	94,989,107	87,720,667
Refunds	4,582,318	5,303,961
Transfers under reciprocal agreements	1,244,651	779,269
Administrative expenses	2,137,128	2,230,667
Investment management fees	1,599,329	1,007,298
Total decrease in assets	104,552,533	97,041,862
INCREASE IN NET ASSETS	429,667,754	217,662,629
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	2,203,694,753	1,986,032,124
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$ 2,633,362,507	$ 2,203,694,753

The accompanying notes are an integral part of these financial statements.

TRUST FUND NO. 4
PUBLIC SERVICE SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 1998

1. Description of Plan

The following description of the Public Service Superannuation Plan is a summary only. For more information, reference should be made to the Public Service Superannuation Act.

(a) General

The Plan is a contributory defined benefit pension plan covering certain government employees and employees of certain boards, commissions, corporations and educational institutions as defined by the Act and its regulations. The Plan is administered by the Department of Finance.

(b) Funding Policy

Under the Plan, contributions are made by the Plan members and the Plan sponsor. The determination of the value of benefits owed by the Plan is made on the basis of an actuarial valuation (see note 4).

(c) Service Pensions

The basic pension benefit is 1.3 % of the average annual salary during the highest paid continuous 5 year period up to the year's maximum pensionable earnings (YMPE) and 2 % of the average annual salary above the YMPE multiplied by the number of years pensionable service. Pension benefits are indexed annually to a maximum of 5 %.

Normal retirement age is 65. Unreduced pension benefits are available upon reaching age 60 with 5 years pensionable service. Reduced benefits are available at age 55 with 5 years of service.

(d) Disability Pensions

An active member who becomes disabled after 31 December 1992 is no longer eligible for an immediate pension from the Plan.

(e) Death Benefits

On death prior to completing 5 years of pensionable service, the benefit payable is a refund of the member's contributions with interest. An immediate pension is payable to the surviving spouse or dependent children in the event of death of a member who has completed at least 5 years of pensionable service.

(f) Benefits on Termination

In the event of termination of employment for reasons other than retirement, death or disability a member may receive either a refund of his own contributions to the Plan with interest or a deferred annuity commencing when the member attains retirement age. To receive a deferred annuity the member must have five or more years of pensionable service to his credit at his date of termination of employment.

TRUST FUND NO. 4
PUBLIC SERVICE SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 1998

1. Description of Plan (Continued)

(g) Income Taxes

The Plan is a Registered Pension Plan as defined in the Income Tax Act and is not subject to income taxes.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a financial reporting entity independent of the plan sponsors and plan members. These statements are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the Plan or the benefit security of individual plan members.

(b) Investments

All investments are recognized as of trade date. Investments in fixed income products and in equities are reported on the Statement of Net Assets Available for Benefits at their market value as of the date of the financial statements. Investments in cash and money market instruments are reported at cost.

Investments denominated in a foreign currency are translated into their Canadian dollar equivalents at the year end exchange rate. Unrealized gains and losses are included in current period increase in market value of investments.

Derivative products such as foreign exchange contracts, futures, options and swaps are recorded at the value the Plan would have paid or received had the contract been terminated at the year end. The resulting gain or loss is included in current period increase in market value of investments.

Interest income and dividend income have been accrued to the year end. Transactions denominated in a foreign currency are translated at the exchange rate prevailing at the time of the transaction.

(c) Pension Contributions

Contributions are recorded in the period that the payroll deductions are made.

TRUST FUND NO. 4
PUBLIC SERVICE SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 1998

3. Investments

(a) Trustee

The assets of the Public Service Superannuation Plan are held in trust by the New Brunswick Investment Management Corporation (NBIMC). NBIMC was appointed as trustee on 11 March 1996 by an Act of the New Brunswick Legislature which bears its name (NBIMC Act) and assumed responsibility for the management of the Plan's assets effective 1 April 1996.

(b) Investment Objectives

The investment objectives are to maximize the rate of return on the assets under management and also to preserve the accumulated capital. The strategy employed to achieve these objectives is to invest in a diversified portfolio of high-grade marketable securities in the equity markets, the money markets and the bond and other fixed income markets. The great majority of the Plan's assets are invested in Canadian dollar assets and are managed internally. Some foreign equities are managed externally and represent less than 3% of total assets.

The Plan also internally invests in futures and options in the bond and equity markets of G-7 countries as a means of generating additional investment income and to simplify investing in those markets. The futures and options traded are not on individual securities, but rather on instruments representative of a given financial market.

When futures and options contracts are used, an amount of money market instruments equivalent to the notional exposure resulting from the contract is maintained in the portfolio. By doing so, the Plan avoids using leverage.

(c) Asset Mix Decision

The investment policies of the Plan specify four permissible asset classes: equities, nominal bonds, inflation linked securities and money market instruments. Within the limits specified by the investment policies, asset mix decisions are made based on assessments of the relative outlooks of each market. Assets are then allocated to each class and managed as separate portfolios.

The effective asset mix is determined by the investment exposure to the asset classes rather than the actual security holdings. Certain types of derivative instruments change the exposure from one asset class to another. The asset mix of the portfolio after allocating the effect of derivative contracts is provided in Note 3 (f).

Exposure to equity markets is achieved through an active selection of individual stocks, purchase of index participation units, futures and options contracts, swaps and pooled investment products. In addition, hedging of investments denominated in foreign currencies is performed to minimize potential foreign exchange losses. Foreign exchange contracts are used to achieve this purpose.

TRUST FUND NO. 4
PUBLIC SERVICE SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 1998

3. Investments (Continued)

Permissible bond investments include investment grade securities issued, guaranteed, or secured by the Government of Canada, a province or a municipality of Canada. Foreign bonds are limited to Government of Canada or its guarantees, provinces or their guarantees and issues by national governments in other G-7 countries.

(d) Investments before Allocating the Effect of Derivative Contracts

The schedule below summarizes the market value of the Plan's investments before allocating the effect of derivatives.

	1998	1997
Fixed Income		
Cash and money market instruments	$ 419,224,738	$ 246,721,165
Nominal bonds	919,870,247	669,011,374
Inflation linked securities	258,706,857	239,561,260
	1,597,801,842	1,155,293,799
Equities		
Canadian equities	995,170,597	995,193,218
US equities	25,016,076	46,669,383
Foreign pooled funds	25,786,916	24,323,063
	1,045,973,589	1,066,185,664
Investments	2,643,775,431	2,221,479,463
Investment-related liabilities		
Accrued liabilities for derivative contracts	(15,815,380)	(8,416,430)
Amounts owing for trades to be settled	(29,610,400)	(29,838,537)
Net investments	$ 2,598,349,651	$ 2,183,224,496

(e) Swaps, Futures and Options

These securities are used to obtain rapid global exposure to one market or another when implementing asset mix, country allocation, or foreign currency hedging decisions.

Swaps are contractual obligations in which two counterparties agree to exchange income on some of their investments.

TRUST FUND NO. 4
PUBLIC SERVICE SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 1998

3. Investments (Continued)

Futures are contractual obligations to buy or sell, at a predetermined time, a set amount of an underlying security at the then prevailing market price. Futures can theoretically be used to leverage a portfolio as the margin required is less than the contractual amount. It can also be used to open short positions on investments by selling a future in an asset not owned by the investor (a short position is profitable if the underlying asset loses value, but unprofitable if it gains). The investment policy prevents the sale of futures to create a short position. It also eliminates the possibility of leverage by requiring that futures be supported by actual holdings of short-term assets equal to the notional value of the future.

Option contracts are agreements in which the buyer acquires the right, but not the obligation to buy or sell, on or before a specified date, a set amount of a financial instrument. The buyer pays a premium to the seller of the option who is in fact a provider of insurance against market fluctuations. As it is the case with futures, options can theoretically be used to create leverage and /or short positions. NBIMC's policy and procedures prohibits their use for that purpose and limits the ability of the manager to buy options (buy insurance). Options are being used as a means to generate premium income and increase returns. Adequate holdings of short-term assets must be available to support the option positions in order to guard against leverage.

The schedule below summarizes the Plan's derivative contracts held as at 31 March 1998.

	1998		1997	
	Notional Value	Fair Value	Notional Value	Fair Value
Asset management				
Equity futures	$ 101,688,915	$ 9,681,184	$ 82,190,488	$ (830,393)
Equity swaps	135,760,483	12,236,700	-	-
Equity options	(15,497,593)	(14,666,961)	-	-
Fixed income futures	50,890,884	198,463	62,595,175	(2,411,527)
		7,449,386		(3,241,920)
Foreign currency management				
Forward exchange contracts	(77,855,076)	(1,148,419)	(71,297,315)	(3,098,862)
Net fair value of derivative contracts		$ 6,300,967		$ (6,340,782)
Represented by:				
Cash at brokers		$ 9,879,646		$ 2,075,648
Accounts (payable) / receivable (to) / from brokers		12,236,700		(5,317,568)
Accrued liabilities for derivatives		(15,815,379)		(3,098,862)
		$ 6,300,967		$ (6,340,782)

TRUST FUND NO. 4
PUBLIC SERVICE SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 1998

3. Investments (Continued)

(f) Investments after Allocating the Effect of Derivative Contracts

The schedule below summarizes the market value of the Plan's investments after allocating the effect of derivative contracts.

	1998	1997
Fixed Income		
Cash and money market instruments	$ 130,884,456	$ 101,935,501
Nominal bonds	970,761,131	731,606,549
Inflation linked securities	258,706,857	239,561,260
	1,360,352,444	1,073,103,310
Equities		
Canadian equities	1,194,739,580	1,020,311,319
US equities	61,198,165	56,637,727
Foreign pooled funds	27,485,242	71,427,107
	1,283,422,987	1,148,376,153
Investments	2,643,775,431	2,221,479,463
Investment-related liabilities		
Accrued liabilities for derivative contracts	(15,815,380)	(8,416,430)
Amounts owing for trades to be settled	(29,610,400)	(29,838,537)
Net investments	$ 2,598,349,651	$ 2,183,224,496

(g) Interest Rate Risk

The return on fixed income investments is inversely related to variations in interest rates. Some but not all equity holdings also exhibit a strong correlation to interest rate changes. In order to limit the impact of interest rate changes on the portfolio returns, the Plan relies on diversification. A high proportion of the assets is invested in a diversified portfolio of Canadian and U. S. Equities. Moreover, the bond portfolio is invested in securities of different maturities which are not equally sensitive to interest rate changes. The portfolio also contains money market investments which are not nearly as sensitive to interest rate changes and inflation-linked securities which often behave differently from nominal bonds. Finally, the portfolio contains some foreign securities which are influenced by their own domestic interest rate trends that are not always correlated with Canadian interest rates.

TRUST FUND NO. 4
PUBLIC SERVICE SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 1998

3. Investments (Continued)

(h) Credit Risk

Credit risk is the risk of loss should a counterparty default on a transaction or should a company in which we have invested, fail. There are many protections in the investment policy and corporation procedures against credit risk. On the equity side, the internally-managed portfolio is diversified and restricted to investments in the largest 100 listed companies in Canada and the United States. (Small amounts can also be invested in other New Brunswick corporations.) For the externally managed funds, the credit risk is contained by diversification and by the relatively small size of the mandate. On the fixed income side, credit risk is limited by investing only in high grade non-corporate securities. In dealings with financial intermediaries, again credit risk is limited by the quality of the institutions and the diversification of suppliers; should the Plan enter into swap transactions, the contracts insist on sufficient collateral to counter credit risk.

(i) Country Risk

Country risk refers to the possibility that a major crisis in confidence, attributable to political or economic developments, reduces the value of instruments in a specific country significantly and/or renders them illiquid. To counter this risk, the Plan invests its internally-managed funds only in G-7 countries. Once again diversification and the limited size of the external mandates cope with this risk for other investments.

(j) Exchange Rate Risk

Foreign currency exposure theoretically arises when the Plan purchases a non-Canadian asset. This risk is virtually eliminated by the investment policy which directs managers to hedge foreign currency exposures as closely as is practical. The procedure in fact ensures that foreign exchange gains or losses are offset by exchange-rate related gains or losses on the investments. In this context, no particular attention should be paid to gains or losses on foreign exchange forwards or futures, as they represent but one side of a neutral set of two transactions.

4. Funding Policy

Employees are required to contribute 5.8 % of their earnings, up to the year's maximum pensionable earnings under the Canada Pension Plan Act (YMPE), plus 7.5 % on earnings above the YMPE. The employer is required to contribute an amount necessary in the opinion of an actuary, which when combined with employee contributions will fund current service costs.

The most recent actuarial valuation for funding purposes was prepared by Morneau Sobeco as of 1 April 1997. This valuation disclosed an unfunded liability as at 1 April 1997.

TRUST FUND NO. 4
PUBLIC SERVICE SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 1998

4. Funding Policy (Continued)

Pursuant to the Public Service Superannuation Act, the Consolidated Fund and certain government agencies will, in each fiscal year until the benefits under the Act are fully funded as determined by an actuarial valuation, pay an amount into the Public Service Superannuation Fund that is in addition to the employer contribution for current service costs. The additional amount paid during the fiscal year ended 31 March 1998 was $ 37.8 million ($ 36.4 million for 1997). In each subsequent fiscal year the additional amount to be paid will be the amount paid in the previous fiscal year increased (or decreased) by the aggregate of 2 % plus the average percentage change in the Consumer Price Index.

5. Obligation for Pension Benefits

The present value of accrued benefits was determined using the projected unit credit method pro-rated on service and actuarial assumptions which reflect management's best estimate for the future. An actuarial valuation was made as of 1 April 1998 by Morneau Sobeco, a firm of consulting actuaries.

Significant long-term assumptions and the range of short-term assumptions used in the valuation are:

	Long-term Assumptions	**Short-term Assumptions**
Rate of return on assets	8.42%	8.42%
Annual wage and salary increase	4.5% plus promotional increase between 0.2% and 1.0%	2.0 % to 4.5%
Inflation	4.0%	2.0% to 3.0%
Rate of pension escalation after retirement	3.7%	2.0% to 3.7%

The actuarial present value of benefits as at 31 March and the principal components of changes in actuarial present values during the year, were as follows:

	(in millions)	
	1998	**1997**
Actuarial present value of accrued pension benefits at beginning of year	$ 2,112.06	$ 2,103.54
Interest accrued on benefits	176.77	127.21
Benefits accrued	75.40	71.34
Benefits paid	(100.82)	(93.80)
Change in assumptions	35.56	(96.23)
Experience loss	23.97	-
Actuarial present value of accrued pension benefits at end of year	$ 2,322.94	$ 2,112.06
Net assets available for benefits	$ 2,633.36	$ 2,203.69

TRUST FUND NO. 4
PUBLIC SERVICE SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 1998

6. Pension Contributions from Employers

Pension contributions from employers are as follows:

	1998	1997
Province of New Brunswick	$ 21,174,972	$ 21,916,666
New Brunswick Power Corporation	6,759,779	6,894,300
University of New Brunswick	1,530,073	1,568,057
Workplace Health, Safety and Compensation Commission	883,265	888,124
New Brunswick Liquor Corporation	613,578	615,489
Other	4,561,880	4,494,014
	$ 35,523,547	$ 36,376,650

7. Investments in Plan Sponsor

As at 31 March 1998, the Plan held Province of New Brunswick and Province of New Brunswick guaranteed securities totalling $ 33.3 million ($ 49.0 million as at 31 March 1997).

8. Comparative Figures

Prior year's figures have been restated where necessary to conform with the 1998 presentation.

FINANCIAL STATEMENTS

Teachers' Pension Plan

31 MARCH 1998

Office of the
Auditor General

Bureau du
vérificateur général

New
Nouveau Brunswick

AUDITOR'S REPORT

To the Honourable Edmond P. Blanchard, Q.C.
Minister of Finance
Province of New Brunswick

I have audited the statement of net assets available for benefits of the Teachers' Pension Plan as at 31 March 1998 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's trustee. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Plan's trustee, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at 31 March 1998 and the results of its activities for the year then ended in accordance with generally accepted accounting principles.

Daryl C. Wilson, FCA
Auditor General

Fredericton, N. B.
5 November 1998

TRUST FUND NO. 7
TEACHERS' PENSION PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
31 MARCH 1998

	1998	1997
ASSETS		
Investments (note 3)	$ 2,543,725,666	$ 2,148,735,145
Receivables		
Employee contributions	4,435,162	3,479,449
Employer contributions	104,176	12,365
Accrued interest and dividends	19,399,607	15,694,421
Other	11,875,742	133,333
	35,814,687	19,319,568
Total assets	2,579,540,353	2,168,054,713
LIABILITIES		
Accounts payable	44,625,702	35,164,092
Total liabilities	44,625,702	35,164,092
NET ASSETS AVAILABLE FOR BENEFITS	$ 2,534,914,651	$ 2,132,890,621

The accompanying notes are an integral part of these financial statements.

John Mallory
Deputy Minister of Finance

TRUST FUND NO. 7
TEACHERS' PENSION PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED 31 MARCH 1998

	1998	1997
INCREASE IN ASSETS		
Investment income		
Interest	$ 79,830,485	$ 121,049,398
Dividends	27,852,881	6,077,520
Current period increase in market value of investments	285,300,634	69,042,265
Securities lending revenue	268,477	400,000
Pension contributions		
Employee	30,369,996	30,901,128
Employer - normal	27,466,986	27,392,973
- special payment re unfunded liability (note 4)	54,936,179	52,925,029
Transfers under reciprocal agreements	462,480	334,628
Total increase in assets	506,488,118	308,122,941
DECREASE IN ASSETS		
Pensions	100,720,831	91,644,595
Refunds	813,115	506,973
Transfers under reciprocal agreements	188,988	379,035
Administrative expenses	1,192,306	1,165,638
Investment management fees	1,548,848	981,819
Total decrease in assets	104,464,088	94,678,060
INCREASE IN NET ASSETS	402,024,030	213,444,881
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	2,132,890,621	1,919,445,740
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$ 2,534,914,651	$ 2,132,890,621

The accompanying notes are an integral part of these financial statements.

TRUST FUND NO. 7
TEACHERS' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 1998

1. Description of Plan

The following description of the Teachers' Pension Plan is a summary only. For more information, reference should be made to the Teachers' Pension Act.

(a) General

The Plan is a contributory defined benefit pension plan covering teachers as defined by the Act and its regulations. The Plan is administered by the Department of Finance.

(b) Funding Policy

Under the Plan, contributions are made by the Plan members and the Plan Sponsor. The determination of the value of benefits owed by the Plan is made on the basis of an actuarial valuation (see note 4).

(c) Service Pensions

The basic pension benefit is 1.3 % of the average annual salary during the highest paid continuous 5 year period up to the year's maximum pensionable earnings (YMPE) and 2 % of the average annual salary above the YMPE multiplied by the number of years pensionable service. Pension benefits are indexed annually to a maximum of 4.75 %.

Employees are eligible for pension benefits when the sum of their age and completed years pensionable service is 87 or more, they have a minimum of 35 years pensionable service or at age 65 with 5 years of pensionable service or at age 60 with 20 years of pensionable service provided they were a contributor prior to 1 September 1966. Reduced benefits are available when the age and service total is 85, or at age 60 with 5 years of service.

(d) Disability Pensions

A member who has at least five years of pensionable service at the date of becoming disabled is entitled to an immediate pension on retirement because of disability.

(e) Death Benefits

On death prior to completing 5 years of pensionable service, the benefit payable is a refund of the member's contributions with interest. An immediate pension is payable to the surviving spouse or dependent children in the event of death of a member who has completed at least 5 years of pensionable service.

(f) Benefits on Termination

In the event of termination of employment for reasons other than retirement, death or disability, a member may receive either a refund of his own contributions to the Plan with interest or a deferred annuity commencing when the member attains retirement age. To receive a deferred annuity the member must have 5 or more years of pensionable service at the date of termination of employment.

TRUST FUND NO. 7
TEACHERS' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 1998

1. Description of Plan (Continued)

(g) Income Taxes

The Plan is a Registered Pension Plan as defined in the Income Tax Act and is not subject to income taxes.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a financial reporting entity independent of the plan sponsors and plan members. These statements are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the Plan or the benefit security of individual plan members.

(b) Investments

All investments are recognized as of trade date. Investments in fixed income products and in equities are reported on the Statement of Net Assets Available for Benefits at their market value as of the date of the financial statements. Investments in cash and money market instruments are reported at cost.

Investments denominated in a foreign currency are translated into their Canadian dollar equivalents at the year end exchange rate. Unrealized gains and losses are included in current period increase in market value of investments.

Derivative products such as foreign exchange contracts, futures, options and swaps are recorded at the value the Plan would have paid or received had the contract been terminated at the year end. The resulting gain or loss is included in current period increase in market value of investments.

Interest income and dividend income have been accrued to the year end. Transactions denominated in a foreign currency are translated at the exchange rate prevailing at the time of the transaction.

(c) Pension Contributions

Contributions are recorded in the period that the payroll deductions are made.

TRUST FUND NO. 7
TEACHERS' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 1998

3. Investments

(a) Trustee

The assets of the Teachers' Pension Plan are held in trust by the New Brunswick Investment Management Corporation (NBIMC). NBIMC was appointed as trustee on 11 March 1996 by an Act of the New Brunswick Legislature which bears its name (NBIMC Act) and assumed responsibility for the management of the Plan's assets effective 1 April 1996.

(b) Investment Objectives

The investment objectives are to maximize the rate of return on the assets under management and also to preserve the accumulated capital. The strategy employed to achieve these objectives is to invest in a diversified portfolio of high-grade marketable securities in the equity markets, the money markets and the bond and other fixed income markets. The great majority of the Plan's assets are invested in Canadian dollar assets and are managed internally. Some foreign equities are managed externally and represent less than 3% of total assets.

The Plan also internally invests in futures and options in the bond and equity markets of G-7 countries as a means of generating additional investment income and to simplify investing in those markets. The futures and options traded are not on individual securities, but rather on instruments representative of a given financial market.

When futures and options contracts are used, an amount of money market instruments equivalent to the notional exposure resulting from the contract is maintained in the portfolio. By doing so, the Plan avoids using leverage.

(c) Asset Mix Decision

The investment policies of the Plan specify four permissible asset classes: equities, nominal bonds, inflation linked securities and money market instruments. Within the limits specified by the investment policies, asset mix decisions are made based on assessments of the relative outlooks of each market. Assets are then allocated to each class and managed as separate portfolios.

The effective asset mix is determined by the investment exposure to the asset classes rather than the actual security holdings. Certain types of derivative instruments change the exposure from one asset class to another. The asset mix of the portfolio after allocating the effect of derivative contracts is provided in Note 3 (f).

Exposure to equity markets is achieved through an active selection of individual stocks, purchase of index participation units, futures and options contracts and pooled investment products. In addition, hedging of investments denominated in foreign currencies is performed to minimize potential foreign exchange losses. Foreign exchange contracts are used to achieve this purpose.

TRUST FUND NO. 7
TEACHERS' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 1998

3. Investments (Continued)

Permissible bond investments include investment grade securities issued, guaranteed, or secured by the Government of Canada, a province or a municipality of Canada. Foreign bonds are limited to Government of Canada or its guarantees, provinces or their guarantees and issues by national governments in other G-7 countries.

(d) Investments before Allocating the Effect of Derivative Contracts

The schedule below summarizes the market value of the Plan's investments before allocating the effect of derivatives.

	1998	1997
Fixed Income		
Cash and money market instruments	$ 397,504,582	$ 250,941,393
Nominal bonds	944,621,301	690,291,281
Inflation linked securities	250,881,919	230,727,380
	1,593,007,802	1,171,960,054
Equities		
Canadian equities	901,573,838	908,615,322
US equities	24,169,567	44,790,552
Foreign pooled funds	24,974,459	23,369,217
	950,717,864	976,775,091
Investments	2,543,725,666	2,148,735,145
Investment-related liabilities		
Accrued liabilities for derivative contracts	(14,635,521)	(8,466,633)
Amounts owing for trades to be settled	(28,953,900)	(25,930,836)
Net investments	$ 2,500,136,245	$ 2,114,337,676

(e) Futures, Swaps and Options

These securities are used to obtain rapid global exposure to one market or another when implementing asset mix, country allocation, or foreign currency hedging decisions.

Swap contracts are contractual obligations in which two counterparties agree to exchange cash flows on some of their investments.

TRUST FUND NO. 7
TEACHERS' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 1998

3. Investments (Continued)

Futures are contractual obligations to buy or sell, at a predetermined time, a set amount of an underlying security at the then prevailing market price. Futures can theoretically be used to leverage a portfolio as the margin required is less than the contractual amount. It can also be used to open short positions on investments by selling a future in an asset not owned by the investor (a short position is profitable if the underlying asset loses value, but unprofitable if it gains). The investment policy prevents the sale of futures to create a short position. It also eliminates the possibility of leverage by requiring that futures be supported by actual holdings of short-term assets equal to the notional value of the future.

Option contracts are agreements in which the buyer acquires the right, but not the obligation to buy or sell, on or before a specified date, a set amount of a financial instrument. The buyer pays a premium to the seller of the option who is in fact a provider of insurance against market fluctuations. As it is the case with futures, options can theoretically be used to create leverage and /or short positions.

NBIMC's policy and procedures prohibits their use for that purpose and limits the ability of the manager to buy options (buy insurance). Options are being used as a means to generate premium income and increase returns. Adequate holdings of short-term assets must be available to support the option positions in order to guard against leverage.

The schedule below summarizes the Plan's derivative contracts held as at 31 March 1998.

	1998 Notional Value	1998 Fair Value	1997 Notional Value	1997 Fair Value
Asset management				
Equity futures	$ 96,419,633	$ 9,748,903	$ 81,776,403	$ (870,482)
Equity swaps	131,173,423	11,851,288	-	-
Equity options	(14,401,170)	(13,591,846)	-	-
Fixed income futures	50,890,884	202,365	74,192,381	(2,580,192)
		8,210,710		(3,450,674)
Foreign currency management				
Forward exchange contracts	(75,935,961)	(1,043,675)	(67,706,733)	(2,980,145)
Net fair value of derivative contracts		$ 7,167,035		$ (6,430,819)
Represented by:				
Cash at brokers		$ 9,951,268		$ 2,035,815
Accounts (payable) / receivable (to) / from brokers		11,851,288		(5,486,489)
Accrued liabilities for derivatives		(14,635,521)		(2,980,145)
		$ 7,167,035		$ (6,430,819)

TRUST FUND NO. 7
TEACHERS' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 1998

3. Investments (Continued)

(f) Investments after Allocating the Effect of Derivative Contracts

The schedule below summarizes the market value of the Plan's investments after allocating the effect of derivative contracts.

	1998	1997
Fixed Income		
Cash and money market instruments	$ 119,020,642	$ 94,972,609
Nominal bonds	995,512,185	764,483,662
Inflation linked securities	250,881,919	230,727,380
	1,365,414,746	1,090,183,651
Equities		
Canadian equities	1,090,154,261	933,578,372
US equities	60,351,656	54,758,896
Foreign pooled funds	27,805,003	70,214,226
	1,178,310,920	1,058,551,494
Investments	2,543,725,666	2,148,735,145
Investment-related liabilities		
Accrued liabilities for derivative contracts	(14,635,521)	(8,466,633)
Amounts owing for trades to be settled	(28,953,900)	(25,930,836)
Net investments	$ 2,500,136,245	$ 2,114,337,676

(g) Interest Rate Risk

The return on fixed income investments is inversely related to variations in interest rates. Some but not all equity holdings also exhibit a strong correlation to interest rate changes. In order to limit the impact of interest rate changes on the portfolio returns, the Plan relies on diversification. A high proportion of the assets is invested in a diversified portfolio of Canadian and U. S. Equities. Moreover, the bond portfolio is invested in securities of different maturities which are not equally sensitive to interest rate changes. The portfolio also contains money market investments which are not nearly as sensitive to interest rate changes and inflation-linked securities which often behave differently from nominal bonds. Finally, the portfolio contains some foreign securities which are influenced by their own domestic interest rate trends that are not always correlated with Canadian interest rates.

TRUST FUND NO. 7
TEACHERS' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 1998

3. Investments (Continued)

(h) Credit Risk

Credit risk is the risk of loss should a counterparty default on a transaction or should a company in which we have invested, fail. There are many protections in the investment policy and corporation procedures against credit risk. On the equity side, the internally-managed portfolio is diversified and restricted to investments in the largest 100 listed companies in Canada and the United States. (Small amounts can also be invested in other New Brunswick corporations.) For the externally managed funds, the credit risk is contained by diversification and by the relatively small size of the mandate. On the fixed income side, credit risk is limited by investing only in high grade non-corporate securities. In dealings with financial intermediaries, again credit risk is limited by the quality of the institutions and the diversification of suppliers; should the Plan enter into swap transactions, the contracts insist on sufficient collateral to counter credit risk.

(i) Country Risk

Country risk refers to the possibility that a major crisis in confidence, attributable to political or economic developments, reduces the value of instruments in a specific country significantly and/or renders them illiquid. To counter this risk, the Plan invests its internally-managed funds only in G-7 countries. Once again diversification and the limited size of the external mandates cope with this risk for other investments.

(j) Exchange Rate Risk

Foreign currency exposure theoretically arises when the Plan purchases a non-Canadian asset. This risk is virtually eliminated by the investment policy which directs managers to hedge foreign currency exposures as closely as is practical. The procedure in fact ensures that foreign exchange gains or losses are offset by exchange-rate related gains or losses on the investments. In this context, no particular attention should be paid to gains or losses on foreign exchange forwards or futures, as they represent but one side of a neutral set of two transactions.

4. Funding Policy

Employees are required to contribute 7.3 % of their earnings to YMPE plus 9 % of earnings above the YMPE. The employer makes contributions equal to the employee contributions.

The most recent actuarial valuation for funding purposes was prepared by Morneau Sobeco as of 1 April 1997. This valuation disclosed an unfunded liability as at 1 April 1997.

Pursuant to the Teachers' Pension Act, the Province will, in each fiscal year until the benefits under the Act are fully funded as determined by an actuarial valuation, pay an amount into the Teachers' Pension Fund that is in addition to the employer contribution for current service costs. The additional amount paid during the fiscal year ended 31 March 1998 was $ 54.9 million ($ 52.9 million for 1997). In each subsequent fiscal year the additional amount to be paid will be the amount paid in the previous fiscal year increased (or decreased) by the aggregate of 2 % plus the average percentage change in the Consumer Price Index.

TRUST FUND NO. 7
TEACHERS' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 1998

5. Obligation for Pension Benefits

The present value of accrued benefits was determined using the projected unit credit method pro-rated on service and actuarial assumptions which reflect management's best estimate for the future. An actuarial valuation was made as of 1 April 1998 by Morneau Sobeco, a firm of consulting actuaries.

Significant long-term assumptions and the range of short-term assumptions used in the valuation are:

	Long-term Assumptions	Short-term Assumptions
Rate of return on assets	8.42%	8.42%
Annual wage and salary increase	4.5% plus promotional increase between 0.25% and 1.5%	2.0 % to 4.5%
Inflation	4.0%	2.0% to 3.0%
Rate of pension escalation after retirement	3.6%	2.0% to 3.6%

The actuarial present value of benefits as at 31 March and the principal components of changes in actuarial present values during the year, were as follows:

	(in millions) 1998	1997
Actuarial present value of accrued pension benefits at beginning of year	$ 2,185.19	$ 2,241.04
Interest accrued on benefits	182.12	135.28
Benefits accrued	57.29	60.44
Benefits paid	(101.72)	(92.53)
Change in assumptions	4.53	(159.04)
Experience loss	21.70	-
Actuarial present value of accrued pension benefits at end of year	$ 2,349.11	$ 2,185.19
Net assets available for benefits	$ 2,534.91	$ 2,132.89

TRUST FUND NO. 7
TEACHERS' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 1998

6. Investments in Plan Sponsor

As at 31 March 1998, the Plan held Province of New Brunswick and Province of New Brunswick guaranteed securities totalling $ 34.4 million ($ 48.8 million as at 31 March 1997).

7. Comparative Figures

Prior year's figures have been restated where necessary to conform with the 1998 presentation.

TRUST FUND NO. 8

GROUP INSURANCE TRUST FUND

FINANCIAL STATEMENTS

(unaudited)

31 MARCH 1998

TRUST FUND NO. 8
GROUP INSURANCE TRUST FUND
STATEMENT OF FINANCIAL POSITION
(unaudited)
as at 31 March 1998

ASSETS	1998	1997
Current:		
Cash	$ 244,824	$ 658,545
Receivable from Assumption Mutual Life Insurance Company	4,029,861	1,547,656
Accrued interest receivable	12,288	3,726
	4,286,973	2,209,927
Investments (market value $644,600) (Note 3)	600,000	160,000
Deferred Charges:		
Unamortized premiums less discounts	6,965	(788)
	$ 4,893,938	$ 2,369,139
LIABILITIES AND FUND EQUITY		
Fund equity	4,893,938	2,369,139
	$ 4,893,938	$ 2,369,139

The accompanying notes are an integral part of these Financial Statements.

STATEMENT OF ACTIVITY
(unaudited)
for the year ended 31 March 1998

	1998	1997
Fund equity at beginning of year	$ 2,369,139	$ 1,961,800
Add:		
Bank interest	4,415	9,175
Interest earned on investments	39,281	31,928
Net Gain on disposal of investments	492	645
Amortization of premiums less discounts	(1,594)	(406)
Group Insurance refund (deficiency)	2,482,205	365,997
	2,524,799	407,339
Fund equity at end of year	$ 4,893,938	$ 2,369,139

The accompanying notes are an integral part of these Financial Statements.

TRUST FUND NO. 8
GROUP INSURANCE TRUST FUND
NOTES TO FINANCIAL STATEMENTS
(unaudited)
31 MARCH 1998

1. General

The Group Insurance Trust Fund is held in trust by the Minister of Finance. The Fund is used as a rate stabilization fund by charging or crediting annual plan deficits or surpluses to the Fund. The Fund is also used for special purpose expenditures.

2. Summary of Significant Accounting Policies

a) Basis of Accounting

Bank interest and interest earned on investments are reported on the statement of activity on the accrual basis.

b) Investments

Investments in bonds and debentures are reported on the statement of financial position at par value. Unamortized discounts are reported separately on the statement as deferred credits.

c) Discounts

Discounts are deferred and amortized to income on a constant yield basis over the remaining life of the related security.

3. Investments

Value of the investments at 31 March 1998 is as follows:

	Par Value	Net Book Value	Market Value
Bonds and debentures issued or guaranteed by Canada	$350,000	$357,685	$396,600
Bonds and debentures issued or guaranteed by New Brunswick	250,000	249,279	248,000
	$600,000	$606,964	$644,600

TRUST FUND NO. 9

MENTAL HEALTH TRUST FUND

FINANCIAL STATEMENTS

(unaudited)

31 MARCH 1998

TRUST FUND NO. 9
MENTAL HEALTH TRUST FUND
STATEMENT OF FINANCIAL POSITION
(unaudited)
as at 31 March 1998

ASSETS	1998	1997
Current:		
Cash	$ 13,215	$ 220,393
Accrued interest receivable	13,759	8,630
	26,974	229,023
Investments (market value $597,510) (Note 3)	568,000	328,000
	$ 594,974	$ 557,023

FUND EQUITY

	1998	1997
Deferred charges:		
Unamortized discounts less premiums	$ 2,063	$ 344
Fund equity	592,911	556,679
	$ 594,974	$ 557,023

The accompanying notes are an integral part of these Financial Statements.

STATEMENT OF ACTIVITY
(unaudited)
for the year ended 31 March 1998

	1998	1997
Fund equity at beginning of year	$ 556,679	$ 522,520
Add:		
Bank interest	3,630	7,272
Interest earned on investments	33,199	27,536
	36,829	34,808
Deduct:		
Amortization of premiums less discounts	597	649
Fund equity at end of year	$ 592,911	$ 556,679

The accompanying notes are an integral part of these Financial Statements.

TRUST FUND NO. 9
MENTAL HEALTH TRUST FUND
NOTES TO FINANCIAL STATEMENTS
(unaudited)
31 MARCH 1998

1. General

Treasury Board Minute 77-140 directed that the bequest to the Province from the Estate of Caroline deLancy Torrie be held in a Trust Fund to be administered by the Department of Finance. As stipulated in the will, the funds are to be used for the treatment, by psychoanalysis, of deserving New Brunswickers.

2. Summary of Significant Accounting Policies

a) Basis of Accounting

Bank interest and interest earned on investments are reported on the statement of activity on the accrual basis.

b) Investments

Investments in bonds and debentures are reported on the statement of financial position at par value. Unamortized premiums less discounts are reported separately on the statement as deferred charges

c) Discounts and Premiums

Discounts and premiums are deferred and amortized to income on a constant yield basis over the remaining life of the related security.

3. Investments

Value of the investments at 31 March 1998 is as follows:

	Par Value	Net Book Value	Market Value
Bonds and debentures issued or guaranteed by New Brunswick	\$568,000	\$565,937	\$597,510

FINANCIAL STATEMENTS

JUDGES' SUPERANNUATION PLAN

31 MARCH 1998

Office of the Auditor General
Bureau du vérificateur général

New Nouveau Brunswick

AUDITOR'S REPORT

To the Honourable Edmond P. Blanchard, Q.C.
Minister of Finance
Province of New Brunswick

I have audited the statement of net assets available for benefits of the Judges' Superannuation Plan as at 31 March 1998 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's trustee. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Plan's trustee, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at 31 March 1998 and the results of its activities for the year then ended in accordance with generally accepted accounting principles.

Daryl C. Wilson, FCA
Auditor General

Fredericton, N. B.
5 November 1998

TRUST FUND NO. 10
JUDGES' SUPERANNUATION PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
31 MARCH 1998

	1998	1997
ASSETS		
Investments (note 3)	$ 16,323,168	$ 12,760,264
Accrued interest and dividends	115,761	95,110
Total assets	16,438,929	12,855,374
LIABILITIES		
Accounts payable	103,669	191,473
Total liabilities	103,669	191,473
NET ASSETS AVAILABLE FOR BENEFITS	$ 16,335,260	$ 12,663,901

The accompanying notes are an integral part of these financial statements.

John Mallory
Deputy Minister of Finance

TRUST FUND NO. 10
JUDGES' SUPERANNUATION PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED 31 MARCH 1998

	1998	1997
INCREASE IN ASSETS		
Investment income		
Interest	$ 324,975	$ 698,853
Dividends	128,475	36,587
Current period increase in market value of investments	2,358,035	261,471
Pension contributions		
Employee	178,952	165,980
Province of New Brunswick	1,734,000	2,000,000
Total increase in assets	4,724,437	3,162,891
DECREASE IN ASSETS		
Pensions	1,039,900	959,884
Investment management fees	13,178	4,261
Total decrease in assets	1,053,078	964,145
INCREASE IN NET ASSETS	3,671,359	2,198,746
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	12,663,901	10,465,155
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$ 16,335,260	$ 12,663,901

The accompanying notes are an integral part of these financial statements.

TRUST FUND NO. 10
JUDGES' SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 1998

1. Description of Plan

The following description of the Judges' Superannuation Plan is a summary only. For more information, reference should be made to the Provincial Court Act.

(a) General

The Plan is a contributory defined benefit pension plan covering all Provincial Court Judges. The Judges' Superannuation Fund is established under the authority of the Provincial Court Act and its regulations.

(b) Funding Policy

Under the Plan, contributions are made by the Plan members and the Plan sponsor. The determination of the value of benefits owed by the Plan is made on the basis of an actuarial valuation (see note 4).

(c) Service Pensions

Pension benefits are equal to 60% of the final salary less 0.7% of the 3 year average of the year's maximum pensionable earnings (YMPE) for each year of pensionable service after 1966. Pension benefits are indexed annually to a maximum of 5%.

Normal retirement is at age 65. Mandatory retirement is at age 75. Unreduced benefits are available at age 60 with 25 years of service or at age 65 with 10 years of service.

(d) Disability Pensions

A disability pension is available with a minimum of 2 years of service. The amount of the disability pension is the same as calculated in (c).

(e) Death Benefits

In the event of death in service, the member's contributions with interest to the date of death will be refunded to the designated beneficiary or estate. However, if the member was entitled to a vested pension, a spousal pension of 50% of the pension benefit accrued is payable and if there is no spouse but there is a child, a pension is paid in respect of the child until age 18. If a member dies after retirement, payments will be continued to the member's spouse for the balance of her lifetime at 50% of the amount payable to the member.

(f) Benefits on Termination

On termination of employment, prior to entitlement to a pension, a member will receive a refund of his own contributions, accumulated with interest, to the date of termination. Otherwise, a member is entitled to a deferred pension.

TRUST FUND NO. 10
JUDGES' SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 1998

1. Description of Plan (Continued)

(g) Income Taxes

The Plan is a Registered Pension Plan as defined in the Income Tax Act and is not subject to income taxes.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a financial reporting entity independent of the plan sponsors and plan members. These statements are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the Plan or the benefit security of individual plan members.

(b) Investments

All investments are recognized as of trade date. Investments in fixed income products and in equities are reported on the Statement of Net Assets Available for Benefits at their market value as of the date of the financial statements. Investments in cash and money market instruments are reported at cost.

Investments denominated in a foreign currency are translated into their Canadian dollar equivalents at the year end exchange rate. Unrealized gains and losses are included in current period increase in market value of investments.

Derivative products such as foreign exchange contracts and options are recorded at the value the Plan would have paid or received had the contract been terminated at the year end. The resulting gain or loss is included in current period increase in market value of investments.

Interest income and dividend income have been accrued to the year end. Transactions denominated in a foreign currency are translated at the exchange rate prevailing at the time of the transaction.

(c) Pension Contributions

Contributions are recorded in the period that the payroll deductions are made.

TRUST FUND NO. 10
JUDGES' SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 1998

3. Investments

(a) Trustee

The assets of the Judges' Superannuation Plan are held in trust by the New Brunswick Investment Management Corporation (NBIMC). NBIMC was appointed as trustee on 11 March 1996 by an Act of the New Brunswick Legislature which bears its name (NBIMC Act) and assumed responsibility for the management of the Plan's assets effective 1 April 1996.

(b) Investment Objectives

The investment objectives are to maximize the rate of return on the assets under management and also to preserve the accumulated capital. The strategy employed to achieve these objectives is to invest in a diversified portfolio of high-grade marketable securities in the equity markets, the money markets and the bond and other fixed income markets. The Plan's assets are managed internally.

(c) Asset Mix Decision

The investment policies of the Plan specify four permissible asset classes: equities, nominal bonds, inflation linked securities and money market instruments. Within the limits specified by the investment policies, asset mix decisions are made based on assessments of the relative outlooks of each market. Assets are then allocated to each class and managed as separate portfolios.

The effective asset mix is determined by the investment exposure to the asset classes rather than the actual security holdings. Certain types of derivative instruments change the exposure from one asset class to another.

Exposure to equity markets is achieved through an active selection of individual stocks, purchase of index participation units and equity options. In addition, hedging of investments denominated in foreign currencies is performed to minimize potential foreign exchange losses. Foreign exchange contracts are used to achieve this purpose.

Permissible bond investments include investment grade securities issued, guaranteed, or secured by the Government of Canada, a province or a municipality of Canada. Foreign bonds are limited to Government of Canada or its guarantees, provinces or their guarantees and issues by national governments in other G-7 countries.

TRUST FUND NO. 10
JUDGES' SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 1998

3. Investments (Continued)

(d) Investments before Allocating the Effect of Derivative Contracts

The schedule below summarizes the market value of the Plan's investments before allocating the effect of derivatives.

	1998	1997
Fixed Income		
Cash and money market instruments	$ 1,005,062	$ 302,156
Nominal bonds	5,015,289	3,981,425
Inflation linked securities	1,653,316	1,291,684
	7,673,667	5,575,265
Equities		
Canadian equities	8,649,501	7,184,999
Investments	16,323,168	12,760,264
Investment-related liabilities		
Accrued liabilities for derivative contracts	(25,671)	-
Amounts owing for trades to be settled	(71,500)	-
Net investments	$ 16,225,997	$ 12,760,264

(e) Options

Option contracts are agreements in which the buyer acquires the right, but not the obligation to buy or sell, on or before a specified date, a set amount of a financial instrument. The buyer pays a premium to the seller of the option who is in fact a provider of insurance against market fluctuations. Options can theoretically be used to create leverage and /or short positions.

NBIMC's policy and procedures prohibits their use for that purpose and limits the ability of the manager to buy options (buy insurance). Options are being used as a means to generate premium income and increase returns. Adequate holdings of short-term assets must be available to support the option positions in order to guard against leverage.

TRUST FUND NO. 10
JUDGES' SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 1998

3. Investments (Continued)

The schedule below summarizes the Plan's derivative contracts held as at 31 March 1998. The Plan did not hold any derivative contracts as at 31 March 1997.

	Notional Value	Fair Value
Asset management		
Equity options	$ (10,363)	$ (9,935)
Foreign currency management		
Forward exchange contracts	-	(15,736)
Net fair value of derivative contracts		$ (25,671)
Represented by:		
Accrued liabilities for derivatives		$ (25,671)

(f) Investments after Allocating the Effect of Derivative Contracts

As a result of holding only forward exchange contracts and equity options, the change in the Plan's investments after allocating the effect of derivative contracts does not have a material effect on the asset mix.

(g) Interest Rate Risk

The return on fixed income investments is inversely related to variations in interest rates. Some but not all equity holdings also exhibit a strong correlation to interest rate changes. In order to limit the impact of interest rate changes on the portfolio returns, the Plan relies on diversification. A high proportion of the assets is invested in a diversified portfolio of Canadian and U. S. Equities. Moreover, the bond portfolio is invested in securities of different maturities which are not equally sensitive to interest rate changes. The portfolio also contains money market investments which are not nearly as sensitive to interest rate changes and inflation-linked securities which often behave differently from nominal bonds.

(h) Credit Risk

Credit risk is the risk of loss should a counterparty default on a transaction or should a company in which we have invested, fail. There are many protections in the investment policy and corporation procedures against credit risk. On the equity side, the internally-managed portfolio is diversified and restricted to investments in the largest 100 listed companies in Canada and the United States. (Small amounts can also be invested in other New Brunswick corporations.) On the fixed income side, credit risk is limited by investing only in high grade non-corporate securities. In dealings with financial intermediaries, again credit risk is limited by the quality of the institutions and the diversification of suppliers; should the Plan enter into swap transactions, the contracts insist on sufficient collateral to counter credit risk.

TRUST FUND NO. 10
JUDGES' SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 1998

3. Investments (Continued)

(i) Country Risk

Country risk refers to the possibility that a major crisis in confidence, attributable to political or economic developments, reduces the value of instruments in a specific country significantly and/or renders them illiquid. To counter this risk, the Plan invests its internally-managed funds only in G-7 countries. There were no foreign investments held by the Plan at 31 March 1998.

(j) Exchange Rate Risk

Foreign currency exposure theoretically arises when the Plan purchases a non-Canadian asset. This risk is virtually eliminated by the investment policy which directs managers to hedge foreign currency exposures as closely as is practical. The procedure in fact ensures that foreign exchange gains or losses are offset by exchange-rate related gains or losses on the investments. In this context, no particular attention should be paid to gains or losses on foreign exchange forwards or futures, as they represent but one side of a neutral set of two transactions. There were no non-Canadian assets held by the Plan at 31 March 1998.

4. Funding Policy

Members are required to contribute 5.8% of their earnings up to the YMPE plus 7.5 % on earnings above the YMPE. The plan sponsor must contribute an amount not less than an amount equal to member contributions. If at any time the Fund is insufficient to make all payments required under the Plan, the sponsor must contribute an amount sufficient to fund the shortfall.

The most recent actuarial valuation for funding purposes was prepared by William M. Mercer Ltd. as of 31 March 1992. This valuation disclosed an unfunded liability at 31 March 1992.

5. Obligation for Pension Benefits

The present value of accrued pension benefits was determined using the accrued benefit actuarial cost method, prorated on service and actuarial assumptions which reflect management's best estimate for the future. An actuarial valuation was made as of 31 March 1992 by William M. Mercer Ltd., a firm of consulting actuaries, and was then extrapolated to 31 March 1998.

TRUST FUND NO. 10
JUDGES' SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 1998

5. Obligation for Pension Benefits (Continued)

Significant long-term assumptions used in the valuation are:

Rate of return on assets	8.16%
Annual wage and salary increase	5.25%
Inflation	4.5%
Rate of pension escalation after retirement	4.0%

The actuarial present value of benefits as at 31 March and the principal components of changes in actuarial present values during the year, were as follows:

	(in millions) 1998	1997
Actuarial present value of accrued pension benefits at beginning of year	$ 25.70	$ 23.98
Interest accrued on benefits	2.09	1.95
Benefits accrued	0.79	0.73
Benefits paid	(1.04)	(0.96)
Actuarial present value of accrued pension benefits at end of year	$ 27.54	$ 25.70
Net assets available for benefits	$ 16.34	$ 12.66

6. Investments in Plan Sponsor

As at 31 March 1998, the Plan held Province of New Brunswick securities totalling $ 0.3 million ($ 0.3 million as at 31 March 1997).

7. Comparative Figures

Prior year's figures have been restated where necessary to conform with the 1998 presentation.

TRUST FUND NO. 16

MARGARET R. LYNDS BEQUEST

FINANCIAL STATEMENTS

(unaudited)

31 MARCH 1998

TRUST FUND NO. 16
MARGARET R. LYNDS BEQUEST
STATEMENT OF FINANCIAL POSITION
(unaudited)
as at 31 March 1998

ASSETS		1998		1997
Current:				
Cash	$	11,775	$	16,038
Accrued interest receivable		2,543		2,351
		14,318		18,389
Investments (market value $116,578) (Note 3)		105,000		100,000
Deferred Charges:				
Unamortized premiums less discounts		1,703		2,755
	$	121,021	$	121,144

FUND EQUITY

Fund equity	$	121,021	$	121,144

The accompanying notes are an integral part of these Financial Statements.

STATEMENT OF ACTIVITY
(unaudited)
for the year ended 31 March 1998

		1998		1997
Fund equity at beginning of year	$	121,144	$	121,816
Add:				
Bank interest		339		619
Interest earned on investments		9,655		9,439
		9,994		10,058
Deduct:				
Payment of E. Belle Lynds Scholarships		9,096		9,768
Amortization of premiums less discounts		1,021		962
		10,117		10,730
Fund equity at end of year	$	121,021	$	121,144

The accompanying notes are an integral part of these Financial Statements.

TRUST FUND NO. 16
MARGARET R. LYNDS BEQUEST
NOTES TO FINANCIAL STATEMENTS
(unaudited)
31 MARCH 1998

1. General

The Margaret R. Lynds Bequest Fund is held in trust by the Minister of Finance under the authority of the Last Will and Testament of Margaret R. Lynds, and a Decree Varying Trust issued by the Court of Queen's Bench of New Brunswick. Investment Income from the Fund is used to award a maximum of three annual scholarships, of equal value, to students pursuing the study of communications at specified Universities. For the year ending 31 March 1998, three scholarships were awarded.

2. Summary of Significant Accounting Policies

a) Basis of Accounting

Bank interest and interest earned on investments are reported on the statement of activity on the accrual basis.

b) Investments

Investments in bonds and debentures are reported on the statement of financial position at par value. Unamortized premiums less discounts are reported separately on the statement as deferred charges.

c) Discounts and Premiums

Discounts and premiums are deferred and amortized to income on a constant yield basis over the remaining life of the related security.

3. Investments

Value of the investments at 31 March 1998 is as follows:

	Par Value	Net Book Value	Market Value
Bonds and debentures issued or guaranteed by New Brunswick	$95,000	$96,909	$104,653
Bonds and debentures issued or guaranteed by other Provinces	10,000	9,794	11,925
	$105,000	$106,703	$116,578

TRUST FUND NO. 19

THE NEW BRUNSWICK POWER CORPORATION SINKING FUND

FINANCIAL STATEMENTS

(unaudited)

31 MARCH 1998

TRUST FUND NO. 19
THE NEW BRUNSWICK POWER CORPORATION SINKING FUND
STATEMENT OF FINANCIAL POSITION
(unaudited)
as at 31 March 1998

ASSETS	1998	1997
Current:	$ 48,594	$ 7,119
Cash	13,987,631	2,300,000
Short term deposits (par value $14,500,000)	3,800,901	4,655,701
Accrued interest receivable	17,837,126	6,962,820
	132,985,000	150,709,000
Investments (market value $146,067,606) (Note 2)		
Deferred charges:	1,820,316	1,660,100
Unamortized premiums less discounts	$ 152,642,442	$ 159,331,920

FUND EQUITY		
	$ 152,642,442	$ 159,331,920
Fund equity	$ 152,642,442	$ 159,331,920

The accompanying notes are an integral part of these Financial Statements.

TRUST FUND NO. 19
THE NEW BRUNSWICK POWER CORPORATION SINKING FUND
STATEMENT OF ACTIVITY
(unaudited)
for the year ended 31 March 1998

	1998	1997
Fund equity at beginning of year	$ 159,331,920	$ 235,380,042
Add:		
Bank interest	2,816	3,505
Interest earned on investments	14,315,959	19,159,789
Net gain on disposal of debentures	271,202	8,254,455
Sinking fund instalments	5,993,480	7,086,035
Amortization of discounts less premiums	143,733	639,695
	20,727,190	35,143,479
Deduct:		
Funds provided for redemption of debentures:		
11.00% 1 October 1999	27,416,668	-
6.50% 1 October 1996 (matured)	-	17,725,736
7.875% 15 November 1996 (matured)	-	34,879,025
8.50% 15 November 1998	-	34,963,817
5.50% 31 December 1999	-	23,623,023
	27,416,668	111,191,601
Fund equity at end of year	$ 152,642,442	$ 159,331,920

The accompanying notes are an integral part of these Financial Statements.

TRUST FUND NO. 19
THE NEW BRUNSWICK POWER CORPORATION SINKING FUND
NOTES TO FINANCIAL STATEMENTS
(unaudited)
31 MARCH 1998

1. Summary of Significant Accounting Policies

a) The Accounting Entity

The New Brunswick Power Corporation Sinking Fund is held in trust by the Minister of Finance under the authority of Section 15 of the Electric Power Act. The Act provides that the Corporation shall pay to the Minister such payments for sinking fund purposes as may be required by the terms of any bond or debenture issue and such funds shall be retained and invested for the account of the Corporation to make payment at the maturity of any such bonds or debentures.

b) Accrual Accounting

Interest earned on investments is reported on the statement of activity on the accrual basis.

c) Foreign Currency Translation

Investments and accrued interest receivable on securities held in foreign currencies are translated at the rate of exchange prevailing at the statement of financial position date. Unrealized gains and losses arising on translation of long-term investments are deferred and amortized to income on a straight line basis over the remaining life of the related security.

d) Valuation of Investments

Investments in bonds and debentures are reported on the statement of financial position at par value. Unamortized discounts less premiums and the unamortized balance of unrealized foreign exchange gains or losses are reported separately on the statement as deferred credits or charges. Short term deposits are reported on the statement of financial position at cost.

e) Discounts and Premiums

Discounts and premiums are deferred and amortized to income on a constant yield basis over the remaining life of the related security.

For investments in bonds and debentures in foreign currencies, the cost of investments is amortized to Canadian dollar par value, calculated as foreign currency par value at the exchange rate at the date the fund purchased the investment.

2. Investments

Value of the investments at 31 March 1998 is as follows:

	Par Value	Carrying Value	Market Value
Bonds and debentures issued or guaranteed by New Brunswick	$ 106,985,000	$ 109,896,726	$ 118,366,756
Bonds and debentures issued or guaranteed by other provinces	26,000,000	24,908,590	27,700,850
	$ 132,985,000	$ 134,805,316	$ 146,067,606

TRUST FUND NO. 20

VISCOUNT BENNETT BEQUEST

FINANCIAL STATEMENTS

(unaudited)

31 MARCH 1998

TRUST FUND NO. 20
VISCOUNT BENNETT BEQUEST
STATEMENT OF FINANCIAL POSITION
(unaudited)
as at 31 March 1998

ASSETS

	1998	1997
Current:		
Cash	$ 14,763	$ 25,777
Accrued interest receivable	4,587	4,213
	19,350	29,990
Investments (market value $228,547) (Note 3)	203,000	182,000
Deferred Charges:		
Unamortized premiums less discounts	3,533	4,762
	$ 225,883	$ 216,752

LIABILITIES AND FUND EQUITY

	1998	1997
Current liabilities:		
Unexpended trust income (Note 4)	$ 22,853	$ 16,722
Fund equity	203,030	200,030
	$ 225,883	$ 216,752

The accompanying notes are an integral part of these Financial Statements.

STATEMENT OF ACTIVITY
(unaudited)
for the year ended 31 March 1998

	1998	1997
Fund equity at beginning of year	$ 200,030	$ 200,030
Add:		
Bank interest	608	840
Gain on sale of investments	502	---
Interest earned on investments	17,424	17,005
Grant from Municipalities, Culture and Housing	3,000	---
	21,534	17,845
Deduct:		
Amortization of premiums less discounts	1,654	1,213
Trust income available for expenditure	16,880	16,632
	18,534	17,845
Fund equity at end of year	$ 203,030	$ 200,030

The accompanying notes are an integral part of these Financial Statements.

TRUST FUND NO. 20
VISCOUNT BENNETT BEQUEST
NOTES TO FINANCIAL STATEMENTS
(unaudited)
31 MARCH 1998

1. General

The Viscount Bennett Bequest is held in trust by the Minister of Finance under the authority of Board of Management Minute 88-0051. The income from the fund is used for the development of the Province's historic resources.

2. Summary of Significant Accounting Policies

a) Basis of Accounting

Bank interest and interest earned on investments are reported on the statement of activity on the accrual basis.

b) Investments

Investments in bonds and debentures are reported on the statement of financial position at par value. Unamortized premiums less discounts are reported separately on the statement as deferred charges.

c) Discounts and Premiums

Discounts and premiums are deferred and amortized to income on a constant yield basis over the remaining life of the related security.

3. Investments

Value of the investments at 31 March 1998 is as follows:

	Par Value	Net Book Value	Market Value
Bonds and debentures issued or guaranteed by New Brunswick	$173,000	$177,150	$192,772
Other bonds and debentures	30,000	29,383	35,775
	$203,000	$206,533	$228,547

4. Unexpended Trust Income

Unexpended trust income from the date of inception of the fund is recorded on the balance sheet as a current liability. This represents the amount available for expenditure for the purposes of the trust.

Changes in the balance of unexpended trust income during the year were as follows:

Unexpended trust income at beginning of year	$16,723
Add: Trust income for the year	16,880
	33,603
Less: Grants paid	10,750
Unexpended trust income at end of year	$22,853

TRUST FUND NO. 23

ARTS DEVELOPMENT TRUST FUND

FINANCIAL STATEMENTS

(unaudited)

31 MARCH 1998

TRUST FUND NO. 23
ARTS DEVELOPMENT TRUST FUND
STATEMENT OF FINANCIAL POSITION
(unaudited)
as at 31 March 1998

ASSETS	1998	1997
Current:		
Cash	$ 35,518	$ 17,279
Short term deposits (par value $800,000)	800,000	800,000
Accrued interest receivable	160	536
	$ 835,678	$ 817,815

LIABILITIES AND FUND EQUITY

	1998	1997
Current liabilities:		
Accounts payable	$ 39,457	$ 65,784
Fund equity	796,221	752,031
	$ 835,678	$ 817,815

The accompanying notes are an integral part of these Financial Statements.

STATEMENT OF ACTIVITY
(unaudited)
for the year ended 31 March 1998

	1998	1997
Fund equity at beginning of year	$ 752,031	$ 694,710
Add:		
Lottery revenues	400,000	400,000
Investment income	28,026	16,435
Bank interest	753	9,987
	428,779	426,422
Deduct:		
Arts development expenditures	384,589	369,101
Fund equity at end of year	$ 796,221	$ 752,031

The accompanying notes are an integral part of these Financial Statements.

TRUST FUND NO. 23
ARTS DEVELOPMENT TRUST FUND
NOTES TO FINANCIAL STATEMENTS
(unaudited)
31 MARCH 1998

1. General

The Arts Development Trust Fund is established under the authority of the Arts Development Trust Fund Act. The Act provides that the net profits of the Lotteries Commission of New Brunswick from the lottery scheme designated under paragraph 11.1(a) of the Lotteries Act shall be paid into the Fund. In the event that the amount paid pursuant to paragraph 11.1(a) does not total four hundred thousand dollars, an amount sufficient to ensure that the total amount paid equals four hundred thousand dollars shall be paid into the Fund. The Fund is held in trust by the Minister of Finance and assets of the Fund are used to provide grants to individuals and arts organizations so as to promote artistic creation and excellence in the Arts.

2. Summary of Significant Accounting Policies

a) Basis of Accounting

Revenues and expenditures are reported on the accrual basis.

b) Short Term Deposits

Short term deposits are reported on the statement of financial position at cost.

TRUST FUND NO. 24

SPORT DEVELOPMENT TRUST FUND

FINANCIAL STATEMENTS

(unaudited)

31 MARCH 1998

TRUST FUND NO. 24
SPORT DEVELOPMENT TRUST FUND
STATEMENT OF FINANCIAL POSITION
(unaudited)
as at 31 March 1998

ASSETS	1998	1997
Current:		
Cash	$ 180,189	$ 291,215
Accrued interest receivable	709	680
	$ 180,898	$ 291,895

LIABILITIES AND FUND EQUITY

	1998	1997
Current liabilities:		
Accounts payable	$ 86,438	$ 195,796
Fund equity	94,460	96,099
	$ 180,898	$ 291,895

The accompanying notes are an integral part of these Financial Statements.

STATEMENT OF ACTIVITY
(unaudited)
for the year ended 31 March 1998

	1998	1997
Fund equity at beginning of year	$ 96,099	$ 83,812
Add:		
Lottery revenues	400,000	400,000
Investment income	---	14
Bank interest	4,837	3,961
	404,837	403,975
Deduct:		
Sport development expenditures	406,476	391,688
Fund equity at end of year	$ 94,460	$ 96,099

The accompanying notes are an integral part of these Financial Statements.

TRUST FUND NO. 24
SPORT DEVELOPMENT TRUST FUND
NOTES TO FINANCIAL STATEMENTS
(unaudited)
31 MARCH 1998

1. General

The Sport Development Trust Fund is established under the authority of the Sport Development Trust Fund Act. The Act provides that the net profits of the Lotteries Commission of New Brunswick from the lottery scheme designated under paragraph 11.1(b) of the Lotteries Act shall be paid into the Fund. In the event that the amount paid pursuant to paragraph 11.1(b) does not total four hundred thousand dollars, an amount sufficient to ensure that the total amount paid equals four hundred thousand dollars shall be paid into the Fund. The Fund is held in trust by the Minister of Finance and assets of the Fund are used to provide grants to individual athletes and sport organizations to promote leadership and excellence in sport.

2. Summary of Significant Accounting Policies

a) Basis of Accounting

Revenues and expenditures are reported on the accrual basis.

b) Short Term Deposits

Short term deposits are reported on the statement of financial position at cost.

TRUST FUND NO. 25

NEW BRUNSWICK PUBLIC LIBRARIES TRUST FUND

FINANCIAL STATEMENTS

(unaudited)

31 MARCH 1998

TRUST FUND NO. 25
NEW BRUNSWICK PUBLIC LIBRARIES TRUST FUND
STATEMENT OF FINANCIAL POSITION
(unaudited)
as at 31 March 1998

ASSETS		1998
Current:		
Cash	$	60,265
Accrued interest receivable		418
	$	60,683

LIABILITIES AND FUND EQUITY

Fund equity		60,683
	$	60,683

The accompanying notes are an integral part of these Financial Statements.

STATEMENT OF ACTIVITY
(unaudited)
for the year ended 31 March 1998

		1998
Fund equity at beginning of year	$	---
Add:		
Public donations		30,132
Department of Municipalities, Culture & Housing donations		30,133
Bank interest		418
		60,683
Deduct:		
Library expenditures		---
Fund equity at end of year	$	60,683

The accompanying notes are an integral part of these Financial Statements.

TRUST FUND NO. 25
NEW BRUNSWICK PUBLIC LIBRARIES TRUST FUND
NOTES TO FINANCIAL STATEMENTS
(unaudited)
31 MARCH 1998

1. General

The New Brunswick Public Libraries Trust Fund is established under the authority of the New Brunswick Public Libraries Foundation Act. The Fund is held in trust by the Minister of Finance. The purpose of the Foundation includes receiving gifts of real and personal property to support public libraries and public library services in the Province.

2. Summary of Significant Accounting Policies

a) Basis of Accounting

Revenues and expenditures are reported on the accrual basis.

FINANCIAL STATEMENTS

PENSION PLAN FOR CUPE EMPLOYEES OF NEW BRUNSWICK HOSPITALS

31 DECEMBER 1997

Office of the Auditor General
Bureau du vérificateur général

New Nouveau Brunswick

AUDITOR'S REPORT

To the Honourable Edmond P. Blanchard, Q.C.
Minister of Finance
Province of New Brunswick

I have audited the statement of net assets available for benefits of the Pension Plan for CUPE Employees of New Brunswick Hospitals as at 31 December 1997 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's trustee. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Plan's trustee, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at 31 December 1997 and the results of its activities for the year then ended in accordance with generally accepted accounting principles.

Daryl C. Wilson, FCA
Auditor General

Fredericton, N.B.
4 November 1998

TRUST FUND NO. 26
PENSION PLAN FOR CUPE EMPLOYEES OF NEW BRUNSWICK HOSPITALS
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
31 DECEMBER 1997

	1997	1996
ASSETS		
Investments		
Money market instruments	$ 11,926,851	$ 11,600,000
Bonds and debentures	130,505,095	117,021,739
Convertible bonds	-	231,000
Canadian common stocks	89,844,075	85,166,995
Foreign common stocks	16,977,270	14,220,810
	249,253,291	228,240,544
Receivables		
Employee contributions	514,440	508,748
Transfer from Hôtel Dieu Pension Plan	238,346	-
Accrued interest and dividends	2,351,221	2,677,412
	3,104,007	3,186,160
Cash	254,558	130,084
Total assets	252,611,856	231,556,788
LIABILITIES		
Accounts payable	1,325,739	443,647
Deferred Credit		
Pension education fund (Note 3)	81,377	73,912
Total liabilities	1,407,116	517,559
NET ASSETS AVAILABLE FOR BENEFITS	$ 251,204,740	$ 231,039,229

The accompanying notes are an integral part of these financial statements.

John Mallory
Deputy Minister of Finance

TRUST FUND NO. 26
PENSION PLAN FOR CUPE EMPLOYEES OF NEW BRUNSWICK HOSPITALS
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED 31 DECEMBER 1997

	1997	1996
INCREASE IN ASSETS		
Investment income		
Interest	$ 9,432,814	$ 8,985,465
Dividends	2,440,988	2,052,507
Current period increase in market value of investments	11,430,234	17,766,635
Pension contributions		
Employee	4,048,170	4,182,035
Transfer from Hôtel Dieu Pension Plan	238,346	-
Total increase in assets	27,590,552	32,986,642
DECREASE IN ASSETS		
Pensions	5,563,318	4,169,572
Refunds	828,587	906,766
Administrative expenses	600,916	525,139
Investment management fees	365,418	321,430
Custodial fees	52,337	89,621
Performance measurement fees	7,000	14,000
Pension education fund - interest earned (Note 3)	7,465	9,190
Total decrease in assets	7,425,041	6,035,718
INCREASE IN NET ASSETS	20,165,511	26,950,924
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	231,039,229	204,088,305
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$ 251,204,740	$ 231,039,229

The accompanying notes are an integral part of these financial statements.

TRUST FUND NO. 26
PENSION PLAN FOR CUPE EMPLOYEES OF NEW BRUNSWICK HOSPITALS
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 1997

1. Description of Plan

The following description of the Pension Plan for CUPE Employees of New Brunswick Hospitals is a summary only. For more information, reference should be made to the Plan Agreement.

(a) General

The Plan is a contributory defined benefit pension plan covering CUPE Employees of New Brunswick Hospitals. The Plan is administered by the Department of Finance.

(b) Funding Policy

Contributions are made by the Plan members and the Plan sponsor to fund the benefits determined under the Plan. The determination of the value of benefits is made on the basis of an actuarial valuation (see note 4).

(c) Service Pensions

Normal retirement pension is 1.5% (for service before 1990) and 1.4% (for service after 1989) of the average annual salary during the highest paid continuous 5 year period up to the year's maximum pensionable earnings (YMPE) and 2% of the average salary above the YMPE multiplied by the number of years of pensionable service. The pension continues for the lifetime of the pensioner or for 60 months whichever is the longer. Pension benefits are indexed annually according to the consumer price index increase to a maximum of 2%.

A member may elect from one of three optional forms of pensions being: 1) life pension with no guarantee period; 2) life pension with guarantee period of 10 years or 3) joint life and last survivor pension. There is also supplementary pension benefits available when the normal retirement pension is less than $1,500 per year.

Normal retirement age is 65. Unreduced pension benefits are available at age 63 with 5 years of continuous employment. Effective 1 April 1996 to 30 June 1999, members can retire at age 60 with 5 years of continuous employment and receive an unreduced pension. Reduced benefits are available at age 55 with 5 years of continuous employment.

(d) Disability Pensions

A disability pension is not provided for under the terms of the Plan Agreement.

(e) Death Benefits

If a member dies prior to retirement, the benefit payable to his beneficiary or estate is a refund of all contributions made by the member with accumulated interest. If the member dies after retirement, the death benefit payable is determined in accordance with the provisions of the form of pension selected by the member.

TRUST FUND NO. 26
PENSION PLAN FOR CUPE EMPLOYEES OF NEW BRUNSWICK HOSPITALS
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 1997

1. Description of Plan (Continued)

(f) Benefits on Termination

A member who has less than five years of continuous employment and is terminated is entitled to a refund of contributions made to the Plan with accumulated interest. A member with more than five years continuous employment who is terminated may elect to receive a deferred pension commencing on his normal retirement date or a refund of contributions made to the Plan with accumulated interest.

(g) Income Taxes

The Plan is a Registered Pension Plan as defined in the Income Tax Act and is not subject to income taxes.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a financial reporting entity independent of the plan sponsors and plan members. These statements are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the Plan or the benefit security of individual plan members.

(b) Investments

All investments are recorded as of settlement date. Investments are carried at market value except for money market instruments which are carried at cost.

(c) Foreign Currency Translation

Investments in equities denominated in foreign currencies are translated to Canadian dollars at the rate of exchange in effect at the date of the statement of net assets available for benefits.

(d) Pension Contributions

Contributions are recorded in the period that the payroll deductions are made.

TRUST FUND NO. 26
PENSION PLAN FOR CUPE EMPLOYEES OF NEW BRUNSWICK HOSPITALS
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 1997

3. Pension Education Fund

Pursuant to Board of Management Minute 93-0311, assets in the amount of $60,000 have been segregated, effective 1 January 1990, for the purpose of providing education and training on pension related matters to members of the Pension Committee. Interest on these assets accrues at the annual rate of return earned by the Pension Fund.

Changes in the balance of the Fund during the year were as follows:

	1997	1996
Pension Education Fund, beginning of year	$ 73,912	$ 64,722
Add: Interest earned	7,465	9,190
Less: Expenses paid	-	-
Pension Education Fund, end of year	$ 81,377	$ 73,912

4. Funding Policy

In accordance with the Plan Agreement, employees are required to contribute 4.5% of their earnings up to the year's maximum pensionable earnings (YMPE) and 6% on the earnings above the YMPE. The employer is required to contribute an amount necessary in the opinion of an actuary based on an actuarial valuation, which when combined with employee contributions will provide for the benefits stipulated under the Plan.

The most recent actuarial valuation for funding purposes was prepared by Morneau Sobeco as of 1 January 1997. This valuation disclosed that accrued benefits are fully funded.

The Board of Management approved by way of Board of Management Minute 94-0468 the termination of employer contributions, in accordance with section 8.02 of the Pension Plan document, effective the first pay period following 1 August 1994.

5. Obligation for Pension Benefits

The present value of accrued benefits was determined using the projected unit credit method pro-rated on service and actuarial assumptions which reflect management's best estimate for the future. An actuarial valuation was made as of 1 January 1997 by Morneau Sobeco, a firm of consulting actuaries.

TRUST FUND NO. 26
PENSION PLAN FOR CUPE EMPLOYEES OF NEW BRUNSWICK HOSPITALS
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 1997

5. Obligation for Pension Benefits (Continued)

Significant long-term assumptions and the range of short-term assumptions used in the valuation are:

	Long-term Assumptions	Short-term Assumptions
Rate of return on assets	8.42%	8.42%
Annual wage and salary increase	4.5%	2.0% to 4.5%
Inflation	4.0%	2.0% to 3.0%
Rate of pension escalation after retirement	2.0%	2.0%

The actuarial present value of benefits as at 31 December and the principal components of changes in actuarial present values during the year, were as follows:

	(in millions) 1997	1996
Actuarial present value of accrued pension benefits at beginning of year	$ 148.03	$ 151.39
Interest accrued on benefits	12.48	9.26
Benefits accrued	6.84	6.96
Benefits paid	(6.39)	(5.08)
Changes in actuarial assumptions	-	(14.50)
Actuarial present value of accrued pension benefits at end of year	$ 160.96	$ 148.03
Net assets available for benefits	$ 251.20	$ 231.04

TRUST FUND NO. 29

ENVIRONMENTAL TRUST FUND

FINANCIAL STATEMENTS

(unaudited)

31 MARCH 1998

TRUST FUND NO. 29
ENVIRONMENTAL TRUST FUND
STATEMENT OF FINANCIAL POSITION
(unaudited)
as at 31 March 1998

ASSETS	1998	1997
Current:		
Cash	$ 74,828	$ (6,578)
Short term deposits (par value $ 3,300,000)	3,300,000	15,400,000
Environmental fees receivable	1,054,036	779,513
Accrued interest receivable	659	5,164
	$ 4,429,523	$ 16,178,099

LIABILITIES AND FUND EQUITY		
Current liabilities:		
Accounts payable	$ 3,002,760	$ 14,544,693
Fund equity	1,426,763	1,633,406
	$ 4,429,523	$ 16,178,099

The accompanying notes are an integral part of these Financial Statements.

STATEMENT OF ACTIVITY
(unaudited)
for the year ended 31 March 1998

	1998	1997
Fund equity at beginning of year	$ 1,633,406	$ 1,307,181
Add:		
Environmental fees	4,343,255	4,441,812
Video gaming revenues	10,000,000	10,000,000
Interest earned on investments	271,393	396,905
Bank interest	6,089	5,834
	14,620,737	14,844,551
Deduct:		
Expenditures	14,827,380	14,518,326
Fund equity at end of year	$ 1,426,763	$ 1,633,406

The accompanying notes are an integral part of these Financial Statements.

TRUST FUND NO. 29
ENVIRONMENTAL TRUST FUND
NOTES TO FINANCIAL STATEMENTS
(unaudited)
31 MARCH 1998

1. General

The Environmental Trust Fund is established under the authority of the Environmental Trust Fund Act. The Environmental Trust Fund Act provides that the net profits of the Lotteries Commission of New Brunswick from the lottery scheme that utilizes video gaming devices shall be paid into the Fund up to a maximum of $10 million. The Beverage Containers Act provides that fifty per cent of the environmental fees shall be paid into the Fund.

Under the Environmental Trust Fund Act, the Minister of Finance is the custodian and Trustee of the Fund. The assets of the Fund are to be used to pay for costs incurred to provide for environmental protection and restoration, and to promote the sustainable development of natural resources within the Province.

2. Summary of Significant Accounting Policies

a) Basis of Accounting

Revenues and expenditures are recorded on the accrual basis.

b) Short Term Deposits

Short term deposits are reported on the statement of financial position at cost.

FINANCIAL STATEMENTS

Pension Plan for Management Employees of New Brunswick School Districts

31 DECEMBER 1997

Office of the
Auditor General

Bureau du
vérificateur général

New Nouveau Brunswick

AUDITOR'S REPORT

To the Honourable Edmond P. Blanchard, Q.C.
Minister of Finance
Province of New Brunswick

I have audited the statement of net assets available for benefits of the Pension Plan for Management Employees of New Brunswick School Districts as at 31 December 1997 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's trustee. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Plan's trustee, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at 31 December 1997 and the results of its activities for the year then ended in accordance with generally accepted accounting principles.

Daryl C. Wilson, FCA
Auditor General

Fredericton, N. B.
26 October 1998

TRUST FUND NO. 30
PENSION PLAN FOR MANAGEMENT EMPLOYEES OF NEW BRUNSWICK SCHOOL DISTRICTS
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
31 DECEMBER 1997

	1997	1996
ASSETS		
Investments		
Money market instruments	$ 159,780	$ 1,390,167
Bonds and debentures	9,374,569	7,869,815
Convertible bonds	-	33,000
Canadian common stocks	5,606,606	5,433,390
Foreign pooled equities	2,003,637	1,672,860
	17,144,592	16,399,232
Receivables		
Employee contributions	-	21,493
Employer contributions	-	21,493
Accrued interest and dividends	141,297	144,012
	141,297	186,998
Cash	9,386	93,448
Total assets	17,295,275	16,679,678
LIABILITIES		
Accounts payable	117,166	327,727
Total liabilities	117,166	327,727
NET ASSETS AVAILABLE FOR BENEFITS	$ 17,178,109	$ 16,351,951

The accompanying notes are an integral part of these financial statements.

John Mallory
Deputy Minister of Finance

TRUST FUND NO. 30
PENSION PLAN FOR MANAGEMENT EMPLOYEES OF NEW BRUNSWICK SCHOOL DISTRICTS
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEAR ENDED 31 DECEMBER 1997

	1997	1996
INCREASE IN ASSETS		
Investment income		
Interest	$ 476,555	$ 478,227
Dividends	268,349	204,203
Current period increase in market value of investments	739,973	966,865
Pension contributions		
Employee	-	259,042
Employer	-	260,089
Total increase in assets	1,484,877	2,168,426
DECREASE IN ASSETS		
Pensions	536,556	302,012
Refunds	77,714	104,494
Administrative expenses	7,815	40,671
Investment management fees	28,615	26,898
Custodial fees	8,019	20,874
Total decrease in assets	658,719	494,949
INCREASE IN NET ASSETS	826,158	1,673,477
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	16,351,951	14,678,474
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$ 17,178,109	$ 16,351,951

The accompanying notes are an integral part of these financial statements.

TRUST FUND NO. 30
PENSION PLAN FOR MANAGEMENT EMPLOYEES OF NEW BRUNSWICK SCHOOL DISTRICTS
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 1997

1. Description of Plan

The following description of the Pension Plan for Management Employees of New Brunswick School Districts is a summary only. For more information, reference should be made to the Plan Agreement.

(a) General

The Plan is a contributory defined benefit pension plan which provides retirement benefits for Management Employees of New Brunswick School Districts and their dependents. The Plan is administered by the Department of Finance.

(b) Funding Policy

Plan members contribute a percentage of their salaries and the employer is required to contribute the balance of the cost of providing accrued benefits under the Plan. The determination of the value of benefits is made on the basis of an actuarial valuation (see note 3).

(c) Service Pensions

Effective January 1996, normal retirement pension equals 2.0% (for service before 1990) and 1.5% (for service after 1989) of average annual salary during the highest paid continuous 5 years up to the year's maximum pensionable earnings (YMPE) and 2% of the average salary above the YMPE multiplied by the number of years of pensionable service. The pension continues for the lifetime of the pensioner. Pension benefits are indexed annually according to the consumer price index increase to a maximum of 3%.

Normal retirement age is 65. Unreduced pension is available at age 60 with 5 years of pensionable service. Reduced benefits are available at age 55 with 5 years pensionable service.

(d) Disability Pensions

A disability pension is not provided for under the terms of the Plan Agreement.

(e) Death Benefits

If a vested member dies after retirement and has a spouse or dependent children then an immediate 50% spouse's or dependent's pension is payable. If a member dies prior to retirement a refund of the member's required contributions with interest is payable to the deceased member's beneficiary.

(f) Benefits on Termination

Upon termination of employment, a member who has less than five years of pensionable service is entitled to a refund of contributions made to the Plan with accumulated interest. A member with more than five years pensionable service may elect to receive an annual pension payable commencing on his normal retirement date or a refund of contributions made to the Plan with accumulated interest.

TRUST FUND NO. 30
PENSION PLAN FOR MANAGEMENT EMPLOYEES OF NEW BRUNSWICK SCHOOL DISTRICTS
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 1997

1. Description of Plan (Continued)

(g) Income Taxes

The Plan is a Registered Pension Plan as defined in the Income Tax Act and is not subject to income taxes.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a financial reporting entity independent of the plan sponsors and plan members. These statements are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the Plan or the benefit security of individual plan members.

(b) Investments

All investments are recorded as of settlement date. Investments are carried at market value except for money market instruments which are carried at cost.

(c) Foreign Currency Translation

Investments in equities denominated in foreign currencies are translated to Canadian dollars at the rate of exchange in effect at the date of the statement of net assets available for benefits.

(d) Pension Contributions

Contributions are recorded in the period that the payroll deductions are made.

3. Funding Policy

This Plan is being curtailed. All former members have been given the option to transfer their benefits to the Public Service plan or to take a deferred pension from this Plan. There are no current contributors to the Plan.

The most recent actuarial valuation for funding purposes was prepared by Morneau Sobeco as of 1 January 1993. This valuation disclosed fully funded accrued benefits as at 1 January 1993.

TRUST FUND NO. 30
PENSION PLAN FOR MANAGEMENT EMPLOYEES
OF NEW BRUNSWICK SCHOOL DISTRICTS
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 1997

4. Obligation for Pension Benefits

The present value of accrued pension benefits was determined using the projected unit credit method pro-rated on service and actuarial assumptions which reflect management's best estimate for the future. An actuarial valuation was made as of 1 January 1993 by Morneau Sobeco, a firm of consulting actuaries, and was then extrapolated to 31 December 1997.

Significant long-term assumptions and the range of short-term assumptions used in the valuation are:

	Long-term Assumptions	Short-term Assumptions
Rate of return on assets	8.16%	6.08% to 7.64%
Annual wage and salary increase	4.75%	1.5% to 4.0%
Inflation	4.0%	2.0% to 3.5%
Rate of pension escalation after retirement	2.0%	2.0%

The actuarial present value of benefits as at 31 December and the principal components of changes in actuarial present values during the year, were as follows:

	(in millions) 1997	1996
Actuarial present value of accrued pension benefits at beginning of year	$ 10.48	$ 9.85
Interest accrued on benefits	0.62	0.60
Benefits accrued	-	0.44
Benefits paid	(0.61)	(0.41)
Actuarial present value of accrued pension benefits at end of year	$ 10.49	$ 10.48
Net assets available for benefits	$ 17.18	$ 16.35

During 1996 the Board of Management has authorized a number of benefit improvements to the Plan which will expend an estimated 75% of the Plan surplus as at 31 December 1996. It was also authorized that effective 1 September 1996 all contributions to the Plan cease and those individuals still employed commence membership in the Public Service Superannuation Plan.

Members in the Plan as at 1 January 1996 had to elect by 31 March 1998 whether they wished to transfer service from the Plan to the Public Service Superannuation Plan or elect a deferred pension. This information has been received subsequent to year end by the plan administrator and is to be processed by 31 December 1998.

FINANCIAL STATEMENTS

Pension Plan for General Labour, Trades and Services Employees of New Brunswick School Districts

31 DECEMBER 1997

Office of the Auditor General
Bureau du vérificateur général

New Nouveau Brunswick

AUDITOR'S REPORT

To the Honourable Edmond P. Blanchard, Q.C.
Minister of Finance
Province of New Brunswick

I have audited the statement of net assets available for benefits of the Pension Plan for General Labour, Trades and Services Employees of New Brunswick School Districts as at 31 December 1997 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's trustee. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Plan's trustee, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at 31 December 1997 and the results of its activities for the year then ended in accordance with generally accepted accounting principles.

Daryl C. Wilson, FCA
Auditor General

Fredericton, N. B.
26 October 1998

TRUST FUND NO. 31
PENSION PLAN FOR GENERAL LABOUR, TRADES AND SERVICES EMPLOYEES OF NEW BRUNSWICK SCHOOL DISTRICTS
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
31 DECEMBER 1997

	1997	1996
ASSETS		
Investments		
Money market instruments	$ 2,572,030	$ 10,544,763
Bonds and debentures	68,694,670	55,404,746
Convertible bonds	-	231,000
Canadian common stocks	41,497,701	38,425,782
Foreign pooled equities	14,183,389	12,105,041
	126,947,790	116,711,332
Receivables		
Employee contributions	200,414	211,486
Employer contributions	160,100	182,284
Accrued interest and dividends	1,038,237	981,217
	1,398,751	1,374,987
Cash	(950,774)	49,598
Total assets	127,395,767	118,135,917
LIABILITIES		
Accounts payable	814,487	1,563,637
Total liabilities	814,487	1,563,637
NET ASSETS AVAILABLE FOR BENEFITS	$ 126,581,280	$ 116,572,280

The accompanying notes are an integral part of these financial statements.

John Mallory
Deputy Minister of Finance

TRUST FUND NO. 31
PENSION PLAN FOR GENERAL LABOUR, TRADES AND SERVICES EMPLOYEES OF NEW BRUNSWICK SCHOOL DISTRICTS
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEAR ENDED 31 DECEMBER 1997

	1997	1996
INCREASE IN ASSETS		
Investment income		
Interest	$ 3,435,110	$ 3,389,642
Dividends	1,930,091	1,461,982
Current period increase in market value of investments	5,146,086	6,889,035
Pension contributions		
Employee	2,050,618	2,044,850
Employer	1,921,156	1,886,169
Total increase in assets	14,483,061	15,671,678
DECREASE IN ASSETS		
Pensions	3,768,886	3,328,323
Refunds	162,860	336,795
Administrative expenses	293,133	271,634
Investment management fees	206,625	190,966
Custodial fees	39,057	45,475
Performance measurement fees	3,500	3,500
Total decrease in assets	4,474,061	4,176,693
INCREASE IN NET ASSETS	10,009,000	11,494,985
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	116,572,280	105,077,295
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$ 126,581,280	$ 116,572,280

The accompanying notes are an integral part of these financial statements.

TRUST FUND NO. 31
PENSION PLAN FOR GENERAL LABOUR, TRADES AND SERVICES EMPLOYEES OF NEW BRUNSWICK SCHOOL DISTRICTS
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 1997

1. Description of Plan

The following description of the Pension Plan for General Labour, Trades and Services Employees of New Brunswick School Districts is a summary only. For more information, reference should be made to the Plan Agreement.

(a) General

The Plan is a contributory defined benefit pension plan covering General Labour, Trades and Services Employees of New Brunswick School Districts . The Plan is administered by Morneau Sobeco.

(b) Funding Policy

Contributions are made by the Plan members and the Plan sponsor to fund the benefits determined under the Plan. The determination of the value of benefits is made on the basis of an actuarial valuation (see note 3).

(c) Service Pensions

Effective 5 May 1994, normal retirement pension equals 1.5% (for service before 1995) and 1.4% (for service after 1994) of average annual salary during the highest paid continuous 5 years up to the year's maximum pensionable earnings (YMPE) and 2% of the average salary above the YMPE multiplied by the number of years of pensionable service. The pension continues for the lifetime of the pensioner or for 60 months whichever is the longer. Pension benefits are indexed annually according to the consumer price index increase to a maximum of 2%.

A member may elect from one of three optional forms of pensions being: 1) life pension with no guarantee period; 2) life pension with guarantee period of 10 years or 3) joint life and last survivor pension. There is also supplementary pension benefits available when the normal retirement pension is less than $1,500 per year.

Normal retirement age is 65. Unreduced pension benefits are available at age 63 with 5 years continuous employment. Effective 5 May 1994 and until a new contract is negotiated, members are eligible for unreduced benefits if they retire at age 60 with 5 years of continuous employment. Reduced benefits are available on retirement at age 55 with 5 years continuous employment. Bridging pension benefits are available for early retirement.

(d) Disability Pensions

A disability pension is not provided for under the terms of the Plan Agreement.

(e) Death Benefits

If a member dies prior to retirement, the benefit payable to his beneficiary or estate is a refund of all contributions made by the member with accumulated interest. If the member dies after retirement, the death benefit payable is determined in accordance with the provisions of the form of pension selected by the member.

TRUST FUND NO. 31
PENSION PLAN FOR GENERAL LABOUR, TRADES AND SERVICES EMPLOYEES OF NEW BRUNSWICK SCHOOL DISTRICTS
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 1997

1. Description of Plan (Continued)

(f) Benefits on Termination

A member who has less than five years of continuous employment and is terminated is entitled to a refund of contributions made to the Plan with accumulated interest. A member with more than five years continuous employment who is terminated may elect to receive a deferred pension commencing on his normal retirement date or a refund of contributions made to the Plan with accumulated interest.

(g) Income Taxes

The Plan is a Registered Pension Plan as defined in the Income Tax Act and is not subject to income taxes.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a financial reporting entity independent of the plan sponsors and plan members. These statements are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the Plan or the benefit security of individual plan members.

(b) Investments

All investments are recorded as of settlement date. Investments are carried at market value except for money market instruments which are carried at cost.

(c) Foreign Currency Translation

Investments in equities denominated in foreign currencies are translated to Canadian dollars at the rate of exchange in effect at the date of the statement of net assets available for benefits.

(d) Pension Contributions

Contributions are recorded in the period that the payroll deductions are made.

TRUST FUND NO. 31
PENSION PLAN FOR GENERAL LABOUR, TRADES AND SERVICES EMPLOYEES OF NEW BRUNSWICK SCHOOL DISTRICTS
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 1997

3. Funding Policy

In accordance with the Plan Agreement, employees are required to contribute 4.5% of their earnings up to the year's maximum pensionable earnings (YMPE) plus 6% of earnings above the YMPE. The employer is required to contribute an amount necessary in the opinion of an actuary based on an actuarial valuation, which when combined with employee contributions will provide for the benefits stipulated under the Plan. In no event shall employer required contributions be less than 95% of employee contributions.

The most recent actuarial valuation for funding purposes was prepared by Morneau Sobeco as of 1 January 1997. This valuation disclosed that accrued benefits are fully funded.

4. Obligation for Pension Benefits

The present value of accrued benefits was determined using the projected unit credit method pro-rated on service and actuarial assumptions which reflect management's best estimate for the future. An actuarial valuation was made as of 1 January 1997 by Morneau Sobeco, a firm of consulting actuaries, and was then extrapolated to 31 December 1997.

Significant long-term assumptions and the range of short-term assumptions used in the valuation are:

	Long-term Assumptions	Short-term Assumptions
Rate of return on assets	8.42%	8.42%
Annual wage and salary increase	4.5%	2.0 % to 4.50%
Inflation	4.0%	2.0% to 3.0%
Rate of pension escalation after retirement	2.0%	2.0%

The actuarial present value of benefits as at 31 December and the principal components of changes in actuarial present values during the year, were as follows:

	(in millions) 1997	1996
Actuarial present value of accrued pension benefits at beginning of year	$ 77.40	$ 77.31
Interest accrued on benefits	6.50	4.70
Benefits accrued	3.53	3.71
Benefits paid	(3.93)	(3.67)
Changes in actuarial assumptions	-	(4.65)
Actuarial present value of accrued pension benefits at end of year	$ 83.50	$ 77.40
Net assets available for benefits	$ 126.58	$ 116.57

FINANCIAL STATEMENTS

PENSION PLAN FOR SECRETARIAL AND CLERICAL EMPLOYEES OF NEW BRUNSWICK SCHOOL DISTRICTS

31 DECEMBER 1997

Office of the Auditor General
Bureau du vérificateur général

New Nouveau Brunswick

AUDITOR'S REPORT

To the Honourable Edmond P. Blanchard, Q.C.
Minister of Finance
Province of New Brunswick

I have audited the statement of net assets available for benefits of the Pension Plan for Secretarial and Clerical Employees of New Brunswick School Districts as at 31 December 1997 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's trustee. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Plan's trustee, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at 31 December 1997 and the results of its activities for the year then ended in accordance with generally accepted accounting principles.

Daryl C. Wilson, FCA
Auditor General

Fredericton, N. B.
26 October 1998

TRUST FUND NO. 32
PENSION PLAN FOR SECRETARIAL AND CLERICAL EMPLOYEES OF NEW BRUNSWICK SCHOOL DISTRICTS
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
31 DECEMBER 1997

	1997	1996
ASSETS		
Investments		
Money market instruments	$ 372,615	$ 1,342,897
Bonds and debentures	11,649,364	9,561,961
Convertible bonds	-	33,000
Canadian common stocks	6,834,590	6,344,070
Foreign pooled equities	2,355,464	1,971,577
	21,212,033	19,253,505
Receivables		
Employee contributions	51,236	62,045
Employer contributions	36,750	34,521
Accrued interest and dividends	176,237	173,533
	264,223	270,099
Cash	46,703	58,706
Total assets	21,522,959	19,582,310
LIABILITIES		
Accounts payable	78,647	196,726
Total liabilities	78,647	196,726
NET ASSETS AVAILABLE FOR BENEFITS	$ 21,444,312	$ 19,385,584

The accompanying notes are an integral part of these financial statements.

John Mallory
Deputy Minister of Finance

TRUST FUND NO. 32
PENSION PLAN FOR SECRETARIAL AND CLERICAL EMPLOYEES OF NEW BRUNSWICK SCHOOL DISTRICTS
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEAR ENDED 31 DECEMBER 1997

	1997	1996
INCREASE IN ASSETS		
Investment income		
Interest	$ 577,487	$ 554,464
Dividends	317,597	237,363
Current period increase in market value of investments	861,319	1,128,908
Pension contributions		
Employee	422,201	474,791
Employer	389,814	413,006
Total increase in assets	2,568,418	2,808,532
DECREASE IN ASSETS		
Pensions	290,020	218,483
Refunds	102,558	150,475
Administrative expenses	71,769	91,764
Investment management fees	34,595	31,394
Custodial fees	10,748	21,870
Total decrease in assets	509,690	513,986
INCREASE IN NET ASSETS	2,058,728	2,294,546
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	19,385,584	17,091,038
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$ 21,444,312	$ 19,385,584

The accompanying notes are an integral part of these financial statements.

TRUST FUND NO. 32
PENSION PLAN FOR SECRETARIAL AND CLERICAL EMPLOYEES OF NEW BRUNSWICK SCHOOL DISTRICTS
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 1997

1. Description of Plan

The following description of the Pension Plan for Secretarial and Clerical Employees of New Brunswick School Districts is a summary only. For more information, reference should be made to the Plan Agreement.

(a) General

The Plan is a contributory defined benefit pension plan covering Secretarial and Clerical Employees of New Brunswick School Districts. The Plan is administered by Morneau Sobeco.

(b) Funding Policy

Contributions are made by the Plan members and the Plan sponsor to fund the benefits determined under the Plan. The determination of the value of benefits is made on the basis of an actuarial valuation (see note 3).

(c) Service Pensions

Normal retirement pension for members who terminate after 1 January 1992 but before 1 September 1997 equals 1.455% of average annual salary during the highest paid continuous 5 years up to the year's maximum pensionable earnings (YMPE) and 2% of the average salary above the YMPE multiplied by the number of years of pensionable service.

Normal retirement pension for members who terminate on or after 1 September 1997 equals 1.455% (for service before 1 September 1997) and 1.3% (for service after 31 August 1997) of average annual salary during the highest paid continuous 5 years up to the year's maximum pensionable earnings (YMPE) and 2% of the average salary above the YMPE multiplied by the number of years of pensionable service.

The pension continues for the lifetime of the pensioner or for 60 months whichever is the longer. Pension benefits are indexed annually according to the consumer price index increase to a maximum of 2%.

A member may elect from one of three optional forms of pensions being: 1) life pension with no guarantee period; 2) life pension with guarantee period of 10 years or 3) joint life and last survivor pension. There is also supplementary pension benefits available when the normal retirement pension is less than $1,500 per year.

Normal retirement age is 65. Unreduced pension benefits are available at age 63 with 5 years continuous employment. Reduced benefits are available on retirement at age 55 with 5 years continuous employment.

(d) Disability Pensions

A disability pension is not provided for under the terms of the Plan Agreement.

TRUST FUND NO. 32
PENSION PLAN FOR SECRETARIAL AND CLERICAL EMPLOYEES OF NEW BRUNSWICK SCHOOL DISTRICTS
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 1997

1. Description of Plan (Continued)

(e) Death Benefits

If a member dies prior to retirement, the benefit payable to his beneficiary or estate is a refund of all contributions made by the member with accumulated interest. If the member dies after retirement, the death benefit payable is determined in accordance with the provisions of the form of pension selected by the member.

(f) Benefits on Termination

A member who has less than five years of continuous employment and is terminated is entitled to a refund of contributions made to the Plan with accumulated interest. A member with more than five years continuous employment who is terminated may elect to receive a deferred pension commencing on his normal retirement date or a refund of contributions made to the Plan with accumulated interest.

(g) Income Taxes

The Plan is a Registered Pension Plan as defined in the Income Tax Act and is not subject to income taxes.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a financial reporting entity independent of the plan sponsor and plan members. These statements are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the Plan or the benefit security of individual plan members.

(b) Investments

All investments are recorded as of settlement date. Investments are carried at market value except for money market instruments which are carried at cost.

(c) Foreign Currency Translation

Investments in equities denominated in foreign currencies are translated to Canadian dollars at the rate of exchange in effect at the date of the statement of net assets available for benefits.

(d) Pension Contributions

Contributions are recorded in the period that the payroll deductions are made.

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PENSION PLAN FOR SECRETARIAL AND CLERICAL EMPLOYEES OF NEW BRUNSWICK SCHOOL DISTRICTS
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3. Funding Policy

In accordance with the Plan Agreement, employees are required to contribute 4.5% of their earnings up to the year's maximum pensionable earnings (YMPE), plus 6% of earnings above YMPE. In no case can an employee contribution exceed $1,000 plus 70% of the member's pension adjustment amount for the Plan year as defined in the Income Tax Act. The employer is required to contribute an amount necessary, in the opinion of an actuary based on an actuarial valuation, which when combined with employee contributions will provide for the benefits stipulated under the Plan.

The most recent actuarial valuation for funding purposes was prepared by Morneau Sobeco as of 1 January 1997. This valuation disclosed that accrued benefits are fully funded.

4. Obligation for Pension Benefits

The present value of accrued benefits was determined using the projected unit credit method pro-rated on service and actuarial assumptions which reflect management's best estimate for the future. An actuarial valuation was made as of 1 January 1997 by Morneau Sobeco, a firm of consulting actuaries, and was then extrapolated to 31 December 1997.

Significant long-term assumptions and the range of short-term assumptions used in the valuation are:

	Long-term Assumptions	Short-term Assumptions
Rate of return on assets	8.42%	8.42%
Annual wage and salary increase	4.5%	2.0% to 4.50%
Inflation	4.0%	2.0% to 3.0%
Rate of pension escalation after retirement	2.0%	2.0%

The actuarial present value of benefits as at 31 December and the principal components of changes in actuarial present values during the year, were as follows:

	(in millions) 1997	1996
Actuarial present value of accrued pension benefits at beginning of year	$ 12.01	$ 11.33
Interest accrued on benefits	1.02	0.70
Benefits accrued	0.70	0.76
Benefits paid	(0.39)	(0.37)
Changes in actuarial assumptions	-	(0.41)
Actuarial present value of accrued pension benefits at end of year	$ 13.34	$ 12.01
Net assets available for benefits	$ 21.44	$ 19.39