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## NEWS RELEASE

For immediate release

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### Auditor General's Report on Monitoring Government Finances Issued

VICTORIA — In his report, Auditor General Wayne Strelloff, sets out a framework of information to monitor the government's finances based on the last five years of audited financial information and on guidance developed by The Canadian Institute of Chartered Accountants.

"People often ask me about the state of the government's finances," says Mr. Strelloff, "Both citizens of British Columbia and their elected representatives want to know how their government's finances fare, and compare with other jurisdictions." He notes that, as things stand, it is not easy to monitor the government's finances.

Legislators have amended the Budget Transparency and Accountability Act recently to require the government to keep its books in line with Canadian generally accepted accounting principles, by 2004. The government has decided to implement this requirement at the end of the allowed period, rather than earlier. "Until this happens the government's financial statements will be incomplete and, thus, confusing," says the Auditor General.

Mr. Strelloff shows in his report that in the five-year period ended March 31, 2001 the economy in BC grew more than did the government's net liabilities. Net liabilities refer to the obligations we leave for our children to pay or finance.

In the same five-year period, provincial revenues increased by 37%, expenses by 31%, capital assets by 7% and total debt by 18%.

In the 2000/2001 fiscal year provincial revenues increased from \$35.6 billion in the 1999/2000 fiscal year to \$42.5 billion, an increase of over 19%. "The increase was largely due to higher electricity trade with customers outside the province through BC Hydro, and higher market prices for electricity," the report says. With the current year's drop in energy prices and the reduced provincial income taxes, the trend is not expected to continue.

Looking at the last five fiscal years ended March 31, 2001, Mr. Strelloff examines the extent to which the economy has been able to sustain the demands placed on it by the BC government compared to other provinces and to Canada as a whole. Based on this comparison the Auditor General concludes that BC's economy has been the second most able to support its government's past revenue raising and spending practices.

Another widely used indicator of government financial performance is its credit rating. BC has kept its high standing in the international financial market, although its ranking among provinces has dropped to second, after Alberta.

The Auditor General asks the Government to adopt generally accepted accounting principles as soon as possible. He believes such an accounting is an essential ingredient to public confidence in our institutions of government.

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[2001/2002 Report #4 – Monitoring the Government's Finances, Province of British Columbia](#)

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homepage  
<http://bcauditor.com>

Office of the Auditor General  
8 Bastion Square  
Victoria, B.C. V8V 1X4  
Tel: 250 387-6803  
Fax: 250 387-1230

Toll free enquiries by dialing *Enquiry BC* at 1-800-663-7867 (in Vancouver 660-2421) and requesting a transfer to 387-6803.

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