



## NEWS RELEASE

**For immediate release  
March 16, 1999**

### **Auditor General Criticizes Budget '96 Disclosure and Calls for Major Reform of the Budget Process**

VICTORIA – Today Auditor General George Morfitt released his report on the budget building process in British Columbia. His report, which was undertaken in part as a result of the public controversy surrounding the 1996/97 budget, calls for sweeping changes in how the budgeting process is governed by elected officials, and recommends budget reform legislation. The report states that improving the overall budgeting process will have long-term benefits for British Columbia.

The report lists the key principles that must be upheld for a budget to have integrity. High on the list of principles in Morfitt's view is the accountability of Cabinet to the Legislative Assembly, and of public employees to ministers. "When key information necessary to enable the Legislative Assembly to examine the prudence of budget decisions is missing, or is incomplete, a budget could impart a wrong impression about the fiscal plans of government" says Morfitt in his report.

The Auditor General provides a detailed analysis of events and decisions surrounding the contentious Budget '96, which was tabled twice: first by Hon. Elizabeth Cull on April 30, 1996, and again by Hon. Andrew Petter on June 26, 1996. "Almost all the weaknesses and shortcomings I found regarding Budget '96", reports the Auditor General, "confirm the need for the reform I am calling for in the governance of the budget process."

Morfitt says that the \$16 million surplus for 1995/96 forecasted by Minister Cull was overstated in a material way. Two months later, Minister Petter had access to more current information suggesting a deficit of over \$200 million for 1995/96. However, he decided to re-table the same budget, making no change to the surplus, because he wanted to confirm with greater certainty the deficit information before advising the public and the Legislative Assembly.

Commenting on the budgets presented for 1996/97 (first in April, and again in June), Morfitt says the government did not make full and fair disclosure of the extent of business risks being assumed, and their plans to address those risks. "Crucial information was missing" states the Auditor General in his report, "and consequently the prudence and appropriateness of budget decisions could not be properly examined by the Legislative Assembly and the public."

Morfitt found that the government, in developing Budget '96 – with but one possible exception (in

which government appears to have acted on what it thought to be appropriate legal advice) – complied with legislation and authorities currently governing the budgeting process.

**1998/99 Report # 4 – A Review of the Estimates Process in British Columbia. Copies of this report can be obtained from:**

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

This report is available on the Internet at the  
Office of the Auditor General homepage  
<http://www.bcauditor.com/>

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

---