Protecting Taxpayers: Balanced Budget Legislation in Canada and in British Columbia

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Prepared by:

Canadian Taxpayers Federation
British Columbia Division

Suite 604
1207 Douglas Street
Victoria, BC
V8W 2E7

Telephone: 250-388-3660
Facsimile: 250-388-3680

News Release

About The Canadian Taxpayers Federation

The Canadian Taxpayers Federation (CTF) is a federally incorporated, non-profit, non-partisan, educational and advocacy organization founded in Saskatchewan in 1990. In ten years it has grown to become a national organization with 80,000 plus supporters nation-wide.

The CTF's three-fold mission statement is:

1) To act as a watchdog on government spending and to inform taxpayers of governments' impact on their economic well-being;

2) To promote responsible fiscal and democratic reforms, and to advocate the common interest of taxpayers;

3) To mobilize taxpayers to exercise their democratic responsibilities.

The CTF maintains a federal and provincial office in Ottawa and offices in the four provincial capitals of British Columbia, Alberta, Saskatchewan, and Manitoba. Provincial offices conduct research and advocacy activities specific to their provinces in addition to acting as regional organizers of Canada-wide initiatives.

The CTF's official publication, *The Taxpayer*, is published six times a year. CTF offices also send out weekly *Let's Talk Taxes* commentaries to more than 800 media outlets nationally. The CTF staff and Board of Directors are not permitted to hold memberships in any political party.

The provincial office in British Columbia is located at:

Canadian Taxpayers Federation
Suite 604, 1207 Douglas Street
Victoria, BC
V8W 2E7

Telephone:	250-388-3660
Facsimile:	250-388-3680
E-Mail:	taxpayer@vanisle.net
Web Site:	www.taxpayer.com

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Mark Milke
British Columbia Director
Canadian Taxpayers Federation

What Is A "Balanced Budget" Law?

A balanced budget law, simply defined and as the words imply, refers to legislation that requires a government to balance its revenues with its expenditures. It is a legal mechanism that binds governments to balance their books.

Depending on the legislation in question, the 'purity' of the law varies. Some jurisdictions such as Saskatchewan require that budgets be balanced over a four-year cycle. Others, such as Manitoba require annual balanced budgets with the exception of the first year after an election. (Presumably, the assumption is that elections will bring out the spending reflex in politicians.) Some laws, such as Alberta's *Balanced Budget and Debt Retirement Act 1995,* require the budget to be balanced every single year with an exception allowed due to a natural disaster or emergency, or in the event the Legislature is dissolved and not yet reconvened.

Legislation across the country also varies in its treatment of surpluses. Alberta's original legislation required that all of a surplus must be put toward the provincial debt. The current legislation in that province now requires only that seventy-five percent of a surplus is put towards debt reduction. Saskatchewan has no requirement as regards the disbursement of any surplus.

The proposals for balanced budget legislation have also varied. The proposal put forth by the Canadian Taxpayers Federation in British Columbia in 1995 proposed that BC's provincial budgets be balanced annually, with the exception where, in one year, revenues drop by more than five percent. The draft legislation also proposed to allow a deficit if an emergency was declared by a 75 percent majority vote in the provincial legislature. The BC government never adopted the legislation, hardly surprising, given that the same government repealed even a weak taxpayer protection and balanced budget law enacted by the previous government.

What Balanced Budget Legislation Is *Not*

Balanced budget legislation is not the same as taxpayer protection legislation (which mandates that tax increases or new taxes must be approved by voters in a referendum.) Nor is it the same as legislated expenditure limits. Both taxpayer protection and expenditure limits may in fact be combined in law with balanced budget requirements, but the requirement for balanced budgets is just that – a legislated guarantee that budgets be balanced.

While this paper will deal mainly with the concept of balanced budget legislation, reference may occasionally be made to taxpayer protection and to expenditure limits. The three concepts are close cousins. For example, without taxpayer protection, a balanced budget law may merely mean that taxes will be raised to balance the budget (at least temporarily). Without expenditure control legislation, prudent analysis of existing government spending and re-allocation of such spending is elbowed aside in favour of overall and unthinking spending increases.

The Canadian Experience

The experience of the last three decades led to a situation in Canada where budgets were rarely, if ever, balanced; taxes rose continually in a vain effort to stem the red ink and the only winners were those who bought government debt. Taxpayers paid more in tax and received less for those taxes as a result of spiraling interest payments. It was a lose-lose scenario whether taxpayers wanted lower taxes or more government services. Ever-increasing interest payments defeated both hopes, and of course, still do in British Columbia where chronic deficits yet occur.

During most of the last three decades, every single provincial government along with the federal government ran deficits almost without respite, and as a consequence, ran up government debt. The deficits occurred both in good economic times and when economic growth was weak or negative. In the case of British Columbia for example, the province ran eight surpluses in the decade of the 1970s, but only two surplus years in the 1980s. By the 1990s, and despite positive economic growth in every single year in that decade, only one surplus (in 1990) was recorded. The total provincial debt, which stood at just under $2.3 billion, rose to $17.3 billion by 1991, and is now forecast to be $36.5 billion by March 2001.

Meanwhile in Ottawa, the federal government finally recorded its first surplus in almost three decades in the fiscal year ending in March 1998. At that point, the federal net debt stood at $583 billion, up from $18.5 billion in March 1970 – the last fiscal year in which a surplus had been recorded. Interest payments jumped from $1.7 in that year to $41.5 billion annually by 1998. Deficit spending for almost three decades was a costly experiment: But for the yearly interest debt bite, every Canadian could pay 60 percent less federal personal tax annually without touching a penny in program spending. Canadians will be paying much higher taxes due to past over-spending for a very long time to come.

Not surprisingly then, by the 1990s, debt became an important issue in Canadian politics. In 1995, a COMPAS poll asked Canadians “How important is it to control taxes, spending and debt?” Eighty-six percent said “extremely important” or “very important.” Canadians had had enough and wanted change. As it happened, they were beginning to get it.

Where Is Balanced Budget Legislation In Effect?

With the exception of balanced budget requirements at the municipal level – a requirement that ironically, many senior levels of government are still not themselves bound by – balanced budget requirements are a recent development in Canada. This new direction has been driven in part by necessity, in part by the experience of other countries, and in part by public demand.

Models of such legislation can be found in jurisdictions around the world ranging from Switzerland to states in the United States and increasingly, Canadian provinces. As of this writing, six provinces and one territory have some form of balanced budget legislation. The list includes Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick and the Yukon.

Here is a brief review of the statutes currently on the books in those jurisdictions.

Alberta…

Alberta has introduced three pieces of legislation that deal specifically with balanced budgets. The first two, *The Deficit Elimination Act* and *The Balanced Budget & Debt Retirement Act (1995),* required the province to eliminate the deficit and then to begin an orderly pay-down of the province’s debt. The current legislation, *The Fiscal Responsibility Act (1999)* requires budgets to be balanced and for 75 percent of any surplus to be applied towards the province's debt. Since Alberta began requiring balanced budgets and paying down debt, it has eliminated $10.2 billion in provincial debt and dramatically lowered interest costs to the province.

Saskatchewan…

In a 1991 plebiscite, 83 percent of Saskatchewan voters voted in favour of passing balanced budget legislation. Prior to the 1995 provincial election, the NDP government finally introduced *An Act to Maintain Financial Stability and Integrity in the Administration of the Finances of the Province's Taxpayers.*

Unfortunately, the Act's contents are not as prodigious as its title would suggest. Saskatchewan's law requires a balanced budget over a four-year cycle. On the positive side, it prevents the use of accounting changes to balance the budget and contains a clause preventing the government from directing the proceeds of the sale of any crown corporation toward ordinary expenditures. However, the legislation allows an overly broad escape valve permitting the government to contravene the limits in the event of a "dramatic impact on expenses or revenues in a fiscal year." The Act also lacks any penalties for non-compliance.

New Brunswick…

In 1993, the New Brunswick legislature passed *An Act Respecting the Balancing of Ordinary Expenditures & Ordinary Revenues of the Province.* The Act calls for, but does not require, the government to balance its operating budget over a four-year cycle. The legislation excludes capital expenditures from the calculation and is mute on reducing the provincial debt. There are no penalties for non-compliance.

Yukon…

The Yukon Territory passed the *Yukon Taxpayer Protection Act* in 1996. It requires budgets to be balanced annually. No treatment is specified with regards to the surplus.

Quebec…

The *Act Respecting the Elimination of the Deficit and a Balanced Budgets* requires budgets to be balanced annually. There are no penalties for non-compliance or direction as regards a surplus.

Manitoba…

Manitoba's *Balanced Budget, Debt Repayment and Taxpayer Protection and Consequential Amendments Act*, made public just prior to the 1995 election, represented the most comprehensive legislative initiative of its kind in the country until Ontario enacted similar legislation. Both provinces can now claim to have some of the most stringent balanced budget laws in the country.

The Manitoba Act requires that operating and capital budgets be balanced each year. The provincial debt is slated to be eliminated by 2025. The provincial Auditor General can declare the government in contravention of the Act if changes in accounting policy contravene the Act's intent. Finally, Manitoba's legislation includes real enforcement mechanisms which would dock the pay of provincial cabinet ministers by 20 percent if a deficit is incurred in one year and 40 percent if a deficit is carried over two or more years.

Manitoba's legislation leaves some government entities outside the scope of the Act and safeguards to protect the Act from easy amendment or repeal could also be improved. Nonetheless, along with Ontario, it is one of two comprehensive fiscal control measures in the country.

Ontario…

In late 1999, Ontario passed the *Ontario Taxpayer Protection and Balanced Budget Act.* The Act requires budgets to be balanced on an annual basis. Deficits may only be incurred in the event of a natural disaster, if Canada is at war, or if there has been a single-year reduction in revenues of more than five percent. There is no direction as regards a surplus. Enforcement mechanisms are very tough. Cabinet minister would lose 25 percent of their salaries in the year that a budget is not balanced, and 50 percent in subsequent years.

Along with Manitoba, other jurisdictions should look to Ontario to find a sensible and tough piece of legislation that protects taxpayers from both tax increases and chronic deficits.

Why Is Balanced Budget Legislation Necessary?

Besides the federal example of almost three decades of unchecked spending and ever-rising taxes, British Columbia's own history is also a case study in why balanced budget legislation is not only desirable, but critical if taxpayers are to see their tax dollars directed towards programs and services, not ever-increasing payments on a growing debt. To understand why balanced budget laws are crucial, one must understand the how poorly British Columbia's government has managed public finances over the past decade. More critically, when good intentions are absent and deceit is present, the interests of taxpayers are completely unprotected. Unfortunately, this has been the case in British Columbia.

1991 and 1995: Two Attempts At Fiscal Control

Two significant policy initiatives in the early and mid-1990s marked the efforts of two British Columbia governments to provide a framework for fiscal control. The first initiative was the *Taxpayer Protection Act (TPA)* introduced by the Social Credit government in March 1991. The second, introduced by the Harcourt government under the stewardship of Finance Minister Elizabeth Cull, was the Debt Management Plan (DMP). The DMP was first introduced in the 1994 budget and further modified in the 1995 budget. It was the first of three debt management plans introduced by the NDP government. (The other two plans were introduced in Budget 1997 and then in Budget 1998.)

Canada's First Taxpayer Protection Act

Introduced by Finance Minister Elwood Veitch on March 19, 1991, the Act was rushed through the legislature and received royal assent only three days later.

The *TPA* set out to accomplish three primary objectives:

1. Freeze Taxes. 12 specific taxes were frozen and the government was prevented from introducing any new taxes until March 31, 1994.

2. Expenditure Limits. The government was required to submit a plan every year detailing how it would balance the revenues and expenditures of the general fund over a five-year cycle. The rate of increase in forecast expenditures could not exceed a certain percentage determined by a formula that referred to the rate of increase in B.C.'s gross domestic product.

3. Debt Reduction. The Minister of Finance was required to prepare and present to the Legislative Assembly a debt reduction plan.

The first Balanced Budget and Debt Repayment Plans required by the *TPA* were tabled as part of the 1991 budget. The Balanced Budget Plan forecast a $1.1-billion surplus by the 1995-96 fiscal year, and the Debt Reduction Plan foresaw government debt as a percentage of provincial gross domestic product declining by March 31, 1996.

Shortly after the Harcourt government took office following the 1991 provincial election, Finance Minister Glen Clark initiated a financial review of the province. Conducted by consulting firm Peat Marwick (KPMG), the review examined the *Taxpayer Protection Act*. KPMG's report outlined a number of concerns with the legislation:[i]

1. The Balanced Budget Plan applies to the General Fund only. It does not apply to other funds [such as] government organizations and enterprises... Therefore, a substantial part of the government's overall revenues and expenditures are excluded from the balanced budget plan.

2. The debt reduction plan does not include debt of government organizations and enterprises such as Crown corporations, which ... account for a significant portion of the government debt.

3. The requirement for the Minister of Finance to submit a five-year balanced budget plan every year means that for any particular five-year period, five plans at various stages would apply in that period.

4. The balanced budget progress report is submitted annually with the tabling of the estimates...The *Financial Administration Act* contains no reference to the Balanced Budget Plan described in the TPA. The Balanced Budget Plan will have little if any impact in achieving a balanced budget if it has no inter-relationship with the process of authorizing expenditures ... Differences between the Plan and the Estimates should be accounted for and reconciled.

5. Introducing limits on expenditure forecasts in the TPA in order to control the growth in government spending is, in all likelihood, ineffective.

6. Relying solely upon expenditure adjustments to produce a Balanced Budget Plan, as a tool to manage government resources, may not be the most effective approach. New taxes or increases in existing taxes before March 31, 1994 may be necessary for the effective management of government resources.

The report concluded:

> We recommend repealing the *Taxpayer Protection Act* and that consideration should be given to either replacing it with new legislation or with a highly visible government policy document, possibly presented as part of the budget papers.

Finance Minister Clark quickly jumped on the recommendation and introduced Bill 3 -- *Taxpayer Protection Repeal Act* almost one year from the day the *TPA* received royal assent. On April 8, 1992, Mr. Clark announced to the Legislative Assembly that "the review recommended that this Act be repealed, and the government has accepted that recommendation."[ii]

The government ignored the remainder of the recommendation, which stated the Act should either be replaced with new legislation or with a highly visible policy document. Mr. Clark did neither. He was very selective in interpreting the report's recommendation.

To its credit, the *Taxpayer Protection Act*, was the first legislation of its kind in the country. By passing a provincial statute, the government of the day was prepared to provide more than rhetorical limits on its spending, taxing and borrowing habits. Indeed, as already noted, statutes of this nature have since become central planks of successful provincial election campaigns in Saskatchewan, Manitoba, New Brunswick, Yukon, and Ontario and have now been passed into law. Although each varied in its application, all built upon existing statutes in other jurisdictions, of which British Columbia was the first.

The *TPA* was by no means perfect. Not only because there was little Canadian experience to draw upon, but also because it was a hurried, pre-election effort to respond to growing public sentiment that government should operate within some definite fiscal guidelines. The KPMG report pointed out several flaws. Many of their assumptions and recommendations were debatable. However, it is important to remember that <u>the KPMG report only recommended abolishing the *TPA*, not the principle of statutory fiscal control which it represented</u>. In the report's conclusion, KPMG reminded the government that: "Overall the concepts of a Debt Reduction Plan and Balanced Budget Plan are sound and are fundamental to an effective deficit reduction strategy."[iii]

Interestingly, Mr. Clark and his colleagues agreed with this sentiment prior to the 1991 election. Mr. Clark had this to say when the *TPA* was debated in second reading:

> The bill ... contains clauses which limit government spending increases and require balanced budgets over a five-year budgetary cycle. Balancing the budget and spending within the means of British Columbians are objectives that we on this side wholeheartedly support;[iv]

Elizabeth Cull remarked that:

> The forecast amount of expenditures over a five-year period has to balance with the forecast amount of revenue over that same five-year period. There's a balance there. I want to point out that this is certainly something that seems to be needed.[v]

<u>While sitting in the opposition benches, the NDP voted unanimously in favour of the *Taxpayer Protection Act* only to abolish it almost immediately after winning the 1991 election</u>. It was not until the NDP government's third budget in March 1994 that a long-term plan to balance the budget and address the province's mounting debt was forthcoming. In its March 1995 budget the government put forward its most specific fiscal control measure yet.

The Debt Management Plans (DMPs)

On March 8, 1994, Premier Mike Harcourt went on province-wide television to announce a three-year "tax-freeze" and reinforce his commitment to balance the provincial budget before the end of his first mandate. Later that month, his commitment was outlined in the three-pronged "Fiscal Strategy and Debt Management Plan" included in Finance Minister Elizabeth Cull's 1994 budget:

1. Tax rates are frozen for the next three years and no new taxes will be introduced.

2. The government will balance the budget in 1996/97 and introduce a debt management plan.

3. In addition to eliminating the deficit, the government will wind up the British Columbia Endowment Fund and use the proceeds to pay down debt.

The Plan also included, for the first time in the government's mandate, long term forecasts of spending and revenue to achieve a balanced budget by 1997. However, the government's 1995 Budget announced that the deficit would be eliminated one year ahead of schedule, in 1996. An entirely new forecast of spending and revenues was unveiled. It was a classic case of out with the old and in with the new as the government disregarded its "targets" of just one year earlier.

The 1995 Budget was even more specific in detailing a "Debt Management Plan"(DMP) which established four specific goals and benchmarks:

1. Maintain British Columbia's credit rating as the highest of any province in Canada.

2. Eliminate over twenty years, the $10.2-billion in debt incurred from previous budget deficits, by using budget surpluses to pay down debt.

3. Reduce total taxpayer-supported debt as a share of British Columbia's gross domestic product from its current level of 18.8 percent, the lowest in Canada, to 10 percent within 20 years.

4. Cap the interest cost of taxpayer-supported debt to ensure that this cost does not exceed 8.5 percent of provincial revenue in any year over the next 20 years.

The DMP was based on the assumption of a $26.9-billion debt as of March 31, 1995. Of this total, $8.1-billion represents commercial crown corporation debt was excluded from the government's debt management efforts. That left $18.8-billion in "taxpayer-supported" debt that was to be reduced as a percentage of provincial gross domestic product from 18.8 percent to 10 percent within 20 years. The DMP also required that the government issue a Debt Management Progress Report to record progress made in meeting its targets.

It quickly became evident that many of the same criticisms levelled at the 1991 *Taxpayer Protection Act* applied equally to the Debt Management Plan:

1. <u>The DMP did not apply to all government entities</u>. The balanced budget and debt management forecasts excluded several government organizations, crown corporations and liabilities that account for a significant part of the government's overall financial picture.

2. <u>The DMP allowed the province's debt to increase</u>. Because debt targets were expressed as a percentage of provincial gross domestic product, the debt was allowed to grow provided the economy continued to expand. While the Debt Management Plan aimed to contain the debt, it did not seek to eliminate it. Using the government's own economic forecasts and assumptions, the "taxpayer-

supported" debt was expected to increase by $3-billion from $19.5-billion in 1995/96 to $22.5-billion by the year 2015. Meanwhile, interest payments were to rise from $1.5-billion to $1.7-billion over the same period.

In practice of course, both of those voluntary targets were exceeded before the year 2000.

3. The DMP was enforced only by goodwill. As outlined earlier, the 1994 budget featured a three-year plan detailing the revenue and expenditure levels the government needed to achieve in order to balance its budget by 1997. Over the 1994/95 fiscal year, the government spent $161 million more than the target set just the year before. The 1994 Budget also committed to winding down the British Columbia Endowment Fund and using the proceeds to "pay down debt." On October 30th the government announced that $120-million of the $420-million Endowment Fund "will be used to pay for government activities and avoid additional borrowing"[vi]

Summary of BC's Experience With Voluntary Debt Management Controls

Without laws and strict enforcement mechanisms, targets and commitments such as those laid out in the 1994 budget were not worth the paper they were written on. Both the 1991 *Taxpayer Protection Act* and the Debt Management Plans represented modest efforts to control taxes, spending and the rapid growth in debt. Their similarities are greater than their differences. Unfortunately, the *Taxpayer Protection Act* was repealed, and the targets laid out in the DMP (and its two successor plans) were never adhered to.

As BC's Auditor General commented when he reviewed three debt management plans – none of which had any real-world effect upon the budgetary balance, "Excessive modification defeats the purpose of having a plan in the first place…. Based on the new goals, it appears there is no longer 'a long-term plan to harness and control the debt' as was the case in Budget '95."[vii]

It is painfully obvious by now that good intentions are not good enough when it comes to balancing the province's books. Moreover, given that the current government also misled the public about the state of the province's finances during the 1996 election, a lack of fortitude with which to implement three debt control plans was matched only by a lack of veracity.

As it is, British Columbia's debt is now forecast to hit $36.5 billion by March 2001, up from just over $17.2 billion when the current government took office in 1991.

The Components of Effective Balanced Budget Legislation

With seven domestic balanced budget laws in place, it is now possible to discern the critical elements of an effective piece of legislation. While legislated fiscal limits will differ in detail from jurisdiction to jurisdiction, there are basic ingredients that must be included in any effective law. This section details six essential elements of workable legislation as the basis of the CTF's draft legislation.

1. Truth in Accounting...

Workable legislation requires a timely, comprehensive, and fully consolidated accounting of the financial position and results of operations of *all* government offices, ministries, accounts, agencies, crown corporations, and organizations. The government must not be allowed to circumvent the legislation by making arbitrary changes to accounting policies. The BC government has now submitted to the requests by the Auditor General and others to practice honest accounting. This then should not be a concern in BC in the future, though careful analysis of accounting changes will always be necessary.

2. Balanced Budget Requirement...

A balanced budget requirement must encompass *all* government entities. Deficits should be prohibited except in exceptional circumstances or emergencies. Furthermore, the government should be prevented from "off-loading" its responsibilities onto a subordinate level of government without adequate compensation.

3. Debt Elimination...

Debt should be contained and eliminated under a pre-established repayment schedule. Borrowing for major capital and infrastructure projects should be subject to voter approval.

4. Fiscal Limitation...

Effective legislation requires more than simply balancing the budget. The legislation must also limit government's ability to tax, borrow, and/or spend -- or some combination of the three. The limitation can take the form of a pre-established formula or a requirement for voter approval.

5. Enforcement Mechanism...

The legislation should impose real penalties on the executive branch of government in the event that it fails to comply with the statute's requirements. Penalties give the legislation teeth.

6. High Threshold for Amendment or Repeal...

Effective legislation must guard itself against easy amendment or repeal. Ideally, any repeal or amendment of a statutory fiscal limit should require the approval of voters in a referendum.

Addendum: Objections to Balanced Budget Laws

While balanced budget laws have been increasingly popular for governments from left to right in Canada, four provinces – most notably British Columbia which is alone in the West in this regard – do not offer taxpayers such protection against chronic deficits. And federal Finance Minister Paul Martin has steadfastly refused to enact such legislation at the federal level.

Here is a summary of the objections and the CTF's response to them:

Objection: *"Balanced budget laws are unnecessary when a government exists that has the will to balance the books, and useless when they do not. The example of the how the BC NDP ripped up the 1991 Taxpayer Protection Act is proof."*

Response: Balanced budget laws that have, as part of the legislation, a referendum trigger activated if a government wishes to eliminate the law, would ensure that a balanced budget law could only be scrapped upon approval by voters in a referendum. The problem with BC's first law in this regard is that it did not go far enough, i.e., the Act could and was eliminated by government without reference to the voters.

Moreover, balanced budget laws are similar to any other laws. Almost any law could be considered superfluous if complete compliance is the yardstick used to measure its usefulness. If a government chose to be honest about the province's finances and to use proper accounting methods, to properly put out all contracts to tender, and to disclose their own financial dealings, then legislation requiring the Auditor General's office, MLA accountability, and how public work projects are to be bid on, could all be eliminated.

Of course, such laws are necessary to ensure that governments are accountable and that the public does not simply have to 'trust' their government but has markers by which to judge the performance of their elected representatives and the decisions that they make. Balanced budget legislation is just one more way to make governments accountable and provide realistic and measurable yardsticks of accountability.

Objection: *"Balanced budget laws are a quick-fix, supported by people afraid to face up the fundamental problems."*

Response: Actually, balanced budget laws are a challenge to those who govern to *not* indulge in politically easy quick fixes. Had balanced-budget laws been in place in Canada over the past three decades, politicians would have had to choose between raising taxes or cutting spending (immediately or over a four-year period depending on the type of balanced budget law assumed) to bring a government's finances into balance.

Instead, politicians chose to put off the difficult decision of balancing the books for decades. They chose to borrow, which inevitably led to higher taxes including less visible taxes (bracket creep taxes and user fees,) while the fundamental problem of unchecked spending was left untouched. The result was a 'quick-fix' for politicians who desired re-election while the bills were handed to future taxpayers. Balanced budget laws are one way citizens can force their elected representatives to be honest with voters about what the choices are. Such laws are also useful for politicians in that it gives them an excuse to remind citizens that there are no free lunches.

Far from being a "quick-fix," balanced budget legislation forces both the public and the politicians to face up to the underlying and fundamental problems sooner rather than later.

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i. Peat Marwick Stevenson & Kellogg, Peat Marwick Thorne (KPMG), *British Columbia Financial Review: The Issue of Financial Legislation*, (February 27, 1992), pp. 26-29.

ii. Province of British Columbia, *Debates of the Legislative Assembly (Hansard)*, April 8, 1992, p. 619.

iii. KPMG, p. 27.

iv. *Hansard*, Vol. 20, No. 12, p. 11865.

v. Ibid., Vol. 20, No. 14, p. 11924.

vi. News Release, Ministry of Finance & Corporate Relations, Province of British Columbia, October 30, 1995.

vii Source: Report on Government: Financial accountability for the 1997-98 Fiscal Year, Office of the Auditor General of British Columbia.