



Auditor General
MANITOBA

NEWS RELEASE

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Auditor General urges province to stop reporting core government deficit or surplus

WINNIPEG – Manitoba Auditor General Norm Ricard recommends that the province not report core government deficits or surpluses in public-facing documents, noting these figures present an incomplete picture of government performance.

The recommendation is contained in the Auditor General's report, *Public Accounts and Other Financial Statement Audits*, released today. The report also presents information on the province's annual deficits and debt load, a summary of how Investors Group Field was financed and accounted for, and brief summaries of each financial statement audit the office conducts directly or through an external agent.

Ricard reiterated the importance of using the Summary Financial Statements when assessing the performance of government, rather than more limited core government reporting – which includes only the operations of government departments. “The deficit reported in Manitoba's Summary Financial Statements reflects the annual financial results of the province as a whole, and as a result presents a more relevant picture of the government's finances than a core government deficit does,” says Ricard.

The Auditor General notes that in the 2018/19 Budget document, the government acknowledged the value of the Summary Financial Statements when managing its resources and assessing its performance. “To reinforce this perspective, we recommend that government stop presenting a ‘core government’ deficit in budget documents, quarterly reports, and the Public Accounts,” says Ricard.

In his report, Ricard presents information on the Province's annual deficits, net debt balances, debt load and debt servicing costs from 2007/08 to 2016/17. “The amount of debt the province chooses to carry, and the deficits it incurs, is very much a matter of public policy,” says Ricard. “As a result, we limited our commentary to the presentation of facts and the importance of understanding and managing the risks associated with consecutive deficits and increasing debt levels.”

The report provides an update on government's actions on considerations included in the Auditor General's March 2014 report on deficits and debt. These considerations include utilizing medium- and long-term scenario analysis and projections, setting fiscal targets and communicating results against these targets, and providing more details on deficit- and debt-reduction plans.

The Auditor General notes some medium-term projections were included in recent budget documents, but not long-range projections. And while the government identified several cost-cutting initiatives in its budget documents, estimates of the reductions expected are not disclosed. Ricard also notes the *Fiscal Responsibility and Taxpayer Protection Act*, enacted June 2, 2017, requires that future deficits not exceed the baseline amount, and also requires objectives for reducing general purpose debt once the province returns to annual surpluses.

An information section on Investors Group Field (IGF) was included in response to significant public interest, Ricard said. The section describes how IGF was financed and how it is accounted for in both the Province's Summary Financial Statements and the University of Manitoba's financial statements for the year ended March 31, 2017.

The Auditor General notes that on Sept. 5, 2017, a clean opinion was issued on the province's Summary Financial Statements, as at March 31, 2017. This means that Ricard found the statements fairly presented, in all material aspects, the province's financial position and the results of its operations, in accordance with Canadian public sector accounting standards.

To view the entire report, please visit <http://www.oag.mb.ca/reports>.

ABOUT THE AUDITOR GENERAL OF MANITOBA

The Auditor General is an officer of the Legislative Assembly mandated to provide independent assurance and advice to Members of the Legislative Assembly. Through its audits, the Office of the Auditor General seeks to identify opportunities to strengthen government operations and enhance performance management and reporting. For more information visit <http://www.oag.mb.ca/>

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