

## Separation of Funds

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The results of the survey lead us to suggest that in place of the present Consolidated Revenue Fund and the Sinking Fund, four separate and distinct funds should be established with separate bank accounts for each fund so as to prevent the possibility of mixing funds intended for one purpose with those intended for other purposes which may conceivably be of an entirely different nature.

These Funds would be as follows:

1. A Revenue Fund into which should be received all revenues available for current expenses and out of which should be paid all such expenses together with any capital outlay authorized to be made out of such fund.
2. A Capital Fund into which should be received all funds borrowed for capital purposes whether by the issue of debentures or otherwise, together with monies realized from the sale of capital assets and out of which should be made any capital outlay not provided for out of the Revenue Fund.
3. A Sinking Fund into which should be received all amounts necessary for the retirement of the debenture debt, such amounts to be invested and eventually used for the retirement of the various issues of debentures.
4. A Trust Fund into which should be received any trust monies administered by the Province and out of which payments of such trust monies should be made in accordance with the trust.

The above separation of Funds should be carried into the accounts so that an Annual Balance Sheet may be prepared for each Fund, together with an Income and Expenditure Account and Cash Account for such Funds as may require same. A Consolidated Balance Sheet and Income and Expenditure Account should also be prepared annually, together with other necessary supporting statements.

## Conclusion

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If, as pointed out previously, British Columbia makes a point of not spending more on current expenses than can be raised by current revenue, and also sees to it that its Per Capita Net Bonded Debt is not materially increased, there appears to be no real reason, as far as the Institute could discover from this very limited study, why taxation, at least per capita, should be increased. There is no doubt that the real requirement of British Columbia is capital to develop its great natural resources and, of course, the necessary population to work hand-in-hand in such development. Neither of these, however, is likely to be attracted if taxation is extremely high. The importance of this item cannot, therefore, be overlooked.