



News Release

Provincial Auditor

Auditor's report card shows weakening Government finances

For Immediate Release

Regina—Provincial Auditor Fred Wendel today released his Office's annual report card on the Government's finances. "After seven years of gaining strength, the state of the Government's finances has weakened," said Wendel.

The report card, contained in the Auditor's *2002 Fall Report – Volume 1*, measures the financial condition of the Government. The report card is designed to provide information to Saskatchewan legislators and citizens to allow them to assess for themselves the state of the Government's finances.

The report card uses indicators describing the sustainability of Government spending, the flexibility of the Government to respond to rising commitments, and the vulnerability of the Government to sources of funding outside its control.

The report card shows that the Government spent more than it raised last year. "The Government did not live within its means," said Wendel. The Government spent \$483 million more than the revenue it raised. This represents close to a \$1 billion turnaround from 2001, when the Government raised \$461 million more than it spent.

As a result, the Government's accumulated deficit grew to \$8.7 billion at March 31, 2002. The Government also relied more on money from the Federal Government to pay for provincial government programs.

The report card indicates that the change in the Government's finances accompanied a downturn in Saskatchewan's economy. "Because of the strengthened financial position the Government achieved over the prior seven years," said Wendel, "the Government is better able to manage the effects of the economic downturn. But the Government will have to manage its income and spending carefully to ensure that it maintains the benefits it has earned over the prior seven years."

The Auditor's report also describes how the Government's financial performance is difficult to assess because the Government's public financial plan is not complete. The Government's public financial plan—the Budget—focuses on the General Revenue Fund. Focusing on this Fund does not help legislators and citizens understand the overall financial picture of the Government. This is because significant Government activity is not included in the Fund, and because the Government can make arbitrary decisions about which revenues and expenditures to include in the Fund in any year.

For example, in 2002, the General Revenue Fund reported a surplus of \$1 million, while the entire Government incurred a deficit of \$483 million. A public financial plan for the entire Government would help legislators and the public assess whether the Government's financial performance was better or worse than planned.

The Auditor's report echoes earlier reports in calling for the Government to include all of its financial activity in its public financial plan.

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This Report is available on the Internet at <http://www.auditor.sk.ca>.

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