



News Release

Provincial Auditor

Government finances weaken, says Provincial Auditor

For Immediate Release

Regina, August 28, 2003—Provincial Auditor Fred Wendel today released his annual assessment of the state of the Government's finances. The assessment, contained in Volume 2 of the Auditor's 2003 Report, sets out financial and economic information to help Saskatchewan people understand the state of the Government's finances.

"The Government's finances weakened over the past year," said Wendel. The Report points out that the Government spent \$654 million more than it raised in revenue in 2003. By spending more than it raised, the Government did not live within its means. This increased the Government's accumulated deficit to \$9.3 billion and reduced its flexibility to meet future commitments.

The Auditor observed that there are significant risks to the Government's finances. "The Government's accumulated deficit is large and its finances are vulnerable to changes in commodity prices, interest rates, and the weather," said Wendel. The Report describes the demands on the Government's finances caused by the weather. The 2002 and 2003 results show that the Government's programs for income support to farmers and for fire-suppression are costly during periods of drought. For example, the Government's cost for its crop insurance program was \$200 million in 2002 and \$480 million in 2003. "These demands on Government resources illustrate why the Government must carefully manage risks to its finances," said Wendel.

The Report also shows that since 1991 the Government has become less dependent upon—and less vulnerable to—sources of revenue outside its control. By raising more revenue from sources within Saskatchewan, the Government has decreased its reliance on revenue transfers from the Federal Government.

The Report uses several indicators to compare Saskatchewan's finances to those of other provinces. The Report concludes that Saskatchewan's finances continue to compare favourably with most other provinces.

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

For further information, contact:

Mr. Fred Wendel, CMA, CA
Provincial Auditor for Saskatchewan
1500 – 1920 Broad Street
Regina, Saskatchewan S4P 3V7

Telephone (306) 787-6361
Fax: (306) 787-6383
E-mail: info@auditor.sk.ca