



News Release

Provincial Auditor

Government finances continue to improve, but risks remain

For Immediate Release

Regina, September 6, 2007—The Government's finances continue to improve, says Provincial Auditor Fred Wendel. The Auditor's comments accompanied the release of his annual report on the Government's financial condition. The Report—*Understanding the Finances of Government*—examines the Government's finances using the criteria of sustainability, flexibility, and vulnerability.

The Auditor credits the strong economy with helping the Government's financial condition. For the third straight year, the Government has lived within its means, spending \$574 million less than its revenues. For the fourth straight year, the Government has reduced its net debt. For the year ended March 31, 2007, it reduced its net debt by \$500 million from \$7.8 billion to \$7.3 billion. The Report indicates that Saskatchewan's net debt to GDP ratio of 16% is better than all but two other provinces.

The Auditor notes that while the strong economy has provided the Government with increased tax revenue, spending has increased even faster. "With the Government under continuing pressure to spend more in some sectors, it must consider that its finances remain vulnerable to factors beyond its control." These factors include the value of the Canadian dollar, world commodity prices, and weather. The Auditor also points out that the Government's net debt, while reduced, is still large for Saskatchewan's population of one million people. Paying for that debt makes the Government's interest costs (\$783 million in 2007) its fourth largest expense after health, education, and social services. As a result, the Government must continue to carefully manage the risks to its future revenue and expenses.

Understanding the Finances of Government provides information to assist readers to reach their own conclusions about the Government's finances. The Report also presents questions and answers about many aspects of Government revenue and spending.

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Understanding the Finances of Government, 2007 Report—Volume 2, is available on the Internet at www.auditor.sk.ca.

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