



News Release

Provincial Auditor

Government financial condition very strong, but vulnerabilities remain

For immediate release

REGINA, September 22, 2009 – The Government's financial condition was very strong at March 31, 2009, according to Provincial Auditor Fred Wendel, but it remains vulnerable. The Auditor's comments accompanied the release of his 2009 Report—Volume 2. The Report provides analysis and trends to help legislators and the public understand the Government's finances.

"Our indicators showed significant strengthening in the Government's financial condition," said Wendel. Two years of record annual surpluses, resulting from a strong provincial economy and non-renewable resource sector, helped strengthen the Government's financial condition. In 2008-09, the Government used its annual surplus of \$3 billion to reduce its net debt dramatically.

However, the Government's financial condition remains vulnerable with one-quarter of the revenues it raises from within the province coming from non-renewable resources, such as potash and oil. These revenues fluctuate significantly. "The Government must be prudent in considering how much to rely on non-renewable resources as a significant source of long-term revenue to pay for operations," said Wendel. "The Government must continue to manage its spending and debt carefully."

The Auditor also noted that the Government focuses its public reporting on only a portion of the Government—the General Revenue Fund (GRF). Focusing on the GRF instead of on the Government's overall financial condition at the summary level causes confusion and misunderstanding. "While the Government has made some improvements, the reporting of its financial plans and interim results at the summary level lag behind those of other provinces. I encourage the Government to further improve those reporting practices."

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The *2009 Report—Volume 2* is available on the Internet at www.auditor.sk.ca.

For more information, contact:

Mr. Fred Wendel, CMA, CA
Provincial Auditor Saskatchewan
1500-1920 Broad Street
Regina, Saskatchewan S4P 3V2

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