



Report of the Provincial Auditor

to the Legislative Assembly
of Saskatchewan

Understanding the Finances of the Government

**1999 Fall Report
Volume 1**





Provincial Auditor Saskatchewan

1500 Chateau Tower
1920 Broad Street
Regina, Saskatchewan
S4P 3V7

Telephone: (306) 787-6398
Fax: (306) 787-6383

E-mail: info@auditor.sk.ca
Website: www.auditor.sk.ca

ISSN 0581-8214

Vision

We envision effective, open and accountable government.
We are committed to making a difference by encouraging excellence in
public sector management and reporting practices.

Mission

Our Office serves the people of Saskatchewan through the Legislative Assembly.
We encourage accountability and effective management in government
operations through our independent examinations, advice and reports on the
management of public resources entrusted to government.



Provincial Auditor Saskatchewan

1500 Chateau Tower
1920 Broad Street
Regina, Saskatchewan
S4P 3V7

SASKATCHEWAN

Phone: (306) 787-6360
Fax: (306) 787-6383
Internet e-mail: strelloff@auditor.sk.ca

November 2, 1999

The Office of the Speaker
of the Legislative Assembly
Room 129, Legislative Building
REGINA, Saskatchewan
S4S 0B3

Dear Sir:

I have the honour of submitting my *1999 Fall Report - Volume 1*, to be laid before the Legislative Assembly in accordance with the provisions of Section 14 of *The Provincial Auditor Act*.

Respectfully yours,

Wayne Strelloff

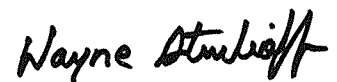
Wayne Strelloff, CA
Provincial Auditor

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Foreword

I am pleased to present my *1999 Fall Report - Volume 1* to the Legislative Assembly. This Report focuses on understanding the finances of the Government. Later this year, I will present Volume 2. Volume 2 will include the results of our work at government organizations with years ended March 31, 1999.

Regina, Saskatchewan
November 2, 1999



Wayne Strelieff, CA
Provincial Auditor

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Executive summary

As the Provincial Auditor of Saskatchewan, I am often asked whether the Government's finances are gaining strength or are weakening, and why. Therefore, each year, after completing my audit of the Government's summary financial statements, I prepare a report on "Understanding the Finances of the Government". In this Report, I set out some of the financial and economic information I think will help legislators, government officials and the public answer this question.

I think the Government's finances are improving because the economy of Saskatchewan has grown and because, during each of the past five years, the Government has spent less than it raised in revenues. However, the pace of improvement is slowing down.

I also think the Government's finances are still fragile because its accumulated deficit and revenue demands are large when compared to the size of Saskatchewan's economy, and because the economy of Saskatchewan is particularly vulnerable to changes in factors such as commodity prices, interest rates, foreign exchange rates, and the weather.

Over the past year, there has been considerable discussion about the vulnerability of Saskatchewan to economic changes occurring throughout the world. Such discussion would benefit significantly from a clear understanding of the Government's finances, its plans and its performance.

Currently, the Government does not publish overall planning or performance information for the entire government. I recommend that the Government do so. The issues faced by Saskatchewan are far too important and complex to be considered in the context of incomplete planning and performance information. Our decision makers and the public require the best and most complete information.

Glossary

Annual surplus or deficit – is the difference between a government's revenues and expenses. This measure shows the extent to which revenues raised in the year were sufficient to meet expenses in that year.

Accumulated deficit – is the sum of all annual deficits and surpluses. This deficit is equal to the difference between a government's total debt and its total financial assets.

Debt – is the amount owed by a government. A government's debt includes bonds and debentures, pension obligations, and a variety of other payables and claims.

Financial assets – are cash and other assets convertible to cash which are not intended for consumption in the normal course of operations but which could provide resources to pay liabilities or finance future operations. Examples include claims on outside organizations, investments in marketable securities and inventories for resale.

General Revenue Fund – is a special purpose fund the Government uses to pay part of the costs of certain services it provides. The financial statements of the General Revenue Fund reflect about 60% of Government activity. The Government sets out its plan for this portion of Government activity in its annual budget.

Gross domestic product – is a measure of the value of the goods and services produced in a jurisdiction in one year.

Own source revenues – are those revenues raised by a provincial government from sources within the province and, thus, exclude revenues transferred to the provincial government from the federal government.

Summary financial statements – report the financial results of all organizations the Government uses to provide goods and services to the public. The summary financial statements combine the financial activity reported in the General Revenue Fund financial statements (described above) with the financial activity of other entities the Government is responsible for, such as Crown corporations, agencies, boards and commissions.

Key financial and economic indicators for Saskatchewan

(derived from the Government's summary financial statements)

	(in \$ millions)								
	1991	1992	1993	1994	1995	1996	1997	1998	1999
Annual Surplus (Deficit)	(740)	(1,670)	(846)	(253)	184	574	557	367	128
Accumulated Deficit	7,885	9,555	10,401	10,654	10,470	9,896	9,339	8,972	8,844
Gross Domestic Product (GDP)*	20,737	20,871	21,239	22,635	24,490	25,675	28,223	28,437	29,150

	(in percentages)								
	1991	1992	1993	1994	1995	1996	1997	1998	1999
Accumulated Deficit as a % of GDP	38	46	49	47	43	39	33	32	30
Debt Costs as a % of Total Revenue	19	19	21	20	19	18	17	16	15
Federal Government Transfers as a % of Own Source Revenue	28	29	23	23	21	13	10	8	13
Own Source Revenue as a % of GDP	28	29	29	29	30	31	29	29	28

* GDP statistics were obtained from the Saskatchewan Bureau of Statistics for the years ending December 31. These GDP statistics are not adjusted for inflation.

Note: The Government's summary financial statements cover the fiscal year ending March 31. The GDP statistics are for the previous calendar year ending December 31. As GDP statistics are not available on a fiscal year basis, we use GDP statistics on a calendar year basis in our analysis. For example, the GDP statistic in the 1999 column is for the year ended December 31, 1998.

Introduction

As the Provincial Auditor of Saskatchewan, I am often asked about the state of the Saskatchewan Government's finances. Legislators, government officials and the public want to know whether the Government's finances are gaining strength or weakening, and why. Also, many want to know where they can obtain the information required to help them make their own assessments.

Today, a sound understanding of the Government's finances is particularly important because of the potential impact of changes in economies outside Saskatchewan and Canada. Those changes, such as fluctuating commodity prices, affect the Saskatchewan economy and, thus, the state of finances of the Saskatchewan Government.

In this Report, I set out some of the financial and economic information that should help Saskatchewan people understand and assess the state of the Government's finances. Once again, I continue to encourage the Government to publish better planning and performance information.

A sound understanding of the Government's finances is an important ingredient to an informed debate about the issues faced by the Government. Those issues pertain to the affordability of programs and services, the best sources of revenue, and the maintenance of Saskatchewan's infrastructure of roads, dams, buildings, energy and telecommunication systems.

The information in this Report is derived from the Government's statistical reports and from its summary financial statements contained in Volume 1 of the Public Accounts (a copy of the 1998-99 summary financial statements is set out in Appendix 3 to this Report). The information is not adjusted for inflation.

In this Report, I focus on the status of several financial and economic indicators for the years 1991 to 1999. Prior to 1991, such information was not available because the Government did not publish its summary financial statements.

The Government's finances

The Government's finances continue to improve but remain fragile. The Government's finances continue to improve because the economy of Saskatchewan has grown and because, during each of the past five years, the Government has spent less than it has raised in revenues. However, the pace of improvement is slowing down.

The Government's finances remain fragile because the Government's accumulated deficit and revenue demands are large when compared to the size of Saskatchewan's economy, and because Saskatchewan's economy is particularly vulnerable to changes in factors such as commodity prices, interest rates, foreign exchange rates, and the weather.

Over the past year, there has been considerable discussion taking place about the vulnerability of Saskatchewan's economy to changes occurring throughout the world. Such discussion would benefit significantly from a clear understanding of the Government's finances, its plans and its performance.

Planning and performance information

Currently, the Government does not publish complete financial planning or performance information. I think it should.

The financial planning and performance information now published by the Government focuses on an incomplete picture of its finances as set out in one government fund called the General Revenue Fund. That picture is not complete because about 40% of government activity takes place outside that Fund. This activity takes place in organizations such as SaskTel, SaskPower, the Saskatchewan Liquor and Gaming Authority, and the Workers' Compensation Board. Also, the information that is presented in that Fund can be changed by arbitrary decisions about which revenues or expenses to record in the Fund and in which year.

For several years, I have recommended that the Government base its financial plans and performance reports on a complete financial framework. The issues and decisions faced by Saskatchewan are far too important and complex to be considered in the context of incomplete planning and performance information. The Government should not focus

its planning, management and reporting on an incomplete picture of its finances.

Over the past year, the Government has begun to examine how to improve its financial plans and performance reports in the context of a more complete financial framework. I strongly support this initiative and hope that this will lead to improved planning and performance reporting. In turn, this will provide better information for making Government decisions and for assessing the Government's performance.

Key indicators of the state of a government's finances

Governments should publish financial and economic information to help people assess:

- ◆ The ability of a government to meet its existing program commitments and creditor requirements without increasing its accumulated deficit – **sustainability**.
- ◆ The degree to which a government can increase financial resources to respond to rising commitments either by expanding its revenues or by increasing its accumulated deficit – **flexibility**.
- ◆ The degree to which a government becomes dependent and, thus, vulnerable to sources of funding outside of its control or influence – **vulnerability**.

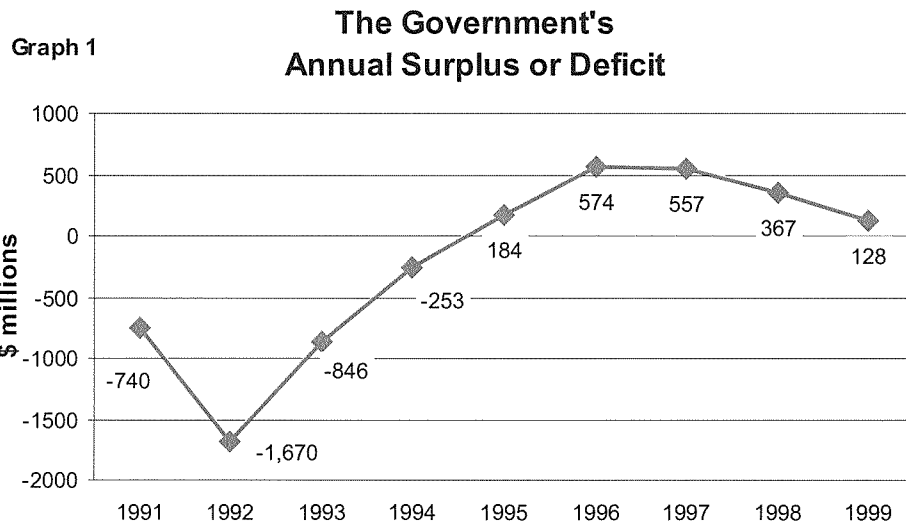
There are several financial and economic indicators that can help people make these assessments. The trends in these indicators provide insight into the state of a government's finances (the Research Report entitled *Indicators of Government Financial Condition*, published by The Canadian Institute of Chartered Accountants describes these indicators).

In the next few pages, I discuss these indicators in the Saskatchewan context. Each indicator can and should be analysed in detail, combined with other information, and monitored over time. The Government should include such an analysis in an annual performance report. Publishing an annual performance report would also provide the Government with the opportunity to set out its thinking on the underlying issues, the status of its key performance indicators, and its plans for the future.

The Government's deficit and Saskatchewan's gross domestic product

A government's annual surplus or deficit, its accumulated deficit and a province's gross domestic product (GDP) are important indicators of the state of a government's finances. Each of these indicators provides useful insights into the **sustainability** of a government's revenue raising and spending practices.

The annual surplus or deficit shows the extent to which a government spends less or more than what it raises in revenues in one fiscal year. During the past nine years, the size of the Saskatchewan Government's annual deficit or surplus has changed significantly. For example, in 1992, the Government spent nearly \$1.7 billion **more than** its revenues. On the other hand, in 1996, the Government spent over \$500 million **less than** its revenues – a swing of \$2.2 billion in four years (see Graph 1).



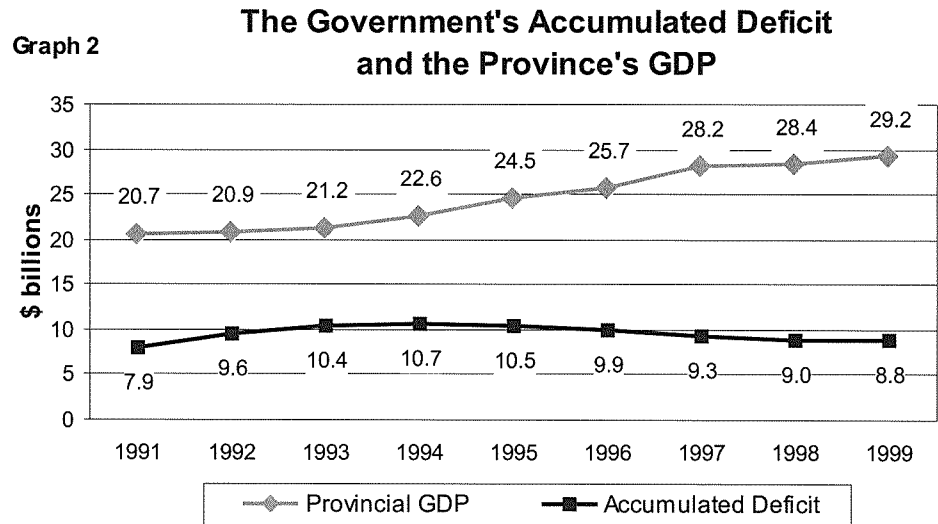
The accumulated deficit is the sum of all annual deficits and surpluses. The Saskatchewan Government's accumulated deficit is the amount that current and past generations of Saskatchewan citizens are leaving to future generations of citizens to pay or finance.

At March 31, 1999, the accumulated deficit was nearly \$9 billion (see Graph 2).

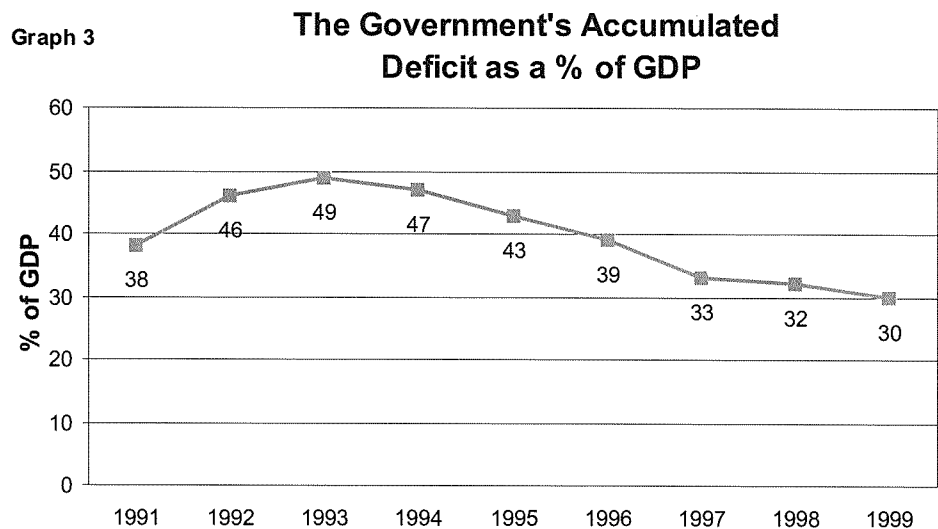
The Province's gross domestic product (GDP) is a measure of the value of the goods and services produced in Saskatchewan in one year. The

GDP indicates the size of the Provincial economy. Each government must manage its revenue raising and spending practices in the context of the economy of Saskatchewan.

In 1999, the GDP of Saskatchewan was \$29.2 billion (see Graph 2).



By comparing the Government's accumulated deficit to the Province's GDP, the financial demands placed on the economy by the Government's spending and revenue raising practices can be assessed (see Graph 3).



In Saskatchewan, this comparison shows that from 1991 to 1993 the trend in the Government's spending and revenue raising practices was **not sustainable**. If that upward trend had continued, the Saskatchewan

economy would not have been able to meet the financing needs of a growing accumulated deficit. During these years, the credit rating of the Government was lowered. The Government had access to fewer sources of borrowings, paid high interest costs, and received large equalization payments from the rest of Canada through the Federal Government.

Since 1995, the Province's economy has grown and the Government began to spend less than it raised in revenues. As a result, the accumulated deficit as a percentage of GDP decreased. This downward trend suggests the economy is better able to sustain the demands placed on it by the Government. Since 1995, the credit rating of the Government has improved. The Government now has more sources of borrowing, pays lower interest costs, and relies less on equalization payments.

The Government's debt and interest costs

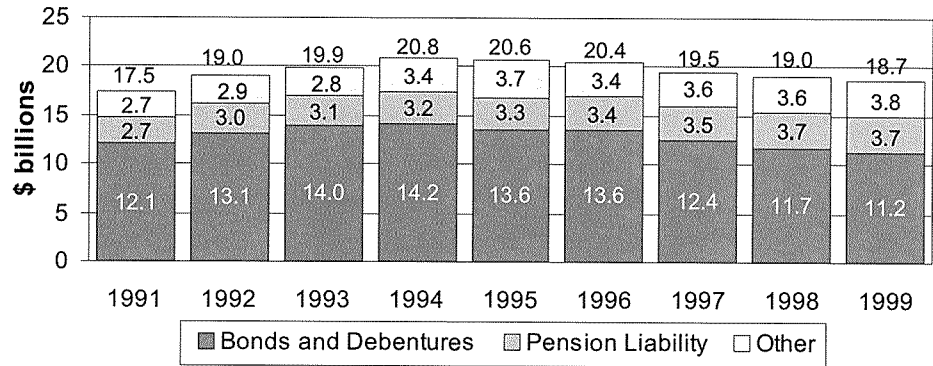
A government's total debt and its interest costs are also important indicators of the state of its finances. These indicators provide insight into a government's **flexibility** in responding to rising commitments. When a government has large debts and interest costs, it has fewer resources to allocate to programs and services.

Government debt is largely made up of bonds and debentures and unfunded pensions, together with a variety of other liabilities.

- ◆ Bonds and debentures are funds borrowed primarily from external markets.
- ◆ Pension liabilities are obligations owed to current and past employees and teachers, for which money has not been set aside.
- ◆ Other liabilities include trade accounts payable, accrued interest, and unpaid claims for government insurance and workers' compensation programs.

Since 1994, the Government's total debt has decreased. However, this decrease has consisted of two key components. While bonds and debentures **decreased** \$3.0 billion from \$14.2 billion to \$11.2 billion, pension liabilities **increased** nearly \$500 million from \$3.2 billion to \$3.7 billion - see Graph 4.

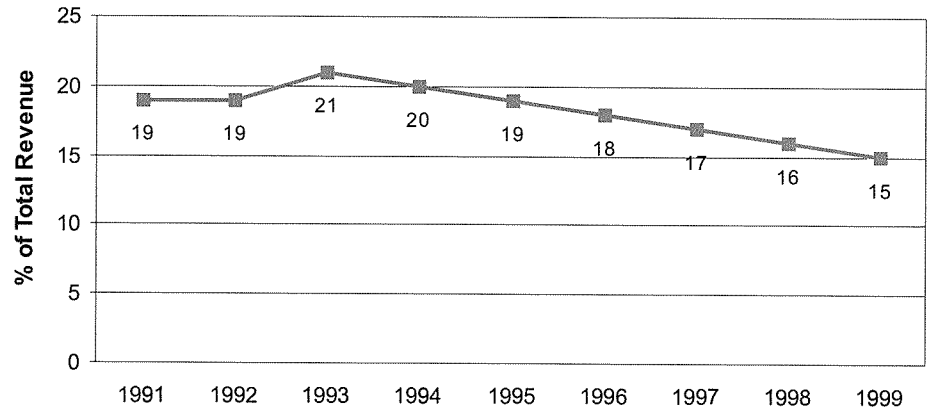
Graph 4 The Government's Liabilities (Debt) as at March 31



The Government incurs interest costs on its debt. The money to pay interest costs is raised by levying general taxes or by charging directly for services, e.g., utility rates. In 1999, the Government's interest costs were \$1.4 billion. To put that \$1.4 billion in perspective, in the same year the Government spent \$1.9 billion on health programs and services and \$0.9 billion on education, its two largest programs.

The trend in interest costs as a percentage of total revenue, sometimes called the "interest bite", is an important indicator of the state of a government's finances. This indicator shows the extent to which government revenue must be used to pay interest costs rather than to pay for programs and services. In 1993, twenty-one cents of every dollar of revenue was needed to pay for the costs of debt (see Graph 5). Since 1993, the amount of revenue needed to pay for the costs of debt has declined by one cent per year. In 1999, fifteen cents of every dollar of revenue was needed to pay for the costs of debt.

Graph 5 The Government's Debt Costs as a % of Total Revenue



Because the Government's finances have improved, it can now use more of its revenues to pay for programs and services, and use less of its revenues to pay for the interest costs of debt.

Transfers from the Federal Government

The Saskatchewan Government receives revenue from two general sources. The first revenue source is from within the Province. This source is called "own source revenue". The second source of revenue is transfers from the Federal Government.

A significant portion of the Saskatchewan Government's revenue consists of transfers from the Federal Government. These revenue transfers are intended to help pay for the costs of such programs as health, education, social services and agriculture. In addition, the Saskatchewan Government receives equalization transfers from the Federal Government to the extent the Saskatchewan economy performs at a rate less than the average economy of other provinces.

An important indicator of the state of the Saskatchewan Government's finances is the extent to which it raises its own revenue from within the Province (own source revenue) as compared to the extent to which it receives revenue transfers from the Federal Government. This indicator provides a valuable insight into the Saskatchewan Government's **vulnerability** to sources of funding outside of its control.

During the 1990s, revenue transfers from the Federal Government have decreased significantly as a percentage of the revenues raised directly by the Saskatchewan Government from sources within the Province (see Graph 6). In 1999, this trend was reversed due to falling commodity prices and improvement in the performance of the economies of other provinces.

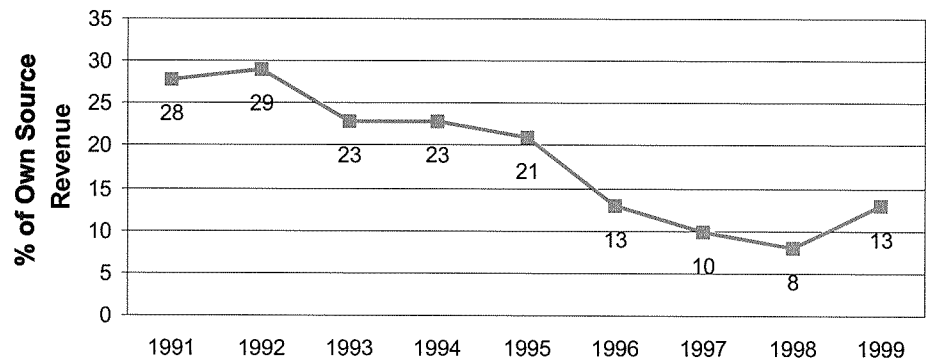
For example, during the 1990s, Federal Government transfers for equalization decreased from over \$650 million in 1991 to a low of \$8 million in 1998 before rising again to \$442 million in 1999.

On the other hand, revenues raised directly by the Saskatchewan Government from sources within the Province have increased significantly.

For example, during the 1990s:

- ◆ Taxation revenue has increased from less than \$2 billion to more than \$3 billion,
- ◆ Revenue raised by the Government's enterprise Crown corporations¹ increased from \$2.5 billion to almost \$3.6 billion, and
- ◆ Non-renewable resources revenue has increased from just over \$400 million to over \$600 million in 1999.

Graph 6 Federal Government Transfers as a % of Saskatchewan Government Own Source Revenue



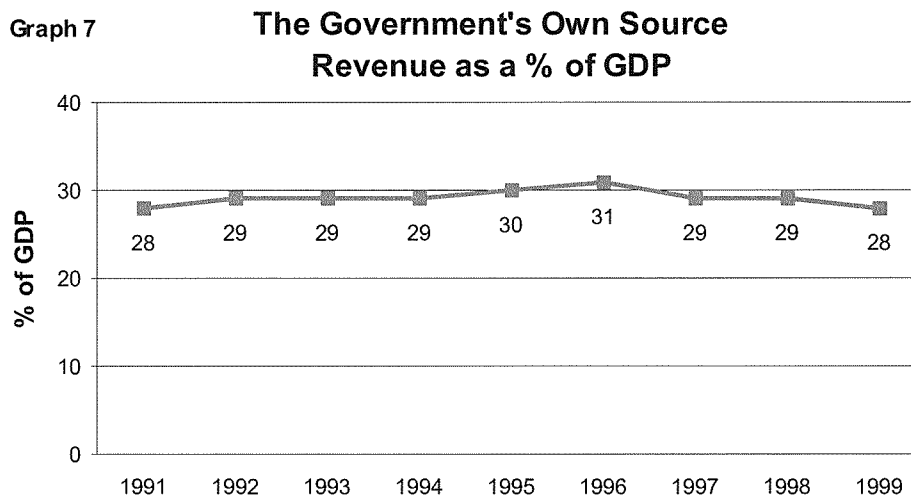
The Saskatchewan Government is becoming less dependent on, or less vulnerable to, sources of funding outside of its control. The Government has increased its revenue from sources within the Province to offset the decrease in revenue transfers from the Federal Government.

More detailed information on trends in the Government's revenues and expenses is set out in Appendix 2 of this Report.

¹ The Government's enterprises include Crown corporations such as SaskPower, SaskEnergy, SaskTel and the Saskatchewan Liquor and Gaming Authority. They are included in Schedule 3 to the summary financial statements (see page 50). These enterprises raise revenue through direct charges for goods and services.

The Government's own source revenue

Another important indicator of the state of a government's finances is shown by comparing the change in a government's "own source revenue" to the change in the economy (see Graph 7).



During the 1990s, the revenues raised by the Saskatchewan Government from sources within the Province have grown at a similar pace to the Province's economy. In 1996, the increase in the Government's revenues includes a gain of over \$600 million on the sale of investments. Although the Government has improved its finances, it continues to place significant revenue demands on the Province's economy.

The Government's performance

In addition to questions about the state of the Government's finances, I am often asked whether the Government is managing our resources in the best possible manner. This is a very difficult question because the answer involves important policy issues related to the role of government and whether individual programs are worthwhile. Such issues are best left to debate among legislators and the public.

However, I do think the Government needs to publish better planning and performance information to help legislators, government officials and the public debate the best use of the public resources available to Government.

As I state in this Report, the financial planning and performance information now published by the Government focuses on an incomplete picture of its finances as set out in one government fund called the General Revenue Fund.

Research suggests that overall plans and performance reports would improve decision making. In particular, such plans and performance reports would encourage the development of clear objectives, targets and performance indicators. This could create additional opportunities for various parts of the Government to coordinate their work and resources.

Public plans and reports contribute to informed debate by enabling more widespread understanding of the Government's intentions. Public plans and reports also provide an opportunity for the Government to demonstrate how it has achieved its objectives or, if it has not, to explain what it has achieved and why.

With such information, legislators and the public can then better assess the Government's performance and whether it is managing our resources in the best possible manner.

- 1. I continue to recommend that Cabinet improve its published overall plan by showing clearly the broad direction of the entire Government from both a financial and operational perspective.**
- 2. I continue to recommend that Cabinet prepare and publish better performance reports for the entire Government that show its progress (both financial and operational) toward achieving the goals set out in its overall plan.**

In my previous Reports to the Legislative Assembly, I explain in more detail why I recommend that the Government publish more useful planning and performance information (see Volume 1 of my 1997 Fall Report).

Appendix 1 - Frequently asked questions

As the Provincial Auditor of Saskatchewan, I am often asked specific questions about the Government's finances. In this Appendix, I set out my responses to several of those questions.

1. Is the Government making the best use of the public's resources?

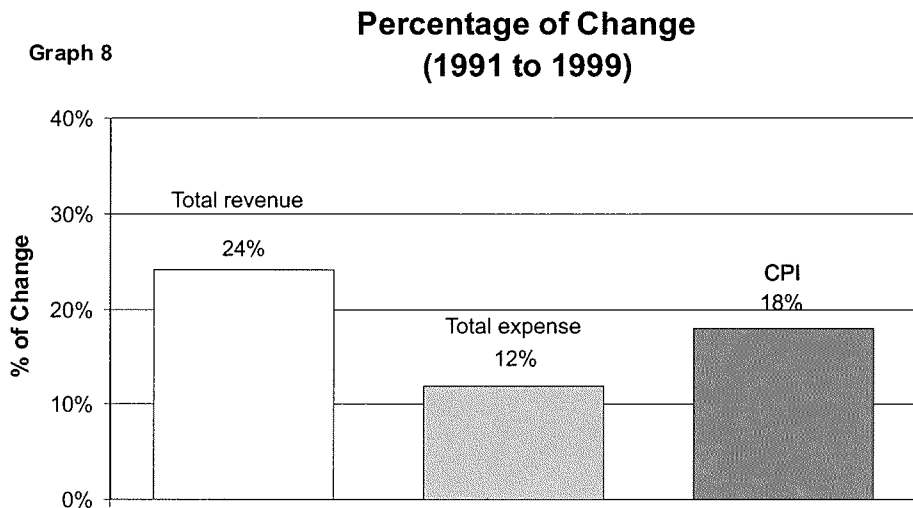
This is a question that involves important policy issues best left to informed legislative – and public – debate. However, the Government should do more to foster that debate by publishing overall planning and performance information for the entire Government, and by publishing a comparison of planned and actual results.

2. How does the state of finances of the Saskatchewan Government compare to other governments?

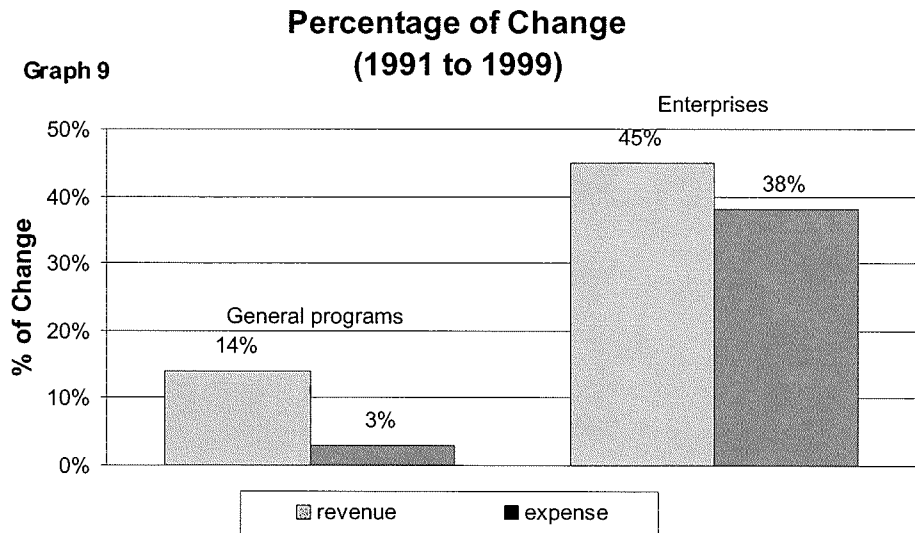
Because of differences in the financial and economic information published by governments, valid multi-year comparisons are still not possible.

3. Is the Government's revenue raising and spending increasing at a rate less than or greater than inflation?

In the following graph, the percentage change in revenues and in expenses are compared to the change in Saskatchewan's consumer price index (CPI).



4. Is the Government carrying out more activity in its enterprise Crown corporations¹?



From 1991 to 1999, general program revenues increased 14% and general program expenses increased 3%. In the same period, enterprise revenues and expenses increased 45% and 38% respectively. These amounts are not adjusted for inflation.

More detailed information on trends in the Government's revenues and expenses is set out in Appendix 2 of this Report.

5. To what extent are the Government's financial results affected by the sale of its investments?

- ◆ In 1991, the Government recorded a \$189 million loss from the sale of shares in Cameco.
- ◆ In 1996, the Government recorded a \$615 million gain from the sale of shares of Cameco, LCL Cable and ISM.
- ◆ In 1998, the Government recorded a \$175 million gain from the sale of shares in Wascana Energy Inc. and the sale of the Bi-Provincial Upgrader.

¹ The Government's enterprises include Crown corporations such as SaskPower, SaskEnergy, SaskTel and the Saskatchewan Liquor and Gaming Authority. They are included in Schedule 3 to the summary financial statements (see page 50). These enterprises raise revenue through direct charges for goods and services.

6. To what extent has the Government delayed spending on maintenance and replacement of Saskatchewan's infrastructures of roads, dams, energy and telecommunication systems?

The Government does not provide an overall report on the state of the public infrastructure. However, the annual reports and strategic plans of some government organizations do provide information. For example, information about the state of the road systems can be found at the Department of Highways and Transportation's website (www.gov.sk.ca/govt/highways).

7. In which areas is the Government increasing or decreasing its revenue raising and spending?

During the 1990s, there have been many changes to the revenue raising and spending practices of the Government. For example,

- ◆ Revenues from taxes increased from under \$2 billion to over \$3 billion,
- ◆ Revenue transfers from the Federal Government decreased from a high of over \$1.7 billion to under \$700 million, and then increased to over \$1.0 billion,
- ◆ Revenue from liquor and gaming increased from just under \$300 million to nearly \$600 million,
- ◆ Agricultural expenses decreased from a high of nearly \$1.2 billion to \$323 million,
- ◆ Debt or interest costs decreased from a high of nearly \$1.7 billion to \$1.4 billion,
- ◆ Educational expenses increased from \$847 million to \$915 million, and
- ◆ Health expenses increased from nearly \$1.7 billion to just over \$1.9 billion.

More detailed information on trends in the Government's revenues and expenses is set out in Appendix 2 of this Report.

8. Which items significantly affected the summary financial statements results for 1999?

Federal Government transfer revenue increased by \$413 million from last year. This was mainly due to an increase in equalization revenue. In 1999, the equalization revenue was \$442 million. In 1998, it was only \$8 million (see page 63 of Appendix 3 to this Report).

Non-renewable resources revenue decreased by \$159 million from last year mainly due to a drop in oil revenue. In 1999, oil revenue was \$305 million versus \$489 million in 1998 (see page 63 of Appendix 3 to this Report).

Other revenue decreased by \$199 million from last year. This was mainly due to no gains being recorded from the sale of investments in 1999. In 1998, the Government recorded a \$175 million gain from the sale of shares in Wascana Energy Inc. and the sale of the Bi-Provincial Upgrader (see page 63 of Appendix 3 to this Report).

Agricultural expenses increased by \$72 million from last year. This was mainly due to \$70 million in agricultural income disaster assistance due to farmers from the Government in 1999.

Debt charges (interest costs) decreased by \$70 million from last year. This was mainly due to decreases in the Government's total outstanding debt.

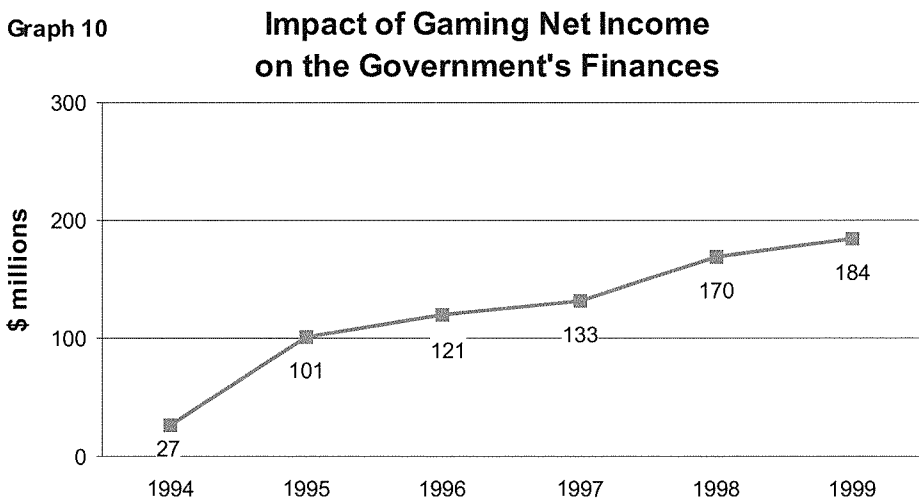
Environmental expenses increased by \$83 million from last year. This was mainly due to increases in forest fire management expenses. In 1999, forest fire management expenses were \$89 million versus \$25 million in 1998.

Educational expenses increased by \$48 million and health expenses increased by \$170 million from last year.

Finally, net income earned by Government enterprises increased by \$107 million from last year.

9. What impact has Gaming operations had on the Government's finances?

The Government has earned net income from Gaming since 1994. In 1994, the net income from Gaming was \$27 million. Since then, net income from Gaming has increased steadily as shown below.



In Appendix 2, Gaming revenues and expenses are combined with Liquor revenue and expenses.

10. How much debt and interest per capita do we have?

The debt per person has decreased from a high of \$20,526 to \$18,255. As the debt has declined, the interest cost per person has declined from a high of \$1,655 to \$1,367.

11. How are the summary financial statements affected by shared-cost arrangements with the Federal Government and others?

The Government follows accounting principles for governments as recommended by The Canadian Institute of Chartered Accountants. These rules state that where costs for a program are shared, the way the government reports its revenues and expenses depends on who actually administers the program.

For example, if the Government administers the program, as is done with crop insurance, the Government shows the total

expenses for the program, even though some of the money came from the Federal Government and farmers (and that money from the Federal Government and farmers shows up separately as revenue).

If on the other hand, as with the Agricultural Income Disaster Program, the Government does not administer the program but instead contributes its share to the administrator (Federal Government), then the Government shows only its contribution to the program as an expense.

12. How much of the Government's debt of bonds and debentures owed to external markets is held in enterprise Crown corporations?

At March 31, 1999, the Government's total debt in bonds and debentures owed to external markets was \$11.2 billion. Of this amount, \$3.0 billion or 27% was owed by enterprise Crown corporations. For further information, please see page 57 of Appendix 3 to this Report.

13. How much of the Government's total debt in bonds and debentures is payable in foreign currencies?

At March 31, 1999, the Government's total debt in bonds and debentures was \$11.2 billion (net of sinking funds). Of this amount, \$2.5 billion or 22% was payable in foreign currencies, i.e., U.S. dollars. For further information, see page 59 of Appendix 3 to this Report.

14. How much debt is guaranteed by the Government?

At March 31, 1999, the Government had guaranteed debt of \$549 million. This guarantee relates to the debt of non-government organizations. For further information, see page 61 of Appendix 3 to this Report.

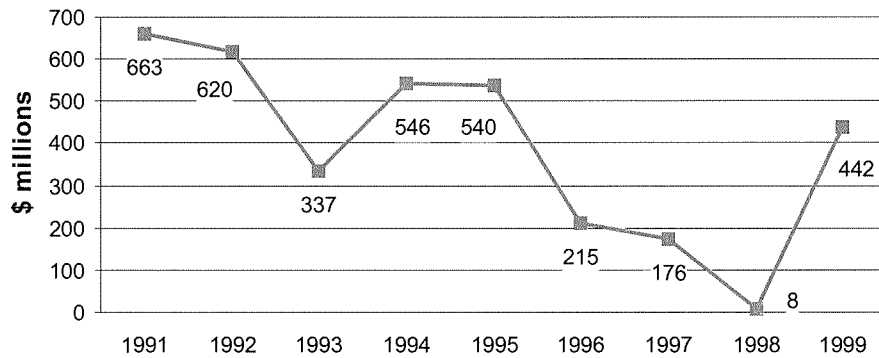
15. How are the Government's finances affected by transfers from the Federal Government for Equalization?

The Saskatchewan Government has received transfers for Equalization from the Federal Government for many years. The

Federal Government calculates the amount of the transfers by comparing the ability of a province to raise revenues with a standard set by the Federal Government.

The following graph shows the Equalization revenue recorded in the Government's summary financial statements from 1991 to 1999.

Graph 11 Equalization Transfer Revenue from 1991 to 1999



In the next Appendix, **Other more detailed information**, the Government's revenue raising and spending are set out in more detail.

Appendix 2 - Other more detailed information

(derived from the Government's summary financial statements)

(in \$ millions)

	1991	1992	1993	1994
	(unaudited)			
Revenue				
General Programs				
Taxes	1,988	2,163	2,276	2,536
Federal government transfers	1,603	1,706	1,447	1,488
Non-renewable resources	423	323	393	453
Other	932	952	948	775
	<u>4,946</u>	<u>5,144</u>	<u>5,064</u>	<u>5,252</u>
Enterprises				
Energy (SaskPower & SaskEnergy)	1,010	1,016	1,066	1,164
Insurance ²	536	556	574	625
Liquor and Gaming	297	293	291	327
Telecommunications (SaskTel)	574	569	629	630
Other	48	89	88	88
	<u>2,465</u>	<u>2,523</u>	<u>2,648</u>	<u>2,834</u>
Total Revenue	<u>7,411</u>	<u>7,667</u>	<u>7,712</u>	<u>8,086</u>
Expense				
General Programs				
Agriculture ³	827	1,183	950	693
Community development	143	107	104	145
Debt charges (interest costs)	1,053	1,147	1,299	1,285
Economic development	86	125	81	79
Education	847	871	883	849
Environment and natural resources	184	20	87	151
Health	1,659	1,641	1,614	1,553
Protection of persons and property	262	274	248	178
Social services and assistance	446	507	547	550
Transportation	283	242	201	212
Other	270	969	199	148
	<u>6,060</u>	<u>7,086</u>	<u>6,213</u>	<u>5,843</u>
Enterprises¹				
Energy (SaskPower & SaskEnergy)	866	871	908	1,015
Insurance ²	480	545	586	618
Liquor and Gaming	189	183	178	186
Telecommunications (SaskTel)	527	518	549	544
Other	29	134	124	133
	<u>2,091</u>	<u>2,251</u>	<u>2,345</u>	<u>2,496</u>
Total Expense	<u>8,151</u>	<u>9,337</u>	<u>8,558</u>	<u>8,339</u>
Annual surplus (deficit)	(740)	(1,670)	(846)	(253)
Accumulated (deficit), beginning of year	(7,145)	(7,885)	(9,555)	(10,401)
Accumulated (deficit), end of year	<u>(7,885)</u>	<u>(9,555)</u>	<u>(10,401)</u>	<u>(10,654)</u>

¹ Total enterprises' expenses include interest costs of \$293 million for 1998-99, \$299 million for 1997-98, \$319 million for 1996-97, \$345 million for 1995-96, \$338 million for 1994-95, \$363 million for 1993-94, \$344 million for 1992-93, \$326 million for 1991-92 and \$344 million for 1990-91.

² Enterprises carrying out insurance programs include Saskatchewan Government Insurance, Saskatchewan Auto Fund and the Workers' Compensation Board.

(in \$ millions)				
1995	1996	1997	1998	1999
2,643	2,854	3,125	3,116	3,155
1,512	1,046	853	675	1,088
718	673	907	781	622
899	1,260	791	983	784
<u>5,772</u>	<u>5,833</u>	<u>5,676</u>	<u>5,555</u>	<u>5,649</u>
1,225	1,240	1,365	1,276	1,328
657	713	785	835	868
431	473	511	569	597
629	775	700	727	755
95	33	13	10	27
<u>3,037</u>	<u>3,234</u>	<u>3,374</u>	<u>3,417</u>	<u>3,575</u>
<u>8,809</u>	<u>9,067</u>	<u>9,050</u>	<u>8,972</u>	<u>9,224</u>
554	375	284	251	323
160	158	148	152	168
1,338	1,305	1,224	1,175	1,111
79	108	118	77	89
874	828	853	867	915
116	192	142	119	202
1,622	1,623	1,682	1,761	1,931
187	195	190	203	230
584	588	586	688	718
228	236	248	273	272
202	212	191	213	260
<u>5,944</u>	<u>5,820</u>	<u>5,666</u>	<u>5,779</u>	<u>6,219</u>
1,075	1,102	1,152	1,104	1,151
744	708	782	750	771
207	230	256	273	283
531	583	616	687	662
124	50	21	12	10
<u>2,681</u>	<u>2,673</u>	<u>2,827</u>	<u>2,826</u>	<u>2,877</u>
<u>8,625</u>	<u>8,493</u>	<u>8,493</u>	<u>8,605</u>	<u>9,096</u>
184	574	557	367	128
<u>(10,654)</u>	<u>(10,470)</u>	<u>(9,896)</u>	<u>(9,339)</u>	<u>(8,972)</u>
<u>(10,470)</u>	<u>(9,896)</u>	<u>(9,339)</u>	<u>(8,972)</u>	<u>(8,844)</u>

³ Certain agriculture programs, such as Crop Insurance, are cost-shared by the Provincial Government, Federal Government and Producers. The above table represents Provincial Government expenses for agriculture programs, plus the total expenses of the cost-shared programs administered by the Provincial Government. The contributions by the Federal Government and Producers, towards these cost-shared programs, are recorded as revenue by the Provincial Government. Funding provided by the Federal Government in millions amounted to \$91 for 1999, \$74 for 1998, \$84 for 1997, \$74 for 1996, \$207 for 1995, \$219 for 1994, \$289 for 1993, \$405 for 1992, and \$294 for 1991. Funding provided by Producers in millions amounted to \$76 for 1999, \$82 for 1998, \$107 for 1997, \$93 for 1996, \$201 for 1995, \$230 for 1994, \$281 for 1993, \$261 for 1992, and \$121 for 1991.

Appendix 3
The Government's 1998-99 summary financial
statements

Government of Saskatchewan Responsibility for Summary Financial Statements

The Government is responsible for the Summary Financial Statements. The Government maintains a system of accounting and administrative controls to ensure that accurate and reliable financial statements are prepared and to get reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are maintained.

The Provincial Comptroller prepares these statements following the Government's stated accounting policies and using the Government's best estimates and judgement when appropriate. He uses information from the accounts of the General Revenue Fund, Crown corporations, agencies, and other funds to prepare these statements.

The Provincial Auditor expresses an independent opinion on these statements. His report states the scope of his audit and opinion and appears on the following page.

Treasury Board approves the Summary Financial Statements. The Minister of Finance tables the statements in the Legislative Assembly as part of the Public Accounts. The Legislative Assembly refers the Public Accounts to the Standing Committee on Public Accounts for review.

On behalf of the Government of the Province of Saskatchewan.



Eric Cline
Minister of Finance



Paul Boothe
Deputy Minister of Finance



Terry Paton
Provincial Comptroller

Regina, Saskatchewan
October 1999

Auditor's Report

To the Members of the Legislative Assembly
of Saskatchewan

I have audited the summary statement of financial assets, liabilities, and accumulated deficit of the Government of Saskatchewan as at March 31, 1999 and the summary statements of revenue, expenditure, and accumulated deficit and operating, investing and financing activities for the year then ended. These financial statements are the responsibility of Treasury Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion these summary financial statements present fairly, in all material respects, the financial position of the Government of Saskatchewan as at March 31, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles for governments recommended by The Canadian Institute of Chartered Accountants.

Regina, Saskatchewan
July 5, 1999

Wayne Streliaff

Wayne Streliaff, CA
Provincial Auditor

Government of Saskatchewan

Summary Statement of Financial Assets, Liabilities, and Accumulated Deficit

As at March 31, 1999

Schedule	(thousands of dollars)	
	1999	1998 (Restated)
Financial Assets		
Cash and temporary investments (note 2).....	\$ 512,960	\$ 593,641
Prepaid expenditures.....	15,505	23,412
1 Accounts receivable.....	489,685	641,826
Inventories held for resale.....	6,241	18,430
Land held for resale (note 4).....	132,993	123,210
Deferred charges.....	50,405	55,435
Deferred foreign exchange loss.....	217,824	139,849
2 Loans and mortgages receivable.....	181,325	252,300
3 Investment in government enterprises.....	2,653,632	2,477,753
4 Other investments.....	728,064	889,429
Total Financial Assets	4,988,634	5,215,285
Liabilities		
5 Accounts payable and accrued liabilities.....	1,332,192	1,265,086
6 Other liabilities.....	400,300	415,584
Unearned revenue.....	169,880	115,557
7,8&9 Public debt.....	8,180,576	8,718,446
Pension liabilities (note 6).....	3,749,028	3,672,260
Total Liabilities	13,831,976	14,186,933
Accumulated Deficit	\$ (8,843,342)	\$ (8,971,648)

(See accompanying notes)

- Tangible capital assets (note 5)
- Contingencies and commitments (notes 10 and 11)
- 10 Guaranteed debt

**Government of Saskatchewan
Summary Statement of Revenue, Expenditure, and Accumulated Deficit**

For the Year Ended March 31, 1999

(thousands of dollars)

Schedule	1999	1998 (Restated)
Revenue		
11 Taxation.....	\$ 3,155,160	\$ 3,115,574
11 Non-renewable resources.....	622,216	781,460
11 Gain on sale of investments.....	-	174,819
11 Other own-source revenue.....	783,525	807,714
11 Transfers from the federal government.....	1,087,441	675,425
Total Revenue	5,648,342	5,554,992
Expenditure		
Agriculture.....	323,353	251,218
Community development.....	167,547	151,729
Debt charges.....	1,110,833	1,174,794
Economic development.....	88,553	77,408
Education.....	914,853	867,371
Environment and natural resources	201,554	119,413
Health.....	1,930,509	1,760,453
Protection of persons and property.....	230,443	203,210
Social services and assistance.....	718,114	688,003
Transportation.....	271,729	272,699
Other.....	260,271	212,792
Total Expenditure (note 8)	6,217,759	5,779,090
(Deficit) surplus from government service organizations.....	(569,417)	(224,098)
3 Income from government enterprises.....	697,723	591,890
Surplus for the Year	128,306	367,792
Accumulated deficit, beginning of year.....	(8,971,648)	(9,339,440)
Accumulated Deficit, End of Year (note 7)	\$ (8,843,342)	\$ (8,971,648)

(See accompanying notes)

Government of Saskatchewan
Summary Statement of Operating, Investing, and Financing Activities

For the Year Ended March 31, 1999

Schedule	(thousands of dollars)	
	1999	1998 (Restated)
Operating Activities		
Surplus for the year.....	\$ 128,306	\$ 367,792
Add (deduct) non-cash items		
(Income) Loss from government enterprises.....	(697,723)	(591,890)
Amortization of foreign exchange gains and losses	9,173	3,954
12 Loss (Gain) on investments.....	35,528	(218,790)
Provision for (reduction of) loan/mortgage losses.....	(17,832)	(18,764)
Dividends received from investments.....	2,069	9,574
Dividends received from government enterprises.....	521,844	514,403
13 Net change in non-cash operating activities.....	298,696	(140,540)
Cash Provided by (Used for) Operating Activities	280,061	(74,261)
Investing Activities		
(Acquisition) Disposal of land held for resale	(9,783)	1,533
Net decrease (increase) in loans and mortgages receivable.....	88,806	242,519
Acquisition of other investments.....	(43,564)	(33,954)
Disposition of other investments.....	167,332	450,536
Cash Provided by Investing Activities	202,791	660,634
Cash Provided by Operating and Investing Activities	\$ 482,852	\$ 586,373
Financing Activities		
Proceeds from public debt.....	\$ 269,313	\$ 200,324
Repayment of public debt.....	(894,330)	(780,502)
Net Repayment of Public Debt.....	(625,017)	(580,178)
Increase in pension and other liabilities.....	61,484	72,650
Decrease (Increase) in cash and temporary investments.....	80,681	(78,845)
Cash Used for Financing Activities	\$ (482,852)	\$ (586,373)
Cash and Temporary Investments		
Cash and temporary investments, beginning of year.....	\$ 593,641	\$ 514,796
(Decrease) Increase in cash and temporary investments	(80,681)	78,845
Cash and Temporary Investments, End of Year	\$ 512,960	\$ 593,641

(See accompanying notes)

Government of Saskatchewan Notes to the Summary Financial Statements

For the Year Ended March 31, 1999

1. Significant Accounting Policies

These Summary Financial Statements are prepared using accounting principles appropriate for government and reflect the following significant accounting policies:

a) Reporting entity

These financial statements report the financial activities of organizations which are accountable for the administration of their financial affairs and resources either to a Minister of the Government or directly to the Legislative Assembly and which are owned or controlled by the Government.

Trusts administered by the Government are excluded from the reporting entity.

A listing of organizations included in the reporting entity is provided in schedule 14.

b) Method of consolidation

The accounts of all government organizations, except those designated as government enterprises, are consolidated after adjusting them to a basis consistent with the accounting policies described in note 1(c). These organizations are referred to as government service organizations. Significant inter-organization accounts and transactions are eliminated.

Government enterprises are defined as self-sufficient organizations that have the financial and operating authority to sell goods and services to individuals and non-government organizations as their principal activity.

Government enterprises are recorded using the modified equity method. The Government's investment, which is initially recorded at cost, is adjusted annually to include the net earnings/losses and other net equity changes of the enterprise without adjusting them to conform with the accounting policies described below. Inter-organization accounts and transactions are not eliminated.

Financial results of government organizations whose fiscal year-ends are not March 31 are not adjusted unless the effect of such an adjustment would be significant to the consolidated operating results.

c) Basis of accounting

The accrual basis of accounting is used and specifically expressed as follows:

Revenue

Revenues are recorded on the accrual basis except for receipts from the federal government for corporate and personal income taxes, which are recorded on the cash basis.

Expenditure

Expenditures are recorded on the accrual basis and include the cost of tangible capital assets and inventories of supplies acquired during the year.

Assets

Financial assets are those assets on hand at the end of an accounting period which could provide resources to discharge existing liabilities or finance future operations.

Temporary investments are recorded at cost which approximates market value.

Inventories held for resale are recorded at the lower of cost and net realizable value. *Inventories of supplies* are recorded as an expenditure in the period acquired.

Land held for resale is valued at the lower of cost or net realizable value, on an aggregate basis.

Deferred charges include issue costs and net discounts or premiums incurred on the issue of long-term debt. They are recorded at cost and amortized on a straight line basis over the remaining life of the debt issue.

Deferred foreign exchange loss includes net unrealized foreign exchange gains and losses resulting from the conversion of debentures due and sinking funds held in a foreign currency to the Canadian dollar equivalent at the exchange rate in effect at March 31. Realized foreign exchange gains and losses are included in the surplus or deficit for the year. Unrealized foreign exchange gains and losses are amortized on a straight line basis over the remaining life of the debt issue.

Government of Saskatchewan Notes to the Summary Financial Statements

Loans receivable are initially recorded at cost. Where there has been a loss in value that is other than a temporary decline, the loan is written down to recognize the loss.

Other investments in bonds, debentures and mortgages are recorded at amortized cost. Other investments in shares of private and public companies, in which the Government does not exercise significant influence, are recorded at cost and dividends from these shares are recorded as income when receivable. When the Government has investments in shares and exercises significant influence but has less than a controlling interest or when the Government has joint control, the investments are accounted for by the modified equity method. Using this method, the carrying value of the investment is adjusted for the Government's share of the investee's net earnings or losses and reduced by dividends received from these shares. Other investments are written down to their fair value when there is evidence of a permanent decline in their value.

Tangible capital assets held by government service organizations are recorded as an expenditure in the period acquired. Capital assets held by government enterprises, as disclosed on schedule 3, are generally recorded at cost and amortized on a straight line basis over the estimated productive life of each asset.

Liabilities

Reported liabilities include obligations to outside organizations and individuals as a result of transactions and events occurring prior to year end. They are the result of financial obligations to repay borrowing or to pay for goods and services acquired prior to year end, and of revenue, received or receivable, where goods or services will be delivered in the future.

Unearned revenue is revenue that will be earned in a subsequent fiscal year and includes revenue for Crown mineral leases, licence and service fees and restricted funding from other organizations.

Public debt consists of promissory notes, debentures and annuities of government service organizations which are recorded net of amounts reimbursable from government enterprises. Public debt is recorded at par. Premiums, discounts and issue costs are recorded as deferred charges and amortized on a straight line basis over the remaining life of the debt issue.

Certain debenture issues require contributions to a sinking fund. These obligations are recorded at principal less sinking fund balances where applicable. Premiums and discounts on long-term investments within the sinking fund are amortized by the type of security on a constant yield basis.

Debt issues and sinking funds' investments held in foreign currencies are converted to the Canadian dollar equivalent at the exchange rate in effect at March 31.

Where borrowing is used to finance loans to government enterprises, all expenses are charged directly to government enterprises.

Pension liabilities are calculated using the projected benefit method prorated on services. Pension fund assets are valued at market related values. Changes in the pension liabilities as a result of estimation adjustments due to experience gains and losses and changes in actuarial assumptions are amortized on a straight line basis over the expected average remaining service life of the related employee group. Gains or losses as a result of plan amendments are recognized in the period of the plan amendment.

Guaranteed debt includes guarantees of the Government made through specific agreements or legislation to repay promissory notes, bank loans, lines of credit, mortgages and other securities. Loss provisions on guaranteed debt are recorded when it is likely that a loss will occur. The amount of the loss provision represents the Government's best estimate of future payments less recoveries. The loss provision is recorded as a liability and an expenditure in the year determined and is adjusted as necessary to ensure it equals the expected payout of the guarantee.

2. Cash and Temporary Investments

Temporary investments are generally for less than 30 days, and have an average effective interest rate of 5.00 per cent.

3. Measurement Uncertainty

Uncertainty in the determination of the amount at which an item is recognized in financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount.

Measurement uncertainty exists in these financial statements in the accrual of pension obligations, non-renewable resources royalties, the federal government's Equalization and Canada Health and Social Transfer and in the valuation of loans where repayment is contingent upon an organization's cash flows. The uncertainty arises from factors such as the effect on accrued pension obligations of

Government of Saskatchewan Notes to the Summary Financial Statements

actual experience compared to actuarial estimations and assumptions; the effect on accrued royalties of price and production sensitivities in the royalty structures; the effect on transfers from the federal government of changes in economic and demographic conditions in the Province and the country; and the effect of commodity prices on cash flows. Management considers that it is reasonably possible that changes in future conditions in the near term could require a material change in the amounts recognized. Near term is defined as a period of time not to exceed one year from the date of the financial statements.

4. Land Held for Resale

The estimated net realizable value of the Government's land held for resale at March 31, 1999 is \$241.3 million (1998 - \$234.0 million).

5. Tangible Capital Assets

The Government has a significant investment in tangible capital assets that have a useful life of greater than one year. For government service organizations, tangible capital assets are recorded as an expenditure in the period acquired and are not included in the Statement of Financial Assets, Liabilities, and Accumulated Deficit. These assets are a key component in the delivery of government programs and provide on-going value to the public.

In the current year, government service organizations acquired tangible capital assets costing \$178.2 million (1998 - \$135.3 million). The following table includes the tangible capital assets held by government service organizations and does not include assets acquired by right, heritage assets and certain assets available for public use.

	(thousands of dollars)							1998
	1999							(Restated)
	Land	Buildings	Machinery & Equipment	Vehicles	Capital Leases	Other ¹	Total	Total
<i>Estimated useful life</i>	<i>Indefinite</i>	<i>3 - 50 years</i>	<i>2 - 20 years</i>	<i>3 - 15 years</i>	<i>Varies</i>	<i>2 - 20 years</i>		
Opening cost	\$69,555	\$1,494,372	\$396,684	\$144,125	\$66,820	\$197,421	\$2,368,977	\$2,275,426
Reclassification ²	-	91,833	-	-	-	(91,833)	-	-
Additions	1,368	80,048	55,359	11,074	1,938	28,421	178,208	135,308
Write-downs	-	(563)	(114)	-	-	(495)	(1,172)	-
Disposals	(544)	(36,726)	(12,474)	(11,123)	(14)	(5,223)	(66,104)	(41,757)
Closing cost of tangible capital assets	70,379	1,628,964	439,455	144,076	68,744	128,291	2,479,909	2,368,977
Opening accumulated amortization	-	424,690	283,019	75,336	33,990	44,261	861,296	787,984
Annual amortization	-	46,569	39,795	10,389	3,435	11,376	111,564	103,287
Write-downs	-	(304)	(105)	-	-	(282)	(691)	507
Disposals	-	(18,040)	(9,892)	(8,449)	(12)	(4,563)	(40,956)	(30,482)
Closing accumulated amortization	-	452,915	312,817	77,276	37,413	50,792	931,213	861,296
Net Book Value of Tangible Capital Assets	\$70,379	\$1,176,049	\$126,638	\$66,800	\$31,331	\$77,499	\$1,548,696	\$1,507,681

¹ Includes: construction in progress, computer software, furniture and office equipment, aircraft and other tangible capital assets.

² Includes the reclassification of construction in progress completed during the period.

6. Pension Liabilities

The Government of Saskatchewan sponsors several defined benefit and defined contribution pension plans for a significant number of its employees and for members of the Legislative Assembly.

Defined benefit pension plans provide benefits based on length of service and pensionable earnings. A typical defined benefit pension plan provides pensions equal to 2 per cent of a member's average five years highest salary, multiplied by the years of service

Government of Saskatchewan Notes to the Summary Financial Statements

to a maximum of 35 years. Members contribute a percentage of salary, which may vary based on age, to their pension plan. Pensions and contribution rates are integrated with the Canada Pension Plan.

Actuarial valuations are performed at least triennially. These valuations are extrapolated by an actuary when a valuation is not done in the current fiscal year. Valuations are based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. These assumptions reflect estimates of expected long-term rates and short-term forecasts. The long-term inflation rate is estimated between 3.5 and 4.0 per cent, other estimates vary based on the individual plan.

The accrued benefit obligation is determined using the projected benefit method prorated on services. Pension fund assets are valued at market related values based on actual market values averaged over a five year period. In the periods between valuations, the actuary estimates the market related value of pension fund assets using expected long-term rates of return for the individual plans.

Defined contribution plans provide pensions based on accumulated contributions and investment earnings. Employees contribute a percentage of salary. The Government matches employee current service contributions.

Pension fund assets of government sponsored defined benefit and defined contribution pension plans are invested in fixed income securities, equities, real estate and short-term monetary items. The investment in Government of Saskatchewan securities is insignificant for all plans.

a) Government Service Organizations

Defined benefit pension plans

The two main plans of government service organizations are the Teachers' Superannuation Plan (TSP) and the Public Service Superannuation Plan (PSSP). Other plans include Members of the Legislative Assembly Superannuation Plan (MLA), Judges of the Provincial Court Superannuation Plan (Judges), Saskatchewan Transportation Company Employees Superannuation Plan, Anti-TB League Employees Superannuation Plan and the Saskatchewan Pension Annuity Fund, an annuity underwriting operation.

The TSP provides inflation protection equal to 80.0 per cent of the annual increase in the Consumer Price Index. Other plans provide inflation indexing at the discretion of the Lieutenant Governor in Council.

The Government is required to match member current service contributions for all plans except Judges and the PSSP. Separate pension funds are maintained for all plans except the PSSP. PSSP member contributions are deposited into the General Revenue Fund. All pension obligations arising under the PSSP are paid from the General Revenue Fund.

Information on the defined benefit pension plans of government service organizations follows:

	1999				1998
	TSP	PSSP	Others	Total	(Restated) Total
Plan status	closed	closed	closed ¹	n/a	n/a
Member contribution rate, percentage of salary	7.85	7.0 - 9.0 ²	5.0 - 9.0 ²	n/a	n/a
Number of active members	7,210	2,374	99	9,683	10,685
Average age of active members, years	48.0	50.0	53.7	48.5	47.5
Former members entitled to deferred pension benefits	18,039	144	13	18,196	19,092
Number of superannuates and surviving spouses	8,733	5,841	1,679	16,253	15,585
Member contributions (thousands of dollars)	\$ 23,450	\$ 6,465	\$ 358	\$ 30,273	\$ 32,552
Government contributions (thousands of dollars)	93,550	-	3,782	97,332	105,972
Benefits paid (thousands of dollars)	186,197	93,242	5,981	285,420	270,771

¹Judges is open to new membership, all other plans are closed.

²Contribution rate varies based on age.

Government of Saskatchewan Notes to the Summary Financial Statements

Based on the latest actuarial valuation, extrapolated to March 31, 1999, the present value of accrued pension benefits and the market related value of pension fund assets are shown in the table below:

(thousands of dollars)

Plan Name	Actuarial Valuation Date	1999				1998	
		Accrued Benefit Obligation	Pension Fund Assets	Net Obligation	Unamortized Estimation Adjustments ¹	Recorded Pension Liabilities	Recorded Pension Liabilities
TSP ²	Jun. 30/97	\$ 3,696,000	\$ 1,516,000	\$ 2,180,000	\$ 296,931	\$ 2,476,931	\$ 2,417,285
PSSP	Dec. 31/96	1,273,150	—	1,273,150	(63,502)	1,209,648	1,194,996
Others	Various	159,343	95,623	63,720	(1,271)	62,449	59,979
Total		\$ 5,128,493	\$ 1,611,623	\$ 3,516,870	\$ 232,158	\$ 3,749,028	\$ 3,672,260

¹Amortized to income over 1 - 13 years (1998, 3 - 13 years), the estimated average remaining service life of active plan members at the time the estimation adjustment arises.

²The TSP accrued benefit obligation includes a liability of \$67.0 million (1998 - \$60.0 million) relating to the TSP disability provision.

At March 31, 1999, the market value of plan investments was \$1.9 billion (1998 - \$1.8 billion). Of this amount, 50.7 per cent (1998 - 48.4 per cent), was invested in fixed income securities and 45.8 per cent (1998 - 47.2 per cent) in equity investments.

Defined contribution pension plans

The two main multi-employer defined contribution pension plans sponsored by the Government are the Public Employees Pension Plan (PEPP) and the Capital Pension Plan (Capital). The Government matches employee current service contributions to these plans. The Government also contributes to the Saskatchewan Teachers' Retirement Plan (STRP), sponsored by the Saskatchewan Teachers' Federation. The Government has fully funded its share of contributions to the defined contribution plans.

Information on the defined contribution pension plans of government service organizations follows:

	1999			1998	
	Government Sponsored PEPP	Capital	STRP	Total	Total
Plan status	open	open	n/a	n/a	n/a
Member contribution rate, percentage of salary	5.0	5.5	n/a	n/a	n/a
Number of active government service organization members	16,368	566	n/a	16,934	14,781
Number of inactive members	6,500	13	n/a	6,513	4,872
Member contributions (thousands of dollars)	\$ 25,299	\$ 1,292	n/a	\$ 26,591	\$ 22,232
Government contributions (thousands of dollars)	23,966	1,286	\$ 18,863	44,115	37,653

Government of Saskatchewan Notes to the Summary Financial Statements

Pension expenditure

Pension expenditure for government service organizations is reported in the Summary Statement of Revenue, Expenditure, and Accumulated Deficit in both education expenditure and other expenditure. Pension interest expenditure is reported in debt charges. The total pension related expenditure of government service organizations includes the following:

	(thousands of dollars)	
	1999	1998
Defined benefit pension plans:		
Current period benefit cost	\$ 62,569	\$ 100,019
Amortization of estimation adjustments	(16,232)	(14,546)
Employee contributions	46,337	85,473
Pension expenditure	(30,273)	(28,510)
Pension expenditure	16,064	56,963
Cost of financing unfunded pension obligation (pension interest expenditure)	244,813	271,186
Total pension related expenditure, defined benefit plans	260,877	328,149
Defined contribution pension plans:		
Total pension related expenditure, defined contribution plans	44,115	37,653
Total pension related expenditure	\$ 304,992	\$ 365,802

b) Government Enterprises

Defined benefit pension plans

The two main defined benefit pension plans of government enterprises are the Power Corporation Superannuation Plan (SaskPower) and the Saskatchewan Telecommunications Superannuation Plan (SaskTel). Other pension plans include Saskatchewan Government Insurance Superannuation Plan, Liquor Board Superannuation Plan, and the Workers' Compensation Board Superannuation Plan.

The Government contributes the amount necessary to fund the payment of pension benefits.

At December 31, 1998, the market value of plan investments was \$1.5 billion (1997 - \$1.4 billion). Of this amount, 42.7 per cent (1997 - 41.9 per cent) was invested in fixed income securities and 44.9 per cent (1997 - 45.0 per cent) in equity investments.

Information on the defined benefit pension plans of government enterprises follows:

	1999				1998
	SaskPower	SaskTel	Others	Total	Total
Plan status	closed	closed	closed	n/a	n/a
Member contribution rate, percentage of salary	6.0 - 9.0 ¹	7.0 - 9.0 ²	7.0 - 9.0 ²	n/a	n/a
Number of active members	740	1,042	198	1,980	2,069
Number of former members, superannuates and surviving spouses	1,709	1,430	486	3,625	3,607
Member contributions (thousands of dollars)	\$ 1,923	\$ 3,090	\$ 525	\$ 5,538	\$ 5,929
Government contributions (thousands of dollars)	563	47	1,216	1,826	2,596
Benefits paid (thousands of dollars)	36,999	33,243	6,565	76,807	72,241

¹Contribution rate varies based on age and employee group.

²Contribution rate varies based on age.

Government of Saskatchewan Notes to the Summary Financial Statements

Based on the latest actuarial valuations extrapolated to December 31, 1998, the present value of accrued pension benefits and the market related value of pension fund assets are shown in the table below.

(thousands of dollars)

Plan Name	Actuarial Valuation Date	1999		1998	
		Accrued Benefit Obligation	Pension Fund Assets	Pension (Surplus) Liability	Pension (Surplus) Liability
SaskPower	September 30, 1998	\$ 610,050	\$ 667,509	\$ (57,459)	\$ (57,804)
SaskTel	December 31, 1995	587,356	713,705	(126,349)	(105,675)
Others	Various	106,392	88,029	18,363	23,563
Total		\$ 1,303,798	\$ 1,469,243	\$ (165,445)	\$ (139,916)

Defined contribution pension plans

Information on the defined contribution pension plans of government enterprises follows:

	1999			1998
	PEPP	Capital	Total	Total
Plan status	open	open	n/a	n/a
Member contribution rate, percentage of salary	5.0	5.5	n/a	n/a
Number of active members	7,035	1,868	8,903	8,421
Number of inactive members	1,900	57	1,957	1,555
Member contributions (thousands of dollars)	\$ 13,316	\$ 3,254	\$ 16,570	\$ 15,611
Government contributions (thousands of dollars)	13,671	3,234	16,905	16,396

Pension expense

Pension expense and pension interest expense for government enterprises are reported in the Summary Statement of Revenue, Expenditure, and Accumulated Deficit as a component of income from government enterprises.

7. Reserves

The accumulated deficit of \$8,843.3 million consists of an unallocated deficit component of \$8,855.2 million and the Environmental Protection Reserve of \$11.9 million. The Environmental Protection Reserve was created to provide contingency funding to mitigate unforeseen environmental problems related to uranium milling. The reserve is maintained at its March 31, 1992 balance.

**Government of Saskatchewan
Notes to the Summary Financial Statements**

8. Expenditures by Object

Expenditures by object are reported as follows:

	(thousands of dollars)	
	1999	1998 (Restated)
Transfers	\$2,715,468	\$ 2,454,835
Debt charges	1,110,833	1,174,794
Salaries and benefits	1,220,076	1,175,981
Operating costs	809,856	699,631
Tangible capital asset acquisitions	178,208	135,308
Other	183,318	138,541
Total Expenditures	\$ 6,217,759	\$ 5,779,090

9. Comparison of Planned to Actual Results

A comparison of planned to actual surplus is as follows:

	(thousands of dollars)		
	1999	1998	
	Planned	Actual	Actual
General Revenue Fund surplus for the year	<u>\$ 105,687</u>	\$ 27,862	\$ 35,212
Government enterprises' income for the year		697,723	591,890
Other government service organizations' surplus for the year		428,631	394,860
Dividends received from government organizations included in the surplus figures above		(781,844)	(564,403)
Adjustments to conform to the basis of accounting described in note 1(c)		(244,066)	(89,767)
Surplus for the Year		\$ 128,306	\$ 367,792

The planned and actual figures are before elimination of inter-organization transactions.

10. Contingencies

a) Guaranteed debt

At March 31, 1999, \$549.3 million (1998 - \$626.6 million) in loans were guaranteed by the Government. Schedule 10 provides a listing of guaranteed debt.

b) Lawsuits

Up to \$49.0 million may be paid depending on the outcome of lawsuits in progress.

c) Indian and Northern Affairs Canada

The Government pays for certain social services provided to status Indians and submits claims to the federal government for the cost of these services. The Government believes these costs are the responsibility of the federal government and believes they are fully reimbursable. However, the federal government denies responsibility for a portion of these costs.

The Government is unable to determine whether or not the outstanding amounts will be reimbursed. The Government will account for any recovery resulting from the resolution of this contingency at the time of settlement. No provision for such a recovery has been made in these financial statements.

d) Gross Revenue Insurance Plan (GRIP)

Legal actions against the Government for breach of contract with respect to the change from the 1991 GRIP program to the 1992 revenue insurance program were decided in favour of the Government. An appeal to this decision is being made. The institution of *The Fam Income Legislation Amendment Act 1992* effectively extinguished any cause of action.

Government of Saskatchewan Notes to the Summary Financial Statements

e) Other

Other contingencies of \$1.1 million may be paid depending on the outcome of future events.

11. Commitments

Major financial commitments include:

- forward purchase commitments of \$1,672.7 million for coal contracted for future minimum deliveries valued at current prices;
- forward purchase commitments of approximately \$2,000.0 million for power over the next 25 years;
- treaty land entitlement agreement commitments valued at approximately \$116.4 million;
- other commitments including capital expenditure commitments valued at approximately \$625.8 million including commitments of \$55.0 million for agriculture capital projects, \$52.7 million for economic development capital projects, \$52.0 million for health capital projects, \$39.7 million for transportation capital projects and \$24.0 million for community development capital projects; and,
- capital and operating lease obligations as follows:

	(thousands of dollars)	
	Operating	Capital
Future minimum lease payments		
1999-2000	\$ 43,616	\$ 13,192
2000-01	43,768	12,909
2001-02	39,077	12,606
2002-03	36,622	12,330
2003-04	31,367	11,870
Thereafter	46,682	68,546
	241,132	131,453
Less: Interest and executory costs	-	(77,724)
Total Lease Obligations	\$ 241,132	\$ 53,729

Total operating lease obligations include \$157.8 million for government service organizations and \$83.3 million for government enterprises.

Total capital lease obligations relate entirely to government service organizations (schedule 5).

12. Trust Funds

Trust funds are property held and administered on behalf of beneficiaries. Trust assets are not owned by the Government and the Government has no equity in the funds. Therefore, trust funds are not included in the reporting entity.

Fund balances held and administered by the Government at March 31, 1999, were as follows:

	(thousands of dollars)	
	1999	1998
Superannuation funds and pension plans ¹	\$ 7,024,751	\$ 6,452,050
Public Trustee's Trust Account	132,503	131,704
Other trusts	37,273	53,380
Total Trust Funds	\$ 7,194,527	\$ 6,637,134

¹ Reflects the latest audited financial statements of the funds and plans closest to March 31, 1999.

Government of Saskatchewan Notes to the Summary Financial Statements

13. Subsequent Events

a) Saskfor MacMillan Limited Partnership

On May 14, 1999, the Government sold its 50 per cent interest in Saskfor MacMillan Limited Partnership. Total proceeds on the sale were \$91.8 million, resulting in an estimated gain on sale of \$31 million.

b) Saturn Communications Limited

Effective June 24, 1999, the Government entered into an agreement with United International Holdings, Inc., the majority shareholder of Saturn Communications Limited, a cable and telephony provider in New Zealand. Under the agreement the Government would exchange its 35 per cent interest in Saturn for shares in a newly created company, Austar United Communications Limited (Austar) resulting in an estimated gain of \$34 million.

14. Uncertainty Due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The Government may experience the effects of the Year 2000 Issue before, on, or after January 1, 2000. If not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Government's ability to conduct normal business operations.

The Government is working to mitigate any potential effects that may be experienced in critical business systems due to the Year 2000 Issue. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Government, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

15. Comparative Figures

Certain of the 1998 comparative figures have been reclassified to conform with the current year's presentation.

Government of Saskatchewan Schedules to the Summary Financial Statements

For the Year Ended March 31, 1999

Schedule 1 - Accounts Receivable

	(thousands of dollars)	
	1999	1998 (Restated)
Bi-Provincial Upgrader Joint Venture share proceeds.....	\$ -	\$ 155,000
Taxation.....	136,836	135,549
Non-renewable resources.....	69,928	64,695
Transfers from the federal government.....	33,373	45,600
Leases and farm loans.....	16,253	14,339
Insurance premiums due from agriculture producers.....	9,667	10,521
Accrued interest.....	4,742	8,560
Other.....	218,886	207,562
Total Accounts Receivable	\$ 489,685	\$ 641,826

Schedule 2 - Loans and Mortgages Receivable

	(thousands of dollars)	
	1999	1998 (Restated)
Agricultural loans		
Capital loan program.....	\$ 112,577	\$ 136,567
Short-term hog loan program.....	8,517	-
Production loan program.....	5,591	10,103
Livestock cash advance program.....	5,038	12,219
Investment loan program.....	3,460	4,098
Counselling and Assistance for Farmers program.....	3,159	4,163
Other.....	145	267
	138,487	167,417
Provision for losses.....	(45,011)	(46,412)
	93,476	121,005
Student loans		
Provision for losses.....	21,596	56,605
	(13,953)	(21,534)
	7,643	35,071
Other loans		
Provision for losses.....	60,104	81,032
	(24,201)	(33,050)
	35,903	47,982
Mortgages		
Cornwall Centre.....	37,653	38,346
Housing	3,591	9,634
Other.....	3,059	262
	44,303	48,242
Total Loans and Mortgages Receivable	\$ 181,325	\$ 252,300

See page 55 for additional information.

Government of Saskatchewan Schedules to the Summary Financial Statements

Schedule 2 (continued) - Loans and Mortgages Receivable

Capital loan program

Loans are repayable over terms not exceeding twenty-five years and bear interest at rates between 6 per cent and 13 1/2 per cent. Security on individual loans varies and may include mortgages on real property, security agreements and guarantees. The program operates under *The Agricultural Credit Corporation of Saskatchewan Act*.

Short-term hog loan program

Loan applications were accepted under this program between January 15, 1999 and July 5, 1999 for hogs marketed between November 1, 1998 and May 29, 1999. Loans bear interest at 5.06 per cent until January 1, 2000 and after January 1, 2000 are converted to floating rate loans. Penalty interest is charged at prime plus 2 per cent. All loans are repayable in full by March 31, 2003. The program operates under *The Farm Financial Stability Act*.

Production loan program

Production loans were disbursed in 1986 bearing interest at 6 per cent repayable in equal principal instalments over a term of three years. Amounts in arrears are at prime plus 2 per cent. Program amendments allowed borrowers to reschedule their outstanding loans at 9 3/4 per cent to mature in 1997. The loans are secured by promissory notes and, where applicable, by guarantees and general security agreements. The program operates under *The Agricultural Credit Corporation of Saskatchewan Act*.

Livestock cash advance program

Effective August 1, 1993, clients with livestock cash advances began repaying their loans, bearing interest at the bank prime rate plus 2 per cent, over a maximum five year period. The loans are secured by promissory notes and, where applicable, by guarantees. The program operates under *The Agricultural Credit Corporation of Saskatchewan Act*.

Investment loan program

Investment loans bear interest at rates between 8 1/2 per cent and 10 1/2 per cent and are repayable over terms not exceeding twenty-five years. Security on the loans varies and may include mortgages on real property, security agreements and guarantees. The program operates under *The Agricultural Credit Corporation of Saskatchewan Act*.

Counselling and Assistance for Farmers program

Effective August 1, 1992, the Government no longer issued new guarantees under this program. Existing guarantees were renewed until March 31, 1995, at which time the program was terminated. The majority of loans are in default, have judgements obtained on them and bear interest at 5 per cent. The loans are secured by way of an assignment of security from the original lender.

Student loans

The program operates under the authority of *The Student Assistance and Student Aid Fund Act, 1985*. Loans are interest free for a six-month period following discontinuance of studies or graduation. Interest relief grants, which extend the interest-free period for up to 18 months, are provided to qualified applicants. Interest rates are prescribed by the Minister of Post-Secondary Education and Skills Training. Special incentive loan remission and/or loan forgiveness is granted to all students who meet specific criteria.

A Risk Sharing Student Loans Agreement between the Government and a bank was signed March 12, 1996. This Agreement covers loans approved between August 1, 1996 and July 31, 2001. The Government retains responsibility for loan approval. Loans approved are lender-financed, disbursed, managed and collected by the bank. The Government pays a risk premium of 5 per cent to the bank when loans become repayable.

An agreement between the Government and a bank to transfer all loans which are not in default, have more than seven monthly payments outstanding, and are not receiving interest relief came into effect on October 1, 1997 and will remain in effect until December 31, 1999. The Government pays a risk premium of 5 per cent to the bank when the loans are transferred.

Cornwall Centre mortgages

The Government holds two mortgages due jointly from Cadillac Fairview Corporation Limited and The T. Eaton Company Ltd. These mortgages mature December 1, 2001 and are repayable in blended monthly instalments with mortgage rates of 9 5/8 per cent and 11 5/8 per cent respectively.

Housing mortgages and loans

Housing mortgages and loans were provided pursuant to provisions of Section 15 of *The Saskatchewan Housing Corporation Act*. The loans and mortgages are repayable, at various interest rates, over terms not exceeding thirty-five years. Security on the loans and mortgages may include promissory notes or charges against residential property.

**Government of Saskatchewan
Schedules to the Summary Financial Statements**

Schedule 3 - Investment in Government Enterprises

	SaskEnergy Incorporated Dec. 31, 1998	Saskatchewan Power Corporation Dec. 31, 1998	Saskatchewan Telecom- munications Holding Corporation Dec. 31, 1998	Saskatchewan Liquor and Gaming Authority Mar. 31, 1999	Saskatchewan Gaming Corporation Mar. 31, 1999
Assets					
Cash and temporary investments					
Due from government organizations.....	\$			363,654	
Other.....	722	24,102	(3,826)	630	13,298
Accounts receivable					
Due from government organizations.....					
Other.....	82,333	120,945	112,955	10,148	50
Inventories.....		93,371	7,293	12,488	186
Prepaid expenses.....	5,493	4,288	49,332	1,623	427
Long-term investments					
In the Province.....					
Other.....			19,125		
Capital assets.....	987,623	2,794,255	958,257	26,889	31,022
Other assets					
Due from government organizations.....					
Other.....	88,223	193,259	55,442	556	827
Total Assets	1,164,394	3,230,220	1,198,578	415,988	45,810
Liabilities					
Accounts payable and accrued liabilities					
Due to government organizations.....	18,682	72,472	5,569		15,451
Other.....	61,769	87,568	103,575	8,110	2,649
Dividends payable to government organizations.....	4,943	19,889	8,813		
Debt					
Owing to government organizations.....	726,977	1,636,139	373,184		
Other.....	4,816	189	40,846		27,710
Unearned revenue					
Received from government organizations.....	2,112				
Other.....	73,711	273,968	25,497		
Unpaid insurance claims.....					
Other liabilities.....			918	21,056	
Total Liabilities	893,010	2,090,225	558,402	29,166	45,810
Net Assets (Liabilities)	\$ 271,384	1,139,995	640,176	386,822	-
Revenue					
Revenue from operations.....	\$ 356,449	944,446	741,760	549,201	47,633
Transfers from government organizations.....	10,594	16,134	13,458		
Total Revenue	367,043	960,580	755,218	549,201	47,633
Expenses					
Expenses from operations.....	242,009	605,525	617,993	250,272	32,182
Transfers to government organizations.....	88,692	214,568	44,027		
Total Expenses¹	330,701	820,093	662,020	250,272	32,182
Income (loss) before non-recurring items.....	36,342	140,487	93,198	298,929	15,451
Non-recurring items.....					
Net Income (Loss) for the Year	36,342	140,487	93,198	298,929	15,451
Net assets (deficiency) -					
beginning, as previously reported.....	183,454	416,733	348,237	417,464	-
Restatement of prior years.....				429	
Dividends to government organizations.....	(19,943)	(77,218)	(51,259)	(330,000)	(15,451)
Equity advances/share capital.....	71,531	659,993	250,000		
Net Assets (Deficiency) - End of Year	\$ 271,384	1,139,995	640,176	386,822	-

See page 58 for additional information.

¹ Adjustments include:

- reclassifying dividends paid by March 31, 1999;
- reversing the write-off of deferred financing costs reported by Saskatchewan Power Corporation;

(thousands of dollars)

Municipal Financing Corporation of Saskatchewan Dec. 31, 1998	Saskatchewan Government Insurance Dec. 31, 1998	Saskatchewan Auto Fund Dec. 31, 1998	Workers' Compensation Board (Saskatchewan) ² Dec. 31, 1998	Other Government Enterprises	Adjustments ¹	Total 1999	Total 1998 (Restated)
	2,969	1,979				\$ 368,602	\$ 394,434
70,476	17,773	48,190	65,003	3,274	(36,639)	203,003	124,117
	3,867	1,825				5,692	2,837
2,010	35,834	34,512	19,695	270		418,752	391,928
	34,737	10,549				113,338	25,005
	5,761	10,530	11,712			28,003	37,158
41,352	221,285	465,687	704,798	14,953		1,467,200	1,328,632
	19,935	28,548	30,999	75		4,877,603	4,859,249
					6,681	344,988	-
113,838	342,161	601,820	832,207	18,572	(29,958)	7,933,630	7,608,514
1,527	6,634	21,441	5,364			147,140	139,375
27	13,595	18,369	48,108	2,023		345,793	299,619
	2,994				(36,639)	-	-
79,667						2,815,967	2,802,592
4,500						78,061	83,309
						2,112	2,194
	90,593	163,450				627,219	573,944
	113,054	490,182	575,823			1,179,059	1,155,606
	3,645		59,028			84,647	74,122
85,721	230,515	693,442	688,323	2,023	(36,639)	5,279,998	5,130,761
28,117	111,646	(91,622)	143,884	16,549	6,681	\$ 2,653,632	\$ 2,477,753
7,866	189,856	449,970	210,969	18,870		\$ 3,517,020	\$ 3,345,860
		2,733	14,262			57,181	71,596
7,866	189,856	452,703	225,231	18,870	-	3,574,201	3,417,456
586	151,003	385,700	167,484	1,766	469	2,454,989	2,370,451
7,997	7,772	30,771	5,364			399,191	398,645
8,583	158,775	416,471	172,848	1,766	469	2,854,180	2,769,096
(717)	31,081	36,232	52,383	17,104	(469)	720,021	648,360
			(23,000)	702		(22,298)	(56,470)
(717)	31,081	36,232	29,383	17,806	(469)	697,723	591,890
28,834	53,538	(127,854)	114,501	(1,258)	7,572	1,441,221	1,363,734
	(27,973)				(429)	-	-
	55,000			1	7	(521,844)	(514,403)
28,117	111,646	(91,622)	143,884	16,549	6,681	\$ 2,653,632	\$ 2,477,753

² Net assets are restricted as disclosed in the narrative portion of this schedule on the pages following.

³ Total expenses include debt charges of \$292.9 million (1998 - \$299.0), of which \$260.5 million (1998 - \$269.00) were paid to government organizations.

Government of Saskatchewan Schedules to the Summary Financial Statements

Schedule 3 (continued) - Investment in Government Enterprises

SaskEnergy Incorporated (SaskEnergy)

SaskEnergy promotes, transports, stores and distributes natural gas in Saskatchewan.

Saskatchewan Power Corporation (SaskPower)

SaskPower generates, purchases, transmits, distributes and sells electricity and related products and services.

Saskatchewan Telecommunications Holding Corporation (SaskTel)

SaskTel markets and supplies a range of voice, data, Internet, wireless, text and image products, systems and services. Through an interconnection agreement with the Stentor alliance of telephone companies, SaskTel is part of the national and global communications network.

Saskatchewan Liquor and Gaming Authority (SLGA)

SLGA's main functions are to control the manufacturing and distribution of beverage alcohol throughout the Province, to oversee the licensing of all establishments selling alcohol in the Province, and to maintain the integrity of all licensed gaming while ensuring maximum benefit to Saskatchewan charities.

Saskatchewan Gaming Corporation (SGC)

SGC's mandate is to operate and manage casino gaming in Saskatchewan.

Municipal Financing Corporation of Saskatchewan (MFC)

MFC assists municipalities in financing their capital requirements.

Saskatchewan Government Insurance (SGI) & Saskatchewan Auto Fund (Auto Fund)

SGI's competitive general insurance business, SGI CANADA, offers home, tenant, farm, automobile extension and commercial coverages.

The Auto Fund, the Province's compulsory vehicle insurance program, is administered by SGI on behalf of the Government. Any net assets of the Auto Fund are for the future benefit of Saskatchewan's motoring public and are not used for the payment of dividends to the General Revenue Fund.

Workers' Compensation Board (Saskatchewan) (WCB)

WCB provides workers' compensation insurance to Saskatchewan workers and employers. Any net assets of the WCB cannot be used for the payment of dividends to the General Revenue Fund.

Other Government Enterprises

Other government enterprises includes the following:

- **Saskatchewan Government Growth Fund Management Corporation (SGGF)**

SGGF participates in the federal government's Immigrant Investor Program to acquire lower cost capital for investment in Saskatchewan on commercial terms. Investment funds are raised through five subsidiary fund companies and are managed by SGGF.

- **Saskatchewan Forest Products Corporation (SFPC)**

SFPC ceased to have active business operations in April 1995 following the execution of a sales agreement which facilitated the formation of Saskfor MacMillan Limited Partnership, a partnership between the Government and MacMillan Bloedel Limited.

**Government of Saskatchewan
Schedules to the Summary Financial Statements**

Schedule 4 - Other Investments

(thousands of dollars)				
	Voting Percentages		1999	1998 (Restated)
Investments				
Cameco Corporation				
5,423,123 (1998 - 5,423,123) common shares.....	9.4%	\$	114,898	\$ 114,898
Saskferco Products Inc.				
68,449,080 (1998 - 68,449,080) class B common shares.....	49.0%		108,249	100,087
HARO Financial Corporation				
68,000,000 (1998 - 68,000,000) class B non-voting common shares.....	-		68,000	68,000
Saskfor MacMillan Limited Partnership				
partnership interest.....	50.0%		61,040	51,369
Meadow Lake Pulp Limited Partnership				
partnership interest.....	50.0%		(62,831)	(46,690)
NewGrade Energy Inc.				
common shares and debentures.....	50.0%		(57,633)	(49,836)
Other investments - equity basis.....			15,345	13,982
Other investments - cost basis.....			12,914	10,401
			259,982	262,211
Bonds and Debentures				
HARO Financial Corporation			204,471	353,661
Meadow Lake Pulp Limited Partnership				
participating debentures.....			148,361	159,743
Other bonds and debentures.....			15,681	23,650
			368,513	537,054
Property Holdings			99,569	90,164
Total Other Investments		\$	728,064	\$ 889,429

See pages 60-61 for additional information.

Government of Saskatchewan Schedules to the Summary Financial Statements

Schedule 4 (continued) - Other Investments

Cameco Corporation (Cameco)

At December 31, 1998, the Government owned 5,423,123 (1997 - 5,423,123) voting common shares of Cameco representing a 9.4 per cent (1997 - 9.4 per cent) interest. Included in the investment in Cameco is one Class B share which provides the Government with the ability to exercise special voting rights with respect to the location of Cameco's head office. These shares are accounted for using the cost method.

Saskferco Products Inc. (Saskferco)

The Government holds a 49 per cent (1997 - 49 per cent) voting interest in Saskferco, a nitrogen fertilizer plant located in Belle Plaine, Saskatchewan. These shares are accounted for using the modified equity method.

HARO Financial Corporation (HARO)

- (i) To December 31, 1998, the Government had advanced \$272.5 million (1997 - \$272.2 million) to HARO to finance HARO's ownership interest in Crown Life Insurance Company (Crown Life). This Term Loan was for an initial five-year term commencing on December 15, 1992, with a maximum of four five-year renewal terms at the option of HARO. During 1998, the Government agreed to renew this loan for a second five-year term on the original terms and conditions.

Interest on the Term Loan is fixed at 6.64 per cent for the next five-year term, compounded annually (1997 - 5.89 per cent). Previously, interest was calculated using the Royal Bank of Canada's Bankers' Acceptance Rate plus 1 3/8 per cent per annum, determined quarterly. Payment of principal and interest is subject to available cash flow as defined in the loan agreement. Due to collection uncertainty, the Government will record interest income when payments are received. HARO made no interest or principal payments during 1998. Total interest owing to the Government is \$114.8 million (1997 - \$94.8 million).

All unpaid principal and interest is due on December 15, 2017. On that date, any amounts outstanding will be converted into a maximum of 94 per cent of HARO equity shares. The Government has a unilateral right, prior to December 15, 2017, to convert no less than 25 per cent of the loan to either HARO non-voting, HARO voting or Crown Life shares. The number of Crown Life shares acquired by the Government may not exceed 94 per cent of the Crown Life shares owned by HARO. Any conversion may be subject to regulatory approval. Security for the loan is 100 per cent of HARO's assets, which consists primarily of the Crown Life shares and debentures.

During 1995, the Government exercised its right to convert \$68.0 million of the Term Loan into 68,000,000 non-voting, fully participating equity shares of HARO. The Government has a unilateral right to exchange these for voting shares or 94 per cent of the assets of HARO. Both exchange rights may be subject to regulatory approval. The Government's right to dividends and property of HARO on liquidation is limited to 94 per cent regardless of the number or class of shares owned of HARO. These shares are accounted for using the cost method.

- (ii) An Additional Loan Agreement (Additional Loan) between the Government and HARO was entered into on June 15, 1995, and \$149.5 million was advanced to HARO on July 31, 1995. HARO used the proceeds of this loan to purchase \$74.8 million of each of Series A and Series B convertible Crown Life debentures.

Interest on the Additional Loan of 6.19 per cent (1997 - 4.88 per cent) is calculated and payable on January 31 and July 31 annually. Payment of principal and interest is based on 100 per cent of the cash flow received by HARO from the Crown Life Debentures. No principal payments were made during the year.

As a result of the retraction by Crown Life of \$74.8 million of Series A and \$74.8 million of Series B convertible Crown Life debentures, on January 12, 1999, HARO repaid its \$149.5 million Additional Loan due to the Government.

Saskfor MacMillan Limited Partnership (Saskfor)

The Government, through its wholly-owned subsidiary CIC Forest Products Limited, holds a 50 per cent (1997 - 50 per cent) interest in Saskfor, a lumber and structural panel operation located in Hudson Bay, Saskatchewan. Saskfor is accounted for using the modified equity method.

Meadow Lake Pulp Limited Partnership (MLPLP)

The Government, through its wholly-owned subsidiary CIC Pulp Ltd., owns a 50 per cent (1997 - 49 per cent) interest in a pulp mill located near Meadow Lake, Saskatchewan. MLPLP is accounted for using the modified equity method.

Government of Saskatchewan Schedules to the Summary Financial Statements

Schedule 4 (continued) - Other Investments

In addition to its equity interest in MLPLP, the Government has also provided the following loans:

- The Participating Debenture of \$19.2 million (1997 - \$51.2 million) bearing interest at 11.15 per cent (1997 - 11.15 per cent) calculated on October 31 of each year.
- The Term Loan of \$10.0 million (1997 - \$10.2 million) bearing interest at prime plus 2.0 per cent, which is 8.75 per cent at December 31, 1998 (1997 - 8.0 per cent). Interest on this loan is being paid monthly.
- The Contingency Loan of \$5.8 million (1997 - \$5.5 million) bearing interest at prime plus 1.0 per cent which is 7.75 per cent at December 31, 1998 (1997 - 7.0 per cent). Any interest outstanding and not paid on October 31 of each year is added to the principal balance.
- A guarantee advance of \$4.0 million (1997 - \$0 million) bearing interest at a prime plus 1 per cent, which is 7.75 per cent.
- A cash flow loan of \$2.5 million (1997 - \$0 million) bearing interest at prime plus 1 per cent, which is 7.75 per cent.

The Government records, as a separate loan (Interest Loan), the accrued interest receivable from the Participating Debenture. Interest on the Interest Loan, at 11.15 per cent, is calculated on October 31 of each year and is added to the principal balance outstanding on the loan. Interest income earned and forming part of the Interest Loan is recorded as deferred interest income due to the timing uncertainty of collection. The deferred interest income will be recorded as income when payments are received under the cash availability formula.

Any payments to be made on the Participating Debenture, the Contingency Loan and the Interest Loan are subject to available cash flows as defined in the loan agreements. Payments towards principal outstanding on the Term Loan are due in two equal instalments after MLPLP has fully repaid an external bank loan. The Contingency Loan, Term Loan, Participating Debenture and Interest Loan mature in the year 2014. The remaining balance outstanding on the Interest Loan and Participating Debenture on October 31, 2014 shall bear interest at a rate equal to the short-term cost of borrowing for the Province of Saskatchewan, which is 4.95 per cent at December 31, 1998 (1997 - 4.76 per cent), until paid in full.

During 1998, the Government began a financial restructuring of MLPLP. Accordingly, the corporation provided MLPLP with a \$4.0 million advance under a bank loan guarantee and the Government provided cashflow funding of \$2.5 million. Similar to the Participating Debenture and Interest Loan, accrued interest on the Guarantee Advance and Cash Flow Loan is deferred due to the uncertainty of collection. Repayment terms will be determined once the final restructuring of MLPLP is complete.

Due to the uncertainty of cash flows from MLPLP, the Government's Participating Debenture is shown net of a provision for loan losses of \$60.0 million (1997 - \$30.0 million).

NewGrade Energy Inc. (NewGrade)

The Government owns 50 per cent (1997 - 50 per cent) of the outstanding voting participating shares of NewGrade. These shares are accounted for using the modified equity method. The Government also holds certain promissory notes due on demand from NewGrade that bear interest at Bank of Montreal prime rate, which is 6.75 per cent (1997 - 6.0 per cent).

In addition, should there be any operating shortfall at the end of any year, the Government will loan NewGrade up to \$2.0 million, escalated by inflation, in the form of a Subordinated Operations Fee Amount after Consumers Co-operative Refinery Ltd. (CCRL) has provided its \$2.0 million Subordinated Operations Fee Amount. If these loans do not cover all cash shortfalls, then the Government will lend NewGrade up to \$4.0 million as a Cash Flow Deficiency Loan on a pro-rata basis with CCRL. If this facility is exhausted, the Government will lend NewGrade the remainder to cover any other annual operating shortfalls. These loans, if any, will bear interest at CCRL's rate of borrowing. CCRL's required Cash Flow Deficiency Loans cannot exceed \$40.0 million outstanding at any time.

Market Values

The market value of the Government's only publicly traded investment held at March 31, 1999 was as follows (millions of dollars):

Cameco \$ 177.9

Government of Saskatchewan Schedules to the Summary Financial Statements

Schedule 5 - Accounts Payable and Accrued Liabilities

(thousands of dollars)			
	1999		1998
Transfers.....	\$ 456,503	\$	356,269
Accrued interest.....	259,323		275,901
Supplier payments.....	159,562		177,233
Transfers to the federal government.....	98,680		132,487
Accrued employee benefits.....	139,106		125,226
Capital lease obligations (note 11).....	53,729		55,310
Public employee benefit plans claims payable.....	48,776		47,277
Other.....	116,513		95,383
Total Accounts Payable and Accrued Liabilities	\$ 1,332,192	\$	1,265,086

Schedule 6 - Other Liabilities

(thousands of dollars)			
	1999		1998
			(Restated)
Funds held on behalf of government enterprises and others			
Saskatchewan Liquor and Gaming Authority.....	\$ 363,654	\$	386,206
Queen's Bench Court Account.....	8,540		5,908
Public Employees' Pension Plan.....	4,997		2,545
Teachers' Superannuation Commission.....	3,011		-
Public Trustee's Trust Account.....	2,107		1,707
School Division Tax Loss Compensation Fund.....	1,709		1,129
Beef Development Board.....	1,433		1,659
Others.....	11,758		13,274
	397,209		412,428
Other.....	3,091		3,156
Total Other Liabilities	\$ 400,300	\$	415,584

**Government of Saskatchewan
Schedules to the Summary Financial Statements**

Schedule 7 - Public Debt

	(thousands of dollars)			
	1999		1998	
	Gross Public Debt	Less Sinking Funds ⁴	Public Debt	Public Debt
Government Service Organizations				
General Revenue Fund ¹	\$ 7,992,246	\$ 339,754	\$ 7,652,492	\$ 7,870,202
Crown Investments Corporation of Saskatchewan (non-consolidated)	301,195	233,884	67,311	361,828
Saskatchewan Housing Corporation.....	197,721	-	197,721	222,239
Agricultural Credit Corporation of Saskatchewan.....	235,551	141,372	94,179	124,734
Saskatchewan Opportunities Corporation.....	103,495	215	103,280	90,434
Saskatchewan Water Corporation.....	59,908	1,897	58,011	39,830
Prince Albert District Health Board.....	5,658	-	5,658	6,599
Saskatchewan Development Fund Corporation.....	1,201	-	1,201	1,355
Saskatoon District Health Board.....	723	-	723	1,225
Debt of Government Service Organizations²	8,897,698	717,122	8,180,576	8,718,446
Government Enterprises				
Saskatchewan Power Corporation.....	1,864,708	228,380	1,636,328	1,687,074
SaskEnergy Incorporated.....	769,765	37,972	731,793	702,100
Saskatchewan Telecommunications Holding Corporation.....	493,117	78,891	414,226	381,487
Municipal Financing Corporation of Saskatchewan.....	84,167	-	84,167	84,167
Saskatchewan Gaming Corporation.....	27,710	-	27,710	31,073
	3,239,467	345,243	2,894,224	2,885,901
Adjustments to March 31.....	48,259	(36,360)	84,619	60,785
Debt of Government Enterprises³	3,287,726	308,883	2,978,843	2,946,686
Total Public Debt⁵	\$ 12,185,424	\$ 1,026,005	\$ 11,159,419	\$ 11,665,132

Debt repayable in foreign currency has been restated in Canadian dollar equivalents.

¹ General Revenue Fund debt is shown net of \$2,934.7 million (1998 - \$2,863.9 million) reimbursable from government enterprises, \$493.4 million (1998 - \$817.9 million) reimbursable from government service organizations and \$1.8 million (1998 - \$1.8) borrowed from other government organizations.

² This amount includes Canada Pension Plan debentures of \$656.6 million (1998 - \$732.6 million) at a weighted average interest rate of 12.23 per cent, ranging from 9.17 per cent to 17.51 per cent. Of this amount, \$82.3 million is payable within one year. These debentures are redeemable in whole or in part before maturity, on six months prior notice, at the option of the Minister of Finance of Canada.

³ The debt of government enterprises is as presented in their audited financial statements closest to March 31, 1999. The balance is adjusted for the net change to March 31, 1999. This amount includes Canada Pension Plan debentures of \$720.3 million (1998 - \$720.2 million) at a weighted average interest rate of 10.78 per cent, ranging from 9.04 per cent to 14.06 per cent. These debentures are redeemable in whole or in part before maturity, on six months prior notice, at the option of the Minister of Finance of Canada.

⁴ See Schedule 8 for information on sinking funds.

⁵ See Schedule 9 for information on debt by maturity.

Government of Saskatchewan Schedules to the Summary Financial Statements

Schedule 8 - Sinking Funds

(thousands of dollars)

	1998		1999			
	Sinking Funds	Contributions	Earnings	Less Redemptions	Currency Adjustment	Sinking Funds
Government Service Organizations						
General Revenue Fund.....	\$ 262,474	\$ 42,431	\$ 27,082	\$ -	\$ 7,767	\$ 339,754
Agricultural Credit Corporation of Saskatchewan.....	145,474	17,300	8,038	29,440	-	141,372
Crown Investments Corporation of Saskatchewan.....	307,774	180,100	7,858	261,848	-	233,884
Saskatchewan Water Corporation.....	1,463	302	132	-	-	1,897
Saskatchewan Opportunities Corporation.....	-	200	15	-	-	215
Sinking Funds of Government Service Organization	717,185	240,333	43,125	291,288	7,767	717,122
Government Enterprises						
Saskatchewan Power Corporation.....	222,143	30,331	20,576	46,881	2,211	228,380
SaskEnergy Incorporated.....	30,765	4,029	3,178	-	-	37,972
Saskatchewan Telecommunications Holding Corporation.....	87,221	3,052	7,894	20,340	1,064	78,891
	340,129	37,412	31,648	67,221	3,275	345,243
Increase (decrease) to March 31.....	17,935	(350)	(2,060)	51,145	(740)	(36,360)
Sinking Funds of Government Enterprises	358,064	37,062	29,588	118,366	2,535	308,883
Total Sinking Funds	\$ 1,075,249	\$ 277,395	\$ 72,713	\$ 409,654	\$ 10,302	\$ 1,026,005

The market value of sinking funds, at March 31, 1999, is \$1,087.5 million (1998 - \$1,153.7 million).

Sinking fund earnings include gains on investment sales of \$9.0 million (1998 - \$14.7 million).

The total sinking fund assets have been disclosed net of \$2.5 million in liabilities (1998 - \$2.7 million).

Annual contributions, when established by Order in Council, are set at not less than one per cent of debentures outstanding. The redemption value is based on the market value of the sinking fund units at the date of redemption.

The aggregate amount of contributions estimated to be required in each of the next five fiscal years to meet sinking fund requirements are:

	(thousands of dollars)
1999-2000.....	\$ 65,299
2000-01.....	63,141
2001-02.....	58,686
2002-03.....	58,041
2003-04.....	58,041
	\$ 303,208

Sinking fund assets have been invested as follows:

	(thousands of dollars)	
	1999	1998
Long-term Investments		
Province of Saskatchewan securities; coupon interest range 5.5% to 13.0%; maturing in 0.1 to 30.0 years.....	\$ 581,847	\$ 628,111
Government of Canada securities; coupon interest range 5.0% to 10.5%; maturing in 0.75 to 24.3 years.....	41,121	105,766
Other provincial governments' securities; coupon interest range 5.25% to 11.25%; maturing in 1.5 to 40.3 years.....	195,035	193,978
Corporate and municipal securities; interest rate 12.25%; maturing in 3.75 years.....	6,956	-
Government of the United States securities; coupon interest rate 5.5%; maturing in 29.5 years.....	3,005	1,490
Other.....	198,041	145,904
Total Sinking Fund Investments	\$ 1,026,005	\$ 1,075,249

Included are U.S. dollar long-term investments converted to \$194.8 million Canadian (1998 - \$173.5 million) at the exchange rate in effect at March 31, 1999, 1.5092 (1998 - 1.4166).

Government of Saskatchewan Schedules to the Summary Financial Statements

Schedule 9 - Public Debt by Maturity

(thousands of dollars)

Year of Maturity	1999			Average Interest Rate	1998	
	Canadian Dollar Debt	U.S. Dollar Debt (CDN \$)	Total (CDN \$)		Total (CDN\$)	Average Interest Rate
Government Service Organizations						
Short-term promissory notes.....	\$ 215,100	\$ -	\$ 215,100	4.97%	\$ 128,860	4.70%
1998-99.....	-	-	-		1,045,284	9.35%
1999-2000.....	1,225,658	-	1,225,658	8.43%	1,231,436	8.43%
2000-01.....	1,247,169	-	1,247,169	10.42%	1,248,997	10.41%
2001-02.....	880,909	-	880,909	8.42%	896,234	7.31%
2002-03.....	461,380	-	461,380	9.33%	569,641	8.29%
2003-04.....	545,468	-	545,468	6.52%	-	
1-5 years	4,575,684	-	4,575,684		5,120,452	
6-10 years.....	1,640,232	-	1,640,232	7.99%	1,478,276	8.73%
11-15 years.....	530,443	943,250	1,473,693	8.57%	1,345,525	10.79%
16-20 years.....	589,409	-	589,409	10.23%	909,738	9.22%
21-25 years.....	15,000	603,680	618,680	9.05%	581,640	9.05%
Thereafter.....	-	-	-		-	
	\$ 7,350,768	\$ 1,546,930	8,897,698		9,435,631	
Less: Sinking funds			(717,122)		(717,185)	
Debt of Government Service Organizations			8,180,576		8,718,446	
Government Enterprises						
Short term promissory notes.....	\$ 4,900	\$ -	\$ 4,900	4.97%	\$ 34,700	4.70%
1998-99.....	-	-	-		86,573	8.67%
1999-2000.....	4,840	-	4,840	9.14%	4,652	9.07%
2000-01.....	54,965	-	54,965	10.82%	54,965	10.82%
2001-02.....	8,258	-	8,258	1.43%	10,521	1.12%
2002-03.....	428,954	-	428,954	12.47%	479,110	12.45%
2003-04.....	97,355	75,460	172,815	9.24%	-	
1-5 years	599,272	75,460	674,732		670,521	
6-10 years.....	891,497	292,785	1,184,282	9.22%	1,294,488	9.31%
11-15 years.....	122,026	113,190	235,216	8.70%	237,040	9.52%
16-20 years.....	-	-	-		106,245	7.38%
21-25 years.....	250,000	603,680	853,680	5.82%	816,640	9.14%
Thereafter.....	339,816	-	339,816	7.27%	179,816	8.88%
	\$ 2,202,611	\$ 1,085,115	3,287,726		3,304,750	
Less: Sinking funds			(308,883)		(358,064)	
Debt of Government Enterprises			2,978,843		2,946,686	
Total Public Debt			\$ 11,159,419		\$ 11,665,132	

See page 66 for additional information.

Government of Saskatchewan Schedules to the Summary Financial Statements

Schedule 9 (continued) - Public Debt by Maturity

U.S. dollar debentures have been converted to Canadian dollars at the exchange rate in effect at March 31, 1999, 1.5092 (March 31, 1998, 1.4166).

The debt of government service organizations includes Canada Pension Plan debentures of \$656.6 million (1998 - \$732.6 million) at a weighted average interest rate of 12.23 per cent, ranging from 9.17 per cent to 17.51 per cent. Of this amount, \$82.3 million is payable within one year. The debt of government enterprises includes Canada Pension Plan debentures of \$720.3 million (1998 - \$720.2 million) at a weighted average interest rate of 10.78 per cent, ranging from 9.04 per cent to 14.06 per cent. These debentures are redeemable in whole or in part before maturity, on six months prior notice, at the option of the Minister of Finance of Canada.

Debt includes debentures of \$1,474.0 million (1998 - \$1,347.9 million) redeemable annually at the option of the holder or anytime on the death of the holder. \$762.9 million of this amount is payable within one year.

Included in total public debt are the following amounts:

- debentures totalling 22.5 billion yen (1998 - 22.5 billion) fully hedged to \$259.2 million Canadian (1998 - \$259.2 million).
- debentures totalling 550.0 million U.S. dollars (1998 - 550.0 million) fully hedged to \$744.9 million Canadian (1998 - \$744.9 million).
- debentures totalling 200.0 million Deutschmarks (1998 - 500.0 million) fully hedged to \$154.1 million Canadian (1998 - \$374.9 million).
- debentures totalling 400.0 million Swiss francs (1998 - 400.0 million) fully hedged to \$292.0 million Canadian (1998 - \$292.0 million).

**Government of Saskatchewan
Schedules to the Summary Financial Statements**

Schedule 10 - Guaranteed Debt

	(thousands of dollars)	
	1999	1998
The Industry and Commerce Development Act		
Saskferco Products Inc. \$	191,567	\$ 199,361
The NewGrade Energy Inc. Act		
NewGrade Energy Inc.	150,085	169,949
Crown Investments Corporation of Saskatchewan (non-consolidated)		
NewGrade Energy Inc.	114,647	129,821
The Power Corporation Act		
Luscar Ltd.	28,919	30,768
National Trust Company	15,574	17,160
The Farm Financial Stability Act		
The Breeder associations loan guarantees.....	19,567	23,629
The Feeder associations loan guarantees.....	11,600	10,097
Other	17,355	45,837
Total Guaranteed Debt	\$ 549,314	\$ 626,622

Total guaranteed debt is net of a loss provision of \$0.3 million (1998 - \$0.6 million).

In addition to the amount shown, there is a contingent liability for interest accrued on these items.

See page 68 for additional information.

Government of Saskatchewan Schedules to the Summary Financial Statements

Schedule 10 (continued) - Guaranteed Debt

Saskferco Products Inc.

The Government has guaranteed certain medium term notes issued by Saskferco to finance the construction of a nitrogen based fertilizer plant located near Belle Plain.

This guarantee pertains to debt denominated in U.S. dollars. Thus, the amount of the guarantee is influenced by changes in the value of the U.S. dollar relative to the Canadian dollar. The amount recorded is net of \$105.7 million (1998 - \$98.1 million) for Saskferco's equity in a sinking fund.

NewGrade Energy Inc. (NewGrade)

The Government has indemnified the Government of Canada for its guarantee of NewGrade's long term debt, to a maximum of \$275 million. At March 31, 1999, the Government's guarantee is \$114.6 million (1998 - \$129.8 million).

The Government has also guaranteed certain long term debt of NewGrade to a maximum of \$360 million. A significant portion of this guarantee relates to U.S. denominated debt. Thus, the amount of the guarantee is influenced by changes in the value of the U.S. dollar relative to the Canadian dollar. At March 31, 1999, the Government's guarantee is \$150.1 million (1998 - \$169.9 million).

Luscar Ltd. (formerly Manalta Coal Ltd.)

The Government has guaranteed a \$45 million promissory note issued by Luscar Ltd. to finance the purchase of a dragline from Saskatchewan Power Corporation. The note is due in 2003. The amount recorded is net of \$16.1 million (1998 - \$14.2 million) for Luscar Ltd's equity in a sinking fund administered by the Minister of Finance.

National Trust Company

The Government is contingently liable for payments on certain leased mining equipment, which was assumed by the purchaser of a mining operation. The lease expires in 2004.

Breeder and Feeder Associations

The Government provides guarantees to lenders who make loans to production associations. The Government guarantees repayment of 25 per cent of the outstanding loan balance at the time of a first default on any advance, plus accrued interest as of the time that payment is to be made on the guarantee. Guarantees for each production association are limited to \$4 million under the breeder cattle option and \$4 million under the feeder cattle option.

Other

Other includes guarantees under \$10 million.

**Government of Saskatchewan
Schedules to the Summary Financial Statements**

Schedule 11 - Revenue

	(thousands of dollars)	
	1999	1998 (Restated)
Taxation		
Corporation capital.....	\$ 232,618	\$ 267,792
Corporation income.....	200,079	217,116
Fuel.....	354,597	376,933
Individual income.....	1,448,043	1,327,582
Sales.....	742,846	753,043
Tobacco.....	122,681	123,631
Other.....	54,296	49,477
Total Taxes	3,155,160	3,115,574
Non-renewable Resources		
Natural gas.....	65,944	44,050
Oil.....	304,501	488,712
Potash.....	202,464	189,487
Other.....	49,307	59,211
Total Non-renewable Resources	622,216	781,460
Gain on Sale of Investments	-	174,819
Other Own-source Revenue		
Equity investments.....	(4,358)	43,971
Other interest and investments.....	107,318	111,213
Fees/permits/licences.....	407,782	393,862
Insurance.....	94,338	99,097
Miscellaneous.....	178,445	159,571
Total Other Own-source Revenue	783,525	807,714
Total Own-source Revenue	4,560,901	4,879,567
Transfers from the Federal Government		
Canada Health and Social Transfer.....	427,748	446,361
Equalization.....	441,944	8,258
Crop insurance premium contributions.....	58,005	51,570
Housing subsidy.....	44,208	57,968
Other.....	115,536	111,268
Total Transfers from the Federal Government	1,087,441	675,425
Total Revenue	\$ 5,648,342	\$ 5,554,992

**Government of Saskatchewan
Schedules to the Summary Financial Statements**

Schedule 12 - Gains and Losses on Investments

	(thousands of dollars)	
	1999	1998
Gain on sale of investments.....	\$ -	\$ 174,819
Provision for investment losses.....	(31,170)	-
Earnings (losses) from equity investments		
Bi-Provincial Upgrader.....	-	25,267
Saskferco Products Inc.....	10,064	19,133
NewGrade Energy Inc.....	(7,797)	16,067
Saskfor MacMillan Limited Partnership.....	9,686	3,413
Meadow Lake Pulp Limited Partnership.....	(16,616)	(20,696)
Other.....	305	787
Net (Loss) Gain on Investments	\$ (35,528)	\$ 218,790

Schedule 13 - Net Change in Non-cash Operating Activities

	(thousands of dollars)	
	1999	1998
		(Restated)
Decrease (increase) in prepaid expenditures.....	\$ 7,907	\$ 721
Decrease (increase) in accounts receivable.....	152,141	(94,176)
Decrease (increase) in inventories held for resale.....	12,189	(914)
Decrease (increase) in deferred charges.....	5,030	13,906
Increase (decrease) in accounts payable and accrued liabilities.....	67,106	(78,517)
Increase (decrease) in unearned revenue.....	54,323	18,440
Net Change in Non-cash Operating Activities	\$ 298,696	\$ (140,540)

Government of Saskatchewan Schedules to the Summary Financial Statements

Schedule 14 - Reporting Entity

Government Service Organizations (Consolidated)

Agricultural Credit Corporation of Saskatchewan
Agricultural Implements Board
Agri-Food Equity Fund
Agri-Food Innovation Fund
Associated Entities Fund
Big Game Damage Compensation Fund
Board of Governors, Uranium City Hospital
Carlton Trail Regional College
Cattle Marketing Deductions Fund
CIC Industrial Interests Inc.
Commercial Revolving Fund
Conservation and Development Revolving Fund
Correctional Facilities Industries Revolving Fund
Correspondence School Revolving Fund
Crop Reinsurance Fund of Saskatchewan
Crown Investments Corporation of Saskatchewan
(non-consolidated)
Cumberland Regional College
Cypress Hills Regional College
Extended Health Care Plan
Extended Health Care Plan for Certain Other Employees
Fish and Wildlife Development Fund
General Revenue Fund
Health Services Utilization and Research Commission
Highways Revolving Fund
Horned Cattle Fund
La Ronge Hospital Board ²
Law Reform Commission of Saskatchewan
Learning Resources Distribution Centre Revolving Fund
Livestock Services Revolving Fund
Milk Control Board
New Careers Corporation ²
North West Regional College
Northern Revenue Sharing Trust Account
Northlands College
Oil and Gas Environmental Fund
Parkland Regional College
Prairie Agricultural Machinery Institute
Prairie West Regional College
Prince Albert District Health Board
Public Employees Benefits Agency Revolving Fund
Public Employees Dental Fund
Public Employees Disability Income Fund
Public Employees Group Life Insurance Fund
Queen's Printer Revolving Fund
Regina District Health Board

Resource Protection and Development Revolving Fund
Saskatchewan Agricultural Stabilization Fund ³
Saskatchewan Archives Board
Saskatchewan Arts Board
Saskatchewan Cancer Foundation
Saskatchewan Centre of the Arts Fund
Saskatchewan Communications Network Corporation
Saskatchewan Crop Insurance Corporation
Saskatchewan Development Fund Corporation
Saskatchewan Grain Car Corporation
Saskatchewan Health Information Network
Saskatchewan Heritage Foundation
Saskatchewan Housing Corporation
Saskatchewan Indian Regional College
Saskatchewan Institute of Applied Science and Technology
Saskatchewan Legal Aid Commission
Saskatchewan Lotteries Trust Fund For Sport, Culture and
Recreation
Saskatchewan Opportunities Corporation
Saskatchewan Property Management Corporation
Saskatchewan Research Council
Saskatchewan Student Aid Fund
Saskatchewan Transportation Company
Saskatchewan Water Corporation
Saskatchewan Western Development Museum
Saskatchewan Wetland Conservation Corporation
Saskatoon District Health Board
Sask911 Account ¹
Southeast Regional College
St. Louis Alcoholism Rehabilitation Centre
Transportation Partnerships Fund
Victims' Fund
Water Appeal Board

Government Enterprises (Modified Equity Method)

Municipal Financing Corporation of Saskatchewan
Saskatchewan Auto Fund
SaskEnergy Incorporated
Saskatchewan Forest Products Corporation
Saskatchewan Gaming Corporation
Saskatchewan Government Growth Fund Management
Corporation
Saskatchewan Government Insurance
Saskatchewan Liquor and Gaming Authority
Saskatchewan Power Corporation
Saskatchewan Telecommunications Holding Corporation
Workers' Compensation Board (Saskatchewan)

¹ Organization established during 1998-99.

² Organization wound-up during 1998-99.

³ Organization, previously inactive, activated during 1998-99.