

## Media Backgrounder for 2005-06 Public Accounts

Volume 1 of the 2005-06 Public Accounts provides the year-end financial statements for the Government of Saskatchewan.

### **1. General Revenue Fund (GRF)**

#### A. Key Facts

- **\$1.2 billion** – increase from Budget in GRF revenue for 2005-06.
- **\$400.5 million** – surplus in the General Revenue Fund. This is the 12<sup>th</sup> consecutive balanced budget in the GRF.
- The **GRF surplus** was allocated to:
  - **\$267.4 million** to permanent debt reduction.
  - **\$133.1 million** to finance commitments for capital projects such as the northern roads strategy (\$59 million), Saskatchewan Hospital North Battleford (\$40 million), improving provincial courts (\$7 million), and inflation costs for construction projects already underway in the province (\$20 million), as well as provincial parks and highways.
- **\$539 million** (8 per cent) – increase in operating spending over Budget.
- **\$43 million** decrease in interest costs from Budget.
- **\$496 million** (7 per cent) – increase in total expenses over Budget (\$539 million – \$43 million = \$496 million).
- **\$887.5 million** – current Fiscal Stabilization Fund (FSF) balance, which provides for multi-year commitments and other priority areas. The majority of the FSF balance has been allocated to future projects.
- **\$447 million** – Over the last two fiscal years (2004-05 and 2005-06), the government allocated \$447 million of surpluses toward permanent debt reduction. In 2004-05, \$179.3 million was allocated. In 2005-06, \$267.4 million went toward permanent debt reduction.

#### B. Revenue Details

- Nearly 44 per cent of the \$1.2 billion improvement came from higher non-renewable resource revenue, 35 per cent from higher taxation revenue, and over 21 per cent from other revenue.
  - **\$529 million** – increase in non-renewable resource revenue, mainly oil.
  - **\$421 million** – increase in taxation revenues recorded mainly for corporation capital, sales tax, individual income and corporation income, demonstrating impacts of a positive economy.

Breakdown of largest revenue increases over Budget:

- Oil \$469 million
- Corporation capital tax revenue \$151 million
- Sales tax \$93 million
- Individual income tax revenue \$86 million
- Natural gas \$78 million
- Corporation income tax revenue \$72 million

How the \$1.2 billion in increased revenue was allocated:

**\$313.5 million** (Fiscal Stabilization Fund improvement) +  
**\$496 million** (total increased expenses) +  
**\$400 million** (GRF surplus improvement) =  
**\$1.2 billion**

### C. Expense Details

#### **Spending Increases**

**\$539 million** (8 per cent) – operating expense increase from the 2005-06 Budget. Ninety per cent of the \$539 million increase was allocated to the following five priority areas:

- **Agriculture & Food** – \$157 million (29 per cent of the increase) mainly to fully fund the 2004 and 2005 CAIS program; (Budget: \$265 million; Actual: \$422 million)
- **Learning** – \$117 million (22 per cent) mainly for post-secondary capital projects (Academic Health Sciences Centre, Western College of Veterinary Medicine, University of Regina Lab) and an increase in K-12 capital grants. (Budget: \$1.36 billion; Actual: \$1.47 billion)
- **Health** – \$98 million (18 per cent) mainly to increase funding for the Regional Health Authorities, the Saskatchewan Cancer Agency, capital equipment grants and Project Hope. (Budget: \$2.89 billion; Actual: \$2.99 billion)
- **SaskEnergy** – a \$75 million grant (14 per cent) to provide short-term assistance for Saskatchewan consumers for high energy costs provided under the Saskatchewan Energy Share plan.
- **Government Relations** – \$37 million (7 per cent) mainly for Community Share 2006, increased funding for municipal revenue sharing and the New Deal for Cities and Communities as a part of the federal gas tax revenue sharing initiative. (Budget: \$161 million; Actual: \$198 million)

## Spending Decreases

Spending decreased in four main areas as compared to budget:

- **Servicing government debt** – \$43 million below the 2005-06 estimate reflecting rate savings on new debt issues and lower overall borrowing requirements. (Budget: \$588 million; Actual \$545 million)
- **Environment** – \$26 million below budget, primarily due to savings in its forest fire management program. (Budget: \$172 million; Actual: \$146 million)
- **Community Resources** – \$7 million below budget mainly due to savings in employment support and income assistance programs. (Budget: \$638 million; Actual: \$631 million)
- **Finance** spent \$6 million below budget mainly due to savings in Pension and Benefits. (Budget: \$254 million; Actual: \$248 million)

## D. Debt

We have made and continue to make great strides in managing our debt as revealed in the 2005-06 Public Accounts.

- Our **total** debt to GDP was 25.5 per cent at March 31, 2006 and this is the lowest it has been in nearly 25 years.
- **Government** debt to GDP (which excludes Crown debt) was 17 per cent at March 31, 2006, which is the lowest in nearly 20 years when it was 16.2 per cent.

As well:

- **Government** debt at March 31, 2006, was \$7.2 billion (its lowest point in 15 years).
- \$10.9 billion **total** debt at March 31, 2006 (includes government and Crown debt) was at its lowest point in nearly 20 years.

## E. Fiscal Stabilization Fund

- \$887.5 million balance at the end of 2005-06 (over two-thirds has been committed to existing projects/commitments).
- \$270 million is forecast to remain at the end of 2007-08 to cushion against unforeseen pressures.

## 2. Summary Financial Statements (SFS)

The SFS provide an accounting for the full extent of financial activities of the government, including the GRF, the Crown Corporations and Treasury Board organizations.

### A. Key Facts

- **\$679 million** – SFS surplus, an increase of **\$882 million** over the Budget estimate of a \$203 million deficit. The SFS improvement was mainly due to improved revenues in the GRF.