

# BUDGET BASICS

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## COMPONENTS OF THE GOVERNMENT OF SASKATCHEWAN REPORTING ENTITY

The Government of Saskatchewan Budget includes the financial activity for all organizations within the control of the Government of Saskatchewan, based on standards established by the Public Sector Accounting Board (PSAB) for senior Canadian governments.

The determination of control – the power to govern the financial and operating policies of another organization with the expectation of benefits or risks from the other organization’s activities – requires consideration of the particular circumstances of each case. As a result, Canadian jurisdictions may reach different conclusions about organizations that provide similar services when assessing control for their provincial organizations.

The budget classifies the organizations in the Government Reporting Entity (GRE) as either government service organizations (GSOs) or government business enterprises (GBEs). GBEs are self-sufficient and have the financial and operating authority to sell goods and services to individuals and organizations outside the GRE as their principal activity. These organizations include:

- Municipal Financing Corporation of Saskatchewan;
- Saskatchewan Auto Fund;
- Saskatchewan Gaming Corporation;
- Saskatchewan Government Insurance;
- Saskatchewan Liquor and Gaming Authority;
- Saskatchewan Power Corporation;
- Saskatchewan Telecommunications Holding Company;
- Saskatchewan Water Corporation;
- SaskEnergy Incorporated; and,
- Workers’ Compensation Board.

All other organizations in the GRE are classified as GSOs. GSOs typically provide public services and receive government grants to sustain their operations. Some GSOs may sell services, but are not self-sufficient and require subsidization. GSOs include government ministries as well as organizations like regional health authorities, school boards and regional colleges.

A list of all organizations included in the GRE is provided on pages 8 and 9.

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## SPENDING AUTHORITY

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Legal spending authority for government ministries is provided by the Legislative Assembly through approval of the Budget Estimates and appropriation acts. Spending authority for other entities is provided through their separate legislation.

## ACCOUNTING BASIS

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The budget and supporting schedules are consistent with the Canadian public sector accounting standards used in the province's Summary Financial Statements as contained in the Public Accounts – Volume 1, except for the presentation of the pension accrual adjustment. The most recent Public Accounts are available at:

<http://www.finance.gov.sk.ca/public-accounts/>

The method of consolidation in the budget is consistent with the policies described in the Public Accounts.

The revenue and expense of GSOs are consolidated after adjusting for significant differences in accounting policies and eliminating significant inter-organizational transactions. Budgets for GBEs are incorporated as a single amount using the modified equity method, which includes the Government of Saskatchewan's proportionate share of net earnings or losses.

Pension expenses are recorded on an accrual basis in accordance with Canadian public sector accounting standards. The surplus is presented before the adjustment to account for pensions on an accrual basis.

The budget is prepared on the basis of the Government of Saskatchewan's fiscal year, which starts on April 1 and ends on March 31. For those organizations whose fiscal year-end is not March 31, the budget includes plans / budgets for the most recent fiscal year ending before March 31.

Adjustments are also made to account for any significant transactions in the period between the organization's fiscal year-end and the Government of Saskatchewan's March 31 year-end.

Government organizations included in the budget may have different fiscal years and different budget development cycles. As a result, the revenue and expenditure projections included may not always represent final board-approved budgets. Inclusion of preliminary or projected plans for those entities does not lessen or replace the governance responsibility of the individual boards of directors to develop and approve formal budgets.

## BUDGET BASICS

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### PENSION LIABILITIES

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The pension liability for GRE pension plans such as the Teachers' Superannuation Plan, the Public Service Superannuation Plan and the government's portion of the Saskatchewan Healthcare Employees' Pension Plan is recorded in the summary budget.

### REVENUE

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Revenue is classified into five categories: taxation, non-renewable resources, other own-source revenue, federal government transfers and net income from GBEs.

- Taxation revenue includes all taxation revenue from government's core operations (specifically, personal and corporate income tax, provincial sales tax, fuel tax, tobacco tax, insurance taxes and capital tax on financial institutions and Crown corporations) as well as property taxes, primarily those levied to support school funding.
- Non-renewable resources revenue is revenue collected as royalties and freehold taxes on potash, oil and natural gas, uranium, coal and other minerals, as well as proceeds from Crown land sales and the resource surcharge levied on the value of oil, potash, natural gas, uranium and coal sales.
- Other own-source revenue is made up of fees for services and licenses, proceeds from the sale of goods and services, investment income, premiums collected by insurance entities and other miscellaneous sources of revenue.
- Most entities generate own-source revenue, including government core operations, health authorities, boards of education, Saskatchewan Polytechnic, regional colleges, the Saskatchewan Crop Insurance Corporation, the Saskatchewan Housing Corporation, and the Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation.
- The Canada Health Transfer and the Canada Social Transfer comprise most of the federal government transfers. The Saskatchewan Crop Insurance Corporation, the Saskatchewan Agriculture Stabilization Fund, the Saskatchewan Housing Corporation, boards of education, the Water Security Agency and other smaller entities also receive federal transfers.
- The income from GBEs represents the net income of all GBEs added to the summary financial statements on a modified equity basis.

## EXPENSE

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Expense is classified into 11 categories: agriculture, community development, debt charges, economic development, education, environment and natural resources, health, protection of persons and property, social services and assistance, transportation and other.

- Agriculture expenses are made to assist and improve the agriculture and food industry through development activities and direct support to farmers. Development activities include research, education, regulation and investment in the value-added sector. Direct support is provided to farmers through loans, income stabilization programs and insurance programs.

Agriculture expenses primarily include the entire Ministry of Agriculture's expense, plus spending through the Saskatchewan Crop Insurance Corporation, the Saskatchewan Agricultural Stabilization Fund, Prairie Agricultural Machinery Institute, the Pastures Revolving Fund and Prairie Diagnostic Services.

- Community development expenses are made to maintain and develop strong and vibrant communities, including financial assistance to local governments and other authorities, which in turn provide community services. Community development also includes funding directed to specific community services that improve the quality of life.

Community development expenses primarily include portions of the expense for the Ministries of Central Services, Education, Government Relations, and Parks, Culture and Sport, plus spending through the Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation, the Northern Municipal Trust Account, the Community Initiatives Fund, the Saskatchewan Arts Board, the Saskatchewan Western Development Museum, the Saskatchewan Centre of the Arts Fund, the Provincial Archives of Saskatchewan and the Provincial Capital Commission.

- Debt charges are expenses associated with debt including interest, foreign exchange gains and losses, discounts, premiums, fees and commissions.

Debt charges expense includes the entire debt servicing vote as well as a portion of the Ministry of Education. Debt charges are also recorded by the Saskatchewan Housing Corporation, boards of education, health authorities, the Saskatchewan Student Aid Fund and several other entities.

- Economic development expenses are made to strengthen, expand and diversify Saskatchewan's economy. The expenses arise through activities such as research, marketing, product development, financing, financial assistance, technology and infrastructure. Economic development also includes the strategic

management of Saskatchewan's non-renewable resources to support future economic activity.

Economic development expenses include portions of the expense for the Ministries of the Economy, Environment, Finance, and Parks, Culture and Sport. In addition, economic development expenses include spending through Crown Investments Corporation Asset Management Incorporated, the Saskatchewan Opportunities Corporation, Saskatchewan Research Council, SaskBuilds Corporation, Innovation Saskatchewan, Tourism Saskatchewan, Creative Saskatchewan, the Global Transportation Hub Authority, the Saskatchewan Health Research Foundation and a number of other entities.

- Education expenses are made to develop and impart knowledge and information to help develop the capacities of reasoning, judgment and creativity. Education includes activities that support and encourage ongoing learning and the acquisition of specialized skills.

Education expenses include portions of the expense for the Ministries of Advanced Education, Education and the Economy plus spending through boards of education, Saskatchewan Polytechnic, regional colleges, the Saskatchewan Student Aid Fund and the Saskatchewan Apprenticeship and Trade Certification Commission.

- Environment and natural resources expenses are made to protect and improve the quality of the environment and to manage fish, wildlife, forests and lands for the benefit of present and future residents of the province. It also includes costs of prevention and clean-up of environmental hazards.

Environment and natural resources expenses include portions of the expense for the Ministries of Environment, and Parks, Culture and Sport, spending by the Water Security Agency, the Commercial Revolving Fund, the Fish and Wildlife Development Fund and the Oil and Gas Orphan Fund, as well as other entities.

- Health expenses are made to support, maintain and restore the physical and mental health of Saskatchewan residents. Health services primarily include the education and promotion of healthy lifestyles; prevention and control of infectious diseases; treatment of injuries; emergency response services; and community-based, home-based, long-term, acute and rehabilitative care.

Health expenses primarily include the entire expense of the Ministry of Health and spending through health authorities, the Saskatchewan Cancer Agency, eHealth Saskatchewan, the Health Quality Council, the Physician Recruitment Agency, 3sHealth and other entities.

- Protection of persons and property expenses are made to promote and ensure the security, safety and protection of residents and property; and to promote and maintain public order. This is primarily accomplished through the establishment and enforcement of laws, regulations and rules that are intended to prescribe appropriate and inappropriate actions or behavior for individuals, groups and organizations. It also includes costs to resolve and reconcile disputes with laws and regulations; and remedial, corrective and punitive actions when there are violations of laws, regulations and rules. Expenses related to disaster assistance are also included.

Protection of persons and property expenses include portions of the expense for the Ministries of Government Relations, Justice and Labour Relations and Workplace Safety as well as the entire expense of the Advocate for Children and Youth, the Information and Privacy Commissioner and the Ombudsman. In addition, protection of persons and property expenses include spending through the Sask911 Account, the Victims' Fund and the Financial and Consumer Affairs Authority of Saskatchewan.

- Social services and assistance expenses are made to provide financial assistance and services to individuals and families in need because of poverty, abuse, neglect and disability. Financial assistance and services are provided to protect, rehabilitate and assist people in gaining independence. The services include providing homes for troubled youth, counseling, shelters, child protection, adoption, custody and providing life's needs to persons with intellectual disabilities.

Social services and assistance expenses include the entire expense for the Ministry of Social Services plus portions of the expense for the Ministries of Government Relations and Justice plus spending through the Saskatchewan Housing Corporation and the Saskatchewan Legal Aid Commission.

- Transportation expenses are made to transport people, goods, services and information; and to construct and maintain highways, roads, bridges, ferry crossings and airstrips. Activities related to governing the usage of the related assets are also included.

Transportation expenses include the entire expense for the Ministry of Highways and Infrastructure and a portion of the expense for Government Relations plus spending through the Transportation Partnerships Fund.

- Other expenses include spending for the constitutional, political and law enactment aspect of government activities; costs associated with the Lieutenant Governor, the Legislative Assembly, election expenses, provincial audits, and intergovernmental and protocol activities. Other expenses also include administrative expenses that do not relate to any other specific category including central accounting and budgeting expenses, and the cost of collecting government revenues. In addition, miscellaneous expenses that are not associated with any other category, including payments under Treaty Land Entitlements and judgment expenses against the Government, are included.

Other expenses include those portions of government core expense not explicitly included in one of the other categories. Other expenses include some of the Ministries of Justice and Government Relations, most of the expense of Central Services and the Ministry of Finance, and all of the expense of the Public Service Commission, the Legislative Assembly, Executive Council, the Provincial Auditor, the Chief Electoral Officer and the Conflict of Interest Commissioner. In addition, other expenses include spending through the Crown Investments Corporation of Saskatchewan (CIC Separate), employee insurance plans, the Public Employee Benefit Agency Revolving Fund and the School Division Tax Loss Compensation Fund.

## DEBT

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Public debt is the amount of money owed to lenders (gross debt) less the amount of money which has been set aside for the repayment of debt (sinking funds).

Public debt is composed of General Debt and GBE specific debt. GSOs issue general debt, either through the General Revenue Fund (the primary operating account of the Government of Saskatchewan) or by borrowing directly on their own behalf.

GBE debt includes both general debt and GBE specific debt, which is incurred primarily for investment in infrastructure and business development initiatives which generate revenue streams to service the debt.

# ENTITY COMPONENTS

## GOVERNMENT ORGANIZATIONS

### Government Service Organizations (Consolidated)

Agricultural Credit Corporation of Saskatchewan  
Agricultural Implements Compensation Fund  
Boards of Education  
Chinook School Division No. 211  
Christ the Teacher Roman Catholic Separate School Division  
No. 212  
Conseil des écoles fransaskoises no. 310  
Creighton School Division No. 111  
Englefeld Protestant Separate School Division No. 132  
Good Spirit School Division No. 204  
Holy Family Roman Catholic Separate School Division No. 140  
Holy Trinity Roman Catholic Separate School Division No. 22  
Horizon School Division No. 205  
Ile-a-la Crosse School Division No. 112  
Light of Christ Roman Catholic Separate School Division No. 16  
Living Sky School Division No. 202  
Lloydminster Roman Catholic Separate School Division No. 89  
Lloydminster School Division No. 99  
North East School Division No. 200  
Northern Lights School Division No. 113  
Northwest School Division No. 203  
Prairie South School Division No. 210  
Prairie Spirit School Division No. 206  
Prairie Valley School Division No. 208  
Prince Albert Roman Catholic Separate School Division No. 6  
Regina Roman Catholic Separate School Division No. 81  
Regina School Division No. 4  
Saskatchewan Rivers School Division No. 119  
Saskatoon School Division No. 13  
South East Cornerstone School Division No. 209  
St. Paul's Roman Catholic Separate School Division No. 20  
Sun West School Division No. 207  
Century Plaza Condominium Corporation  
CIC Asset Management Inc.  
CIC Economic Holdco Ltd.  
Commercial Revolving Fund  
Community Initiatives Fund  
Correctional Facilities Industries Revolving Fund  
Creative Saskatchewan  
Criminal Property Forfeiture Fund  
Crop Reinsurance Fund of Saskatchewan  
Crown Investments Corporation of Saskatchewan (Separate)  
eHealth Saskatchewan  
Enterprise Saskatchewan  
Extended Health Care Plan for Certain Other Employees  
Extended Health Care Plan for Certain Other Retired Employees  
Financial and Consumer Affairs Authority of Saskatchewan  
First Nations and Métis Fund Inc.  
Fish and Wildlife Development Fund  
Forest Management Funds  
Carrier Forest Management Trust  
Crown Agricultural Land Forest Fund  
Edgewood Forest Renewal Trust Fund  
Island Forests Management Fund  
L&M Forest Management Trust Fund  
Meadow Lake OSB Forest Management Trust Fund  
Mee-Toos Forest Management Fund Trust  
Mistik Forest Management Trust  
Park Land Forests Management Fund  
Sakaw Forest Renewable Trust Fund  
Weyerhaeuser Forest Renewal Trust Fund  
Zelensky Bros. Forest Management Fund Trust  
General Revenue Fund  
Global Transportation Hub Authority  
Government House Foundation  
Gradworks Inc.  
Health Quality Council  
Health Shared Services Saskatchewan  
Horned Cattle Fund  
Impacted Sites Fund  
Innovation Saskatchewan  
Institutional Control Monitoring and Maintenance Fund  
Institutional Control Unforeseen Events Fund  
Law Reform Commission of Saskatchewan  
Livestock Services Revolving Fund  
Northern Municipal Trust Account  
Oil and Gas Orphan Fund  
Operator Certification Board  
Pastures Revolving Fund  
Physician Recruitment Agency of Saskatchewan  
Prairie Agricultural Machinery Institute  
Provincial Archives of Saskatchewan  
Provincial Capital Commission  
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  
Regional Colleges  
Carlton Trail Regional College  
Cumberland Regional College  
Great Plains College  
North West Regional College  
Northlands College  
Parkland Regional College  
Southeast Regional College

## ENTITY COMPONENTS

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### Regional Health Authorities

Cypress Regional Health Authority  
Five Hills Regional Health Authority  
Heartland Regional Health Authority  
Keewatin Yatthé Regional Health Authority  
Kelsey Trail Regional Health Authority  
Mamawetan Churchill River Regional Health Authority  
Prairie North Regional Health Authority  
Prince Albert Parkland Regional Health Authority  
Provincial Health Authority  
Regina Qu'Appelle Regional Health Authority  
Saskatoon Regional Health Authority  
Sun Country Regional Health Authority  
Sunrise Regional Health Authority  
Saskatchewan Agricultural Stabilization Fund  
Saskatchewan Apprenticeship and Trade Certification Commission  
Saskatchewan Arts Board  
Saskatchewan Association of Health Organizations Inc.  
Saskatchewan Cancer Agency  
Saskatchewan Centre of the Arts Fund  
Saskatchewan Crop Insurance Corporation  
Saskatchewan Grain Car Corporation  
Saskatchewan Health Research Foundation  
Saskatchewan Heritage Foundation  
Saskatchewan Housing Corporation  
Saskatchewan Immigrant Investor Fund Inc.  
Saskatchewan Impaired Driver Treatment Centre Board of Governors  
Saskatchewan Legal Aid Commission  
Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation  
Saskatchewan Opportunities Corporation  
Saskatchewan Polytechnic  
Saskatchewan Research Council

Saskatchewan Snowmobile Fund  
Saskatchewan Student Aid Fund  
Saskatchewan Transportation Company  
SaskBuilds Corporation  
Sask911 Account  
School Division Tax Loss Compensation Fund  
Tourism Saskatchewan  
Training Completions Fund  
Transportation Partnerships Fund  
Victims' Fund  
Water Appeal Board  
Water Security Agency  
Western Development Museum Fund

### **Government Business Enterprises** (Modified Equity)

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

### **Government Partnerships** (Proportionately Consolidated)

Battlefords First Nations Joint Board of Education  
Prairie Diagnostic Services Inc.  
Saskatchewan Entrepreneurial Fund Joint Venture