

The Honourable Donna Harpauer
Minister of Finance



SASKATCHEWAN PROVINCIAL BUDGET

19-20

THE RIGHT BALANCE

MINISTER'S MESSAGE

I am pleased to table the 2019-20 Budget and supporting documents for public discussion and review.

FISCAL PICTURE

The 2019-20 Budget is balanced, the fulfilment of our Government's three-year fiscal plan. A surplus of \$34.4 million is projected for 2019-20.

Revenue is forecast at \$15.03 billion, up about \$782 million, or 5.5 per cent, from last year's budget.

Expense is forecast at \$14.99 billion, up \$382 million, or 2.6 per cent from last year.

THE RIGHT BALANCE

The 2019-20 Budget provides the right balance for Saskatchewan.

It will help strengthen the economy and contains no tax increases.

It balances careful spending with priority investments for Saskatchewan people, in health care, classrooms, and for seniors and vulnerable families. This Budget includes investment into needed infrastructure for a growing province.

Balancing this year's Budget was made possible by our Government's commitment to address challenges and to chart a course that ensures a bright future for our children and generations to come.

In the years ahead, finding the right balance will continue to be the foundation of our Government's sustainable fiscal plan.



Honourable Donna Harpauer
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SASKATCHEWAN PROVINCIAL BUDGET

19-20

GOVERNMENT DIRECTION FOR 2019-20

Government Direction for 2019-20: THE RIGHT BALANCE

The 2019-20 Budget is a balanced budget and it is the right balance for Saskatchewan.

This Budget balances carefully managed spending with investment into health care, support for seniors, support for vulnerable families and funding for Saskatchewan's classrooms to help improve the lives of the province's people, today and into the future.

This Budget invests in much needed infrastructure for a growing province, and it delivers the right balance for investment in both urban and rural Saskatchewan.

This Budget contains no new taxes or tax increases, and it's the right balance to strengthen our economy and make life affordable for Saskatchewan people.

Budget 2019-20 is a balanced budget, delivering a strong and sustainable fiscal plan as Saskatchewan continues to be the best place in Canada – to live, to work, to start a business, to get an education, to raise a family and to build a life.

Saskatchewan's budget is balanced.

It is the culmination of a three-year fiscal plan. It is the result of careful and disciplined expense management, along with a shift away from reliance on volatile resource revenue to a stronger, broadened revenue base.

Saskatchewan's balanced budget is the outcome of decisions to address a deep, persistent global downturn in the resource sector that began in 2014 and impacted the province's oil and mining

industries, which in turn significantly reduced government revenue.

While some jurisdictions similarly impacted by these or their own unique challenges have chosen a path of continued deficits, Saskatchewan charted a different course – one that provides a bright future for its people.

Higher average prices for potash and oil prices that have recovered somewhat from the lows of past years, have helped our mining and oil and gas sectors. Agriculture, the manufacturing sector, the value of our exports and other aspects of the economy are strong.

The 2019-20 Budget strikes the right balance by keeping taxes low and carefully managing spending, while providing needed support to classrooms, to health care, to seniors and for those children, families and individuals who are most vulnerable.

Investment through Government's capital plan to build hospitals and long-term care facilities, schools, safer highways and key municipal infrastructure for Saskatchewan people, is an important part of the 2019-20 Budget.

The 2019-20 Budget sets Saskatchewan on a sustainable fiscal path that will ensure a balanced budget not just this year, but also in the years ahead.

Balance is important because Saskatchewan continues to grow.

The province's population is more than 1.16 million, an increase of more than 160,000 people since 2007.

People come here to live, to raise families, to start businesses, and to build a better life because Saskatchewan is a place of opportunity.

This province is also a place of compassion. Its strength is in all of its people.

As part of this Budget, a new municipal revenue sharing formula is in place and revenue sharing will increase for all rural, urban and northern municipalities.

This Budget continues to improve care for seniors, with investment to replace the Northland Pioneers Lodge in Meadow Lake, fulfilling Government's commitment to replace 13 long-term care facilities in the province.

There is also an increase in home care support to help people stay safely in their homes through the Connected Care strategy. This Budget increases funding for the First Link program to assist people newly diagnosed with dementia get the help they need as soon as possible.

The Budget includes funding to advance preconstruction design of a new Victoria Hospital in Prince Albert. The provincial and municipal governments are working together to secure federal funding for this project, which is important to ensure quality health services for the people of Prince Albert and the north.

This Budget also includes investment to plan a new hospital in Weyburn, a needed health care facility in that southern Saskatchewan city.

The Jim Pattison Children's Hospital is on schedule to open in Saskatoon in the fall, and this Budget includes increased operational dollars for doctors, nurses and other health professionals to provide the best care for Saskatchewan's children.

Just two weeks ago, the Government opened the new Saskatchewan Hospital North Battleford (SHNB). This

unique and important facility is just part of the Government's significant commitment to improve mental health services across the province.

This commitment to mental health includes increased operational funding at SHNB, as well as dedicated increased funding for mental health and addictions services, and increased funding to improve access to mental health supports.

Building on an initiative announced last year for children with autism, in this Budget the Autism Individualized Funding benefit is increasing for each child under the age of six, helping children and their families access the support they need.

Funding to Saskatchewan classrooms will increase in this Budget. There are significant capital dollars to plan major projects to consolidate existing schools and build new facilities in Regina and Moose Jaw and to replace a school in Saskatoon. Capital investment is continuing for the construction of new schools in Rosthern and Weyburn.

In this Budget, substantial investments in social services and assistance will improve services that help at-risk children, and provide more support for foster families, people with intellectual disabilities, the Saskatchewan Assured Income for Disability (SAID) program and to those in communities who provide direct, daily care for our most vulnerable.

Last year, the tragic Humboldt Broncos bus accident brought into sharp focus the importance of safety and of volunteer first responders who serve our province in times of need.

New personal income tax credits are being introduced for volunteer firefighters and volunteer emergency medical first responders who serve selflessly to protect lives and property, and respond when people need them most.

To improve safety at intersections, the first year of a multi-year strategy is being funded in this Budget.

New funding is also in place for an initiative to help reduce the frequency and severity of collisions on provincial highways.

The Budget also provides funding to improve almost 1,000 kilometres of Saskatchewan highways.

The Budget also protects Saskatchewan people and communities with increased funding to combat gang violence and drug-impaired driving.

The 2019-20 Budget is the right balance for Saskatchewan, investing in important services for Saskatchewan people while keeping taxes low and life affordable.

A GROWING ECONOMY

Saskatchewan's economy is growing stronger.

Saskatchewan posted real GDP growth of 2.2 per cent in 2017 and the economy is expected to grow by 1.0 per cent in 2018 – growth upon the relatively strong growth of the previous year.

Real GDP is expected to grow by 1.2 per cent in 2019 and 2.4 per cent in 2020, or 3.6 per cent over the

next two years, which aligns closely with an average of private sector forecast of 3.5 per cent GDP growth for the two years combined.

With a strengthening economy, Saskatchewan is experiencing job growth as well.

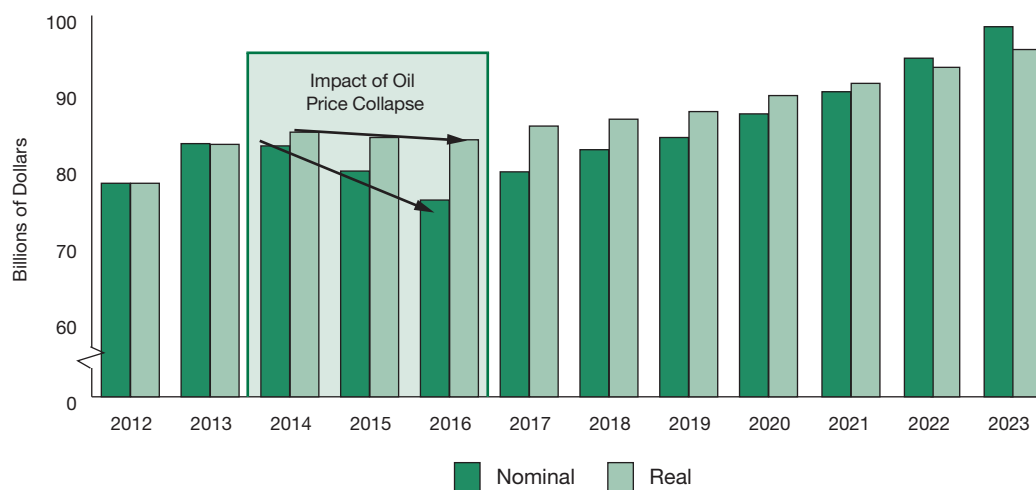
Saskatchewan's economy added 2,400 new jobs in 2018, and employment is expected to increase by 3,500 jobs in 2019. Recent labour force statistics are showing strong year-over-year growth, with 9,000 new jobs in February of 2019 over the same month in 2018.

By 2022, it is anticipated job growth will be in the 5,000 jobs-per-year range.

Higher average oil prices resulted in a slight 0.9 per cent increase in drilling in 2018.

In 2019 the industry faces challenges, including a restrained ability to move oil to markets beyond the United States, but by 2020 it is expected higher oil prices will lead to increased production and investment.

SASKATCHEWAN GDP



Sources: Statistics Canada, Ministry of Finance

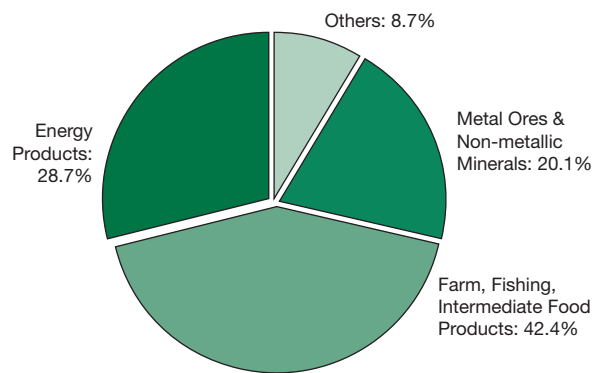
Potash sales are forecast to have increased by 13.3 per cent to 13.8 million tonnes in 2018, due to strong global demand. The near-term outlook is positive as well, with increases in sales projected for 2019 and in subsequent years.

Crop production totaled 35.4 million tonnes in 2018, an increase of 1.5 per cent over 2017. It was the third-largest crop in Saskatchewan's history and similar production is expected in 2019.

Wholesale trade, international exports, and manufacturing sales were strong in 2018. Wholesale trade was up 4.2 per cent in 2018 over the previous year.

The value of Saskatchewan's exports reached \$31.1 billion in 2018, up 11.3 per cent from 2017. Manufacturing sales reached a record \$17.9 billion in 2018, up 11.1 per cent from 2017.

COMPOSITION OF SASKATCHEWAN INTERNATIONAL GOODS EXPORTS IN 2018



Source: Statistics Canada

Saskatchewan's economy continues to show resilience, and Government continues to help the economy through incentives like the recently introduced Waterflood Development Program.

The program helps companies with converted or newly drilled injection wells offset the costs of waterflooding, a secondary oil recovery technique

that pushes water into the reservoir to increase production.

Combined with competitive taxes and royalty structures, targeted incentives like this continue to support growth in Saskatchewan's economy.

(More detailed economic information is provided in The Saskatchewan Economy technical paper beginning on page 27.)

FISCAL PICTURE

Saskatchewan's 2019-20 Budget is balanced, with a projected surplus of \$34.4 million. Government's operating debt is forecast to remain unchanged in 2019-20.

A higher surplus of \$49 million is projected for 2020-21, \$72 million for 2021-22, and \$84 million in 2022-23.

Revenue is forecast at \$15.03 billion in the 2019-20 Budget, up about \$782 million, or 5.5 per cent, from last year's budget and \$695 million, or 4.8 per cent, higher than the 2018-19 third quarter forecast.

The increase in expected revenue over last year is attributable to growing tax revenue, higher resource revenue, and higher net income from Government Business Enterprises.

Expense of \$14.99 billion is projected in the 2019-20 Budget, up from the previous year by \$382 million, or 2.6 per cent, and up \$281 million, or 1.9 per cent, from the 2018-19 third quarter forecast.

The 2019-20 Budget provides increased support in almost every expense category, in health, social services and assistance, protection of persons and property, the K-12 and post-secondary education sectors, agriculture, community development, environment and natural resources and transportation.

(More information is available in the 2019-20 Financial Outlook, beginning on page 37.)

MAKING LIFE MORE AFFORDABLE

The 2019-20 Budget strikes the right balance by keeping taxes low while providing quality services for all Saskatchewan people.

Our province has among the lowest personal and corporate taxes in the country, and there are no tax increases and no new taxes in this Budget.

Since 2007, Personal Income Tax (PIT) exemptions have removed 112,000 people from the Province's income tax roll. PIT reductions introduced over the past decade are providing over \$610 million in annual income tax savings to Saskatchewan people.

A Saskatchewan family of four pays no provincial income tax on their first \$51,600 of combined income. In 2007, that threshold was much lower, as a family of four began paying provincial income tax once their combined income reached just \$26,150.

A Saskatchewan family of four with \$100,000 in total income pays \$1,921 less in combined provincial income and sales tax in 2019 compared to 2007.

In 2019, an individual with income of \$40,000 pays \$767 less combined provincial income and sales tax than in 2007, when the enhanced Saskatchewan Low-Income Tax Credit is factored in.

This Budget announces new, non-refundable tax credits for volunteer firefighters and volunteer emergency medical first responders who serve to protect and help Saskatchewan people when they need it most.

Beginning with the 2020 taxation year, individuals with at least 200 hours of volunteer service in a year will be able to claim a \$3,000 tax credit amount. These new tax credits for volunteers are another example of Government helping make life more affordable for

Saskatchewan people, while recognizing the valuable work of emergency responders.

In terms of tax competitiveness for businesses, Saskatchewan has the most competitive small business income threshold in the country at \$600,000 – that is, the amount of income up to which businesses pay tax at the much lower two per cent small business tax rate.

Saskatchewan's 12 per cent corporate income tax rate continues to be among the lowest in the country, matching the rates of the other western provinces.

Government has worked to modernize and simplify the tax system and to improve revenue stability, balanced by the need to invest in priority services, programs and the infrastructure Saskatchewan people value.

Effective April 1, 2019, measures are being taken to ensure the people of Saskatchewan receive a fair and balanced return for their potash.

The Potash Production Tax's base payment component, which is supposed to provide a simple flat payment per tonne of potash sales, has gradually been eroded by currently permitted deductions.

To address this situation, measures will be taken to simplify the calculation of the Potash Production Tax by eliminating these base payment deductions.

(More information is included on pages 53 and 54 in the 2019-20 Revenue Initiatives section.)

INVESTING IN PEOPLE

Government continues to manage spending in the 2019-20 Budget, balanced with investments to meet the needs of Saskatchewan people.

In this Budget, Government is demonstrating its strong commitment to address mental health in Saskatchewan. Total investment into mental health

services, support and facilities, from a number of ministries across government, is \$417.7 million in the 2019-20 Budget, up 3.7 per cent from 2018-19.

The 2019-20 Budget also ensures municipalities receive a consistent source of unconditional funding to invest in local priorities.

This Budget includes \$251.6 million of Municipal Revenue Sharing, a \$10.5 million increase over last year, for Saskatchewan's rural, urban and northern municipalities. A new formula, developed by the Province with the municipal sector, is now based on revenue generated by three-quarters of one percentage point of the Provincial Sales Tax (PST).

Since 2007-08, Municipal Revenue Sharing has increased by \$124.3 million, or 97.7 per cent.

Including revenue sharing, infrastructure funding and a number of grants and initiatives, \$437.1 million is being provided to municipalities from multiple Government ministries in this Budget, an increase of \$25.4 million or 6.2 per cent from last year.

The 2019-20 Budget includes \$211 million in targeted investment that will benefit Indigenous communities, businesses and organizations, a 4.7 per cent increase over 2018-19.

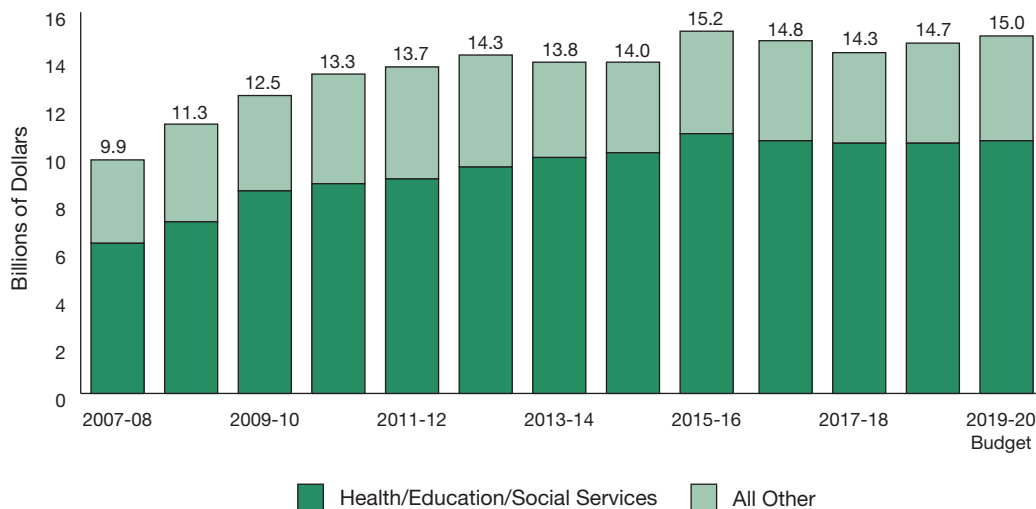
This includes \$72.4 million in gaming agreement transfers to First Nations and Métis organizations and \$45 million to First Nations and Métis community-based organizations that deliver individual and community supports.

Government's commitment to the priorities of Saskatchewan people is clear.

Investment into three areas – **health, education and social services and assistance** is \$10.6 billion in this Budget – an increase of more than 67 per cent or \$4.3 billion since 2007-08. These three priorities account for 71 per cent of overall government expense.

Government's investment in **Health** in 2019-20 is projected to be \$5.89 billion, an increase of \$123 million or 2.1 per cent over last year's budget.

SPENDING BY THEME



Note: Boards of Education did not become part of the Government Reporting Entity until 2009-10.
Source: Saskatchewan Budget, Public Accounts

This includes spending through the Ministry of Health, the Saskatchewan Health Authority, the Saskatchewan Cancer Agency, eHealth, the Health Quality Council and 3sHealth.

The 2019-20 Budget increases operating funding to the Saskatchewan Health Authority to \$3.6 billion, a \$113.3 million increase or 3.2 per cent from 2018-19. This includes a \$23 million increase for doctors, nurses and staff to provide the best possible care for children at the Jim Pattison Children's Hospital, which will open in Saskatoon this fall.

Spending on targeted mental health and addictions initiatives is increasing by \$29.8 million in this Budget to improve mental health supports and enhanced services. This includes \$13.7 million in support, mainly for doctors and nurses at the recently opened Saskatchewan Hospital North Battleford, to help address and improve mental health services in the province.

In total, this Budget provides \$349.4 million for mental health care initiatives through the Ministry of Health. This represents 6.3 per cent of total spending in the Ministry of Health budget, approaching the goal of 7.0 per cent.

This Budget includes \$20.6 million, an increase of \$1.6 million over last year, to support the Connected Care strategy to help people safely stay in their homes as long as possible. Under the strategy, new clinics in Regina and Saskatoon are operating, focused on older adults with chronic and complex conditions.

The clinics offer co-located, interdisciplinary teams of physicians, nurses, therapists, social workers and other providers to deliver both on-site and home-based outreach services.

The 2019-20 Budget provides \$1.1 million, an increase of \$668,000, to the Alzheimer Society for the

First Link program, designed to help people newly diagnosed with dementia get the help they need as soon as possible.

Education expense is budgeted at \$3.28 billion, up \$19.2 million, or 0.6 per cent, from last year's budget. Education includes budgeted spending through the Ministries of Advanced Education, Education, and Immigration and Career Training, the Boards of Education, Saskatchewan Polytechnic, Regional Colleges, the Saskatchewan Apprenticeship and Trade Certification Commission, the Saskatchewan Student Aid Fund and the Teachers' Superannuation Plan.

Saskatchewan's school divisions will receive \$1.9 billion in operating funding for the 2019-20 school year, a \$26.2 million increase over last year. This Budget increases school division funding while Education Property Tax rates remain unchanged.

The 2019-20 Budget includes \$72.6 million for child care, enabling the provision of 16,745 provincial child care spaces. This is an increase of 7,000 spaces since 2007-08.

The 2019-20 Budget for the Ministry of Advanced Education is \$727.8 million. Of that, \$672.8 million will provide operating and capital grants to post-secondary institutions, including \$87.8 million in funding for the College of Medicine at the University of Saskatchewan.

This Budget increases funding for the student loan program by \$4.7 million, to a total of \$26.3 million, which will provide repayable and non-repayable financial assistance to more than 18,000 students.

Students will continue to receive benefits after their studies through the Graduate Retention Program, which provides up to \$20,000 in income tax credits to graduates who live and work in Saskatchewan.

Social Services and Assistance includes the budgeted spending of the Ministry of Social Services, the Saskatchewan Housing Corporation, the Saskatchewan Legal Aid Commission, as well as portions of the Ministries of Government Relations, Justice and Attorney General and Advanced Education.

In the 2019-20 Budget, social services and assistance expense is \$1.4 billion, an increase of \$51.4 million or 3.7 per cent over last year.

This Budget includes an increase of \$27.7 million to support at-risk children and families. This funding will enhance the range of services that keep children safe, including intensive direct services for families to keep their children safely at home, community-based homes and group homes and private treatment for children with high needs.

This includes a new investment of \$1.2 million to expand the intensive support living initiative, which provides housing and 24/7 supports to children and families.

Community-based organizations and those who deliver services to children and families and provide support for people with intellectual disabilities will receive an additional \$5.9 million in 2019-20.

As part of this increase, foster families will be eligible for additional monthly payments once they complete specific training to increase their caregiving skills. This is a new \$1.4 million investment.

There is an increase of \$6.6 million in this Budget to continue the Ministry's support for adults with intellectual disabilities.

The 2019-20 budget for the Autism Spectrum Disorder individualized funding program introduced in 2018 will increase by \$700,000, as the amount parents can access for the services their children need grows from \$4,000 to \$6,000.

Funding for income assistance programs and service delivery will increase by \$10 million in this Budget, including an additional \$6.3 million for the Saskatchewan Assured Income for Disability Program.

Protection of Persons and Property expense is increasing in the 2019-20 Budget to \$701.1 million, up \$11.2 million, or 1.6 per cent, from last year.

Protection of persons and property expense includes the Ministry of Corrections and Policing, the Integrated Justice Services vote, and portions of the Ministries of Government Relations, Justice and Attorney General, and Labour Relations and Workplace Safety. It also includes the Advocate for Children and Youth, the Information and Privacy Commissioner and the Ombudsman and Public Interest Disclosure Commissioner, as well as the Saskatchewan Public Safety Agency and a number of other accounts and funds.

In this Budget, more than \$7.2 million is being invested in the correctional component of the new Saskatchewan Hospital North Battleford. The secure side of the facility will provide services to correctional clients living with significant mental health issues. This first-of-its-kind facility provides 96 beds for correctional clients.

This Budget includes more than \$15 million to continue funding 128 municipal police positions and targeted policing initiatives across the province. Government also remains committed to addressing the issue of rural crime through the continued investment in the Protection and Response Team, Crime Reduction Teams, and the Combined Traffic Safety Services initiative.

There is also a \$1.6 million increase for the Coroner's service, a \$1.2 million increase for a new initiative – the gang violence reduction strategy, and \$1.1 million more for drug impaired driving detection training for police.

Environment and Natural Resources expense is increasing to \$263.9 million in this Budget, up \$12.2 million, or 4.8 per cent, from 2018-19. Environment and natural resources expenses include portions of the Ministries of Environment, and Parks, Culture and Sport, spending by the Water Security Agency, as well as other entities.

In the 2019-20 Budget there is an increase of \$2.25 million, for a total of \$27.0 million, to help deliver the SARCAN Beverage Container Collection and Recycling Program. SARCAN employs more than 700 people at its 72 collection depots across the province, and this increased funding helps build upon the success of the program.

These are just some of the many significant investments into programs and services across all areas of government. Further details of highlights related to the 2019-20 Budget are outlined in media releases and backgrounders from individual ministries and agencies.

INVESTING IN INFRASTRUCTURE

The 2019-20 Budget outlines \$1.6 billion of capital investment in the commercial Crown sector and \$1.1 billion in capital investment activities of Executive Government ministries and agencies, for a combined capital investment of \$2.7 billion.

Infrastructure investment in this Budget of \$103 million for health care includes \$12 million to begin the construction of a new long-term care facility to replace the Northland Pioneers Lodge in Meadow Lake, fulfilling Government's commitment to replace 13 long-term care facilities for seniors from across the province.

Since 2007-08, \$342 million has been invested to replace aging long-term care facilities.

This Budget includes \$2.5 million to advance preconstruction design of a new Victoria Hospital

in Prince Albert, an important facility to serve the province's north. This Budget also includes \$2.5 million to plan and design a new hospital in Weyburn.

Infrastructure investment in the K-12 school system is \$95.6 million in this Budget, with \$3.3 million dedicated to planning major projects to consolidate existing schools and build new facilities.

These projects include: the consolidation and replacement of École St. Pius X and Argyle Schools in Regina; a new facility to replace Sacred Heart, St. Mary, Empire and Westmount Schools in Moose Jaw; and funding to plan the replacement of St. Frances School in Saskatoon.

This Budget includes \$29 million for ongoing construction of new schools in Rosthern and Weyburn.

The 2019-20 Budget includes \$458 million for transportation infrastructure, including \$13 million for the first year of a five-year, \$65 million Enhanced Intersection Safety Program. It also includes over \$60 million for twinning and passing lane projects, as well as \$89 million for the completion of the Regina Bypass, to improve the safety of Saskatchewan highways.

Overall, this Budget provides funding to improve about 1,000 kilometres of the highway network in 2019-20.

Municipal infrastructure funding is \$229.8 million in this Budget, an 11 per cent increase from last year's budget.

It includes new funding under the Investing in Canada Infrastructure Program, as well as funding to continue commitments under the New Building Canada, Clean Water and Wastewater and Public Transit Funds, as well as \$250,000 in new investment in capital for Transit Assistance for People with Disabilities.

These are just a few highlights among many, across Executive Government.

In 2019-20, major commercial Crowns also have a number of capital projects scheduled.

SaskPower's \$873 million planned investment in capital will allow the Crown utility to connect more customers and expand electricity generation assets. To ensure continued reliable service, SaskPower also plans to renew its distribution and transmission systems and to move toward the goal of achieving a 40 per cent reduction in CO₂ emissions by 2030.

SaskTel will improve service to its customers with capital investment of \$321 million to upgrade its wireless and wireline networks. Saskatchewan's telecommunications Crown corporation will continue the roll out of infiNET, its high-speed fibre-optic internet service.

SaskTel will continue to enhance rural services, and has announced the addition of 41 new cellular sites this year, with more planned, to bring the total from the two-year initiative to 100 new sites in small communities by March 2020.

SaskEnergy will provide safe, reliable service to meet growing customer demand through investment of \$340 million in capital to protect the integrity of its natural gas transmission and distribution systems.

To ensure the continued delivery of safe and reliable water and wastewater services, SaskWater's \$32 million planned investment in 2019-20 includes the creation of water and wastewater systems, and the maintenance of infrastructure.

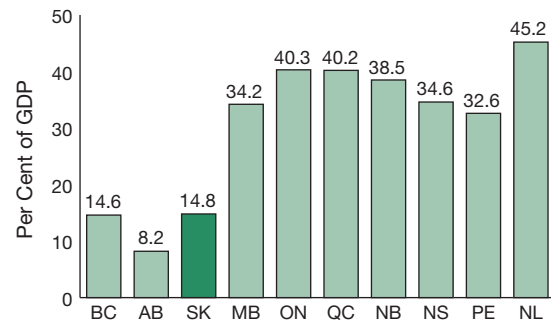
(More in the Saskatchewan Builds Capital Plan on pages 18 to 23.)

DEBT MANAGEMENT

The 2019-20 Budget achieves the right balance by investing in hospitals, schools, highways, municipal and Crown infrastructure to help meet the needs of a growing population and economy, while making sure debt is managed responsibly.

The Province's net debt at March 31, 2019, is forecasted to be \$12.1 billion, third lowest among provinces as a percentage of GDP.

NET DEBT AS A PER CENT OF GDP (As at March 31, 2019)



Sources: Jurisdictions' most recent data as of March 5, 2019, Statistics Canada, Conference Board of Canada

All government debt, including that of Crown corporations, is forecast to remain manageable at \$21.7 billion at March 31, 2020, up \$1.8 billion from the forecast at third quarter and up \$1.7 billion over last year's budget, due to further investment into capital.

The 2019-20 Budget is balanced. Government's operating debt is forecast to remain unchanged in 2019-20, at \$6.15 billion which is about 10 per cent lower than it was in 2008, resulting in cumulative savings of nearly \$1.2 billion in interest payments.

Late in September, Saskatchewan had its triple A credit rating, the agency's highest rating, confirmed by Moody's Investors Service. The Province has the second-highest credit rating in the country when ratings from the three major agencies, Moody's, Standard and Poor's and DBRS, are combined.

Government has invested more than \$13 billion since 2008 to build schools, hospitals, highways and to provide support for needed municipal infrastructure and other projects throughout the province.

Crown corporations have also made significant investments, more than \$17 billion, over the past 11 years. Crowns have invested in infrastructure to increase power generation, transmission and distribution capacity, to build telecommunications networks and cellular towers, and to enhance and improve the safety of natural gas distribution networks, among other initiatives.

Crowns and Executive Government have invested more than \$30 billion combined into infrastructure since 2008.

The Province's strong credit ratings and low net debt-to-GDP, combined with relatively low interest rates, have made this a cost-effective time to finance capital, using a disciplined approach and matching the benefits of the assets with the term of payments.

A key principle of Government's capital financing plan is the repayment of capital debt upon maturity.

At least two per cent of the value of these borrowings is set aside and invested each year to ensure sufficient cash is available to repay capital debt as it comes due, so that it isn't passed on to future generations. Government has \$2.4 billion in sinking funds available to address debt as it matures.

(More information on 2019-20 Borrowing and Debt begins on page 48.)

CONCLUSION

The 2019-20 Budget is balanced, and it is the right balance for Saskatchewan people.

The province's economy is strengthening. Its population is growing.

The Government has a plan to continue to balance into the future, to sustain needed investments in health care, education, services for seniors and for those most vulnerable.

The 2019-20 Budget balances those needed investments with carefully managed spending and continues to develop a stable, sustainable revenue base without raising taxes.

This Budget has the right balance of infrastructure investment to help the economy and the people of the province, today and in the days, months and years ahead.

The 2019-20 Budget is the right balance for Saskatchewan.



SASKATCHEWAN PROVINCIAL BUDGET

19-20

SASKATCHEWAN BUILDS CAPITAL PLAN

SASKATCHEWAN BUILDS CAPITAL PLAN (2019-20 to 2022-23)

CAPITAL PLAN HIGHLIGHTS

The 2019-20 Capital Plan includes the capital investment activities of Executive Government ministries and agencies. The plan ensures the strategic alignment of infrastructure investments with the province's growth and quality of life priorities, and enhances transparency in reporting on Government's infrastructure expenditures.

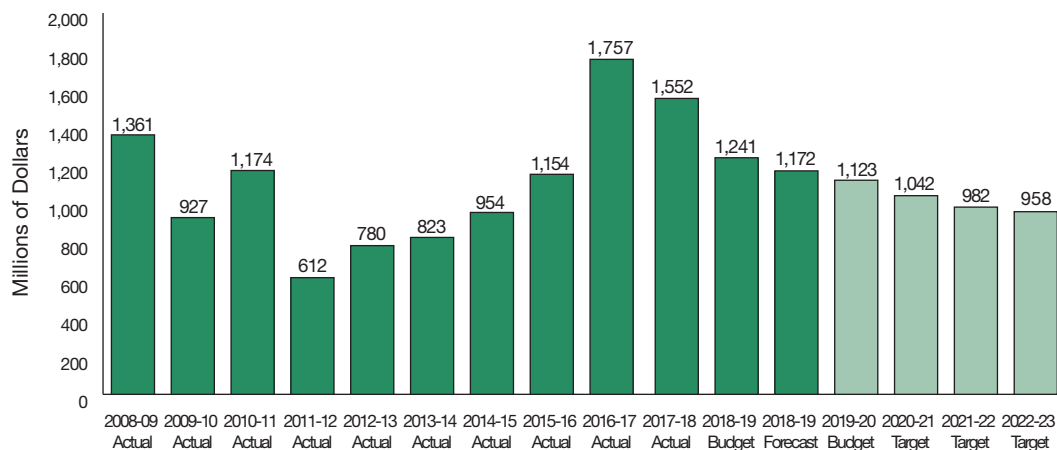
The plan provides over \$1.1 billion in the 2019-20 Budget for infrastructure expenditures, including new and continued investments in health, education, highways, and municipalities. Altogether, \$13.4 billion has been provided since 2008-09 to

meet ongoing infrastructure needs, and promote growth and opportunities.

Maintaining *The Right Balance* means continuing to make fiscally responsible infrastructure investments that meet the needs of Saskatchewan people now and into the future.

The 2019-20 Budget includes a total capital investment of over \$2.7 billion, including Crowns and the \$1.1 billion outlined in this plan.

SASKATCHEWAN BUILDS CAPITAL PLAN



In addition to the Saskatchewan Builds Capital Plan, capital spending by the Crowns is projected to be over \$1.6 billion in 2019-20. On average, Crown corporations are projected to spend \$1.8 billion on capital investments annually between 2019-20 and 2022-23.

The 2019-20 to 2022-23 Saskatchewan Builds Capital Plan outlines projects approved to date and provides an estimate of anticipated future capital investment. The plan is detailed as follows.

SASKATCHEWAN BUILDS CAPITAL PLAN – 2019-20 TO 2022-23

(Thousands of Dollars)	2018-19 Budget	2018-19 Forecast	2019-20 Budget	2020-21 Target	2021-22 Target	2022-23 Target
Capital Asset Acquisitions	779,327	731,917	517,378	421,039	407,560	388,792
Capital Transfers	461,683	439,816	605,936	620,575	574,810	569,409
Saskatchewan Builds Capital Plan Total	1,241,010	1,171,733	1,123,314	1,041,614	982,370	958,201
Capital Plan by Sector						
Transportation Infrastructure – \$457.8M in 2019-20						
Highways Capital (including Regina Bypass)	672,882	629,982	439,844	349,970	349,970	349,970
Highways Partnerships and Supporting Capital	17,955	17,955	17,955	17,955	17,955	17,955
Municipal Infrastructure – \$229.8M in 2019-20						
Municipal Programs	206,466	184,986	229,833	165,988	122,296	131,782
Investing in Canada Infrastructure Program	–	–	–	115,000	115,000	115,000
Education Capital – \$95.6M in 2019-20						
School Capital	26,813	14,329	39,696	47,529	57,081	21,775
Maintenance Capital	49,600	49,600	55,900	62,300	73,800	85,500
Advanced Education – \$22.4M in 2019-20						
Maintenance Capital	22,400	22,400	22,400	23,340	24,323	25,350
Health Care – \$103M in 2019-20						
Maintenance Capital	44,600	47,242	54,380	64,280	74,180	74,180
Health Equipment	22,360	20,989	23,343	23,343	23,343	23,343
Health Facilities	61,200	56,500	25,300	45,300	6,400	32,000
Government Services – \$214.7M in 2019-20						
IT Capital	30,848	55,416	72,034	16,884	4,705	1,915
Dams and Water Supply Channels	28,555	10,566	74,995	46,406	51,298	33,390
Courts and Corrections Capital	13,499	11,843	12,149	8,699	7,399	5,299
Parks Capital	9,500	9,500	9,500	9,500	9,500	9,500
Equipment Capital	15,680	22,273	26,408	26,303	26,328	12,460
Government Buildings	9,452	9,452	10,877	10,252	10,227	10,217
Other Capital	9,200	8,700	8,700	8,565	8,565	8,565
Saskatchewan Builds Capital Plan Total	1,241,010	1,171,733	1,123,314	1,041,614	982,370	958,201

CAPITAL PLAN DETAILS

Transportation Infrastructure

The 2019-20 Budget provides \$458 million in capital funding for transportation infrastructure. Safety on our roadways continues to be among the very highest priorities. The introduction of the Enhanced Intersection Safety Program will invest \$65 million over five years to address intersection safety across the province. Including \$7 million from the existing Safety Improvement Program, a total of \$20 million will be provided for specific safety improvements in the 2019-20 Budget.

Improved safety is why the 2019-20 Budget provides over \$60 million in funding for twinning and passing lane projects. This includes passing lanes on Highway 6 and 39 between Weyburn and Estevan, Highway 7 between Rosetown, Kindersley and the Alberta border, Highway 10 between Melville and Yorkton, Highway 2 north of Moose Jaw, Highway 9 between Yorkton and Canora, and Highway 5 between Saskatoon and Highway 2, in addition to twinning lanes around the community of Vanscoy on Highway 7.

Overall, the Budget provides for almost 1,000 kilometres of improvements to the highway system, including rural highway upgrades such as Highway 155 near Green Lake, Highway 255 between south and west of Tobin Lake and Highway 355 west of Spruce Home.

Construction of the Regina Bypass will be complete in October 2019. This project has already provided for much safer travel through the opening of important interchanges in the communities of Pilot Butte, White City and Balgonie.

The Budget continues to provide nearly \$20 million for the Municipal Roads for the Economy and Urban Highway Connector programs to support municipalities.

The introduction of the Enhanced Intersection Safety Program will invest \$65 million over five years to address intersection safety across the province.

Municipal Infrastructure

The 2019-20 Budget includes \$229.8 million for municipal infrastructure funding, an increase of \$23.4 million or 11 per cent from last year's budget. This includes funding for municipalities under the new Investing in Canada Infrastructure Program. It also includes more than \$113 million to continue commitments under the New Building Canada, Clean Water and Wastewater, and Public Transit Infrastructure Funds.

Provincial support for programs like these provide funding for important ongoing infrastructure projects across Saskatchewan, such as the new water treatment system in the RM of Loon Lake No. 561, water treatment plant upgrades in Carrot River and Kipling, a wastewater treatment facility expansion and upgrade in Preeceville, and a sewage pump station and force main upgrade in Whitewood.

Since 2008-09, approximately \$1.8 billion has been invested in municipal infrastructure projects.

Education Capital

The 2019-20 Budget provides \$95.6 million for Saskatchewan's K-12 schools, an increase of \$19.2 million or 25.1 per cent over the 2018-19 Budget. Altogether, close to \$1.7 billion has been invested in education capital since 2008-09. These investments include funding for the construction of new schools, major building renovations and repairs.

The Budget provides \$3.3 million for the advancement of three new major school projects, including the replacement of École St. Pius X and Argyle Schools in Regina; a new facility in Moose Jaw to replace Sacred Heart, St. Mary, Empire and Westmount Schools; and initial funding to begin planning for the replacement of St. Frances school in Saskatoon.

Funding of \$29 million is provided to continue construction of new schools in Weyburn and Rosthern in 2019-20. These schools are scheduled to be completed in 2020-21.

Over \$1.7 billion has been invested in education capital since 2008-09, including 46 new schools and 23 major renovation projects.

Budget 2019-20 provides \$55.9 million for capital maintenance in the K-12 sector, an increase of \$6.3 million or 12.7 per cent from last year's budget. Maintenance funding has more than doubled since

2014-15. This provides a cost-effective measure to ensure the provision of a safe learning environment while extending the useful life of existing facilities.

In addition, the 2019-20 Budget includes \$6.4 million for relocatable classrooms. This represents an increase of \$3.3 million or 106 per cent from last year's budget and supports effective management of enrolment growth within existing facilities.

Advanced Education

Since 2008-09, Government has invested over \$600 million through the Ministry of Advanced Education for infrastructure in the post-secondary education and research sector. This includes the Health Sciences Building and the International Vaccine Centre at the University of Saskatchewan, a new student residence at the University of Regina, and notable projects at Southeast, Parkland, Cumberland, and Carlton Trail Colleges.

The 2019-20 Budget provides \$22.4 million for maintenance capital and renewal in the sector. This funding provides for the ongoing and proactive upgrade and renewal of Saskatchewan's post-secondary infrastructure.

Since 2008-09, Government has invested over \$600 million through the Ministry of Advanced Education for infrastructure in the post-secondary education and research sector.

Health Care

The four-year plan targets \$470 million in capital investments for the health care system, including over \$103 million provided in the 2019-20 Budget. The plan includes investments in the construction of new health facilities, major renovations and repairs, and equipment. After including Government's investment in major information technology (IT) projects, more than \$150 million in capital expenditure will be provided to the health system in the 2019-20 Budget.

The 2019-20 Budget provides \$12 million to commence the construction of a new 72-bed long-term care facility in Meadow Lake to replace the Northland Pioneers Lodge; \$2.5 million to advance preconstruction design for Prince Albert's Victoria Hospital, including engaging with the federal government on the need to address increasing patient demand and service volumes for this important northern hub; and \$2.5 million to begin planning activities for the replacement of Weyburn General Hospital.

Government has invested over \$1.6 billion in the construction of new health facilities, facility renewals, and equipment since 2008-09.

The plan also focuses on providing substantial investments for health facility maintenance and equipment to ensure the long-term sustainability and viability of Saskatchewan's health care infrastructure. The 2019-20 Budget provides \$86.0 million for maintenance and equipment, including \$8.3 million to continue renewal of electrical infrastructure at provincial hospitals.

Since 2008-09, Government has invested over \$1.6 billion in capital projects across the health sector in order to improve the quality of care for Saskatchewan residents. This includes building new state-of-the-art facilities such as the Jim Pattison Children's Hospital of Saskatchewan in Saskatoon and the Dr. F. H. Wigmore Hospital in Moose Jaw, and replacing aging centres like Saskatchewan Hospital in North Battleford and the Roy Romanow Provincial Laboratory in Regina.

Additionally, \$329.9 million has been provided over this period to replace outdated long-term care facilities throughout the province. This includes The Meadows long-term care facility in Swift Current, the Leader Integrated Care Facility, and 11 other long-term care facilities across Saskatchewan.

Government Services

Government services infrastructure provides for required upgrades of buildings, provincial dam rehabilitation, day program facilities, courts and correctional facilities, parks and recreation facilities and IT management systems. Government is investing over \$540 million over the next four years in these areas to support high quality program and service delivery, including \$214.7 million provided in the 2019-20 Budget.

Government will continue to invest in modernizing IT infrastructure to increase operational efficiencies and improve security. The 2019-20 Budget provides ongoing funding to continue the development of a

new integrated information management system, replacing 82 separate administrative systems inherited from the 12 former health regions and increasing operational efficiencies; \$9.6 million to complete the installation of state-of-the art technology required to operationalize the new Jim Pattison Children's Hospital, scheduled to open in the fall of 2019; and \$6.9 million for Income Assistance Information Technology at the Ministry of Social Services, which will further enhance Government's ability to deliver its income assistance programs.

Funding of \$75 million is provided in the 2019-20 Budget for the rehabilitation of the province's dams and conveyance channels as part of the Water Management Infrastructure Renewal Plan with the Water Security Agency. The major projects for 2019-20 include rehabilitation works on the M1 Canal and the Crooked Lake Dam.

The 2019-20 Budget provides \$9.5 million to Saskatchewan's Parks as part of Government's commitment to improve and upgrade our provincial parks. Since 2008-09, \$110 million has been invested in provincial parks. These investments have resulted in major improvements to facilities and infrastructure, including electrical expansion to nearly 2,000 campsites, four campground developments providing over 300 new campsites, 26 campground service centre replacements, as well as major improvements to water and wastewater systems, roads, boat launches and trails. Planned capital improvements in parks for 2019-20 include replacement of the swimming pool facility at Buffalo Pound Provincial Park, construction of a new visitor centre at Candle Lake and various other improvements.

To purchase an air tanker to help combat wildfires, the 2019-20 Budget provides \$9.3 million; the total cost is projected to be \$37.0 million over the next three years. This is part of the Government's initiative to modernize the wildfire aerial fleet to better protect the public against possible wildfire events.

Saskatchewan Builds Capital Plan Financing

Saskatchewan, as with other jurisdictions in Canada, has a significant amount of aging infrastructure. *The Right Balance* means fiscally prudent capital expenditures to meet the current needs of the province, as well as to support its future prosperity.

Capital expenditures will continue to be funded through a disciplined financing strategy, in order to meet the infrastructure needs of our province and better match the benefits of the assets with the term of payment for these assets.

Low interest rates, combined with the Province's excellent credit rating, continue to make this a cost-effective time to finance capital.

Planning for and enabling the repayment of capital debt upon maturity continues to be a key principle of undertaking this capital financing plan. As a result, Government remains committed to having at least two per cent of the value of these borrowings set aside and invested each year to ensure that sufficient cash will be available to repay the debt as it comes due. This ensures that any debt pertaining to infrastructure assets will not be passed on to future generations.



SASKATCHEWAN PROVINCIAL BUDGET

19-20

TECHNICAL PAPERS

THE SASKATCHEWAN ECONOMY

INTRODUCTION

Saskatchewan's economy is strengthening.

Following a relatively strong performance in 2017, Saskatchewan's economic performance in 2018 was mixed. While several of the major investment indicators were weak, many of the non-investment indicators ended the year on a positive note. Overall, real GDP is expected to have grown by 1.0 per cent in 2018.

For 2019, the outlook remains positive. While challenges continue, particularly in the oil sector, the agriculture and potash industries remain strong, supporting a real GDP growth projection of 1.2 per cent.

By 2020, the Saskatchewan economy is expected to return to a more "normal" position. Higher oil prices, leading to increased oil production and investment,

are expected to boost real GDP growth to 2.4 per cent in 2020, followed by growth in the 2.0 per cent range thereafter.

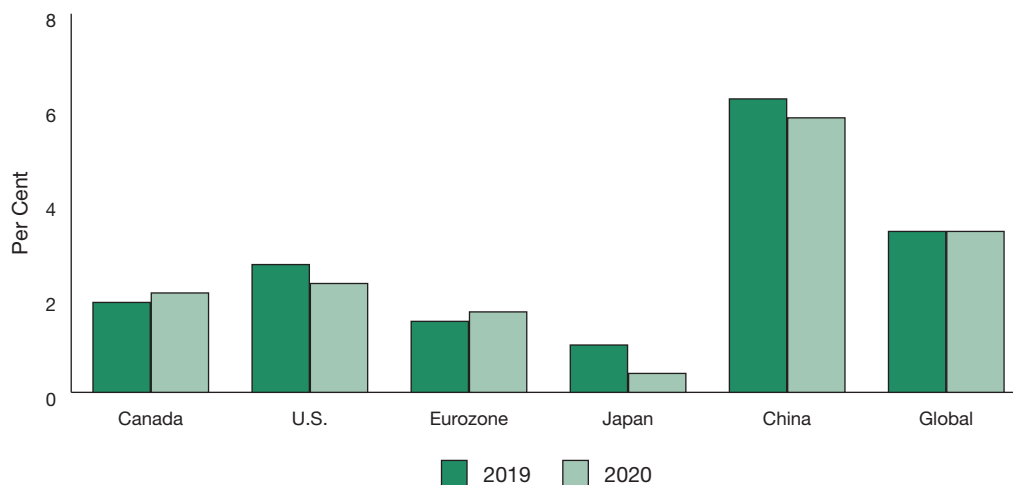
GLOBAL ECONOMIC OUTLOOK

Global economic growth is expected to moderate slightly in the near term. Trade tension, especially between the U.S. and China, and the economic impacts of Brexit, continue to present risks to the global outlook.

Further concerns exist related to the economic slowdown of the two largest economies (the U.S. and China) and some central banks gradually tightening monetary policy.

Overall, the global economy is expected to grow by 3.4 per cent in both 2019 and 2020 after growing by 3.7 per cent in 2018.

GLOBAL REAL GDP GROWTH ASSUMPTIONS



Sources: Bank of Canada (January 2019), Conference Board of Canada (December 2018)

Eurozone economic growth has slowed since the beginning of the year. The Eurozone economy grew by only 1.7 per cent in the third quarter of 2018, the slowest pace since the second quarter of 2014.

The Eurozone is expected to grow by 1.5 per cent in 2019 and 1.7 per cent in 2020, after posting 1.9 per cent growth in 2018.

The U.S. economy has had the fastest pace of growth among G7 countries, up 2.9 per cent in 2018, led by strong private investment.

Despite the recent partial government shutdown, the U.S. economy remained strong in the fourth quarter of 2018, growing by 2.6 per cent, following 3.4 per cent in the third quarter and 4.2 per cent in the second quarter.

Personal spending has benefited from strong employment growth, income tax cuts and a strong U.S. dollar.

Trade activity became a key factor that impacted growth, especially in the second half of 2018. Exports were weak, mainly due to a decline in soybean exports to China. Imports, on the other hand, went up strongly as importers aimed to avoid the possible 25 per cent tariff hike on Chinese goods.

The U.S. economy is expected to face more challenges and uncertainties in the near term, including the ending of fiscal stimulus, tightening monetary policy, rising government debt and the ongoing trade negotiations with China.

Overall, the U.S. economy is expected to grow by 2.7 per cent and 2.3 per cent in 2019 and 2020, respectively.

Economic performance in Japan has been volatile and weak. Japan's real GDP declined by 1.3 per cent in the first quarter of 2018, but rebounded substantially by 2.8 per cent in the second quarter.

Japan's economy, however, contracted again by an annualized 2.5 per cent in the third quarter due to natural disasters. It is the steepest contraction since the second quarter of 2014. In the fourth quarter, Japan's real GDP improved, growing by 1.4 per cent.

As a result, Japan's real GDP growth slowed to 0.7 per cent in 2018. The outlook for 2019 and 2020 remains weak, with real GDP expected to grow by 1.0 per cent and 0.4 per cent, respectively.

The trade dispute with the United States adds downward stress to China's already-slowing economy.

CANADIAN AND U.S. ECONOMIC ASSUMPTIONS

	Actual 2018	2019	2020	2021	2022	2023
Can. Real GDP Growth (%)	1.8	1.9	2.1	1.7	1.6	1.8
U.S. Real GDP Growth (%)	2.9	2.7	2.3	2.3	2.3	2.0
Short-term Interest Rate (%)	1.39	2.03	2.67	2.96	2.96	2.96
10-year Government of Canada Bond (%)	2.28	3.20	3.80	3.84	3.84	3.84
Canadian Dollar (US cents)	77.19	76.60	78.60	79.50	80.00	80.40

Sources: Statistics Canada, Conference Board of Canada, Ministry of Finance

Despite aggressive monetary and fiscal stimulus, China's economic growth weakened from a high of 6.8 per cent in the first quarter of 2018 to 6.4 per cent in the fourth quarter.

The Chinese economy is estimated to grow by 6.6 per cent in 2018, the weakest pace since 1990.

Overall, China's economy is expected to slow further, growing by 6.2 per cent in 2019 and 5.8 per cent in 2020.

CANADIAN ECONOMIC OUTLOOK

Canadian economic growth lost its momentum, especially in the second half of 2018. After strong growth of 2.6 per cent in the second quarter of 2018, Canada's real GDP growth weakened to 2.0 per cent in the third quarter and 0.4 per cent in the fourth quarter.

The slowdown in 2018 was widespread across the economy, with the exception of exports and government spending which grew by 3.3 per cent and 2.5 per cent, respectively.

Residential investment, in particular, slowed markedly due to rising mortgage rates and tighter mortgage finance requirements.

Non-residential business investment in the fourth quarter also fell significantly, especially in the energy sector due to low oil prices.

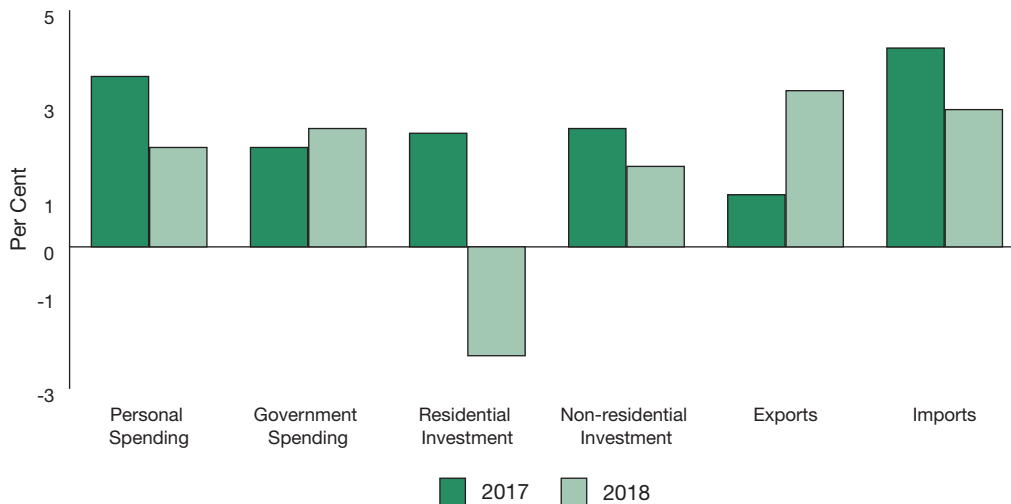
Overall, Canada's real GDP grew 1.8 per cent in 2018, compared with 3.0 per cent growth in 2017. Growth in 2019 and 2020 is expected to remain at a more normal pace of 1.9 per cent and 2.1 per cent, respectively.

Canadian Interest Rates

The Bank of Canada continues to tighten its policy rate. The Canadian overnight rate has been raised three times for a total of 75 basis points, from 1.00 per cent to 1.75 per cent in 2018.

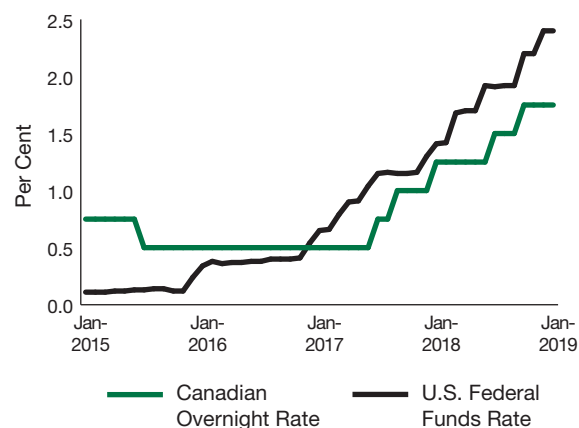
The Canadian overnight rate is currently about 65 basis points lower than the U.S. federal funds rate, putting pressure on the value of the Canadian dollar.

CANADIAN REAL GDP GROWTH BY MAJOR COMPONENTS



Source: Statistics Canada

CANADIAN AND U.S. INTEREST RATES



Sources: Bank of Canada, U.S. Federal Reserve

The value of the Canadian dollar dropped from an average high of 80.47 U.S. cents in January 2018 to 74.46 U.S. cents in December.

CANADIAN DOLLAR



Source: Bank of Canada

Canadian Dollar

The value of the Canadian dollar has been under pressure, mainly related to weak oil prices and the widening spread between Canadian and U.S. interest rates.

Overall, the value of the Canadian dollar is forecast to average 76.60 U.S. cents in 2019 and 78.60 U.S. cents in 2020.

SASKATCHEWAN ECONOMIC INDICATORS

	2014	2015	2016	2017	2018	2018 % Change
Population at October 1 (000s)	1,116.2	1,124.9	1,140.8	1,155.0	1,165.9	0.9
Employment (000s)	570.9	573.7	568.5	567.6	570.0	0.4
Unemployment Rate (%)	3.8	5.0	6.3	6.3	6.2	N/A
Consumer Price Index (2002=100)	128.7	130.8	132.2	134.4	137.5	2.3
Average Weekly Earnings (\$)	974.7	980.7	988.4	1,010.5	1,015.7	0.5
Retail Sales (\$B)	19.2	18.5	18.8	19.6	19.5	(0.5)
Wholesale Trade (\$B)	25.5	27.9	25.8	26.0	27.1	4.2
New Motor Vehicle Sales (# of units)	58,434	55,131	52,099	56,292	50,192	(10.8)
Manufacturing Sales (\$B)	15.8	14.1	14.2	16.1	17.9	11.1
International Exports (\$B)	35.3	32.8	26.4	28.0	31.1	11.3
Building Permits (\$B)	2.7	2.9	2.0	2.2	1.8	(16.7)
Housing Starts (# of units)	8,257	5,149	4,775	4,904	3,610	(26.4)
Investment in Residential Construction (\$B)	N/A	2.9	2.6	2.7	2.4	(12.4)
Investment in Non-residential Construction (\$B)	N/A	1.8	2.1	1.5	1.4	(9.6)

Source: Statistics Canada

SASKATCHEWAN 2018 PERFORMANCE

Economic performance in 2018 was mixed.

Overall, Saskatchewan real GDP is expected to have grown by 1.0 per cent in 2018. Nominal GDP is projected to have increased by 3.6 per cent.

Several of the major investment indicators were weak.

Housing starts fell by 26.4 per cent while investment in non-residential building construction fell by 9.6 per cent. Building permits were down 16.7 per cent.

As well, the number of new oil wells drilled went up by just 0.9 per cent.

Some of the non-investment indicators ended the year on a more positive note.

Despite dry conditions in the spring and early summer throughout much of central and southern Saskatchewan, crop production in 2018 totaled 35.4 million tonnes, 1.5 per cent greater than in 2017.

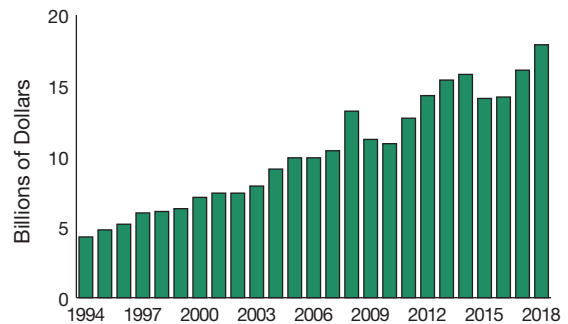
In addition, wholesale trade grew by 4.2 per cent. The largest component, agricultural supplies and others, grew by 7.1 per cent.

Sales of building material and supplies increased by 6.0 per cent and food products grew by 10.2 per cent.

Manufacturing sales reached a record level of \$17.9 billion in 2018, growing by 11.1 per cent from 2017, the second-strongest growth among provinces.

SASKATCHEWAN MANUFACTURING SALES INCREASED BY 11.1% IN 2018

(Second-highest Growth in Canada)

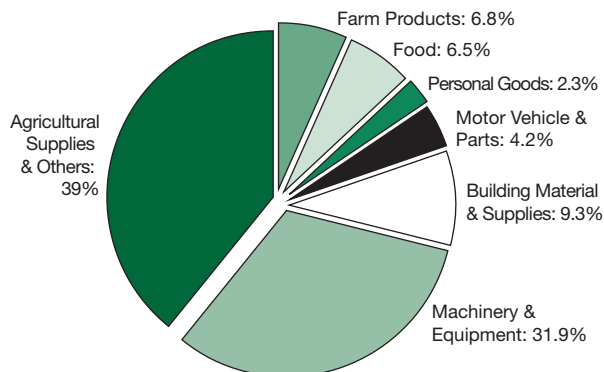


Source: Statistics Canada

International goods exports, which consist primarily of farm, fishing and intermediate food products, energy products (mainly oil) and metal and non-metallic minerals (mainly potash), grew by roughly 11.3 per cent in 2018.

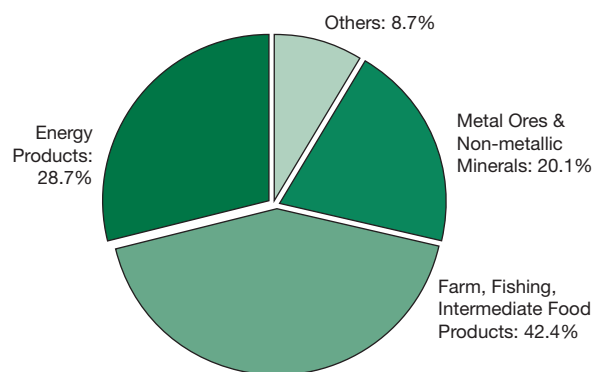
Growth was led by energy products and metal ores and non-metallic minerals, up by 21.2 per cent and 26.1 per cent, respectively. Other exports also grew by 20.6 per cent.

COMPOSITION OF SASKATCHEWAN WHOLESALE TRADE IN 2018



Source: Statistics Canada

COMPOSITION OF SASKATCHEWAN INTERNATIONAL GOODS EXPORTS IN 2018

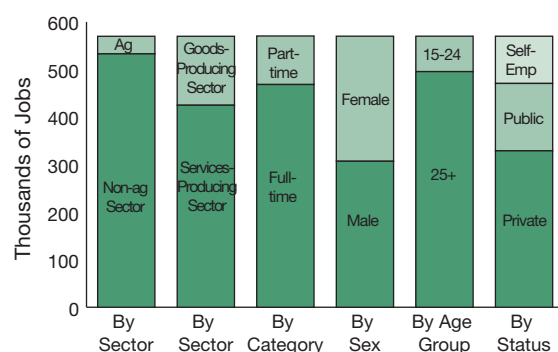


Source: Statistics Canada

Potash sales in 2018 are estimated to have increased by 13.3 per cent to 13.8 million tonnes due to strong global demand.

Saskatchewan's population continued to grow in 2018. Between October 1, 2017 and October 1, 2018, Saskatchewan's population increased by 10,869 persons.

COMPOSITION OF EMPLOYMENT IN 2018 (Up 2,400 to 570,000)



Source: Statistics Canada

The province's economy added 2,400 net new jobs in 2018, primarily in services industries. All the gains were in full-time jobs.

Saskatchewan's unemployment rate dropped slightly from an average of 6.3 per cent in 2017 to 6.2 per cent in 2018.

SASKATCHEWAN ECONOMIC OUTLOOK

The outlook for 2019 remains positive. However, there are still some challenges facing certain industries.

The oil industry in Canada faces continued uncertainty with respect to access to markets beyond the U.S. This, in addition to relatively low oil prices, is impacting investor sentiment.

The price of West Texas Intermediate (WTI) oil is expected to average US\$58.00 per barrel in 2019, down 10.5 per cent from 2018.

For Saskatchewan, oil investment and production are both expected to decline in 2019, before rebounding over the medium term.

There are 2,000 new oil wells expected to be drilled this year, down from the 2018 level of 2,552, but above the levels in 2015 and 2016. Drilling is forecast to increase to 2,500 wells in 2020 and reach 3,000 in 2023.

COMMODITY PRICE ASSUMPTIONS – CALENDAR YEAR

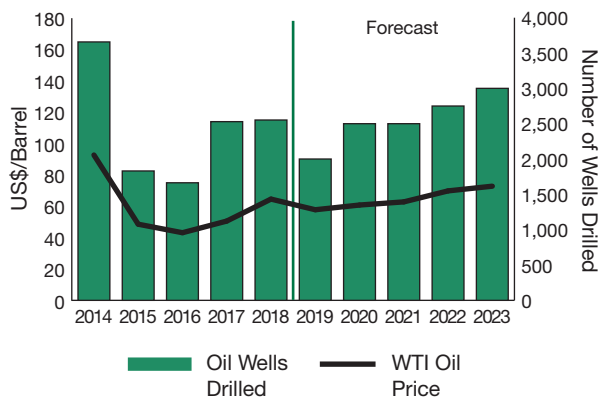
	2018	2019	2020	2021	2022	2023
WTI Oil (US\$/barrel)	64.78	58.00	61.00	63.00	70.00	73.00
Natural Gas (C\$/GJ)	1.51	1.70	1.90	1.95	2.25	2.30
Potash (C\$/K ₂ O tonne) ¹	440.97	470.10	467.99	471.69	477.75	484.16
Potash (US\$/KCl tonne) ¹	207.66	219.66	224.27	228.69	232.99	237.30
Wheat (C\$/tonne)	239.29	246.23	251.51	248.14	251.11	252.76
Canola (C\$/tonne)	499.82	499.44	521.49	511.99	516.08	521.69

¹ The potash industry quotes prices in US dollars per KCl tonne. Provincial royalty calculations, however, are based on the Canadian dollar price per K₂O tonne.

Sources: Ministry of Energy and Resources, Ministry of Agriculture

Oil production is expected to fall by 2.8 per cent in 2019 to roughly 173 million barrels. Total oil production is expected to increase to 182 million barrels by 2023.

WTI OIL PRICE AND OIL WELLS DRILLED



Source: Ministry of Energy and Resources

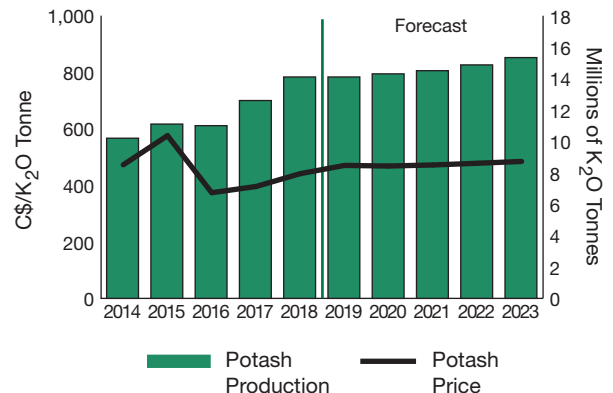
As noted at mid-year, the suspension of operations at the McArthur River uranium mine has been extended indefinitely. This continues to weigh on the growth outlook.

The outlook for the potash industry remains positive.

Global demand for potash is anticipated to remain strong. As a result, Saskatchewan potash sales are projected to increase to 14.1 million tonnes in 2019 and grow at an average annual rate of 2.2 per cent per year thereafter.

SASKATCHEWAN POTASH PRICE AND PRODUCTION

(Highest Production Level in 2018 at 14.1 Million Tonnes)



Source: Ministry of Energy and Resources

SASKATCHEWAN FORECAST AT A GLANCE

(Per Cent Change Unless Otherwise Noted)

	2018	2019	2020	2021	2022	2023
Real GDP	1.0	1.2	2.4	1.7	2.3	2.5
Nominal GDP	3.6	2.0	3.7	3.4	4.8	4.4
CPI*	2.3	2.1	2.2	2.0	2.0	1.9
Employment Growth (000s)*	2.4	3.5	4.3	4.9	5.0	5.1
Unemployment Rate (%)*	6.2	6.0	6.0	5.9	5.7	5.6
Retail Sales*	(0.5)	1.6	2.9	2.7	2.5	2.4

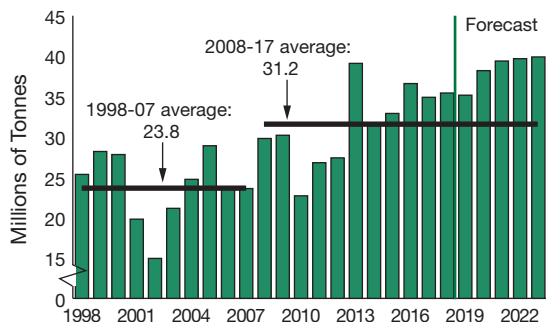
* 2018 actual

Sources: Statistics Canada, Ministry of Finance

The average price of potash is expected to rise by 6.6 per cent to \$470.10 per K₂O tonne in 2019 and increase modestly over the medium term.

Saskatchewan farmers harvested the third-largest crop in the province's history last year, despite dry conditions early in the growing season. The current forecast assumes a similar size of crop for 2019.

SASKATCHEWAN CROP PRODUCTION (Third-highest Level in 2018)



Sources: Statistics Canada, Ministry of Agriculture

All considered, Saskatchewan real GDP is projected to increase by 1.2 per cent in 2019. Nominal GDP is forecast to grow by 2.0 per cent.

The outlook for 2020 is more robust.

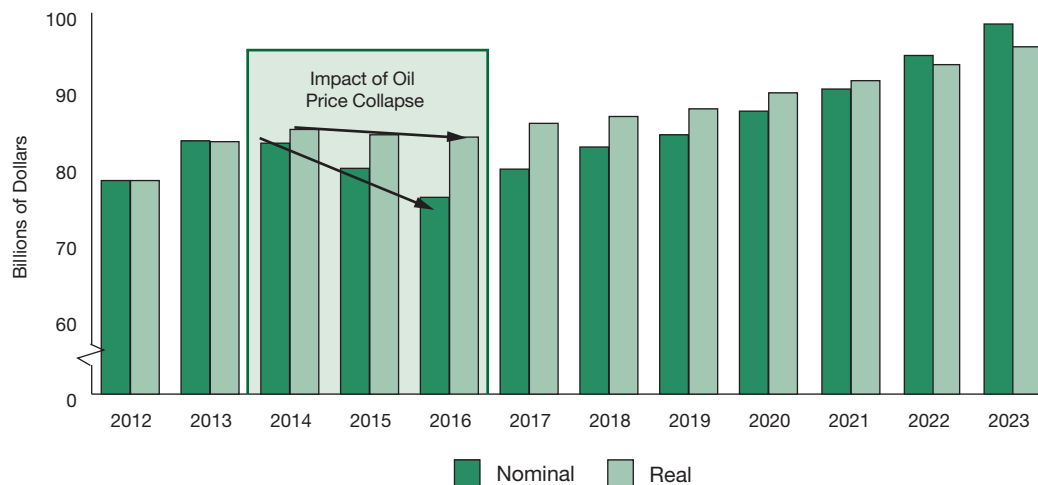
Oil prices are expected to improve, leading to higher oil production and investment, while the province's agriculture and potash industries remain strong.

Saskatchewan real GDP in 2020 is forecast to rise by 2.4 per cent. Nominal GDP is projected to increase by 3.7 per cent.

After adding 2,400 jobs in 2018, employment is forecast to increase by 3,500 in 2019, in spite of weak performance in the mining and oil and gas sectors and the suspension of the McArthur River mine.

Job growth is projected to return to the 5,000 jobs per year range by 2022.

SASKATCHEWAN GDP



Sources: Statistics Canada, Ministry of Finance

PRIVATE SECTOR FORECASTS

The private sector, on average, is forecasting 1.7 per cent real GDP growth for Saskatchewan in 2019.

Individual private sector forecasts of Saskatchewan real GDP growth in 2019 range from a high of 2.2 per cent to a low of 1.4 per cent.

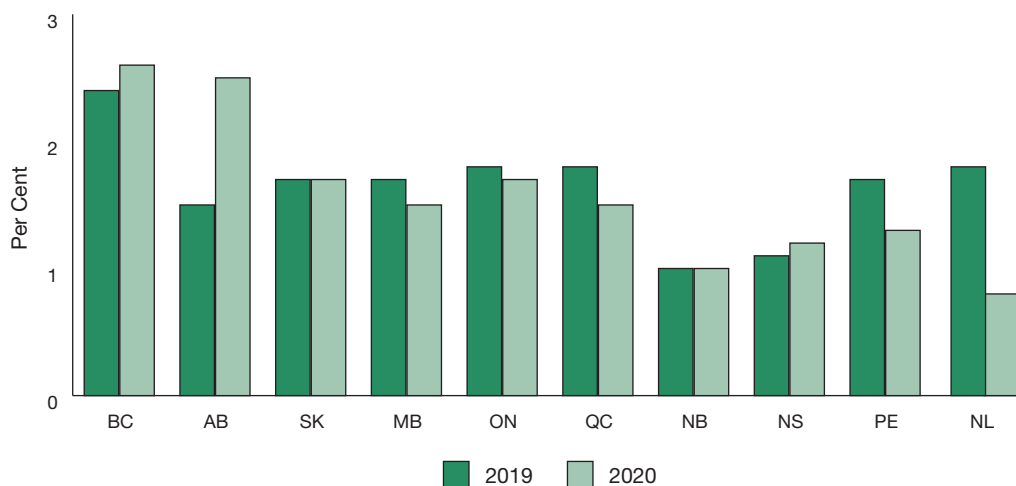
For 2020, the private sector, on average, expects Saskatchewan real GDP to grow by 1.7 per cent.

PRIVATE SECTOR REAL GDP GROWTH FORECASTS FOR SASKATCHEWAN* (Per Cent)

	2019	2020	Cumulative Growth	Release Date
IHS Global Insight	1.7	2.2	4.0	Jan./19
Conference Board of Canada	2.2	1.0	3.2	Feb./19
TD Bank	1.8	1.9	3.7	Dec./18
RBC	1.6	2.2	3.8	Dec./18
BMO	1.4	1.5	2.9	Feb./19
CIBC	1.8	1.3	3.1	Jan./19
Scotiabank	1.6	1.7	3.3	Mar./19
National Bank	2.1	1.6	3.7	Dec./18
Laurentian Bank	1.4	2.0	3.4	Feb./19
Average of Private Sector Forecasts	1.7	1.7	3.5	
2019-20 Budget Forecast	1.2	2.4	3.6	

* As of March 8, 2019

PRIVATE SECTOR FORECASTS OF REAL GDP GROWTH BY PROVINCE



Private sector forecast average as at March 8, 2019.

Sources: Major Canadian banks, IHS Global Insight, Conference Board of Canada

PRIVATE SECTOR FORECASTS OF REAL GDP GROWTH BY PROVINCE*

(Per Cent)

	2018	Rank	2019	Rank	2020	Rank
British Columbia	2.2	3	2.4	1	2.6	1
Alberta	2.2	2	1.5	8	2.5	2
Saskatchewan	1.3	7	1.7	5	1.7	3
Manitoba	1.7	6	1.7	7	1.5	6
Ontario	2.2	4	1.8	2	1.7	4
Québec	2.3	1	1.8	3	1.5	5
New Brunswick	0.9	9	1.0	10	1.0	9
Nova Scotia	1.0	8	1.1	9	1.2	8
Prince Edward Island	2.1	5	1.7	6	1.3	7
Newfoundland and Labrador	(0.7)	10	1.8	4	0.9	10
Canada	2.0		1.8		1.9	

* As of March 8, 2019

CONCLUSION

The outlook for the Saskatchewan economy in 2019 is positive. Real GDP is forecast to rise by 1.2 per cent.

Challenges still exist in certain industries, however. Oil production and investment are both expected to decline this year and uranium production at McArthur River remains suspended.

Still, the province's agriculture and potash industries remain strong and employment has picked up in recent months, especially in the services industries. Employment growth is forecast to continue in 2019.

For 2020, oil prices are expected to improve, leading to higher oil production and investment.

Saskatchewan real GDP in 2020 is forecast to rise by 2.4 per cent. Nominal GDP is projected to increase by 3.7 per cent.

2019-20 FINANCIAL OUTLOOK

OVERVIEW

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

The revenue and expense budgets of Government Service Organizations (GSOs), including the General Revenue Fund (GRF), are consolidated after adjusting for differences in accounting policies and

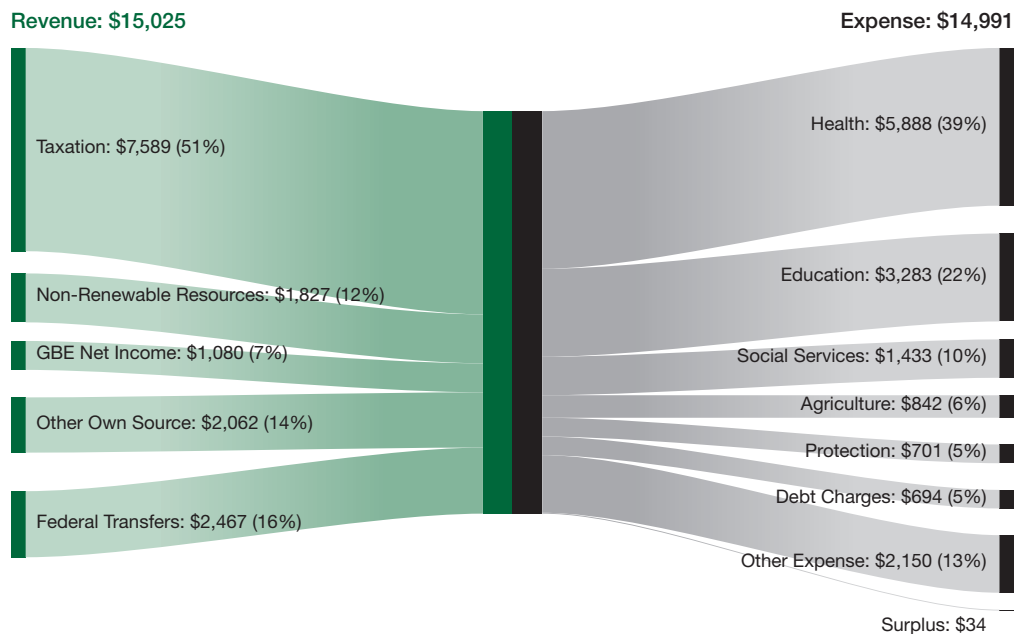
eliminating significant inter-organizational transactions. Adjustments are also made to account for significant transactions in the period between an organization's fiscal year-end and the Government of Saskatchewan's year-end.

Budgets for Government Business Enterprises (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.

The 2019-20 Budget estimates a surplus of \$34.4 million.

2019-20 GOVERNMENT OF SASKATCHEWAN BUDGET

(Millions of Dollars)



2019-20 REVENUE RECONCILIATION

(Millions of Dollars)	2018-19 Forecast	2019-20 Budget	Change	
			Dollars	Per Cent
Taxation	7,169.9	7,588.5	418.6	5.8
Non-Renewable Resources	1,705.6	1,826.8	121.2	7.1
Net Income from GBEs	909.4	1,080.5	171.1	18.8
Other Own-Source Revenue	2,042.7	2,062.1	19.4	0.9
Transfers from the Federal Government	2,502.7	2,467.2	(35.5)	(1.4)
Total Revenue	14,330.3	15,025.1	694.8	4.8

REVENUE

The 2019-20 revenue outlook includes all revenue measures announced in this year's budget, as well as changes to provincial fees and charges announced ahead of the budget.

Total revenue is forecast to be \$15.0 billion in 2019-20, an increase of \$695 million (4.8 per cent) from the 2018-19 third quarter forecast. The increase is largely due to higher tax revenue, net income from GBEs and non-renewable resources.

Tax Revenue

Tax revenue is budgeted at \$7.6 billion in 2019-20 and accounts for 51 per cent of total revenue. This is an increase of \$419 million from the current 2018-19 forecast. A total of \$5 million of new revenue related

to cannabis taxation is included in the budget, including \$3 million of excise tax in the Other taxes category and \$2 million of Provincial Sales Tax (PST) revenue.

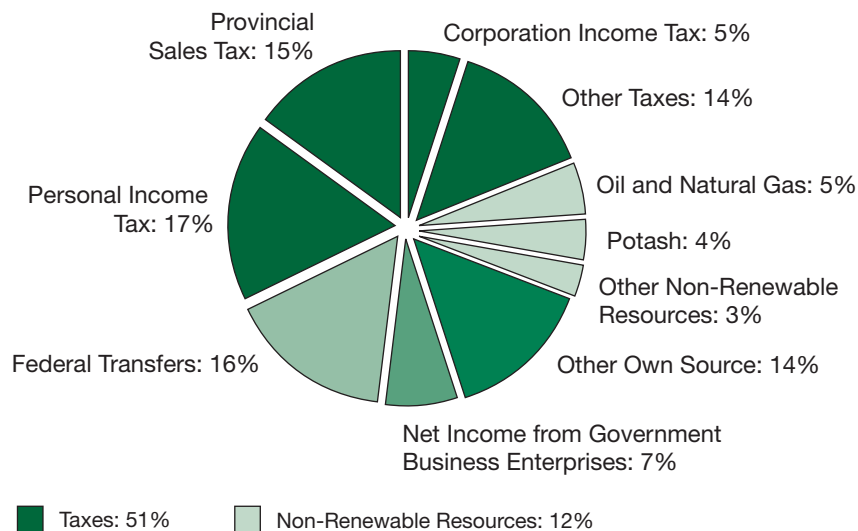
Individual and Corporation Income Tax revenue are budgeted to increase \$213 million and \$116 million, respectively, from the 2018-19 forecast. The increases are primarily due to significant, negative prior-year adjustments in 2018-19 that are not forecast to repeat in 2019-20.

PST revenue is budgeted at \$2.3 billion, an increase of \$75 million from the 2018-19 forecast. The increase is primarily due to growth in the taxable base as a result of a strengthening Saskatchewan economy, including growth in population and personal expenditures.

TOTAL REVENUE – 2016-17 TO 2019-20

(Millions of Dollars)	2016-17 Actual	2017-18 Actual	2018-19 Forecast	2019-20 Budget
Taxation	6,351.2	6,781.8	7,169.9	7,588.5
Non-Renewable Resources	1,300.0	1,457.7	1,705.6	1,826.8
Net Income from GBEs	845.9	1,283.5	909.4	1,080.5
Other Own-Source Revenue	2,174.2	2,076.0	2,042.7	2,062.1
Transfers from the Federal Government	2,954.8	2,420.3	2,502.7	2,467.2
Total Revenue	13,626.1	14,019.3	14,330.3	15,025.1

COMPOSITION OF 2019-20 REVENUE



All other taxes are budgeted to increase by a combined \$16 million, including a \$9 million increase in Education Property Tax, reflecting growth in the property tax assessment base, and a \$6 million increase in Fuel Tax revenue as a result of increased economic activity and continued population growth.

Non-Renewable Resource Revenue

Non-renewable resource revenue is budgeted at \$1.8 billion in 2019-20, a \$121 million improvement over the 2018-19 forecast, and accounts for 12 per cent of total revenue in 2019-20. The increase is almost entirely due to higher potash revenue, as all other categories are relatively flat on a year-over-year basis.

TAX REVENUE – 2016-17 TO 2019-20

(Millions of Dollars)	2016-17 Actual	2017-18 Actual	2018-19 Forecast	2019-20 Budget
Corporation Income Tax	735.0	581.5	613.5	729.2
Fuel Tax	488.6	525.1	563.1	568.7
Individual Income Tax	2,592.2	2,266.3	2,343.0	2,555.7
Property Tax	675.4	735.7	759.5	768.0
Provincial Sales Tax	1,205.5	2,013.1	2,230.0	2,304.7
Tobacco Tax	259.7	254.3	239.3	234.5
Other Taxes	394.8	405.8	421.5	427.7
Total	6,351.2	6,781.8	7,169.9	7,588.5

NON-RENEWABLE RESOURCE REVENUE – 2016-17 TO 2019-20

(Millions of Dollars)	2016-17 Actual	2017-18 Actual	2018-19 Forecast	2019-20 Budget
Crown Land Sales	50.1	64.7	57.5	46.6
Oil and Natural Gas	571.4	656.5	693.0	691.1
Potash	241.0	308.7	501.6	618.6
Resource Surcharge	303.5	317.0	383.3	385.0
Other	134.0	110.8	70.2	85.5
Total	1,300.0	1,457.7	1,705.6	1,826.8

Overall, non-renewable resource revenue has recovered by 40 per cent, or \$527 million, since 2016-17. Despite this improvement, non-renewable resource revenue remains \$788 million, or 30 per cent, below 2014-15 results.

Potash revenue is budgeted at \$619 million in 2019-20, a \$117 million improvement over the 2018-19 forecast. The budget includes the impact of technical changes to the Potash Production Tax introduced in the 2019-20 Budget and effective April 1, 2019, which eliminates credits for Crown and freehold royalties and the Saskatchewan Resource Credit.

In 2019-20, average realized prices are budgeted at US\$221 per KCl tonne (C\$470 per K₂O tonne), up from US\$211 (C\$448) in 2018-19. Sales are expected to increase from 13.9 million K₂O tonnes in 2018-19 to 14.1 million K₂O tonnes in 2019-20.

Oil and natural gas royalties are budgeted at \$691 million in 2019-20, a decrease of \$2 million from the 2018-19 forecast. A narrowing light-heavy oil price differential has been more than offset by a decrease in the annual average West Texas Intermediate (WTI) oil price and a decline in production.

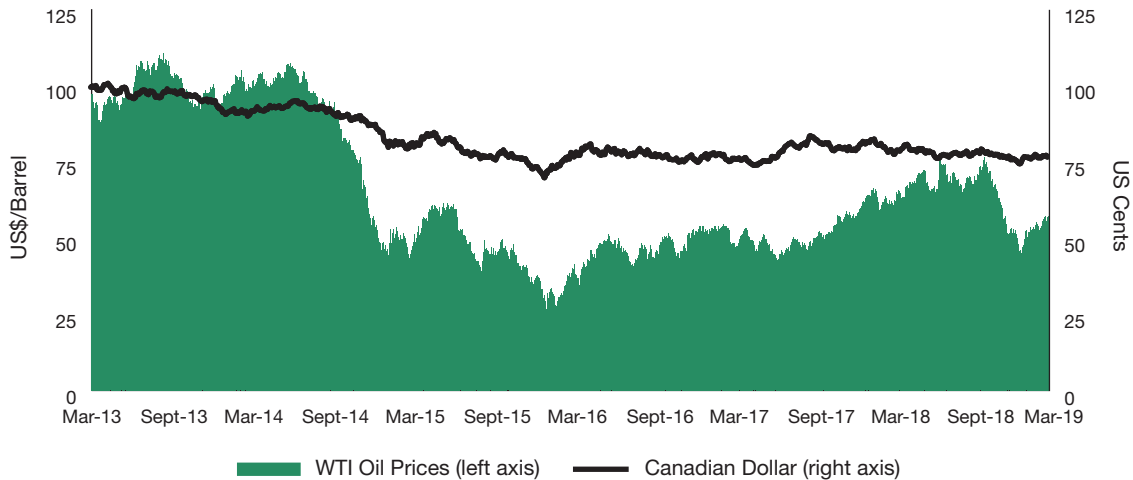
NON-RENEWABLE RESOURCE FORECAST ASSUMPTIONS – FISCAL YEAR

	2016-17 Actual	2017-18 Actual	2018-19 Forecast	2019-20 Budget
WTI Oil Price (US\$/barrel)	47.94	53.53	62.50	59.75
Light-Heavy Differential (% of WTI)	21.3	20.0	32.2	24.8
Well-head Oil Price (C\$/barrel) ¹	45.09	50.87	53.70	55.46
Oil Production (million barrels)	169.3	176.8	177.7	173.1
Potash Price (mine netback, US\$/KCl tonne) ²	173	187	211	221
Potash Price (mine netback, C\$/K ₂ O tonne) ²	377	396	448	470
Potash Sales (million K ₂ O tonnes) ²	11.2	12.3	13.9	14.1
Canadian Dollar (US cents)	76.20	77.99	76.47	77.19

¹ The average price per barrel of Saskatchewan light, medium and heavy oil.

² Ministry of Finance calculations derived from calendar-year forecasts.

WTI OIL PRICES AND THE CANADIAN DOLLAR



WTI oil prices are forecast to average US\$59.75 per barrel in 2019-20, consistent with private sector forecasts for the upcoming year. This is a US\$2.75 per barrel decrease from the 2018-19 average price forecast of US\$62.50.

WTI oil prices are an important benchmark for the oil market and provincial revenue; however, the majority of oil produced in Saskatchewan is heavier and more sour than WTI oil and requires further processing to be turned into refined products. As a result, Saskatchewan oil typically trades at a discount to WTI oil in the marketplace. Increasing production in Western Canada and North Dakota, as well as pipeline and transportation capacity limits, have also contributed to a general widening of the price discount for Saskatchewan oil in recent years.

In 2019-20, the light-heavy oil price differential – a rough benchmark for the price discount for oil produced in Saskatchewan – is expected to narrow from record levels experienced during the final months of 2018 to an average of 24.8 per cent of WTI in 2019-20.

Finally, oil production is forecast at 173.1 million barrels in 2019-20, down from the 2018-19 forecast of 177.7 million barrels.

The value of the Canadian dollar is forecast to average 77.19 U.S. cents in 2019-20, up from an average of 76.47 U.S. cents in 2018-19. As the price of Saskatchewan oil at the well-head is generally determined based on prevailing prices in the United States, a higher exchange rate translates to lower prices in Canadian dollars, all else being equal.

Revenue from Crown land sales, Resource Surcharge and all other non-renewable resources (including uranium, coal and other minerals) is forecast to increase by \$6 million.

The economic and fiscal forecasts in the 2019-20 Budget rely on a set of assumptions regarding Canadian, U.S. and global economic growth, commodity prices and the value of the Canadian dollar. These factors are beyond government's control, yet they heavily influence Saskatchewan's fiscal performance, particularly non-renewable resource revenue.

In an attempt to minimize risk to the fiscal plan, the assumptions used to develop the resource forecast are prudent and incorporate a number of private sector forecasts. But because of the volatile nature of these key external factors, the non-renewable resource revenue forecast will always be subject to risk. This risk is quantified throughout the year.

For 2019-20 it is estimated that:

- a US\$1 per barrel change in the fiscal-year average WTI oil price results in an estimated \$15 million change in oil royalties;
- a US\$10 per KCl tonne (C\$21 per K₂O tonne) change in the fiscal-year average realized potash price results in an estimated \$54 million change in potash royalties; and,
- a 1 U.S. cent change in the fiscal-year average exchange rate results in an estimated \$28 million change in non-renewable resource revenue.

Net Income from Government Business Enterprises

Government Business Enterprise (GBE) net income is forecast at nearly \$1.1 billion in 2019-20 and accounts for 7 per cent of budgeted revenue. This is a \$171 million increase from the current 2018-19 forecast, largely reflecting increases of \$143 million and \$51 million at the Workers' Compensation Board and the Auto Fund, respectively, primarily due to one-time investment losses in 2018-19 that are not budgeted to repeat. In addition, SaskPower net income is budgeted to be up \$47 million mainly due to higher expected Saskatchewan electricity sales and exported electricity volumes to Alberta.

These increases are partially offset by a \$53 million decrease at SaskEnergy, primarily due to an expected return to normal weather conditions and more typical gas marketing volumes.

NET INCOME FROM GOVERNMENT BUSINESS ENTERPRISES* – 2016-17 TO 2019-20

(Millions of Dollars)	2016-17 Actual	2017-18 Actual	2018-19 Forecast	2019-20 Budget
Saskatchewan Auto Fund	188.7	210.1	16.3	66.9
Saskatchewan Gaming Corporation	24.4	23.2	21.6	21.8
Saskatchewan Government Insurance	65.2	59.4	49.8	59.1
Saskatchewan Liquor and Gaming Authority	478.1	492.8	487.2	477.9
SaskPower	53.1	111.3	208.7	255.2
SaskTel	130.1	116.7	133.0	129.5
SaskEnergy	145.6	143.5	116.6	63.8
Workers' Compensation Board	(246.4)	109.4	(153.6)	(10.7)
Other	7.1	17.1	29.8	17.0
Total	845.9	1,283.5	909.4	1,080.5

* Including consolidation adjustments.

OTHER OWN-SOURCE REVENUE – 2016-17 TO 2019-20

(Millions of Dollars)	2016-17 Actual	2017-18 Actual	2018-19 Forecast	2019-20 Budget
Fees	1,213.0	1,141.1	1,148.5	1,132.2
Insurance	303.6	282.7	300.6	302.6
Investment Income	91.8	113.9	103.9	102.9
Transfers from Other Governments	96.8	74.8	102.3	92.3
Miscellaneous	469.0	463.5	387.4	432.1
Total	2,174.2	2,076.0	2,042.7	2,062.1

Other Own-Source Revenue

Other own-source revenue includes fees for services and licenses, proceeds from the sale of goods and services, investment income, fees collected by insurance entities and other miscellaneous sources of revenue. Most government organizations generate own-source revenue. Other own-source revenue is budgeted at \$2.1 billion in 2019-20 and accounts for 14 per cent of total revenue. This is a modest \$19 million, or 0.9 per cent, increase from 2018-19.

Transfers from the Federal Government

Federal transfers are budgeted at nearly \$2.5 billion in 2019-20 and account for 16 per cent of total revenue. This is a \$36 million decrease from the current 2018-19 forecast. The Canada Health Transfer and Canada Social Transfer increase by \$61 million and \$15 million, respectively, in 2019-20. These increases are more than offset by a \$111 million decrease in all other federal contributions, largely due to the winding down of several federal-provincial infrastructure programs, federal disaster assistance in 2018-19 that is not budgeted to repeat and lower federal AgriStability contributions.

FEDERAL TRANSFERS – 2016-17 TO 2019-20

(Millions of Dollars)	2016-17 Actual	2017-18 Actual	2018-19 Forecast	2019-20 Budget
Canada Health Transfer	1,138.8	1,176.1	1,203.3	1,263.8
Canada Social Transfer	422.7	435.3	441.6	456.6
Other	1,393.3	808.9	857.8	746.8
Total	2,954.8	2,420.3	2,502.7	2,467.2

2019-20 EXPENSE RECONCILIATION

(Millions of Dollars)	2018-19 Budget	2019-20 Budget	Change	
			Dollars	Per Cent
Agriculture	770.9	841.5	70.6	9.2
Community Development	642.6	681.2	38.6	6.0
Debt Charges	654.6	694.4	39.8	6.1
Economic Development	230.2	227.3	(2.9)	(1.3)
Education	3,263.3	3,282.5	19.2	0.6
Environment and Natural Resources	251.7	263.9	12.2	4.8
Health	5,765.3	5,888.2	122.9	2.1
Other	439.7	445.8	6.1	1.4
Protection of Persons and Property	689.9	701.1	11.2	1.6
Social Services and Assistance	1,381.3	1,432.7	51.4	3.7
Transportation	519.3	532.1	12.8	2.5
Total Expense	14,608.8	14,990.7	381.9	2.6

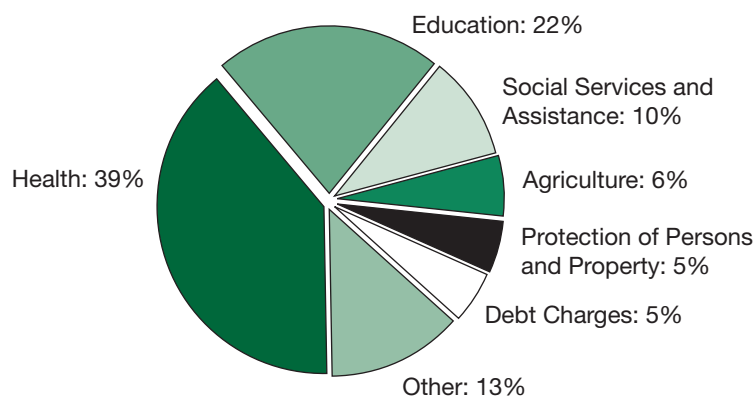
EXPENSE

Total expense is budgeted at \$15.0 billion in 2019-20, an increase of \$382 million, or 2.6 per cent, from the 2018-19 Budget.

The composition of expense in the 2019-20 Budget is as follows:

- Health, \$5.9 billion, or 39 per cent;
- Education, \$3.3 billion, or 22 per cent;
- Social Services and Assistance, \$1.4 billion, or 10 per cent;
- Agriculture, \$842 million, or 6 per cent;
- Protection of Persons and Property, \$701 million, or 5 per cent;
- Debt Charges, \$694 million, or 5 per cent; and,
- all others, nearly \$2.2 billion, or 13 per cent.

COMPOSITION OF 2019-20 EXPENSE

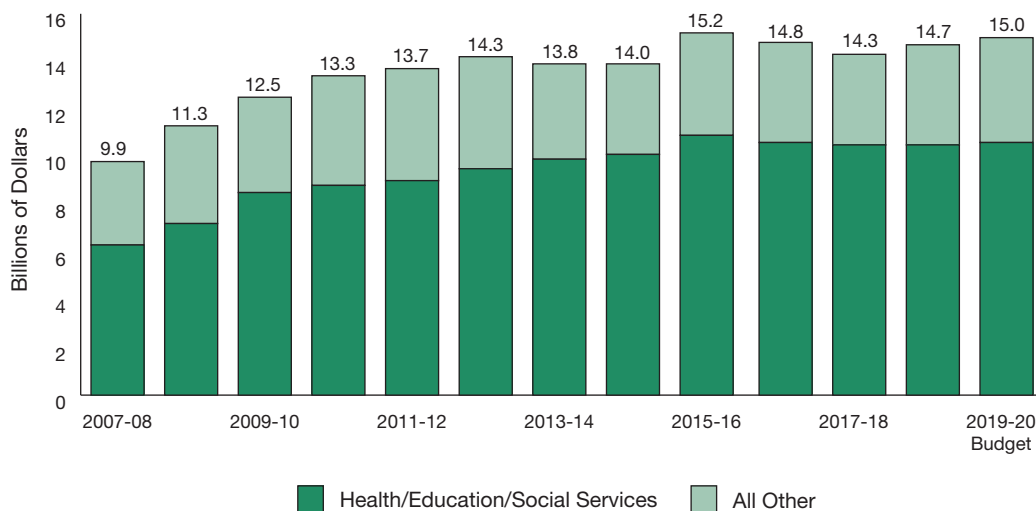


Significant budget-over-budget expense changes include:

- a \$122.9 million, or 2.1 per cent, increase in **Health**, reflecting increases for the Jim Pattison Children’s Hospital of Saskatchewan and the Saskatchewan Hospital North Battleford, mental health initiatives, higher utilization of physician services, medical services and benefits programs, and other general operating and inflationary pressures across the sector;
- a \$70.6 million, or 9.2 per cent, increase in **Agriculture**, primarily due to higher budgeted crop insurance indemnities and an increase in AgriStability payments;
- a \$51.4 million, or 3.7 per cent, increase in **Social Services and Assistance**, reflecting enhancements to child and family services, income assistance and supports for persons with disabilities;
- a \$39.8 million, or 6.1 per cent, increase in **Debt Charges**, largely due to higher Saskatchewan Builds Capital Plan debt;
- a \$38.6 million, or 6.0 per cent, increase in **Community Development**, largely due to increased funding for federal-provincial infrastructure programs, including the new Investing in Canada Infrastructure Program, and an increase in municipal revenue sharing;
- a \$19.2 million, or 0.6 per cent, increase in **Education**, largely reflecting salary and operating increases at the Boards of Education, partially offset by lower Teachers’ Superannuation Plan expense;
- a \$12.8 million, or 2.5 per cent, increase in **Transportation**, primarily higher amortization and operating and maintenance payments for the Regina Bypass at the Ministry of Highways and Infrastructure;
- a \$12.2 million, or 4.8 per cent, increase in **Environment and Natural Resources**, including increases for wildfire mitigation initiatives and a higher grant to SARCAN; and,
- an \$11.2 million, or 1.6 per cent, increase in **Protection of Persons and Property**, primarily for utilization and salary pressures across the theme.

In total, health, education and social services and assistance account for 71 per cent of expense in 2019-20.

EXPENSE BY THEME



Note: Boards of Education did not become part of the Government Reporting Entity until 2009-10.
Source: Saskatchewan Budget, Public Accounts

KEY MEDIUM-TERM NON-RENEWABLE RESOURCE FORECAST ASSUMPTIONS

	2019-20	2020-21	2021-22	2022-23
WTI Oil Price (US\$/barrel)	59.75	61.50	64.75	70.75
Light-Heavy Differential (% of WTI)	24.8	22.9	19.9	17.0
Well-head Oil Price (C\$/barrel) ¹	55.46	56.73	60.88	68.49
Oil Production (million barrels)	173.1	175.6	177.2	179.7
Potash Price (mine netback, US\$/KCl tonne) ²	221	225	230	234
Potash Price (mine netback, C\$/K ₂ O tonne) ²	470	469	473	479
Potash Sales (million K ₂ O tonnes) ²	14.1	14.4	14.6	15.0
Canadian Dollar (US cents)	77.19	78.79	79.60	80.05

¹ The average price per barrel of Saskatchewan light, medium and heavy oil.

² Ministry of Finance calculations derived from calendar-year forecasts.

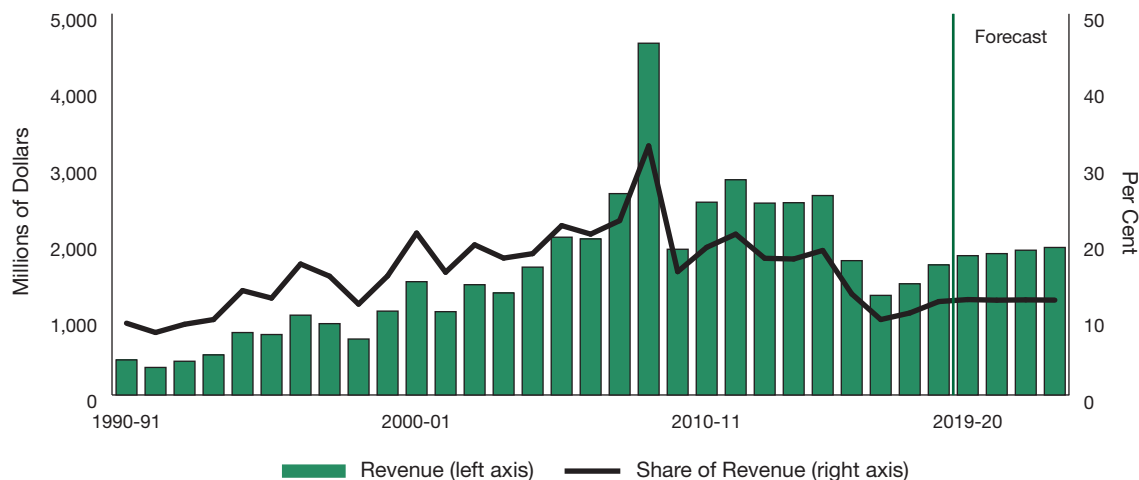
MEDIUM-TERM OUTLOOK

The medium-term financial outlook incorporates the impact of all measures announced in this year's budget and is consistent with the current medium-term economic outlook and its underlying assumptions.

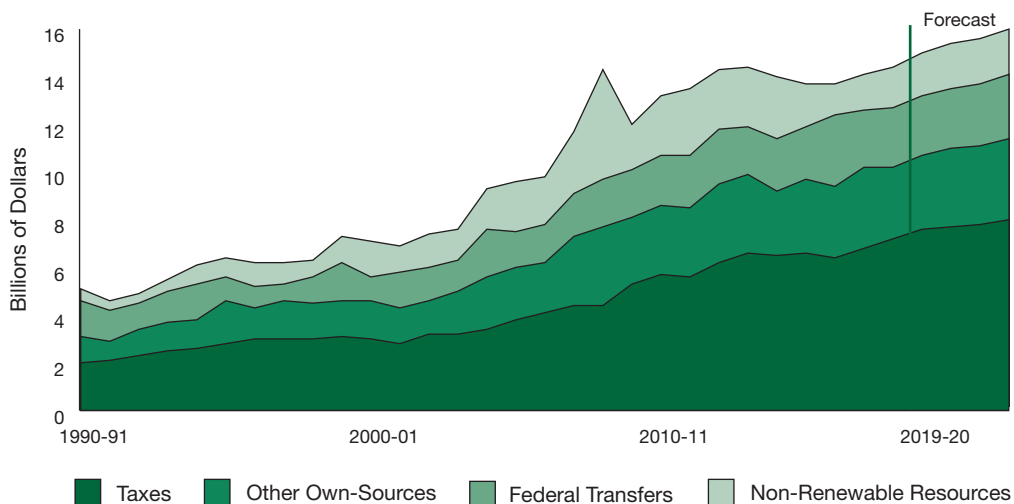
Over the medium term, total revenue is forecast to grow by 2.1 per cent, on average.

Non-renewable resource revenue and tax revenue are forecast to grow by 1.9 per cent and 1.6 per cent, respectively, between 2019-20 and 2022-23. WTI oil prices are forecast to increase over the forecast period, reaching US\$70.75 in 2022-23, and an assumed decrease in the light-heavy oil price differential over the same time period also lifts well-head oil prices. Potash prices, in U.S. dollars, are also forecast to increase over the forecast horizon.

NON-RENEWABLE RESOURCE REVENUE – 1990-91 TO 2022-23



COMPOSITION OF REVENUE – 1990-91 TO 2022-23



However, an increase in the value of the Canadian dollar offsets some of these price gains.

Non-renewable resource revenue accounts for 12 per cent of total revenue over the medium term. This is significantly lower than its share in recent history. For example, over the three-year period 2006-07 to 2008-09, non-renewable resources averaged 25 per cent of total revenue, including 32 per cent in 2008-09.

Other own sources, including GBE net income and other own-source revenue, are projected to increase

at a combined annual rate of 2.7 per cent. Federal transfers are projected to increase 2.8 per cent per year, on average, largely due to legislated increases in the Canada Health Transfer and the Canada Social Transfer.

Expense growth over the medium term is forecast at 2.0 per cent per year, slightly less than revenue growth.

As a result, the \$34 million surplus in 2019-20 is forecast to modestly increase over the subsequent three years, reaching \$84 million in 2022-23.

MEDIUM-TERM FINANCIAL OUTLOOK

(Millions of Dollars)	2019-20	2020-21	2021-22	2022-23
Revenue	15,025	15,339	15,668	15,992
Expense	14,991	15,290	15,596	15,908
Surplus	34	49	72	84

2019-20 BORROWING AND DEBT

The Province's debt consists of:

- General Debt – all debt of government entities other than Government Business Enterprise (GBE) Specific Debt; and,
- Government Business Enterprise Specific Debt – amounts borrowed by, or specifically on behalf of self-sufficient government organizations.

GBEs have the financial and operating authority to sell goods and services to individuals and organizations outside government as their principal activity. Amounts borrowed by, or specifically for these entities are classified separately because they are expected to be repaid from cash flows generated by these business enterprises. In other words, this debt has been incurred to finance the business activities of Crown corporations, and it is supported by revenue from those Crown business activities.

Public debt as reported in this budget paper is comprised of:

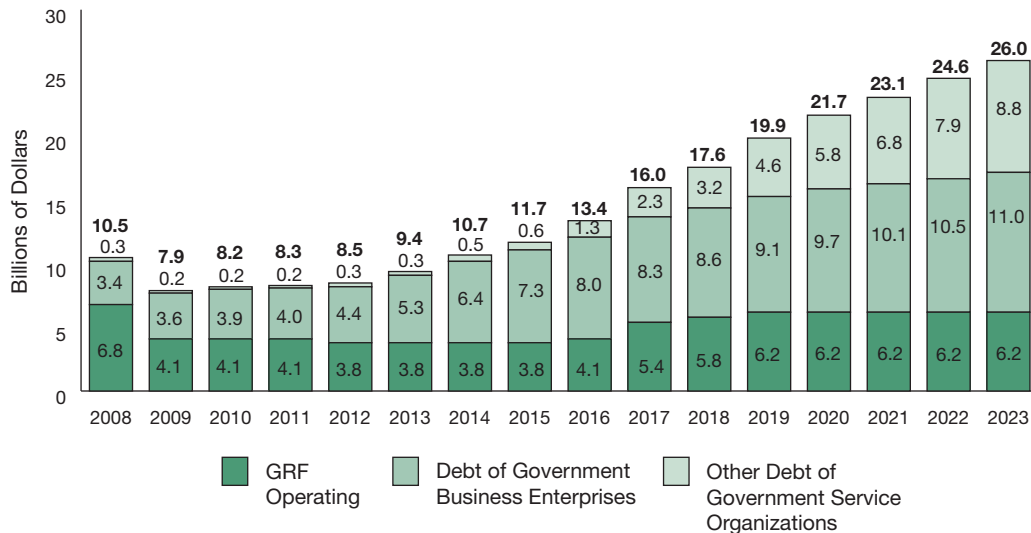
- Gross Debt – the amount of money owed to lenders; *less*
- Sinking Funds – the amount of money which has been set aside for the repayment of debt.

Public debt at March 31, 2019 is forecast to be \$151.1 million lower than estimated, due to decreased debt for GBEs.

For 2019-20, public debt is expected to increase by \$1.8 billion from the March 31, 2019 forecast. This is primarily due to \$1.2 billion of new debt to enable the General Revenue Fund (GRF) to finance infrastructure assets under the Saskatchewan Builds Capital Plan and \$0.6 billion of increased debt for the utility Crown corporations.

PUBLIC DEBT

As at March 31



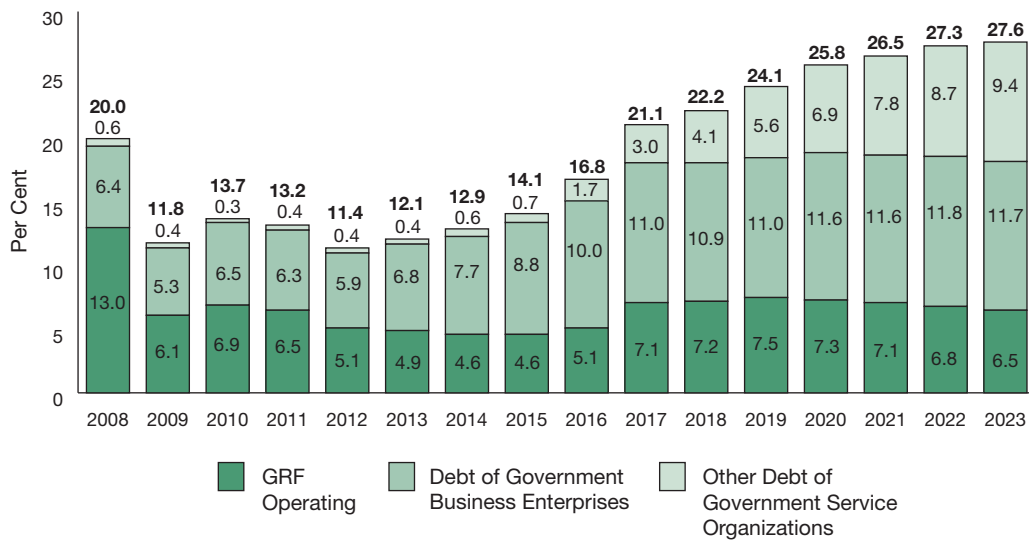
DEBT

As at March 31

(Millions of Dollars)	General Debt 2020	GBE Specific Debt 2020	Budget 2020	Forecast 2019	Budget 2019
Government Service Organizations					
Gross Debt	13,199.7	–	13,199.7	11,939.7	11,937.0
Sinking Funds	1,265.6	–	1,265.6	1,163.3	1,161.9
Government Service Organization Debt	11,934.1	–	11,934.1	10,776.4	10,775.1
Government Business Enterprises					
Gross Debt	275.0	10,648.7	10,923.7	10,167.6	10,321.6
Sinking Funds	30.4	1,135.5	1,165.9	1,060.2	1,061.8
Government Business Enterprise Debt	244.6	9,513.2	9,757.8	9,107.4	9,259.8
Public Debt	12,178.7	9,513.2	21,691.9	19,883.8	20,034.9
Guaranteed Debt	19.7	–	19.7	22.3	24.5

PUBLIC DEBT AS A % OF GDP

As at March 31



BORROWING

Most borrowing is done by the GRF. Where the GRF borrows on behalf of a government entity, the entity is responsible for the principal and interest payments on this debt.

The GRF's 2019-20 borrowing requirements are estimated to be \$2,264.7 million. Of this amount, \$203.3 million is for the purpose of refinancing maturing debt, and the majority of the remaining amount is to assist with the financing of capital expenditures.

A small amount of borrowing is done by entities such as the Saskatchewan Health Authority, Boards of Education, the Water Security Agency and the Global Transportation Hub Authority. Collectively, the debt of entities that conduct their own borrowing is estimated to decline by \$45.3 million in 2019-20.

SINKING FUNDS

Sinking funds are monies set aside for the orderly retirement of a portion of the government's debt. Sinking funds at March 31, 2019 are forecasted to be \$2,223.5 million, which is \$0.2 million lower than estimated. The variance is primarily due to slightly lower-than-expected earnings during 2018-19.

For 2019-20, sinking funds are expected to increase by \$208.0 million to \$2,431.5 million. This is primarily due to the estimated level of sinking fund contributions for the year.

SINKING FUNDS

(Millions of Dollars)	Forecast 2019	Contributions 2020	Earnings 2020	Redemptions 2020	Budget 2020
General Debt	1,163.3	143.1	29.6	(70.4)	1,265.6
GBE Specific Debt	1,060.2	87.6	27.6	(9.5)	1,165.9
Total Sinking Funds	2,223.5	230.7	57.2	(79.9)	2,431.5

DEBT CHARGES

In addition to interest payments, debt charges include other costs related to general gross debt, such as the amortization of premiums, discounts, and commissions. Debt charges also include interest that is accrued on pension liabilities.

The 2019-20 debt charges assume interest rates of 2.0 per cent for short-term borrowing transactions and 3.5 per cent for long-term borrowings. An interest rate of 3.1 per cent is assumed for pension liabilities. A one percentage point increase in interest rates for a full year from levels assumed in the Budget would increase debt charges in 2019-20 by approximately \$55.3 million.

NET DEBT

Another measure of a province's financial position is "net debt." Net debt aggregates all of a province's liabilities, and subtracts the financial assets that it has at its disposal to repay these obligations.

Credit rating agencies and other users of public sector financial information typically consider both debt and net debt in their assessment of a province's financial condition.

The table on the following page shows that the Province of Saskatchewan's net debt at March 31, 2019 is forecasted to be \$12.1 billion, which is third lowest among provinces on a per capita basis and as a percentage of GDP.

The chart on the following page illustrates the trend and forecast for net debt as a percentage of GDP.

DEBT CHARGES – GENERAL DEBT

(Millions of Dollars)	Budget 2019-20	Forecast 2018-19
General Revenue Fund	494.7	430.8
Pension Liabilities	191.8	197.8
Other General Debt	7.9	5.5
Debt Charges – General Debt¹	694.4	634.1

¹ Debt charges do not include amounts pertaining to Government Business Enterprise Specific Debt. These amounts are reflected in Net Income from Government Business Enterprises.

NET DEBT COMPARISON

As at March 31

	2016-17	2017-18	2018-19	2018-19			
				Per Capita ²		Per Cent of GDP ³	
				Billions of Dollars	Dollars	Rank ¹	%
British Columbia	37.8	41.9	43.6	8,733	2	14.6	2
Alberta	8.9	19.3	28.1	6,530	1	8.2	1
Saskatchewan	10.2	11.2	12.1	10,440	3	14.8	3
Manitoba	23.3	24.4	25.2	18,645	7	34.2	5
Ontario	314.1	323.8	346.1	24,162	9	40.3	9
Québec	181.8	176.5	175.2	20,884	8	40.2	8
New Brunswick	13.8	13.9	14.1	18,303	6	38.5	7
Nova Scotia	14.9	15.0	15.2	15,804	5	34.6	6
Prince Edward Island	2.2	2.1	2.3	14,774	4	32.6	4
Newfoundland and Labrador	13.6	14.7	15.4	29,256	10	45.2	10

¹ Rank ordered with 1 = lowest.

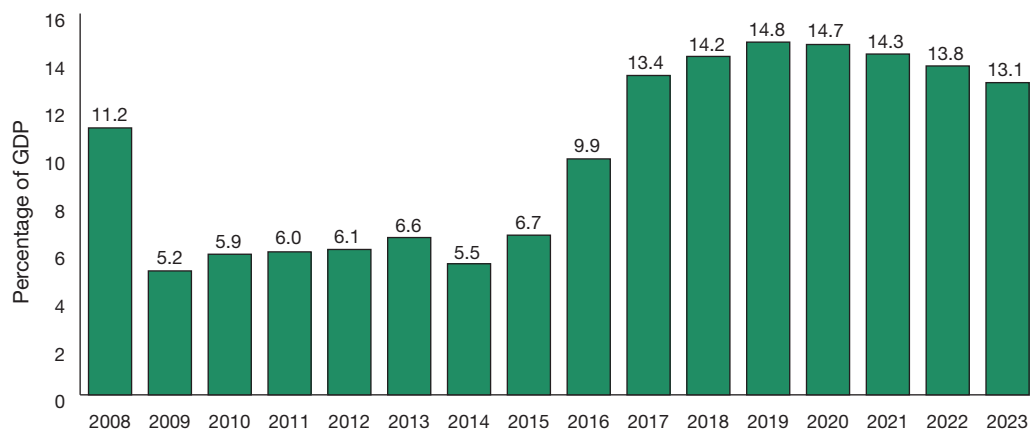
² Population data from Statistics Canada for populations as of January 1, 2018.

³ Based on Statistics Canada estimates of GDP and Conference Board forecasts.

Source: Jurisdictions' most recent publicly available data

NET DEBT TO GDP

As at March 31



2019-20 REVENUE INITIATIVES

The 2019-20 Budget introduces revenue initiatives to support Saskatchewan communities and to ensure the Province receives a fair and balanced return on its resource wealth.

This paper describes in more detail the tax measures announced in the Budget. However, it is only a summary and the reader is advised to contact the responsible ministries and consult the enacting legislation or regulation for specific details.

Personal Income Tax Credits for Volunteer Emergency Responders

Enhancements to Saskatchewan's Personal Income Tax (PIT) exemptions introduced in 2008 and 2011 removed almost 112,000 Saskatchewan residents from the Province's income tax roll. In addition, PIT rates were reduced by a half-point on July 1, 2017. In total, PIT reductions introduced since 2007 are providing almost \$610 million in annual income tax savings to Saskatchewan residents.

Volunteers are a critical part of the ability of Saskatchewan communities to respond to emergency situations, particularly in rural areas. These volunteers put themselves at risk to protect the safety and well-being of their neighbours and to respond to mass tragedies.

The income tax system already provides an exemption of up to \$1,000 for honoraria that a volunteer might receive from a municipality or other public agency.

The 2019-20 Budget announces the creation of new non-refundable tax credits for Volunteer Firefighters and for Volunteer Emergency Medical First Responders, beginning with the 2020 taxation year. Individuals performing at least 200 hours of eligible volunteer services in a year (as certified by the organization managing the volunteer services) will be able to claim a \$3,000 tax credit amount. Eligible volunteer services consist of responding to and being on call for emergencies, attending required meetings and participating in required training.

To maintain consistency with the rules related to similar federal tax credits, individuals who also provide these services as a regular employee of the organization will not be eligible for the tax credit. Individuals who perform at least 200 hours of combined volunteer firefighting services and volunteer emergency medical first responder services will be able to claim one of the two tax credits. Individuals who receive honoraria for their volunteer emergency service duties may claim either the income exemption or the tax credit, but not both.

For further information on these tax credits, refer to the Ministry of Finance website at www.saskatchewan.ca/budget or call 1-800-667-6102.

Potash Production Tax

The Province levies a Crown Royalty on potash produced from Crown lands and a Potash Production Tax (PPT) on potash produced from both Crown and freehold lands in Saskatchewan. The Crown Royalty has been in place since 1960, while the modern PPT structure was introduced in 1990 and consists of a base payment component and a profit tax component. In combination, the base payment and the profit tax are intended to ensure that Saskatchewan's potash revenues are sensitive to changes in both production levels and commodity prices.

The base payment is intended to be a simple flat payment per tonne of sales. However, it is currently reduced by the amount of Crown and freehold royalties paid and the amount of the Saskatchewan Resource Credit (equal to 0.75 per cent of the value of potash sales). As the base payment rate is set at a fixed dollar amount per tonne and the value of these deductions has continued to grow, the base payment has gradually eroded such that it currently generates very little revenue.

To address this situation, effective April 1, 2019, the Saskatchewan Resource Credit is eliminated for potash production, and Crown and freehold royalties will no longer be deductible in determining the base payment or the profit tax.

This measure will simplify the PPT calculation and ensure a fair and balanced return to the people of Saskatchewan for their valuable potash resource.

For further information on the Potash Production Tax, contact the Ministry of Energy and Resources at 306-787-4765.

SASKATCHEWAN'S TAX EXPENDITURES

INTRODUCTION

Although the primary purpose of taxation is to raise revenue, governments also attain some of their social and economic goals by reducing the taxes paid by certain taxpayers. These reductions are commonly called “tax expenditures” and include such measures as exemptions, deductions, tax credits, preferential tax rates or deferrals. Taken together, they provide assistance to a variety of individuals and businesses, including families, farmers, senior citizens and small businesses.

While tax expenditures are usually absorbed in the overall revenue estimates and are not presented in the same way as direct spending programs, they reduce the amount of revenue generated by a government and they affect the fiscal position in the same way as direct expenditures. This paper provides estimates of the revenue impacts of several of Saskatchewan's tax expenditures.

RATIONALE FOR TAX EXPENDITURES

Tax expenditures can achieve a number of objectives, such as enhancing the fairness of the tax system or promoting certain types of economic activity. In pursuing these objectives, some tax expenditures have become fundamental elements of the tax system.

Saskatchewan's Provincial Sales Tax (PST) does not apply to certain essential items such as basic groceries, residential natural gas, residential electricity and reading materials, thereby reducing the taxes paid by families consuming these items.

Some of Saskatchewan's PST exemptions are in contrast to the federal Goods and Services Tax (GST) and the sales taxes of provinces that have harmonized

their sales taxes with the GST, since those taxes apply to a broader range of goods and services purchased by families.

Other exemptions from the PST are intended to support particular key sectors of the provincial economy, including manufacturing and farming.

Saskatchewan's personal income tax system applies provincial marginal tax rates directly to taxable income as defined for federal income tax purposes. As a result, deductions that contribute to the federal determination of taxable income, such as the deduction for Registered Retirement Savings Plan contributions, also affect Saskatchewan income tax revenue.

In addition, Saskatchewan's personal income tax system has distinct provincial non-refundable income tax credits that recognize the personal circumstances of the taxpayer, including family-based credits and disability-related credits.

Saskatchewan's income tax system also delivers several programs designed to encourage specific taxpayer behaviours, including investment incentives and retention incentives.

To improve tax competitiveness, Saskatchewan levies a lower income tax rate on small businesses and a special income tax rate on manufacturing and processing (M&P) profits. In addition, Saskatchewan provides a refundable Investment Tax Credit to assist M&P companies that invest in qualifying new or used M&P assets for use in the province. Saskatchewan also provides a Research and Development (R&D) Tax Credit in support of qualifying R&D activities.

ASSOCIATED COSTS

While tax expenditures serve important social and economic objectives, the introduction of any tax expenditure results in associated costs. These costs take several forms.

- First, there is the cost of forgone revenue. Tax expenditures result in the reduction of revenue collected and have a significant impact on a government's financial position.
- Second, tax expenditures may add to the complexity of the tax system, leading to increased administrative effort and compliance costs for businesses, consumers and governments.
- Third, tax expenditures may create distortions in consumer and other economic behaviour by providing preferential treatment for certain categories of consumer expenditure.

GOVERNMENT OF CANADA TAX EXPENDITURES

The federal government produces a detailed presentation on tax expenditures that are part of the federal tax system. Since Saskatchewan's personal and corporate income taxes are based upon the federal definition of taxable income, many of the federal tax expenditures have an impact on Saskatchewan's revenue. Readers interested in examining the federal government's presentation of tax expenditures are invited to visit the Finance Canada website at www.fin.gc.ca and click on "Publications and Reports."

2019 SASKATCHEWAN TAX EXPENDITURE ACCOUNTS

The following tables provide estimates of the major tax expenditures of the Government of Saskatchewan, calculated using tax collection data, Statistics Canada data and income tax assessment data. Estimates are derived from these data sources by applying assumptions regarding the expected changes in population, employment and income, retail sales and investment intentions. This year's tables also provide updates to the 2016, 2017 and 2018 tax expenditure estimates that were reported last year. The new personal income tax credits for volunteer emergency responders, which are described in greater detail in the technical paper entitled 2019-20 Revenue Initiatives, are effective beginning in the 2020 taxation year and are therefore not included in this year's tax expenditure accounts.

2019 Government of Saskatchewan Tax Expenditure Accounts

(Value of Tax Expenditures in Millions of Dollars)

Provincial Sales Tax	2016 Revised	2017 Revised	2018 Revised	2019 Estimate
Exemptions				
1. Basic groceries.....	129.6	153.3	157.7	162.5
2. Prescription drugs	35.7	45.0	46.5	47.0
3. Reading materials	9.4	11.4	12.9	13.9
4. Personal services	37.0	43.3	46.8	47.8
5. Feminine hygiene products	1.7	2.1	2.1	2.2
6. Used goods – exemption amounts	0.2	0.2	0.3	0.3
7. Electricity	49.9	64.4	72.7	73.6
8. Natural gas	23.2	28.8	29.6	27.0
9. Farm machinery and repair parts.....	87.3	82.9	85.0	85.0
10. Fertilizer, pesticide and seed.....	182.7	201.2	228.3	232.5
11. Direct agents	18.6	21.6	22.8	23.1
12. Toll-free telephone services	0.2	0.2	0.2	0.1
13. Agriculture, life and health insurance.....	–	86.2	132.6	132.7
Other				
1. Saskatchewan Low-Income Tax Credit.....	92.0	109.0	133.3	135.5
Fuel Tax				
1. Exemption for farm activity.....	116.3	87.7	72.0	72.4
2. Exemption for heating fuels.....	26.2	26.7	27.3	27.8
3. Exemption for primary producers.....	1.6	1.3	1.1	1.1

Personal Income Tax	2016 Actual	2017 Revised	2018 Revised	2019 Estimate
Deductions from Income				
1. Registered Pension Plan contributions	97.8	100.0	100.7	103.7
2. Registered Retirement Savings Plan contributions.....	145.5	146.7	146.9	150.2
3. Annual union, professional or like dues	16.9	17.2	17.4	17.8
4. Child care expenses.....	13.8	13.8	13.9	14.4
5. Moving expenses	1.7	1.6	1.7	1.8
6. Carrying charges	17.8	17.9	18.0	18.7
7. Allowable employment expenses.....	12.9	12.9	13.0	13.5
8. Capital gains deduction.....	77.5	78.6	78.7	79.4
Saskatchewan Non-Refundable Tax Credits				
1. Basic personal tax credit.....	1,068.2	1,072.2	1,073.0	1,078.4
2. Spousal tax credit.....	56.2	57.0	56.6	56.7
3. Equivalent-to-spouse tax credit.....	24.6	24.6	24.5	25.0
4. Age tax credit	36.0	36.0	36.2	36.2
5. Supplement to the age tax credit	14.9	15.0	14.9	15.2
6. Dependent child tax credit.....	109.5	110.2	110.3	111.4
7. Canada Pension Plan contributions tax credit	86.6	86.9	86.9	87.6
8. Employment Insurance premiums tax credit.....	30.4	30.5	30.5	30.9
9. Pension income tax credit.....	13.5	13.6	13.7	13.9
10. Tuition and education tax credit	43.5	21.8	—	—
11. Student loan interest tax credit	0.7	0.7	0.7	0.7
12. Disability tax credit	22.4	22.5	22.9	23.5
13. Caregiver tax credit	2.9	2.8	3.0	3.1
14. Medical expenses tax credit.....	27.3	27.3	27.2	27.9
15. Charitable contributions tax credit.....	44.0	44.5	44.3	45.5
16. First-time homebuyers tax credit.....	5.3	5.2	5.2	5.3
Other Saskatchewan Tax Measures				
1. Labour-sponsored Venture Capital Tax Credit	12.1	12.2	12.0	12.0
2. Mineral Exploration Tax Credit	0.1	0.2	0.5	0.5
3. Political Contributions Tax Credit	2.0	1.2	1.3	1.6
4. Graduate Retention Program Tax Credit.....	58.0	64.0	72.7	78.0
Corporation Income Tax				
1. Lower tax rate for small business	418.0	377.9	478.5	487.5
2. Manufacturing and Processing Profits Tax Reduction	10.9	11.9	15.0	15.0
3. Investment Tax Credit for Manufacturing and Processing ..	32.7	27.0	36.0	36.0
4. Research and Development Tax Credit	10.1	17.8	11.5	12.0

2019 INTERCITY COMPARISON OF TAXES AND UTILITIES

INTRODUCTION

A number of factors contribute to the quality of life enjoyed by individuals and families in Saskatchewan and across Canada. For example, access to excellent health care, education and social services is a key part of the overall quality of life.

Other important factors that affect quality of life are the level of taxation and the cost of utilities and auto insurance. Calculating the combined cost of provincial taxes and utilities is a reliable way to compare the attractiveness of living in different parts of Canada.

For the purposes of such a comparison, the total cost of these taxes and utilities for representative families living in Regina has been compared with the costs those families would face in other major cities across the country.

The provincial taxes and utilities costs associated with the following family characteristics and income levels have been calculated to provide a representative comparison:

- a single person, living in rental accommodation, with an annual income of \$40,000;
- a family of two adults and two dependent children, owning its own home, with an annual family income of \$75,000;

- a family of two adults and two dependent children, owning its own home, with an annual family income of \$100,000; and,
- a family of two adults and two dependent children, owning its own home, with an annual family income of \$125,000.

SASKATCHEWAN'S RANKING FOR 2019

In 2019, Saskatchewan individuals and families will pay total provincial taxes that are very competitive with those paid in other Canadian cities, with a ranking among the lowest in Canada for all four representative family situations.

- A single person earning \$40,000 will pay \$3,071 in total provincial taxes.
- A two-income family earning \$75,000 will pay \$4,605 in total provincial taxes.
- A two-income family earning \$100,000 will pay \$7,578 in total provincial taxes.
- A two-income family earning \$125,000 will pay \$10,697 in total provincial taxes.

Regina also ranks favourably with other cities in Canada when comparing provincial taxes and utilities. For the representative family situations, Regina again ranks among the lowest overall combined taxes and utilities of the 10 cities surveyed.

2019 Intercity Comparison of Taxes and Utilities Single Person at \$40,000 Total Income

(Values in Dollars)

	Vancouver	Calgary	Regina	Winnipeg	Toronto	Montréal	Saint John	Halifax	Charlotte-town	St. John's
<i>Provincial Taxes</i>										
Provincial										
Income Tax	1,357	1,812	2,250	3,152	1,359	2,759	2,636	3,191	3,097	2,582
Tax Credits and Rebates	(25)	(300)	(144)	0	(113)	(660)	(200)	0	(160)	(450)
Health Premiums	390	0	0	0	450	616	0	0	0	0
Sales Tax	740	0	815	932	1,192	1,502	1,513	1,513	1,513	1,513
Gasoline Tax	333	197	150	140	147	222	155	155	158	209
Total Provincial Taxes	2,795	1,709	3,071	4,224	3,035	4,439	4,104	4,859	4,608	3,854
<i>Household Utility Costs</i>										
Electricity	473	674	920	484	901	418	658	833	993	696
Telephone	362	361	258	379	378	378	378	380	380	379
Auto Insurance	2,255	3,015	1,219	1,287	5,203	1,899	1,621	1,992	1,754	2,991
Total Household Utility Costs	3,090	4,050	2,397	2,150	6,482	2,695	2,657	3,205	3,127	4,066
Total Taxes and Utilities	5,885	5,759	5,468	6,374	9,517	7,134	6,761	8,064	7,735	7,920

2019 Intercity Comparison of Taxes and Utilities Family at \$75,000 Total Income

(Values in Dollars)

	Vancouver	Calgary	Regina	Winnipeg	Toronto	Montréal	Saint John	Halifax	Charlotte-town	St. John's
<i>Provincial Taxes</i>										
Provincial										
Income Tax	2,230	2,858	2,415	5,052	1,719	4,483	4,653	5,375	5,322	4,648
Tax Credits and Rebates	0	(846)	0	0	0	(3,168)	(60)	0	0	0
Health Premiums	900	0	0	0	750	1,232	0	0	0	0
Sales Tax	1,811	0	1,890	2,248	2,865	3,604	3,627	3,627	3,627	3,627
Gasoline Tax	666	394	300	280	294	444	310	310	316	418
Total Provincial Taxes	5,607	2,406	4,605	7,580	5,628	6,595	8,530	9,312	9,265	8,693
<i>Household Utility Costs</i>										
Home Heating	860	735	905	810	968	1,577	2,432	2,249	2,579	2,531
Electricity	821	1,156	1,418	779	1,283	625	1,008	1,372	1,453	1,083
Telephone	362	361	258	379	378	378	378	380	380	379
Auto Insurance	2,255	3,015	1,219	1,287	5,203	1,899	1,621	1,992	1,754	2,991
Total Household Utility Costs	4,298	5,267	3,800	3,255	7,832	4,479	5,439	5,993	6,166	6,984
Total Taxes and Utilities	9,905	7,673	8,405	10,835	13,460	11,074	13,969	15,305	15,431	15,677

**2019 Intercity Comparison of Taxes and Utilities
Family at \$100,000 Total Income**
(Values in Dollars)

	Vancouver	Calgary	Regina	Winnipeg	Toronto	Montréal	Saint John	Halifax	Charlotte-town	St. John's
<i>Provincial Taxes</i>										
Provincial										
Income Tax	4,027	5,214	5,185	8,120	4,181	8,348	7,705	8,841	8,432	7,568
Tax Credits and Rebates	0	(460)	0	0	0	(2,168)	0	0	0	0
Health Premiums	900	0	0	0	960	1,232	0	0	0	0
Sales Tax	1,968	0	2,093	2,493	3,173	3,995	4,021	4,021	4,021	4,021
Gasoline Tax	666	394	300	280	294	444	310	310	316	418
Total Provincial Taxes	7,561	5,148	7,578	10,893	8,608	11,851	12,036	13,172	12,769	12,007
<i>Household Utility Costs</i>										
Home Heating	860	735	905	810	968	1,577	2,432	2,249	2,579	2,531
Electricity	821	1,156	1,418	779	1,283	625	1,008	1,372	1,453	1,083
Telephone	362	361	258	379	378	378	378	380	380	379
Auto Insurance	2,255	3,015	1,219	1,287	5,203	1,899	1,621	1,992	1,754	2,991
Total Household Utility Costs	4,298	5,267	3,800	3,255	7,832	4,479	5,439	5,993	6,166	6,984
Total Taxes and Utilities	11,859	10,415	11,378	14,148	16,440	16,330	17,475	19,165	18,935	18,991

**2019 Intercity Comparison of Taxes and Utilities
Family at \$125,000 Total Income**
(Values in Dollars)

	Vancouver	Calgary	Regina	Winnipeg	Toronto	Montréal	Saint John	Halifax	Charlotte-town	St. John's
<i>Provincial Taxes</i>										
Provincial										
Income Tax	5,820	7,647	8,075	11,584	6,151	12,407	11,057	12,778	12,136	11,101
Tax Credits and Rebates	0	0	0	0	0	(1,335)	0	0	0	0
Health Premiums	900	0	0	0	1,200	1,232	0	0	0	0
Sales Tax	2,165	0	2,322	2,742	3,490	4,395	4,423	4,423	4,423	4,423
Gasoline Tax	666	394	300	280	294	444	310	310	316	418
Total Provincial Taxes	9,551	8,041	10,697	14,606	11,135	17,143	15,790	17,511	16,875	15,942
<i>Household Utility Costs</i>										
Home Heating	860	735	905	810	968	1,577	2,432	2,249	2,579	2,531
Electricity	821	1,156	1,418	779	1,283	625	1,008	1,372	1,453	1,083
Telephone	362	361	258	379	378	378	378	380	380	379
Auto Insurance	2,255	3,015	1,219	1,287	5,203	1,899	1,621	1,992	1,754	2,991
Total Household Utility Costs	4,298	5,267	3,800	3,255	7,832	4,479	5,439	5,993	6,166	6,984
Total Taxes and Utilities	13,849	13,308	14,497	17,861	18,967	21,622	21,229	23,504	23,041	22,926

TAXES AND UTILITIES – NOTES

Tax estimates are calculated for the 2019 calendar year using known changes as of March 5, 2019. Household charges for the basic utility services (electricity, home heating, telephone and auto insurance) represent a cost comparison of the actual utility rates for the 2018 calendar year. This methodology has been chosen due to the uncertainty of attempting to forecast utility rates for the coming year. The utility figures exclude federal Goods and Services Tax, provincial sales taxes and municipal taxes and surcharges.

Provincial Income Tax is calculated based on the income level for each representative family situation. It is assumed that family income is earned by both spouses at a 60 per cent to 40 per cent ratio and that the families each claim \$3,000 in child care expenses for two dependent children (ages 6 and 12). Personal non-refundable credits used include the Canada Pension Plan/Québec Pension Plan and Employment Insurance contribution credits. Gross Québec personal income tax has been reduced by the Québec Child Care Expense Tax Credit and by the 16.5 per cent abatement from federal income tax.

Tax Credits and Rebates refer to refundable provincial income tax credits and rebates designed to reduce the impact of sales taxes.

Health Premiums are annual premiums for hospital insurance and medical services.

Sales Tax is based upon average family expenditure baskets at the total income levels from the *CANSIM Survey of Household Spending 2014* (Statistics Canada). The sales tax base in each province was identified from the enacting legislation, with total

expenditures adjusted to reflect Saskatchewan consumption patterns. The sales tax in each province was then estimated based on taxable expenditures.

Gasoline Tax is based on annual consumption of 1,000 litres by a single person, and 2,000 litres for families. Figures include charges levied by transit commissions as well as provincial carbon taxes applied to the purchase of gasoline.

Home Heating charges are based on an annual consumption level of 2,800 m³ of natural gas. For Charlottetown and St. John's, the figures represent the BTU equivalent consumption of fuel oil.

Electricity charges are based on an annual consumption level of 4,584 kWh for renters and 8,100 kWh for homeowners.

Telephone charges are the basic service rates for individual residences.

Auto Insurance is based on a composite index developed by SGI modelled after the index developed by the Consumers' Association of Canada. The index is based on the actual insurance rates quoted for what drivers would pay in each jurisdiction if they had the same car, same coverage, same claims history and driving record at a consistent point in time. The Consumers' Association of Canada developed 34 profiles to create this index. The impacts of "Good Driver" discounts/rebates have been factored in for all applicable jurisdictions. Auto insurance rates for Saint John, Halifax, Charlottetown and St. John's are unchanged from last year's comparison as SGI no longer has access to rate information in these jurisdictions.

2018-19 BUDGET UPDATE THIRD QUARTER

OVERVIEW

At third quarter, a deficit of \$379.9 million is forecast. This is a \$31.6 million deterioration from mid-year due to a \$51.3 million decrease in revenue, partially offset by a \$19.7 million decline in expense.

Overall, revenue is up \$86.8 million from budget and expense is up \$101.4 million.

REVENUE UPDATE

At third quarter, revenue is forecast to be \$14.3 billion. This is a decrease of \$51.3 million from mid-year, primarily due to a significant decline in Government Business Enterprise (GBE) net income, partially offset by an increase in non-renewable resource revenue, as well as more modest increases in tax revenue, other own-source revenue and federal transfers.

2018-19 BUDGET UPDATE – THIRD QUARTER

(Millions of Dollars)	Budget	Mid-Year Projection	Third Quarter Forecast	Third Quarter Change from Budget Mid-Year	
Revenue					
Taxation	7,214.9	7,159.8	7,169.9	(45.0)	10.1
Non-Renewable Resources	1,482.1	1,591.5	1,705.6	223.5	114.1
Net Income from Government Business Enterprises	1,078.0	1,116.8	909.4	(168.6)	(207.4)
Other Own-Source Revenue	2,006.5	2,012.7	2,042.7	36.2	30.0
Transfers from the Federal Government	2,462.0	2,500.8	2,502.7	40.7	1.9
Total Revenue	14,243.5	14,381.6	14,330.3	86.8	(51.3)
Expense					
Agriculture	770.9	770.9	704.6	(66.3)	(66.3)
Community Development	642.6	634.8	625.0	(17.6)	(9.8)
Debt Charges	654.6	644.0	634.1	(20.5)	(9.9)
Economic Development	230.2	230.2	214.5	(15.7)	(15.7)
Education	3,263.3	3,329.2	3,325.8	62.5	(3.4)
Environment and Natural Resources	251.7	271.9	272.8	21.1	0.9
Health	5,765.3	5,785.3	5,807.7	42.4	22.4
Other	439.7	439.7	482.1	42.4	42.4
Protection of Persons and Property	689.9	700.3	708.8	18.9	8.5
Social Services and Assistance	1,381.3	1,404.3	1,403.4	22.1	(0.9)
Transportation	519.3	519.3	531.4	12.1	12.1
Total Expense	14,608.8	14,729.9	14,710.2	101.4	(19.7)
Deficit	(365.3)	(348.3)	(379.9)	(14.6)	(31.6)

Taxation revenue is forecast to increase \$10.1 million from mid-year. Stronger-than-expected economic activity has resulted in higher forecasts for Provincial Sales Tax (\$75.0 million) and Fuel Tax (\$17.0 million) revenue.

These increases are partially offset by a \$43.1 million reduction in Individual Income Tax since mid-year, a \$21.0 million decline in Tobacco Tax, and a \$17.8 million decline across all other tax categories.

2018-19 REVENUE RECONCILIATION

(Millions of Dollars)

2018-19 Mid-Year Projection	14,381.6
Forecast Changes from Mid-Year	
Taxation	10.1
Non-Renewable Resources	114.1
GBE Net Income	(207.4)
Other Own-Source Revenue	30.0
Federal Transfers	1.9
Total Change from Mid-Year	(51.3)
2018-19 Third Quarter Forecast	14,330.3

Non-renewable resources revenue is forecast to increase \$114.1 million from mid-year.

Potash revenue is forecast to increase \$66.8 million from mid-year, primarily due higher sales and higher realized prices in Canadian dollars.

Resource Surcharge revenue is forecast to increase \$66.0 million, largely due to higher-than-budgeted potash prices.

At third quarter, oil and natural gas revenue is forecast to decrease \$25.2 million from mid-year, largely as a result of a lower West Texas Intermediate (WTI) oil price forecast and a small increase in the light-heavy oil price differential. These negative factors are partially offset by the positive impact of a lower exchange rate forecast at third quarter.

Finally, Crown land sales are \$6.9 million higher than the mid-year projection, reflecting higher-than-expected results in the final two sales of the fiscal year.

2018-19 NON-RENEWABLE RESOURCES FORECAST ASSUMPTIONS

	Budget	Mid-Year Projection	Third Quarter Forecast	Budget	Third Quarter Change from Mid-Year
WTI Oil Price (US\$/barrel)	58.18	65.23	62.50	4.32	(2.73)
Light-Heavy Differential (% of WTI)	22.1	31.7	32.2	10.1	0.5
Well-head Oil Price (C\$/barrel) ¹	54.36	56.37	53.70	(0.66)	(2.67)
Oil Production (million barrels)	177.7	179.2	177.7	-	(1.5)
Potash Price (mine netback, US\$/KCl tonne) ²	191	210	211	20	1
Potash Price (mine netback, C\$/K ₂ O tonne) ²	399	442	448	49	6
Potash Sales (million K ₂ O tonnes) ²	12.6	13.1	13.9	1.3	0.8
Uranium Price (C\$/Kg) ²	112	111	109	(3)	(2)
Canadian Dollar (US cents)	78.34	77.51	76.47	(1.87)	(1.04)

¹ The average price per barrel of Saskatchewan light, medium and heavy oil.

² Ministry of Finance calculations derived from calendar-year forecasts.

Government Business Enterprise net income is forecast to be \$207.4 million lower than mid-year. Lower investment income is responsible for decreases of \$157.9 million and \$97.4 million at the Workers' Compensation Board and the Auto Fund, respectively. These losses are partially offset by higher net income forecasts for SaskEnergy, Saskatchewan Government Insurance and Saskatchewan Liquor and Gaming Authority.

Other own-source revenue is forecast to increase \$30.0 million from mid-year, largely due to higher-than-expected miscellaneous revenue across the reporting entity.

Transfers from the federal government are forecast to increase \$1.9 million from mid-year.

EXPENSE UPDATE

At third quarter, expense is forecast to be \$14.7 billion. This is a \$19.7 million decrease from mid-year.

Agriculture is forecast to decrease \$66.3 million from mid-year, primarily due to lower crop insurance indemnities, partially offset by higher AgriStability benefits and Wildlife Damage Compensation Program payments.

Economic Development is forecast to decrease \$15.7 million from mid-year, primarily due to lower contract work at the Saskatchewan Research Council.

Debt Charges are forecast to decrease \$9.9 million from mid-year, primarily due to an increase in the market value of Teachers' Superannuation Plan assets and lower General Revenue Fund borrowing costs.

Other expense is forecast to increase \$42.4 million from mid-year. The third quarter expense forecast includes \$63.5 million for First Nations Land settlements (another \$40.3 million will be charged against the 2018-19 opening accumulated surplus), partially offset by net savings across the rest of the theme.

2018-19 EXPENSE RECONCILIATION

(Millions of Dollars)

2018-19 Mid-Year Projection	14,729.9
Forecast Changes from Mid-Year	
Agriculture	(66.3)
Economic Development	(15.7)
Debt Charges	(9.9)
Other	42.4
Health	22.4
Transportation	12.1
All Other Expense Themes	(4.7)
Total Change from Mid-Year	(19.7)
2018-19 Third Quarter Forecast	14,710.2

Health is forecast to increase \$22.4 million from mid-year, largely due to additional utilization pressures across the sector.

Transportation is forecast to increase \$12.1 million from mid-year, largely due to higher-than-budgeted winter maintenance expense at the Ministry of Highways and Transportation.

All other expense themes are largely unchanged from mid-year.

NET DEBT UPDATE

Net debt – the difference between liabilities and financial assets – is forecast to be \$12.1 billion at March 31, 2019, which is \$516.3 million lower than budget.

This improvement in the Province's net debt position since budget is primarily due to 2017-18 results, specifically a smaller deficit and lower-than-planned capital spending, as well as a positive adjustment to the 2018-19 opening net debt position.

These improvements are partially offset by an \$18.7 million deterioration in current-year results, primarily the forecasted \$14.6 million increase in the 2018-19 deficit.

2018-19 NET DEBT UPDATE – THIRD QUARTER

As at March 31

(Millions of Dollars)	Budget	Mid-Year Projection	Third Quarter Forecast	Third Quarter Change from Budget	
				Budget	Mid-Year
Deficit	365.3	348.3	379.9	14.6	31.6
Acquisition of Government Service Organization Capital Assets	1,118.0	1,202.5	1,113.7	(4.3)	(88.8)
Amortization of Government Service Organization Capital Assets ¹	(610.1)	(585.4)	(601.7)	8.4	(16.3)
Increase in Net Debt	873.2	965.4	891.9	18.7	(73.5)
Net Debt, Beginning of Year	11,774.6	11,288.4	11,239.6 ²	(535.0)	(48.8)
Net Debt, End of Year	12,647.8	12,253.8	12,131.5	(516.3)	(122.3)

¹ Includes disposals and adjustments.

² Net debt as at March 31, 2018, as reported in the 2017-18 Summary Financial Statements, decreased by \$48.8 million comprised of an \$89.1 million decrease related to the adoption of new accounting standards in GBEs offset by a \$40.3 million prior-period adjustment that recognizes the Province's obligation for outstanding Treaty Land Entitlement claims.



SASKATCHEWAN PROVINCIAL BUDGET

19-20

BUDGET FINANCIAL TABLES

GOVERNMENT OF SASKATCHEWAN

*Budget
For the Year Ended March 31*

(Millions of Dollars)			
	Budget 2019-20	Forecast 2018-19	Budget 2018-19
Revenue			
Taxation	7,588.5	7,169.9	7,214.9
Non-renewable resources	1,826.8	1,705.6	1,482.1
Net income from government business enterprises	1,080.5	909.4	1,078.0
Other own-source revenue	2,062.1	2,042.7	2,006.5
Transfers from the federal government.....	2,467.2	2,502.7	2,462.0
Total Revenue	15,025.1	14,330.3	14,243.5
Expense			
Agriculture	841.5	704.6	770.9
Community development	681.2	625.0	642.6
Debt charges.....	694.4	634.1	654.6
Economic development.....	227.3	214.5	230.2
Education	3,282.5	3,325.8	3,263.3
Environment and natural resources	263.9	272.8	251.7
Health	5,888.2	5,807.7	5,765.3
Other	445.8	482.1	439.7
Protection of persons and property.....	701.1	708.8	689.9
Social services and assistance	1,432.7	1,403.4	1,381.3
Transportation	532.1	531.4	519.3
Total Expense	14,990.7	14,710.2	14,608.8
Surplus (Deficit)	34.4	(379.9)	(365.3)

Totals may not add due to rounding.

GOVERNMENT OF SASKATCHEWAN

Statement of Accumulated Deficit For the Year Ended March 31

(Millions of Dollars)			
	Budget 2019-20	Forecast 2018-19	Budget 2018-19
Accumulated (deficit) surplus, beginning of year	(155.5)	224.4 ¹	(223.1)
Surplus (Deficit).....	34.4	(379.9)	(365.3)
Accumulated Deficit, End of Year	(121.1)	(155.5)	(588.4)

Totals may not add due to rounding.

¹ Accumulated surplus as at March 31, 2018, as reported in the 2017-18 Summary Financial Statements, increased by \$48.8 million comprised of an \$89.1 million increase related to the adoption of new accounting standards in government business enterprises (GBEs) offset by a \$40.3 million prior-period adjustment that recognizes the Province's obligation for outstanding Treaty Land Entitlement claims.

GOVERNMENT OF SASKATCHEWAN

Statement of Change in Net Debt For the Year Ended March 31

(Millions of Dollars)			
	Budget 2019-20	Forecast 2018-19	Budget 2018-19
Surplus (Deficit).....	34.4	(379.9)	(365.3)
Acquisition of government service organization capital assets	(920.3)	(1,113.7)	(1,118.0)
Amortization of government service organization capital assets ¹ ..	655.3	601.7	610.1
Increase in Net Debt	(230.6)	(891.9)	(873.2)
Net debt, beginning of year.....	(12,131.5)	(11,239.6) ²	(11,774.6)
Net Debt, End of Year	(12,362.1)	(12,131.5)	(12,647.8)

Totals may not add due to rounding.

¹ Includes disposals and adjustments.

² Net debt as at March 31, 2018, as reported in the 2017-18 Summary Financial Statements, decreased by \$48.8 million comprised of an \$89.1 million decrease related to the adoption of new accounting standards in GBEs offset by a \$40.3 million prior-period adjustment that recognizes the Province's obligation for outstanding Treaty Land Entitlement claims.

GOVERNMENT OF SASKATCHEWAN

Schedule of Pension Liabilities As at March 31

(Millions of Dollars)			
	Budget 2019-20	Forecast 2018-19	Budget 2018-19
Pension liabilities, beginning of year.....	7,318.2	7,658.9 ¹	7,695.5
Adjustment to account for pension costs on an accrual basis....	(448.7)	(340.7)	(393.2)
Pension Liabilities, End of Year	6,869.5	7,318.2	7,302.3

Totals may not add due to rounding.

¹ Pension liabilities as at March 31, 2018, as reported in the 2017-18 Summary Financial Statements.

GOVERNMENT OF SASKATCHEWAN

Schedule of Capital Assets As at March 31

(Millions of Dollars)							
	Net Book Value March 31 2018 ¹	– 2018-19 Additions ²	Forecast – Amortization ³	Forecast Net Book Value March 31 2019	– 2019-20 Additions ²	Budget – Amortization ³	Budget Net Book Value March 31 2020
Government service organizations	11,230.1	1,113.7	(601.7)	11,742.1	920.3	(655.3)	12,007.1
Government business enterprises	14,467.7	1,434.3	(855.5)	15,046.5	1,549.0	(890.3)	15,705.2
Total Capital Assets	25,697.8	2,548.0	(1,457.2)	26,788.6	2,469.3	(1,545.6)	27,712.3

Totals may not add due to rounding.

¹ Net book value as at March 31, 2018, as reported in the 2017-18 Summary Financial Statements.

² Includes only capital assets acquired by government entities. Capital transfers provided to entities outside the reporting entity are expensed.

³ Includes disposals and adjustments.

GOVERNMENT OF SASKATCHEWAN

Schedule of Public Debt As at March 31

(Millions of Dollars)

	Budget General Debt ¹ 2019-20	Budget GBE Specific Debt 2019-20	Budget Public Debt ⁴ 2019-20	Forecast Public Debt ⁴ 2018-19	Budget Public Debt ⁴ 2018-19
Government Service Organization (GSO) Debt					
General Revenue Fund					
– Operating.....	6,150.0	–	6,150.0	6,150.0	6,150.0
– Saskatchewan Builds Capital Plan ²	5,404.0	–	5,404.0	4,193.8	4,193.8
Boards of Education	151.2	–	151.2	159.5	166.8
Global Transportation Hub Authority.....	40.2	–	40.2	40.3	35.0
Saskatchewan Health Authority.....	99.3	–	99.3	105.0	98.3
Saskatchewan Housing Corporation	4.8	–	4.8	15.8	15.7
Saskatchewan Immigrant Investor Fund Inc.	2.6	–	2.6	22.9	22.9
Saskatchewan Opportunities Corporation	51.6	–	51.6	53.0	55.2
Water Security Agency	25.9	–	25.9	31.6	31.6
Other	4.5	–	4.5	4.5	5.8
Government Service Organization Debt	11,934.1	–	11,934.1	10,776.4	10,775.1
Government Business Enterprise (GBE) Debt					
Municipal Financing Corporation of Saskatchewan....	93.6	112.0	205.6	207.8	207.7
Saskatchewan Gaming Corporation.....	–	5.0	5.0	–	–
Saskatchewan Liquor and Gaming Authority.....	–	95.0	95.0	100.0	100.0
Saskatchewan Power Corporation	86.3	6,609.2	6,695.5	6,330.2	6,424.5
Saskatchewan Telecommunications Holding Corporation	–	1,138.0	1,138.0	1,070.4	1,046.2
Saskatchewan Water Corporation	–	86.0	86.0	73.4	87.6
SaskEnergy Incorporated	64.7	1,468.0	1,532.7	1,325.6	1,393.8
Government Business Enterprise Debt³	244.6	9,513.2	9,757.8	9,107.4	9,259.8
Total	12,178.7	9,513.2	21,691.9	19,883.8	20,034.9
Guaranteed Debt	19.7	–	19.7	22.3	24.5

Totals may not add due to rounding.

¹ General debt is issued by GSOs and includes issued amounts subsequently transferred to GBEs.

² General Revenue Fund – Saskatchewan Builds Capital Plan consists of amounts borrowed by the General Revenue Fund to finance investment in infrastructure assets.

³ GBE debt includes both general debt and GBE-specific debt. General debt of GBEs is the amount transferred from the General Revenue Fund to a GBE and recorded as a loan receivable in the Summary Financial Statements. GBE-specific debt is debt issued by, or specifically on behalf of, GBEs. GBE-specific debt is included in "Investment in government business enterprises" in the Summary Financial Statements.

⁴ Public debt is shown net of sinking funds.

GOVERNMENT OF SASKATCHEWAN

Schedule of Revenue For the Year Ended March 31

(Millions of Dollars)

	Budget 2019-20	Forecast 2018-19	Budget 2018-19
Own-Source			
Taxation			
Corporation income	729.2	613.5	621.1
Fuel.....	568.7	563.1	546.1
Individual income	2,555.7	2,343.0	2,441.2
Property	768.0	759.5	759.3
Provincial sales.....	2,304.7	2,230.0	2,155.0
Tobacco	234.5	239.3	260.3
Other.....	427.7	421.5	431.9
Total Taxation	7,588.5	7,169.9	7,214.9
Non-Renewable Resources			
Crown land sales.....	46.6	57.5	63.9
Oil and natural gas	691.1	693.0	700.1
Potash	618.6	501.6	308.0
Resource surcharge	385.0	383.3	317.3
Other.....	85.5	70.2	92.8
Total Non-Renewable Resources	1,826.8	1,705.6	1,482.1
Net Income from Government Business Enterprises			
Municipal Financing Corporation of Saskatchewan	1.0	0.9	0.8
Saskatchewan Auto Fund.....	66.9	16.3	118.0
Saskatchewan Gaming Corporation.....	21.8	21.6	23.0
Saskatchewan Government Insurance	59.1	49.8	60.7
Saskatchewan Liquor and Gaming Authority	477.9	487.2	481.4
Saskatchewan Power Corporation	255.2	208.7	176.7
Saskatchewan Telecommunications Holding Corporation	129.5	133.0	133.0
Saskatchewan Water Corporation.....	6.7	6.6	6.2
SaskEnergy Incorporated	63.8	116.6	68.4
Saskatchewan Workers' Compensation Board	(10.7)	(153.6)	15.3
Consolidation adjustments	9.3	22.3	(5.5)
Total Net Income from Government Business Enterprises	1,080.5	909.4	1,078.0
Other Own-Source Revenue			
Fees.....	1,132.2	1,148.5	1,157.3
Insurance	302.6	300.6	288.2
Investment income	102.9	103.9	95.6
Transfers from other governments	92.3	102.3	88.8
Miscellaneous	432.1	387.4	376.6
Total Other Own-Source Revenue	2,062.1	2,042.7	2,006.5
Total Own-Source	12,557.9	11,827.6	11,781.5
Transfers from the Federal Government			
Canada Health Transfer	1,263.8	1,203.3	1,202.4
Canada Social Transfer.....	456.6	441.6	441.3
Other.....	746.8	857.8	818.3
Total Transfers from the Federal Government	2,467.2	2,502.7	2,462.0
Total Revenue	15,025.1	14,330.3	14,243.5

Totals may not add due to rounding.

GOVERNMENT OF SASKATCHEWAN

Glossary of Financial Terms

Accumulated Deficit

The amount by which expense has exceeded revenue from the beginning of provincial incorporation (1905), plus any adjustments that were charged directly to the accumulated deficit. It is calculated as the difference between total assets and liabilities.

Accumulated Surplus

The amount by which revenue has exceeded expense from the beginning of provincial incorporation (1905), plus any adjustments that were charged directly to the accumulated surplus. It is calculated as the difference between total assets and liabilities.

Amortization

The systematic process of allocating an amount to revenue or expense over a period. Capital assets are amortized to expense over their expected remaining useful lives. Actuarial gains and losses, such as those experienced by pension plans, and certain amounts relating to financial instruments are also amortized.

Capital Asset

An asset with physical substance that has an economic life extending beyond one year, to be used on a continuing basis and not for sale in the ordinary course of operations.

Consolidation

The method used to account for government service organizations (GSOs) in the Summary Budget. Financial accounts of the GSOs are adjusted to the basis of accounting described in note 1 of the Summary Financial Statements and the adjusted amounts are combined with amounts for other GSOs and government partnerships. Inter-organization balances and transactions are eliminated.

Debt

Obligations incurred through the issuance of debt instruments. Debt does not include other liabilities such as accounts payable or pension obligations. Terms used to describe debt include:

- **Gross Debt:** borrowings through the issuance of debt instruments such as promissory notes and debentures.
- **Sinking Funds:** funds set aside for the repayment of debt.
- **Public Debt:** gross debt net of sinking funds.
- **General Debt:** public debt net of loans to Crown corporations for Government Business Enterprise (GBE) specific debt.
- **GBE Specific Debt:**
 - debt issued by GBEs; or
 - debt issued by the General Revenue Fund (GRF) specifically on behalf of a GBE where the government expects to realize the receivable from the GBE and settle the external debt simultaneously.
- **Guaranteed Debt:** debt of others that the government has agreed to repay if the others default.

Debt Charges

Costs associated with general debt, pension liabilities, obligations under long-term financing arrangements such as public-private partnerships (P3s) and capital lease obligations. Debt charges include interest, foreign exchange gains and losses, discounts, fees and commissions.

Deficit

The amount by which expense exceeds revenue for a fiscal period.

General Revenue Fund (GRF)

The primary operational account for the government through which all provincial monies under the direct authority of the Legislative Assembly are collected and disbursed. The GRF is a GSO and is included in the government reporting entity.

Government Business Enterprise (GBE)

An organization that is controlled by the government, is self-sufficient and has the financial and operating authority to sell goods and services to individuals and organizations outside the government reporting entity as its principal activity. GBEs are recorded in the Summary Budget using the modified equity method.

Government Partnership

A contractual arrangement between the government and one or more partners outside the government reporting entity where the partners share, on an equitable basis, the risks and benefits of the partnership. Government partnerships are proportionately consolidated in the Summary Budget.

Government Reporting Entity

The set of organizations that are either controlled by government (GSOs and GBEs) or subject to shared control (government partnerships).

Government Service Organization (GSO)

An organization that is controlled by government, except those designated as GBEs or government partnerships. GSOs are consolidated in the Summary Budget.

Modified Equity

The method used to account for GBEs in the Summary Budget. The government's share of GBE net earnings or losses is included in budgeted revenue. The government's investment, which is originally recorded at cost, is adjusted annually to include the net earnings or losses and other net equity changes of the GBE.

Net Debt

The difference between liabilities and financial assets. Net debt represents the future revenue required to pay for past transactions or events.

Pension Liability

An actuarial estimate of discounted future payments to be made to retirees under government pension plans, net of plan assets.

Proportionate Consolidation

The method used to account for government partnerships in the Summary Budget. Financial accounts of the government partnership are adjusted to the basis of accounting described in note 1 of the Summary Financial Statements and the government's proportionate share of the balances is combined with balances for GSOs and other partnerships. Inter-organization balances and transactions are eliminated.

Public Private Partnership (P3)

A partnership arrangement in the form of a long-term performance-based agreement between the public sector and the private sector to deliver public infrastructure for citizens. The liabilities arising from P3 arrangements are classified as obligations under long-term financing arrangements.

Summary Budget

Government's main financial plan that accounts for the full nature and extent of the planned financial activities of all organizations in the government reporting entity.

Surplus

The amount by which revenue exceeds expense for a fiscal period.

For more information on Budget Basics, visit www.saskatchewan.ca/budget.