

# BACKGROUND

## 2007-08 Mid-Year Report

### Key Facts & Figures

Nov. 29, 2007

#### Improved Bottom Line

- **Total revenue forecast for the year of \$9.11 billion. This is \$1.24 billion higher** than the Budget estimate (this figure includes the \$390.4 million revenue increase for the year as reported at First Quarter)
- **Much of the revenue improvement can be considered one-time.** This includes \$226.1 million in Equalization, \$157.8 million in corporation and personal income tax revenue due to a higher estimate of prior-year adjustments, a \$132.5 million in bonus bid oil revenue (land sales) and \$125.9 million in unbudgeted federal funding for targeted initiatives and disaster assistance.
- **\$263.5 million General Revenue Fund surplus** forecast, with no draw from the Fiscal Stabilization Fund
- **\$948.8 million Summary Financial Statements surplus** forecast

#### Revised Revenue Forecast

<b>2007-08 REVENUE CHANGE BY CATEGORY</b> <i>(\$ MILLIONS)</i>		
	<i>Change</i>	<i>Total</i>
<b>Budget Revenue Estimate</b>		<b>\$ 7,869.3</b>
<b>Revenue Forecast Changes</b>		
Taxes	<b>+408.0</b>	
Non-Renewable Resources	<b>+430.8</b>	
Other Own-Source (including Crown Entities)	<b>+51.4</b>	
Federal Transfers	<b>+348.7</b>	
<b>Total Changes from Budget to Mid-Year</b>		<b>+ 1,238.9</b>
<b>MID-YEAR REVENUE PROJECTION</b>		<b>\$ 9,108.2</b>

#### Revised Oil & Exchange Rate Forecasts

<b>SASKATCHEWAN OIL PRICE AND EXCHANGE RATE FORECASTS</b>		
	<b>FISCAL Year 2007-08 US\$/barrel</b>	<b>FISCAL Year 2007-08 US cents/C\$</b>
<b>As reported at:</b>		
Budget – March 2007	58.75	89.43
First Quarter – July 2007	63.46	93.41
Second Quarter – September 2007	68.55	95.11
<b>Mid-Year Forecast – Nov. 2007</b>	<b>80.00</b>	<b>97.25</b>

#### Operating Expense Forecast

- **Operating expense is forecast to be \$8.04 billion for the year, up \$246.5 million from the \$7.79 billion estimated at Budget.** The increase mainly reflects changes as follows:
  - **Learning – Teachers’ Pensions and Benefits** is up \$52.2 million from budget, primarily due to increased requirements for GRF funding for the Teachers’ Superannuation Plan as a result of adopting a new actuarial model for forecasting government contributions. The Teachers’ Extended Health Plan also requires additional funding resulting from the teachers’ collective agreement settlement.
  - **Corrections and Public Safety** is up \$30.3 million from budget, primarily due to an increase in eligible claims under the Provincial Disaster Assistance Program, an increase in inmate bed space capacity and additional cost to sustain the SaskTel FleetNet System pending wind-down.

- **Learning** is up \$28.2 million from budget, primarily due to raising the education property tax credit on residential and commercial property, the teachers' collective agreement settlement and unbudgeted funding provided by the federal government for Early Learning and Child Care initiatives.
- **Health** is up \$28.1 million from budget, primarily due to increased funding to improve workplace safety, worker recruitment and retention in the health sector, as well as patient wait time guarantee investments.
- **Industry and Resources** is up \$27.8 million from budget, primarily due to funds received from EnCana pursuant to the October, 2007 agreement on decommissioning and reclaiming the Lorado uranium mine site, commitment to Doepker Industries, support for the Hydrogen Technologies Corporation PureEnergy project and funding for a University of Regina professorship in petroleum-coke gasification.
- **Highways and Transportation** is up \$17.9 million from budget, primarily due to emergency work related to spring flooding and public safety repairs.
- **Culture, Youth and Recreation** is up \$14.0 million from budget, primarily due to an increase in the Film Employment Tax Credit program and increased funding for the Saskatchewan Arts Board, Western Development Museum and projects under the Building Communities Program.
- **First Nations and Métis Relations** is up \$13.2 million from budget, primarily due to higher-than-anticipated payments to the First Nations Trust and Community Development Corporations based on higher Saskatchewan Indian Gaming Authority net income in 2006-07 and 2007-08, as well as additional funding for the First Nations Trust as a result of amendments to the Gaming Framework Agreement.
- **Advanced Education and Employment** is up \$11.5 million from budget, primarily due to training facilities capital transfers provided under the federal-provincial Labour Market Partnership Agreement, funding provided for one-time capital to support training opportunities for health professionals and increased funding for InterVac.
- **Chief Electoral Officer** is up \$9.7 million from budget primarily due to the estimated cost of the general election.
- **Public Service Commission (PSC)** is up \$9.4 million from budget, primarily due to the transfer of Human Resource functions to the PSC, and is fully offset by reductions in other departments' expense, and an increase related to the single-window human resource administration and payroll service delivery project.
- **Justice** is up \$4.5 million from budget, primarily due to increased RCMP compensation and operating costs as well as new community safety programming.
- **Northern Affairs** is up \$4.5 million from budget, primarily due to one-time funding for the Primrose Lake economic development trust fund.

### **Fiscal Stabilization Fund**

- Forecasted Fiscal Stabilization Fund balance of \$1.15 billion at the end of 2007-08

### **Saskatchewan Infrastructure Fund**

- Forecasted Saskatchewan Infrastructure Fund balance of \$105.1 million at the end of 2007-08

### **Debt**

- Total Debt (which includes Crown Debt) forecast to be \$10.35 billion, which is a decrease of \$783.2 million from the \$11.13 billion estimated at Budget