



# PROVINCE OF SASKATCHEWAN

(CANADA)

## 2007-08 MID-YEAR FINANCIAL UPDATE

November 29, 2007

### 2007-08 operating and summary statements in surplus

#### Summary Statement of Surplus (Deficit)

(\$ Millions)

	Estimated 2007-08	Forecast 2007-08	Change
<b>Treasury Board Organizations</b>			
<b>GRF<sup>1</sup></b>			
Revenue	\$ 7,869.3	\$ 9,108.2	\$ 1,238.9
Operating Expense	7,789.7	8,036.2	246.5
<b>GRF Operating Surplus</b>	<b>\$ 79.6</b>	<b>\$ 1,072.0</b>	<b>\$ 992.4</b>
Servicing the Public Debt	(560.0)	(545.0)	15.0
FSF <sup>2</sup> Transfer	509.9	(263.5)	(773.4)
SIF <sup>3</sup> Transfer	45.5	0.0	(45.5)
<b>GRF Surplus (Deficit)</b>	<b>\$ 75.0</b>	<b>\$ 263.5</b>	<b>\$ 188.5</b>
FSF Transfer	(509.9)	263.5	773.4
SIF Transfer	(45.5)	0.0	45.5
Other TBO <sup>4</sup> Net			
Income (Loss) net of dividends to GRF	(286.8)	(171.7)	115.1
Surplus (Deficit) of all TBO	\$ (767.2)	\$ 355.3	\$ 1,122.5
<b>CIC Board Organizations</b>			
<b>CICBO<sup>5</sup> Net</b>			
Income (Loss) net of dividends to GRF	102.1	511.8	409.7
Surplus (Deficit) <sup>6</sup>	\$ (665.1)	\$ 867.1	\$ 1,532.2
Surplus (Deficit) of Not-for-Profit Insurance Organizations	\$ (36.2)	\$ 81.7	\$ 117.9
<b>Summary Surplus (Deficit)</b>	<b>\$ (701.3)</b>	<b>\$ 948.8</b>	<b>\$ 1,650.1</b>

1 General Revenue Fund

2 Fiscal Stabilization Fund

3 Saskatchewan Infrastructure Fund

4 Treasury Board Organizations

5 CIC Board Organizations

6 Prior to Not-for-Profit Insurance Organizations

### Province's real GDP growth revised up to 3.1 per cent in 2007 and 2.7 per cent in 2008

The forecast of 3.1 per cent real GDP growth in 2007 is up slightly from the 2.9 per cent projected in the 2007-08 Budget. The increase is primarily a result of larger-than-anticipated investment and consumption spending to date.

Nominal GDP growth, however, is now forecast at 8.9 per cent in 2007 and 4.0 per cent in 2008, compared to 3.2 per cent for both years in the Budget, due to substantially higher commodity prices.

### Revenue up 15.7 per cent due to economic growth, oil prices and federal transfers

Revenue is forecast to be \$1,238.9 million higher than the 2007-08 Budget Estimate due to higher:

- non-renewable resource revenue of \$430.8 million;
- tax revenue of \$408.0 million;
- other own-source revenue of \$51.4 million; and,
- federal transfers of \$348.7 million.

### Operating expenses increase by 3.2 per cent

Operating expenses are forecast to rise by \$246.5 million, or 3.2 per cent, from the 2007-08 Budget Estimate. Major increases are:

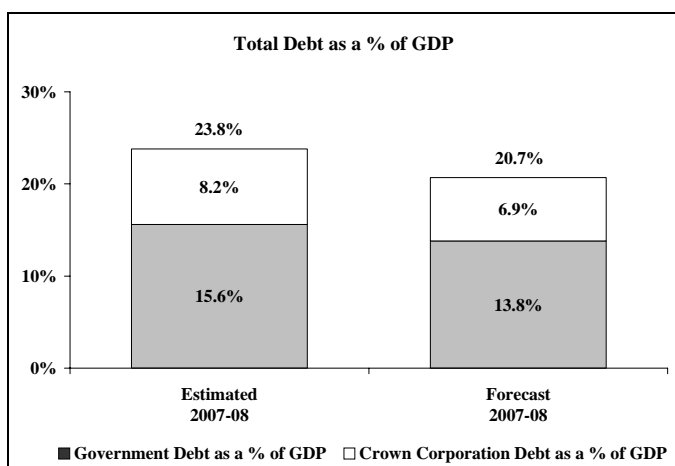
- \$52.2 million for Teachers' Pensions and Benefits;
- \$30.3 million for Corrections and Public Safety;
- \$28.2 million for Learning;
- \$28.1 million for Health; and,
- \$27.8 million for Industry and Resources.

The remaining \$79.9 million expense increase is distributed across various departments.

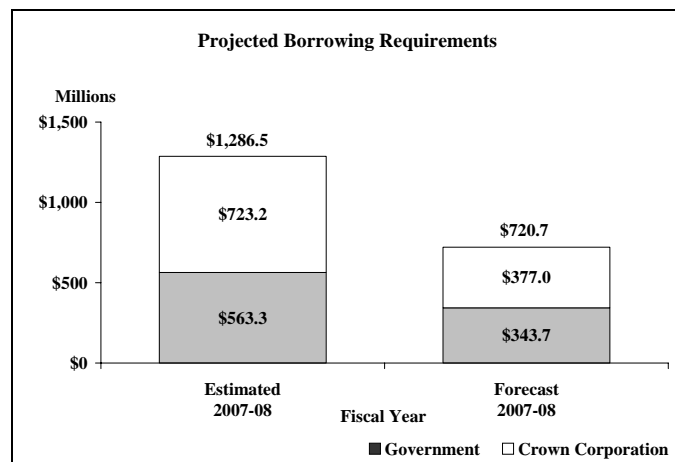
### 2007 Saskatchewan Economic Indicators

Indicators (Per Cent Change unless Noted Otherwise)	Year-to-Date Change	January through
Volume of Oil Production	-0.3	July
Value of Oil Sales	-2.0	July
Volume of Natural Gas Production	-8.0	July
Value of Natural Gas Sales	-6.9	July
Total Oil and Gas Wells Drilled	-7.8	September
Volume of Potash Production	51.6	July
Value of Potash Sales	71.3	June
Employment Growth (000s)	11.2	October
Unemployment Rate (%)	4.3	October
Value of Manufacturing Shipments	1.2	August
International Exports	7.0	August
Retail Sales	11.7	September
Wholesale Trade	17.3	August
New Vehicle Sales	15.9	August
Value of Building Permits	39.8	August
Housing Starts	73.4	June

### Total debt as a percentage of GDP declines from the Budget Estimate



### Borrowing requirements lower for fiscal year 2008



### Total debt declines from the Budget Estimate

#### Total Debt of the Province as at March 31, 2008 (\$ Millions)

	Budget Estimate	Mid-Year Forecast	Change
<b>Crown Corporation Debt</b>			
Gross Debt	\$ 4,179.3	\$ 3,822.0	\$(357.3)
Sinking Funds	(360.1)	(355.2)	4.9
Public Debt	\$ 3,819.2	\$ 3,466.8	\$(352.4)
Guaranteed Debt	0.8	0.4	(0.4)
<b>Crown Corporation Total Debt</b>	<b>\$ 3,820.0</b>	<b>\$ 3,467.2</b>	<b>\$(352.8)</b>
<b>Government Debt</b>			
Gross Debt	\$ 8,292.2	\$ 7,811.4	\$(480.8)
Sinking Funds	(1,022.0)	(977.5)	44.5
Public Debt	\$ 7,270.2	\$ 6,833.9	\$(436.3)
Guaranteed Debt	38.4	44.3	5.9
<b>Government Total Debt</b>	<b>\$ 7,308.6</b>	<b>\$ 6,878.2</b>	<b>\$(430.4)</b>
<b>GRF Total Debt</b>	<b>\$ 11,128.6</b>	<b>\$ 10,345.4</b>	<b>\$(783.2)</b>
Other Debt*	236.7	247.8	11.1
<b>Summary Statement of Total Debt</b>	<b>\$ 11,365.3</b>	<b>\$ 10,593.2</b>	<b>\$(772.1)</b>

\* Some Crown corporations and other organizations have obligations to other entities, either by borrowing directly or by guaranteeing the debt of others. The General Revenue Fund is not responsible for this other debt.

### Canadian domestic public market primary source for borrowing

Borrowing Sources	Estimated 2007-08	Forecast 2007-08	Completed To Date
(\$ Millions)			
International	\$ 200.0	\$ 0.0	\$ 0.0
Canadian Debentures	700.0	500.0	200.0
Promissory Notes	98.0	6.5	0.0
Canada Pension Plan	88.5	30.5	30.5
Sask. Savings Bonds	200.0	183.7	183.7
<b>Total</b>	<b>\$ 1,286.5</b>	<b>\$ 720.7</b>	<b>\$ 414.2</b>

#### Credit Ratings of the Province

Standard & Poor's	AA
Moody's Investors Service	Aa1
Dominion Bond Rating Service	AA(low)

### 97 per cent of Saskatchewan's Foreign Debt Fully Hedged

The principal of all of Saskatchewan's foreign currency debt, with the exception of \$81 million of U.S. dollar debt, has been fully hedged into Canadian dollar liabilities or is offset by foreign currency sinking funds. Consequently, fluctuations in the value of the Canadian dollar have a minimal effect on the value of the Province's debt.

All of the interest payments on the Province's foreign currency debt have been fully hedged into Canadian dollar liabilities.

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