



PROVINCE OF SASKATCHEWAN

(CANADA)

2009-10 MID-YEAR FINANCIAL UPDATE

November 19, 2009

GRF remains in surplus

(\$ Millions)	Estimated 2009-10	Forecast 2009-10	Change
Treasury Board Organizations			
GRF¹			
Revenue	\$10,660.8	\$ 9,872.9	\$ (787.9)
Expense	10,245.4	10,012.7	(232.7)
Pre-transfer GRF Surplus	\$ 415.4	\$ (139.8)	(555.2)
Transfer to GFSS ²	(207.7)	0.0	207.7
Transfer from GFSS	216.8	564.3	347.5
Net Transfer from (to) GFSS	9.1	564.3	555.2
GRF Surplus	424.5	424.5	0.0
Other TBO³ Net			
Income (Loss) net of dividends to GRF	(446.7)	(1,076.1)	(629.4)
Surplus (Deficit) of all TBO	\$ (22.2)	\$ (651.6)	\$ (629.4)
CIC Board Organizations			
CICBO⁴ Net			
Income (Loss) net of dividends to GRF	(51.7)	(567.9)	(516.2)
Surplus (Deficit)⁵	\$ (73.9)	\$ (1,219.5)	\$ (1,145.6)
Surplus (Deficit) of Not-for-Profit Insurance Organizations	\$ 49.1	\$ 172.3	\$ 123.2
Summary Surplus (Deficit)	\$ (24.8)	\$ (1,047.2)	\$ (1,022.4)

1 General Revenue Fund

2 Growth and Financial Security Fund

3 Treasury Board Organizations

4 CIC Board Organizations

5 Prior to Not-for-Profit Insurance Organizations

Impact of assumption revisions on GDP growth forecast

	Real GDP Growth	Nominal GDP Growth
2009-10 Budget Forecast (%)	2.1	-4.0
<i>Forecast Assumptions</i>		
<i>Impact (% points)</i>		
Potash production	-2.0	-6.2
Potash price	0.0	-2.9
No. of oil and gas wells drilled	-1.3	-1.5
WTI oil price	0.0	4.2
Volume of oil sales	-0.7	-0.6
Crop production	0.5	0.5
Canadian dollar	-0.7	-0.9
Other	-0.8	-0.5
Total Impact	-5.0	-7.9
2009-10 Mid-Year Forecast (%)	-2.9	-11.9

Revenue down 7.4 per cent primarily due to unprecedented drop in potash revenue

Revenue is forecast to be \$787.9 million, or 7.4 per cent, lower than the 2009-10 Budget Estimate mostly due to lower potash revenue of \$1.8 billion. The decline in potash revenue is partially offset by increased revenue from:

- oil of \$379.7 million;
- taxes of \$192.8 million;
- federal transfers of \$169.8 million; and,
- a special CIC dividend of \$460.0 million.

Expenses down by 2.3 per cent

Expenses are forecast to drop by \$232.7 million, or 2.3 per cent, below the 2009-10 Budget Estimate. Decreases are achieved through expense restraint of \$355.9 million:

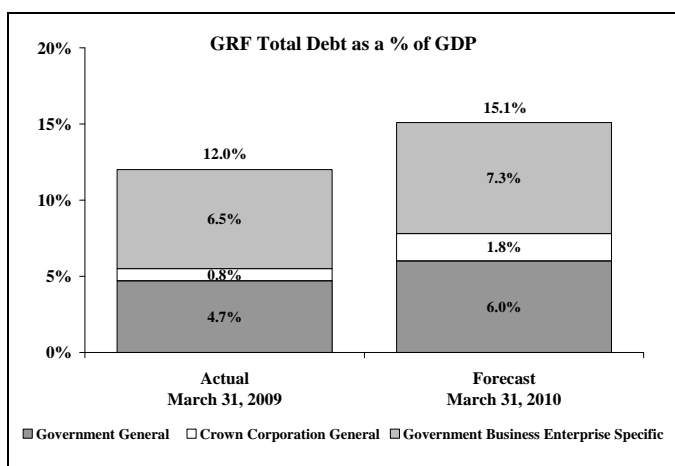
- capital deferrals (\$167.4 million);
- redirection of capital funds to operating funds for regional health authorities (\$122.0 million); and,
- additional expense restraint (\$66.5 million).

Restraint measures partially offset by increased expenses of \$123.2 million due to higher utilization and cost-sharing programs.

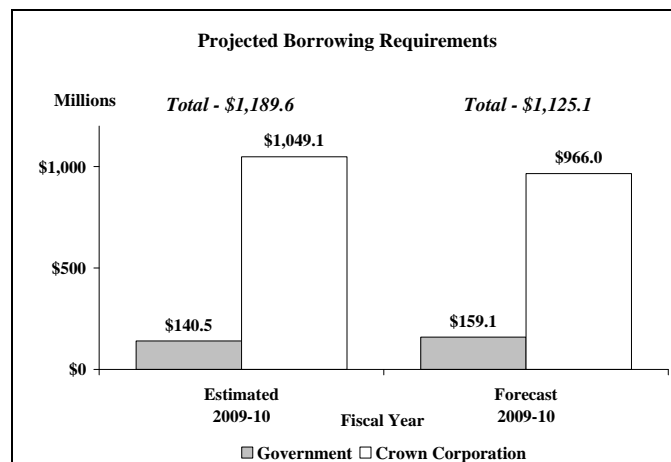
Population and employment increase despite economic slowdown

Economic Indicators (Per Cent Change unless Noted Otherwise)	Year-to-Date Change	January through
Population (as of July 1)	16,509	year/year
Employment Growth (000s)	9.0	October
Unemployment Rate (%)	4.9	October
Volume of Oil Production	-2.1	July
Value of Oil Sales	-45.9	July
Volume of Natural Gas Production	-5.3	July
Value of Natural Gas Sales	-55.2	July
Total Oil and Gas Wells Drilled	-61.1	September
Volume of Potash Production	-61.6	July
Value of Potash Sales	-58.4	July
Value of Manufacturing Sales	-11.5	August
Value of International Exports	-26.5	August
Value of Retail Sales	-3.4	August
Value of Wholesale Trade	-19.1	August
Number of New Vehicles Sold	-11.6	August
Value of Building Permits	-24.2	September
Number of Housing Starts	-54.1	September

**Government debt as a percentage of GDP
forecast to rise due to decline in GDP**



Borrowing requirements primarily for Crown corporations



Government debt remains unchanged; Crown corporation debt rises during 2009-10

Debt of the Province as at March 31
(\$ Millions)

	March 31, 2009	Mid-Year Forecast	Change
Government General Debt			
Gross Debt	\$ 7,109.2	\$ 6,404.6	\$ (704.6)
Sinking Funds	(2,963.9)	(2,266.9)	\$ 697.0
Public Debt	\$ 4,145.3	\$ 4,137.7	\$ (7.6)
Guaranteed Debt	19.4	27.0	\$ 7.6
Government General Debt	\$ 4,164.7	\$ 4,164.7	\$ -
Crown Corporation General Debt¹			
Gross Debt	\$ 589.1	\$ 1,036.7	\$ 447.6
Sinking Funds	(68.9)	(25.9)	\$ 43.0
Public Debt	\$ 520.2	\$ 1,010.8	\$ 490.6
Guaranteed Debt	0.9	-	\$ (0.9)
Crown Corporation General Debt	\$ 521.1	\$ 1,010.8	\$ 489.7
Government Business Enterprise Specific Debt²			
Gross Debt	\$ 3,367.5	\$ 3,766.0	\$ 398.5
Sinking Funds	(331.4)	(380.5)	\$ (49.1)
Public Debt	\$ 3,036.1	\$ 3,385.5	\$ 349.4
Guaranteed Debt	-	-	\$ -
Government Business Enterprise Specific Debt	\$ 3,036.1	\$ 3,385.5	\$ 349.4
Total Debt	\$ 7,721.9	\$ 8,561.0	\$ 839.1
Other Debt ³	251.0	261.6	\$ 10.6
Summary			
Statement of Debt	\$ 7,972.9	\$ 8,822.6	\$ 849.7

Potash suffers from global recession

- 2009 potash volumes fall to lowest level since 1972.
- No major sales, especially to China, concluded to date this fiscal year.
- Other jurisdictions, notably the European Union and the United States, have experienced similar declines in potash sales.
- Sales expected to recover in 2010.

Credit Ratings of the Province

Standard & Poor's	AA+
Moody's Investors Service	Aa1*
Dominion Bond Rating Service	AA

* with positive outlook

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1 Includes amounts that can be repaid from business activities of the Crown sector and amounts that may require government assistance for repayment.

2 Amounts borrowed specifically for self-sufficient government organizations (e.g., utilities) which are expected to be repaid from cash flows generated by these organizations.

3 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.