



# PROVINCE OF SASKATCHEWAN

(CANADA)

## 2010-11 MID-YEAR FINANCIAL UPDATE

November 25, 2010

### GRF remains in surplus

(\$ Millions)	Estimated 2010-11	Forecast 2010-11	Change
<b>Treasury Board Organizations</b>			
<b>GRF<sup>1</sup></b>			
Revenue	\$ 9,949.9	\$ 10,676.1	\$ 726.2
Expense	10,124.1	10,539.1	415.0
<b>Pre-transfer GRF Surplus</b>	<b>\$ (174.2)</b>	<b>\$ 137.0</b>	<b>311.2</b>
Transfer to GF <sup>2</sup>	-	(68.5)	(68.5)
Transfer from GF <sup>2</sup>	194.2	-	(194.2)
<b>Net Transfer from (to) GF<sup>2</sup></b>	<b>\$ 194.2</b>	<b>\$ (68.5)</b>	<b>\$ (262.7)</b>
<b>GRF Surplus</b>	<b>\$ 20.0</b>	<b>\$ 68.5</b>	<b>\$ 48.5</b>
<b>TBO<sup>3</sup> Income (Loss)</b>			
TBO <sup>3</sup> Income (Loss)	(224.9)	311.2	536.1
<b>Dividends from TBOs included in GRF Surplus</b>			
Dividends from TBOs included in GRF Surplus	(452.6)	(444.0)	\$ 8.6
<b>Surplus (Deficit) of all TBO</b>	<b>\$ (677.5)</b>	<b>\$ (132.8)</b>	<b>\$ 544.7</b>
<b>CIC Board Organizations</b>			
<b>CICBO<sup>4</sup> Income (Loss)</b>			
CICBO <sup>4</sup> Income (Loss)	249.9	303.5	53.6
<b>Dividends from CICBOs included in GRF Surplus</b>			
Dividends from CICBOs included in GRF Surplus	(276.0)	(471.0)	(195.0)
<b>Surplus (Deficit)</b>	<b>\$ (26.1)</b>	<b>\$ (167.5)</b>	<b>\$ (141.4)</b>
<b>Not-for-Profit Insurance Organizations<sup>5</sup></b>			
Not-for-Profit Insurance Organizations <sup>5</sup>	80.9	(25.3)	(106.2)
<b>Summary Surplus (Deficit)</b>	<b>\$ (622.7)</b>	<b>\$ (325.6)</b>	<b>\$ 297.1</b>

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

### Revenue up 7.3 per cent, primarily due to own source revenue

Revenue is forecast to be \$726.2 million, or 7.3 per cent, higher than the 2010-11 Budget Estimate primarily due to:

- a \$169.0 million increase in taxation revenue;
- a \$315.9 million increase in non-renewable resource revenue primarily resulting from increased Crown land sales;
- a \$184.1 million increase in transfers from Crown entities;
- an \$84.7 million increase in other revenues; and,
- a reduction of \$27.5 million in transfers from the Government of Canada.

### Expenses up 4.1 per cent, primarily for one-time payments for the Children's Hospital and flood relief

Expenses are forecast to increase by \$415.0 million, or 4.1 per cent, higher than the 2010-11 Budget Estimate due to:

- a \$202.6 million increase in Health primarily due to the capital transfer of \$195.0 million for the Children's Hospital;
- a \$144.0 million increase in Agriculture resulting from an increase in agricultural support payments due to excessive rainfall;
- a \$28.8 million increase in Corrections, Public Safety and Policing primarily due to disaster relief claims; and,
- a net increase of \$39.6 million across various ministries.

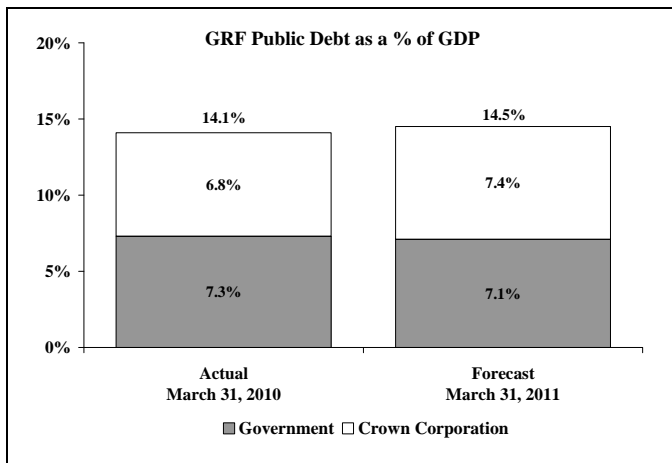
### Nominal GDP growth of 3.6 per cent with real GDP of 1.0 per cent forecast for 2010

### Impact of assumption revisions on GDP growth forecast

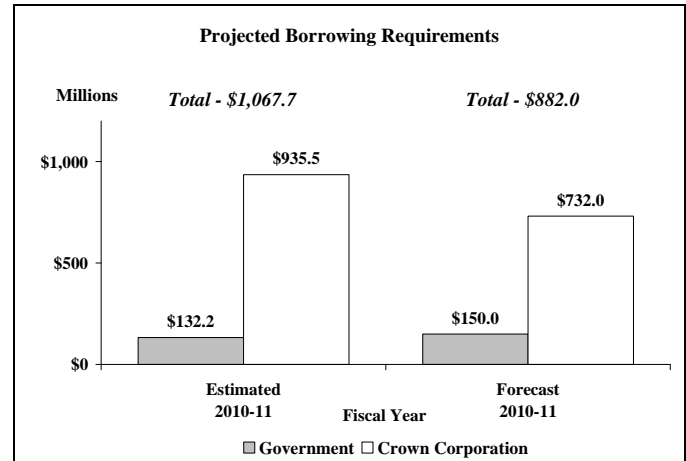
	Real GDP Growth	Nominal GDP Growth
<b>2010-11 Budget Forecast (%)</b>	<b>2.6</b>	<b>3.8</b>
<i>Forecast Assumptions Impact (% points)</i>		
Potash sales	0.4	0.6
Potash price	0.0	0.1
Grain price	0.0	0.7
WTI oil price	0.1	1.0
Oil investment	1.9	1.6
Crop production	-3.3	-4.5
Canadian dollar	-0.1	-0.3
Other	-0.6	0.6
<b>Total Impact</b>	<b>-1.6</b>	<b>-0.2</b>
<b>2010-11 Mid-Year Forecast (%)</b>	<b>1.0</b>	<b>3.6</b>

Economic Indicators (Per Cent Change unless Noted Otherwise)	Year-to-Date Change	January through
Annual Population Growth (000s)	16,498	as of July 1
Volume of Oil Production	-1.2	July
Value of Oil Sales	29.1	July
Total Oil and Gas Wells Drilled	59.4	September
Volume of Potash Production	132.2	July
Value of Potash Sales	99.3	July
Employment Growth (000s)	5.9	October
Unemployment Rate (%)	5.2	October
Value of Manufacturing Shipments	-5.4	September
International Exports	10.3	September
Retail Sales	2.8	September
Wholesale Trade	5.7	September
New Vehicle Sales	5.7	September
Value of Building Permits	9.6	September
Housing Starts	59.2	September

**Government debt continues to decline as a percentage of the economy**



**Borrowing requirements primarily for Crown corporations**



**Government debt stable; Crown debt increases for capital expenditures**

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

	March 31, 2010	Mid-Year Forecast	Change
<b>Government General Debt</b>			
Gross Debt	\$ 6,427.0	\$ 6,092.3	\$ (334.7)
Sinking Funds	(2,286.5)	(1,951.8)	\$ 334.7
<b>Government General Public Debt</b>	<b>\$ 4,140.5</b>	<b>\$ 4,140.5</b>	<b>\$ -</b>
<b>Crown Corporation General Debt<sup>1</sup></b>			
Gross Debt	\$ 845.6	\$ 876.9	\$ 31.3
Sinking Funds	(26.9)	(32.6)	\$ (5.7)
<b>Crown Corporation General Public Debt</b>	<b>\$ 818.7</b>	<b>\$ 844.3</b>	<b>\$ 25.6</b>
<b>Government Business Enterprise Specific Debt<sup>2</sup></b>			
Gross Debt	\$ 3,417.3	\$ 3,940.0	\$ 522.7
Sinking Funds	(383.9)	(414.0)	\$ (30.1)
<b>Government Business Enterprise Specific Public Debt</b>	<b>\$ 3,033.4</b>	<b>\$ 3,526.0</b>	<b>\$ 492.6</b>
<b>GRF Public Debt</b>	<b>\$ 7,992.6</b>	<b>\$ 8,510.8</b>	<b>\$ 518.2</b>
Other Debt <sup>3</sup>	234.4	164.5	\$ (69.9)
<b>Summary Statement</b>			
<b>Public Debt</b>	<b>\$ 8,227.0</b>	<b>\$ 8,675.3</b>	<b>\$ 448.3</b>

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.

**Taxation revenue stronger than 2010-11 Budget Estimate**

- Corporation Income Tax (CIT) is projected to be \$340.4 million higher than budget, reflecting stronger-than-anticipated assessment data for the 2009 taxation year, higher federal forecasts of the national corporate tax base and continued strength in Saskatchewan corporate profits and taxable income.
- Individual Income Tax is down \$169.0 million due to weaker-than-anticipated assessment data for the 2009 taxation year, resulting in a negative prior-year adjustment. While taxable income growth in 2009 was positive, it was less than forecast as a result of a decline in investment income.

**Credit Ratings of the Province**

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

\* 2010-11 Credit Review has not been completed

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