



The Honourable Ken Krawetz
Deputy Premier and Minister of Finance

SASKATCHEWAN BUDGET UPDATE

12-13

KEEPING THE SASKATCHEWAN ADVANTAGE

MID-YEAR REPORT

BACKGROUND – REPORT SUMMARY

Revised Revenue Forecast - General Revenue Fund (GRF) revenue is projected to be \$11,239.9 million, a decrease of \$51.0 million from the budget estimate.

- **Non-renewable resource revenue** is projected \$405.1 million lower than the budget estimate. This is due to a decrease in Crown land sales (down \$126.9 million), oil (down \$164.6 million) due to a lower WTI oil price projection (current fiscal-year price forecast is \$93.27 US per barrel); and potash revenue (decrease by \$239.8 million). This is partially offset by an increase in the resource surcharge related to the adoption of the federal changes to partnership income rules.
- **Taxation Revenue** is forecast to increase by \$211.3 million, due to continued strength in the economy. Individual Income Tax is up \$167.7 million due to stronger-than-anticipated year-to-date tax assessments for the 2011 year and higher personal income levels in 2012. Corporation Income Tax revenue is currently projected to be up \$28.5 million due to accelerated federal instalment payments offset by a lower federal estimate of the national corporate tax base for 2012 and 2013. Other tax is up \$15.1 million related to insurance premiums tax and corporation capital tax growth.
- **Transfers from Crown Entities** increased \$19.4 million from budget primarily due to SLGA liquor net income being up \$18 million.
- **Other own-source revenue** is projected to increase \$28.3 million from budget, largely due to a \$19.8 million increase in interest earnings due to unbudgeted gains from the trading of sinking fund assets.
- **Federal Transfers** are forecast to increase \$95.1 million from budget primarily due to federal cost-sharing for PDAP and flood mitigation expense and Canada Health Transfer increase.

Revised Revenue Forecast (thousands of dollars)					
	Budget Estimate	1st Quarter Forecast	Mid-Year Projection	Change From	
				Budget	1st Quarter
Taxes	5,315,000	5,411,200	5,526,300	211,300	115,100
Crown Land Sales	220,000	127,800	93,100	(126,900)	(34,700)
Natural Gas	12,500	7,100	8,200	(4,300)	1,100
Oil	1,600,900	1,441,900	1,436,300	(164,600)	(5,600)
Potash	705,200	705,200	465,400	(239,800)	(239,800)
Resource Surcharge	485,900	485,900	608,900	123,000	123,000
Other	123,800	134,600	131,300	7,500	(3,300)
Non-Renewable Resources	3,148,300	2,902,500	2,743,200	(405,100)	(159,300)
Transfers from Crown Entities	639,400	658,800	658,800	19,400	-
Other Revenue	601,300	601,300	629,600	28,300	28,300
Federal Transfers	1,586,900	1,603,900	1,682,000	95,100	78,100
Revenue	11,290,900	11,177,700	11,239,900	(51,000)	62,200

Revised Expense Forecast

The GRF expense is forecast to be \$11,227.5 million, an increase of \$31.6 million from budget. Expense management savings total \$61.2 million – more than the target included in the First Quarter Financial Report.

Increases from budget occurred in the following Ministries:

- **Government Relations** is forecast to increase \$85.2 million from budget, primarily due to increases for the Provincial Disaster Assistance Program (PDAP) and prior-year reconciliation payments under the gaming agreements.
- **Labour Relations and Workplace Safety** is forecast to increase \$0.5 million from budget, primarily due to the labour legislation consultations and review.
- **Parks, Culture and Sport** is forecast to increase \$5.0 million from budget due to funding for the City of Regina for the replacement of Mosaic Stadium.
- **SaskBuilds**, was established on October 17, 2012, so the \$2 million in start-up funding is an increase from budget.

In addition, the **Ministry of the Economy** is projected to increase \$13.0 million from budget due to the transfer of responsibilities from Enterprise Saskatchewan, but this increase is more than offset by reduced funding for Enterprise Saskatchewan.

All other GRF ministries, agencies and legislative offices are either on or below budget.

These increases have been partially offset by \$61.2 million in expense management savings. The savings are generally due to lower utilization forecasts, as well as lower debt-servicing costs, anticipated vacancy management and other administrative savings.

Other Financial Details

- **General Revenue Fund pre-transfer operating surplus** of \$12.4 million.
- **Summary Financial Statements surplus** of \$22.5 million (up \$7.7 million from the budgeted surplus of \$14.8 million) is mainly due to a \$154.9 million improvement in CIC Board Organizations and a \$131.7 million improvement in Not-for-Profit Insurance Organizations, offsetting a \$278.9 million decrease in Treasury Board organizations, mainly due to increased forecasted pension liabilities.
- **Growth and Financial Security Fund (GFSF)** – with a \$50 million transfer from the GFSF through the Ministry of Highways and Infrastructure for highways work, the GFSF is projected to have a \$664.5 million balance remaining at the end of 2012-13.
- **2012 real GDP and nominal GDP** is expected to increase by 3.1 per cent and 5.8 per cent respectively.

Debt

- **Government General Public Debt** at March 31, 2013 is projected to remain unchanged at \$3.8 billion.