

The Honourable Donna Harpauer
Deputy Premier and Minister of Finance



SASKATCHEWAN PROVINCIAL BUDGET

21-22

PROTECT. BUILD. GROW.

MINISTER'S MESSAGE

I am pleased to table the 2021-22 Budget and supporting documents for public discussion and review.

The 2021-22 Budget will *protect* Saskatchewan people through the pandemic.

It provides direct funding to fight COVID-19, and record levels of investments in health care, education, social services and assistance and protection of persons and property.

This Budget will *build* Saskatchewan. Capital investment of \$3.1 billion will help our economy and create jobs. The 2021-22 Budget invests in new long-term care facilities, hospitals, schools, highways and vital municipal infrastructure. Crown corporations will see important capital projects move forward.

This Budget will *grow* Saskatchewan through key investments and incentives, and it will keep life affordable for families.

The 2021-22 Budget has a forecast deficit of \$2.6 billion. We project the province's fiscal path will steadily improve over the next three years with smaller deficits of \$1.7 billion in 2022-23; \$1.2 billion in 2023-24; and \$770 million in 2024-25. A return to balance is expected in 2026-27.

Revenue is forecast at \$14.5 billion in this Budget, with most revenue categories forecast to increase compared to the latest 2020-21 forecast.

Expense of \$17.1 billion is projected in this Budget, an increase of about \$1.0 billion compared to last year.

This Budget protects lives and livelihoods by providing significant support, as more people become vaccinated and life begins to return to normal.

This Budget builds. This Budget ensures Saskatchewan is ready for growth, as our economy recovers and more investment comes into our province.

The 2021-22 Budget charts a clear course for our province through the remainder of the pandemic and into the strong recovery that will follow.



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SASKATCHEWAN PROVINCIAL BUDGET

21-22

GOVERNMENT DIRECTION FOR 2021-22

Government Direction for 2021-22: PROTECT. BUILD. GROW.

The 2021-22 Budget will protect, build and grow Saskatchewan.

It will protect Saskatchewan people through the pandemic, as more vaccines are received and life begins to return to normal.

This Budget protects the health and public safety of Saskatchewan people and the province's economy in the fight against COVID-19. Record investments in health care, pre-K to grade 12 and post-secondary education, social services and assistance, and the protection of persons and property, will help Saskatchewan move forward.

This Budget will build Saskatchewan.

Budget 2021-22 sees investment into new long-term care facilities, hospitals, schools, highways and vital municipal infrastructure. This Budget includes Crown capital for power generation, telecommunications networks, distribution of natural gas, and other needed services – to help stimulate the economy and meet the needs of Saskatchewan people.

This Budget will grow Saskatchewan through key investments and incentives, and will keep life affordable for families. The province's economy is forecast to grow, as the effects of the pandemic ease

over time. Saskatchewan's economy has fared better than most through this health crisis, with continued high levels of employment, and growth in housing starts, wholesale trade and international exports.

However, our province hasn't been immune from the significant impact of COVID-19. The recovery that began in the summer of 2020 was muted by a second wave of COVID-19 in the fall and winter, making the near-term outlook less certain.

And while Saskatchewan's real GDP is forecast to grow 3.4 per cent in 2021, a projected 4.2 per cent contraction in 2020 means the province's finances have been impacted by the effects of the pandemic. As a result, the plan to recover will take longer than expected.

A course has been set to meet the fiscal challenge. Government will manage carefully, without reckless cuts or large tax increases that would threaten both the pandemic response and a strong recovery.

Government's fiscal foundation remains strong, anchored by one of the lowest net-debt-to-GDP ratios in the country. This means Government has the resources required and will make the investments needed to protect people, to build the province and to grow.

BUDGET

For the Year Ended March 31

(millions of dollars)	2018-19 Actual	2019-20 Actual	2020-21 Budget	2020-21 Forecast	2021-22 Budget
Revenue	14,502	14,887	13,649	14,096	14,478
Expense	14,769	15,206	16,075	15,961	17,089
Deficit	(268)	(319)	(2,426)	(1,865)	(2,611)

Totals may not add due to rounding.

SASKATCHEWAN'S FINANCES

Saskatchewan's 2021-22 Budget projects a \$2.6 billion deficit. Through the next three years, the fiscal path steadily improves with smaller deficits of \$1.7 billion in 2022-23, \$1.2 billion in 2023-24 and \$770 million in 2024-25.

By carefully managing the province's finances while continuing to make the investments needed for a strong recovery, Government expects this trajectory to continue, resulting in a balanced budget in 2026-27.

Revenue is forecast at \$14.5 billion, up \$830 million, or 6.1 per cent, from last year's budget and about \$383 million, or 2.7 per cent higher than the current 2020-21 forecast.

All categories of revenue are forecast to increase in the 2021-22 Budget over the current 2020-21 forecast, with the exception of net income from government business enterprises, which benefitted from one-time investment gains last year, and lower transfers from the federal government due to the discontinuation of one-time federal COVID-19 support provided in 2020-21.

This year's budget also includes a number of changes to improve tax fairness, including the taxation of vapour products, and heat-not-burn tobacco products. As well, the Budget introduces changes to Education Property Tax mill rates that will increase provincial revenue available for pre-K to grade-12 education in line with year-over-year inflation.

This Budget will introduce a road use fee for electric vehicles at the time of registration. This will ensure fairness to all road users contributing to road maintenance and replacement.

Expense of \$17.1 billion is projected in the 2021-22 Budget, an increase of \$1.0 billion, or 6.3 per cent from last year's budget, and up

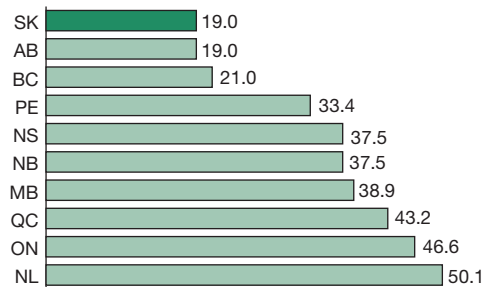
\$1.1 billion, or 7.1 per cent, from the current 2020-21 forecast.

The 2021-22 Budget protects lives and livelihoods by providing significant support to Saskatchewan people, the economy and jobs through the pandemic. There are increases for the vital areas of health, social services and assistance, the K-12 and post-secondary education sectors, and protection of persons and property.

Saskatchewan continues to manage its debt responsibly and its net-debt-to-GDP ratio is among the lowest in the country.

NET DEBT AS A PER CENT OF GDP

(As at March 31, 2021)



Sources: Net Debt: Jurisdictions' most recent data (as of March 16, 2021)
GDP, SK: Saskatchewan Ministry of Finance
All others: Statistics Canada, IHS Markit

Total public debt, including the debt of Crown corporations, is projected to be \$27.8 billion at March 31, 2022, a \$4.2 billion increase from the prior year.

Borrowing is for operations and new capital investment to build hospitals, schools, highways, municipal and Crown infrastructure.

Responsible management of the Province's finances has secured Saskatchewan the second-highest credit ratings in the country, when the ratings from the

three major agencies – Moody’s Investors Service, Standard and Poor’s and DBRS Morningstar, are considered.

(More detailed information is available in the 2021-22 Financial Outlook, beginning on page 41, in the 2021-22 Revenue Initiatives section beginning on page 61 and in 2021-22 Borrowing and Debt which begins on page 56.)

PROTECT

COVID-19 Response

Government has dedicated \$4.8 billion in support to help protect Saskatchewan lives and livelihoods in the fight against COVID-19, including \$1.5 billion in this Budget, after \$2.0 billion of support in the 2020-21 fiscal year. A further \$1.3 billion of support is in place for the next two years.

The 2021-22 Budget includes economic support and funding to protect people’s health and safety in the continued response to COVID-19.

(More detailed information is included on pages 18 to 21 in the 2021-22 COVID-19 Response section.)

Health

This year’s record budget for health of \$6.54 billion, up \$359.0 million or 5.8 per cent from last year’s budget, will strengthen the provincial health care system to protect families and communities.

Funding for health includes the Ministry of Health, the Saskatchewan Health Authority, eHealth, the Saskatchewan Cancer Agency and 3SHealth.

The Ministry of Health will protect Saskatchewan people with \$6.12 billion in the 2021-22 Budget, an increase of \$261 million or 4.5 per cent from 2020-21.

A \$90.0 million increase in this Budget will support Saskatchewan’s comprehensive COVID-19 response, including the mass vaccination rollout, purchase of more personal protective equipment, supporting contact tracing measures and expansion of testing and assessment sites. Additional provincial laboratory capacity, supports for long-term care and coverage of added physician costs are also part of this funding.

Government will provide the Saskatchewan Health Authority (SHA) with a \$3.96 billion grant this year, an increase of \$221.4 million or 5.9 per cent over last year.

This Budget invests a record \$458 million for mental health and addictions programs and services, up \$23.4 million or 5.4 per cent from last year. The increase includes \$7.2 million for targeted mental health and addictions services, including specific youth-focused initiatives, investments in suicide prevention and expansion of harm reduction and addictions treatment. It also includes \$850,000 for 12 additional provincial addiction treatment beds, plus two pre-treatment beds at the addiction treatment centre located at St. Joseph’s Hospital in Estevan.

The remaining \$16.2 million of the increase is primarily for hospital-based mental health and addictions services, physician visits and prescription drug costs. Mental health and addictions programs and services account for 7.5 per cent of the overall Ministry of Health budget.

In this Budget, \$6.0 million will be used to hire approximately 100 continuing care aides who help long-term care clients with personal care, meals and medication. It’s the first year of a three-year \$18.4 million Government commitment to hire 300 continuing care aides to work in long-term care and in existing and expanded home care services in rural and remote areas.

This Budget also keeps the commitment to support children with Autism and their families, with \$6.0 million to expand the Autism Spectrum Disorder (ASD) program to provide individualized funding for children ages six to 11.

A \$5.0 million increase expands eligibility under the Saskatchewan Insulin Pump Program – the cost of an insulin pump will be covered for everyone in Saskatchewan who needs one. The funding will also cover continuous glucose monitoring for children and youth under the age of 18, fulfilling another Government commitment.

Seniors will have ambulance fees reduced to \$135 per trip, down from \$275 – through a \$6.7 million increase in this Budget, meeting another commitment.

Emergency Medical Services will receive a \$6.6 million increase to provide for additional ambulances in Regina and Saskatoon and to address delays when transferring patients, covering patient wait time fees and a new computer dispatch system.

A \$1.4 million new investment will add a new STARS helicopter to deliver emergency care faster to rural and remote sites. Total provincial funding for STARS is now \$11.88 million.

The Saskatchewan Cancer Agency will receive an additional \$7.6 million or 3.9 per cent increase in the 2021-22 Budget, bringing their annual grant to \$204 million, also the highest ever. This funding will ensure Saskatchewan patients have access to additional oncology drugs, treatments and medical resources to achieve the best possible outcomes.

Increased funding will expand treatment available in regional hospitals and will provide for a new medical oncologist position plus support staff to care for Saskatchewan people.

Education

Education across government, including spending related to pre-K to Grade 12 education, post-secondary education and career training programs and commissions, is \$3.75 billion in this Budget, up \$391.3 million or 11.6 per cent from last year.

The Ministry of Education will support pre-K to Grade 12 students with \$2.66 billion in the 2021-22 Budget, an increase of \$59.6 million or 2.3 per cent from 2020-21.

Saskatchewan's 27 school divisions will receive \$1.96 billion in operating funding for the 2021-22 school year, a \$19.2 million increase. This includes fully funding the 2.0 per cent salary increase as part of the teachers' collective bargaining agreement.

Federal-provincial Safe Schools funding of \$155 million has been provided to help school divisions and independent schools over the last year during the pandemic. The funding helps protect students and staff, with more staff, IT equipment, personal protective equipment and cleaning supplies, and \$20.7 million of this funding will carry over into the 2021-22 school year, with \$134.2 million allocated in 2020-21.

An increase of \$2 million, including an increase of \$1.1 million for community-based organizations, in this Budget brings child care funding up to \$75.5 million and will create an additional 176 new licensed home-based spaces and 51 new licensed centre spaces as part of the province's four-year commitment to provide 750 new licensed child care spaces.

This Budget provides a nearly \$1.6 million increase over last year for community-based organizations, including child care centres, for increased operating costs and salaries.

Qualified independent schools will receive an increase of \$3.1 million in operating funding to address additional costs including higher enrolment.

The 2021-22 Budget provides a significant multi-year investment to help grow the long-term financial sustainability of post-secondary institutions with additional funding to protect the post-secondary sector from the challenges created by the pandemic.

The Province will invest a total of \$735 million in 2021-22. Beyond the typical base budget, Government will invest an additional \$60 million over two years (2021-22 and 2022-23) to be utilized for: COVID-19 recovery, revenue generation, sector collaboration and achieving priorities set out in *Saskatchewan's Growth Plan*. For the first time, Saskatchewan is providing a multi-year funding commitment to the sector, which was developed collaboratively and is focused on shared priorities.

The Budget includes \$678.5 million for post-secondary institutions, an increase of \$28.4 million or 4.4 per cent.

Budget 2021-22 also includes \$39.8 million for student supports, an increase of \$3.6 million, or 10.0 per cent.

This includes an increase in the Saskatchewan Advantage Scholarship from \$500 to \$750 annually per eligible student to help with tuition costs, fulfilling a Government commitment.

This Budget builds upon existing support programs, including the Graduate Retention Program, the most aggressive youth retention program in Canada, providing up to \$20,000 in tax credits to eligible post-secondary graduates who remain in Saskatchewan and build their careers here. To date, more than 75,000 post-secondary graduates have claimed these credits by starting their careers in Saskatchewan.

Social services and assistance

Social services and assistance is budgeted at \$1.56 billion for 2021-22, up \$66.4 million or 4.5 per cent from 2020-21.

This theme includes the entire Ministry of Social Services budget, as well as small portions of other Executive Government ministries and spending through the Saskatchewan Housing Corporation and Saskatchewan Legal Aid Commission.

The Ministry of Social Services will support and protect those most in need, with a total \$1.34 billion in the 2021-22 Budget, up \$54.5 million or 4.2 per cent over last year.

The 2021-22 Budget meets Government's commitment to increase benefits to seniors through \$3.5 million in additional funding for the Seniors Income Plan (SIP). The investment will help low-income seniors enjoy a better quality of life with maximum payments increasing by \$30 a month. It's the sixth increase Government has made to SIP since 2008 and the increase takes effect July 1, 2021.

Also, the Budget provides \$246,000 to meet Government's commitment to further enhance communication services provided by the Canadian National Institute for the Blind and Saskatchewan Deaf and Hard of Hearing Services Inc. This new funding will support the hiring of a deafblind intervenor, an American Sign Language interpreter and a case manager.

The Ministry will provide increased funding of \$6.7 million to third-party service providers, including a \$4.2 million increase for those working with people with intellectual disabilities and a \$2.5 million increase for those supporting at-risk children, youth and families.

The increase recognizes the critical role third-party providers play to protect the province's most vulnerable during the pandemic. The funding for Social Services providers is part of Government's total \$9.1 million lift for third-party service providers which are also funded through the ministries of Education, Health, Justice and Attorney General and Corrections and Policing.

This Budget includes a \$19.0 million increase to the Saskatchewan Assured Income for Disability, or SAID, program to continue to support people with disabilities. And it includes a \$9.1 million increase to address current and anticipated needs of people with intellectual disabilities.

The 2021-22 Budget includes Government-wide funding of \$660.3 million, an increase of \$48.8 million, for enhanced programming and increased utilization for people with disabilities. Since 2007-08, Government-wide funding for people with disabilities has increased by \$445 million or 207 per cent.

Child and Family Programs ensure the safety and well-being of vulnerable children in the province and the 2021-22 Budget includes an increase of \$8.2 million for new residential care spaces to support children and youth with developmental and complex behavioral needs through private treatment and group homes.

This Budget includes a \$1.6 million increase to implement Parent Resources for Information, Development and Education, or PRIDE, Levels of Pay Phase II, a specialized training program that supports foster families to care for children with more intensive needs.

A \$3.0 million increase supports more extended family caregivers and helps them remain connected to their culture and community, and a \$1.4 million

increase for in-home family supports, is aimed at preventing children from coming into the care of the Ministry. An additional \$500,000 investment to Sanctum 1.5 will support high-risk expectant mothers with enhanced outreach and coordination of services.

Protection of persons and property

Protection of persons and property is comprised of the ministries of Corrections and Public Safety, Justice and Attorney General, Integrated Justice Services, Labour Relations and Workplace Safety and the Saskatchewan Provincial Safety Agency, and a number of funds, commissions and authorities.

Overall, protection of persons and property will see \$845.1 million for the safety of Saskatchewan people, an increase of \$38.6 million or 4.8 per cent from last year.

This Budget provides \$92.4 million to the Saskatchewan Public Safety Agency (SPSA), a Treasury Board Crown committed to the protection of people, property and resources in the province.

The SPSA is coordinating the provincial non-health response to COVID-19 through the Agency's Provincial Emergency Operations Centre, and this Budget also includes capital investment to modernize the province's wildfire suppression fleet.

This Budget includes \$3.6 million to put in place in 2022 a Turbo Commander aircraft, the first of four such aircraft being put in place over the next four years. There is also \$9.2 million, the third installment of a four-year plan to acquire a CL215T Air Tanker that will be delivered in late 2022.

The Ministry of Justice and Attorney General will further protect the people of the province, with \$163.6 million in the 2021-22 Budget, an increase of \$8.4 million or 5.4 per cent over last year's budget.

In this Budget, \$287,000 will be provided to the Public Complaints Commission to develop a Serious Incident Response Team (SIRT), making Saskatchewan's police oversight consistent with that of other Canadian jurisdictions.

The 2021-22 Budget includes \$530.8 million, an increase of \$23.8 million or 4.7 per cent for the Ministry of Corrections and Public Safety. A total of \$2.5 million, funded by both the federal and provincial governments, will be dedicated to the Saskatchewan Firearms Program which is being transitioned from the federal government to the Province.

More than \$3.2 million is being invested in the Gang Violence Reduction Strategy, which provides addictions programming in provincial correctional facilities and intervention services to individuals who want to leave gangs.

Increased funding of \$800,000 will be used to respond to interpersonal and domestic violence, including support for a public awareness campaign, a 24/7 Interpersonal Violence and Abuse Provincial Call Line in partnership with 211, the development of family intervention rapid support teams and expansion of the Victim Advocate Case Review initiative.

Approximately \$110,000 will support the creation of a new Police and Crisis Team (PACT) for the Estevan region, to address increased volumes of mental health calls and approximately \$243,000 will support police to enhance the capabilities of the provincial Internet Child Exploitation (ICE) units.

Nearly \$4.3 million will fund pandemic-related measures in Saskatchewan's courts and correctional facilities. This includes ongoing costs for personal protective equipment, cleaning services and other precautionary measures being taken in courts and correctional facilities.

BUILD

As Saskatchewan recovers from the effects of the pandemic, the province will focus on growth and a strong capital plan will be the foundation of its economic recovery.

Including \$3.1 billion in this year's budget, record investment of close to \$37 billion in capital through Saskatchewan Crowns and Executive Government since 2008-09 has helped stimulate the economy and create jobs.

The 2021-22 Budget invests \$162.0 million into health care capital, including \$3.6 million for the future Grenfell long-term care facility, \$7.6 million for the 80-bed La Ronge long-term care facility and \$1.1 million to begin planning activities for long-term care facilities in Estevan, Watson and Regina.

This Budget also includes \$1.4 million for the Weyburn Hospital planning stage, \$5.7 million for urgent care centres in Saskatoon and Regina and \$1.4 million to allow for ongoing work on the program and design plans for the Prince Albert Victoria Hospital.

Since 2008-09, more than \$1.9 billion in investment has built hospitals, including the Jim Pattison Children's Hospital, Saskatchewan Hospital North Battleford, the Dr. F. H. Wigmore Hospital in Moose Jaw and 15 new long-term care facilities across the province. Investment has also led to the renewal of many health care facilities and the purchase of needed equipment.

In 2021-22, the Government of Saskatchewan will invest \$830 million into operating, maintaining, building and improving the province's roads and

highways, the total Ministry of Highways appropriation, an increase of \$115 million or 16 per cent.

The 2021-22 Budget invests \$553.2 million into transportation capital, up \$108.5 million in 2021-22.

This includes \$520.1 million for investments into capital projects to improve safety and efficiency on key highway corridors, beginning twinning work on Highway 3 west of Prince Albert and multiple stimulus passing lane projects on Highways 2, 3, 12, 14 and 16.

It also includes three sets of passing lanes on Highway 7, from Kindersley to the Alberta border, two sets of passing lanes and widening on Highway 5 from Saskatoon to Highway 2, and completing passing lanes and improvements on Highway 39 from Corrine to Estevan.

Government's investment also includes \$33.1 million in transfers related to municipal infrastructure for the Rural Integrated Roads for Growth program, the Urban Highway Connector Program and the Community Airport Partnership Program, with \$530,000 in this Budget for a new Short-line Rail Infrastructure Program to support the industry.

With this year's budget, more than \$10.6 billion has been invested into transportation infrastructure since 2008, improving more than 17,100 kilometers of provincial highways.

The 2021-22 Budget includes \$189.9 million for education capital, an increase of \$22.3 million or 13.3 per cent. This budget has \$101.9 million to support 21 ongoing capital projects which will build 16 new schools and renovate five.

This includes completing the construction of a new elementary school in Weyburn, and beginning construction on a new joint-use facility with two elementary schools in Regina to replace Argyle and St. Pius elementary schools.

Many projects throughout the province are poised to complete design and begin construction as early as spring of 2022. Government will also provide \$8.8 million as part of its stimulus funding to complete 15 maintenance projects, the second year of a \$25.9 million commitment, and \$67.9 million will fund ongoing preventative maintenance, renewal and emergency funding. A further \$10.3 million will fund relocatable classrooms.

Since 2008-09, approximately \$2.1 billion has been invested to build 57 new schools and to undertake 28 major renovation projects.

The 2021-22 Budget includes \$324.2 million in government services infrastructure, an increase of \$109.3 million over last year. It includes \$52.0 million for the construction of the remand centre at the Saskatoon Correctional Centre and \$3.8 million to replace and expand the Saskatoon Correctional Centre urban camp.

There is also \$66 million for maintenance and upgrades to dams and canals and \$18.9 million for phase one of the Lake Diefenbaker Irrigation – Westside Expansion Project – a transformational multi-year project expected to cost \$4 billion.

This Budget includes \$244.6 million for municipal infrastructure. This includes commitments under federal-provincial infrastructure agreements, and investments such as Transit Assistance for People with Disabilities. Since 2008-09, close to \$2.2 billion has been invested in municipal infrastructure.

Crown corporations will spend \$1.6 billion on major capital investments in this Budget, including \$937.6 million by SaskPower to improve the province's electricity system to meet demand and maintain reliability.

SaskPower's sustainment program is being supported by \$50 million of economic stimulus capital in the coming year, bringing the total sustainment investment to a record high \$272.0 million – fully 28 per cent of SaskPower's capital plan dedicated to ensuring reliability of the electrical grid.

SaskEnergy is investing \$276.8 million in the province's natural gas distribution system, including expansion of the transmission system to meet increased demand in a growing province. In this Budget, SaskTel is investing \$323.2 million to improve its networks dedicated to being the best at connecting people to their world. SaskTel will complete its \$107 million Wireless Saskatchewan program in 2021-22 with an investment of \$7.5 million aimed at improving cellular services for rural customers.

Since 2008, approximately \$20.4 billion in investment through Saskatchewan's Crown corporations has improved power generation, transmission and distribution, telecommunications networks and natural gas transportation and distribution, and water and wastewater systems among many other projects.

The Province's *Growth Plan* targets a further \$30 billion in capital investment by Executive Government and the Crowns over the next decade. The investments in this Budget move toward that goal, to build a strong Saskatchewan.

(More information is available in the 2021-22 Saskatchewan Capital Plan which begins on page 24.)

GROW

As Saskatchewan emerges from the pandemic, Government remains committed to its *Growth Plan* goals of a strong economy, a growing province and new jobs over the next decade.

Creating opportunities for people to pursue careers in this province and to attract newcomers who want to build their future in Saskatchewan is fundamental to continued growth.

Through the Ministry of Immigration and Career Training, the Province invests in a number of programs and services to help employers develop, recruit and train workers and to help individuals prepare for, secure and maintain employment.

The 2021-22 Budget includes record funding for workforce development of more than \$39 million, including \$17 million in one-time federal funding for additional programs and projects that will strengthen Saskatchewan's recovery from the pandemic.

Nearly \$18 million, including \$8 million in one-time federal funding, is being provided for Employment Assistance for People with Disabilities, to remove barriers, provide supports and develop skills people need to participate in the labour force. The Budget also provides \$8.1 million, an increase of \$700,000 for the Canada-Saskatchewan Job Grant to help ensure employers have a skilled workforce with the competencies to be productive and competitive.

As Saskatchewan's economy recovers and moves towards creating new jobs over the next decade as outlined in the *Growth Plan*, the province will focus on competitiveness, increasing trade, growing exports and ensuring that not only more markets are sought, but that value is added to Saskatchewan products sold around the world.

The 2021-22 Budget includes \$200 million for the Accelerated Site Closure Program (ASCP) to support Saskatchewan-based oil and gas service companies and more than 2,000 jobs in the sector. The program is federally funded and cleans up abandoned oil and gas well sites.

This Budget takes further measures to attract investment and create jobs in the oil sector by modernizing and expanding the High Water-Cut Program, changing the royalty status of high-water wells for producers who make new investments in water handling. The change will make the wells more viable for producers and promote greater overall production.

And this Budget will provide oil producers with \$3.8 million in annual royalty relief to help them invest in new methane emissions reduction projects, and help support capture and commercialization rather than venting and flaring.

The Budget will simplify and reduce the royalty rate on sodium sulphate production, and introduces an improved capital investment credit to encourage added value and enhance Saskatchewan's presence in growing potash fertilizer markets.

To ensure growth of export markets, the 2021-22 Budget increases funding for international offices by \$5.0 million, to \$9.3 million. The Ministry of Trade and Export Development will work to expand Saskatchewan's presence by establishing international trade and investment offices in four additional locations, which will be announced in the coming months. The new offices will complement existing offices in China, India, Japan and Singapore.

Officials in these offices will focus on diversifying markets, connecting Saskatchewan businesses with investors and customers. They will encourage direct

foreign investment and give our exporters an advantage with people who understand the business culture, rules and regulations in key markets.

The 2021-22 Budget includes \$174.8 million for continuation of the Saskatchewan Economic Recovery Rebate which began providing all SaskPower customers, businesses and individuals, with a 10 per cent rebate on their power bills last year. In May, the previously announced \$285 million Auto Fund recovery rebate will provide \$285, on average, to all Saskatchewan vehicle owners.

With these rebates, in 2021 Saskatchewan people will pay the lowest total utility rates in the country – making life more affordable by putting more money back in Saskatchewan residents' pockets, which in turn will strengthen the province's recovery from the pandemic.

The temporary small business tax rate reduction will help Saskatchewan small businesses through the pandemic. The rate was reduced from 2.0 per cent to zero effective October 1, 2020 and will provide \$96 million in tax savings to Saskatchewan small businesses in 2021-22. The rate will increase to 1.0 per cent July 1, 2022 and return to 2.0 per cent on July 1, 2023 as Saskatchewan recovers from the pandemic.

The new Saskatchewan Home Renovation Tax Credit provides a 10.5 per cent tax credit on up to \$20,000 of eligible home renovations done between October 1, 2020 and December 31, 2022, beginning with the 2021 tax year.

The tax credit is forecast to cover \$66.4 million of costs in 2021-22, creating jobs in the building trades and making life more affordable for Saskatchewan people.

This Budget includes an additional \$2.5 million for irrigation development projects in the areas outside the Lake Diefenbaker irrigation expansion project announced in 2020. Through the Ministry of Agriculture, this funding will help further develop land and water resources, a goal in the *Growth Plan*. Irrigation supports the growth of diverse, high-value crops which leads to value-added processing opportunities, business attraction and employment.

The 2021-22 Budget extends the Saskatchewan Technology Start-up Incentive for five years, to encourage investment in technology, bring new products to market and create jobs. The program offers a non-refundable 45 per cent tax credit to Saskatchewan investors. To date, the incentive has attracted \$22.0 million in investment, benefiting 62 tech companies, creating 144 new jobs.

This Budget includes \$3.0 million for investment into an agricultural technology venture capital fund. This initial investment is part of the \$15 million commitment announced last summer to further Saskatchewan's global leadership in the ag-tech sector.

And this Budget includes more than \$4 million in operating funding to grow the Vaccine and Infectious Disease Organization (VIDO), in addition to previous commitments of \$15 million to support VIDO's Centre for Pandemic Research and \$4.2 million for vaccine development and to support construction of a new vaccine manufacturing facility. Domestic vaccine production is vital to protecting Canadians through the current and any future pandemics. The work being done at VIDO will make Saskatchewan a leader in Canada in research, development and production of new vaccines.

The *Growth Plan* sets a goal of increasing tourist expenditures in Saskatchewan by 50 per cent by 2030. Saskatchewan's natural beauty and parks attract visitors from around the world.

In this Budget, \$16.5 million will be invested in capital projects and upgrades, including the development of a new serviced campground at Cypress Hills and new group pavilions at Pike Lake, Blackstrap, Echo Valley and Buffalo Pound Provincial Parks, among a number of enhancements at several parks.

This Budget also helps Saskatchewan communities continue to grow by reinstating the Community Rink affordability grant, a Government commitment providing \$2,500 per ice surface. The \$1.7 million program helps cover eligible operating costs, COVID-related costs and minor capital improvements for more than 600 ice surfaces in more than 350 communities.

The 2021-22 Budget helps the viability of service clubs providing support for veterans and their families and communities in Saskatchewan. Total funding through the Saskatchewan Veteran Service Club Support Program will grow from \$100,000 to \$1.5 million in 2021-22, another commitment kept by Government.

The Active Families Benefit has been restarted, as promised by Government, helping keep life affordable for families by providing \$150 per child enrolled in sport, recreation and cultural activities. The benefit provides an extra \$50 per child to families of children with a disability.

These commitments help Saskatchewan grow, enhance quality of life and create jobs while keeping our economy strong.

The 2021-22 Budget strengthens communities through \$276 million in Municipal Revenue Sharing. Since 2007-08, Municipal Revenue Sharing has increased by 118 per cent and has provided a stable, predictable source of funding for Saskatchewan's rural, urban and northern communities.

This Budget includes more than \$465 million of total investment into municipalities, including revenue sharing, the province's portion of infrastructure funding and a number of grants and initiatives from multiple Government ministries.

The 2021-22 Budget includes \$193.6 million in targeted investment that will help meet the priorities of Indigenous communities, businesses and organizations.

This includes \$35 million in emergency pandemic support replacing gaming agreement transfers to First Nations and Métis organizations, as casinos continue to be impacted by the pandemic.

The purpose of growing a strong economy and supporting strong communities as we recover from the pandemic and as life begins to return to normal is to build a better quality of life for Saskatchewan families.

It provides the ability to make life more affordable for Saskatchewan people. Our province has among the lowest personal taxes in the country.

Since 2007, Personal Income Tax (PIT) exemptions have removed 112,000 people from the province's income tax roll. In total, PIT reductions introduced over the past 12 years are providing over \$700 million in annual income tax savings to Saskatchewan people.

Government has reintroduced annual indexation of the provincial income tax brackets, ensuring that these tax savings are not eroded by inflation.

In 2021, a Saskatchewan family of four can earn twice as much before they begin paying provincial income tax than they could in 2007. A family of four pays no provincial income tax on their first \$52,250 of combined income. In 2007, a family of four began paying provincial income tax once their combined income reached just \$26,150.

A Saskatchewan family of four with \$100,000 in total income pays \$1,918 less in combined provincial income and sales tax in 2021 compared to 2007.

In 2021, an individual with income of \$40,000 pays \$744 less in combined provincial income and sales tax than in 2007, when the enhanced Saskatchewan Low-Income Tax Credit is factored in.

PROTECT. BUILD. GROW.

The 2021-22 Budget will protect Saskatchewan people through the rest of the pandemic, as more become vaccinated and life begins to return to normal. It provides direct funding to fight the pandemic, and record investments in health care, education, social services and assistance and protection of persons and property.

This Budget builds. Capital investment of \$3.1 billion will help our economy and create jobs.

This Budget ensures Saskatchewan is ready for growth, as our economy recovers and more investment comes into our province.

The 2021-22 Budget is the right budget for Saskatchewan people. The priority is to protect people and businesses by investing in needed support, services and programs.

By building, by investing in needed capital, our Government will help keep Saskatchewan strong. And it is the right plan to help Saskatchewan recover and grow, and to plan a post-pandemic path to balance.

This Budget protects, builds and grows Saskatchewan. It charts a clear course for our province through the remainder of the pandemic and into the strong recovery that will follow.

2021-22 COVID-19 RESPONSE

Government's response is \$4.8 billion in economic, health and safety support to protect Saskatchewan people and businesses through the pandemic, to invest in capital and to help the economy recover and grow.

The 2021-22 Budget includes \$1.5 billion in support, following more than \$1.9 billion in 2020-21, for a

total of \$3.4 billion since the start of the COVID-19 pandemic.

More than \$1.3 billion is planned over the next two years to continue to help Saskatchewan people and help the province's economy recover.

COVID-19 SUPPORTS

(millions of dollars)	2020-21	2021-22	Future Years	Total
Health and Public Safety				
Health Sector Response	75.6	90.0	–	165.6
Saskatchewan Safe Schools Plan	134.2	20.7	–	154.9
Northern Isolation Support Program	4.8	6.8	–	11.6
Other Measures	35.2	5.0	–	40.2
Canada-Saskatchewan Safe Restart Agreement	338.1	–	–	338.1
Saskatchewan Temporary Wage Supplement Program	56.0	–	–	56.0
U of S Vaccine and Infectious Disease Organization	15.0	–	–	15.0
Total Health and Public Safety	658.9	122.5	–	781.4
Economic Support				
Saskatchewan Capital Plan	405.4	488.1	1,106.5	2,000.0
Auto Fund Recovery Rebate	–	285.0	–	285.0
Accelerated Site Closure Program	100.0	200.0	100.0	400.0
SaskPower Customer Rebate Program	85.2	174.8	–	260.0
Home Renovation Tax Credit	12.9	66.4	44.7	124.0
Small Business Tax Rate Reduction	45.1	64.6	40.1	149.8
Emergency Pandemic Support – Gaming Partner Grants	50.0	39.0	–	89.0
Post-secondary Supports	7.0	30.0	30.0	67.0
Immigration and Career Training Supports	17.0	27.3	–	44.3
Saskatchewan Tourism Sector Support Program	35.0	5.0	–	40.0
Other Measures	38.0	6.4	–	44.4
Small Business Emergency Payment Program	70.0	–	–	70.0
Relief for the Oil and Gas Sector	26.0	–	–	26.0
Agriculture Sector Support	17.5	–	–	17.5
Total Economic Support	909.1	1,386.6	1,321.3	3,617.0
Total Direct Support	1,568.0	1,509.1	1,321.3	4,398.4
Deferral Programs	382.2	–	–	382.2
Total Government Support	1,950.2	1,509.1	1,321.3	4,780.6

HEALTH AND PUBLIC SAFETY SUPPORT IN 2021-22

The 2021-22 Budget includes \$90.0 million in health sector response through the Ministry of Health, to provide testing equipment, personal protective equipment and to fund operating costs to address the pandemic.

A total of \$155 million will be invested under the Saskatchewan Safe Schools Plan, including \$134.2 million in 2020-21 and another \$20.7 million in 2021-22 for school divisions to continue to support the safe return to classrooms.

This Budget includes \$6.8 million for the Northern Isolation Support Program, as part of an agreement with the federal government to help individuals in remote locations voluntarily isolate. The program will provide access to suitable commercial accommodations and mobile residential units as part of a temporary community housing solution.

Other measures include \$4.2 million for justice and corrections facilities and \$800,000 extending care to youth during the pandemic who will otherwise age out of care.

HEALTH AND PUBLIC SAFETY SUPPORT IN 2020-21

The federal government provided \$338.1 million through the Canada-Saskatchewan Safe Restart Agreement to support the safe re-opening of the provincial economy and to help with costs associated with protecting people through the pandemic.

Safe Restart funding has been fully allocated to the Ministry of Health (\$218.1 million) for health care capacity, mental health and substance abuse support, personal protective equipment, and testing, contact

tracing and data management; to the Ministry of Government Relations (\$70.4 million) for municipalities; to the Ministries of Social Services and Corrections, Policing and Public Safety (\$26.0 million) for vulnerable populations; to the Ministry of Education (\$20.6 million) for child care for returning workers; and to various other ministries (\$3.0 million) for personal protective equipment.

The Government is committing \$15 million to further support pandemic research by the Vaccine and Infectious Disease Organization (VIDO) at the University of Saskatchewan. The commitment is contingent on the Government of Canada committing to the project.

There was \$75.6 million provided for health sector response, and \$4.8 million for the Northern Isolation Support Program.

The Saskatchewan Temporary Wage Supplement program is a \$56.0 million federal-provincial cost-shared program providing temporary top-ups to the salaries of workers who provide care to some of the province's most vulnerable, through the pandemic.

And \$35.2 million in other health and safety measures includes online systems and facility enhancements in the justice system during the pandemic, as well as additional costs for custody services.

Also, the Saskatchewan Public Safety Agency costs for COVID-19 response include expenses for the Provincial Emergency Operations Centre. Personal protective equipment, checkpoints, communications and other services were among the costs. And funding was provided for upgrades to the Saskatchewan Polytechnic Dental Lab facility to ensure compliance with COVID-19 protocols.

ECONOMIC SUPPORT IN 2021-22

Last year, Government announced \$2 billion in incremental infrastructure funding, a stimulus booster to help the province's economy recover and create jobs in the years ahead. In the 2021-22 Budget, \$488.1 million in stimulus spending is targeted to infrastructure investment on needed maintenance and on major projects, described in the 2021-22 Capital Plan, following \$405.4 million in 2020-21.

Saskatchewan drivers will receive a one-time rebate of \$285, on average, calculated on a proportion of vehicle premiums paid in the previous three years. The full rebate from the Auto Fund is \$285 million, announced in February, and is to be provided to Saskatchewan drivers in May.

All SaskPower customers will receive a one-year, 10 per cent rebate on electricity charges on power bills, to support Saskatchewan's economic recovery from COVID-19. In total, the rebate is \$174.8 million in 2021-22, after \$85.2 million last year.

With these rebates factored in, Saskatchewan people will pay the lowest rates in the country on their bundle of utilities.

The three-year, \$400 million federal Accelerated Site Closure Program sees \$200 million budgeted in 2021-22 to help oilfield service companies through the pandemic, with work on site abandonment and reclamation work in the oil patch, helping the environment and providing economic stimulus.

The small business tax rate reduction will protect Saskatchewan small businesses through the pandemic. At a cost of \$64.6 million in forgone tax revenue in 2021-22, the rate was reduced from 2.0 to 0.0 per cent, effective October 1, 2020. The rate will increase to 1.0 per cent July 1, 2022 and return to 2.0 per cent on July 1, 2023 as Saskatchewan recovers from the pandemic.

The new Saskatchewan Home Renovation Tax Credit will provide a 10.5 per cent tax credit on up to \$20,000 of eligible home renovations done between October 1, 2020 and December 31, 2022, beginning with the 2021 tax year. The tax credit is forecast to save taxpayers \$124 million over the life of the program, including \$66.4 million in 2021-22.

In recognition of lost gaming transfer revenue as a result of casino closures, \$39 million in emergency pandemic response gaming partner grants in 2021-22 are providing pandemic support for First Nations and Métis organizations, and the Community Initiatives Fund. The emergency grants totaled \$50 million in 2021-22.

The 2021-22 Budget has \$30 million as part of a \$60 million COVID-19 response package and multi-year funding plan for post-secondary institutions, through the Ministry of Advance Education. In 2020-21, \$7.0 million in COVID-19 response was provided.

This Budget has \$27.3 million in increased funding for Workforce Development, Employability Assistance for Persons with Disabilities top-up, the Canada-Saskatchewan Job grant, and the Newcomer and Settlement program, to help people seeking to immigrate to Saskatchewan and address the backlog due to border closures, and to help those disadvantaged by the pandemic with training support and financial supports for employers through the Ministry of Immigration and Career Training.

There is \$5.0 million for the Saskatchewan Tourism Sector Support Program to help tourism-related businesses who have experienced a loss of sales revenue of at least 30 per cent, following \$35.0 million in support through the program last year. There is also \$6.4 million in other supports, including an estimated \$5.6 million for increased VLT site commissions, \$754,000 in reduced revenue, to help outfitters by putting a moratorium on their fees, and \$77,000 for increased capital grants to regional parks.

ECONOMIC SUPPORT IN 2020-21

A number of supports that were provided in 2020-21 were unique to the year that saw the pandemic emerge.

The Small Business Emergency Payment Program is forecast to provide \$70.0 million in grants for small and medium-sized enterprises directly affected by public health orders related to COVID-19, up to \$5,000.

Relief for the oil and gas sector provided \$26 million to reduce the industry portion of the Oil and Gas Administrative Levy by 50 per cent, extended a series of filing and other deadlines, extended by a year mineral rights that were scheduled to expire in 2020 and allowed industry to reduce lease holdings.

And agricultural sector support in the 2020-21 Budget totaled \$17.5 million, through AgriRecovery Response and through the Western Livestock Price Insurance program that helped support producers through COVID-19 related market disruption and uncertainty.

And \$38.0 million in other measures went to a variety of initiatives to support businesses and individuals, including VLT site commission increases, Canada Emergency Commercial Rent Assistance, Junior Hockey Support, Self-Isolation Support, the *Re-Open Saskatchewan* Training Subsidy, Conexus Arts Centre funding and the Buy Local Campaign.

DEFERRAL PROGRAMS

In 2020-21, Government allowed businesses, taxpayers and ratepayers to temporarily defer the payment of certain taxes and fees to support their cash flow. Deferrals of Provincial Sales Tax remittance, Crown utility bills, Education Property Tax collection and an interest-free moratorium on student loans totaled \$382.2 million.

FUTURE SUPPORT

Approximately \$1.1 billion, the remainder of the capital stimulus plan, is allocated to major infrastructure projects years beyond 2021-22, to help the economy recover, to create jobs and help Saskatchewan grow.

In addition, \$100 million for the final year of the \$400 million federally funded Accelerated Site Closure Program will be allocated in 2022-23, supporting oil field service companies.

The Home Renovation Tax Credit continues, providing \$44.7 million for Saskatchewan people and helping businesses. The Small Business Tax Rate Reduction continues, providing \$40.1 million in relief beyond 2021-22.

An additional \$30 million in 2022-23 for COVID-19 response and multi-year funding will be provided for post-secondary institutions.



SASKATCHEWAN PROVINCIAL BUDGET

21-22

SASKATCHEWAN CAPITAL PLAN

2021-22 SASKATCHEWAN CAPITAL PLAN

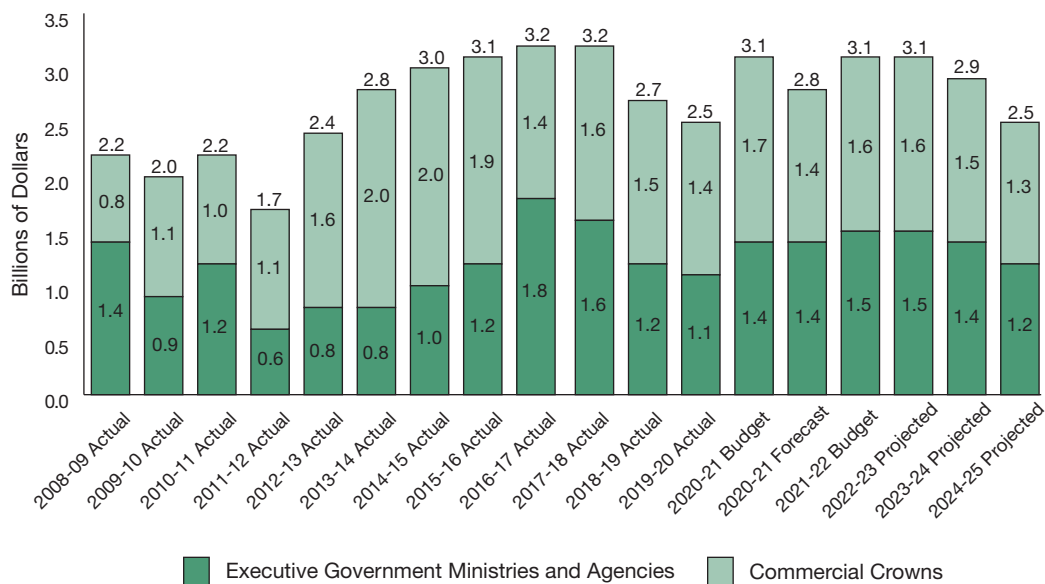
Protect. Build. Grow.

CAPITAL PLAN HIGHLIGHTS

Saskatchewan's Growth Plan targets \$30 billion of infrastructure spending by 2030 to support a growing province and a better quality of life for the people of Saskatchewan. The 2021-22 Saskatchewan Capital Plan contributes toward this goal and furthers Government's commitment to stimulate economic recovery with projected spending of \$11.6 billion over the next four years, which includes \$3.1 billion to be provided in 2021-22 through Executive Government and Saskatchewan's commercial Crown sector.

To *Protect, Build and Grow* Saskatchewan, Government will invest in new and existing infrastructure, both now and into the future. This plan provides funding for new and ongoing projects to address essential infrastructure needs, encourage local job creation and ensure Saskatchewan's continued success. Since 2008-09, including the amounts provided in this Budget, Saskatchewan has committed close to \$37 billion towards provincial infrastructure investments. This includes the construction and rehabilitation of health and educational facilities, transportation infrastructure, and public utility enhancements across the province.

CAPITAL PLAN



The 2021-22 Saskatchewan Capital Plan contributes toward the Growth Plan's target of \$30 billion in infrastructure spending and furthers Government's commitment to stimulate economic recovery.

The plan outlines projects approved to date and provides an estimate of anticipated future capital investments. The plan is detailed as follows:

SASKATCHEWAN CAPITAL PLAN – 2021-22 TO 2024-25

(Millions of Dollars)	2020-21 Budget	2020-21 Forecast	2021-22 Budget	2022-23 Projected	2023-24 Projected	2024-25 Projected
Executive Government Ministries and Agencies						
Transportation Infrastructure						
Highways Capital	411.1	468.1	520.1	378.1	341.0	332.0
Highways Partnerships and Supporting Capital	33.5	46.9	33.1	27.0	19.5	19.5
Municipal Infrastructure						
Municipal Programs	315.7	310.3	244.6	291.0	315.6	178.8
Education Capital						
School Capital	87.9	49.9	113.3	156.5	114.8	30.0
Maintenance Capital	79.8	79.3	76.7	67.9	67.9	67.9
Advanced Education						
Maintenance Capital	33.0	34.8	29.4	23.3	24.3	25.4
Health Care						
Maintenance Capital	93.9	93.9	81.2	52.5	52.5	52.5
Health IT and Equipment Capital	42.1	110.7	59.8	28.3	23.1	23.1
Health Facilities	49.4	18.3	21.1	146.2	179.8	253.8
Government Services						
IT Capital	29.3	28.9	44.3	42.4	29.6	2.2
Dams and Water Supply Channels	81.1	37.7	70.1	116.1	175.9	162.4
Courts and Corrections Facilities and Equipment	25.0	16.4	81.4	70.6	8.7	7.6
Parks Capital	13.0	13.0	16.5	9.8	9.4	9.8
Equipment Capital	23.5	23.6	27.7	26.8	17.2	17.2
Government Buildings	12.8	28.9	25.5	9.7	9.4	9.4
Targeted and Other Capital	30.1	39.1	58.7	11.8	3.8	3.8
Total Executive Government Ministries and Agencies	1,361.2	1,399.8	1,503.3	1,458.0	1,392.5	1,195.2
Crowns						
SaskPower	845.7	743.6	937.6	975.2	844.3	708.3
SaskEnergy	406.7	252.8	276.8	256.9	263.3	222.4
Others	495.5	383.0	399.0	355.9	366.4	397.8
Total Crowns	1,747.9	1,379.4	1,613.4	1,588.0	1,474.0	1,328.5
Total Capital Plan	3,109.1	2,779.2	3,116.7	3,046.0	2,866.5	2,523.7

\$2 Billion Stimulus Fund

In 2020-21, Government announced an additional \$2 billion in infrastructure investments to stimulate economic recovery and encourage local job creation. The stimulus funding has been fully allocated to the following project streams.

- Approximately \$1.4 billion for large infrastructure projects. Most of these projects are in advanced planning and designing stages, and are scheduled to be completed over multiple years but will support growth over the long term.
- More than \$300 million for highway projects for thin membrane surface upgrades, passing lanes, upgrades to municipal roads and airports. These projects are scheduled to be completed by the end of 2022-23, and the majority of spending will occur in 2021-22.
- Nearly \$170 million for renewal projects to reduce deferred maintenance on provincial and third-party assets and reduce operating costs through energy efficiency. Renewal projects are scheduled to be completed by the end of 2021-22.
- \$150 million in per capita payments through the Municipal Economic Enhancement Program to support infrastructure projects in communities across the province. Funds have been transferred to municipalities for shovel-ready projects that must be completed by the end of 2021-22.

The delivery and completion of the stimulus projects vary for each stream, and funding requirements have been included in the Capital Plan.

CAPITAL PLAN DETAILS

Transportation Infrastructure

The four-year plan projects approximately \$1.7 billion in capital investments for transportation infrastructure across the province, including a total of \$553.2 million in the 2021-22 Budget. The amount represents an increase of nearly \$109 million or 24 per cent over the prior year, and 1,350 km of provincial highways will be improved in 2021-22.

The 2021-22 Budget provides for major projects that allow the province to continue designing and constructing several passing lanes and twinning projects. This includes passing lanes on Highway 7 – Kindersley to the Saskatchewan-Alberta border, Highway 39 – Corrine to Estevan, Highway 5 – Saskatoon to Highway 2, as well as beginning work on twinning Highway 3 west of Prince Albert.

Budget 2021-22 includes a record level of investment in rural provincial highways by providing over \$180 million to deliver 280 km of upgrades. These upgrades include Highway 4, U.S. border to Grasslands National Park; Highway 18, west of Lake Alma; Highway 43, Gravelbourg to east of Highway 19; and Highway 322, Glen Harbour to Rowan's Ravine.

Protecting drivers with safe highways continues to be one of Government's highest priorities. The 2021-22 Budget includes funding for the third year of the five-year \$100 million commitment to improving intersection and road safety.

The 2021-22 Budget supports municipal and regional transportation infrastructure by providing approximately \$33 million in capital grants. This includes support to economic growth and safety on rural municipal roads through the Rural Integrated Roads for Growth Program and partnerships with urban municipalities through the Urban Highway Connector Program.

Since 2008-09, almost \$10.6 billion has been invested in transportation infrastructure, resulting in improvements to more than 17,100 km of provincial highways, numerous bridge and culvert replacements, as well as the construction and completion of the Regina Bypass, the Estevan Bypass, the Yorkton West Truck Route, and interchanges in Martensville and Warman, among others.

The 2021-22 Budget represents an increase of nearly \$109 million over the prior year and continues funding for key stimulus projects.

Municipal Infrastructure

Over \$1 billion in capital spending will be provided to support municipal infrastructure projects over the next four years, including \$244.6 million in the 2021-22 Budget. This includes commitments under federal-provincial infrastructure agreements, as well as programs such as Transit Assistance for People with Disabilities. In addition to this funding, Saskatchewan will also provide \$275.7 million through the Municipal Revenue Sharing program in 2021-22.

Combined, these programs build our communities by providing funding for initiatives such as upgrades and amenity improvements to the Shakespeare on the Saskatchewan festival site in Saskatoon, a recreational complex in Assiniboia, the ultraviolet water disinfection project in Shaunavon, sewer system upgrades in Yorkton, and a lagoon project in Kindersley, among many others.

Since 2008-09, close to \$2.2 billion has been invested to support municipal infrastructure projects.

Education Capital

Saskatchewan's K-12 facilities are integral to building and growing our communities. In recognition of this, the plan will invest \$695 million over the next four years into Saskatchewan's schools. The 2021-22 Budget provides approximately \$190 million for new initiatives, as well as continuing support for the repair, renovation and construction of schools across the province.

The 2021-22 Budget provides \$65.4 million to complete the design phase and begin construction for 13 school projects as early as spring 2022. These projects include the consolidation of Princess Alexandra, King George and Pleasant Hill elementary schools in Saskatoon; a replacement for St. Frances Elementary School in Saskatoon; a new Francophone elementary school in Regina; a new joint-use facility in Regina's Harbour Landing

neighbourhood; a joint-use consolidation of St. Peter, St. Michael and Imperial elementary schools in Regina; a joint-use facility in Moose Jaw to consolidate four existing schools; the consolidation of the elementary school and high school in Carrot River; a new elementary school to replace Ducharme Elementary School in La Loche; a new K-12 school to replace Blaine Lake Composite School; and the consolidation of the elementary school and high school in Lanigan.

Budget 2021-22 also includes \$12.3 million to complete construction on a new elementary school in Weyburn that is scheduled to open in fall 2021, consolidating three existing schools; and begin the construction on a new joint-use facility to replace Argyle and St. Pius elementary schools in Regina.

\$24.3 million is provided in 2021-22 for major renovations to the Yorkton Regional High School, John Paul II Collegiate in North Battleford, Holy Rosary High School in Lloydminster, Lloydminster Comprehensive High School, and Athol Murray College of Notre Dame.

The Budget also provides \$76.7 million for the maintenance of K-12 schools. Preventive maintenance and renewal of existing facilities remain a primary focus as it extends the useful life of existing school facilities, provides for energy efficiency upgrades, and serves as a cost-effective alternative to major reconstructions.

To meet the immediate needs for additional classroom space to accommodate increases in enrolments, the Budget also includes \$10.3 million for relocatable classrooms.

Approximately \$2.1 billion has been invested in education capital since 2008-09, including 57 new schools and 28 major renovation projects.

Advanced Education

Since 2008-09, Government has invested nearly \$685 million in post-secondary infrastructure across Saskatchewan. This includes the Health Sciences Building and the International Vaccine Centre at the University of Saskatchewan, and a new student residence at the University of Regina.

The four-year plan provides over \$102 million for infrastructure improvements in the post-secondary sector, including \$29.4 million in the 2021-22 Budget. This funding supports major renovation and repair works required to ensure that facilities meet both current and future needs while providing a safe and healthy learning environment.

Since 2008-09, Government has invested nearly \$685 million in post-secondary infrastructure across Saskatchewan.

Health Care

Protecting the lives and health of Saskatchewan people is Government's topmost priority, and the four-year plan targets over \$974 million in infrastructure improvements to the health care system. In 2021-22, the Budget provides a total of \$162 million for maintenance and improvement of existing facilities, the construction of new facilities, and equipment and technology acquisitions.

The 2021-22 Budget provides \$20 million to support ongoing capital projects, including the Prince Albert Victoria Hospital's redevelopment, urgent care centres in Regina and Saskatoon, long-term care facilities in La Ronge and Grenfell, and the replacement of the Weyburn General Hospital. The Budget also includes an additional \$1.1 million to

begin planning activities for long-term care facilities in Watson, Estevan and Regina.

Government will continue to focus on the preservation and maintenance of health care infrastructure to further strengthen the capacity of our system and provide high-quality care to Saskatchewan people. The Budget includes \$81.2 million for ongoing maintenance and major renovations to existing health facilities.

The 2021-22 Budget contains \$59.8 million for the replacement and repair of medical equipment and to support health care IT projects, including the scheduled replacement of medical linear accelerators at provincial cancer centres.

Government has invested over \$1.9 billion in the construction of new health facilities, facility renewals, and equipment since 2008-09. This includes the new Saskatchewan Hospital North Battleford, Jim Pattison Children's Hospital in Saskatoon, Dr. F. H. Wigmore Hospital in Moose Jaw, and multiple long-term care facilities across the province. During this time, capital improvements have been completed at numerous health facilities, including the Humboldt Hospital, Prince Albert Youth Addictions Treatment Centre, Lloydminster Hospital, and the Dubé Centre for Mental Health.

Government has invested over \$1.9 billion in the construction of new health facilities, facility renewals and equipment since 2008-09.

Government Services

Government services capital spending includes the rehabilitation of provincial dams and water supply channels, upgrades to courts and correctional facilities, IT projects, parks and recreation facilities,

environmental protection, and support for other government programs. Over the course of the plan, Government will invest approximately \$1.1 billion in these areas to support high-quality program and service delivery, including \$324.2 million provided in the 2021-22 Budget.

As part of the Government's initiative to rehabilitate water dams and supply channels, the 2021-22 Budget includes \$70.1 million. This funding provides for various infrastructure projects, including the Lake Diefenbaker Irrigation Expansion Project which will promote Saskatchewan's economic growth by expanding its irrigation capacity, diversifying into higher-value crop production, attracting more value-added processing, and adding to long-term food security.

The 2021-22 Budget provides \$16.5 million for capital improvements and upgrades to provincial parks. Planned capital improvements in parks for 2021-22 include new group pavilions for Pike Lake, Blackstrap, Echo Valley and Buffalo Pound Provincial Parks; a new serviced campground at Cypress Hills Interprovincial Park; new campground service centres for Saskatchewan Landing and The Battlefords Provincial Parks; interior and exterior refurbishing at the historic Holy Trinity Church in Lac La Ronge; and various other improvements. Since 2007-08, over \$160 million has been invested in park infrastructure improvements, including electrical expansion to over 2,000 campsites, four campground developments providing over 300 new campsites, 33 new or replaced campground service centres, as well as major improvements to water and wastewater systems, roads, boat launches, and trails.

To protect the people of Saskatchewan, investment in public safety remains a Government priority. The Budget provides \$17.8 million to the Saskatchewan Public Safety Agency for major upgrades and equipment replacement, including the modernization of the province's wildfire aerial fleet.

The 2021-22 Budget also includes approximately \$52 million for a remand expansion at the Saskatoon Correctional Centre. The remand centre will offer a modern facility to hold remand accused persons taken into custody securely. It will consist of two units collectively containing 216 cells capable of holding 427 people.

Commercial Crowns

Substantial investments in Saskatchewan's public utility infrastructure are planned to ensure the safety and integrity of aging infrastructure. Saskatchewan's Crown sector will invest approximately \$1.6 billion in 2021-22 to maintain and enhance utility infrastructure while supporting economic recovery. Over the next four years, Government will invest over \$6 billion to ensure safe, reliable and high-quality services are available for the people of Saskatchewan.

Through SaskPower, the Government will invest \$937.6 million in improvements to the province's electricity system to meet growing customer demand, maintain reliability and advance environmental mandates. Planned investments include constructing a new 350 MW natural gas-fired electrical plant at Moose Jaw, unit extensions at the EB Campbell hydroelectric station, and rebuilding transmission power lines.

The 2021-22 Budget invests \$276.8 million in the province's natural gas distribution system through SaskEnergy. These investments will ensure the integrity, reliability, and regulatory compliance of infrastructure; and expand the transmission system. Notable transmission capacity projects include Rosetown to Vanscoy gas line expansion, the Southwest Saskatchewan expansion and the Pierceland supply expansion.

The 2021-22 Budget supports SaskTel's vision to be the best at connecting people to their world by investing \$323.2 million in the province's information and communications technology infrastructure. Capital investments will include sustainment projects that support quality networks and meet the wireless growth demand, upgrades to broadband facilities and fibre optic networks, and completion of the Wireless Saskatchewan program.

Since 2008-09, Government has invested approximately \$20.4 billion through the Crown sector in public utility and infrastructure services. The projects completed during this period include replacing the ultrafiltration modules at the Gravelbourg water treatment plant, a new natural gas-fired power station located near Swift Current, and improving digital communications between rural and major centres through the Regional Ethernet Transport Strategy.

Capital Plan Financing

The Capital Plan balances the need for infrastructure investments to support a growing province and stimulate economic recovery while preserving the province's long-term fiscal health.

Capital expenditures will continue to be funded through a disciplined financing strategy to ensure that *Saskatchewan's Growth Plan* goal of investing over \$30 billion in infrastructure by 2030 is fiscally sustainable and matches the benefits of the assets with the term of payments.

Low interest rates, combined with the Province's excellent credit rating, continue to make this a cost-effective time to finance capital.



SASKATCHEWAN PROVINCIAL BUDGET

21-22

TECHNICAL PAPERS

THE SASKATCHEWAN ECONOMY

INTRODUCTION

Saskatchewan faces challenges as a result of the unprecedented impact of the COVID-19 health emergency and weak oil prices in 2020.

Most economic indicators suggest the impact of these events on the Saskatchewan economy appear to have been less than initially forecast for 2020.

In 2021, Saskatchewan's economy is expected to continue on a path of recovery as global demand and oil prices recover. In addition, business and consumer confidence is expected to regain momentum.

Overall, Saskatchewan's real gross domestic product (GDP) and nominal GDP are forecast to grow in 2021 by 3.4 per cent and 5.9 per cent, respectively.

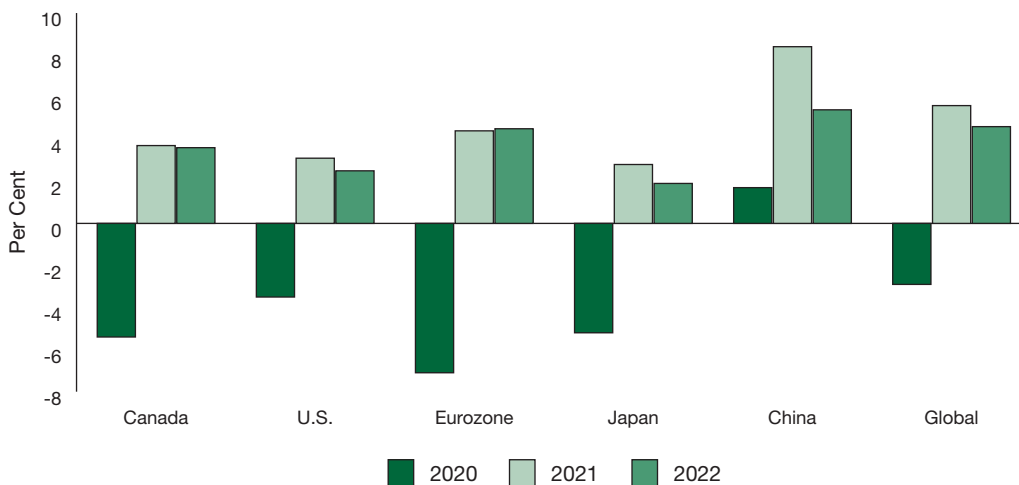
GLOBAL ECONOMIC OUTLOOK

Global economic performance in 2020 was significantly impacted by the spread of COVID-19. The lockdowns and restrictions on economies not only limited consumer activities, but also affected business confidence. In April 2020, oil prices crashed into negative territory for the first time in history due to the sudden collapse in global demand.

In 2020, the global economy was in recession with the exception of China. The Chinese economy experienced growth of 1.7 per cent, which was well below its initial target range of 6.0 per cent growth.

Among other developed economies, the Eurozone economy was impacted the most and is expected to contract by 7.1 per cent. Contractions are expected elsewhere but to a lesser extent – the Canadian economy by 6.0 per cent, the Japanese economy by 5.2 per cent, and the U.S. economy by 3.5 per cent.

GLOBAL REAL GDP GROWTH ASSUMPTIONS



Sources: Bank of Canada (January 2021), IHS (December 2020)

Supported by governments' fiscal stimulus measures, central banks' accommodative monetary policy, and vaccine availability and their subsequent roll out, global economic recovery is expected by most countries beginning in 2021.

Uncertainties and challenges remain and will affect the pace of recovery in both the near and medium terms.

Forecasts for 2021 and 2022 show a quick rebound for China's economy, with growth of 8.4 per cent and 5.4 per cent, respectively. Over the same period, the Eurozone economy is expected to grow by 4.4 per cent and 4.5 per cent.

Japan's economic recovery is expected to be moderate, growing by 2.8 per cent in 2021 and 1.9 per cent in 2022.

The U.S. economy has been less impacted by the pandemic than Canada because, although similar strong fiscal and monetary stimuli were in place, the U.S. utilized less restrictive containment and public health measures.

Expected continuity of both fiscal stimulus measures and favourable quantitative easing is forecast to result in real GDP growth for the U.S. of 3.1 per cent in 2021 and 2.5 per cent in 2022.

CANADIAN ECONOMIC OUTLOOK

Canada's economy was significantly and negatively impacted by the pandemic, the global recession, and weak oil prices and demand. No sector was immune.

Canada's real GDP contracted by annualized rates of 7.5 per cent and 38.5 per cent, in the first and second quarters of 2020, respectively. In the third quarter, the combined gradual reopening of the economy, increasing household consumption, strengthening of residential and business investment, and recovering exports resulted in a quick rebound with an annualized rate of 40.6 per cent growth. Fourth-quarter growth returned to a moderate pace of 9.6 per cent. Overall, Canada's real GDP declined by 5.4 per cent in 2020.

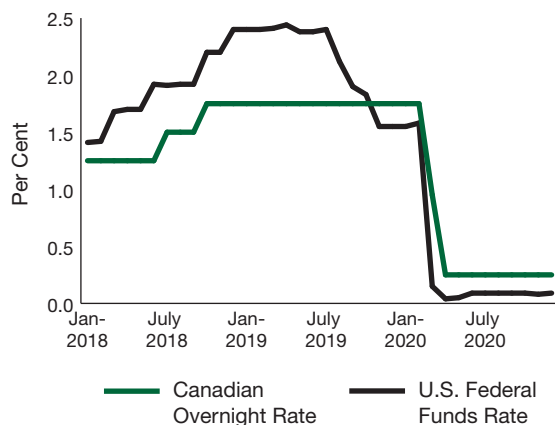
Canada's real GDP is expected to grow by 3.7 per cent in 2021 and by 3.6 per cent in 2022.

CANADIAN AND U.S. ECONOMIC ASSUMPTIONS

	Actual 2020	2021	2022	2023	2024	2025
Can. Real GDP Growth (%)	(5.4)	3.7	3.6	2.2	2.2	2.1
U.S. Real GDP Growth (%)	(3.5)	3.1	2.5	2.5	2.9	3.0
Short-term Interest Rate (%)	0.45	0.17	0.20	0.50	0.88	1.38
10-year Government of Canada Bond (%)	0.77	0.81	1.08	1.30	1.47	1.72
Canadian Dollar (US cents)	74.60	78.80	80.00	81.20	82.30	81.60

Sources: Statistics Canada (March 2021), IHS (December 2021), Ministry of Finance (March 2021)

CANADIAN AND U.S. INTEREST RATES



Source: Bank of Canada (March 2021)

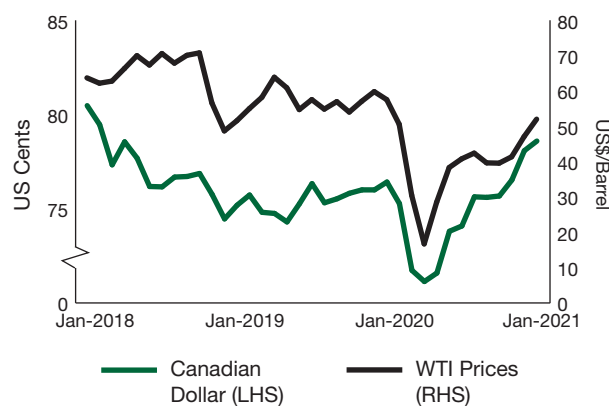
Both the Bank of Canada and the U.S. Federal Reserve have been easing interest rates to cope with the unprecedented and combined impacts of the pandemic and oil price crash. In 2020, the Bank of Canada cut its overnight lending rate three times for a total of 150 basis points, from 1.75 per cent in February to 0.25 per cent in December. Comparatively, U.S. federal fund rates dropped by a total of 146 basis points, from approximately 1.55 per cent in early 2020 to approximately 0.10 per cent in December.

The value of the Canadian dollar has been under pressure due to slow economic growth and weak oil prices. In 2020, it weakened from 76.4 U.S. cents in January to 71.1 U.S. cents in April.

With the improvement of West Texas Intermediate (WTI) oil prices and the strong economic rebound in the third quarter of 2020, the value of the Canadian dollar has continued to rise.

The value of the Canadian dollar is expected to average 78.8 U.S. cents in 2021 and 80.0 U.S. cents in 2022.

CANADIAN DOLLAR AND WTI PRICES



Sources: Bank of Canada (March 2021), Ministry of Energy and Resources (March 2021)

SASKATCHEWAN PERFORMANCE IN 2020

Saskatchewan's economy has been affected by both the global pandemic and the fall in oil prices. Without exception, all key economic indicators were down significantly during the first few months of public health restrictions.

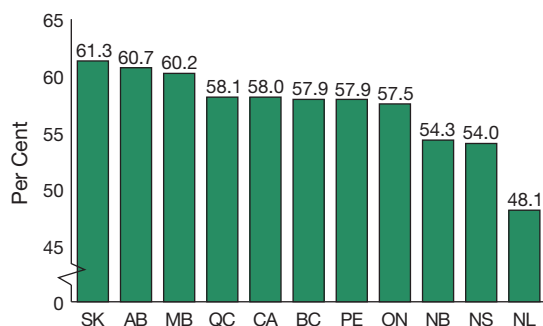
Implementation of the government's five-phased *Re-Open Saskatchewan* plan combined with government financial support measures resulted in gradual economic improvements commencing in late May. As such, some sectors of the economy are outperforming those in other provinces.

Total employment in Saskatchewan declined by 70,400 in April 2020 compared to April 2019. The level of job losses has gradually improved since April 2020.

Despite an average of 26,800 job losses reported in 2020, Saskatchewan had the highest employment rate and the second-lowest unemployment rate in all of Canada.

For 2020, Saskatchewan's unemployment rate averaged 8.4 per cent, well below the national average of 9.6 per cent. Additionally, the provincial

EMPLOYMENT RATES IN 2020



Source: Statistics Canada (March 2021)

employment rate averaged 61.3 per cent, well above the Canadian average of 58.0 per cent.

Since the onset of the pandemic in March 2020, some provincial economic indicators have in fact performed well during 2020 and experienced year-to-date positive growth when compared with the same period in 2019.

For example, compared to the national average Saskatchewan had the highest growth in new housing starts (24.2 per cent increase), the highest growth in wholesale trade (4.4 per cent increase), and the highest growth in international exports (2.2 per cent increase).

Average weekly earnings grew by 5.4 per cent, the seventh-highest growth in Canada.

Saskatchewan's performance in manufacturing sales and investment in building construction, however, remained weak and below the national average.

Some economic indicators were significantly and negatively impacted by COVID-19, but overall, the impacts were smaller than those in other provinces.

Sales at food services and drinking places declined by 21.3 per cent, the smallest decline in Canada. The Canadian average decline for these sales was 31.5 per cent.

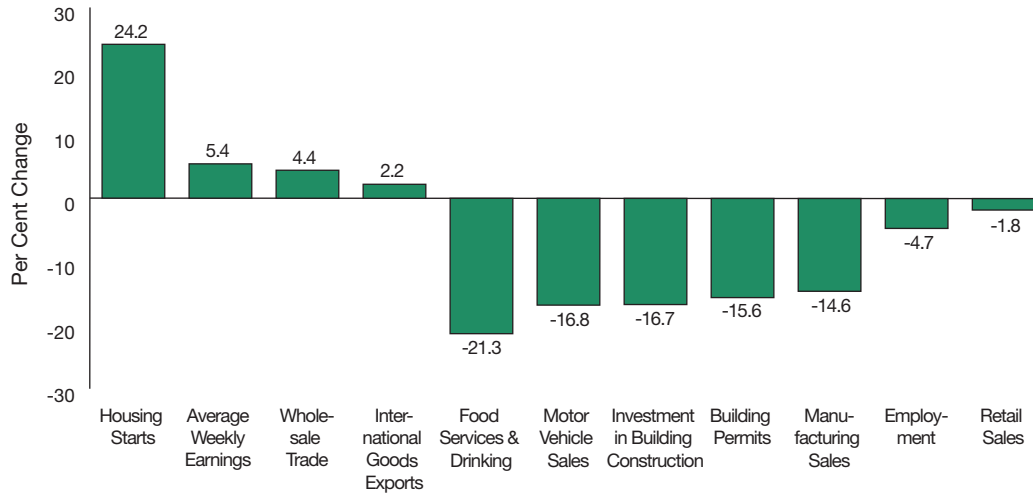
SASKATCHEWAN ECONOMIC INDICATORS IN 2020

	Saskatchewan			Canada Per Cent Change
	Level	Per Cent Change	Rank	
Population at Jan. 1 (000s)	1,178.8	(0.0)	9	0.4
Employment (000s)	544.1	(4.7)	5	(5.2)
Unemployment Rate (%)	8.4	8.4	2nd lowest	9.6
Employment Rate (%)	61.3	61.3	1	58.0
Consumer Price Index (2002=100)	141.9	0.6	5	0.7
Average Weekly Earnings (\$)	1,092.5	5.0	7	6.7
Retail Sales (\$B)	19.3	(1.0)	7	(1.4)
Wholesale Trade (\$B)	27.1	3.0	1	(1.0)
New Motor Vehicle Sales (# of units)	38,719	(15.1)	3	(20.9)
Food Services and Drinking Places Sales (\$M)	1.6	(17.8)	1	(28.2)
Manufacturing Sales (\$B)	13.4	(14.0)	7	(11.4)
International Goods Exports (\$B)	30.4	2.5	1	(12.2)
Building Permits (\$B)	1.4	(12.9)	9	(2.3)
Housing Starts (# of units)	3,087	27.2	1	4.4
Investment in Building Construction (\$B)	3.1	(18.1)	10	(2.0)
Residential (\$B)	1.9	(15.5)	10	(1.8)
Non-Residential (\$B)	1.2	(21.9)	9	(2.3)

Source: Statistics Canada (March 2021)

ECONOMIC PERFORMANCE DURING THE PANDEMIC

(March to December 2020 versus March to December 2019)



Source: Statistics Canada (March 2021)

Saskatchewan had the fourth-lowest decline in new motor vehicle sales at 16.8 per cent while these sales declined by 22.9 per cent nationally.

Total crop production is expected to rise to 41.5 million tonnes by 2025.

COMMODITIES PERFORMANCE AND OUTLOOK

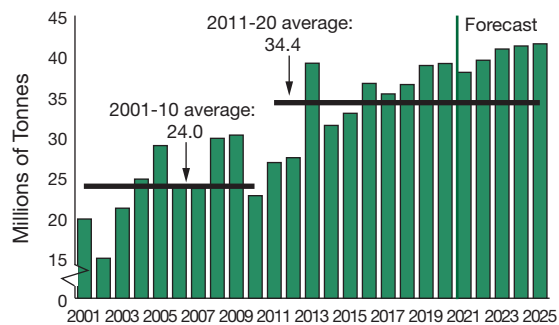
Saskatchewan's economy is expected to continue a path of recovery in 2021 supported by both an increase in consumer and business confidence, and improvements in commodity markets.

In 2020, Saskatchewan recognized its second-largest crop on record. Total crop production is estimated at 39.1 million tonnes, an increase of 0.6 per cent from 2019.

On a 10-year average basis, total crop production in Saskatchewan increased by 43.3 per cent from an average 24.0 million tonnes during the 2001-10 period to 34.4 million tonnes during the 2011-20 period.

SASKATCHEWAN CROP PRODUCTION

(Second-highest production in 2020 at 39.01 million tonnes)



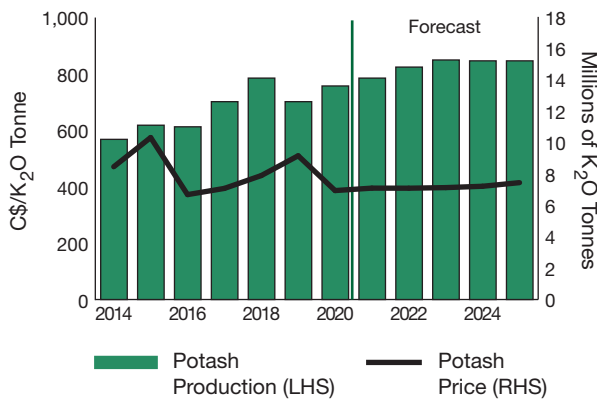
Sources: Statistics Canada (November 2020), Ministry of Agriculture (January 2021)

Despite a weakening of potash prices, from \$511.03 per K₂O tonne in 2019 to \$387.85 per K₂O tonne in 2020, Saskatchewan's potash production recorded the second-highest level at 13.6 million tonnes.

The price of potash is expected to improve slightly to \$396.48 per K₂O tonne in 2021 and strong global demand for potash is expected to continue over the forecast period. As such, total potash production is anticipated to reach 15.2 million K₂O tonnes by 2025.

SASKATCHEWAN POTASH PRICE AND PRODUCTION

(Second-highest production in 2020 at 13.6 million tonnes)



Source: Ministry of Energy and Resources (February 2021)

Due to the temporary shutdowns at the Cigar Lake mine, uranium production dropped significantly in 2020. Uranium production is expected to return to a nominal pace when operations are resumed.

Uranium does not trade on an open market like other commodities; buyers and sellers negotiate contracts privately. Prices are published by independent market consultants and are expected to remain relatively flat over the medium term.

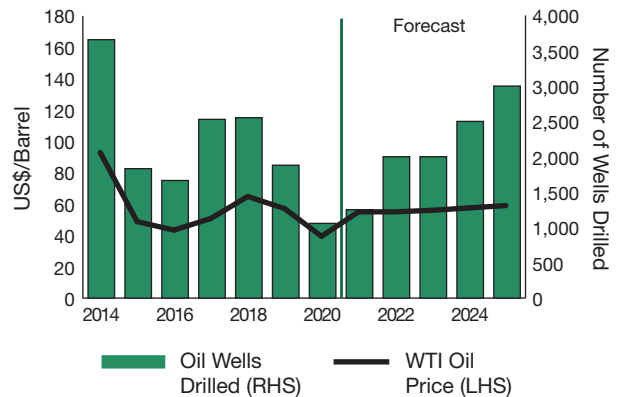
The sudden drop in global demand for oil resulted in an oil price crash in April of 2020. The WTI oil price dropped from an average high of US\$57.50 per barrel in January to an average of US\$16.70 per barrel in April.

Since then, the WTI oil price gradually increased to an average of US\$47.10 per barrel in December.

The WTI oil price is expected to average US\$55.00 per barrel in both 2021 and 2022, up from US\$39.40 per barrel in 2020.

Impacted by weak oil prices, drilling activity declined significantly from 1,880 wells in 2019 to 1,057 wells in 2020. With the expected improvement to oil prices over the forecast period, the total number of wells drilled is likewise forecast to improve, with a modest increase to 1,250 in 2021 and up to a total of 3,000 by 2025.

WTI OIL PRICE AND OIL WELLS DRILLED



Source: Ministry of Energy and Resources (March 2021)

Historically, oil prices have significantly affected Saskatchewan's economic performance. For example, when the WTI price dropped from an average of US\$99.60 per barrel in 2008 to an average of US\$61.80 per barrel in 2009, Saskatchewan's real GDP subsequently declined by 5.3 per cent.

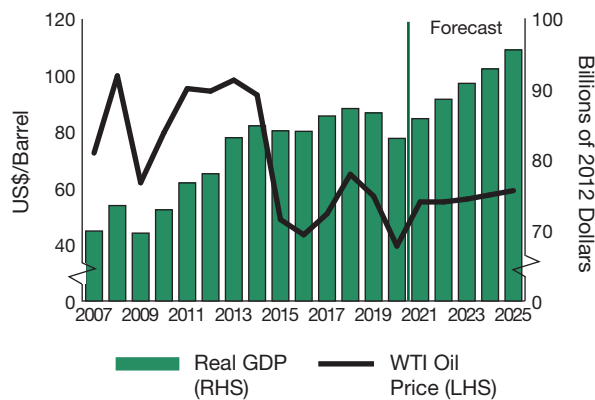
COMMODITY PRICE ASSUMPTIONS – CALENDAR YEAR

	2020	2021	2022	2023	2024	2025
WTI Oil (US\$/barrel)	39.4	55.0	55.0	56.0	57.5	59.0
Well-head Oil (C\$/barrel)	34.8	50.0	49.3	49.6	50.2	52.2
Natural Gas (C\$/GJ)	2.3	2.8	2.8	2.8	2.8	2.9
Potash (C\$/K ₂ O tonne) ¹	387.9	396.5	396.2	398.3	403.1	415.9
Potash (US\$/KCl tonne) ¹	176.5	190.6	193.4	197.3	202.4	207.0
Wheat (C\$/tonne)	224.2	234.0	232.1	232.4	235.2	235.6
Canola (C\$/tonne)	468.7	477.4	470.4	476.9	479.7	480.4

¹ The potash industry quotes prices in US dollars per KCl tonne. Provincial royalty calculations, however, are based on the Canadian dollar price per K₂O tonne.

Sources: Ministry of Energy and Resources (March 2021), Ministry of Agriculture (January 2021)

REAL GDP AND WTI OIL PRICES



Sources: Statistics Canada (November 2020),
Ministry of Energy and Resources (March 2021)

Conversely, when the WTI price recovered, to US\$72.90 per barrel in 2010 and to US\$76.70 per barrel in 2011, Saskatchewan's real GDP displayed growth of 4.7 per cent and 5.3 per cent, respectively, in each of those years.

Impacted by the pandemic and weak oil prices, Saskatchewan's real GDP and nominal GDP are expected to decline by 4.2 per cent and 7.8 per cent in 2020, respectively.

With the rollout of vaccinations, global economic recovery, improving oil prices and demand and an increase in consumer and business confidence, Saskatchewan's real GDP is expected to improve and rise by 3.4 per cent in 2021 and 3.2 per cent in 2022.

Nominal GDP is forecast to increase by 5.9 per cent and 4.1 per cent, respectively, in 2021 and 2022.

Continued economic recovery is expected throughout the forecast period.

SASKATCHEWAN FORECAST AT A GLANCE

(Per Cent Change Unless Otherwise Noted)

	2020	2021	2022	2023	2024	2025
Real GDP	(4.2)	3.4	3.2	2.5	2.3	2.9
Nominal GDP	(7.8)	5.9	4.1	3.2	3.4	4.3
CPI*	0.6	1.2	1.5	1.6	1.7	1.6
Employment Growth (000s)*	(26.8)	15.7	7.9	6.1	6.0	6.8
Unemployment Rate (%)*	8.4	6.5	6.4	6.0	5.7	5.4
Retail Sales*	(1.0)	3.2	3.3	3.3	3.2	3.3

* 2020 actual

Source: Ministry of Finance (March 2021)

FORECAST COMPARISON

All private sector forecasters expect Saskatchewan's economy to recover beginning in 2021.

On average, private sector forecasters expect Saskatchewan's real GDP to grow by 4.6 per cent in 2021, after their predicted 5.2 per cent contraction in 2020.

These forecasts range from a low of 3.3 per cent to a high of 5.9 per cent.

While private sector forecasts differ from this budget's assumptions of a 4.2 per cent contraction in 2020 and 3.4 per cent growth in 2021, total growth over the two-year period is similar.

Saskatchewan's real GDP growth outlook ranked fifth amongst all provinces in both 2020 and 2021, according to the private sector forecasts.

PRIVATE SECTOR REAL GDP GROWTH FORECASTS FOR SASKATCHEWAN*

(Per Cent)

	2020	2021	Total Growth	Release Date
IHS Global Insight	(6.1)	3.3	(2.8)	Jan./21
Conference Board of Canada	(5.2)	5.4	0.2	Mar./21
TD Bank	(5.6)	4.7	(0.9)	Dec./20
RBC	(4.2)	5.2	1.0	Mar./21
BMO	(5.0)	4.5	(0.5)	Dec./20
CIBC	(5.2)	4.1	(1.1)	Jan./21
Scotiabank	(5.2)	5.9	0.7	Mar./21
National Bank	(5.0)	4.5	(0.5)	Dec./20
Laurentian Bank	(5.0)	4.0	(1.0)	Jan./21
Average of Private Sector Forecasts	(5.2)	4.6	(0.5)	
2021-22 Budget Forecast	(4.2)	3.4	(0.8)	

* As of March 12, 2021

PRIVATE SECTOR FORECASTS OF REAL GDP GROWTH BY PROVINCE*

(Per Cent Change)

	2020	Rank	2021	Rank	2022	Rank
British Columbia	(5.2)	6	5.0	1	4.3	3
Alberta	(7.1)	10	4.9	4	4.6	1
Saskatchewan	(5.2)	5	4.6	5	3.6	6
Manitoba	(4.3)	4	4.2	7	3.6	5
Ontario	(5.7)	8	4.9	2	4.3	2
Québec	(5.4)	7	4.9	2	4.0	4
New Brunswick	(3.7)	2	4.0	8	3.0	10
Nova Scotia	(4.1)	3	4.3	6	3.3	8
Prince Edward Island	(3.7)	1	4.0	9	3.5	7
Newfoundland and Labrador	(5.8)	9	3.9	10	3.1	9
Canada	(5.5)		4.8		4.2	

* As of March 12, 2021

CONCLUSION

Saskatchewan, like other small, open economies, experienced an exceptionally challenging year due to COVID-19 and weak oil prices. Saskatchewan's economy, however, was less severely impacted than was originally estimated in the early part of 2020. With the combination of vaccine availability, global economic recovery, oil price and demand improvement, and consumer and business confidence rising, Saskatchewan's real GDP is expected to regain momentum on a path to recovery over the forecast period. Overall, Saskatchewan's real GDP is expected to grow by 3.4 per cent in 2021 and by 3.2 per cent in 2022. Nominal GDP is expected to increase by 5.1 per cent in 2021 and 4.2 per cent in 2022.

2021-22 FINANCIAL OUTLOOK

OVERVIEW

The Saskatchewan Provincial Budget includes the financial activity for all organizations within the control of the Government of Saskatchewan, including Government Service Organizations (GSOs), Government Business Enterprises (GBEs) and government partnerships.

The inclusion of these organizations is based on standards established by the Public Sector Accounting Board (PSAB) for senior Canadian governments, and the method of consolidating these entities in the budget is consistent with the policies described in the Saskatchewan Public Accounts.

All organizations in the budget, with the exception of GBEs, are defined as GSOs or – in situations where Government has entered into a contractual relationship with one or more parties and share risks and benefits – a government partnership. GSOs typically provide public services and receive Government grants to sustain their operations. Examples of GSOs include Government of Saskatchewan ministries, as well as entities such as the Saskatchewan Health Authority, Boards of Education, the Saskatchewan Housing Corporation and the Water Security Agency.

The revenue and expense budgets of GSOs (and Government's proportionate share of partnership revenue and expense) are consolidated after adjusting for differences in accounting policies and eliminating inter-organizational transactions. Adjustments are made to account for differences in entity year-ends that do not align with the Government of Saskatchewan's year-end of March 31.

GSO revenue is classified into four major categories (taxes, non-renewable resources, federal transfers and other own sources), while GSO expense is classified into 11 expense themes. In some cases, particularly with executive government ministries, an entity's expense can be allocated across more than one theme depending on the purpose of the activity.

GBEs are self-sufficient and have the authority to sell goods and services to external parties as their principal activity. Budgets for GBEs are incorporated as a single amount in a fifth revenue category called "Net Income from Government Business Enterprises" using the modified-equity method, which includes the Government of Saskatchewan's proportionate share of net earnings or losses.

The 2021-22 Budget estimates a deficit of \$2.6 billion.

FINANCIAL OVERVIEW

(millions of dollars)	2018-19 Actual	2019-20 Actual	2020-21 Forecast	2021-22 Budget
Revenue	14,502	14,887	14,096	14,478
Expense	14,769	15,206	15,961	17,089
Deficit	(268)	(319)	(1,865)	(2,611)

Totals may not add due to rounding.

2021-22 REVENUE RECONCILIATION

(millions of dollars)	2020-21	2021-22	Change	
	Forecast	Budget	Dollars	Per Cent
Taxation	6,706.2	7,238.0	531.8	7.9
Non-Renewable Resources	1,096.2	1,328.5	232.3	21.2
Net Income from GBEs	1,104.9	899.2	(205.7)	(18.6)
Other Own-Source Revenue	1,969.1	2,104.1	135.0	6.9
Transfers from the Federal Government	3,219.3	2,908.5	(310.8)	(9.7)
Total Revenue	14,095.7	14,478.3	382.6	2.7

REVENUE

The revenue outlook included in the 2021-22 Budget includes all tax and other revenue measures presented in the budget, as well as changes to provincial fees and charges announced in advance of the budget.

Total revenue is forecast to be \$14.5 billion in 2021-22, an increase of \$383 million (2.7 per cent) from the 2020-21 forecast. The increase is largely due to higher tax revenue, non-renewable resources revenue and other own-source revenue, partially offset by a decrease in federal transfers and lower net income from GBEs.

Relative to the 2020-21 Budget, revenue is up \$830 million, or 6.1 per cent, reflecting increases across all categories.

Despite the year-over-year improvement in the revenue outlook for 2021-22, after accounting for the forgone tax revenue due to the Home Renovation Tax Credit and small business tax rate reduction, this year's revenue budget of \$14.5 billion is \$1.0 billion lower than what was projected in the 2019-20 Budget prior to the onset of the COVID-19 pandemic and the oil price collapse.

Tax Revenue

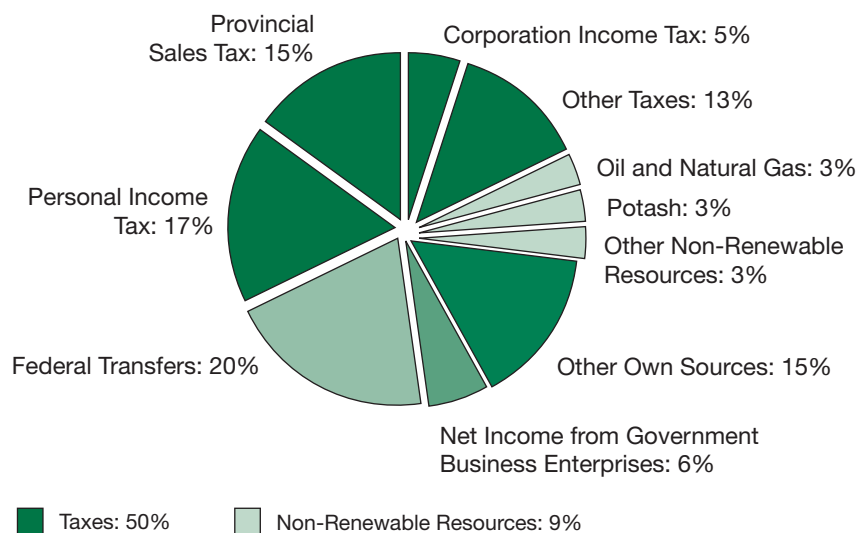
Tax revenue is budgeted at \$7.2 billion in 2021-22 and accounts for 50 per cent of total revenue. This is an increase of \$532 million, or 7.9 per cent, from the 2020-21 forecast.

Corporation Income Tax (CIT) revenue is budgeted at \$755 million, an increase of \$336 million from the 2020-21 forecast. The increase reflects a one-time

TOTAL REVENUE – 2018-19 TO 2021-22

(millions of dollars)	2018-19 Actual	2019-20 Actual	2020-21 Budget	2020-21 Forecast	2021-22 Budget
Taxation	7,116.7	7,553.3	7,202.8	6,706.2	7,238.0
Non-Renewable Resources	1,735.1	1,750.3	997.4	1,096.2	1,328.5
Net Income from GBEs	1,011.2	855.3	728.8	1,104.9	899.2
Other Own-Source Revenue	2,128.3	2,138.4	1,933.1	1,969.1	2,104.1
Transfers from the Federal Government	2,510.3	2,589.8	2,786.6	3,219.3	2,908.5
Total Revenue	14,501.6	14,887.1	13,648.7	14,095.7	14,478.3

COMPOSITION OF 2021-22 REVENUE



negative adjustment recorded in 2020-21 for prior-year assessments. In addition, CIT revenue is forecast to increase this year as a result of a higher federal forecast of the 2021 and 2022 national corporate tax base, partially offset by the full-year impact of the temporary small business income tax rate reduction to 0 per cent.

Individual Income Tax revenue is budgeted at \$2.4 billion, a \$44 million decrease from the 2020-21 forecast, primarily due to an expected prior-year

negative adjustment as a result of anticipated weakness in 2020 assessments, combined with the full-year impact of the Saskatchewan Home Renovation Tax Credit, partially offset by anticipated growth in the 2021 and 2022 tax base.

Provincial Sales Tax (PST) revenue is budgeted at \$2.1 billion, an increase of \$173 million from the 2020-21 forecast. The increase is consistent with the expected post-COVID recovery in the Saskatchewan

TAX REVENUE – 2018-19 TO 2021-22

(millions of dollars)	2018-19 Actual	2019-20 Actual	2020-21 Forecast	2021-22 Budget	Change from 2020-21 Forecast	
					Dollars	Per Cent
Corporation Income Tax	585.5	787.5	418.5	754.6	336.1	80.3
Fuel Tax	555.6	507.9	444.0	477.9	33.9	7.6
Individual Income Tax	2,340.0	2,629.1	2,465.0	2,420.8	(44.2)	(1.8)
Property Tax	763.3	774.0	773.0	784.8	11.8	1.5
Provincial Sales Tax	2,224.8	2,205.8	1,971.1	2,144.0	172.9	8.8
Tobacco Tax	236.4	206.8	201.7	201.8	0.1	0.0
Other Taxes	411.1	442.2	432.9	454.1	21.2	4.9
Total	7,116.7	7,553.3	6,706.2	7,238.0	531.8	7.9

NON-RENEWABLE RESOURCE REVENUE – 2018-19 TO 2021-22

(millions of dollars)	2018-19 Actual	2019-20 Actual	2020-21 Forecast	2021-22 Budget	Change from 2020-21 Forecast	
					Dollars	Per Cent
Crown Land Sales	58.1	17.1	6.7	9.2	2.5	37.3
Oil and Natural Gas	681.6	667.8	362.3	505.1	142.8	39.4
Potash	536.0	554.4	404.5	431.8	27.3	6.7
Resource Surcharge	393.8	413.3	265.8	302.6	36.8	13.8
Other	65.6	97.6	56.9	79.8	22.9	40.2
Total	1,735.1	1,750.3	1,096.2	1,328.5	232.3	21.2

economy, including growth in population, household spending and business investment. However, the 2021-22 Budget includes a \$52 million reduction in PST revenue compared to last year's budget as a result of a new accounting treatment that eliminates the PST paid on capital purchases by ministries and certain GSOs in the summary budget.

All remaining taxes are budgeted to increase by a combined \$67 million, including a \$34 million increase in Fuel Tax revenue as a result of the rebound in economic activity, a \$21 million increase in other taxes, mainly comprised of a return to normal collection levels of Corporation Capital Tax and Liquor Consumption Tax, and a \$12 million

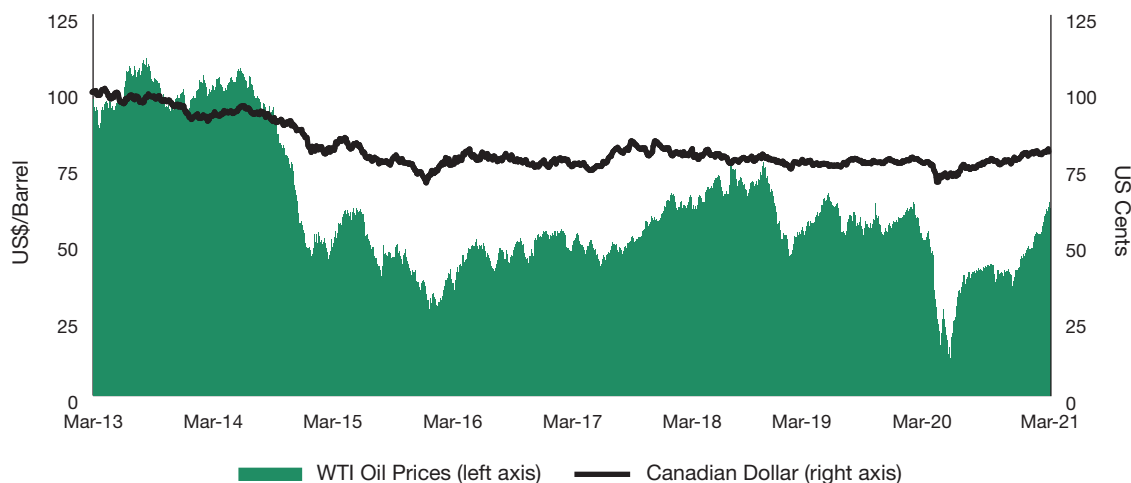
increase in Property Tax revenue, reflecting changes to Education Property Tax mill rates in line with year-over-year inflation.

Non-Renewable Resource Revenue

Non-renewable resource revenue is budgeted at \$1.3 billion, or 9 per cent of total revenue, in 2021-22. This is a \$232 million, or 21.2 per cent, increase from the 2020-21 forecast.

Oil and natural gas royalties are budgeted at \$505 million in 2021-22, an increase of \$143 million from the 2020-21 forecast. The increase is primarily due to an increase in West Texas Intermediate (WTI)

WTI OIL PRICES AND THE CANADIAN DOLLAR



NON-RENEWABLE RESOURCE FORECAST ASSUMPTIONS – FISCAL YEAR

	2018-19 Actual	2019-20 Actual	2020-21 Forecast	2021-22 Budget
WTI Oil Price (US\$/barrel)	62.87	54.80	42.27	54.33
Light-Heavy Differential (% of WTI)	31.8	20.9	18.1	19.7
Well-head Oil Price (C\$/barrel) ¹	54.58	52.54	39.05	49.31
Oil Production (million barrels)	178.6	178.9	154.0	160.0
Potash Price (mine netback, US\$/KCl tonne) ²	215	223	180	191
Potash Price (mine netback, C\$/K ₂ O tonne) ²	457	490	390	396
Potash Sales (million K ₂ O tonnes) ²	13.4	12.7	14.0	14.3
Canadian Dollar (US cents)	76.23	75.19	75.70	79.12

¹ The average price per barrel of Saskatchewan light, medium and heavy oil.

² Ministry of Finance calculations derived from calendar-year forecasts.

oil prices and a forecast increase in production, partially offset by a higher exchange rate forecast and a wider light-heavy oil price differential.

WTI oil prices are forecast to average US\$54.33 per barrel in 2021-22, consistent with private sector forecasts. This is a US\$12.06 per barrel increase from the 2020-21 average price forecast of US\$42.27 and reflects current market optimism as the world starts to recover from COVID-19 and its corresponding decline in demand.

WTI oil prices are an important benchmark for the oil market and provincial revenue. However, the majority of oil produced in Saskatchewan is heavier and more sour than WTI oil and requires further processing to become refined products. As a result, Saskatchewan oil typically trades at a discount to WTI oil. Increasing production in Western Canada and North Dakota, as well as pipeline and transportation capacity constraints, have also contributed to a general widening of the price discount for Saskatchewan oil in recent years.

The light-heavy oil price differential – a proxy for the price discount on oil produced in Saskatchewan – is expected to increase from 18.1 per cent (as a share of WTI prices) in 2020-21 to 19.7 per cent in 2021-22.

The value of the Canadian dollar is projected to average 79.1 U.S. cents in 2021-22, up from an average of 75.7 U.S. cents in 2020-21. As the price of Saskatchewan oil at the well-head is generally determined based on prevailing prices in the United States, a higher exchange rate translates to lower prices in Canadian dollars, all else being equal.

The result of these factors is a 2021-22 well-head oil price forecast, in Canadian dollars, of \$49.31 per barrel, up from the 2020-21 average well-head price of \$39.05.

Finally, oil production is forecast at 160.0 million barrels in 2021-22, up from the 2020-21 forecast of 154.0 million barrels as demand continues to increase.

Revenue from the Resource Surcharge is forecast to increase \$37 million from the 2020-21 forecast, primarily reflecting continued recovery in the resource sector, including increasing WTI oil prices and higher average potash prices.

Potash revenue is budgeted at \$432 million in 2021-22, up \$27 million from the 2020-21 forecast. The outlook incorporates increases in both average price and sales volume forecasts.

In 2021-22, average realized prices are forecast at US\$191 per KCl tonne (C\$396 per K₂O tonne), up from US\$180 (C\$390) in 2020-21. The potash forecast incorporates a small increase in sales in 2021-22, from 14.0 million K₂O tonnes in 2020-21 to 14.3 million K₂O tonnes.

Revenue from Crown land sales and all other non-renewable resources (including uranium, coal and other minerals) is forecast to increase by \$25 million, mainly due to higher uranium revenue, reflecting the expected resumption of production at the Cigar Lake mine.

The economic and fiscal forecasts in the 2021-22 Budget rely on a set of assumptions regarding Canadian, U.S. and global economic growth, commodity prices and the value of the Canadian dollar. These factors are beyond government's control, yet they heavily influence Saskatchewan's fiscal performance, particularly non-renewable resource revenue.

The ongoing COVID-19 pandemic, along with OPEC decisions, transportation disruptions and exchange rate volatility have the potential to impact resource revenue this year. In an attempt to minimize risk to the fiscal plan, the assumptions used to develop the

non-renewable resource forecast are prudent and incorporate a number of private sector forecasts. But because of the volatile nature of these key external factors, the non-renewable resource revenue forecast will always be subject to risk. This risk is quantified throughout the year.

For 2021-22, the following sensitivities are estimated:

- a US\$1 per barrel change in the fiscal-year average WTI oil price results in an estimated \$14 million change in oil royalties;
- a US\$10 per KCl tonne (C\$21 per K₂O tonne) change in the fiscal-year average realized potash price results in an estimated \$43 million change in potash royalties; and,
- a 1 U.S. cent change in the fiscal-year average exchange rate results in an estimated \$20 million change in non-renewable resource revenue.

Net Income from Government Business Enterprises

Government Business Enterprise (GBE) net income is forecast at \$899 million in 2021-22 and accounts for 6 per cent of budgeted revenue. This is a \$206 million decrease from the current 2020-21

NET INCOME FROM GOVERNMENT BUSINESS ENTERPRISES – 2018-19 TO 2021-22

(millions of dollars)	2018-19 Actual	2019-20 Actual	2020-21 Forecast	2021-22 Budget	Change from 2020-21 Forecast	
					Dollars	Per Cent
Saskatchewan Auto Fund	77.5	(46.7)	213.0	192.1	(20.9)	(9.8)
Saskatchewan Gaming Corporation	22.5	20.1	(7.1)	11.5	18.6	(262.0)
Saskatchewan Government Insurance	48.0	49.9	135.8	40.0	(95.8)	(70.5)
Saskatchewan Liquor and Gaming Authority	485.1	470.3	326.6	423.4	96.8	29.6
SaskPower	231.2	204.8	136.4	16.7	(119.7)	(87.8)
SaskTel	123.1	115.4	126.0	100.0	(26.0)	(20.6)
SaskEnergy	165.7	43.5	58.9	49.7	(9.2)	(15.6)
Workers' Compensation Board	(153.6)	(12.3)	111.1	(1.3)	(112.4)	(101.2)
Other	11.7	10.4	4.2	67.1	62.9	1,497.6
Total	1,011.2	855.4	1,104.9	899.2	(205.7)	(18.6)

forecast, largely reflecting a budgeted return to normal levels of investment returns at Saskatchewan Government Insurance (SGI), Workers' Compensation Board and the Auto Fund, following large gains in 2020-21. In addition, higher operating costs and depreciation are projected to reduce net income at SaskPower in 2021-22.

These declines are partially offset by higher net income at Saskatchewan Liquor and Gaming Authority and Saskatchewan Gaming Corporation under the assumption of a re-opening of the entertainment sector and an improvement in overall economic conditions in 2021.

GBE net income in the 2021-22 Budget also includes a \$64.4 million consolidation adjustment to recognize federal and provincial revenue to be received by SaskPower for capital projects, for which there is an offsetting expense in the Economic Development theme as the funding will flow through SaskBuilds Corporation.

Other Own-Source Revenue

Other own-source revenue includes fees for services and licenses, proceeds from the sale of goods and services, investment income, fees collected by insurance entities and other miscellaneous sources of revenue. Most government organizations generate own-source revenue in order to finance additional spending not funded by government grants.

Other own-source revenue is budgeted at \$2.1 billion in 2021-22 and accounts for 15 per cent of total revenue. This is a \$135 million, or 6.9 per cent, increase from 2020-21 and reflects an anticipated return to normal economic conditions following the pandemic.

The 2021-22 Budget includes increases in miscellaneous and fees revenue of \$133 million and \$38 million, respectively, as both items are budgeted to return to pre-pandemic levels. These gains are partially offset by a \$31 million decline in investment income mainly due to lower sinking funding earnings, as well as minor decreases in transfers from other governments (\$4 million) and insurance revenue (\$2 million).

In total, own-source revenue in the 2021-22 Budget is expected to return to a level slightly less than its 2018-19 to 2019-20 average.

Transfers from the Federal Government

Federal transfers are budgeted at \$2.9 billion in 2021-22 and account for 20 per cent of total revenue. This is a \$311 million decrease from 2020-21.

The Canada Health Transfer and Canada Social Transfer will increase by \$34 million and \$12 million, respectively, in 2021-22 in accordance with the legislated funding formula.

OTHER OWN-SOURCE REVENUE – 2018-19 TO 2021-22

(millions of dollars)	2018-19 Actual	2019-20 Actual	2020-21 Forecast	2021-22 Budget	Change from 2020-21 Forecast	
					Dollars	Per Cent
Fees	1,191.8	1,200.2	1,131.8	1,170.0	38.2	3.4
Insurance	290.3	279.3	284.2	282.7	(1.5)	(0.5)
Investment Income	113.9	118.6	119.7	88.4	(31.3)	(26.1)
Transfers from Other Governments	76.4	77.5	76.8	73.2	(3.6)	(4.7)
Miscellaneous	455.8	462.8	356.6	489.8	133.2	37.4
Total	2,128.3	2,138.4	1,969.1	2,104.1	135.0	6.9

FEDERAL TRANSFERS – 2018-19 TO 2021-22

(millions of dollars)	2018-19 Actual	2019-20 Actual	2020-21 Forecast	2021-22 Budget	Change from 2020-21 Forecast	
					Dollars	Per Cent
Canada Health Transfer	1,203.3	1,262.7	1,296.5	1,330.4	33.9	2.6
Canada Social Transfer	441.6	456.2	465.2	477.4	12.2	2.6
Other	865.3	870.9	1,457.6	1,100.7	(356.9)	(24.5)
Total	2,510.3	2,589.8	3,219.3	2,908.5	(310.8)	(9.7)

Other federal transfers are budgeted to decline \$357 million compared to the 2020-21 forecast, mainly due to one-time federal contributions in 2020-21 that are not budgeted to repeat, including:

- \$338 million for Saskatchewan's share of the federal Safe Restart Agreement;
- \$75 million for Saskatchewan's share of the federal Safe Return to Class Fund;
- \$53 million for Saskatchewan's share of the federal Essential Workers Support Fund; and,
- \$19 million for the finalization of Saskatchewan's 2016-17 claim under the federal Fiscal Stabilization Program.

These decreases are partially offset by a \$100 million increase in federal funding for the Accelerated Site Closure Program, consistent with expected activity under the program.

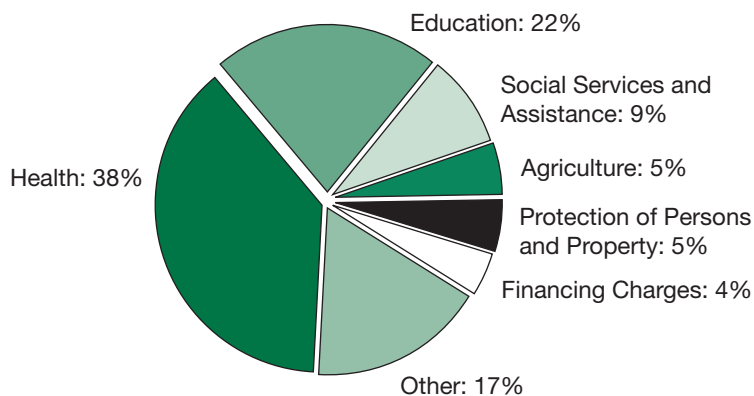
EXPENSE

Expense in the 2021-22 Budget is classified into 11 themes, consistent with the presentation in the Saskatchewan Public Accounts. The expenses of all GSOs (and proportionate share of partnerships) within the control of the Government of Saskatchewan, including the GRF, are included.

Total expense is budgeted at \$17.1 billion in 2021-22, an increase of \$1.0 billion, or 6.3 per cent, from the 2020-21 Budget.

Health, Education and Social Services and Assistance account for almost 70 per cent of the 2021-22 Budget, roughly similar to last year.

COMPOSITION OF 2021-22 EXPENSE



Pension expense in the 2021-22 Budget is \$433 million higher than last year's budget. The increase is primarily due to a \$415 million deterioration in the pension accrual adjustment to account for pensions on an accrual basis. The deterioration reflects the fall-off of net actuarial gains experienced in 2020-21 and changes in actuarial assumptions, including a lower discount rate to value the Province's closed defined benefit pension plans.

The change in the pension accrual adjustment accounts for 40 per cent of the overall expense increase in this year's budget.

Health is budgeted at \$6.5 billion, or 38.2 per cent of total expense.

The most significant components of the Health theme are the Ministry of Health, the Saskatchewan Health Authority, eHealth, the Saskatchewan Cancer Agency and 3SHealth.

Health expense is up \$359 million (5.8 per cent) compared to the 2020-21 Budget, mostly reflecting:

- \$123 million increase for compensation across the sector, mainly for settled bargaining agreements and physician contracts;
- \$90 million of new, one-time funding for the health system's response to COVID-19;
- \$81 million increase for general operating costs and high-priority initiatives across the health sector, including investments in mental health and addictions, diagnostic imaging wait times, emergency medical services, drug costs and information security;
- \$47 million increase as a result of the consolidation of clinical funding for the College of Medicine from the Education theme; and,
- \$18 million increase for 2020 platform commitments, including lowering the cost of seniors' ambulance fees, adding 300 continuing care aides for long-term and home care and expanding supports for people with diabetes.

2021-22 EXPENSE RECONCILIATION

(millions of dollars)	2020-21 Budget	2021-22 Budget	Change	
			Dollars	Per Cent
Agriculture	798.8	879.3	80.5	10.1
Community Development	762.8	690.4	(72.4)	(9.5)
Economic Development	389.8	527.0	137.2	35.2
Education	3,361.9	3,753.2	391.3	11.6
Environment and Natural Resources	362.4	414.9	52.5	14.5
Financing Charges	718.2	755.0	36.8	5.1
General Government ¹	421.9	524.6	102.7	24.3
Health	6,176.3	6,535.3	359.0	5.8
Protection of Persons and Property	806.5	845.1	38.6	4.8
Social Services and Assistance	1,490.3	1,556.7	66.4	4.5
Transportation	585.8	607.7	21.9	3.7
Health and Public Safety Contingency	200.0	–	(200.0)	(100.0)
Total Expense	16,074.7	17,089.2	1,014.5	6.3

¹ General Government expense was previously named Other.

Education is budgeted at nearly \$3.8 billion, or 22.0 per cent of total expense.

The most significant components of the Education theme are portions of the Ministries of Advanced Education, Education, and Immigration and Career Training, as well as the Boards of Education, Saskatchewan Polytechnic, Regional Colleges, the Saskatchewan Student Aid Fund and the Saskatchewan Apprenticeship and Trade Certification Commission.

Education expense is up \$391 million (11.6 per cent) from last year's budget.

The majority of the increase is due to a \$320 million increase in pension expense, as previously noted, largely as a result of the completion of the amortization of prior-year net actuarial gains in 2020-21 and a decrease in the discount rate used to value pension liabilities.

The 2021-22 Budget also includes \$78 million of COVID-19 response funding, including:

- \$30 million in new funding as part of a \$60 million COVID-19 response package and multi-year funding plan for post-secondary institutions;
- \$27 million for career training and employment supports for those disadvantaged by COVID-19; and,
- \$21 million to support school divisions as they make preparations for fall 2021.

In addition, there is a \$50 million increase in Boards of Education expense, mostly due to salary increases and stimulus maintenance funding. The 2021-22 Budget also includes a \$4 million increase for the Saskatchewan Advantage Scholarship.

Partially offsetting these increases is a \$47 million decrease reflecting the consolidation of clinical funding for the College of Medicine to the Health theme.

Social Services and Assistance is budgeted at nearly \$1.6 billion, or 9.1 per cent of total expense.

The most significant components of this theme are the Ministry of Social Services and portions of the Ministries of Government Relations and Justice and Attorney General. Social Services and Assistance expense also includes spending through the Saskatchewan Housing Corporation and the Saskatchewan Legal Aid Commission.

Social Services and Assistance expense is up \$66 million (4.5 per cent) from the 2020-21 Budget. The increase is primarily due to:

- \$19 million increase for Child and Family Services utilization pressures to support the program's core mandate of keeping children safe from abuse and neglect;
- \$15 million increase for supports to clients with intellectual disabilities, expanding the existing individualized funding for Autism Spectrum Disorder Program to include children under 12 and improving services for deaf and hard of hearing persons;
- \$13 million increase for the national housing strategy and increased housing operations costs;
- \$9 million net increase for Income Assistance utilization; and,
- \$7 million increase to community-based organizations.

Protection of Persons and Property is budgeted at \$845 million, or 4.9 per cent of total expense.

The most significant components of this theme are the Ministries of Corrections, Policing and Public Safety, Labour Relations and Workplace Safety, the Integrated Justice Services vote, as well as portions of the Ministries of Government Relations and Justice and Attorney General. The Saskatchewan Public Safety Agency, Victim's Fund, the Sask911 Account and the Financial Consumer Affairs Authority of Saskatchewan are also included.

Protection of Persons and Property is up \$39 million (4.8 per cent), primarily reflecting increases across the justice system, including COVID-19 response measures in the court services, policing programs, salary increases and custody services.

Agriculture is budgeted at \$879 million, or 5.1 per cent of total expense.

The most significant components of this theme are the Ministry of Agriculture, Saskatchewan Crop Insurance Corporation, Saskatchewan Agricultural Stabilization Fund and Prairie Agricultural Machinery Institute.

Agriculture is up \$81 million (10.1 per cent), primarily due to \$73 million in higher crop insurance expense resulting from a higher insured liability and increased AgriStability payments, as well as increases for AgriInvest and Agricultural Water Development projects.

Financing Charges are budgeted at \$755 million, or 4.4 per cent of total expense. This is an increase of \$37 million (5.1 per cent) from last year's budget, largely reflecting an increase in debt-servicing costs as a result of growth in Saskatchewan Capital Plan and operating debt.

Community Development is budgeted at \$690 million, or 4.0 per cent of total expense.

The most significant components of Community Development are portions of the Ministries of Government Relations, Education and Parks, Culture and Sport, as well as the Northern Municipal Trust Account and the Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation.

Community Development is down \$72 million (9.5 per cent) from last year's budget, primarily due to a \$150 million decrease for the Municipal

Economic Enhancement Program, partially offset by increases of \$68 million for the Investing in Canada Infrastructure Program, \$7 million for the Gas Tax Program and \$5 million for the New Building Canada Fund, as well as a \$4 million increase for the Active Families Benefit.

Transportation is budgeted at \$608 million, or 3.6 per cent of total expense.

The most significant components of this theme are the Ministry of Highways and a portion of the Ministry of Government Relations, as well as the Transportation Partnerships Fund.

Transportation is up \$22 million (3.7 per cent) from last year's budget, largely due to a \$15 million increase in amortization expense for completed highway projects, as well as increases for the Transportation Partnership Fund and the Strategic Partnership Program for road improvement, air services, and other projects.

Economic Development is budgeted at \$527 million, or 3.1 per cent of total expense.

The most significant components of Economic Development are the Ministries of Energy and Resources and Trade and Export Development, as well as portions of the Ministries of Environment, Immigration and Career Training, Finance and Parks, Culture and Sport. The theme also includes Innovation Saskatchewan, Saskatchewan Opportunities Corporation, a portion of the Saskatchewan Research Council, Tourism Saskatchewan and SaskBuilds Corporation.

Economic Development is up \$137 million (35.2 per cent), largely reflecting:

- \$175 million for the Saskatchewan Economic Recovery Rebate provided to SaskPower customers;

- \$64 million increase provided to SaskPower (offset by higher GBE net income) to invest in multiple projects, including infrastructure in rural communities, a battery energy storage system and distributed energy resource enablement;
- \$15 million increase for VIDO to construct a Centre for Pandemic Research; and,
- \$5 million increase for the Saskatchewan Tourism Sector Support Program;

partially offset by,

- \$121 million decrease due to the fall-off of the one-time emergency COVID-19 support programs in the 2020-21 Budget.

Environment and Natural Resources is budgeted at \$415 million, or 2.4 per cent of total expense.

This theme is comprised of portions of the Ministries of Environment and Parks, Culture and Sport. As well, the theme includes the Commercial Revolving Fund, the Water Security Agency and a portion of the Saskatchewan Research Council.

Environment and Natural Resources expense is up \$53 million (14.5 per cent), primarily reflecting a \$50 million increase in federal flow-through funding for the Accelerated Site Closure Program for the reclamation of inactive oil and gas wells and facilities.

General Government (formerly Other) expense is budgeted at \$525 million, or 3.1 per cent of total expense. This is an increase of \$103 million (24.3 per cent) from the 2020-21 Budget, primarily reflecting a \$112 million increase in pension expense, as previously noted, partially offset by a \$20 million reduction for the Chief Electoral Officer due to the fall-off of funding related to the 2020 provincial election.

Finally, this year's budget does not include a Health and Public Safety Contingency, resulting in a \$200 million decrease in expense when compared to last year's budget.

MEDIUM-TERM OUTLOOK

The impact to the Saskatchewan economy in 2020 from COVID-19 appears to have been less than initially forecast. However, several sectors of the economy and the labour market experienced an unprecedented shock last year. Significant economic challenges remain as public health measures remain in place and COVID-19 variants spread.

While the approval of vaccines in recent months and the beginning of mass vaccination efforts offer hope that the virus will soon be contained, it is clear that full recovery will take longer than originally assumed. Economic growth is forecast for 2021 and beyond, but the ongoing pandemic has altered the previous path for a return to fiscal balance.

In the near term, the 2021-22 Budget faces a revenue shortfall compared to the previous outlook, largely as a result of a delayed economic recovery. In addition, another year of COVID-related spending will be required to support the provincial economy and health care system, and to set the stage for economic recovery.

Beyond 2021-22, deficits are now forecast across the planning horizon, including a deficit of \$770 million in 2024-25. While this is a deterioration in the fiscal outlook since the 2020-21 First Quarter Report, Saskatchewan is well positioned to withstand a longer return to balance due to its low debt burden.

The medium-term fiscal outlook is consistent with the provincial economic forecast and its underlying assumptions. In particular, the outlook assumes that public health measures and vaccination efforts are successful in ending the pandemic this year and that there are no negative structural changes to the economy that further delay recovery.

KEY MEDIUM-TERM NON-RENEWABLE RESOURCE FORECAST ASSUMPTIONS

	2019-20 Actual	2020-21 Forecast	2021-22 Budget	2022-23 Outlook	2023-24 Outlook	2024-25 Outlook
WTI Oil Price (US\$/barrel)	54.80	42.27	54.33	55.25	56.38	57.88
Light-Heavy Differential (% of WTI)	20.9	18.1	19.7	19.4	19.0	19.0
Well-head Oil Price (C\$/barrel) ¹	52.54	39.05	49.31	49.41	49.73	50.69
Oil Production (million barrels)	178.9	154.0	160.0	162.1	163.5	166.7
Potash Price (mine netback, US\$/KCl tonne) ²	223	180	191	194	199	204
Potash Price (mine netback, C\$/K ₂ O tonne) ²	490	390	396	397	400	406
Potash Sales (million K ₂ O tonnes) ²	12.7	14.0	14.3	14.9	15.2	15.2
Canadian Dollar (US cents)	75.19	75.70	79.12	80.30	81.48	82.13

¹ The average price per barrel of Saskatchewan light, medium and heavy oil.

² Ministry of Finance calculations derived from calendar-year forecasts.

After growth of 2.7 per cent in 2021-22, total revenue is forecast to grow by 4.2 per cent per year, on average, over the medium term. This is higher than average nominal GDP growth of 3.6 per cent over the same time frame and results in own-source revenue returning to its pre-crisis share of GDP (14.9 per cent) in 2024-25.

Total revenue is not forecast to return to pre-crisis levels until 2022-23. In the 2019-20 Budget, revenue was forecast to reach \$16.0 billion in 2022-23. In the current outlook, revenue does not surpass \$16.0 billion until 2024-25, two years later than anticipated prior to the onset of the COVID-19 pandemic.

Tax revenue is forecast to grow by 4.9 per cent per year, on average, over the forecast period. Revenue growth is supported by continued recovery in the Saskatchewan economy over the medium term. In addition, the wind-down of the Home Renovation Tax Credit and the small business income tax rate reduction by the end of the forecast period contributes to the robust growth outlook over the period.

Non-renewable revenue growth is forecast to increase 7.5 per cent per year, on average, between 2021-22 and 2024-25. Despite this relatively high rate of

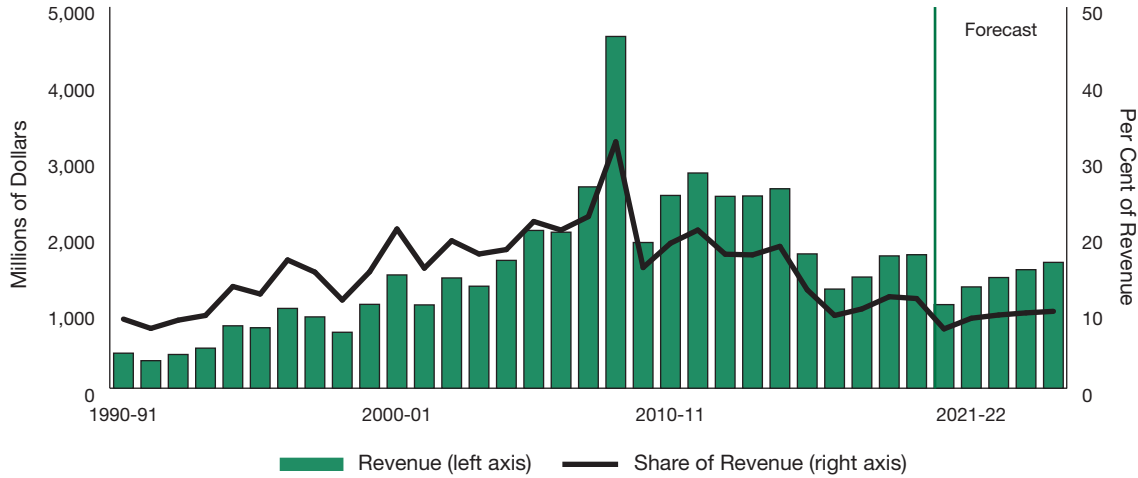
growth, revenue does not return to its 2019-20 level over the forecast horizon.

WTI oil prices are forecast to gradually increase over the forecast period and average nearly US\$58 in 2024-25. A decrease in the light-heavy oil price differential over the same time period provides another boost to well-head oil prices in Saskatchewan. However, a strengthening Canadian dollar outlook over the next four years offsets these price gains. As a result, well-head prices, in Canadian dollars, are not expected to surpass 2019-20 prices by 2024-25. Finally, oil production in 2024-25 is forecast at 166.7 million barrels, nearly 7 per cent lower than 2019-20 levels.

Potash prices, in U.S. dollars, are forecast to modestly increase over the forecast horizon, as are sales. Similar to oil, a stronger Canadian dollar over the forecast horizon offsets US-dollar price improvements and mutes the overall price increase in Canadian dollars.

In total, non-renewable resource revenue is projected to account for 10 per cent of total revenue by 2024-25. This is an increase from a forecasted 8 per cent share in 2020-21, but lower than its 12 per cent share of revenue over the 2018-19 and 2019-20 period.

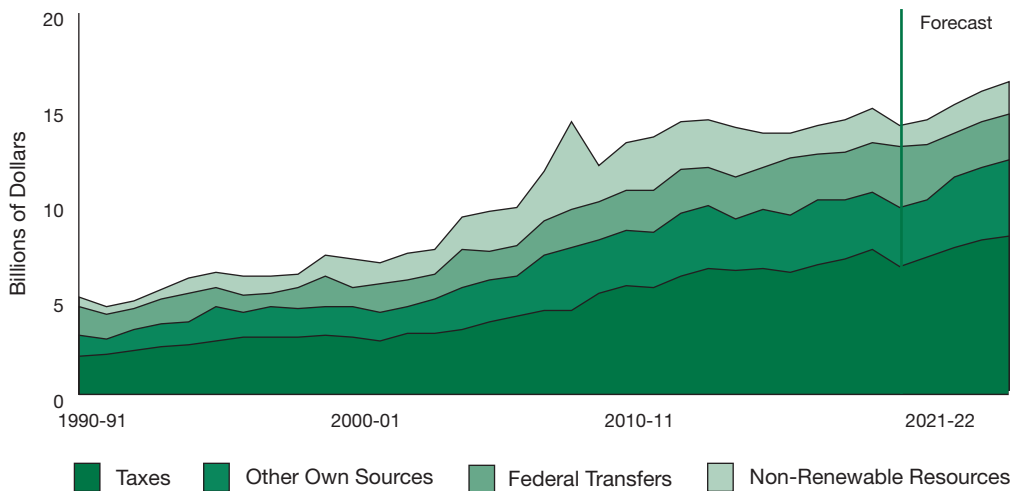
NON-RENEWABLE RESOURCE REVENUE – 1990-91 TO 2024-25



GBE net income and other own-source revenue are projected to increase at a combined annual average rate of 4.5 per cent. In the fiscal plan, GBE net income is assumed to not return to pre-crisis levels until 2024-25. Other own-source revenue is forecast to surpass its pre-crisis level in 2022-23 and then grow at a more normal rate of 3.4 per cent per year, on average, in the subsequent two years.

Finally, federal transfers are projected to remain flat over the four-year horizon. The 2021-22 Budget includes \$200M of federal funding for the Accelerated Site Closure Program that will wind down by 2023-24. This decline is offset by increases in the Canada Health Transfer and the Canada Social Transfer in the outlook, while all other federal cost-sharing programs are projected to remain relatively flat.

COMPOSITION OF REVENUE – 1990-91 TO 2024-25



MEDIUM-TERM FINANCIAL OUTLOOK

(millions of dollars)	2021-22 Budget	2022-23 Outlook	2023-24 Outlook	2024-25 Outlook
Revenue	14,478	15,107	15,729	16,367
Expense	17,089	16,792	16,889	17,137
Deficit	(2,611)	(1,685)	(1,160)	(770)

Growth in base, or ongoing, expense over the medium term is targeted at 1.5 per cent per year. This growth will be offset by the fall-off of COVID-related and stimulus spending over the next two years. As a result, total expense is expected to fall by 1.7 per cent in 2022-23, followed by growth of 0.6 per cent in 2023-24 and 1.5 per cent in 2024-25.

As a result, the annual budget balance is projected to improve over the next three years, from a \$2.6 billion deficit in 2021-22 to a \$770 million deficit in 2024-25. A return to balance is now targeted for the 2026-27 fiscal year.

While a return to balance is not forecast over the four-year forecast horizon, Saskatchewan is well positioned to withstand this development given its low debt burden. Saskatchewan's net-debt-to-GDP ratio, a key measure of financial sustainability, is forecast at 19.0 per cent on March 31, 2021, the lowest among Canadian provinces.

Under the current set of planning assumptions and a delayed return to balance timeline, Saskatchewan's net-debt-to-GDP ratio is forecast to increase to 21.7 per cent in 2021-22 and peak at 26.3 per cent in 2024-25, before levelling off and declining as annual deficits are reduced and the economy continues to grow.

Despite the increase in the net debt over the medium term, Saskatchewan's net-debt-to-GDP ratio is expected to remain one of the lowest in Canada and well below the levels the Province experienced in the 1990s.

2021-22 BORROWING AND DEBT

The Province's debt consists of:

- General Debt – all debt of government entities other than Government Business Enterprise (GBE) Specific Debt; and,
- Government Business Enterprise Specific Debt – amounts borrowed by, or specifically on behalf of self-sufficient government organizations.

Government business enterprises have the financial and operating authority to sell goods and services to individuals and organizations outside government as their principal activity. Amounts borrowed by, or specifically for these entities are classified separately because they are expected to be repaid from cash flows generated by these business enterprises. In other words, this debt has been incurred to finance the business activities of Crown corporations, and it is supported by revenue from those Crown business activities.

Public debt as reported in this budget paper is comprised of:

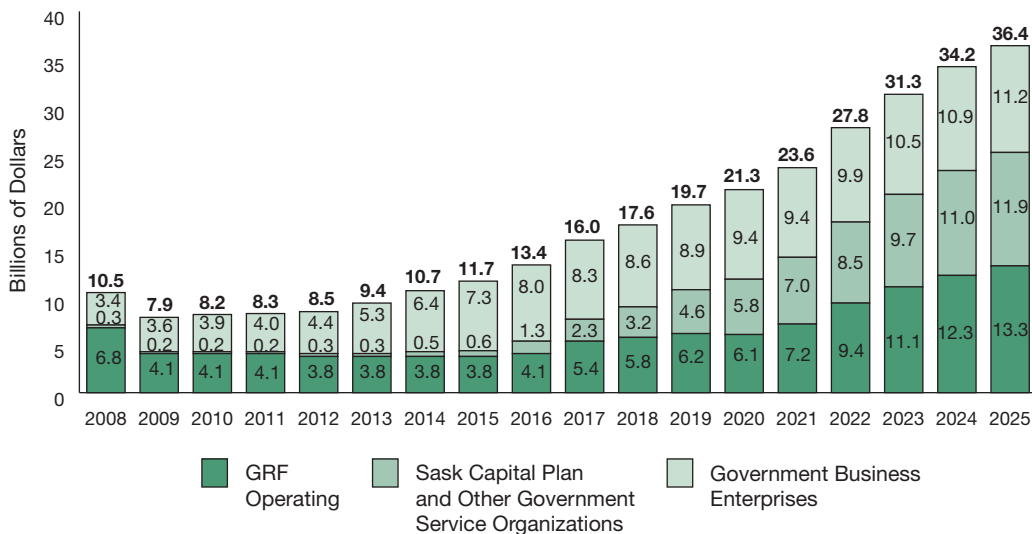
- Gross Debt – the amount of money owed to lenders; *less*
- Sinking Funds – the amount of money that has been set aside for the repayment of debt.

Public debt at March 31, 2021 is forecast to be \$0.8 billion lower than estimated, due to decreased GBE debt.

For 2021-22, public debt is expected to increase by \$4.2 billion from the March 31, 2021 forecast. This is due to a \$2.2 billion increase in operating debt to cover revenue shortfalls and incremental expenses, a \$1.5 billion increase in debt for infrastructure assets under the Saskatchewan Capital Plan, and \$0.5 billion of increased debt for the utility Crown corporations.

PUBLIC DEBT

As at March 31



DEBT

As at March 31

(Millions of Dollars)	General Debt 2022	GBE Specific Debt 2022	Budget 2022	Forecast 2021	Budget 2021
Government Service Organizations					
Gross Debt	19,230.2	–	19,230.2	15,404.7	15,497.2
Sinking Funds	1,374.8	–	1,374.8	1,165.4	1,160.6
Government Service Organization Debt	17,855.4	–	17,855.4	14,239.3	14,336.6
Government Business Enterprises					
Gross Debt	275.0	10,708.2	10,983.2	10,476.2	11,150.8
Sinking Funds	37.8	1,034.5	1,072.3	1,118.7	1,118.2
Government Business Enterprise Debt	237.2	9,673.7	9,910.9	9,357.5	10,032.6
Public Debt	18,092.6	9,673.7	27,766.3	23,596.8	24,369.2
Guaranteed Debt	0.1	–	0.1	0.2	0.8

BORROWING

Virtually all borrowing is done by the General Revenue Fund (GRF). Where the GRF borrows on behalf of a government entity, the entity is responsible for the principal and interest payments on this debt.

The GRF's 2021-22 borrowing requirements are estimated to be \$4,657.0 million. Of this amount, \$284.2 million is for the purpose of refinancing maturing debt and the remaining amount is to assist with financing infrastructure assets and the deficit.

BORROWING REQUIREMENTS

(Millions of Dollars)	Budget 2021-22	Forecast 2020-21
General Revenue Fund – Operating	2,300.0	2,120.0
Saskatchewan Capital Plan and Other Government Service Organizations	1,600.0	1,400.0
Government Service Organizations	3,900.0	3,520.0
Government Business Enterprises	757.0	1,026.1
Borrowing Requirements	4,657.0	4,546.1

SINKING FUNDS

(Millions of Dollars)	Forecast 2021	Contributions 2022	Earnings 2022	Redemptions 2022	Budget 2022
Government Service Organizations	1,165.4	194.0	27.0	(11.6)	1,374.8
Government Business Enterprises	1,118.7	95.4	24.5	(166.3)	1,072.3
Total Sinking Funds	2,284.1	289.4	51.5	(177.9)	2,447.1

SINKING FUNDS

Sinking funds are monies set aside for the orderly retirement of a portion of the government's debt. Sinking funds at March 31, 2021 are forecasted to be \$2,284.1 million, which is \$5.3 million higher than estimated. The variance is primarily due to higher-than-expected earnings during 2020-21.

For 2021-22, sinking funds are expected to increase by \$163.0 million to \$2,447.1 million.

DEBT CHARGES

In addition to interest payments, debt charges include other costs related to general gross debt, such as the amortization of premiums, discounts, and commissions. Debt charges also include interest that is accrued on pension liabilities.

The 2021-22 debt charges assume interest rates of 0.5 per cent for short-term borrowing transactions and 2.0 per cent for long-term borrowings. An interest rate of 3.0 per cent is assumed for pension liabilities. A one percentage point increase in interest rates from levels assumed in the Budget would increase debt charges in 2021-22 by approximately \$69.4 million.

DEBT CHARGES – GENERAL DEBT

(Millions of Dollars)	Budget 2021-22	Forecast 2020-21
General Revenue Fund	558.0	509.4
Less: GRF Interest Paid to Other Government Entities	(20.5)	(12.2)
	537.5	497.2
Pension Liabilities	181.0	190.5
Other General Debt	36.5	25.8
Debt Charges – General Debt¹	755.0	713.5

¹ Debt charges do not include amounts pertaining to Government Business Enterprise Specific Debt. These amounts are reflected in Net Income from Government Business Enterprises.

CREDIT RATINGS

Saskatchewan receives credit ratings from three major credit rating agencies: Moody's Investors Service (Moody's), Standard & Poor's (S&P) and DBRS Morningstar (DBRS).

CREDIT RATINGS OF CANADIAN PROVINCES

As at March 19, 2021

Jurisdiction	Moody's	S&P	DBRS
BC	Aaa	AAA**	AA(high)
SK	Aaa**	AA	AA(low)
QC	Aa2	AA-	AA(low)
NS	Aa2	AA-	A(high)
MB	Aa2	A+	A(high)
NB	Aa2	A+	A(high)
ON	Aa3	A+	AA(low)
AB	Aa3	A+**	AA(low)**
PE	Aa2	A	A
NL	A1**	A**	A(low)**

* Positive outlook

** Negative outlook

A credit rating is an important indication of a government's fiscal health as it represents an assessment of a province's ability to repay its debt. Overall, Saskatchewan's credit rating ranks second best among Canadian provinces.

NET DEBT

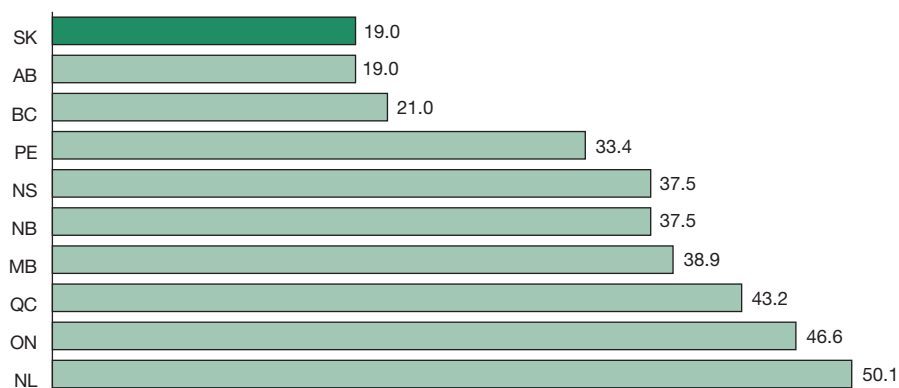
Another measure of a province's financial position is "net debt." Net debt aggregates all of a province's liabilities, and subtracts the financial assets that it has at its disposal to repay these obligations.

The chart below shows that the Province of Saskatchewan's net debt as a percentage of GDP is forecasted to be 19.0 per cent, which is best among provinces.

The chart on the following page illustrates the trend and forecast for net debt as a percentage of GDP.

PROJECTED NET DEBT AS A % OF GDP

As at March 31, 2021



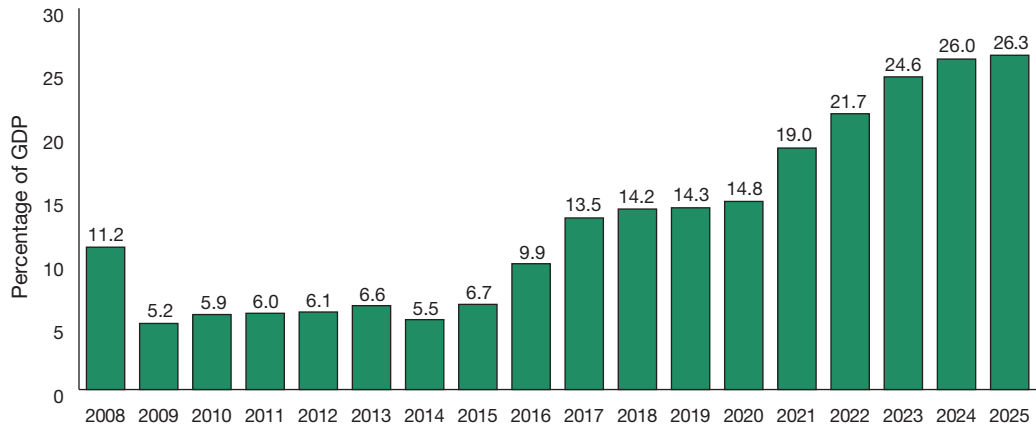
Sources: Net Debt: Jurisdictions' most recent data (as of March 16, 2021)

GDP, SK: Saskatchewan Ministry of Finance

All others: Statistics Canada, IHS Markit

NET DEBT AS A % OF GDP

As at March 31



2021-22 REVENUE INITIATIVES

In response to the challenges posed by the pandemic, the Government introduced initiatives in the fall of 2020 to support Saskatchewan's economic recovery. This included helping with the cost of home renovations and reducing taxes on small businesses.

The 2021-22 Budget introduces further revenue initiatives to improve affordability, drive sustained growth and ensure the consistent and fair application of taxes in Saskatchewan.

This paper describes in more detail the tax measures announced in the Budget. However, it is only a summary and the reader is advised to contact the responsible ministry or authority and consult the enacting legislation or regulation for specific details.

MAKING LIFE MORE AFFORDABLE

Saskatchewan Home Renovation Tax Credit

Last fall, the Government introduced a new Saskatchewan Home Renovation Tax Credit to help stimulate residential construction activity and improve housing affordability. Saskatchewan homeowners may save up to \$1,155 in provincial income tax in 2021 by claiming a tax credit on eligible home renovation expenses incurred between October 1, 2020 and December 31, 2021. A further \$945 in savings may be claimed in 2022 in respect of eligible expenses incurred between January 1, 2022 and December 31, 2022.

Further information on this initiative can be found at www.saskatchewan.ca/residents/taxes-and-investments/tax-credits.

Active Families Benefit

Making children's activities more affordable for low and moderate income families is a key priority for the Government. As a result, the Active Families Benefit (AFB) is being reinstated to provide a refundable income tax credit to assist families with the cost of registering children in cultural, recreational and sports activities.

Eligible programs are those that are suitable for children and require children to actively participate; are offered by a service provider located in Saskatchewan; involve instruction and supervision; and require registration and payment of a fee.

- The benefit will provide a refundable tax credit of up to \$150 per year per child to eligible families.
- Families of children with a disability can claim an additional \$50, for a total tax credit of up to \$200 per year per child.
- The AFB will be an income-tested tax credit. In order to be eligible, families must have a combined net income of \$60,000 or less.

As the AFB will be retroactive to January 1, 2021, eligible families who enroll their children in qualifying sports, arts and cultural activities in 2021 are reminded to keep their receipts so they may claim the benefit with their 2021 income tax filings.

For further information on this initiative, please contact the Ministry of Parks, Culture and Sport at 306-787-3828.

GROWING THE ECONOMY

The purpose of economic growth is to improve the quality of life for the people of Saskatchewan. Growth is a shared mission that engages all Saskatchewan residents – it creates new jobs and opportunities for people to realize their future in the province, and correspondingly lowers unemployment; it allows for increased investment in and improvements to public services; and growth provides for a resilient economy that results in a stronger Saskatchewan now and for years to come. A competitive tax environment is one of the ways to drive and sustain economic growth.

Saskatchewan's tax system includes several incentives that cover a broad range of economic sectors, including manufacturing, agriculture, non-renewable resources, and innovation and technology. These initiatives support competitiveness and encourage new investment in the provincial economy. As part of the commitment to a strong economic recovery and a strong Saskatchewan, existing incentives will remain in place and the 2021-22 Budget announces additional incentives that will drive growth for the benefit of all residents.

For further information on initiatives that improve Saskatchewan's competitive business environment and encourage investment in the province, please visit www.saskatchewan.ca/business/investment-and-economic-development/business-incentives-and-tax-credits.

Reduction to the Small Business Tax Rate

Last fall, to support Saskatchewan small businesses through the pandemic and to help them recover, the Government temporarily eliminated its small business corporate income tax rate, effective October 1, 2020. The tax rate will return to 1 per cent on July 1, 2022 and to 2 per cent on July 1, 2023. The amount which small businesses can earn at the small business tax rate will remain at \$600,000 – the highest threshold

in Canada. Lowering taxes for Saskatchewan small businesses over the next three years will help them to bolster employment and keep Saskatchewan on the path to economic recovery.

Saskatchewan Technology Start-up Incentive

With the goal of growing Saskatchewan's technology sector, the Saskatchewan Technology Start-up Incentive (STSI) program is being extended for an additional five years, through to 2025-26.

The 2018-19 Budget originally announced the introduction of the STSI as a pilot program, ending in 2020-21, to encourage business investment in early stage technology start-ups.

The program provides for a non-refundable 45 per cent income tax credit for individual, corporate or venture capital corporation investments in Eligible Start-up Businesses (ESBs) that are developing new technologies, or applying existing technologies in a new way, to create new proprietary products, services or processes that are repeatable and scalable.

In addition to extending the program for five years, and in response to feedback received from the sector and with the intent of making the program more effective, the following changes will be made:

- the amount that an ESB can raise under the program will double, from \$1 million to \$2 million;
- the carry-forward period to claim unused tax credits increases from four years to seven years; and,
- an annual cap of \$2.5 million per year is established on the maximum value of tax credits that can be issued.

For further information on the STSI program, contact Innovation Saskatchewan at 306-933-7222.

Associated Natural Gas Royalty Moratorium

The *Saskatchewan Growth Plan* committed to introducing a moratorium on associated natural gas royalties. With the 2021-22 Budget, the Province is meeting this commitment by implementing a royalty rate of 0 per cent for a period of five years on all natural gas produced in association with oil. This will provide oil producers with approximately \$3.8 million in annual royalty relief.

This initiative is part of Saskatchewan's *Methane Action Plan*, which in turn is part of the Province's overall climate change strategy. It is designed to encourage oil producers to invest in new methane emission reduction projects and further reduce venting and flaring of natural gas.

The royalty moratorium begins April 1, 2021 and will remain in place for five years, with a sunset date of March 31, 2026.

For further information on this initiative, please contact the Ministry of Energy and Resources at 306-787-4765.

High Water-Cut Oil Royalty Incentive

The 2021-22 Budget introduces a modernized and expanded High Water-Cut Program (HWCP), to encourage capital investment and increase oil production rates from wells that produce high volumes of water.

The modernized program provides a new royalty benefit where substantial investments in water handling capacity are made.

- Eligible active oil wells must have produced at least 90 per cent water-cut for the previous three consecutive calendar months.
- Eligible shut-in/suspended wells must have been shut-in/suspended for the previous six consecutive calendar months, with the previous three producing months having a minimum 90 per cent water-cut.
- An average minimum capital investment of \$20,000 per well must be incurred to directly improve water handling capabilities and extend the producing life of the well, excluding standard repair and maintenance activities.

Eligible Old, New, and 3rd Tier HWCP oil wells will be assigned 4th Tier royalty status only on their incremental oil production. Eligible 4th Tier HWCP oil wells will receive a two percentage point royalty rate reduction on all their production.

This update to the existing HWCP is designed to increase program participation and encourage new capital investments and increased oil production that would otherwise not occur.

The new HWCP begins April 1, 2021 and will remain in place for five years, with a sunset date of March 31, 2026.

For further information on this initiative, please contact the Ministry of Energy and Resources at 306-787-4765.

Sodium Sulphate Royalty Incentive

The 2021-22 Budget introduces a new sodium sulphate royalty system which simplifies the existing royalty calculation and provides a modernized investment incentive.

Retroactive to April 6, 2020, the sodium sulphate royalty changes will have two components.

- Replacement of the scaled production-based royalty with a flat royalty rate of 3 per cent on all sodium sulphate production.
- A credit of 10 per cent of qualifying capital expenditures that will be eligible for use against current year royalties otherwise payable. This capital investment credit will be for approved capital projects that diversify products or improve operating efficiency.

These sodium sulphate royalty changes are designed to help the industry through its current market challenges and create new diversification investment opportunities.

For further information on this initiative, please contact the Ministry of Energy and Resources at 306-787-4765.

IMPROVING TAX FAIRNESS

The 2021-22 Budget also introduces several measures to improve the fair application of Saskatchewan's taxes, including the taxation of vapour products, heat-not-burn tobacco products and electric vehicles; as well as the application of Education Property Tax.

Taxation of Vapour Products

The Government has made a number of changes in recent years to bring the marketing of vapour products in line with existing tobacco legislation. To help prevent vapour products from being attractive to youth and non-smokers, the 2021-22 Budget introduces a new Vapour Products Tax (VPT) with a rate of 20 per cent on the retail price of all vapour liquids, products and devices, effective September 1, 2021.

Retailers selling vapour products will be required to obtain a VPT license and to submit a VPT return.

For further information on the VPT, please refer to the Ministry of Finance website at www.sets.saskatchewan.ca/taxinfo or contact the Ministry at sasktaxinfo@gov.sk.ca.

Taxation of Heat-Not-Burn Tobacco Products

To help maintain tax equity between different types of tobacco products and to bring heat-not-burn (HNB) tobacco sticks in line with existing tobacco legislation, the 2021-22 Budget adds HNB tobacco sticks as a separate category under *The Tobacco Tax Act* at a rate of approximately 75 per cent of the tax rate on tobacco cigarettes, effective June 1, 2021. The current tax rate on cigarettes is 27.0¢ per stick, resulting in a HNB tax rate of 20.5¢ per stick.

For further information on the taxation of HNB tobacco sticks, please refer to the Ministry of Finance website at www.sets.saskatchewan.ca/taxinfo or contact the Ministry at sasktaxinfo@gov.sk.ca.

Taxation of Electric Vehicles

The Fuel Tax Accountability Act ensures that the Fuel Tax applicable to on-road travel in Saskatchewan is directed at preserving and improving the provincial highway system. For the Government's 2019-20 fiscal year, road-use Fuel Tax revenues totaled almost \$454 million, while road maintenance expenditures totaled almost \$616 million.

Electric vehicles (EVs) are being purchased in ever increasing numbers across Canada and around the world. While the number of these vehicles in Saskatchewan is currently relatively low, they are increasing in number every year. These vehicles contribute to wear and tear on provincial roadways, but because they do not consume traditional fuels they are not contributing to highway maintenance through the provincial Fuel Tax.

The 2021-22 Budget therefore introduces a new annual tax of \$150 for each passenger EV registered in Saskatchewan, effective October 1, 2021. Revenue from this tax will be included in the calculations under *The Fuel Tax Accountability Act*, ensuring that this and all other road-use Fuel Tax revenues are dedicated to provincial highway maintenance.

The tax will be collected by Saskatchewan Government Insurance when the EV is registered. While this tax will only apply to passenger vehicles, the Government will continue to examine the future potential for expanding the tax to commercial vehicles and interjurisdictional trucking. The Government will also consider options to apply a tax at charging stations.

For further information regarding the tax on EVs, please refer to the Ministry of Finance website at www.sets.saskatchewan.ca/taxinfo or contact the Ministry at sasktaxinfo@gov.sk.ca.

Education Property Tax Mill Rates

Provincial legislation requires all Saskatchewan properties to be revalued every four years, since their values change over time. The 2021 revaluation follows the recent decision by the Government to reduce the percentage of value taxable assessment rate for commercial/industrial and resource properties from 100 per cent to 85 per cent.

Since the 2017 revaluation, taxable assessments of agricultural properties have increased, while taxable assessments of residential, commercial/industrial and resource properties have declined.

In this context, the 2021-22 Budget is introducing changes to Education Property Tax (EPT) mill rates to slightly increase overall revenues to the Province in line with year-over-year inflation. The 2021 EPT mill rates for the various property classes will be: agricultural 1.36; residential 4.46; commercial/industrial 6.75; and resource 9.79.

For further information on Saskatchewan's EPT mill rates, please visit www.saskatchewan.ca/residents/taxes-and-investments/property-taxes/education-property-tax-system.

SASKATCHEWAN'S TAX EXPENDITURES

INTRODUCTION

Although the primary purpose of taxation is to raise revenue, governments also attain some of their social and economic goals by reducing the taxes paid by certain taxpayers. These reductions are commonly called “tax expenditures” and may include exemptions, deductions, credits, preferential rates or deferrals. Taken together, they provide assistance to a variety of individuals and businesses, including families, farmers, senior citizens and small businesses.

While tax expenditures are usually absorbed in the overall revenue estimates and are not presented in the same way as direct spending programs, they reduce the amount of revenue generated by a government and they affect the fiscal position in the same way as direct expenditures. This paper provides estimates of the revenue impacts of several of Saskatchewan's tax expenditures.

RATIONALE FOR TAX EXPENDITURES

Tax expenditures can achieve a number of objectives, such as enhancing the fairness of the tax system or promoting certain types of economic activity. In pursuing these objectives, some tax expenditures have become fundamental elements of the tax system.

Saskatchewan's Provincial Sales Tax (PST) does not apply to certain essential items such as basic groceries, residential natural gas and electricity and reading materials, thereby reducing the taxes paid by families consuming these items.

Other exemptions from the PST are intended to support particular key sectors of the provincial economy, including manufacturing and farming.

To provide tax relief to key economic sectors and ensure tax competitiveness with other jurisdictions, Saskatchewan provides reduced Fuel Tax rates to farmers and primary producers. Saskatchewan also exempts heating fuels from the Fuel Tax to ensure consistent tax treatment with the PST exemption for natural gas used for heating.

Saskatchewan's personal income tax system applies provincial marginal tax rates directly to taxable income as defined for federal income tax purposes. As a result, deductions that contribute to the federal determination of taxable income can be considered fundamental aspects of the provincial income tax system that reduce Saskatchewan income tax revenue.

In addition, Saskatchewan's personal income tax system has distinct provincial non-refundable tax credits that recognize the personal circumstances of the taxpayer, including family-based credits and disability-related credits.

Saskatchewan's income tax system also delivers several programs designed to encourage specific taxpayer behaviours, including investment incentives and retention incentives.

To improve tax competitiveness, Saskatchewan levies a lower income tax rate on small businesses and a special income tax rate on manufacturing and processing (M&P) profits. In addition, Saskatchewan provides a refundable Investment Tax Credit to assist M&P companies that invest in qualifying new or used M&P assets for use in the province.

Saskatchewan also provides a Research and Development (R&D) Tax Credit in support of qualifying R&D activities.

The rationale for each tax expenditure is provided in the notes that follow the tables.

ASSOCIATED COSTS

While tax expenditures serve important social and economic objectives, the introduction of any tax expenditure results in associated costs. These costs take several forms.

- First, there is the cost of forgone revenue. Tax expenditures result in the reduction of revenue collected and have a significant impact on a government's financial position.
- Second, tax expenditures may add to the complexity of the tax system, leading to increased administrative effort and compliance costs for businesses, consumers and governments.
- Third, tax expenditures may create distortions in consumer and other economic behaviour by providing preferential treatment for certain categories of consumer expenditure.

GOVERNMENT OF CANADA TAX EXPENDITURES

The federal government produces a detailed presentation on tax expenditures that are part of the federal tax system. Since Saskatchewan's personal and corporate income taxes are based upon the federal definition of taxable income, many of the federal tax

expenditures have an impact on Saskatchewan's revenue. Readers interested in examining the federal government's presentation of tax expenditures are invited to visit the Finance Canada website at www.canada.ca/en/department-finance and go to "Publications."

2021 SASKATCHEWAN TAX EXPENDITURE ACCOUNTS

The following tables provide estimates of the major tax expenditures of the Government of Saskatchewan. This year's tables also provide updates to the 2018, 2019 and 2020 tax expenditure estimates that were reported last year.

Tax expenditure estimates for PST and Fuel Tax are derived from historical tax collection data and Statistics Canada data on personal and business consumption patterns, along with assumptions regarding expected changes in population, retail sales and investment intentions.

Tax expenditure estimates for personal and corporate income taxes are derived from the Government's internal tax simulation model, which uses actual income tax assessment data for the 2018 taxation year, along with assumptions regarding expected changes in population, employment, income and investment intentions for subsequent taxation years.

The 2021-22 Saskatchewan Tax Expenditure Accounts incorporate the re-indexation of the personal income tax system effective for the 2021 taxation year and the temporary elimination of the small business corporate income tax rate.

2021 Government of Saskatchewan Tax Expenditure Accounts

(Value of Tax Expenditures in Millions of Dollars)

Provincial Sales Tax	2018 Revised	2019 Revised	2020 Revised	2021 Estimate	Notes
Exemptions					
1. Basic groceries	170.6	179.0	184.1	189.2	1
2. Prescription drugs.....	46.7	49.3	50.1	51.7	1
3. Reading materials.....	12.3	11.1	11.9	12.6	1
4. Personal services	45.9	46.7	47.6	48.0	1
5. Feminine hygiene products	2.1	2.2	2.3	2.3	1
6. Used goods and vehicles – exempt amounts ..	37.6	11.3	13.9	14.1	1
7. Electricity	66.5	72.6	67.4	68.2	1
8. Natural gas	35.4	36.5	36.2	35.5	1
9. Farm machinery and repair parts	105.6	102.6	105.7	109.6	2
10. Fertilizer, pesticide and seed.....	224.2	236.3	226.3	230.0	2
11. Direct agents	28.1	28.2	28.3	28.5	2
12. Agriculture, life and health insurance	136.9	145.4	147.6	151.5	1
Other					
1. Saskatchewan Low-Income Tax Credit.....	133.3	135.5	137.1	140.0	3
2. Rebate for New Residential Construction.....	–	–	2.8	2.9	1,2
Fuel Tax					
1. Exemption for farm activity	79.7	83.7	93.7	104.9	2
2. Exemption for heating fuels.....	35.8	37.9	31.3	25.8	1
3. Exemption for primary producers	1.2	1.3	1.4	1.6	2

Personal Income Tax	2018 Actual	2019 Revised	2020 Revised	2021 Estimate	Notes
Deductions from Income					
1. Registered Pension Plan contributions	103.2	103.8	103.1	105.9	4
2. Registered Retirement Savings Plan contributions	148.4	149.7	148.7	148.7	4
3. Annual union, professional or like dues	16.8	17.0	16.8	17.7	4
4. Child care expenses	14.4	14.5	11.5	14.6	4
5. Moving expenses.....	1.5	1.5	1.5	1.5	4
6. Carrying charges	22.6	22.8	22.6	23.1	4
7. Allowable employment expenses	13.4	13.5	16.0	13.6	4
8. Capital gains deduction	97.0	89.2	88.6	89.7	4
Saskatchewan Non-Refundable Tax Credits					
1. Basic personal tax credit	1,041.6	1,049.9	1,042.6	1,054.8	4
2. Spousal tax credit.....	53.2	53.6	53.3	54.3	4
3. Equivalent-to-spouse tax credit	23.2	23.4	23.2	23.7	4
4. Age tax credit	34.0	34.3	34.0	35.2	4
5. Supplement to the age tax credit	14.5	14.6	14.5	14.8	5
6. Dependent child tax credit.....	106.1	106.9	106.2	107.6	5
7. Canada Pension Plan contributions tax credit ...	95.5	96.3	95.6	98.3	4
8. Employment Insurance premiums tax credit ...	27.4	27.6	27.4	28.1	4
9. Pension income tax credit	13.0	13.1	13.0	13.2	4
10. Student loan interest tax credit.....	1.1	1.1	1.1	1.1	4
11. Disability tax credit	23.3	23.5	23.3	24.0	4
12. Caregiver tax credit	3.2	3.2	3.2	3.3	4
13. Medical expenses tax credit.....	29.8	30.0	29.8	31.1	4
14. Charitable contributions tax credit.....	50.4	50.8	50.4	52.0	4
15. First-time homebuyers tax credit.....	4.5	4.5	4.5	4.5	4
16. Volunteer tax credits.....	–	–	2.5	2.5	4
Other Saskatchewan Tax Measures					
1. Labour-sponsored Venture Capital Tax Credit ..	10.8	10.5	12.0	12.0	4
2. Mineral Exploration Tax Credit	0.1	0.1	0.5	0.5	4
3. Political Contributions Tax Credit.....	1.3	1.4	2.0	1.2	4
4. Graduate Retention Program Tax Credit.....	64.9	64.7	64.6	64.9	6
Corporation Income Tax					
1. Lower tax rate for small business.....	380.0	339.7	393.2	469.9	2,7
2. Manufacturing and Processing Profits Tax Reduction.....	12.7	8.7	15.0	15.0	2,7
3. Investment Tax Credit for Manufacturing and Processing	38.6	28.2	40.0	40.0	2
4. Research and Development Tax Credit	7.9	10.4	15.0	15.0	2,4

TAX EXPENDITURES – NOTES

1. These measures provide tax relief for individuals and families (and in some cases, businesses) who purchase these particular essential items, thereby reducing the overall cost and contributing to affordability.
2. These measures provide tax relief to key sectors of the provincial economy and help ensure tax competitiveness with similar businesses in other jurisdictions.
3. This measure mitigates the impact of the PST for Saskatchewan residents with low and modest incomes.
4. Most of Saskatchewan's tax expenditures related to personal and corporate income taxes are provided because they form part of the federal definition of taxable income; others parallel similar federal tax expenditures. Descriptions of these measures and their objectives can be found in the federal government's report on tax expenditures, as previously noted.
5. Saskatchewan's dependent child tax credit and supplement to the age tax credit provide tax relief to families with children and to seniors. The dependent child tax credit recognizes the non-discretionary expenses of families with children. The supplement to the age tax credit provides broad tax relief to all seniors, recognizing that the age tax credit is income-tested.
6. The Graduate Retention Program encourages students who have graduated from a post-secondary institution to live and work in Saskatchewan by providing a tax credit of up to \$20,000 on their income tax.
7. While there is only one statutory tax rate for corporations, these preferential tax rates for small businesses and M&P businesses create a de facto progressive tax rate structure for some corporations. These measures are designed to encourage or attract investment, support business activity in key economic sectors, and allow these businesses to retain more of their earnings to reinvest and create jobs.

2021 INTERCITY COMPARISON OF TAXES AND UTILITIES

INTRODUCTION

A number of factors contribute to the quality of life enjoyed by individuals and families in Saskatchewan and across Canada. For example, access to excellent health care, education and social services is a key part of overall quality of life.

Other important factors that affect quality of life are the level of taxation and the cost of utilities and auto insurance. Calculating the combined cost of provincial taxes and utilities is a reliable way to compare the attractiveness of living in different parts of Canada.

For the purposes of such a comparison, the total cost of these taxes and utilities for representative families living in Regina has been compared with the costs those families would face in other major cities across the country.

The provincial taxes and utilities costs associated with the following family characteristics and income levels have been calculated to provide a representative comparison:

- a single person, living in rental accommodation, with an annual income of \$40,000;
- a family of two adults and two dependent children, owning its own home, with an annual family income of \$75,000;
- a family of two adults and two dependent children, owning its own home, with an annual family income of \$100,000; and,
- a family of two adults and two dependent children, owning its own home, with an annual family income of \$125,000.

SASKATCHEWAN'S RANKING FOR 2021

In 2021, Saskatchewan individuals and families will pay total provincial taxes that are very competitive with those paid in other Canadian cities, with a ranking among the lowest in Canada for all four representative family situations.

- A single person earning \$40,000 will pay \$3,094 in total provincial taxes.
- A two-income family earning \$75,000 will pay \$4,552 in total provincial taxes.
- A two-income family earning \$100,000 will pay \$7,581 in total provincial taxes.
- A two-income family earning \$125,000 will pay \$10,779 in total provincial taxes.

Regina also ranks favourably with other cities in Canada when comparing provincial taxes and utilities. For the representative family situations, Regina again ranks among the lowest overall for combined taxes and utilities of the 10 cities surveyed.

As described in the Notes section of this paper, the following tables reflect actual utility rates for the 2020 calendar year. They therefore do not incorporate the full impact of the SaskPower and Auto Fund rebates in 2021. If the tables were based on 2021 utility rates and rebates known as of publication for all jurisdictions then Saskatchewan's bundle of utility costs would be the lowest in the country.

2021 Intercity Comparison of Taxes and Utilities
Single Person at \$40,000 Total Income
(Values in Dollars)

	Vancouver	Calgary	Regina	Winnipeg	Toronto	Montréal	Saint John	Halifax	Charlotte-town	St. John's
<i>Provincial Taxes</i>										
<i>Provincial</i>										
Income Tax	1,331	1,801	2,221	3,086	1,338	2,737	2,583	3,181	2,955	2,534
Tax Credits and Rebates	(89)	0	(150)	0	(329)	(759)	(200)	0	(160)	(450)
Health Premiums	0	0	0	0	450	662	0	0	0	0
Sales Tax	746	0	873	893	1,192	1,487	1,490	1,490	1,490	1,490
Gasoline Tax	359	130	150	140	147	222	155	155	145	205
Total Provincial Taxes	2,347	1,931	3,094	4,119	2,798	4,349	4,028	4,826	4,430	3,779
<i>Household Utility Costs</i>										
Electricity	502	971	914	505	743	428	678	855	1,039	751
Telephone	362	361	258	394	388	388	391	392	394	389
Auto Insurance	2,850	3,256	1,231	1,355	5,312	1,899	1,621	1,992	1,754	2,991
Total Household Utility Costs	3,714	4,588	2,403	2,254	6,443	2,715	2,690	3,239	3,187	4,131
Total Taxes and Utilities	6,061	6,519	5,497	6,373	9,241	7,064	6,718	8,065	7,617	7,910

2021 Intercity Comparison of Taxes and Utilities
Family at \$75,000 Total Income
(Values in Dollars)

	Vancouver	Calgary	Regina	Winnipeg	Toronto	Montréal	Saint John	Halifax	Charlotte-town	St. John's
<i>Provincial Taxes</i>										
<i>Provincial</i>										
Income Tax	2,067	2,837	2,347	4,942	1,505	4,425	4,511	5,357	5,039	4,581
Tax Credits and Rebates	(1,380)	0	0	0	(1,290)	(4,324)	(60)	0	0	0
Health Premiums	0	0	0	0	750	1,324	0	0	0	0
Sales Tax	1,755	0	1,905	2,003	2,808	3,502	3,511	3,511	3,511	3,511
Gasoline Tax	718	260	300	280	294	444	310	310	302	410
Total Provincial Taxes	3,160	3,097	4,552	7,225	4,067	5,371	8,272	9,178	8,852	8,502
<i>Household Utility Costs</i>										
Home Heating	987	851	836	747	933	1,857	2,279	2,119	1,837	1,747
Electricity	830	1,730	1,414	813	1,086	641	1,039	1,410	1,342	1,180
Telephone	362	361	258	394	388	388	391	392	394	389
Auto Insurance	2,850	3,256	1,231	1,355	5,312	1,899	1,621	1,992	1,754	2,991
Total Household Utility Costs	5,029	6,198	3,739	3,309	7,719	4,785	5,330	5,913	5,327	6,307
Total Taxes and Utilities	8,189	9,295	8,291	10,534	11,786	10,156	13,602	15,091	14,179	14,809

2021 Intercity Comparison of Taxes and Utilities
Family at \$100,000 Total Income
(Values in Dollars)

	Vancouver	Calgary	Regina	Winnipeg	Toronto	Montréal	Saint John	Halifax	Charlotte-town	St. John's
<i>Provincial Taxes</i>										
Provincial										
Income Tax	3,925	5,167	5,080	7,961	4,076	8,245	7,537	8,800	8,123	7,478
Tax Credits and Rebates	(700)	0	0	0	(870)	(3,325)	0	0	0	0
Health Premiums	0	0	0	0	960	1,324	0	0	0	0
Sales Tax	2,025	0	2,201	2,326	3,274	4,082	4,092	4,092	4,092	4,092
Gasoline Tax	718	260	300	280	294	444	310	310	302	410
Total Provincial Taxes	5,968	5,427	7,581	10,567	7,734	10,770	11,939	13,202	12,517	11,980
<i>Household Utility Costs</i>										
Home Heating	987	851	836	747	933	1,857	2,279	2,119	1,837	1,747
Electricity	830	1,730	1,414	813	1,086	641	1,039	1,410	1,342	1,180
Telephone	362	361	258	394	388	388	391	392	394	389
Auto Insurance	2,850	3,256	1,231	1,355	5,312	1,899	1,621	1,992	1,754	2,991
Total Household Utility Costs	5,029	6,198	3,739	3,309	7,719	4,785	5,330	5,913	5,327	6,307
Total Taxes and Utilities	10,997	11,625	11,320	13,876	15,453	15,555	17,269	19,115	17,844	18,287

2021 Intercity Comparison of Taxes and Utilities
Family at \$125,000 Total Income
(Values in Dollars)

	Vancouver	Calgary	Regina	Winnipeg	Toronto	Montréal	Saint John	Halifax	Charlotte-town	St. John's
<i>Provincial Taxes</i>										
Provincial										
Income Tax	5,673	7,588	7,948	11,307	5,990	12,196	10,815	12,726	11,816	10,971
Tax Credits and Rebates	0	0	0	0	(450)	(2,325)	0	0	0	0
Health Premiums	0	0	0	0	1,200	1,324	0	0	0	0
Sales Tax	2,329	0	2,531	2,675	3,765	4,694	4,706	4,706	4,706	4,706
Gasoline Tax	718	260	300	280	294	444	310	310	302	410
Total Provincial Taxes	8,720	7,848	10,779	14,262	10,799	16,333	15,831	17,742	16,824	16,087
<i>Household Utility Costs</i>										
Home Heating	987	851	836	747	933	1,857	2,279	2,119	1,837	1,747
Electricity	830	1,730	1,414	813	1,086	641	1,039	1,410	1,342	1,180
Telephone	362	361	258	394	388	388	391	392	394	389
Auto Insurance	2,850	3,256	1,231	1,355	5,312	1,899	1,621	1,992	1,754	2,991
Total Household Utility Costs	5,029	6,198	3,739	3,309	7,719	4,785	5,330	5,913	5,327	6,307
Total Taxes and Utilities	13,749	14,046	14,518	17,571	18,518	21,118	21,161	23,655	22,151	22,394

TAXES AND UTILITIES – NOTES

Tax estimates are calculated for the 2021 calendar year using known changes as of March 5, 2021.

Household charges for the basic utility services (electricity, home heating, telephone and auto insurance) represent a cost comparison of the actual utility rates for the 2020 calendar year. This methodology has been chosen for the sake of certainty in citing utility costs. The utility figures exclude federal Goods and Services Tax, provincial sales taxes and municipal taxes and surcharges.

Provincial Income Tax is calculated based on the income level for each representative family situation. It is assumed that family income is earned by both spouses at a 60 per cent to 40 per cent ratio and that the families each claim \$3,000 in child care expenses for two dependent children (ages 6 and 12). Personal non-refundable credits used include the Canada Pension Plan/Québec Pension Plan and Employment Insurance contribution credits. Gross Québec personal income tax has been reduced by the Québec Child Care Expense Tax Credit and by the 16.5 per cent abatement from federal income tax.

Tax Credits and Rebates refer to refundable provincial income tax credits and rebates designed to reduce the impact of sales taxes.

Health Premiums are annual premiums for hospital insurance and medical services.

Sales Tax is based upon average family expenditure baskets at the total income levels from Statistics Canada's 2019 *Survey of Household Spending*. The sales tax base in each province was identified from the enacting legislation, with total expenditures

adjusted to reflect Saskatchewan consumption patterns. The sales tax in each province was then estimated based on taxable expenditures.

Gasoline Tax is based on annual consumption of 1,000 litres by a single person, and 2,000 litres for families. Figures include charges levied by transit commissions as well as provincial carbon taxes applied to the purchase of gasoline.

Home Heating charges are based on an annual consumption level of 2,800 m³ of natural gas. For Charlottetown and St. John's, the figures represent the BTU equivalent consumption of fuel oil.

Electricity charges are based on an annual consumption level of 4,584 kWh for renters and 8,100 kWh for homeowners.

Telephone charges are the basic service rates for individual residences.

Auto Insurance is based on a composite index developed by SGI modelled after the index developed by the Consumers' Association of Canada. The index is based on the actual insurance rates quoted for what drivers would pay in each jurisdiction if they had the same car, coverage, claims history and driving record at a consistent point in time. The Consumers' Association of Canada developed 34 profiles to create this index. The impacts of "Good Driver" discounts/rebates have been factored in for all applicable jurisdictions. Auto insurance rates for Montréal, Saint John, Halifax, Charlottetown and St. John's are unchanged from last year's comparison, as SGI no longer has access to rate information in these jurisdictions.

2020-21 BUDGET UPDATE THIRD QUARTER

OVERVIEW

At third quarter, a deficit of \$1.9 billion is forecast, a total improvement of \$561.2 million from budget, and an improvement of \$179.7 million since mid-year.

Revenue is forecast to increase \$447.0 million from budget and expense is forecast to decrease \$114.2 million from budget.

The \$100.0 million revenue risk allowance included at mid-year has been removed in the third quarter forecast update. The budgeted \$200.0 million expense contingency has been fully allocated and, therefore, also removed in the forecast update.

2020-21 BUDGET UPDATE – THIRD QUARTER

(millions of dollars)	Budget	Mid-Year Projection	Third Quarter Forecast	Third Quarter Change from Budget	
				Budget	Mid-Year
Revenue					
Taxation	7,202.8	7,161.6	6,706.2	(496.6)	(455.4)
Non-Renewable Resources	997.4	1,053.8	1,096.2	98.8	42.4
GBE Net Income	728.8	874.4	1,104.9	376.1	230.5
Other Own-Source Revenue	1,933.1	1,933.1	1,969.1	36.0	36.0
Federal Transfers	2,786.6	3,229.3	3,219.3	432.7	(10.0)
Revenue Risk Allowance	–	(100.0)	–	–	100.0
Total Revenue	13,648.7	14,152.2	14,095.7	447.0	(56.5)
Expense					
Agriculture	798.8	593.7	561.0	(237.8)	(32.7)
Community Development	762.8	834.8	813.0	50.2	(21.8)
Economic Development	389.8	494.0	503.7	113.9	9.7
Education	3,361.9	3,397.3	3,379.2	17.3	(18.1)
Environment and Natural Resources	362.4	362.4	302.5	(59.9)	(59.9)
Financing Charges	718.2	724.6	713.5	(4.7)	(11.1)
General Government	421.9	396.2	395.6	(26.3)	(0.6)
Health	6,176.3	6,351.1	6,362.0	185.7	10.9
Protection of Persons and Property	806.5	806.5	842.5	36.0	36.0
Social Services and Assistance	1,490.3	1,490.3	1,464.2	(26.1)	(26.1)
Transportation	585.8	585.8	623.3	37.5	37.5
Health and Public Safety Contingency	200.0	160.0	–	(200.0)	(160.0)
Total Expense	16,074.7	16,196.7	15,960.5	(114.2)	(236.2)
Deficit	(2,426.0)	(2,044.5)	(1,864.8)	561.2	179.7

REVENUE UPDATE

Revenue is now forecast to be \$14.1 billion in 2020-21, an increase of \$447.0 million (3.3 per cent) from budget, and \$56.5 million lower than expected at mid-year.

The increase from budget is due to significant increases in federal transfers and net income from Government Business Enterprises, as well as more modest increases in non-renewable resource revenue and other own-source revenue. These gains are partially offset by lower taxation revenue.

Significant changes from budget are described below.

Taxation revenue is forecast to decrease \$496.6 million from budget.

Corporate income tax is down \$362.4 million from budget. The decrease is primarily due to the cost of accruing a significant liability related to prior-year assessments. In addition, the forecast is down from budget as a result of weaker-than-expected assessments for the 2019 tax year and the impact of the small business income tax rate reduction to 0 per cent, effective October 1, 2020.

Personal income tax is down \$140.4 million from budget, primarily due to weaker-than-anticipated 2019 assessments and the October 1, 2020 implementation of the Saskatchewan Home Renovation Tax Credit.

Provincial Sales Tax (PST) is forecast to be down a net \$24.9 million from budget. Better-than-expected economic performance this year has resulted in a \$35.0 million increase to the PST forecast at third quarter. However, this increase is more than offset by a \$59.9 million reduction as a result of a new accounting treatment that eliminates the PST paid on capital purchases by ministries and Government Service Organizations in the summary budget.

Finally, Tobacco Tax and other taxes (primarily Liquor Consumption Tax and Cannabis Excise Tax) are forecast to be up \$14.0 million and \$11.2 million from budget, respectively, reflecting stronger-than-expected economic activity this year.

Non-renewable resources revenue is forecast to increase \$98.8 million from budget.

At third quarter, oil and natural gas revenue is forecast to be \$187.2 million higher than budget. The increase is primarily due to an increase in West Texas

2020-21 NON-RENEWABLE RESOURCES FORECAST ASSUMPTIONS

	Budget	Mid-Year Projection	Third Quarter Forecast	Third Quarter Change from	
				Budget	Mid-Year
WTI Oil Price (US\$/barrel)	30.00	38.70	42.27	12.27	3.57
Light-Heavy Differential (% of WTI)	40.0	20.5	18.1	(21.9)	(2.4)
Well-head Oil Price (C\$/barrel) ¹	21.00	36.00	39.05	18.05	3.05
Oil Production (million barrels)	146.0	156.3	154.0	8.0	(2.3)
Potash Price (mine netback, US\$/KCl tonne) ²	188	178	180	(8)	2
Potash Price (mine netback, C\$/K ₂ O tonne) ²	434	389	390	(44)	1
Potash Sales (million K ₂ O tonnes) ²	13.9	13.8	14.0	0.1	0.2
Canadian Dollar (US cents)	71.00	74.73	75.70	4.70	0.97

¹ The average price per barrel of Saskatchewan light, medium and heavy oil.

² Ministry of Finance calculations derived from calendar-year forecasts.

Intermediate (WTI) oil prices, a narrower light-heavy oil differential and a forecast increase in production, partially offset by a higher average exchange rate forecast.

WTI oil prices have steadily recovered this fiscal year, increasing from a monthly average of US\$16.70 in April to US\$59.06 in February. As a result, WTI oil prices are now forecast to average US\$42.27 per barrel in 2020-21, compared to the budget assumption of US\$30.00 per barrel.

The light-heavy differential (as a per cent of WTI) is expected to average 18.1 per cent in 2020-21, a decrease of 21.9 percentage points from the budget assumption of 40.0 per cent, reflecting Western Canadian heavy crude shut-ins and increased demand from U.S. refineries. A narrower light-heavy oil differential results in higher well-head prices in Saskatchewan and higher oil revenue, all else equal.

The value of the Canadian dollar has also strengthened over the course of the fiscal year, from an average of 71.1 U.S. cents in April to 78.8 U.S. cents in February. The exchange rate is now expected to average 75.7 U.S. cents in 2020-21, up 4.7 U.S. cents from the budget assumption of 71.0 U.S. cents. This increase offsets some of the gains from higher oil prices as a higher Canadian dollar results in lower well-head prices in Canadian dollars and lower oil revenue.

Overall, the result of these forecast changes is a well-head price forecast in Canadian dollars of \$39.05 per barrel, up \$18.05 from the budget forecast of \$21.00.

In addition, oil production is forecast to increase from 146.0 million barrels at budget to 154.0 million barrels at third quarter.

Resource Surcharge revenue is forecast to increase \$13.4 million from budget, primarily reflecting a higher forecast for oil sales values, partially offset by a lower forecast for potash sales values.

Potash royalties are forecast to decrease \$64.9 million from budget, mainly due to lower average realized prices in U.S. dollars and an increase in the average exchange rate forecast. Prices are now forecast to average US\$180 per KCl tonne (C\$390 per K₂O tonne), down from the budget assumption of US\$188 (C\$434).

Other non-renewable resources revenue, including uranium, coal and other minerals, is forecast to decrease \$31.1 million from budget. The decrease is mainly due to a larger-than-budgeted impact of the Cigar Lake mine closures on royalties and a lower uranium price forecast.

Finally, Crown land sales are \$5.8 million lower than budgeted, reflecting lower-than-expected actual sales in 2020-21.

Government Business Enterprise (GBE) net income is forecast to increase \$376.1 million from budget as net income from all commercial Crowns is forecast to be higher than budget.

This increase in GBE net income reflects the following variances from budget:

- \$91.8 million increase in Saskatchewan Auto Fund net income (net of the policy holder rebate and enhanced auto injury benefits announced on February 28, 2021), mostly related to higher investment income; a quicker-than-expected recovery from COVID-19 resulting in higher-than-expected revenue from premiums, registration financing and driver penalties, as well as lower claims expenses;
- \$64.1 million increase in SaskPower net income, primarily due to an unbudgeted legal settlement and higher Saskatchewan electricity sales in all customer classes except commercial;
- \$63.0 million increase in Saskatchewan Liquor and Gaming Authority net income, primarily due to a better-than-expected recovery from COVID-19 closures;

- \$54.6 million increase in Saskatchewan Government Insurance net income, mostly related to higher investment income and higher premium revenue as a result of a quicker-than-expected pandemic recovery;
- \$44.2 million increase in SaskTel net income, mainly due to strong wireless access growth and device revenue, increased business use of managed video conferencing and teleconferencing services with a resultant increase in network and connectivity usage, and one-time equipment sales driven by the pandemic (work from home and safety protocols);
- \$38.9 million increase in SaskEnergy net income, mostly due to higher revenue resulting from colder-than-normal weather and higher natural gas prices, along with lower operating and depreciation expense;
- \$15.3 million improvement in Saskatchewan Gaming Corporation results, from a \$22.4 million net loss at budget to a \$7.1 million net loss at third quarter, primarily due to better-than-anticipated results realized during the period (July 9, 2020 to December 18, 2020) that Casinos Regina and Moose Jaw were open; and,
- \$4.2 million net increase across all other entities.

Other own-source revenue is forecast to increase \$36.0 million from budget.

Fees revenue is forecast to increase \$88.8 million from budget, while miscellaneous revenue is forecast to decrease \$78.0 million. A reclassification of certain health-sector revenues from miscellaneous revenue to fees revenue explains the majority of the variances from budget.

Investment income is forecast to increase \$14.0 million, mainly due to higher-than-budgeted sinking fund earnings.

Insurance revenue is forecast to increase \$6.6 million from budget, mainly due to higher-than-budgeted producer premiums for the Livestock Price Insurance Program, while transfers from other governments are forecast to increase \$4.6 million from budget.

Transfers from the federal government are forecast to increase \$432.7 million from budget and includes the following increases:

- \$338.1 million for Saskatchewan's share of the federal Safe Restart Agreement;
- \$74.9 million for Saskatchewan's share of the federal Safe Return to Class Fund;
- \$20.1 million at the Saskatchewan Crop Insurance Corporation, mainly due to an increase in AgriStability program payments;
- \$18.6 million for Saskatchewan's claim under the federal Fiscal Stabilization Program related to fiscal year 2016-17 (in addition to the initial \$20.3 million payment that was received and recorded in 2019-20); and,
- \$17.1 million at the Ministry of Immigration and Career Training for one-time Workforce Development Agreement top-up funding.

These increases are partially offset by a \$50.0 million decrease in federal funding that will be recognized in the next two fiscal years rather than in 2020-21 for the Accelerated Site Closure Program as fewer projects are expected to be completed this fiscal year. In addition, the Canada Health Transfer and Canada Social Transfer are down \$5.4 million and \$1.9 million from budget, respectively, due to revised federal population estimates.

Finally, the \$100.0 million revenue risk allowance included in the mid-year report to cushion against potential COVID-related revenue deterioration over the second half of the fiscal year has now been removed as the fiscal year comes to a close.

EXPENSE UPDATE

At third quarter, expense is forecast to be nearly \$16.0 billion in 2020-21, a decrease of \$114.2 million (0.7 per cent) from budget and a \$236.2 million decrease since mid-year. Major changes in expense themes from budget are described below.

Health is up \$185.7 million from budget reflecting additional COVID-related pressures across the health system, including compensation and personal protective equipment, as well as cohorting and other measures at long-term care homes.

Economic Development is up \$113.9 million, largely reflecting \$85.2 million for the SaskPower customer rebate program. The forecast update also includes a net \$28.7 million increase across the rest of the theme, primarily for unbudgeted COVID-19 support programs, including the Saskatchewan Tourism Sector Support Program, the extension of the Small Business Emergency Payment Program and grants to support the Western Hockey League and the Saskatchewan Junior Hockey League.

Community Development is up \$50.2 million, reflecting \$70.3 million for the municipal portion of the federal-provincial Safe Restart Agreement (which is fully offset by federal transfers), partially offset by lower expense at several entities due to the deferral of projects and COVID-related impacts.

Transportation is up \$37.5 million, largely due to higher-than-budgeted winter maintenance costs and additional funding for the Rural Integrated Roads for Growth and the Urban Highway Connector programs.

Protection of Persons and Property is up \$36.0 million, mainly due to increased COVID-related expense at the Ministry of Corrections, Policing and Public Safety, the Ministry of Justice and Attorney General and the Saskatchewan Public Safety Agency.

Education is up \$17.3 million from budget, reflecting an \$84.2 million increase in provincial and federal funding for the safe re-opening of the K-12 school system and \$20.7 million of safe restart funding provided to the child-care sector. These increases are partially offset by a \$38.3 million decrease in pension expense due to changes in actuarial assumptions, a \$37.4 million decrease as school divisions did not utilize the anticipated level of restricted reserves due to the impacts of COVID-19 closures earlier in the year and a \$6.5 million decrease in provincial and apprenticeship training allowances.

In addition to the \$84.2 million of funding noted above, another \$20.7 million of provincial funding has been provided to school divisions to be used next year to continue responding to COVID-19. When combined with \$40.0 million of school division spending on COVID-related costs funded from prior-year savings and \$10.0 million of COVID-related capital asset purchases, a total of \$154.9 million has been invested in the Saskatchewan Safe Schools Plan.

Agriculture is down \$237.8 million, primarily due to lower crop insurance indemnities as a result of favourable crop conditions.

Environment and Natural Resources is down \$59.9 million, mainly due to lower activity in the Accelerated Site Closure Program in 2020-21 and a shift of projects into the next two fiscal years.

Social Services and Assistance is down \$26.1 million due to lower-than-budgeted income assistance expense and reduced spending under the national housing strategy, partially offset by unbudgeted COVID-related expenses, primarily costs for the hotel isolation program and safety measures for children coming into care.

General Government expense is down \$26.3 million from budget. The decrease includes a \$24.9 million decrease in pension expense, largely due to changes in actuarial assumptions, and a \$6.7 million decrease in public employees' dental plan claims, partially offset by a \$5.5 million increase for the Chief Electoral Officer to implement COVID-19 safety protocols for the provincial election.

Financing Charges are down \$4.7 million from budget, mainly due to lower-than-budgeted interest rates, partially offset by higher pension expense.

Finally, the \$200.0 million budgeted health and public safety contingency has been fully allocated as follows:

- \$75.6 million for Saskatchewan Health Authority COVID pressures;
- \$40.0 million for the Safe Schools Plan;
- \$20.0 million for the Saskatchewan Small Business Emergency Payment Program;
- \$17.0 million for Tourism supports;
- \$14.2 million for Municipal Grants for Growth;
- \$12.3 million for Public Safety response;
- \$9.9 million for Custody Services;
- \$5.5 million for the Chief Electoral Officer;
- \$3.2 million for Court Service enhancements;
- \$1.8 million for Saskatchewan Polytechnic Dental Lab renovations; and,
- \$0.5 million for Conexus Arts Centre support.



SASKATCHEWAN PROVINCIAL BUDGET

21-22

BUDGET FINANCIAL TABLES

GOVERNMENT OF SASKATCHEWAN

Budget For the Year Ended March 31

(millions of dollars)			
	Budget 2021-22	Forecast 2020-21	Budget 2020-21
Revenue			
Taxation	7,238.0	6,706.2	7,202.8
Non-renewable resources	1,328.5	1,096.2	997.4
Net income from government business enterprises	899.2	1,104.9	728.8
Other own-source revenue	2,104.1	1,969.1	1,933.1
Transfers from the federal government	2,908.5	3,219.3	2,786.6
Total Revenue	14,478.3	14,095.7	13,648.7
Expense			
Agriculture	879.3	561.0	798.8
Community development	690.4	813.0	762.8
Economic development	527.0	503.7	389.8
Education	3,753.2	3,379.2	3,361.9
Environment and natural resources	414.9	302.5	362.4
Financing charges	755.0	713.5	718.2
General government	524.6	395.6	421.9
Health	6,535.3	6,362.0	6,176.3
Protection of persons and property	845.1	842.5	806.5
Social services and assistance	1,556.7	1,464.2	1,490.3
Transportation	607.7	623.3	585.8
Health and public safety contingency ¹	—	—	200.0
Total Expense	17,089.2	15,960.5	16,074.7
Deficit	(2,610.9)	(1,864.8)	(2,426.0)

Totals may not add due to rounding.

¹ The 2020-21 budgeted health and public safety contingency has been reported in the 2020-21 forecast within the applicable expense themes.

GOVERNMENT OF SASKATCHEWAN

Statement of Accumulated Deficit For the Year Ended March 31

(millions of dollars)			
	Budget 2021-22	Forecast 2020-21	Budget 2020-21
Accumulated deficit, beginning of year	(2,094.6)	(229.8) ¹	(191.3)
Deficit	(2,610.9)	(1,864.8)	(2,426.0)
Accumulated Deficit, End of Year	(4,705.5)	(2,094.6)	(2,617.3)

Totals may not add due to rounding.

¹ Accumulated deficit as at March 31, 2020, as reported in the 2019-20 Summary Financial Statements, increased by \$38.5 million to remove provincial sales tax on capital assets.

GOVERNMENT OF SASKATCHEWAN

Statement of Change in Net Debt For the Year Ended March 31

(millions of dollars)			
	Budget 2021-22	Forecast 2020-21	Budget 2020-21
Deficit	(2,610.9)	(1,864.8)	(2,426.0)
Acquisition of government service organization capital assets	(1,089.9)	(988.8)	(1,044.2)
Amortization of government service organization capital assets ¹	628.1	630.2	637.3
Increase in Net Debt	(3,072.7)	(2,223.4)	(2,832.9)
Net debt, beginning of year	(14,512.3)	(12,288.9)	(12,288.9)
Net Debt, End of Year	(17,585.0)	(14,512.3)	(15,121.8)

Totals may not add due to rounding.

¹ Includes disposals and adjustments.

GOVERNMENT OF SASKATCHEWAN

Schedule of Pension Liabilities As at March 31

(millions of dollars)			
	Budget 2021-22	Forecast 2020-21	Budget 2020-21
Pension liabilities, beginning of year	6,573.5	7,152.3 ¹	7,152.3
Adjustment to account for pension costs on an accrual basis	(99.8)	(578.8)	(514.5)
Pension Liabilities, End of Year	6,473.7	6,573.5	6,637.8

Totals may not add due to rounding.

¹ Pension liabilities as at March 31, 2020, as reported in the 2019-20 Summary Financial Statements.

GOVERNMENT OF SASKATCHEWAN

Schedule of Capital Assets As at March 31

(millions of dollars)							
	Net Book Value March 31 2020	– 2020-21 Additions ¹	Forecast – Amortization ²	Forecast Net Book Value March 31 2021	– 2021-22 Additions ¹	Budget – Amortization ²	Budget Net Book Value March 31 2022
Government service organizations	11,820.3 ³	988.8	(630.2)	12,178.9	1,089.9	(628.1)	12,640.7
Government business enterprises	15,723.9 ⁴	1,330.3	(892.1)	16,162.1	1,574.3	(944.3)	16,792.1
Total Capital Assets	27,544.2	2,319.1	(1,522.3)	28,341.0	2,664.2	(1,572.4)	29,432.8

Totals may not add due to rounding.

¹ Includes only capital assets acquired by government entities. Capital transfers provided to entities outside the government reporting entity are expensed.

² Includes disposals and adjustments.

³ Net book value as at March 31, 2020, as reported in the 2019-20 Summary Financial Statements, decreased by \$38.5 million to remove capitalized provincial sales tax.

⁴ Net book value as at March 31, 2020, as reported in the 2019-20 Summary Financial Statements.

GOVERNMENT OF SASKATCHEWAN

Schedule of Public Debt As at March 31

(millions of dollars)					
	Budget General Debt ¹ 2021-22	Budget GBE Specific Debt 2021-22	Budget Public Debt ² 2021-22	Forecast Public Debt ² 2020-21	Budget Public Debt ² 2020-21
Government Service Organization (GSO) Debt					
General Revenue Fund					
– Operating	9,400.0	–	9,400.0	7,200.0	7,300.0
– Saskatchewan Capital Plan ³	8,142.0	–	8,142.0	6,690.0	6,691.4
Boards of Education	136.9	–	136.9	145.5	144.1
Global Transportation Hub Authority	40.2	–	40.2	44.2	39.8
Health Sector Affiliates	9.6	–	9.6	9.6	9.6
Saskatchewan Health Authority	59.7	–	59.7	76.0	75.5
Saskatchewan Opportunities Corporation	49.3	–	49.3	50.1	52.3
Water Security Agency	14.3	–	14.3	20.0	20.0
Other	3.4	–	3.4	3.9	3.9
Government Service Organization Debt	17,855.4	–	17,855.4	14,239.3	14,336.6
Government Business Enterprise (GBE) Debt					
Municipal Financing Corporation of Saskatchewan	91.1	152.7	243.8	236.2	201.4
Saskatchewan Gaming Corporation	–	5.0	5.0	5.0	15.0
Saskatchewan Liquor and Gaming Authority	–	89.8	89.8	94.8	94.2
Saskatchewan Power Corporation	83.5	6,329.7	6,413.2	6,127.5	6,652.8
Saskatchewan Telecommunications Holding Corporation	–	1,335.3	1,335.3	1,214.9	1,275.1
Saskatchewan Water Corporation	–	80.9	80.9	78.7	79.4
SaskEnergy Incorporated	62.6	1,680.3	1,742.9	1,600.4	1,714.7
Government Business Enterprise Debt⁴	237.2	9,673.7	9,910.9	9,357.5	10,032.6
Total	18,092.6	9,673.7	27,766.3	23,596.8	24,369.2
Guaranteed Debt	0.1	–	0.1	0.2	0.8

Totals may not add due to rounding.

¹ General debt is issued by GSOs and includes issued amounts subsequently transferred to GBEs.

² Public debt is shown net of sinking funds.

³ General Revenue Fund – Saskatchewan Capital Plan consists of amounts borrowed by the General Revenue Fund to finance investment in capital assets.

⁴ GBE debt includes both general debt and GBE-specific debt. General debt of GBEs is the amount transferred from the General Revenue Fund to a GBE and recorded as a loan receivable in the Summary Financial Statements. GBE-specific debt is debt issued by, or specifically on behalf of, GBEs. GBE-specific debt is included in “Investment in government business enterprises” in the Summary Financial Statements.

GOVERNMENT OF SASKATCHEWAN

Schedule of Revenue For the Year Ended March 31

(millions of dollars)

	Budget 2021-22	Forecast 2020-21	Budget 2020-21
Own-Source			
Taxation			
Corporation income	754.6	418.5	780.9
Fuel	477.9	444.0	444.0
Individual income	2,420.8	2,465.0	2,605.4
Property	784.8	773.0	767.1
Provincial sales	2,144.0	1,971.1	1,996.0
Tobacco	201.8	201.7	187.7
Other	454.1	432.9	421.7
Total Taxation	7,238.0	6,706.2	7,202.8
Non-Renewable Resources			
Crown land sales	9.2	6.7	12.5
Oil and natural gas	505.1	362.3	175.1
Potash	431.8	404.5	469.4
Resource surcharge	302.6	265.8	252.4
Other	79.8	56.9	88.0
Total Non-Renewable Resources	1,328.5	1,096.2	997.4
Net Income from Government Business Enterprises			
Municipal Financing Corporation of Saskatchewan	1.1	1.2	1.0
Saskatchewan Auto Fund	192.1	213.0	121.2
Saskatchewan Gaming Corporation	11.5	(7.1)	(22.4)
Saskatchewan Government Insurance	40.0	135.8	81.2
Saskatchewan Liquor and Gaming Authority	423.4	326.6	263.6
Saskatchewan Power Corporation	16.7	136.4	72.3
Saskatchewan Telecommunications Holding Corporation	100.0	126.0	81.8
Saskatchewan Water Corporation	7.0	8.6	6.2
SaskEnergy Incorporated	49.7	58.9	20.0
Saskatchewan Workers' Compensation Board	(1.3)	111.1	102.4
Consolidation adjustments	59.0	(5.6)	1.5
Total Net Income from Government Business Enterprises	899.2	1,104.9	728.8
Other Own-Source Revenue			
Fees	1,170.0	1,131.8	1,043.0
Insurance	282.7	284.2	277.6
Investment Income	88.4	119.7	105.7
Transfers from other governments	73.2	76.8	72.2
Miscellaneous	489.8	356.6	434.6
Total Other Own-Source Revenue	2,104.1	1,969.1	1,933.1
Total Own-Source	11,569.8	10,876.4	10,862.1
Transfers from the Federal Government			
Canada Health Transfer	1,330.4	1,296.5	1,301.9
Canada Social Transfer	477.4	465.2	467.1
Other	1,100.7	1,457.6	1,017.6
Total Transfers from the Federal Government	2,908.5	3,219.3	2,786.6
Total Revenue	14,478.3	14,095.7	13,648.7

Totals may not add due to rounding.

GOVERNMENT OF SASKATCHEWAN

Glossary of Financial Terms

Accumulated Deficit

The amount by which expense has exceeded revenue from the beginning of provincial incorporation (1905), plus any adjustments that were charged directly to the accumulated deficit. It is calculated as the difference between total assets and liabilities.

Accumulated Surplus

The amount by which revenue has exceeded expense from the beginning of provincial incorporation (1905), plus any adjustments that were charged directly to the accumulated surplus. It is calculated as the difference between total assets and liabilities.

Amortization

The systematic process of allocating an amount to revenue or expense over a period. Capital assets are amortized to expense over their expected remaining economic lives. Actuarial gains and losses, such as those experienced by pension plans, and certain amounts relating to financial instruments are also amortized.

Budget

Government's main financial plan that accounts for the full nature and extent of the planned financial activities of all entities in the government reporting entity.

Capital Asset

An asset with physical substance that has an economic life extending beyond one year, to be used on a continuing basis and not for sale in the ordinary course of operations.

Consolidation

The method used to account for government service organizations (GSOs). Financial accounts of the GSOs are adjusted to the basis of accounting described in note 1 of the Summary Financial Statements and the adjusted amounts are combined with amounts for other GSOs and partnerships. Inter-entity balances and transactions are eliminated.

Debt

Obligations incurred through the issuance of debt instruments. Debt does not include other liabilities such as accounts payable or pension obligations. Terms used to describe debt include:

- **Gross Debt:** borrowings through the issuance of debt instruments such as promissory notes and debentures.
- **Sinking Funds:** funds set aside for the repayment of debt.
- **Public Debt:** gross debt net of sinking funds.
- **General Debt:** public debt net of loans to Crown corporations for Government Business Enterprise (GBE) specific debt.
- **GBE-Specific Debt:**
 - debt issued by GBEs; or
 - debt issued by the General Revenue Fund (GRF) specifically on behalf of a GBE where the government expects to realize the receivable from the GBE and settle the external debt simultaneously.
- **Guaranteed Debt:** debt of others that the government has agreed to repay if the others default.

Deficit

The amount by which expense exceeds revenue for a fiscal period.

Financing Charges

Costs associated with general debt, pension liabilities, obligations under long-term financing arrangements such as public-private partnerships (P3s) and capital lease obligations. Financing charges include interest, foreign exchange gains and losses, discounts, fees and commissions.

General Revenue Fund (GRF)

The primary operational account for the government through which all provincial monies under the direct authority of the Legislative Assembly are collected and disbursed. The GRF is a GSO and is included in the government reporting entity.

Government Business Enterprise (GBE)

An entity that is controlled by the government, is self-sufficient and has the financial and operating authority to sell goods and services to individuals and organizations outside the government reporting entity as its principal activity. GBEs are recorded in the Budget using the modified equity method.

Government Reporting Entity

The set of entities that are either controlled by government (GSOs and GBEs) or subject to shared control (partnerships).

Government Service Organization (GSO)

An entity that is controlled by the government, except those designated as GBEs or partnerships. GSOs are consolidated in the Budget.

Modified Equity

The method used to account for GBEs. The government's share of GBE net earnings or losses is included in budgeted revenue. The government's investment, which is originally recorded at cost, is adjusted annually to include the net earnings or losses and other net equity changes of the GBE.

Net Debt

The difference between liabilities and financial assets. Net debt represents the future revenue required to pay for past transactions or events.

Partnership

A contractual arrangement between the government and one or more partners outside the government reporting entity where the partners share, on an equitable basis, the risks and benefits of the arrangement. Partnerships are proportionately consolidated in the Budget.

Pension Liability

An actuarial estimate of discounted future payments to be made to retirees under government pension plans, net of plan assets.

Proportionate Consolidation

The method used to account for partnerships. Financial accounts of the partnership are adjusted to the basis of accounting described in note 1 of the Summary Financial Statements and the government's proportionate share of the adjusted amounts is combined with amounts for GSOs and other partnerships. Inter-entity balances and transactions are eliminated.

Public Private Partnership (P3)

A partnership arrangement in the form of a long-term performance-based agreement between the public sector and the private sector to deliver public infrastructure. The liabilities arising from P3 arrangements are classified as obligations under long-term financing arrangements.

Surplus

The amount by which revenue exceeds expense for a fiscal period.