

The Honourable Donna Harpauer
Deputy Premier and Minister of Finance



SASKATCHEWAN PROVINCIAL BUDGET

22-23

BACK ON TRACK

Minister's Message

I am pleased to table the 2022-23 Budget and supporting documents for public discussion and review.

Saskatchewan's economy and finances are back on track. A deficit of \$463 million is forecast for 2022-23, a \$2.1 billion improvement over last year's budget.

Our plan to balance is on track. Smaller deficits of \$384 million in 2023-24, \$321 million in 2024-25 and \$165 million in 2025-26 are expected for the medium-term. Our budget is projected to be balanced in 2026-27.

Revenue is forecast at \$17.2 billion in this budget, up \$2.7 billion from last year's budget. Taxation revenue, due to higher income and sales tax revenue projections in a strong economy, as well as higher non-renewable resource revenue due to higher potash and oil price expectations, are driving the growth.

Expense of \$17.6 billion is forecast in the 2022-23 Budget, an increase of \$531.0 million, or 3.1 per cent from last year's budget. This budget strengthens and protects Saskatchewan, with key investments in priority areas including health, social services and assistance, education and protection of persons and property.

The province's economy is back on track, growing past pre-pandemic levels with 3.5 per cent real GDP growth expected for 2021, and 3.7 per cent growth projected for 2022, even as Saskatchewan protects lives and livelihoods through the end of the pandemic.

This budget makes key investments to help make our resurgent economy even stronger. And the 2022-23 Budget builds a better Saskatchewan with a record \$3.2 billion capital plan investing in needed infrastructure – hospitals, schools, highways, municipal and Crown capital projects.

Our province has a vastly improved financial picture, and a solid plan to return to balance.

Our economy is rebounding, helping to ensure the services, programs and infrastructure investments Saskatchewan people value are sustainable today and into the future.

Saskatchewan people are strong, resilient and optimistic. They know our best days lie ahead. Saskatchewan is back on track.

A handwritten signature in black ink, reading "Donna Harpauer". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Honourable Donna Harpauer
Deputy Premier and Minister of Finance

Table of Contents

Minister's Message

Government Direction For 2022-23

| | |
|---------------|---|
| Back On Track | 6 |
|---------------|---|

| | |
|--|-----------|
| 2022-23 Saskatchewan Capital Plan | 22 |
|--|-----------|

Technical Papers

| | |
|--|----|
| The Saskatchewan Economy | 30 |
| 2022-23 Fiscal Outlook | 41 |
| 2022-23 Borrowing and Debt | 56 |
| 2022-23 Revenue Initiatives | 60 |
| Saskatchewan's Tax Expenditures | 64 |
| 2022 Intercity Comparison of Taxes and Utilities | 69 |
| 2021-22 Budget Update Third Quarter | 73 |

Budget Financial Tables

| | |
|----------------------------------|----|
| Budget | 80 |
| Statement of Accumulated Deficit | 81 |
| Statement of Change in Net Debt | 81 |
| Schedule of Pension Liabilities | 82 |
| Schedule of Capital Assets | 82 |
| Schedule of Public Debt | 83 |
| Schedule of Revenue | 84 |
| Glossary of Financial Terms | 85 |



SASKATCHEWAN PROVINCIAL BUDGET

22-23

GOVERNMENT DIRECTION FOR 2022-23

Government Direction – 2022-23

BACK ON TRACK

Saskatchewan is back on track. The province's economy is growing past pre-pandemic levels, moving forward to a brighter future.

Saskatchewan's finances are strong. A deficit of \$463 million is projected in the 2022-23 Budget, a \$2.1 billion improvement over 2021-22.

Saskatchewan's fiscal plan to balance by 2026-27 is on track, with successively stronger results each year, achieved through careful management of spending and prudent revenue forecasts.

This Budget strengthens and protects Saskatchewan, with record investment into priority programs, services and capital projects in health care, education, social services, and the protection of people and property.

The 2022-23 Budget aligns with *Saskatchewan's Growth Plan* purpose, to build a better quality of life for Saskatchewan people. This Budget includes funding for thousands of additional surgeries, to reduce wait times.

An agency dedicated to recruit doctors, nurses and other health care professionals is part of this Budget. Increased funding to hire continuing care aides to help deliver long-term care, is included in this Budget. And it includes increases to recruit and retain physicians, hire and train more nurses, and to hire more paramedics.

This Budget helps make access to high-quality child care more affordable. It includes increased assistance for those who are among the province's most vulnerable. Community-based organizations will get a lift in this Budget and our province becomes safer through investments to address and reduce crime.

Budget 2022-23 is on track to help Saskatchewan's growing economy become even stronger. Saskatchewan will build on traditional areas of economic strength like food, fuel, fertilizer and forestry, while also expanding new opportunities both here at home and in export markets abroad.

The rapid growth of streaming services has created unprecedented opportunities in the film and television industry. This Budget includes an increased grant to attract investment in new film and television productions here in Saskatchewan.

This Budget establishes a Saskatchewan Indigenous Investment Finance Corporation to provide loan guarantees for projects that will help Indigenous people to participate in our growing economy. It also invests in the province's trade and investment strategy and further strengthens the Saskatchewan Value-added Agriculture Incentive.

The 2022-23 Budget will build a better Saskatchewan, keeping the province on track with a capital plan focused on the *Growth Plan Goal* to invest \$30.0 billion into infrastructure by 2030.

Budget

For the Year Ended March 31

| (millions of dollars) | 2019-20 Actual | 2020-21 Actual | 2021-22 Budget | 2021-22 Forecast | 2022-23 Budget |
|-----------------------|-------------------|-------------------|-------------------|---------------------|-------------------|
| Revenue | 14,887 | 14,524 | 14,478 | 17,496 | 17,158 |
| Expense | 15,206 | 15,651 | 17,089 | 19,681 | 17,621 |
| Deficit | (319) | (1,127) | (2,611) | (2,185) | (463) |

The 2022-23 Budget includes investment into new hospitals in Prince Albert and Weyburn, into long-term care facilities and into schools in our cities and in smaller centres.

The capital plan includes more than 1,100 kilometres of highways, on track with the province's *Growth Plan* goal of 10,000 kilometres of new highway by 2030.

Vital municipal infrastructure is part of the capital plan, along with Crown capital for power generation and distribution, telecommunications networks, distribution of natural gas, and other needed services – to create jobs, to help ignite our economy and to meet the needs of Saskatchewan people.

Saskatchewan is back on track with a vastly improved financial picture and a plan to return the Budget to balance. The economy is resurgent, helping to ensure the services, programs and infrastructure investments Saskatchewan people value are sustainable today and into the future.

Economic Growth

Saskatchewan's real GDP is expected to have grown by 3.5 per cent in 2021 and is expected to grow by 3.7 per cent this year, a significant recovery from the 4.9 per cent contraction in 2020 created by the pandemic. The rebound was despite a drop in crop production due to the widespread drought in 2021, although the impact of the drop in production was partially offset by increased commodity prices.

Employment and retail sales rebounded in 2021, and potash and oil prices and production surged due to global demand. Housing starts, manufacturing sales, exports and wholesale trade all grew well past pre-pandemic levels in 2021.

The province's real GDP is expected to sustain growth over the medium term.

Saskatchewan has the second-highest rate of job growth in Canada so far in 2022, and over the past year 30,000 jobs have been created.

While volatile world events have made commodity prices difficult to forecast, oil prices are projected to remain strong in 2022, and industry investment is expected to increase by 17.5 per cent to \$3.0 billion in Saskatchewan in 2022. Inflation in Canada hit its highest level in nearly a decade in 2021 at 3.4 per cent, while Saskatchewan's was the lowest among provinces at 2.6 per cent.

While inflation remains a concern, improvement related to supply chain issues and Bank of Canada interest rate increases are expected to have a cooling effect and lead to more normal price levels near the end of 2022.

Perhaps more telling than economic indicators alone, a strong signal that Saskatchewan's economy is back on track is the unprecedented level of private investment announced in the province over the past several months.

A dozen companies ranging from BHP, to Richardson International, to Federated Co-operatives, Cargill, Viterra and AGT Foods, have announced more than \$13.6 billion in investment into projects related to potash, oilseed crushing and refining, pulp and wheat pulp, renewable diesel and others.

These investments into the value-added agriculture, mining, forestry, and oil and gas sectors are projected to create nearly 9,000 construction jobs and 2,330 permanent jobs when construction is complete.

Major Projects in Saskatchewan

| Sector/Sub-sector | Company | Topic | |
|------------------------------------|---|---|----------------------------|
| AgriValue | | | |
| | Richardson International Inc. | Doubling canola crush capacity at Yorkton plant | |
| | Viterra | Oilseed Crush and Refinery (Regina) | |
| | Cargill | Oilseed Crush (Regina) | |
| | Ceres Global Ag | Oilseed Crush (Northgate) | |
| | Red Leaf Pulp | Wheat straw-based pulp mill | |
| Mining- Exploration | | | |
| | BHP | Jansen Lake potash mine | |
| | Saskatchewan Mining and Minerals Inc. | Fertilizer production upgrade (sulphate of potash) | |
| Forestry- Pulp | | | |
| | Paper Excellence | Prince Albert Pulp Mill | |
| Forestry- Engineered Wood Products | | | |
| | One Sky Forest Products | OSB mill | |
| Forestry- Lumber | | | |
| | Dunkley Lumber | Lumber mill expansion | |
| O&G- Downstream | | | |
| | Federated Co-operatives Ltd. and AGT Foods | Canola crush and renewable diesel | |
| O&G Transportation & Storage | | | |
| | Whitecap Resources and Federated Co-operatives Ltd. | Capture CO ₂ at Co-op Ethanol Complex and Co-op Refinery, transport and sequester at Weyburn | |
| Totals | Estimate Investment | Permanent Jobs Estimate | Construction Jobs Estimate |
| | \$13,650,000,000 | 2,330 | 8,935 |

Financial Strength

Saskatchewan's finances are back on track and are forecast to steadily improve over the medium term.

Saskatchewan's 2022-23 Budget forecasts a \$463 million deficit, a \$2.1 billion improvement compared to the 2021-22 Budget.

Successively smaller deficits of \$384 million in 2023-24, \$321 million in 2024-25 and \$165 million in 2025-26 are

projected for the medium term. With continued careful expense management and prudent revenue forecasts, a balanced budget is projected in 2026-27.

Revenue of \$17.2 billion forecast in the 2022-23 Budget is up \$2.7 billion, or 18.5 per cent, from last year's budget. All categories of revenue are forecast to increase in the 2022-23 Budget over the 2021-22 Budget, with the exception of net income from Government Business Enterprises (GBEs).

Taxation revenue is forecast to be \$8.1 billion in 2022-23, up \$854.0 million over last year's budget, mainly due to higher forecast income and sales tax revenue. Non-renewable resource revenue is forecast to be \$2.9 billion, up \$1.6 billion over last budget, largely driven by higher potash and oil price expectations.

This Budget improves revenue stability and fairness. Tobacco tax is increasing by two cents per cigarette, from 27 cents to 29 cents, and eight cents per gram for loose tobacco, effective March 24, 2022. Additional revenue from the increase is expected to be \$12.1 million in 2022-23.

Provincial Sales Tax is being applied to admission and entertainment charges – to sporting events, concerts, museums, fairs, gym memberships, green fees, among others – following the federal Goods and Services Tax treatment, effective October 1, 2022.

There will be exemptions for certain situations including school, university or minor league sports and amateur productions with unpaid participants. Also, for recreational programs like sports, dance or music provided by schools or non-profits for those 14 years of age and under, and fundraising events where part of the cost of admission is considered a donation to a charity. Revenue from this change is expected to be \$10.5 million in 2022-23 and \$21.0 million annually.

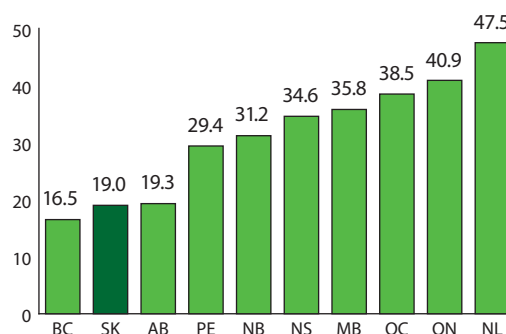
The Province is exempting audio books from PST, as they are used widely for educational purposes and by the visually impaired. The expected revenue impact is approximately \$100,000 this year.

Education Property Tax (EPT) mill rates are being adjusted slightly, including a decrease to the differential between the highest and lowest EPT mill rates, to improve overall fairness. Slight increases to mill rates, combined with forecasted base growth, are expected to total about \$20.0 million in 2022-23.

Expense of \$17.6 billion is projected in the 2022-23 Budget, an increase of \$531.3 million, or 3.1 per cent, from last year's budget. Key investments across most categories, including health, social services and assistance, and education have increased the expense forecast this year, over last year's budget.

Saskatchewan's net debt-to-GDP ratio is one the lowest in Canada among the provinces, demonstrating a strong fiscal foundation.

**Chart 1: Projected Net Debt as a % of GDP
As at March 31**



Sources: Net Debt: Jurisdictions most recent data (as of March 4, 2022). GDP: SK: Saskatchewan Ministry of Finance; All others: Statistics Canada, IHS Markit.

Total public debt is forecast to be \$30.0 billion at March 31, 2023, a \$2.3 billion increase from the 2021-22 Budget. Much of the new borrowing is for capital investment to build hospitals, schools, highways, municipal and Crown infrastructure, as well as for operations.

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 combined.

(More detailed information is available in the 2022-23 Fiscal Outlook, beginning on page 41, in the 2022-23 Revenue Initiatives section beginning on page 60 and in 2022-23 Borrowing and Debt which begins on page 56.)

Investing in Saskatchewan People

The 2022-23 Budget strengthens and protects Saskatchewan, with investments into priority programs and services in health care, education, social services and the protection of people and property.

Health

The Budget delivers record health funding of \$6.8 billion, up \$288.2 million or 4.4 per cent from last year's budget.

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

The Ministry of Health Budget is \$6.4 billion in 2022-23, an increase of \$318.7 million or 5.2 per cent from 2021-22. This includes a \$277.1 million increase for the Saskatchewan Health Authority, bringing the total for the SHA to \$4.2 billion.

An increase of \$21.6 million in this Budget will address the surgical waitlist, and fund thousands of additional surgeries in 2022-23, the first year of a three-year plan to deliver on the largest volume of surgical procedures in the history of the province.

The aggressive plan targets a return to pre-COVID surgical wait time levels by the end of March 2025.

A \$17.0 million increase in this Budget supports our seniors to live safely and comfortably, including

\$4.8 million for home care services, \$4.1 million to provide high-dose influenza vaccine to adults 65 and older, \$1.6 million to operate the Meadow Lake Northwest Community Lodge and \$6.5 million for an additional 117 continuing care aide positions.

These new continuing care aide hires represent the second year of a three-year, \$18.4 million Government commitment to expand continuing care aide positions by 300, to work in long-term care and in existing and expanded home care services, including in rural and remote areas.

Through the first two years of the commitment, 225 new positions have been created, and the final 75 will be funded next fiscal year.

A \$4.9 million increase for CT and MRI scans is included in this Budget. It will allow thousands more patients to receive medical imaging services in 2022-23, and bring down wait times for these services which grew during the pandemic.

This Budget will establish a new and independent agency dedicated to recruiting and retaining health care workers. It will also support and invest in health care workers, and build a more robust workforce.

The 2022-23 Budget includes a \$1.5 million increase to support recruitment initiatives including the development of a settlement and relocation incentive program to recruit health care workers to Saskatchewan from the Philippines, assisting in filling critical and hard-to-fill positions.

The goal is to recruit 300 health sector employees from the Philippines over the next two years, with phase one in 2022-23 recruiting 150. It is a collaborative initiative between the Ministry of Health and the Ministry of Immigration and Career Training.

There is also \$3.5 million in this Budget for physician recruitment and retention initiatives, particularly targeting family physicians working in rural areas of the province.

Key commitments will strengthen and expand hospital and emergency care in urban and rural communities. There is \$12.5 million in new funding for 11 additional intensive care unit (ICU) beds bringing the total to 90 across the province in 2022-23. It's the first year of a three-year strategy to add 31 ICU beds across the province, to a total 110 by 2024-25.

There is a \$3.0 million increase in this Budget for 10 high acuity beds at the Regina General Hospital. This will enhance care for patients with more complex medical needs – higher needs than traditional care but less than intensive care. This adds flexibility, and eases demand on intensive care units.

This Budget provides \$2.2 million to fund more specialized care in the Neonatal ICU at Prince Albert's Victoria Hospital.

A \$10.8 million increase in Emergency Medical Services will improve vital services in rural and remote areas. The increase will fund new paramedic positions for ambulance services, Community Para-medicine and will enhance the Medical First Responder Program.

This Budget invests \$470.0 million into mental health and addictions programs and services – seven per cent of total health care spending – including a targeted investment of \$8.0 million over last year, representing the highest investment ever in Saskatchewan for these programs and services.

The increase will fund initiatives that provide effective counselling and treatments and introduce further proactive prevention measures. New targeted

investments include \$2.1 million to add addiction spaces in high need areas in treatment centres across the province.

The Saskatchewan Cancer Agency will receive a further \$15.8 million or 7.7 per cent increase in the 2022-23 Budget, bringing their annual grant to \$219.8 million, the highest ever.

This includes funding for drugs and other therapies, a new medical oncologist to manage the Oncology Residency Program at the College of Medicine, expansion of the Bone Marrow Transplant Program, investments in screening programs for various cancers and other investments in front line services, including supporting access to treatment closer to home.

This year's budget provides \$95.0 million to sustain the ongoing pandemic response and continue protecting Saskatchewan people in the transition to living with COVID-19.

The funding covers personal protective equipment, support for 58 temporary acute care beds in Regina and Saskatoon, and compensation and operating costs for pressures expected to continue in 2022-23.

Education

The 2022-23 Budget includes \$3.8 billion for education, up \$47.2 million or 1.3 per cent from 2021-22.

Spending for education across government includes the ministries of Education, Advanced Education, and Immigration and Career Training and also includes Saskatchewan Polytechnic, Regional colleges, the Saskatchewan Student Aid Fund, and the Saskatchewan Apprenticeship and Trade Certification Commission.

The 2022-23 Ministry of Education Budget provides record support of \$2.9 billion, an increase of \$219.9 million or 8.3 per cent over last year, for Prekindergarten to Grade 12 students, early learners and school and child care staff.

Saskatchewan's 27 school divisions will receive \$1.99 billion in operating funding for the 2022-23 school year, a \$29.4 million increase – fully funding the 2.0 per cent salary increase as part of the Teachers' Collective Bargaining Agreement, and provides an additional \$6.0 million in learning supports for students.

A new \$7.0 million fund will allow school divisions to hire up to 200 additional full-time educational assistants for the 2022-23 school year, to support students and manage increasingly diverse classrooms.

Historical high schools and qualified independent schools will receive an increase of \$2.6 million to support enrolment and the creation of a new Qualified Independent School category.

Affordable child care is a key priority in the 2022-23 Budget. Funding for child care and early learning is \$309.6 million in this Budget, including funding provided through the Federal-Provincial Early Years agreements.

Of that funding \$4.3 million will create 6,100 new child care spaces in centres and family child care homes as part of the Province's goal to create 28,000 new licensed spaces over the next five years.

Starting in February 2022, parent child care fees were reduced by up to 50 per cent in licensed care. This year's funding will support further reducing parent fees as early as September 2022.

This Budget also includes early learning and child care investments of \$2.3 million for inclusion of children with disabilities, \$8.0 million for preventative maintenance and repair of child care facilities and \$11.4 million for training initiatives and supports for early childhood educators.

This Budget also provides a \$655,000 increase to expand the Early Childhood Intervention Program to 200 additional children, to address increased demand and waitlists for young children experiencing developmental delays and disabilities.

Community-based organizations that provide early years outreach, life skills development and literacy programming will receive a \$728,000 increase.

Through the Ministry of Advanced Education, a total of \$740.3 million, an increase of \$5.6 million, continues a unique multi-year investment into post-secondary institutions and includes funding to train more nurses.

The 2022-23 Budget includes \$30.0 million for the second year of a two-year, \$60.0 million funding plan for the post-secondary sector, with a focus on shared priorities including COVID-19 recovery, revenue generation, sector collaboration and achieving priorities in *Saskatchewan's Growth Plan*.

The Budget includes a \$4.9 million increase to expand nurse training by 150 seats, a critical component of meeting health care needs in the province, when combined with recruitment and retention efforts related to health care workers.

The Budget provides \$684.1 million in operating and capital grants to post-secondary institutions including \$445.9 million for the University of Saskatchewan, University of Regina and the federated and affiliated colleges.

There is \$168.5 million for Saskatchewan Polytechnic, the Saskatchewan Indian Institute of Technologies and the Dumont Technical Institute, \$35.3 million for Saskatchewan's Regional Colleges and \$31.0 million for capital projects and preventative maintenance and renewal throughout the post-secondary sector.

Budget 2022-23 includes nearly \$38.0 million for student supports. This includes \$27.0 million to support the student loan program, which will provide repayable and non-repayable financial assistance to more than 20,000 students, and \$10.6 million for scholarships, including \$7.1 million for the Saskatchewan Advantage Scholarship. In total students will have access to approximately \$95.0 million in loans and up-front grants in the coming year.

The Ministry of Immigration and Career Training will invest \$114.0 million on training programs to support the development of the labour market. This includes \$2.5 million for the Re-Skill Saskatchewan Training Subsidy, a new employer-driven, short-term training program.

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

The 2022-23 Budget for social services and assistance is \$1.6 billion, up \$67.3 million or 4.3 per cent from 2021-22.

Spending for social services and assistance includes the entire Ministry of Social Services budget, as well as small portions of other executive government ministries and the Saskatchewan Housing Corporation and Saskatchewan Legal Aid Commission.

The Ministry of Social Services will support some of our most vulnerable with a total \$1.4 billion in the 2022-23 Budget, up \$45.7 million or 3.4 per cent over last year.

The 2022-23 Budget includes \$11.4 million to increase Saskatchewan Income Support basic benefits by \$30 per month and shelter benefits by up to \$25 per month, to help people meet their basic needs as they work to become more self-sufficient and independent.

A \$20.0 million investment will launch a new Education and Training Incentive this summer with monthly benefits of up to \$200 for individuals to complete education and training programs on their path to employment.

The 2022-23 Budget includes \$3.0 million to fulfill the second year of Government's three-year commitment to increase benefits to seniors through the Seniors Income Plan (SIP). The investment will help low income seniors with maximum payments increasing by \$30 to \$330 a month. It's the seventh increase Government has made to SIP since 2008, representing a 267 per cent increase.

Also, the Budget provides up to \$11.5 million for the Saskatchewan Housing Benefit, under the National Housing Strategy, to help people with low incomes better afford housing.

Partner agencies will receive \$480,000 in funding to expand money management and trustee supports and services to clients with complex needs. And \$350,000 extends the Saskatoon Tribal Council STC

(Sawēyih totān) project, which supports people experiencing homelessness to find and maintain stable housing in Saskatoon.

An additional \$2.0 million investment in prevention programs, so that more children can remain safely at home with their families is part of this Budget. There is also \$5.4 million to increase available out of home care resources and add new program delivery supports, and funding to increase staff in priority areas, including \$375,000 for mobile child protection workers in Northern communities and \$140,000 to strengthen group home oversight.

Government-wide, funding for people with disabilities is projected to be \$679.0 million in 2022-23, an increase of \$464.1 million, or 216 per cent since 2007-08.

The 2022-23 Budget continues to help make Saskatchewan the best place in Canada for people with disabilities, and includes a \$16.7 million utilization increase to the Saskatchewan Assured Income for Disabilities program. There is \$8.0 million to support new and changing needs of clients with intellectual disabilities, and a \$273,000 increase to fulfill the third year of the commitment to enhance services delivered by the CNIB and Saskatchewan Deaf and Hard of Hearing Services Inc.

In 2022-23, the Ministry will provide over \$400.0 million in funding to community-based organizations (CBOs). This includes increased funding of \$8.7 million to community-based providers, including \$4.9 million for service providers who work with people with intellectual disabilities, \$3.2 million for service providers supporting at-risk children, youth and families, and \$556,000 to approved private service homes that care for people with intellectual disabilities and mental health issues.

The increase recognizes the critical role CBOs have in helping create positive outcomes and better quality of life for Saskatchewan's vulnerable people.

The funding for Social Services providers is part of Government's total \$11.2 million, or 2 per cent, increase for community organizations which are also funded through the ministries of Education, Health, Justice and Attorney General and Corrections, Policing and Public Safety.

The increase will help CBOs address operational pressures and recruit and retain qualified staff to continue delivering high-quality services.

Protection of Persons and Property

The 2022-23 Budget includes \$936.2 million for the protection of persons and property, an increase of \$91.1 million or 10.8 per cent from last year.

Spending for protection of persons and property primarily includes the ministries of Corrections, Policing and Public Safety, Justice and Attorney General, Integrated Justice Services, Labour Relations and Workplace Safety and the Saskatchewan Provincial Safety Agency (SPSA).

Overall, \$947.0 million for the justice system and related capital, an increase of \$32.7 million or 3.6 per cent compared to last year, will help protect Saskatchewan people and strengthen communities.

An investment of \$2.7 million in online access to justice will support self-service and remote options, such as online dispute resolution to ensure citizens have greater support to navigate the system.

An investment of \$1.9 million will ensure fair and timely prosecutions through the establishment of a Major Case Assistance Unit, to support the most serious and complex prosecutions.

Policing in the province will continue to evolve to meet the needs of Saskatchewan people. This Budget includes \$50.7 million to create a Provincial Protective Services branch to unite provincial peace officers into a single organizational structure.

The 2022-23 Budget includes \$1.6 million to establish a Warrant Enforcement and Suppression Team to target high-risk offenders with outstanding warrants. There is \$6.4 million to establish the Saskatchewan Trafficking Response Team and \$3.2 million to expand Crime Reduction Teams and \$220,000 to expand the Internet Child Exploitation Unit.

The province will continue to invest in the Gang Violence Reduction Strategy, with \$4.5 million in this Budget.

An additional \$1.7 million in this Budget will enhance the investigative ability of those working with the Criminal Property Forfeiture Fund. An additional \$244,000 will expand the services of the Aboriginal Courtworker Program to additional communities, to assist families, adults and youth in criminal and family courts.

The SPSA has a budget of \$94.9 million, up \$2.8 million or 2.9 per cent, from last year to protect the people of the province and create safe, strong communities. This Budget includes investment to modernize the province's aerial wildfire suppression fleet, including a Turbo Commander Bird Dog and a CL215T Air Tanker that will be delivered in 2022.

Investing in the Economy

Government is committed to its *Growth Plan* goals of a strong economy, a growing province and new jobs over the next decade. As Saskatchewan emerges from the pandemic, the province's resurgent economy is strengthened further by key investments.

The 2022-23 Budget includes an increase of \$8.0 million for the Creative Saskatchewan Production Grant Program for film and television, bringing the total funds available to \$10.0 million.

The increase, through the Ministry of Parks, Culture and Sport, will draw more and larger projects to the province. The rise in streaming services means the time is right to attract new investment from the film and television industry to Saskatchewan.

It is estimated Saskatchewan will see \$50.0 million of new investment in film and television production, as well as economic activity across the province. This will increase spending in sectors like the hospitality industry, which has been hard hit by the pandemic.

Only Saskatchewan labour, goods and services are eligible for support under the program, ensuring dollars stay in the province. The application window for the 2022-23 Creative Saskatchewan Production Grant for film and television will open this spring.

As Saskatchewan's economy recovers and moves towards creating new jobs over the next decade, 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 2022-23 Budget includes an increase of \$3.1 million to fully fund the International Trade and Investment Strategy, managed by the Ministry of Trade and Export Development. The strategy advances the province's economic interests abroad, collaborating with partners including the Saskatchewan Trade and Export Partnership, and operating the province's international office network.

Saskatchewan expanded its presence this year, establishing international trade offices in the

United Kingdom, United Arab Emirates, Mexico and Vietnam, complementing existing offices in Japan, India, Singapore and China.

Officials in these offices will focus on diversifying markets, connecting Saskatchewan businesses with investors and customers. A key component of the overall strategy, 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 Ministry of Agriculture is at the centre of a number of *Growth Plan* goals including growing crop production to 45.0 million tonnes, increasing livestock receipts to \$3.0 billion and growing agri-food exports to \$20.0 billion by the year 2030.

Record agri-food exports of \$17.5 billion in 2021 show we're on track to meet our goals.

To continue to foster a strong agri-food sector, increase Saskatchewan's competitiveness and attract investment, our Government has enhanced the Saskatchewan Value-added Agriculture Incentive. This incentive and others were key to our province's competitiveness, attracting private investment from global agri-value businesses like Richardson International, Viterra, Ceres Global Ag, Cargill, Federated Co-operatives, AGT Foods and Red Leaf Pulp.

These companies and others are investing billions into Saskatchewan, into new and expanded canola crush facilities, a wheat-based pulp plant and renewable diesel facility – creating thousands of jobs both in the construction phase and in the operation of the plants.

The 2022-23 Budget includes \$338.5 million to fund business risk management programs including Crop Insurance, AgriStability, AgriInvest and

Western Livestock Price Insurance to give the industry the tools needed to move through challenges like continued dry conditions, and position producers for long-term success.

This Budget includes an additional \$2.5 million for irrigation development projects in various locations throughout Saskatchewan. Developing irrigated acres attracts large investors to our province, like those in the canola crush business, among others.

The 2022-23 Budget includes \$112.0 million in Energy and Resources for the final year of the three-year 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.

The temporary small business tax rate reduction continues to help Saskatchewan small businesses through the pandemic.

The rate was reduced from two per cent to zero effective October 1, 2020 and will return to one per cent July 1, 2022, providing \$51.5 million in savings to Saskatchewan's small businesses. The rate will return to two per cent on July 1, 2023 as Saskatchewan recovers from the pandemic.

This Budget puts \$6.7 million more in revenue from video lottery terminals (VLTs) into the pockets of bar and restaurant owners. Effective April 4, 2022, the VLT site commission rates will increase from 15 per cent to 18 per cent.

The commission is paid to recognize site operator space, electricity, paying out prizes, emptying cashboxes and cleaning the machines. Total commissions are forecast to rise from \$33.3 million to nearly \$40.0 million, with this increase.

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

In the 2022-23 Budget, through the Ministry of Parks, Culture and Sport, \$10.7 million in capital upgrades will be added, to improve visitor experiences. This includes new campground service centres at Duck Mountain and Saskatchewan Landing Provincial Parks.

Water system upgrades are in the works for Candle Lake, Saskatchewan Landing, Meadow Lake, and Echo Valley Provincial Parks, landscape and accessibility improvements at Regina Beach Recreational Site and Buffalo Pound Provincial Park. Boat launch upgrades are coming to Douglas Provincial Park and major road upgrades will be made to Battlefords Provincial Park.

The Community Rink affordability grant, providing \$2,500 per ice surface, is in place for 2022-23. The \$1.7 million program addresses eligible operating costs and minor capital improvements for more than 600 ice surfaces in more than 350 communities.

The 2022-23 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 is \$1.5 million in 2022-23.

These commitments enhance the quality of life in Saskatchewan, create jobs and help strengthen our economy.

Municipal Revenue Sharing of \$262.6 million, an increase of over 106 per cent since 2007-08, will help keep the province's urban, rural and northern communities strong in 2022-23. Revenue Sharing provides stable, predictable funding for Saskatchewan's municipalities.

The 2022-23 Budget includes \$448.5 million of direct provincial support to municipalities. Support includes revenue sharing, the province's portion of infrastructure funding and a number of grants and initiatives from multiple Government ministries and the Crowns through grants-in-lieu and municipal surcharge collections.

The 2022-23 Budget includes \$233.2 million in targeted funding for First Nations and Métis people and organizations, representing an increase of more than 20 per cent from last year.

Saskatchewan has a growing number of Indigenous-owned companies, employing thousands of people and generating millions in revenue each year. This Budget includes \$475,000 to create the Saskatchewan Indigenous Investment Finance Corporation (SIIFC), in the Ministry of Trade and Export Development.

The SIIFC will offer \$75.0 million in loan guarantees for private sector lending to Indigenous communities and organizations for investments into natural resource and value-added agriculture projects.

Keeping life affordable for Saskatchewan families is a key part of the *Growth Plan*.

The Active Families Benefit continues to help keep life affordable for families by providing \$150 per child enrolled in sport, recreation and cultural activities. The benefit provides an additional \$50 per child to families of children with a disability.

The continuation of the 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. It started with the 2021 tax year and continues with the 2022 tax year.

The tax credit is forecast to cover \$44.7 million of costs in 2022-23, making life more affordable for Saskatchewan people while helping increase activity for those working in construction and skilled trades.

Saskatchewan 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 15 years are providing over \$720.0 million in annual income tax savings to Saskatchewan people.

Government reintroduced annual indexation of the provincial income tax brackets in 2021, ensuring that these tax savings are not eroded by inflation.

A Saskatchewan family of four with \$100,000 in total income pays \$2,084 less in combined provincial income and sales tax in 2022, compared to 2007.

A family of four pays no provincial income tax on their first \$53,435 of combined income. This is more than twice as much as in 2007, when a family of four began paying provincial income tax once their combined income reached just \$26,150.

Investing to Build a Better Saskatchewan

With \$3.2 billion included in the 2022-23 Budget, Saskatchewan has provided \$40.0 billion in capital investment through its Crowns and Executive Government since 2008-09.

Over the next four years, Saskatchewan will invest nearly \$12.0 billion into capital, on track with *Growth Plan* goals.

The 2022-23 Budget includes \$156.6 million for health care capital.

Highlights include \$15.2 million for urgent care centres in Regina and Saskatoon and \$13.5 million for the Prince Albert Victoria Hospital. This Budget includes \$6.0 million for the Weyburn General Hospital replacement and \$6.5 million to continue design and procurement activities for specialized and standard long-term care beds in Regina, \$3.0 million for the Grenfell long-term care facility and \$2.0 million for the La Ronge long-term care facility.

Since 2008-09, nearly \$2.1 billion in investment into health care facilities 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.

In 2022-23, the Government of Saskatchewan will invest \$846.0 million into operating, maintaining, building and improving the province's roads and highways through the Ministry of Highways.

The 2022-23 Budget invests \$479.5 million into transportation capital.

The Budget provides for over 1,100 kilometres of improvements on provincial highways, as well as bridge rehabilitation and replacements, on track to meet the *Growth Plan* commitments to upgrade and build 10,000 kilometres of the provincial highway network by 2030.

This Budget includes \$452.6 million for significant planned upgrades including Highway 3 twinning west of Prince Albert, Highway 5 corridor improvements east of Saskatoon and planning and pre-construction for twinning projects on Highways 6 and 39 near Regina and Weyburn. Additionally, this Budget

fully funds the five-year \$65.0 million Enhanced Intersection Safety Program.

This Budget also includes \$27.0 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 this year's Budget, more than \$11.5 billion has been invested into transportation infrastructure since 2008, improving more than 18,400 kilometres of provincial highways.

The 2022-23 Budget includes \$168.6 million for school infrastructure to support ongoing capital projects which will build and renovate schools and fund relocatable classrooms.

The Budget includes \$95.2 million to support the ongoing planning and construction of 15 new schools and the renovation of five existing schools, as well as \$55.9 million for preventative and emergency maintenance. An additional \$12.0 million has been provided for relocatable classrooms.

This Budget also provides \$4.5 million for a new minor capital renewal program that will allow school divisions to address structural repairs, renovations, and additions to prolong the life of schools across the province, including renovations at Kyle Composite School and École St. Margaret School in Moose Jaw.

Since 2008-09, approximately \$2.3 billion has been invested to build 57 new schools and to undertake 28 major renovation projects.

The 2022-23 Budget includes \$291.8 million in government services infrastructure. It includes \$74.5 million for dams, water supply channels and irrigation projects aligned with *Growth Plan* goals

to increase irrigation and water management in Saskatchewan.

The Budget includes \$56.4 million for courts and correction capital, with continued construction of the Saskatoon Remand Centre representing roughly half of that amount.

The 2022-23 Budget includes \$268.6 million for municipal infrastructure. This includes \$162.6 million under the Canada Infrastructure Program, \$69.1 million through the Canada Community-Building Fund, \$35.4 million through the New Building Canada Fund and \$1.5 million in other small programs.

Advanced Education will invest \$31.0 million in 2022-23 into ongoing capital maintenance and planning and design work for upgrades to the University of Saskatchewan Dental College and the Saskatoon campus renewal project at Saskatchewan Polytechnic.

In 2022-23, Crown corporations will invest \$1.8 billion into major capital, including \$1.1 billion by SaskPower to improve the province's electricity system to meet demand and maintain reliability.

SaskEnergy is investing \$272.8 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 \$377.0 million to improve its networks dedicated to being the best at connecting people to their world.

Saskatchewan's Crown corporations have invested more than \$22.0 billion into capital since 2008 to improve power generation, transmission and distribution, telecommunications networks and natural gas transportation and distribution, and water and wastewater systems among many other projects.

The 2022-23 Budget includes a capital plan to build a better Saskatchewan, helping to put our economy back on track and moving the province forward.

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

Back on Track

The 2022-23 Budget puts Saskatchewan back on track.

The province's finances are on track, with more than \$2.0 billion of improvement in this Budget and an attainable path to balance with successively smaller deficits over the medium term.

The 2022-23 Budget gets back on track with protecting lives and livelihoods as we work through the pandemic, and it includes record investments in health care, education, social services and assistance and protection of persons and property.

Saskatchewan's economy is back on track. Key initiatives in the 2022-23 Budget will help our economy continue to grow.

Our Government will work to increase trade and exports, encourage more private investment and create jobs.

Capital investment of \$3.2 billion will also help ignite our economy – and build a better Saskatchewan.

Saskatchewan's people are strong, resilient, optimistic and confident about the future.

The 2022-23 Budget protects and strengthens our province, ensuring investments made today are sustainable into the future.

Saskatchewan is back on track.



SASKATCHEWAN PROVINCIAL BUDGET

22-23

SASKATCHEWAN CAPITAL PLAN

2022-23 Saskatchewan Capital Plan

BACK ON TRACK

Capital Plan Highlights

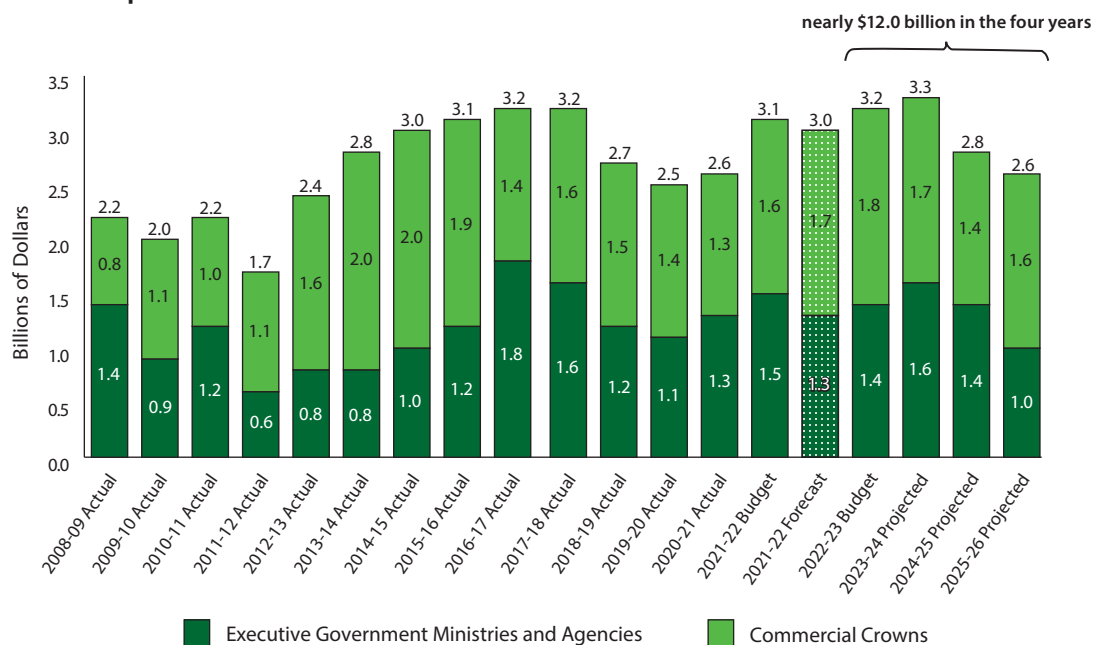
The 2022-23 Saskatchewan Capital Plan helps put the province back on track to achieve the *Growth Plan* target of investing \$30.0 billion in infrastructure by 2030 to support a growing province and a better quality of life for the people of Saskatchewan. The 2022-23 Capital Plan contributes to Saskatchewan's economic recovery with capital spending of nearly \$3.2 billion in 2022-23 and a projected spending of nearly \$12.0 billion over the next four years through Executive Government and Saskatchewan's commercial Crowns sector.

To ensure that Saskatchewan is back on track, Government will continue to invest in new and existing infrastructure. This plan provides funding for new and ongoing projects to address infrastructure

needs, supports private sector investment, encourages local job creation, and encourages Saskatchewan's continued success. Since 2008-09, including the amounts provided in this Budget, Saskatchewan has committed almost \$40.0 billion towards provincial infrastructure investments. This includes the construction and rehabilitation of health and educational facilities, transportation infrastructure, and municipal infrastructure across the province.

The 2022-23 Saskatchewan Capital Plan supports the Growth Plan target of investing \$30.0 billion in infrastructure spending by 2030.

Chart 1: Capital Plan



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

Saskatchewan Capital Plan – 2022-23 to 2025-26

| (millions of dollars) | 2021-22 Budget | 2021-22 Forecast | 2022-23 Budget | 2023-24 Projected | 2024-25 Projected | 2025-26 Projected |
|---|-------------------|---------------------|-------------------|----------------------|----------------------|----------------------|
| Executive Government Ministries and Agencies | | | | | | |
| Transportation Infrastructure | | | | | | |
| Highways Capital | 520.0 | 440.0 | 452.5 | 340.9 | 340.9 | 340.9 |
| Highways Partnerships and Supporting Capital | 33.1 | 32.0 | 27.0 | 19.5 | 19.5 | 19.5 |
| Municipal Infrastructure | | | | | | |
| Municipal Programs | 244.6 | 296.5 | 268.6 | 312.4 | 243.2 | 162.6 |
| Education Capital | | | | | | |
| School Capital | 113.3 | 54.0 | 108.2 | 127.6 | 86.9 | 21.3 |
| Maintenance Capital | 76.7 | 66.4 | 60.4 | 60.4 | 60.4 | 60.4 |
| Advanced Education | | | | | | |
| Maintenance, Planning and Projects | 29.4 | 29.4 | 31.0 | 33.2 | 32.1 | 24.6 |
| Health Care | | | | | | |
| Health Facilities | 21.1 | 10.2 | 53.9 | 196.8 | 236.5 | 102.3 |
| Maintenance Capital | 81.2 | 73.2 | 57.3 | 65.1 | 57.1 | 57.1 |
| Health IT and Equipment Capital | 59.8 | 81.1 | 45.3 | 30.0 | 30.0 | 30.0 |
| Government Services | | | | | | |
| Dams and Water Supply Channels | 70.1 | 59.5 | 74.5 | 175.9 | 174.9 | 139.9 |
| Courts and Corrections Facilities and Equipment | 82.2 | 20.4 | 56.4 | 90.2 | 46.0 | 7.8 |
| Parks Capital | 16.5 | 17.7 | 10.7 | 10.8 | 10.7 | 9.9 |
| IT Capital | 44.3 | 45.0 | 77.4 | 33.8 | 4.6 | 3.4 |
| Equipment Capital | 28.8 | 28.8 | 29.2 | 28.1 | 28.1 | 25.0 |
| Government Buildings | 23.7 | 23.1 | 9.8 | 8.2 | 8.2 | 8.4 |
| Targeted and Other Capital | 58.7 | 54.2 | 33.8 | 46.5 | 6.7 | 3.9 |
| Total Executive Government Ministries and Agencies | 1,503.3 | 1,331.5 | 1,396.0 | 1,579.2 | 1,385.7 | 1,017.0 |
| Crowns | | | | | | |
| SaskPower | 937.6 | 937.6 | 1,053.0 | 905.8 | 710.7 | 1,040.1 |
| SaskEnergy | 276.8 | 257.8 | 272.8 | 263.7 | 248.9 | 208.3 |
| Others* | 399.0 | 513.9 | 463.0 | 508.9 | 408.9 | 356.0 |
| Total Crowns | 1,613.4 | 1,709.3 | 1,788.8 | 1,678.4 | 1,368.5 | 1,604.4 |
| Total Capital Plan | 3,116.7 | 3,040.8 | 3,184.8 | 3,257.6 | 2,754.2 | 2,621.4 |

* Others include SaskTel, SGI CANADA and Auto Fund, SaskWater, SaskGaming and CIC.

Capital Plan Details

Transportation Infrastructure

The Capital Plan provides an investment of nearly \$1.6 billion in transportation infrastructure across Saskatchewan over the next four years, including \$479.5 million in the 2022-23 Budget. Over 1,100 km of the provincial roads network will be improved, 15 bridges will be repaired or rebuilt, and 100 culverts will be replaced in 2022-23.

The 2022-23 Budget allows the province to continue construction and design of passing lanes and twinning projects to increase safety and improve traffic flow. This includes twinning Highway 3 west of Prince Albert, completing 10 sets of passing lanes on Highways 12 and 16, two sets of passing lanes to complete the multi-year corridor improvements on Highway 7 from Saskatoon to the Saskatchewan-Alberta border, two sets of passing lanes and widening on Highway 5 from Saskatoon to Humboldt, and planning and pre-construction for twinning projects on Highways 6 and 39 near Regina and Weyburn.

Enhancing road safety remains a priority for the Saskatchewan Government. The 2022-23 Budget provides funding for the implementation of road safety strategies to reduce fatalities and injuries from collisions. The strategy is focused on intersections, dark driving conditions, single vehicles running off the roads and collisions with wildlife. The Budget provides \$19.2 million for the fourth year of a five-year \$100.0 million commitment to improving intersection and road safety.

The 2022-23 Budget continues to support municipal and regional transportation infrastructure by providing approximately \$27.0 million in capital grants. The grants support economic growth and safety on rural municipal roads and bridges

through the Rural Integrated Roads for Growth and construction and maintenance partnerships with urban municipalities through the Urban Highway Connector Program. The grants also support improvements to community airports and shortline railways.

Including this year's budget, the Government of Saskatchewan has invested approximately \$11.5 billion in highways infrastructure since 2008-09 to improve more than 18,400 kilometres of Saskatchewan highways.

Since 2008-09, approximately \$11.5 billion has been invested in highways infrastructure and improved over 18,400 km of the provincial roads network.

Municipal Infrastructure

The 2022-23 Budget provides \$268.6 million in transfers to municipalities through various programs such as the Investing in Canada Infrastructure Program, Canada Community-Building Fund, the New Building Canada Fund, and other small programs. Including the 2022-23 Budget, the four-year capital plan will invest over \$980.0 million to support municipal infrastructure projects. In addition to the capital funding, the Government of Saskatchewan will provide \$262.6 million through the Municipal Revenue Sharing program as part of the *Growth Plan* commitment to support communities through \$2.5 billion in revenue sharing by 2030.

The projects funded through the Budget will continue to advance the government's goal of building a better life for Saskatchewan families

and communities. Examples include the Prairie North Regional potable water system from the City of Lloydminster to Town of Lashburn, and the watermain replacement and relocation of dangerous goods route in the Town of Kerrobert funded through the New Building Canada Fund. In addition, the Budget also provides funding for the Thunderchild First Nation Wellness Centre through the Investing in Canada Infrastructure Program.

Since 2008-09, approximately \$2.5 billion has been invested in municipal infrastructure projects.

Education Capital

As part of the four-year capital planned investment of \$585.6 million, the 2022-23 Budget provides \$168.6 million for Saskatchewan's K-12 schools to provide safe and inclusive learning environments for students through investments in school infrastructure.

The 2022-23 Budget provides \$95.2 million to support 20 ongoing capital projects to build 15 new schools and renovate five existing schools in the following communities: Regina, Saskatoon, Moose Jaw, Lloydminster, Yorkton, Lanigan, Carrot River, La Loche, North Battleford, and Wilcox.

The 2022-23 Budget also includes \$55.9 million for preventative maintenance, \$4.5 million for a new minor capital program that allows school divisions to address structural repairs and renovations, and \$12.0 million to buy or move relocatable classrooms.

The Government of Saskatchewan continues to support K-12 classrooms and child care by providing safe and inclusive learning environments for students.

Advanced Education

The four-year capital plan provides over \$120.9 million to support infrastructure improvements in the post-secondary education sector including \$31.0 million in 2022-23. The funding includes \$4.0 million in design funding for the Saskatoon campus renewal project at Saskatchewan Polytechnic, and an increase of \$2.2 million or 10 per cent for preventative maintenance. The Budget also provides funding for planning and design work for the dental clinic at the University of Saskatchewan and an auditorium renewal project at Great Plains College. The 2022-23 Budget supports major renovation and repair work that ensures that post-secondary facilities remain safe and continue to meet the needs of current and future students.

Since 2008-09, Government has invested over \$715.0 million in post-secondary infrastructure across Saskatchewan.

Health Care

Protecting the health and safety of Saskatchewan people remains a priority for Government. The 2022-23 Budget provides \$156.6 million to support infrastructure improvements in the health sector.

This includes over \$52.9 million to support ongoing capital projects including the redevelopment of the Prince Albert Victoria Hospital, the Weyburn General Hospital replacement, new Urgent Care Centres in Regina and Saskatoon, and various long-term care projects throughout Saskatchewan. The Budget also provides for procurement and design of the Regina General Hospital Parkade as well as planning and assessment work for the Yorkton Regional Health Centre replacement.

The 2022-23 Budget includes \$57.3 million for the rehabilitation and maintenance of health care facilities and \$45.3 million for information technology projects and medical equipment. Including the current year budget, the four-year capital plan projects approximately \$962.0 million in infrastructure investments in the health care sector. Government remains focused on maintaining health care facilities and improving the capacity of our health care system to address the gaps revealed by the pandemic.

Since 2008-09, government has invested nearly \$2.1 billion to support the maintenance and construction of new health care facilities. Over the next four years, Government plans to invest approximately \$962.0 million in health care infrastructure.

Government Services

Government services supports infrastructure maintenance across government including required upgrades of buildings, provincial dam rehabilitation, courts and correctional facilities, parks and recreational facilities, IT management systems, and support for other government programs.

Over the next four years, Government is investing approximately \$1.2 billion in these areas to support program and service delivery. This includes \$291.8 million provided in the 2022-23 Budget.

Government is investing \$74.5 million in various dams, water supply channel projects and irrigation projects. These investments support a *Saskatchewan's Growth Plan* commitment to expand the number of irrigable acres in Saskatchewan by including new spending for smaller irrigation projects. The Budget also provides for design work for the Grant Devine Spillway modification project.

To improve visitor experience, Government is investing over \$10.7 million for capital improvements throughout the parks system. This includes funding for new campground service centres at Duck Mountain and Saskatchewan Landing Provincial Parks, water system upgrades at Candle Lake, Saskatchewan Landing and Meadow Lake Provincial Parks, wastewater system upgrades at Meadow Lake and Echo Valley Provincial Parks, boat launch upgrades at Douglas Provincial Park, and major road upgrades at Battlefords Provincial Park.

Government is also investing \$56.4 million for various courts and correctional facilities projects including continued development of the remand expansion at the Saskatoon Correctional Centre. Furthermore, the 2022-23 Budget provides \$18.1 million in capital funding to modernize the province's aerial wildfire suppression fleet and replace obsolete aircraft, including a Turbo Commander Bird Dog and a CL215T Air Tanker that will be delivered in 2022.

Commercial Crowns

The Crown sector invests in capital to ensure the safety and integrity of aging infrastructure to serve customers while also meeting growth

demands. Saskatchewan's Crown sector will invest approximately \$1.8 billion in 2022-23 to maintain and enhance utility infrastructure while supporting economic growth. Over the next five years, Government will invest over \$8.0 billion to ensure safe, reliable, and high-quality services are available for the people of Saskatchewan.

Through SaskPower, the Government is forecasting a historic capital investment of approximately \$1.1 billion in its electricity system to improve reliability, replace aging infrastructure, and meet customer demand. This includes continued construction of the new 350 MW natural gas-fired electrical plant in Moose Jaw, upgrades at the EB Campbell hydroelectric station to extend its operating life, and increase efficiencies while creating clean, reliable power, and beginning construction on the Logistic Warehouse Complex that will centralize regional services and support around the Regina area.

The 2022-23 Budget invests \$272.8 million in the province's natural gas transmission and distribution system through SaskEnergy. These investments ensure safe, reliable, and affordable services to customers. Planned investments include Regina East and West transmission system expansions, completing connection of the SaskPower natural gas plant in Moose Jaw, and expansion and maintenance of distribution systems to support a forecasted increase in new residential customers across the province.

The 2022-23 Budget supports SaskTel's vision to be the best at connecting people to their world by investing \$337.0 million in the province's information and communications technology infrastructure. Capital investments will include sustainment projects that support quality networks, continued deployment of fibre to rural customers, and modernization of

network infrastructure through the rollout of SaskTel's 5G wireless network.

Through SaskWater, the Government is investing \$52.7 million in 2022-23 to support significant industrial growth in the Regina region as well as continued investment in the sustainment of water and wastewater systems.

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. Saskatchewan continues to make strategic investments in capital required to support future growth opportunities while ensuring that the province is back on track.

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

Planning for and enabling the repayment of capital debt upon maturity continues to be a key principle of undertaking this capital financing plan. As a result, Government remains committed to having at least two per cent of the value of these borrowings set aside and invested each year to ensure that sufficient cash will be available to repay the debt as it comes due.

Current 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

22-23

TECHNICAL PAPERS

The Saskatchewan Economy

Saskatchewan's economy is back on track. After a contraction of 4.9 per cent in 2020, the province's GDP is estimated to expand by 3.5 per cent in 2021 and 3.7 per cent in 2022 with growth forecast across the medium term.

Saskatchewan's economy is estimated to have grown by 3.5 per cent in 2021, despite a significant drop in crop production due to wide-spread drought. Increases in the price of agricultural commodities offset most of the loss from lower production. The lifting of pandemic restrictions, strength in potash, oil and gas prices, and growth in exports, housing starts and manufacturing sales are driving the resurgence of Saskatchewan's economy. The Saskatchewan labour market rebound due to elevated consumer spending. Sectors highly impacted by pandemic-related public health restrictions, such as the service and tourism industries, continued to lag pre-pandemic growth due to ongoing supply chain challenges and labour shortages.

In 2022, Saskatchewan's economy is expected to surpass pre-pandemic levels of growth with forecasted real and nominal GDP growth of 3.7 per cent and 9.0 per cent, respectively. Business and consumer confidence is expected to regain momentum, as restrictions are removed and supply chain issues gradually resolve. Significant drivers of growth are strengthening commodities markets. Potash is in an excellent position to support growth as price increases and increased demand drive production. The oil and gas sector will also experience growth as positive prices incentivize production into the medium term. Significant private sector investment in mining, canola crush, forestry and oil and gas are expected to drive growth across the medium term.

Canadian, U.S. Economic Assumptions and Commodity Prices – Calendar Year

| | 2020 Actual | 2021 Actual | 2022 Forecast | 2023 Forecast | 2024 Forecast | 2025 Forecast | 2026 Forecast |
|--|----------------|----------------|------------------|------------------|------------------|------------------|------------------|
| Can. Real GDP Growth (%) | -5.2 | 4.6 | 3.8 | 2.5 | 2.4 | 2.2 | 1.8 |
| U.S. Real GDP Growth (%) | -3.4 | 5.7 | 4.3 | 2.6 | 2.5 | 2.5 | 2.5 |
| Short-term Interest Rate (%) | 0.4 | 0.1 | 0.5 | 1.2 | 1.6 | 1.9 | 2.0 |
| 10-year Government of Canada Bond (%) | 0.7 | 1.4 | 1.9 | 2.3 | 2.5 | 2.7 | 2.9 |
| Canadian Dollar (US cents) | 74.6 | 79.8 | 80.2 | 79.4 | 79.5 | 78.9 | 78.2 |
| WTI Oil (US\$ per barrel) | 39.4 | 68.0 | 79.0 | 73.0 | 68.0 | 70.0 | 71.0 |
| Well-head Oil (C\$ per barrel) | 34.9 | 67.0 | 77.7 | 71.7 | 65.3 | 67.9 | 69.5 |
| Natural Gas (C\$ per GJ) | 2.3 | 3.7 | 3.9 | 3.4 | 3.2 | 3.3 | 3.3 |
| Potash (C\$ per K ₂ O tonne) ¹ | 387.3 | 567.8 | 838.1 | 819.8 | 795.7 | 777.3 | 758.8 |
| Potash (US\$ per KCl tonne) ¹ | 176.3 | 277.1 | 409.9 | 396.9 | 385.9 | 374.3 | 361.9 |
| Wheat (C\$ per tonne) | 226.9 | 303.4 | 339.4 | 292.8 | 314.9 | 318.9 | 311.9 |
| Canola (C\$ per tonne) | 464.8 | 747.5 | 723.6 | 651.8 | 714.7 | 703.7 | 696.9 |

¹ The potash industry quotes prices in U.S. dollars per KCl tonne. Provincial royalty calculations, however, are based on the Canadian dollar price per K₂O tonne.
Sources: Statistics Canada, Ministry of Energy and Resources (February 2022), Ministry of Agriculture (January 2022), IHS Markit, CBOC, Federal Government Economic and Fiscal Fall Update 2021

Global Economic Outlook

Global economic performance in 2021 improved significantly from the economic fallout of the pandemic in 2020. The global economy gained momentum, with demand and oil prices recovering, despite the spread of COVID-19 variants and resulting supply chain disruptions. This, in part, enhanced business and consumer confidence as the global economy saw improved spending compared to 2020.

Global economy rebounded from the pandemic

The global economy was estimated to have grown by 5.9 per cent in 2021, signalling a recovery from the 3.1 per cent contraction in 2020. Developed economies are estimated to have rebounded by an average of 5.0 per cent in 2021, while the emerging market and developing economies are estimated to have grown by 6.3 per cent in the same year.

Among global economies, China was less impacted by the spread of COVID-19 variants, which translated to a

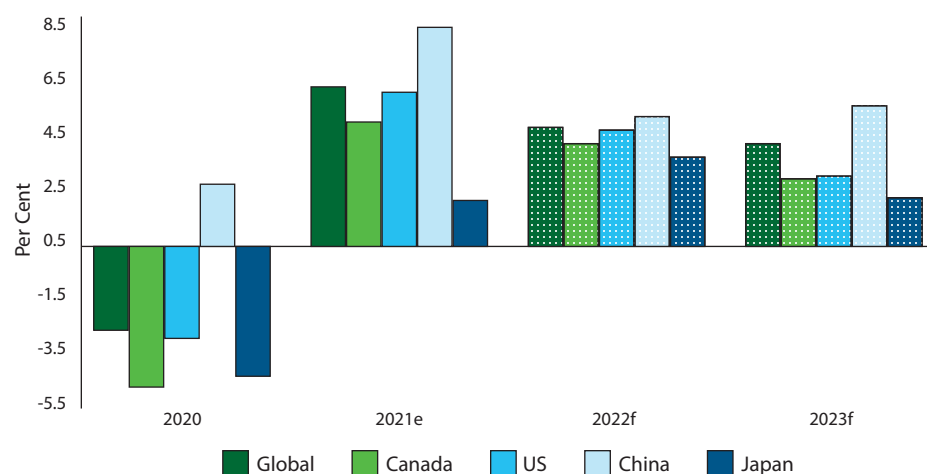
robust growth rate of 8.1 per cent, slightly lower than the 8.4 per cent initially expected. Other economies rebounded from the contraction in 2020, but fell short of expectations due to supply chain shortages, inflationary pressures, and COVID-19 variants. The Canadian economy rebounded by 4.6 per cent, the Japanese economy by 1.7 per cent and the United States (U.S.) economy by 5.7 per cent, which returned the U.S. GDP to pre-pandemic levels (Chart 1).

Global economic recovery was supported by accommodative monetary policy, vaccine roll-outs, the surge in commodity prices and government fiscal stimulus.

Global economic outlook remains optimistic

Despite ongoing challenges, the forecast for the global economy is optimistic. The global economy is expected to grow by 4.4 per cent in 2022 and 3.8 per cent in 2023. China's economy is expected to expand further by 4.8 per cent in 2022 and 5.2 per cent in 2023. Similarly, Canada, Japan and the U.S. will grow by 3.8 per cent,

Chart 1: Global GDP Growth Assumptions



Source: Statistics Canada, International Monetary Fund (February 2022)
e--estimation, f--forecast

3.3 per cent, and 4.3 per cent, respectively, in 2022 and by 2.5 per cent, 1.8 per cent and 2.6 per cent, respectively, in 2023 (Chart 1).

The optimistic outlook creates a stable external environment for Saskatchewan's economic growth, as these countries are among Saskatchewan's largest trading partners.

In 2022, the Bank of Canada (BOC) and the U.S. Federal Reserve are predicted to increase interest rates, as both nations face strong inflationary pressures and are gradually getting closer to full employment. Output and investment are expected to return to pre-pandemic levels in the developed economies, while they may remain below pre-pandemic levels in the emerging market and developing economies.

Commodity prices to return to normal over the medium-term

Commodity prices are anticipated to remain strong through 2022 as the global economy continues to open and the demand for energy commodities is expected to rise. The potash price is forecast to increase by 48 per cent in 2022, contributing to Saskatchewan's strong economic outlook. Also, geopolitical tensions, such as those in eastern Europe, could impact oil and gas prices, as well as the supply of commodities such as potash and grains. However, commodity prices are expected to moderate from 2023 onward as the global economy returns to long term norms.

Uncertainty remains despite strong outlook

While the current forecast illustrates encouraging post-pandemic strength in the global economy, uncertainty remains. Risks to the current global outlook include the emergence of new COVID-19 variants, inflationary pressure, climate change and escalating geopolitical tension.

The expected growth for the Canadian economy over the near and medium term is also not without potential risks. The Canadian labour market continues to struggle with skill mismatches and labour shortages, which are expected to reduce potential output. Large government debt accumulation is expected to be a long-term fiscal challenge. An aging population is expected to adversely affect economic and revenue growth, impact labour supply and increase demand for health care services.

As the economy returns to pre-pandemic levels, fiscal support from the government is planned to diminish. Supply bottlenecks are also expected to linger, as their resolution will require a combination of time, investment, and technology. These challenges may impact recovery both in the near and medium term.

Saskatchewan Economic Outlook

Saskatchewan's economy is expected to continue along its track to recovery, with substantial growth forecast for 2022.

Saskatchewan's economy has shown strong recovery with real GDP growth of 3.5 per cent since public health restrictions eased in summer 2021. Businesses remained open during the fourth wave of the pandemic, which helped to mitigate further economic impacts. Most key economic indicators saw significant increases, with some outperforming those in other provinces.

Lifting all public health measures in early 2022 is expected to pave the way for full economic recovery, especially in the service sector. Following strong growth in 2021, Saskatchewan's economy is expected to return to pre-pandemic levels of 2019 with forecasted 3.7 per cent GDP growth in 2022. This is expected to be supported by robust growth in capital investment, strong commodity prices, and a revived labour market.

Saskatchewan Forecast at a Glance

(Per Cent Change Unless Otherwise Noted)

| | 2020 Actual | 2021 Actual | 2022 Forecast | 2023 Forecast | 2024 Forecast | 2025 Forecast | 2026 Forecast |
|--------------------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|
| Real GDP | (4.9) | 3.5* | 3.7 | 2.5 | 2.2 | 2.2 | 1.7 |
| Nominal GDP | (6.6) | 10.1* | 9.0 | 3.7 | 1.3 | 1.4 | 2.5 |
| CPI | 0.6 | 2.6 | 2.8 | 2.3 | 2.0 | 2.0 | 1.8 |
| Employment growth (000s) | (26.8) | 14.1 | 14.8 | 12.6 | 13.3 | 11.7 | 10.3 |
| Unemployment rate (%) | 8.4 | 6.5 | 5.4 | 4.9 | 4.5 | 4.1 | 3.9 |
| Housing starts | 27.2 | 35.2 | (16.1) | 5.7 | 8.1 | 12.5 | 33.3 |
| Retail sales | (1.3) | 11.8 | 0.5 | 2.7 | 1.9 | 1.6 | 1.4 |

* Estimation

Sources: Statistics Canada (February 2022) and Ministry of Finance (February 2022)

In the medium term, Saskatchewan's economy is expected to see real GDP grow an average of 2.1 per cent annually from 2023 to 2026. However, Saskatchewan's nominal GDP is forecast to see growth of 2.5 per cent in 2026 with major projects.

Most economic indicators rebounded

In 2021, almost all key economic indicators experienced growth compared to 2020, with many returning to or exceeding pre-pandemic levels.

Saskatchewan had the highest growth in housing starts (35.2 per cent) in 2021 compared to 2020. Compared to the pre-pandemic level (2019), the province had the highest growth in housing starts (72.0 per cent) among the provinces, well above the national average growth rate of 30 per cent.

Similarly, Saskatchewan had the highest growth in manufacturing sales (43.0 per cent) among the provinces in 2021 compared to 2020, well above the national average. Compared to the pre-pandemic level, the province had the highest growth in manufacturing sales (20.3 per cent) among the provinces.

While restaurant sales, new motor vehicle sales and employment levels experienced growth in 2021, they have yet to fully recover to pre-pandemic levels due to ongoing COVID-19 and supply chain challenges that persisted through the year.

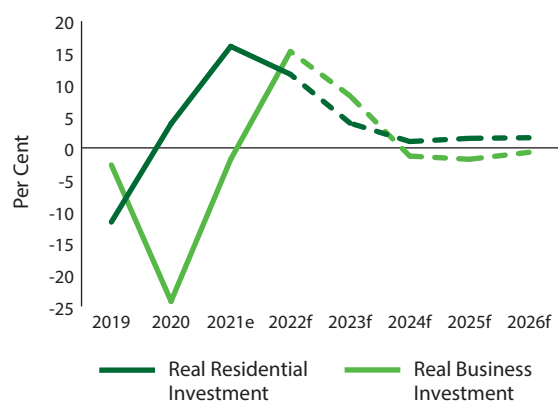
Business investment to soar in the near term

Residential investment showed significant growth in 2021 (29.3 per cent), following a strong rebound that started later in 2020 (Chart 2).

Business investment started showing strength in the last quarter of the year, driven by growth in commercial investment.

Looking ahead, investment in the mining, agriculture, oil and gas, and forestry sectors is expected to drive significant growth. These investments are also expected to positively impact employment, especially in the construction industry, and contribute other economic benefits.

Chart 2: Saskatchewan Real Residential and Business Investment



Source: Statistics Canada, Ministry of Finance (February 2022)
e–estimation, f–forecast

Real business investment is expected to grow by 15.2 per cent in 2022 and by 8.2 per cent in 2023. Real business investment is expected to grow significantly in the near term and slow in the medium term, as the BOC is expected to gradually hike the interest rates, which may slow down investment.

Real residential investment is expected to expand by 11.6 per cent in 2022, with interest rates still expected to be lower than pre-pandemic levels. The growth rate is expected to slow to 3.9 per cent in 2023. Over the medium term, it is expected to grow by 1.4 per cent annually.

Inflation a risk to the outlook

Saskatchewan's annual Consumer Price Index (CPI) inflation rate averaged 2.6 per cent for 2021, the lowest among provinces and well below the national average of 3.4 per cent. The rise in prices, initially driven by the supply chain disruption, has become persistent inflation over the past few months.

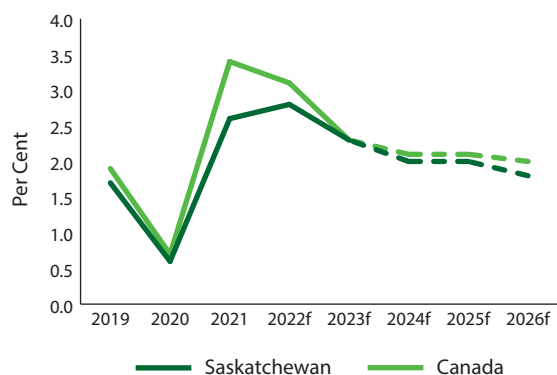
The surge in inflation is not only particular to Canada or Saskatchewan, but a global phenomenon. Inflation rose rapidly around the world in the second half of 2021, and was most notable in the U.S., where the annual inflation rate averaged 4.7 per cent.

To mitigate this, it is expected the BOC will introduce a series of interest rate increases over 2022. Coupled with further opening of the global economy, the inflation rate is expected to slow down in the second half of 2022. The downward trend in the inflation rate is expected to continue in 2023, as the BOC continues to increase the interest rate and ongoing supply chain shortages resolve.

Meanwhile, higher inflation in the near term is expected to alter household consumption behaviour as the cost of living rises. This could discourage spending and stimulate household saving and investing. Similarly, increased production costs are expected to make locally produced goods less affordable, which could potentially impact Saskatchewan exports.

The Saskatchewan CPI growth rate is forecast to average 2.8 per cent in 2022, 2.3 per cent in 2023, and to return to the BOC's inflation target rate of 2 per cent over the medium term in 2024 (Chart 3).

Chart 3: Saskatchewan and Canada Inflation



Source: Statistics Canada, Ministry of Finance, Federal Government Economic and Fiscal Fall Update 2021 (February 2022)
f—forecast

Labour market to fully recover

The Saskatchewan labour market has been one of the major strengths of the economy and has rebounded well in the aftermath of the economic fallout from the pandemic.

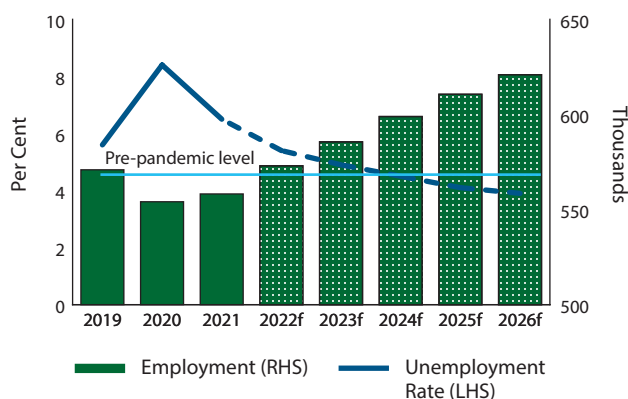
The labour force expanded by 0.5 per cent in 2021 and is forecast to further grow by 1.5 per cent in 2022. The participation rate increased to 67.1 per cent in 2021 (from 66.9 per cent in 2020) and is forecast to reach 68.3 per cent in 2022. It is expected to reach 70.3 per cent by 2026.

As a result, employment grew by 2.6 per cent in 2021, largely driven by employment in the retail industry. The increase in job numbers contributed to improved consumer spending in 2021.

New investments are expected to drive employment, especially in the construction industry. Employment is expected to grow further by 2.7 per cent in 2022, as broad-based recovery is expected in the labour market. With expected growth in 2022, the employment level is expected to reach 573,000 jobs, 0.4 per cent more than pre-pandemic levels (Chart 4). Employment is

expected to grow by 2.2 per cent in 2023. Over the medium term, it is expected to moderate to an average of 2.0 per cent annually.

Chart 4: Labour Market Recovery



Source: Statistics Canada (February 2022) Ministry of Finance (February 2022)
f—forecast

In 2021, Saskatchewan's employment rate averaged 62.7 per cent, well above the national average of 60.2 per cent. Additionally, the provincial unemployment rate averaged 6.5 per cent, well below the national average of 7.5 per cent. With strong employment recovery, Saskatchewan had the second-highest employment rate and the fourth-lowest unemployment rate among provinces.

The unemployment rate is expected to continue to decrease as the economy gains momentum over the medium term. Saskatchewan's unemployment rate is forecast to decline to 5.4 per cent in 2022, and to 4.9 per cent in 2023. It is expected to average 4.2 per cent annually over the medium-term.

Notwithstanding the improvement, both labour shortages and skill mismatches contributed to the number of job vacancies in the province in 2021.

The number of job vacancies more than doubled from about 10,625 (a vacancy rate of 2.3 per cent) in January 2021 to about 21,360 (a vacancy rate of 4.3 per cent) in December 2021. The high vacancy rate has been more pronounced in some industries such as accommodations and food services (11.7 per cent), transportation and warehousing (5.7 per cent) and construction (5.3 per cent), compared to other industries (based on available data up until 2021 Q3).

Population to steadily grow

Saskatchewan's population experienced marginal growth in 2021, largely due to pandemic-induced decline in international migration and significant inter-provincial migration out of the province.

As the global and Saskatchewan economies return to normal, increased international travel is expected, and immigration processing delays related to the pandemic are anticipated to resolve in the near term. Saskatchewan's population is forecast to increase by 0.5 per cent in 2022 and by 0.8 per cent in 2023. Over the medium term, it is expected to steadily grow by 0.8 per cent annually.

Oil prices to moderate

The West Texas Intermediate (WTI) oil price increased from an average of US\$39.4 per barrel in 2020 to an average of US\$68.0 per barrel in 2021 due to increasing global demand and shortage in oil supply.

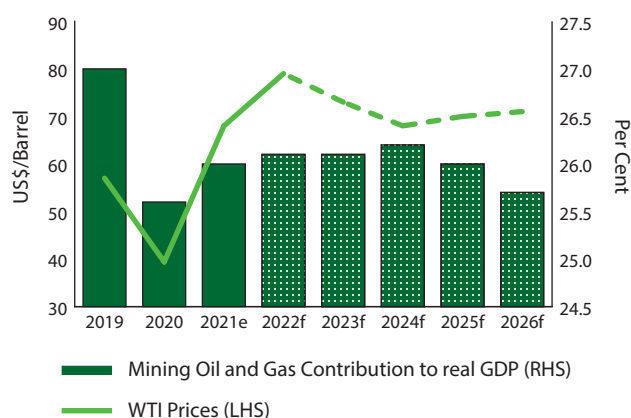
So far in 2022, oil prices have risen due to increased demand and supply shortages, due in part to the removal of public health restrictions and geopolitical factors.

Increasing demand is anticipated to send the WTI oil price to an average of US\$79 per barrel in 2022. Geopolitical tensions could drive up prices as there might be supply shortages.

Impacted by strong oil prices, drilling activity increased significantly from 1,057 wells in 2020 to 1,319 wells in 2021. In Saskatchewan, drilling activity is forecast to improve as oil prices remain strong, with a further increase to 1,500 wells in 2022 and up to a total of 2,700 wells by 2026.

While WTI prices will moderate over the near and medium-term, prices are expected to remain strong and be one of the key drivers to Saskatchewan's robust economic growth outlook and positively impact government revenue.

Chart 5: Mining Oil and Gas Contribution to SK Real GDP and WTI Prices



Source: Statistics Canada, Ministry of Finance (February 2022)
e—estimation, f—forecast

Outlook for other non-renewable resources remains strong

In 2021, potash prices rose by 47 per cent from 2020 as a result of demand outstripping supply as global supply chain challenges persisted. Improved fundamentals affecting the U.S. crop season, such as increased planted area and high prices, contributed to strong domestic sales.

Looking ahead, global demand for 2022 is expected to increase. This, along with supply disruption in Belarus, will result in increased production in Saskatchewan.

Realized potash prices for local producers are expected to average about \$838.1 per KCl tonne in 2022, a 48 per cent increase from the 2021 level. Prices are expected to peak early in the year, while affordability concerns are expected to drive down prices in the later quarters of the year. From 2023 to 2026, prices are expected to average \$787.9 per KCl tonne as new capacity coming out of Belarus and Russia is expected to absorb most of the consumption growth.

However, given geopolitical tension between Russia and Ukraine, supply constraints and demand growth could put pressure on prices as Russia and Belarus are the second and third largest suppliers of potash globally.

In terms of uranium, prices are published by independent market consultants and are expected to remain relatively flat over the medium term.

The planned restart of the McArthur River and Key Lake mining operations will have a significant impact on employment, doubling the workforce from about 470 employees and contractors at the end of 2021 to about 900 employees and contractors by 2025.

The impact that geopolitical tensions between Russia and Ukraine will have on Saskatchewan's uranium industry is so far unclear. Combined, the two countries accounted for 17 per cent of global uranium production in 2020.

Over the long term, demand will be largely dependent on government energy policies, especially with the level of new development in Asia, as well as on how reactor operators approach fuel procurement. As a result, the Asian market is expected to dictate the future demand for uranium as China has the highest number of nuclear reactors under construction, planned, and/or proposed.

Agriculture sector anticipates increased production and strong prices for 2022

In 2021, Saskatchewan's crop production fell by 47 per cent from the prior year, due to the significant impact of wide-spread drought. Crop production totaled 21.1 million tonnes in 2021, a substantial decline from the ten-year average of 35.0 million tonnes (Chart 6). This decline in production was one of Saskatchewan's largest in history, as farmers across the province grappled with high temperatures and poor moisture conditions.

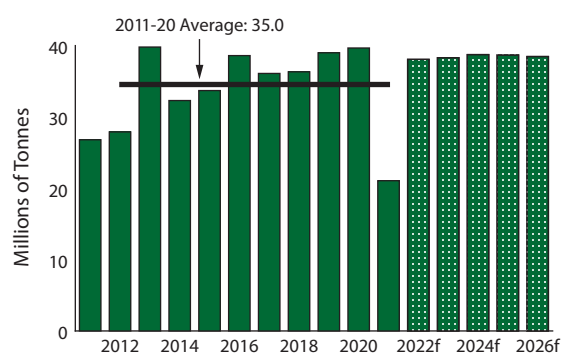
However, from a farm income perspective, higher commodity prices and program payments partially offset the impact of the drought. The price of canola and wheat reached their highest levels in ten years, with a 61 per cent and a 34 per cent price increase, respectively. As a result, total cash receipts, net cash income, and realized net income are estimated to have increased in 2021 by 23 per cent, 45 per cent and 62 per cent, respectively.

For 2022, Saskatchewan's total crop production is forecast to return to normal levels of about 38.0 million tonnes and maintain that level over the forecast period, assuming typical weather conditions.

Crop prices are expected to remain relatively strong in the near and medium term. With production expected to return to normal in 2022, crop receipts are expected to drop from the record level in 2021. Crop receipts are expected to decline by 19.6 per cent in 2022, due to anticipated lower sales value of canola (down \$2.6 billion), durum (down \$635.5 million), wheat (down \$245.2 million) and lentils (down \$219.2 million) as prices in these commodities decline slightly with increased supply.

While uncertainty remains with respect to the impact of geopolitical tension in eastern Europe on Saskatchewan's agriculture sector, producers may face an increase in fuel and fertilizer costs, as well as increased prices and demand for commodities such as wheat.

Chart 6: Saskatchewan Crop Production



Sources: Statistics Canada (February 2022), Ministry of Agriculture (January 2022)
f—forecast

Trade to hold steady

Merchandise exports to other countries grew significantly (24.7 per cent) in 2021 to a record level of \$37.1 billion, despite the global supply chain challenges. The growth was largely driven by energy products (73.1 per cent), metal ores and non-metallic minerals (21.4 per cent) and farm and intermediate food products (6.8 per cent).

Looking forward, demand for energy and food products is expected to remain stable in the near term. International exports of goods and services are forecast to grow 0.4 per cent in 2022 and to expand by 1.4 per cent in 2023. Over the medium term, exports of goods and services are expected to grow at an annual average of 1.5 per cent.

Consumer spending to stabilize

Saskatchewan households boosted the economy through increased spending as many pandemic-related restrictions lifted in summer 2021.

Consumer spending remained relatively strong for most of the fall season. Saskatchewan's retail sales increased significantly (11.8 per cent) in 2021 to reach \$21.5 billion.

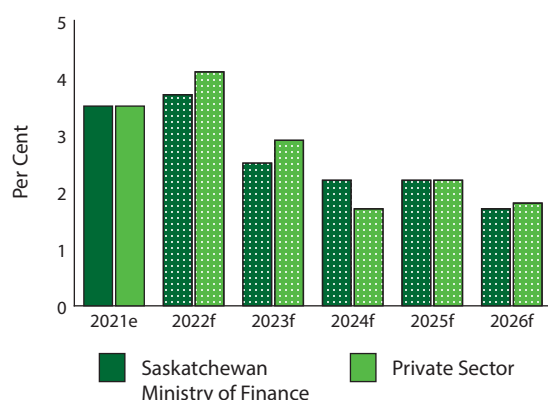
Retail sales are expected to stabilize in 2022 as consumer behaviour is likely to be responsive to persistent inflation. Households may adjust their budgets in response. As a result, retail sales are forecast to increase by 0.5 per cent in 2022 and 2.7 per cent in 2023. Over the medium term, retail sales are expected to grow by an average of 1.6 per cent annually.

Comparison with Private-Sector Forecast

The Saskatchewan Ministry of Finance regularly consults with private-sector economists and tracks their outlook to inform the government's planning assumptions. Private-sector economists expect Saskatchewan's economy to grow over the budget planning period. On average, private-sector forecasters estimated 3.5 per cent growth for Saskatchewan's real GDP in 2021, which is the same as the Saskatchewan Ministry of Finance's estimation.

Looking ahead, private-sector economists forecast that Saskatchewan's real GDP will grow 4.1 per cent in 2022 and 2.9 per cent in 2023, above the national average for both years.

Chart 7: Real GDP Outlook for Saskatchewan Compared to Private Sector



Source: Ministry of Finance, IHS Markit, CBOC, TD Bank, RBC, BMO, CIBC, Scotiabank, National Bank, Laurentian Bank (February 2022)
e–estimation, f–forecast

The Ministry's forecast for Saskatchewan's real GDP growth is lower than the outlook provided by the private-sector forecasters with the exception of 2024 (Chart 7). Production from major projects is anticipated to support growth during that time.

Risk to Economic Growth

Saskatchewan's economy is set to be back on track in 2022, with a strong economic outlook over the medium-term. Risks to Saskatchewan's economic outlook are as follows:

- COVID-19 variants could emerge.
- If the inflation rate continues to rise, it may lead to faster interest rate hikes by the BOC, which may dampen the housing market and capital investment in the province.
- A downturn in commodity prices, particularly oil, potash and agriculture products, can limit the growth potential over the medium-term.
- Trade tensions and economic challenges with Saskatchewan's trading partners, such as the U.S. and China, could pose a significant risk to the outlook.
- Geopolitical tension between Russia and Ukraine could have impacts on global supply chains and worsen the supply chain bottlenecks. The conflict could also raise transportation costs and electricity prices and add extreme uncertainty to the global economy.

Private Sector Real GDP Growth Forecasts for Saskatchewan
As of February 22, 2022

(Per Cent)

| | 2020 Actual | 2021 | 2022 | Release Date |
|--|------------------------|-------------|-------------|-------------------------|
| IHS Global Insight | (4.9) | 3.7 | 5.5 | Jan-22 |
| Conference Board of Canada | (4.9) | 3.6 | 4.6 | Feb-22 |
| TD Bank | (4.9) | 2.9 | 3.4 | Dec-21 |
| RBC | (4.9) | 3.1 | 5.6 | Dec-21 |
| BMO | (4.9) | 2.8 | 3.4 | Jan-22 |
| CIBC | (4.9) | 3.9 | 3.2 | Dec-21 |
| Scotiabank | (4.9) | 4.1 | 4.4 | Jan-22 |
| National Bank | (4.9) | 4.3 | 3.6 | Jan-22 |
| Laurentian Bank | (4.9) | 3.3 | 3.6 | Jan-22 |
| Average of Private Sector Forecasts | (4.9) | 3.5 | 4.1 | |
| 2022-23 Budget Forecast | (4.9) | 3.5 | 3.7 | |

2022-23 Fiscal Outlook

Overview

The Saskatchewan Provincial Budget includes the fiscal 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 Saskatchewan Health Authority, Boards of Education, Saskatchewan Polytechnic, and Saskatchewan Cancer 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-source), while GSO expense is classified into eleven 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 2022-23 Budget estimates a deficit of \$463 million.

Financial Overview

| (millions of dollars) | 2019-20 Actual | 2020-21 Actual | 2021-22 Budget | 2021-22 Forecast | 2022-23 Budget |
|-----------------------|-------------------|-------------------|-------------------|---------------------|-------------------|
| Revenue | 14,887 | 14,524 | 14,478 | 17,496 | 17,158 |
| Expense | 15,206 | 15,651 | 17,089 | 19,681 | 17,621 |
| Deficit | (319) | (1,127) | (2,611) | (2,185) | (463) |

2022-23 Revenue Reconciliation

| (millions of dollars) | 2019-20 Actual | 2020-21 Actual | 2021-22 Budget | 2021-22 Forecast | 2022-23 Budget | Change from 2021-22 Forecast | |
|---------------------------------------|-------------------|-------------------|-------------------|---------------------|-------------------|---------------------------------|--------------|
| | | | | | | Dollars | Per Cent |
| Taxation | 7,553.3 | 6,882.0 | 7,238.0 | 8,148.7 | 8,092.8 | (55.9) | (0.7) |
| Non-Renewable Resources | 1,750.3 | 1,107.8 | 1,328.5 | 2,437.0 | 2,910.1 | 473.1 | 19.4 |
| Net Income from GBEs | 855.4 | 1,278.1 | 899.2 | 973.5 | 742.5 | (231.0) | (23.7) |
| Other Own-Source Revenue | 2,138.4 | 2,123.0 | 2,104.1 | 2,530.3 | 2,192.5 | (337.8) | (13.4) |
| Transfers from the Federal Government | 2,589.8 | 3,133.1 | 2,908.5 | 3,406.3 | 3,219.7 | (186.6) | (5.5) |
| Total Revenue | 14,887.1 | 14,523.9 | 14,478.3 | 17,495.8 | 17,157.6 | (338.2) | (1.9) |

Totals may not add due to rounding.

Revenue

The revenue outlook included in the 2022-23 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 \$17.2 billion in 2022-23, a decrease of \$338.2 million (1.9 per cent) from the 2021-22 forecast. The decrease is due to lower revenue across all major categories except non-renewable resources.

Relative to the 2021-22 Budget, revenue is up \$2.7 billion, or 18.5 per cent, reflecting increases across all categories except net income from GBEs.

Tax Revenue

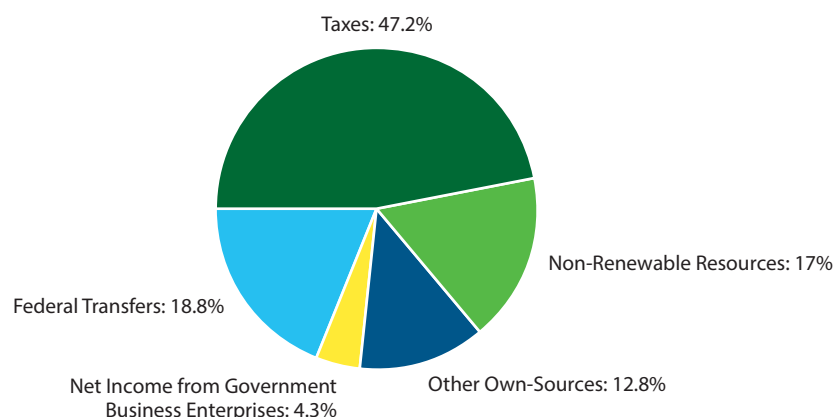
Tax revenue is budgeted at \$8.1 billion in 2022-23 and accounts for 47.2 per cent of total revenue. This is a slight decrease of \$55.9 million, or 0.7 per cent, from the 2021-22 forecast.

Corporation Income Tax revenue is budgeted at \$840.5 million, a decrease of \$151.4 million from the 2021-22 forecast. The decrease primarily reflects stronger-than-expected 2020 taxpayer assessments resulting in a large positive prior-year adjustment in 2021-22 that is not expected to repeat in 2022-23. The decrease is partially offset by a higher federal forecast of corporate taxable income for 2022 due to improving economic conditions and the partial restoration of the small business corporate income tax rate from 0 per cent to 1 per cent, effective July 1, 2022.

Tax Revenue

| (millions of dollars) | 2019-20 Actual | 2020-21 Actual | 2021-22 Budget | 2021-22 Forecast | 2022-23 Budget | Change from 2021-22 Forecast | |
|------------------------|-------------------|-------------------|-------------------|---------------------|-------------------|---------------------------------|--------------|
| | | | | | | Dollars | Per Cent |
| Corporation Income Tax | 787.5 | 440.1 | 754.6 | 991.9 | 840.5 | (151.4) | (15.3) |
| Fuel Tax | 507.9 | 441.7 | 477.9 | 497.9 | 507.9 | 10.0 | 2.0 |
| Individual Income Tax | 2,629.1 | 2,463.3 | 2,420.8 | 2,875.5 | 2,796.9 | (78.6) | (2.7) |
| Property Tax | 774.0 | 779.0 | 784.8 | 780.7 | 804.1 | 23.4 | 3.0 |
| Provincial Sales Tax | 2,205.8 | 2,100.5 | 2,144.0 | 2,339.8 | 2,444.1 | 104.3 | 4.5 |
| Tobacco Tax | 206.8 | 204.3 | 201.8 | 186.8 | 198.9 | 12.1 | 6.5 |
| Other Taxes | 442.2 | 453.1 | 454.1 | 476.1 | 500.4 | 24.3 | 5.1 |
| Total | 7,553.3 | 6,882.0 | 7,238.0 | 8,148.7 | 8,092.8 | (55.9) | (0.7) |

Chart 1: Composition of 2022-23 Revenue



Individual Income Tax revenue is forecast to decrease \$78.6 million from the 2021-22 forecast, primarily due to stronger-than-expected 2020 assessments resulting in a large positive prior-year adjustment in 2021-22 that is not expected to repeat in 2022-23.

Provincial Sales Tax (PST) revenue is budgeted at \$2.4 billion, an increase of \$104.3 million from the 2021-22 forecast. The increase is consistent with the expected continuation of the post-pandemic recovery of the Saskatchewan economy, including growth in population, household spending and business investment, combined with the implementation of PST on admissions and entertainment.

All remaining taxes are budgeted to increase by a combined \$69.8 million, including: a \$24.3 million

increase in other taxes, mainly reflecting economic growth and the corresponding increases to Corporation Capital Tax, insurance premiums taxes and Liquor Consumption Tax; a \$23.4 million increase in Property Tax, mainly due to slight increases to mill rates combined with forecast base growth; a \$12.1 million increase in Tobacco Tax revenue, due to the tax rate increase; and a \$10.0 million increase in Fuel Tax revenue as a result of a strengthening economy.

Non-Renewable Resource Revenue

Non-renewable resource revenue is budgeted at \$2.9 billion, or 17.0 per cent of total revenue, in 2022-23. This is a \$473.1 million, or 19.4 per cent, increase from the 2021-22 forecast.

Non-Renewable Resource Revenue

| (millions of dollars) | 2019-20 Actual | 2020-21 Actual | 2021-22 Budget | 2021-22 Forecast | 2022-23 Budget | Change from 2021-22 Forecast | |
|-----------------------|-------------------|-------------------|-------------------|---------------------|-------------------|---------------------------------|-------------|
| | | | | | | Dollars | Per Cent |
| Crown Land Sales | 17.1 | 6.7 | 9.2 | 22.5 | 19.3 | (3.2) | (14.2) |
| Oil and Natural Gas | 667.8 | 378.2 | 505.1 | 888.8 | 867.5 | (21.3) | (2.4) |
| Potash | 554.4 | 421.6 | 431.8 | 1,031.9 | 1,451.7 | 419.8 | 40.7 |
| Resource Surcharge | 413.3 | 263.1 | 302.6 | 416.5 | 493.1 | 76.6 | 18.4 |
| Other | 97.6 | 38.2 | 79.8 | 77.3 | 78.5 | 1.2 | 1.6 |
| Total | 1,750.3 | 1,107.8 | 1,328.5 | 2,437.0 | 2,910.1 | 473.1 | 19.4 |

Potash revenue is budgeted at \$1.5 billion in 2022-23, up \$419.8 million from the 2021-22 forecast, primarily reflecting a higher average price forecast.

In 2022-23, average realized prices are forecast at US\$407 per KCl tonne (C\$833 per K₂O tonne), up from US\$310 (C\$635) in 2021-22. The potash forecast also incorporates a small decrease in sales in 2022-23, from 14.0 million K₂O tonnes in 2021-22 to 13.7 million K₂O tonnes.

Revenue from the Resource Surcharge is forecast to increase \$76.6 million from the 2021-22 forecast, primarily reflecting continued strength in the resource sector, mainly higher average potash prices.

Oil and natural gas royalties are budgeted at \$867.5 million in 2022-23, a decrease of \$21.3 million from the 2021-22 forecast. The decrease is primarily due to a wider light-heavy oil price differential, partially offset by higher West Texas Intermediate (WTI) oil prices and a slight increase in oil production.

Revenue from Crown land sales and all other non-renewable resources (including uranium, coal and other minerals) is forecast to decrease by a net \$2.0 million.

WTI Oil Prices and the Canadian Dollar

WTI oil prices are forecast to average US\$75.75 per barrel in 2022-23, consistent with private-sector forecasts for the upcoming year. This is a US\$0.75 per barrel increase from the 2021-22 average price forecast of US\$75.00 and reflects current market optimism as the world continues to recover from the pandemic and its corresponding decline in demand.

While the current WTI forecast may appear low compared to recent market prices, and WTI has been increasing throughout the 2021-22 fiscal year (from daily prices below US\$60 per barrel in April, to highs of over US\$95 in February), the current forecast assumes

that these price spikes are temporary and reflect brief supply and demand imbalances. It is anticipated that if WTI oil prices remain elevated for an extended period, it will bring U.S. crude production back online and OPEC will look to retain market share and make production adjustments to prevent this from happening. The current major risk to world oil markets is the continued uncertainty surrounding the ongoing impacts of COVID-19 and the geopolitical tensions in eastern Europe.

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.

The light-heavy oil price differential – a proxy for the price discount on oil produced in Saskatchewan – is expected to widen from 13.7 per cent (as a share of WTI prices) in 2021-22 to 14.5 per cent in 2022-23; however, this is still low based on historical trends.

The value of the Canadian dollar is projected to average almost 80.0 U.S. cents in 2022-23, essentially unchanged from 2021-22. 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 2022-23 well-head oil price forecast, in Canadian dollars, of \$74.19 per barrel, down from the 2021-22 average well-head price of \$74.62.

Finally, oil production is forecast at 163.7 million barrels in 2022-23, essentially flat from the 2021-22 forecast of 163.5 million barrels. At present, new well drilling is still well below historical norms as industry focuses on paying down debt incurred in the 2020 downturn and returning capital to shareholders.

Non-renewable Resource Forecast Assumptions (Fiscal Year)

| | 2019-20 Actual | 2020-21 Actual | 2021-22 Budget | 2021-22 Forecast | 2022-23 Budget |
|--|-------------------|-------------------|-------------------|---------------------|-------------------|
| WTI Oil Price (US\$/barrel) | 54.80 | 42.32 | 54.33 | 75.00 | 75.75 |
| Light-Heavy Differential (% of WTI) | 20.9 | 16.9 | 19.7 | 13.7 | 14.5 |
| Well-head Oil Price (C\$/barrel) ¹ | 52.54 | 36.54 | 49.31 | 74.62 | 74.19 |
| Oil Production (million barrels) | 178.9 | 152.5 | 160.0 | 163.5 | 163.7 |
| Potash Price (mine netback, US\$/KCl tonne) ² | 223 | 180 | 191 | 310 | 407 |
| Potash Price (mine netback, C\$/K ₂ O tonne) ² | 490 | 390 | 396 | 635 | 833 |
| Potash Sales (million K ₂ O tonnes) ² | 12.7 | 14.1 | 14.3 | 14.0 | 13.7 |
| Canadian Dollar (US cents) | 75.19 | 75.75 | 79.12 | 79.90 | 79.98 |

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

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

The economic and fiscal forecasts in the 2022-23 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 emergence of new COVID-19 variants, the evolving situation between Russia and Ukraine, along with interest rate levels, OPEC decisions and transportation disruptions have the potential to impact resource revenue.

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. Due to 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 2022-23, 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\$20 per K₂O tonne) change in the fiscal-year average realized potash price results in an estimated \$50 million change in potash royalties; and,
- a 1 U.S. cent change in the fiscal-year average exchange rate results in an estimated \$39 million change (inverse relationship in non-renewable resource revenue).

Net Income from Government Business Enterprises

Government Business Enterprise (GBE) net income is forecast at \$742.5 million in 2022-23 and accounts for 4.3 per cent of budgeted revenue. This is a \$231.0 million decrease from the current 2021-22 forecast.

The decrease reflects a budgeted return to more normal levels of investment income following large gains in 2021-22. In addition, higher claims expenses (related to claims returning to pre-pandemic levels and customer growth) are projected to reduce Saskatchewan Government Insurance net income.

Net Income from Government Business Enterprises

| (millions of dollars) | 2019-20 Actual | 2020-21 Actual | 2021-22 Budget | 2021-22 Forecast | 2022-23 Budget | Change from 2021-22 Forecast | |
|---------------------------------|-------------------|-------------------|-------------------|---------------------|-------------------|---------------------------------|---------------|
| | | | | | | Dollars | Per Cent |
| Saskatchewan Auto Fund | (46.7) | 283.4 | 192.1 | 147.2 | (19.0) | (166.2) | (112.9) |
| Saskatchewan Gaming Corporation | 20.1 | (13.4) | 11.5 | 7.0 | 11.7 | 4.7 | 67.1 |
| SGL | 49.9 | 172.1 | 40.0 | 108.1 | 15.8 | (92.3) | (85.4) |
| SLGA | 470.3 | 359.7 | 423.4 | 430.0 | 444.4 | 14.4 | 3.3 |
| SaskPower | 205.8 | 160.2 | 16.7 | 10.3 | 48.3 | 38.0 | 368.9 |
| SaskTel | 119.8 | 130.8 | 100.0 | 100.0 | 106.5 | 6.5 | 6.5 |
| SaskEnergy | 43.5 | 80.8 | 49.7 | 51.6 | 64.5 | 12.9 | 25.0 |
| Workers' Compensation Board | (12.3) | 97.6 | (1.3) | 72.6 | 13.1 | (59.5) | (82.0) |
| Other | 5.1 | 6.9 | 67.1 | 46.7 | 57.2 | 10.5 | 22.5 |
| Total | 855.4 | 1,278.1 | 899.2 | 973.5 | 742.5 | (231.0) | (23.7) |

These declines are partially offset by higher net income at SaskPower and SaskEnergy, driven by higher consumption, as well as increased net income at Saskatchewan Liquor and Gaming Authority from higher gaming revenue.

GBE net income in the 2022-23 Budget also includes \$57.2 million in other GBE income, primarily to recognize federal and provincial revenue to be received by SaskPower and SaskWater for capital projects, for which there is an offsetting expense as the funding will flow through SaskBuilds Corporation and the Ministry of Government Relations.

Other Own-Source Revenue

Other own-source revenue is budgeted at \$2.2 billion in 2022-23 and accounts for about 12.8 per cent of total revenue. This is a \$337.8 million, or 13.4 per cent, decrease from 2021-22 and reflects an anticipated return to more normal conditions following the drought and pandemic.

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

Other Own-Source Revenue

| (millions of dollars) | 2019-20 Actual | 2020-21 Actual | 2021-22 Budget | 2021-22 Forecast | 2022-23 Budget | Change from 2021-22 Forecast | |
|----------------------------------|-------------------|-------------------|-------------------|---------------------|-------------------|---------------------------------|---------------|
| | | | | | | Dollars | Per Cent |
| Fees | 1,200.2 | 1,183.9 | 1,170.0 | 1,221.5 | 1,225.6 | 4.1 | 0.3 |
| Insurance | 279.3 | 273.7 | 282.7 | 724.7 | 400.9 | (323.8) | (44.7) |
| Investment Income | 118.6 | 151.1 | 88.4 | 88.4 | 89.7 | 1.3 | 1.5 |
| Transfers from Other Governments | 77.5 | 82.0 | 73.2 | 73.2 | 65.9 | (7.3) | (10.0) |
| Miscellaneous | 462.8 | 432.3 | 489.8 | 422.5 | 410.4 | (12.1) | (2.9) |
| Total | 2,138.4 | 2,123.0 | 2,104.1 | 2,530.3 | 2,192.5 | (337.8) | (13.4) |

own-source revenue to finance additional spending not funded by government grants.

The 2022-23 Budget includes decreases in insurance and miscellaneous revenue, along with transfers from other governments, partially offset by higher fees and investment income.

Insurance revenue is forecast to decline \$323.8 million from the 2021-22 forecast, primarily reflecting a reduction in private reinsurance recovery purchased by Saskatchewan Crop Insurance Corporation.

Revenue from fees, investment income, transfers from other governments and other miscellaneous sources are forecast to decline \$14.0 million, primarily reflecting lower forestry fees and expected land sales.

Transfers from the Federal Government

Federal transfers are budgeted at \$3.2 billion in 2022-23 and account for 18.8 per cent of total revenue. This is a \$186.6 million, or 5.5 per cent, decrease from 2021-22.

The Canada Health Transfer and Canada Social Transfer will increase by \$58.7 million and \$12.4 million, respectively, in 2022-23 in accordance with the legislated funding formula.

Other federal transfers are budgeted to decline \$257.7 million compared to the 2021-22 forecast, primarily due to one-time federal contributions in 2021-22 that are not budgeted to repeat, including:

- \$176.4 million for the Canada-Saskatchewan Drought Response Initiative;
- \$124.1 million for Saskatchewan's share of the Helping Our Health Systems Recover program;
- \$62.6 million in one-time top-up funding received for the Canada Community-Building Fund;
- \$31.0 million for Saskatchewan's share of Canada's COVID-19 Immunization Plan; and,
- \$25.8 million in top-up funding received for the Workforce Development Agreement at Immigration and Career Training.

These decreases are partially offset by the following funding increases:

- \$140.5 million to increase access to high-quality, affordable child care;
- \$58.4 million for the Saskatchewan Crop Insurance Corporation, due to higher federal crop insurance premiums;
- \$29.5 million reflecting higher Investing in Canada Infrastructure Program funding; and,
- \$17.1 million for the Accelerated Site Closure Program, consistent with expected activity under the program.

Transfers from the Federal Government

| (millions of dollars) | 2019-20 Actual | 2020-21 Actual | 2021-22 Budget | 2021-22 Forecast | 2022-23 Budget | Change from 2021-22 Forecast | |
|------------------------|-------------------|-------------------|-------------------|---------------------|-------------------|---------------------------------|--------------|
| | | | | | | Dollars | Per Cent |
| Canada Health Transfer | 1,262.7 | 1,296.5 | 1,330.4 | 1,331.3 | 1,390.0 | 58.7 | 4.4 |
| Canada Social Transfer | 456.2 | 465.2 | 477.4 | 477.7 | 490.1 | 12.4 | 2.6 |
| Other | 870.9 | 1,371.4 | 1,100.7 | 1,597.3 | 1,339.6 | (257.7) | (16.1) |
| Total | 2,589.8 | 3,133.1 | 2,908.5 | 3,406.3 | 3,219.7 | (186.6) | (5.5) |

Expense

Expense in the 2022-23 Budget is classified into eleven themes, consistent with the presentation in the Saskatchewan Public Accounts. Expenses are made up of all GSOs (and proportionate share of partnerships) within the Government of Saskatchewan, including the General Revenue Fund.

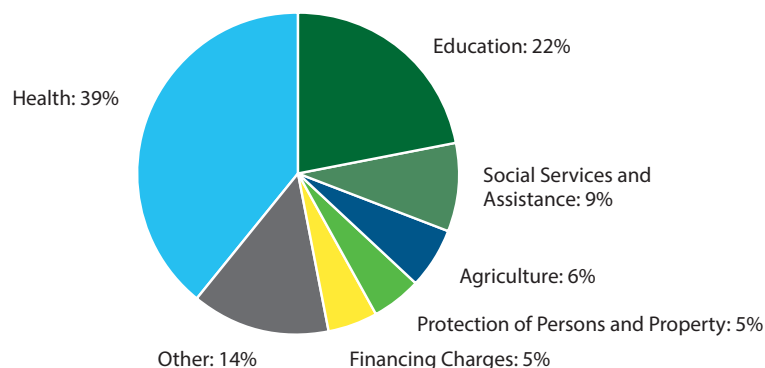
Total expense is budgeted at \$17.6 billion in 2022-23, an increase of \$531.3 million, or 3.1 per cent, from the 2021-22 Budget.

Health, Education, and Social Services and Assistance account for approximately 70 per cent of the 2022-23 Budget, in line with the historical average.

Health is budgeted at \$6.8 billion, or 38.7 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, 3sHealth, Health Sector Affiliates, and Health Quality Council.

Chart 2: Composition of 2022-23 Expense



2022-23 Expense Reconciliation

| (millions of dollars) | 2021-22 Budget | 2022-23 Budget | Change from 2021-22 Budget | |
|------------------------------------|-----------------|-----------------|----------------------------|------------|
| | | | Dollars | Per Cent |
| Health | 6,535.3 | 6,823.5 | 288.2 | 4.4 |
| Education | 3,753.2 | 3,800.4 | 47.2 | 1.3 |
| Social Services and Assistance | 1,556.7 | 1,623.9 | 67.2 | 4.3 |
| Agriculture | 879.3 | 1,040.1 | 160.8 | 18.3 |
| Protection of Persons and Property | 845.1 | 936.2 | 91.1 | 10.8 |
| Financing Charges | 755.0 | 812.0 | 57.0 | 7.5 |
| Community Development | 690.4 | 729.9 | 39.5 | 5.7 |
| Transportation | 607.7 | 610.3 | 2.6 | 0.4 |
| General Government | 524.6 | 544.6 | 20.0 | 3.8 |
| Environment and Natural Resources | 414.9 | 371.9 | (43.0) | (10.4) |
| Economic Development | 527.0 | 327.7 | (199.3) | (37.8) |
| Total Expense | 17,089.2 | 17,620.5 | 531.3 | 3.1 |

Health expense is up \$288.2 million (4.4 per cent) from the previous budget, mostly reflecting:

- \$115.7 million increase for general operating costs and high-priority initiatives across the sector, including investments in enhanced cancer services, information security, rural emergency medical services, and drugs and benefits;
- \$95.5 million increase for compensation across the sector, for settled collective bargaining agreements and physician costs;
- \$47.0 million increase for pandemic response and recovery, including funding to reduce wait times for surgeries and diagnostic imaging, and to expand intensive care unit and high-acuity bed capacity in hospitals;
- \$17.0 million increase for initiatives targeted at seniors, including for the second year of the 2020 platform commitment to add 300 continuing care aides for long-term and home care;
- \$8.0 million increase for mental health and addictions initiatives; and,
- \$5.0 million increase for recruitment and retention initiatives, particularly for rural Saskatchewan.

Education is budgeted at \$3.8 billion, or 21.6 per cent of total expense.

The most significant components of the education theme are the Ministries of Education, Advanced Education, and Immigration and Career Training, 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 \$47.2 million (1.3 per cent) from the previous budget.

The majority of the increase is due to a \$212.2 million increase to improve access to high-quality, affordable child care, partially offset by a decrease of \$149.7 million for pension expense, largely due to changes in actuarial gains and losses.

This budget also includes \$29.2 million of additional funding for the Boards of Education for school operating and hiring additional educational assistants, as well as \$20.1 million of increased operational costs within the post-secondary sector as students return to in-person learning.

Offsetting these increases are the following decreases:

- \$20.6 million in the Provincial Training Allowance as part of the wind down of the program, which accompanies the creation of a new training benefit in the Ministry of Social Services; and,
- \$54.4 million for removal of targeted preventative maintenance funding for Boards of Education, and reflecting the end of education and workforce pandemic supports.

Social Services and Assistance is budgeted at \$1.6 billion, or 9.2 per cent of total expense.

The most significant components of the social services theme are the Ministries of Social Services, Government Relations, Saskatchewan Housing Corporation, and the Saskatchewan Legal Aid Commission.

Social Services and Assistance expense is up \$67.2 million (4.3 per cent) from the previous budget.

The increase is primarily due to:

- \$23.5 million increase to invest in housing repair, development, and affordability under the National Housing Strategy Agreement;
- \$17.9 million increase for income assistance supports for low-income individuals, families, seniors, and people with significant and enduring disabilities;
- \$8.7 million increase for community-based organizations;
- \$7.7 million increase to support clients with intellectual disabilities and to improve services for deaf and hard of hearing persons; and,
- \$6.5 million increase to ensure the safety and well-being of vulnerable children and youth.

Agriculture is budgeted at \$1.0 billion, or 5.9 per cent of total expense.

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

Agriculture expense is up \$160.8 million from the previous budget (18.3 per cent), primarily due to higher projected crop insurance indemnities as a result of higher crop prices, as well as higher reinsurance premiums.

Protection of Persons and Property is budgeted at \$936.2 million, or 5.3 per cent of total expense.

The most significant components of the protection of persons and property theme are the Ministries of Corrections, Policing and Public Safety, Justice

and Attorney General, Integrated Justice Services, and Labour Relations and Workplace Safety, the Saskatchewan Public Safety Agency, Sask911, Victim's Fund, Financial and Consumer Affairs Authority of Saskatchewan, as well as the Advocate for Children and Youth, Information and Privacy Commissioner, and Ombudsman and Public Interest Disclosure Commissioner.

Protection of Persons and Property expense is up \$91.1 million (10.8 per cent) from the previous budget, primarily reflecting the consolidation of provincial enforcement services from the environment and transportation themes under the new provincial protective services branch within the Ministry of Corrections, Policing and Public Safety. The 2022-23 Budget also includes increases for the Royal Canadian Mounted Police and other areas across the justice system including inflationary adjustments, gang violence reduction, court support services, and judges' salaries.

Financing Charges are budgeted at \$812.0 million, or 4.6 per cent of total expense. This is an increase of \$57.0 million (7.5 per cent) from the previous budget, largely reflecting an increase in debt-servicing costs as a result of growth in the Saskatchewan Capital Plan and operating debt.

Community Development is budgeted at \$729.9 million, or 4.1 per cent of total expense.

The most significant components of the community development theme are the Ministries of Government Relations, Parks, Culture and Sport, and Education, the Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation, Northern Municipal Trust Account, Provincial Capital Commission Authority, Saskatchewan Arts Board, Saskatchewan Western Development Museum, Community Initiatives Fund, and Saskatchewan Centre of the Arts.

Community Development expense is up \$39.5 million (5.7 per cent) from the previous budget, primarily due to increases for the Investing in Canada Infrastructure Program and an increase in funding for First Nations, Métis and Northern Affairs, partially offset by decreased requirements for the New Building Canada Fund as this program winds down.

Transportation is budgeted at \$610.3 million, or 3.5 per cent of total expense.

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

Transportation expense is up \$2.6 million (0.4 per cent) from the previous budget, largely due to an \$18.7 million increase in amortization expense for completed highway projects, as well as increases for winter maintenance, partially offset by decreased municipal transfers, stimulus fall off, and the transfer of the Saskatchewan Highway Patrol program to the protection of persons and property theme as a part of the consolidation of the provincial protective services.

General Government is budgeted at \$544.6 million, or 3.1 per cent of total expense. This is an increase of \$20.0 million (3.8 per cent) from the previous budget, primarily reflecting an increase for the Enterprise Business Modernization Project.

Environment and Natural Resources is budgeted at \$371.9 million, or 2.1 per cent of total expense.

The theme is comprised of portions of the Ministries of Environment, and Parks, Culture and Sport, as well as the Water Security Agency, the Commercial Revolving Fund, and portions of the Saskatchewan Research Council.

Environment and Natural Resources expense is down \$43.0 million (10.4 per cent) from the previous budget,

primarily reflecting a decrease of \$24.5 million for the transfer of compliance and field services to the protection of persons and property theme as a part of the consolidation of the provincial protective services, and a \$24.4 million decrease for the Accelerated Site Closure Program.

Economic Development is budgeted at \$327.7 million, or 1.9 per cent of total expense.

The most significant components of the economic development theme are the Ministries of Energy and Resources, Trade and Export Development, Saskbuilds and Procurement, Immigration and Career Training, Environment, and Finance, portions of the Saskatchewan Research Council, SaskBuilds Corporation, Innovation Saskatchewan, Tourism Saskatchewan, Saskatchewan Opportunities Corporation, Creative Saskatchewan, Global Transportation Hub Authority, and Saskatchewan Health Research Foundation.

Economic Development expense is down \$199.3 million (37.8 per cent) from the previous budget, reflecting:

- \$174.8 million decrease for the completion of the Saskatchewan Economic Recovery Rebate;
- \$30.9 million due to an overall reduction of capital funding for SaskPower; and,
- \$9.5 million decrease to the Vaccine for Infectious Disease Organization for the Centre for Pandemic Research;

partially offset by,

- \$8.0 million increase for Creative Saskatchewan film and television grants; and,
- \$6.1 million increase for Tourism Saskatchewan to support expanded marketing and industry development.

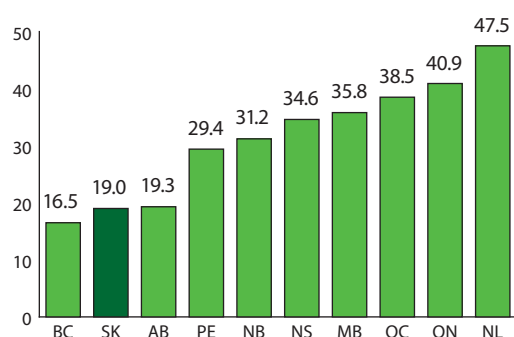
Net Debt

Another measure of a province's fiscal position is net debt. Net debt aggregates a province's liabilities and subtracts the financial assets that it has at its disposal to repay its obligations. Net debt measures the province's future requirement to generate revenue to fund past services and transactions.

Net-debt-to-GDP compares the province's net debt to its economic output as an indicator of the province's ability to generate future revenues to pay for past services and transactions.

Saskatchewan's net debt position is prudent and sustainable. The table below shows that the Province of Saskatchewan's net debt at March 31, 2022 is forecasted to be only 19.0 per cent of GDP, which is one of the best among provinces.

**Chart 3: Projected net debt as a % of GDP
As at March 31**



Sources: Net Debt: Jurisdictions most recent data (as of March 4, 2022).
GDP: SK: Saskatchewan Ministry of Finance; All others: Statistics Canada, IHS Markit.

Medium-Term Outlook

Saskatchewan's plan to return to balance no later than 2026-27 remains unchanged. Despite deficits being forecast across the planning horizon, there has been a vast improvement to the fiscal outlook compared

to Budget 2021-22. Saskatchewan's outlook continues to be driven by sustainability anchors such as low net-debt-to-GDP compared to other provinces and returning to balanced annual budgets.

This prudent outlook allows the government to continue making key investments to support a vibrant economy and emerging priorities, while maintaining the fiscal capacity to provide sustainable, high-quality services to citizens, ensuring Saskatchewan remains the best place in Canada to work, live and raise a family.

Faster-than-expected economic recovery, coupled with increased commodity prices have led to significant improvements for all revenue streams across the medium-term. This improvement in revenues allows for an expense target that provides government the flexibility to address key priority areas of spending through to 2025-26 while taking into account factors such as inflationary and interest rate pressures, an aging population, and longer-term impacts from the pandemic on public services.

The medium-term fiscal outlook is consistent with the provincial economic forecast and its underlying assumptions. The outlook assumes that there will be no new public health measures as the province changes its approach from managing COVID-19 as a pandemic to endemic, and that there are no negative structural changes to the economy that alter the projected growth.

The province's financial position is projected to improve over the medium-term, with forecast deficits of \$463 million in 2022-23, \$384 million in 2023-24, \$321 million in 2024-25, and \$165 million in 2025-26.

After a decline in revenue of 1.9 per cent in 2022-23, total revenue is forecast to grow by 2.6 per cent per year, on average, over the medium-term.

Growth in base, or on-going, expense over the medium-term is targeted at 2.0 per cent per year.

Medium-Term Financial Outlook

| (millions of dollars) | 2019-20 Actual | 2020-21 Actual | 2021-22 Forecast | 2022-23 Budget | 2023-24 Outlook | 2024-25 Outlook | 2025-26 Outlook |
|-----------------------|-------------------|-------------------|---------------------|-------------------|--------------------|--------------------|--------------------|
| Revenue | 14,887 | 14,524 | 17,496 | 17,158 | 17,589 | 18,011 | 18,534 |
| Expense | 15,207 | 15,651 | 19,681 | 17,621 | 17,973 | 18,332 | 18,699 |
| Deficit | (319) | (1,127) | (2,185) | (463) | (384) | (321) | (165) |

Medium-Term Revenue

Average annual revenue growth of 2.6 per cent is driven by Saskatchewan's strengthening economy as nominal GDP growth for the same period is anticipated to average 2.1 per cent annually. Revenue as a per cent of GDP is expected to remain relatively stable throughout the medium-term.

Tax revenue is forecast to grow by 3.6 per cent per year, on average, over the forecast period. In addition, the wind-down of the Home Renovation Tax Credit and the small business income tax rate reduction in 2023 contribute to the robust growth outlook over the period.

Non-renewable resource revenue growth is forecast to decline by 2.0 per cent per year, on average, over

the forecast period. Despite this slight decline, non-renewable revenue is still forecast to sustain highs not seen in the past decade.

WTI oil prices are forecast to be relatively flat over the forecast period and average US\$70.25 in 2025-26. An increase in the light-heavy oil price differential over the same time period has a negative effect on well-head oil prices in Saskatchewan. As a result, well-head prices, in Canadian dollars, are expected to decline over the forecast horizon. Finally, oil production in 2025-26 is forecast at 179.2 million barrels, only slightly above 2019-20 levels, as industry focuses on paying down debt incurred in the 2020 downturn and returning capital to shareholders.

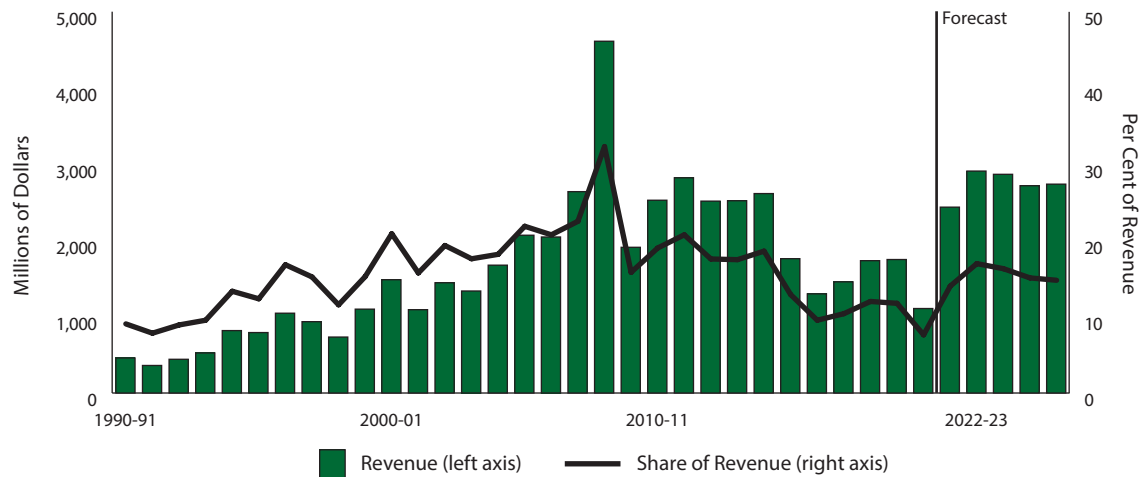
Key Medium-Term Non-Renewable Resource Forecast Assumptions

| | 2019-20 Actual | 2020-21 Actual | 2021-22 Budget | 2021-22 Forecast | 2022-23 Budget | 2023-24 Outlook | 2024-25 Outlook | 2025-26 Outlook |
|--|-------------------|-------------------|-------------------|---------------------|-------------------|--------------------|--------------------|--------------------|
| WTI Oil Price (US\$/barrel) | 54.80 | 42.32 | 54.33 | 75.00 | 75.75 | 71.25 | 68.50 | 70.25 |
| Light-Heavy Differential (% of WTI) | 20.9 | 16.9 | 19.7 | 13.7 | 14.5 | 14.7 | 15.5 | 15.5 |
| Well-head Oil Price (C\$/barrel) ¹ | 52.54 | 36.54 | 49.31 | 74.62 | 74.19 | 70.06 | 65.93 | 68.28 |
| Oil Production (million barrels) | 178.9 | 152.5 | 160.0 | 163.5 | 163.7 | 165.6 | 172.4 | 179.2 |
| Potash Price (mine netback, US\$/KCl tonne) ² | 223 | 180 | 191 | 310 | 407 | 394 | 383 | 371 |
| Potash Price (mine netback, C\$/K ₂ O tonne) ² | 490 | 390 | 396 | 635 | 833 | 814 | 791 | 773 |
| Potash Sales (million K ₂ O tonnes) ² | 12.7 | 14.1 | 14.3 | 14.0 | 13.7 | 14.1 | 14.1 | 14.1 |
| Canadian Dollar (US cents) | 75.19 | 75.75 | 79.12 | 79.90 | 79.98 | 79.41 | 79.37 | 78.75 |

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

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

Chart 4: Non-Renewable Resource Revenues – 1990-91 to 2025-26



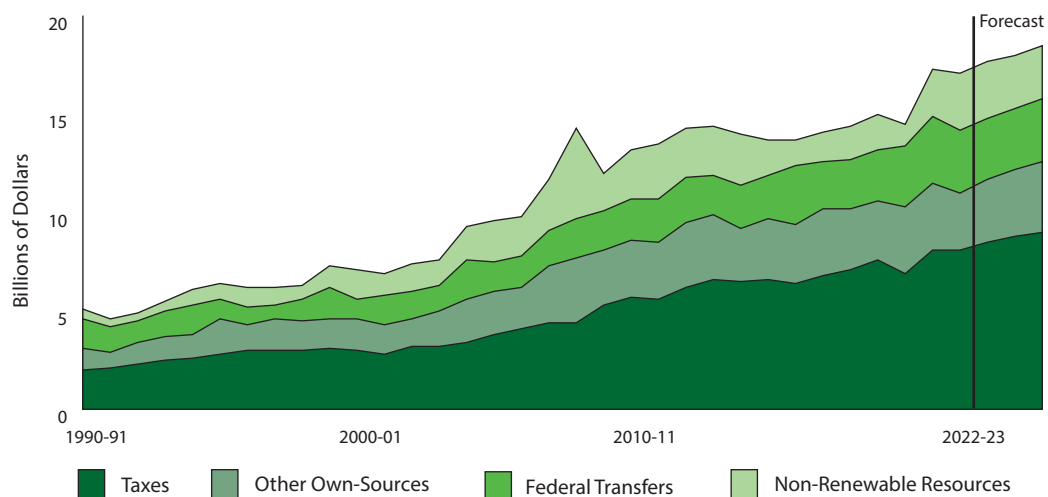
Source: Saskatchewan Ministry of Finance

Potash prices are forecast to decline over the forecast horizon, while sales remain flat, however both are expected to remain high compared to historical trends.

The Canadian dollar is expected to be relatively stable over the next four years.

In total, non-renewable resource revenue is projected to account for less than 15 per cent of total revenue by 2025-26, which is below the current 17 per cent share estimated for 2022-23.

Chart 5: Composition of Revenue – 1990-91 to 2025-26



Source: Saskatchewan Ministry of Finance

GBE net income and other own-source revenue are projected to increase at a combined annual average rate of 6.7 per cent.

Finally, federal transfers are projected to remain relatively flat over the four-year horizon. The 2022-23 Budget includes \$175.6 million of federal funding recognition for the Accelerated Site Closure Program, which is expected to wind down in 2022-23. 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.

Medium-Term Net Debt

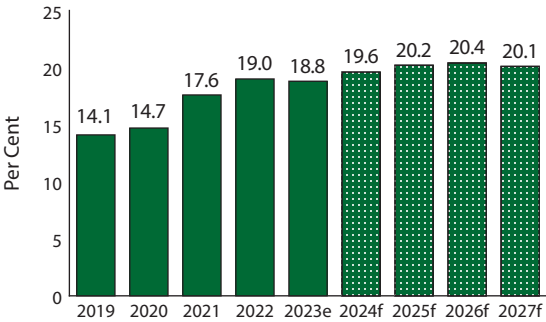
During the pandemic, the province’s net-debt-to-GDP ratio increased from 14.1 per cent to 19.0 per cent, due to a decline in revenue coupled with increased expense for COVID-19 health, safety and stimulus efforts. As the province emerges from the pandemic and the economy continues to gain momentum, Saskatchewan’s net-debt-to-GDP ratio is forecast to remain relatively stable before beginning to decline as the province returns to a surplus position.

Under the current set of planning assumptions, Saskatchewan’s net-debt-to-GDP ratio is estimated to decrease to 18.8 per cent in 2022-23, from an estimated 19.0 per cent in 2021-22, and peak at 20.4 per cent in 2025-26 after which point Saskatchewan’s net-debt-to-GDP ratio is expected to decline.

This outlook is a significant improvement from the prior year forecasts which anticipated a ratio of 26.0 per cent in 2025, 6.1 per cent higher than the current year projections.

Despite the slight 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.

Chart 6: Net debt as a % of GDP
As at March 14



Source: Ministry of Finance
e–estimation, f–forecast

2022-23 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,
- GBE Specific Debt – amounts borrowed by, or specifically on behalf of self-sufficient government organizations.

GBEs 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.

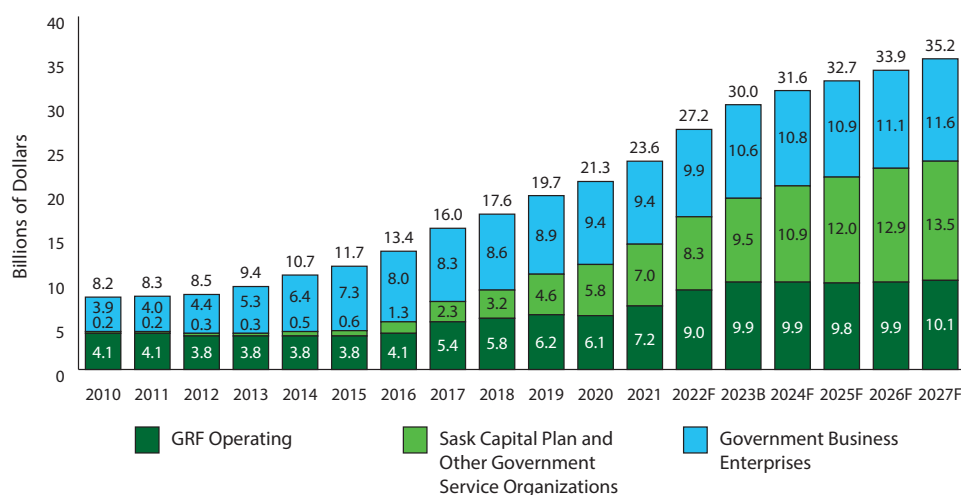
Public debt as reported in this Budget paper is comprised of:

- 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, 2022 is forecast to be \$0.6 billion lower than estimated primarily due to the reduction in operating debt required to fund the 2021-22 deficit and decreases in Saskatchewan Capital Plan and GBE debt.

For 2022-23, public debt is expected to increase by \$2.9 billion from the March 31, 2022 forecast. This is due to a \$1.3 billion increase in debt for infrastructure assets under the Saskatchewan Capital Plan, \$0.9 billion increase in operating debt to fund the deficit and increase liquidity and \$0.7 billion of increased debt for GBEs.

Chart 1: Public Debt
As at March 31



Debt
As at March 31

| (millions of dollars) | General Debt 2023 | GBE Specific Debt 2023 | Budget 2023 | Forecast 2022 | Budget 2022 |
|---|-------------------------|---------------------------------|------------------|------------------|-----------------|
| Government Service Organizations | | | | | |
| Gross Debt | 20,917.8 | – | 20,917.8 | 18,705.7 | 19,230.2 |
| Sinking Funds | (1,457.1) | – | (1,457.1) | (1,371.5) | (1,374.8) |
| Government Service Organization Debt | 19,460.7 | – | 19,460.7 | 17,334.2 | 17,855.4 |
| Government Business Enterprises | | | | | |
| Gross Debt | 275.0 | 11,416.2 | 11,691.2 | 10,922.0 | 10,983.2 |
| Sinking Funds | (40.2) | (1,067.2) | (1,107.4) | (1,068.8) | (1,072.3) |
| Government Business Enterprise Debt | 234.8 | 10,349.0 | 10,583.8 | 9,853.2 | 9,910.9 |
| Public Debt | 19,695.5 | 10,349.0 | 30,044.5 | 27,187.4 | 27,766.3 |
| Guaranteed Debt | 35.1 | – | 35.1 | 0.2 | 0.1 |

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 2022-23 borrowing requirements are estimated to be \$3,521.7 million. Of this amount, \$664.6 million is for the purpose of refinancing maturing debt, \$500.0 million is to improve operational flexibility through liquidity, and the remaining amount is to finance infrastructure assets and fund the deficit.

Borrowing Requirements

| (millions of dollars) | Budget 2022-23 | Forecast 2021-22 |
|--|-------------------|---------------------|
| General Revenue Fund – Operating | 1,070.0 | 1,925.0 |
| Saskatchewan Capital Plan and Other Government Service Organizations | 1,400.0 | 1,500.0 |
| Government Service Organizations | 2,470.0 | 3,425.0 |
| Government Business Enterprises | 1,051.7 | 827.7 |
| Borrowing Requirements | 3,521.7 | 4,252.7 |

Sinking Funds

| (millions of dollars) | Forecast 2022 | Contributions 2023 | Earnings 2023 | Redemptions 2023 | Budget 2023 |
|----------------------------------|------------------|-----------------------|------------------|---------------------|----------------|
| Government Service Organizations | 1,371.5 | 231.2 | 29.0 | (174.6) | 1,457.1 |
| Government Business Enterprises | 1,068.8 | 98.7 | 21.8 | (81.9) | 1,107.4 |
| Total Sinking Funds | 2,440.3 | 329.9 | 50.8 | (256.5) | 2,564.5 |

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, 2022 are forecast to be \$2,440.3 million, which is \$6.8 million lower than estimated. The variance is primarily due to lower than expected investment earnings during 2021-22.

For 2022-23, sinking funds are expected to increase by \$124.2 million to \$2,564.5 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 2022-23 debt charges assume interest rates of 0.5 per cent for short-term borrowing and 2.75 per cent for long-term borrowing. A pension valuation rate of 2.9 per cent has been assumed for pension liabilities. A one percentage point increase in interest rates from levels assumed in the Budget would increase debt charges in 2022-23 by approximately \$32.2 million.

Debt Charges – General Debt

| (millions of dollars) | Budget 2022-23 | Forecast 2021-22 |
|--|-------------------|---------------------|
| General Revenue Fund | 622.2 | 527.0 |
| GRF Interest Paid to Other Government Entities | (16.4) | (12.0) |
| | 605.8 | 515.0 |
| Pension Liabilities | 173.2 | 176.1 |
| Other General Debt | 33.0 | 33.7 |
| Debt Charges – General Debt¹ | 812.0 | 724.8 |

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), S&P Global (S&P) and DBRS Morningstar (DBRS).

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 strongest among Canadian provinces.

Credit Ratings of Canadian Provinces As at March 14, 2022

| JURISDICTION | MOODY'S | S&P | DBRS |
|-------------------------|------------------|-----------------|----------------------|
| British Columbia | Aaa | AA+ | AA(high) |
| Saskatchewan | Aa1 ¹ | AA ² | AA(low) ³ |
| Quebec | Aa2 | AA- | AA(low) |
| Nova Scotia | Aa2 | AA- | A(high) |
| Manitoba | Aa2 | A+ | A(high) |
| New Brunswick | Aa2 | A+ | A(high) |
| Prince Edward Island | Aa2 | A | A |
| Ontario | Aa3 | A+ | AA(low) |
| Alberta | Aa3 | A | AA(low) |
| Newfoundland & Labrador | A1* | A* | A(low) |

¹ Last rating change on March 21, 2021

² Last rating change on June 21, 2017

³ Last rating change on June 18, 2020

* negative outlook

2022-23 Revenue Initiatives

The 2022-23 Budget introduces a number of revenue initiatives to help get Saskatchewan back on track by continuing to drive sustained growth in the economy, while also ensuring fair and consistent application of taxes for Saskatchewan businesses and households.

This paper provides an overview of the tax and revenue measures announced in the Budget. It is strictly a summary, and for further details readers are encouraged to contact the responsible ministry or authority and/or consult the enacting legislation or regulation.

Back on Track to a Growing Economy

Saskatchewan's tax system includes 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 a commitment to a strong economic recovery and a strong Saskatchewan, many existing incentives will continue, and the 2022-23 Budget announces additional incentives that drive investment.

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.

Enhancement of the Saskatchewan Value-added Agriculture Incentive (SVAI)

Saskatchewan is home to one of the world's top value-added agriculture investment environments. The SVAI is part of that investment environment, as a tax rebate in respect of capital expenditures valued at \$10.0 million

or more for newly constructed or expanded value-added agriculture facilities in Saskatchewan.

Qualifying projects may include canola crush facilities, pea protein processors, oat milling operations, malt producing operations, and cannabis oil facilities.

With the intent of making the SVAI even more attractive, the Government is increasing the 15 per cent tax credit rate for higher levels of investment, as follows:

- 15 per cent on the portion of a project up to \$400.0 million;
- 30 per cent on the portion of a project between \$400.0 million-\$600.0 million; and,
- 40 per cent on the portion of a project in excess of \$600.0 million in value.

This change will be effective retroactive to the origin of the program in 2018. The dollar value of the tax credit will be capped at \$250.0 million, meaning no single project can be eligible for more than that amount of SVAI corporate tax relief.

For further information on the SVAI program, please contact the Ministry of Trade and Export Development at 306-798-1277.

Enhancement of the Saskatchewan Technology Start-up Incentive (STSI)

The STSI is designed to encourage business investment in early-stage technology start-ups. The program provides a non-refundable 45 per cent income tax credit for individual, corporate or venture capital corporations investing in Eligible Start-up Businesses (ESBs) that are developing new technologies, or applying existing technologies in a new way, to create proprietary new products, services or processes that are repeatable and scalable.

Last year's budget announced the following changes to the STSI:

- extended the STSI for an additional five years through 2025-26;
- doubled the amount that an ESB can raise under the program from \$1.0 million to \$2.0 million;
- increased the carry-forward period to claim unused tax credits from four years to seven years; and,
- established a cap of \$2.5 million per year on the maximum value of tax credits that may be issued.

To further encourage investment and the growth of private capital in Saskatchewan, the STSI is again being enhanced by increasing the tax credit cap from \$2.5 million to \$3.5 million, effective April 1, 2022.

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

Temporary Reduction of the Small Business Tax Rate

In the fall of 2020, to support Saskatchewan small businesses through the pandemic and to help them recover, the Government temporarily reduced the small business corporate income tax rate to zero, effective October 1, 2020.

The small business corporate income 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.

Lower taxes for Saskatchewan small businesses will continue to help bolster employment and keep Saskatchewan on the path to economic recovery.

Saskatchewan Home Renovation Tax Credit

In the fall of 2020, the Government introduced the 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 for 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 for 2022 in respect of eligible expenses incurred between January 1, 2022 and December 31, 2022.

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

Fair and Consistent Taxation

The 2022-23 Budget introduces several measures to improve the fair and consistent application of Saskatchewan's taxes, including modest adjustments to Tobacco Tax rates, the Provincial Sales Tax (PST) base, and Education Property Tax (EPT) mill rates.

Taxation of Tobacco Products

To help maintain tax rate equity among western provinces on cigarette sticks and loose tobacco, Saskatchewan's Tobacco Tax rates increase from 27 cents to 29 cents on cigarette sticks, from 27 cents to 35 cents per gram of loose tobacco (chew and roll-your-own tobacco), and from 20.5 cents to 21.8 cents on Heat-Not-Burn sticks, effective March 24, 2022.

While Saskatchewan has typically maintained an equivalent Tobacco Tax rate for cigarettes and loose tobacco, many other provinces have had higher

rates on loose tobacco to account for its generally unhealthier nature. Overall, the higher tax rates will help shift consumption away from these products towards healthier alternatives.

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

Vapour Products Tax (VPT) Exemption in Lloydminster

The 2022-23 Budget announces that *The Lloydminster Provincial Sales Tax Exemption Regulations* are amended to add the recently introduced Saskatchewan VPT to the list of tax-exempt purchases within the City of Lloydminster, effective March 24, 2022.

Due to its unique geographic location, there are specific rules in place to facilitate tax exemptions for specified types of retail sales on the Saskatchewan side of Lloydminster.

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.

PST on Admissions and Entertainment

Effective October 1, 2022, the PST base will be expanded to include admission and entertainment charges. For simplicity and ease of administration, these changes will follow the federal Goods and Services Tax base.

Examples of the types of charges that are currently exempt but will become taxable include, but are not limited to:

- admissions to sporting events, concerts and shows, movie theatres, museums, zoos and historical sites;
- admissions to fairs, rodeos, trade shows, arts and crafts shows;
- admissions to conferences and seminars;
- professional theatre tickets and subscriptions;
- gym, golf and curling fees and memberships; and,
- hunting and fishing guide fees and outfitter services.

There will be, however, exemptions for certain situations, including:

- admissions to school, university or minor league sports and amateur theatre productions where the events are put on by a public sector body and do not feature paid participants;
- fees for recreational programs such as hockey, dance or music where the activities are provided by school or non-profit organizations for those 14 years of age and under; and,
- fund-raising events where part of the cost of admission can reasonably be considered a donation to a charity.

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

PST Exemption for Audiobooks

An eBook is an electronic version of a printed book that can be read on a computer or other electronic device, while an audiobook is a voice recording of

the text of a book that is listened to rather than read. eBooks are currently exempt from the PST (similar to traditional books) while audiobooks are taxable, resulting in an inconsistency of tax application.

Audiobooks allow people to multi-task while “reading” a book, and they are also used extensively for educational purposes and by those in the visually impaired community.

Effective April 1, 2022, the Government will exempt sales of audiobooks from the PST to provide an equivalent treatment with eBooks.

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

Video Lottery Terminal (VLT) Site Commission Rate

VLT site operators currently receive 15 per cent of net sales as a commission, with the remaining 85 per cent going to the Province. The commission is paid in recognition of site operators providing space and electricity for VLTs, paying out prizes, emptying cashboxes, and cleaning the machines.

As part of the 2022-23 Budget, the Government is increasing the VLT site commission rate from 15 per cent to 18 per cent, effective April 4, 2022.

For further information on this change, please contact Saskatchewan Liquor and Gaming Authority at 306-787-5309.

EPT Mill Rates

The 2022-23 Budget is introducing changes to EPT mill rates. These changes will slightly increase 2022 mill rates for each property class in Saskatchewan,

including a decrease to the differential between the highest and lowest EPT mill rates, to improve overall tax fairness.

These EPT mill rate changes are expected to result in a revenue increase of about 1.8 per cent. When combined with normal assessment base growth, the total revenue increase is estimated to be 2.6 per cent.

The 2022 EPT mill rates for the various property classes will be: Agriculture 1.42; Residential 4.54; Commercial/Industrial 6.86; and Resource 9.88.

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

Takeover of Federal Carbon Tax Backstop Fuel Charge

As part of the Government’s approach to increasing Saskatchewan’s autonomy within the Canadian federation, a proposal is being developed to take over administration of, and all revenues from, the federal carbon tax backstop fuel charge.

The Government believes that it is better to have full control of this tax and its associated revenues, rather than accept that the federal government will continue to make the decisions on how best to return the revenues within Saskatchewan.

If successful in the proposed approach, the Government will announce a plan in the fall of 2022 for how the fuel charge revenues are to be distributed back to households and businesses in Saskatchewan, according to our own unique priorities and needs.

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 include such measures as exemptions, deductions, tax credits, preferential tax 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 to be fundamental aspects of the provincial income tax system that reduce income tax revenue.

In addition, Saskatchewan's personal income tax system has distinct provincial non-refundable income 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 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 (ITC) 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 add to the complexity of the tax system, leading to increased administrative effort and compliance costs for businesses, consumers and governments.
- Third, tax expenditures 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/services/publications/federal-tax-expenditures.

2022 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 2019, 2020 and 2021 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 Ministry's internal tax models, which use actual income tax assessment data for the 2019 taxation year, along with assumptions regarding trend analysis and expected changes in population, employment, income and investment intentions for subsequent taxation years.

The 2022-23 Saskatchewan tax expenditures also incorporate 2022 indexation amounts and models have been updated to reflect changes to Canada Pension Plan (CPP) and Employment Insurance (EI).

2022 Government of Saskatchewan Tax Expenditure Accounts

(Value of Tax Expenditures in Millions of Dollars)

| Provincial Sales Tax | 2019 Actual | 2020 Revised | 2021 Revised | 2022 Estimate | Notes |
|---|----------------|-----------------|-----------------|------------------|-------|
| Exemptions | | | | | |
| 1. Basic Groceries | 180.1 | 194.3 | 205.9 | 218.2 | 1 |
| 2. Prescription Drugs | 49.3 | 50.2 | 55.2 | 60.2 | 1 |
| 3. Reading Materials | 11.0 | 11.8 | 12.5 | 13.1 | 1 |
| 4. Personal Services | 46.7 | 47.6 | 48.0 | 49.7 | 1 |
| 5. Feminine Hygiene Products | 2.2 | 2.3 | 2.4 | 2.4 | 1 |
| 6. Used Goods and Vehicles – Exempt Amounts | 11.3 | 13.9 | 12.8 | 13.6 | 1 |
| 7. Electricity | 72.0 | 70.6 | 68.3 | 69.4 | 1 |
| 8. Natural Gas | 36.6 | 35.0 | 35.5 | 29.5 | 1 |
| 9. Farm Machinery and Repair Parts | 100.7 | 100.8 | 106.5 | 107.4 | 2 |
| 10. Fertilizer, Pesticide and Seed | 237.9 | 238.0 | 278.5 | 312.9 | 2 |
| 11. Direct Agents | 28.4 | 27.2 | 28.3 | 29.4 | 2 |
| 12. Agriculture, Life and Health Insurance | 145.4 | 140.8 | 147.3 | 154.5 | 1 |
| Other | | | | | |
| 1. Saskatchewan Low-Income Tax Credit | 134.8 | 135.1 | 130.8 | 140.0 | 3 |
| 2. Rebate for New Residential Construction | – | 2.0 | 5.2 | 5.4 | 1,2 |

| Fuel Tax | 2019 Actual | 2020 Revised | 2021 Revised | 2022 Estimate | Notes |
|------------------------------------|----------------|-----------------|-----------------|------------------|-------|
| 1. Exemption for Farm Activity | 83.7 | 93.7 | 77.9 | 80.4 | 2 |
| 2. Exemption for Heating Fuels | 37.9 | 35.3 | 54.4 | 57.5 | 1 |
| 3. Exemption for Primary Producers | 1.3 | 1.4 | 1.2 | 1.2 | 2 |

| Personal Income Tax | 2019 Actual | 2020 Revised | 2021 Revised | 2022 Estimate | Notes |
|---|------------------------|-------------------------|-------------------------|--------------------------|--------------|
| Deductions from Income | | | | | |
| 1. Registered Pension Plan Contributions | 102.5 | 106.7 | 112.7 | 116.5 | 4 |
| 2. Registered Retirement Savings Plan Contributions | 150.0 | 151.4 | 152.3 | 154.7 | 4 |
| 3. Annual Union, Professional or Like Dues | 17.0 | 17.7 | 18.7 | 19.4 | 4 |
| 4. Child Care Expenses | 14.6 | 15.2 | 16.1 | 16.6 | 4 |
| 5. Moving Expenses | 1.5 | 1.6 | 1.7 | 1.7 | 4 |
| 6. Carrying Charges | 22.9 | 23.9 | 25.2 | 26.0 | 4 |
| 7. Allowable Employment Expenses | 13.6 | 14.1 | 14.9 | 15.4 | 4 |
| 8. Capital Gains Deduction | 98.4 | 102.4 | 108.2 | 111.8 | 4 |
| Saskatchewan Non-Refundable Tax Credits | | | | | |
| 1. Basic Personal Tax Credit | 1,057.2 | 1,066.7 | 1,089.3 | 1,135.5 | 4 |
| 2. Spousal Tax Credit | 53.9 | 54.4 | 55.6 | 57.9 | 4 |
| 3. Equivalent-to-Spouse Tax Credit | 23.5 | 23.7 | 24.2 | 25.3 | 4 |
| 4. Age Tax Credit | 34.5 | 34.8 | 35.5 | 37.0 | 4 |
| 5. Supplement to the Age Tax Credit | 14.7 | 14.8 | 15.1 | 15.8 | 5 |
| 6. Dependent Child Tax Credit | 107.6 | 108.6 | 110.9 | 115.6 | 5 |
| 7. CPP Contributions Tax Credit | 96.9 | 100.5 | 106.4 | 114.6 | 4 |
| 8. EI Premiums Tax Credit | 28.0 | 27.8 | 29.7 | 31.8 | 4 |
| 9. Pension Income Tax Credit | 13.2 | 13.3 | 13.4 | 13.7 | 4 |
| 10. Student Loan Interest Tax Credit | 1.1 | 1.1 | 1.2 | 1.3 | 4 |
| 11. Disability Tax Credit | 23.7 | 24.2 | 25.0 | 26.3 | 4 |
| 12. Caregiver Tax Credit | 3.3 | 3.3 | 3.4 | 3.6 | 4 |
| 13. Medical Expenses Tax Credit | 30.2 | 31.6 | 33.5 | 34.7 | 4 |
| 14. Charitable Contributions Tax Credit | 51.1 | 53.4 | 54.0 | 54.9 | 4 |
| 15. First-time Homebuyers Tax Credit | 4.6 | 4.6 | 4.7 | 4.7 | 4 |
| 16. Volunteer Tax Credits | – | 2.5 | 2.5 | 2.6 | 4 |
| Other Saskatchewan Tax Measures | | | | | |
| 1. Labour-Sponsored Venture Capital Tax Credit | 10.5 | 9.6 | 12.0 | 12.0 | 4 |
| 2. Mineral Exploration Tax Credit | 0.2 | 0.1 | 0.5 | 0.5 | 4 |
| 3. Political Contributions Tax Credit | 1.4 | 2.1 | 1.2 | 1.3 | 4 |
| 4. Graduate Retention Program Tax Credit | 64.7 | 66.6 | 64.9 | 65.0 | 6 |
| 5. Saskatchewan Technology Start-up Incentive | 0.1 | 1.7 | 1.6 | 2.3 | 8 |
| Corporation Income Tax | 2019 Actual | 2020 Revised | 2021 Revised | 2022 Estimate | Notes |
| 1. Lower Tax Rate for Small Business | 387.1 | 369.3 | 475.1 | 463.8 | 2,7 |
| 2. M&P Profits Tax Reduction | 8.7 | 23.5 | 25.0 | 25.0 | 2,7 |
| 3. ITC for M&P | 28.2 | 28.8 | 45.0 | 60.0 | 2 |
| 4. R&D Tax Credit | 10.4 | 11.4 | 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 an income tax credit of up to \$20,000.
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.
8. The Saskatchewan Technology Start-up Incentive encourages investment in eligible early stage technology start-up businesses to help diversify the provincial economy and establish a robust technology ecosystem in Saskatchewan.

2022 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 the 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 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 2022

In 2022, 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 \$3,023 in total provincial taxes.
- A two-income family earning \$75,000 will pay \$4,421 in total provincial taxes.
- A two-income family earning \$100,000 will pay \$7,415 in total provincial taxes.
- A two-income family earning \$125,000 will pay \$10,569 in total provincial taxes.

For the representative family situations, Regina also ranks among the lowest overall for combined taxes and utilities of the 10 cities surveyed.

2022 Intercity Comparison of Taxes and Utilities Single Person at \$40,000 Total Income

(Values in Dollars)

| | Vancouver | Calgary | Regina | Winnipeg | Toronto | Montreal | Saint John | Halifax | Charlotte-town | St. John's |
|--------------------------------------|-----------|---------|--------------|----------|---------|----------|------------|---------|----------------|------------|
| <i>Provincial Taxes</i> | | | | | | | | | | |
| Provincial Income Tax | 1,315 | 1,792 | 2,171 | 3,040 | 1,320 | 2,617 | 2,475 | 3,173 | 2,872 | 2,441 |
| Tax Credits and Rebates | (97) | 0 | (171) | 0 | (329) | (779) | (200) | 0 | (160) | (450) |
| Health Premiums | 0 | 0 | 0 | 0 | 450 | 710 | 0 | 0 | 0 | 0 |
| Sales Tax | 746 | 0 | 873 | 893 | 1,192 | 1,487 | 1,490 | 1,490 | 1,490 | 1,490 |
| Gasoline Tax | 370 | 130 | 150 | 140 | 147 | 222 | 109 | 155 | 151 | 211 |
| <i>Total Provincial Taxes</i> | 2,334 | 1,922 | 3,023 | 4,073 | 2,780 | 4,257 | 3,874 | 4,818 | 4,353 | 3,692 |
| <i>Household Utility Costs</i> | | | | | | | | | | |
| Electricity | 506 | 966 | 795 | 518 | 705 | 431 | 687 | 864 | 910 | 759 |
| Cellular | 960 | 960 | 780 | 780 | 960 | 780 | 960 | 960 | 960 | 960 |
| Auto Insurance | 2,154 | 3,302 | 1,232 | 1,354 | 5,503 | 2,470 | 2,694 | 2,898 | 2,093 | 2,547 |
| <i>Total Household Utility Costs</i> | 3,620 | 5,228 | 2,807 | 2,652 | 7,168 | 3,681 | 4,341 | 4,722 | 3,963 | 4,266 |
| Total Taxes and Utilities | 5,954 | 7,150 | 5,830 | 6,725 | 9,948 | 7,938 | 8,215 | 9,540 | 8,316 | 7,958 |

2022 Intercity Comparison of Taxes and Utilities Family at \$75,000 Total Income

(Values in Dollars)

| | Vancouver | Calgary | Regina | Winnipeg | Toronto | Montreal | Saint John | Halifax | Charlotte-town | St. John's |
|--------------------------------------|-----------|---------|--------------|----------|---------|----------|------------|---------|----------------|------------|
| <i>Provincial Taxes</i> | | | | | | | | | | |
| Provincial Income Tax | 2,012 | 2,820 | 2,216 | 4,865 | 1,452 | 4,288 | 4,265 | 5,342 | 4,876 | 4,457 |
| Tax Credits and Rebates | (1,380) | 0 | 0 | 0 | (1,290) | (4,412) | (60) | 0 | 0 | 0 |
| Health Premiums | 0 | 0 | 0 | 0 | 750 | 1,420 | 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 | 739 | 260 | 300 | 280 | 294 | 444 | 217 | 310 | 302 | 423 |
| <i>Total Provincial Taxes</i> | 3,126 | 3,080 | 4,421 | 7,148 | 4,014 | 5,242 | 7,933 | 9,163 | 8,689 | 8,391 |
| <i>Household Utility Costs</i> | | | | | | | | | | |
| Home Heating | 1,214 | 1,120 | 859 | 875 | 968 | 1,503 | 2,266 | 2,247 | 2,663 | 2,547 |
| Electricity | 836 | 1,450 | 1,347 | 834 | 997 | 647 | 1,053 | 1,426 | 1,383 | 1,193 |
| Cellular | 960 | 960 | 780 | 780 | 960 | 780 | 960 | 960 | 960 | 960 |
| Auto Insurance | 2,154 | 3,302 | 1,232 | 1,354 | 5,503 | 2,470 | 2,694 | 2,898 | 2,093 | 2,547 |
| <i>Total Household Utility Costs</i> | 5,164 | 6,832 | 4,218 | 3,843 | 8,428 | 5,400 | 6,973 | 7,531 | 7,099 | 7,247 |
| Total Taxes and Utilities | 8,290 | 9,912 | 8,639 | 10,991 | 12,442 | 10,642 | 14,906 | 16,694 | 15,788 | 15,638 |

2022 Intercity Comparison of Taxes and Utilities Family at \$100,000 Total Income

(Values in Dollars)

| | Vancouver | Calgary | Regina | Winnipeg | Toronto | Montreal | Saint John | Halifax | Charlotte-town | St. John's |
|--------------------------------------|---------------|---------------|---------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|
| <i>Provincial Taxes</i> | | | | | | | | | | |
| Provincial Income Tax | 3,863 | 5,138 | 4,914 | 7,856 | 3,991 | 8,062 | 7,257 | 8,774 | 7,948 | 7,344 |
| Tax Credits and Rebates | (735) | 0 | 0 | 0 | (870) | (3,412) | 0 | 0 | 0 | 0 |
| Health Premiums | 0 | 0 | 0 | 0 | 960 | 1,420 | 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 | 739 | 260 | 300 | 280 | 294 | 444 | 217 | 310 | 302 | 423 |
| <i>Total Provincial Taxes</i> | <i>5,892</i> | <i>5,398</i> | <i>7,415</i> | <i>10,462</i> | <i>7,649</i> | <i>10,596</i> | <i>11,566</i> | <i>13,176</i> | <i>12,342</i> | <i>11,859</i> |
| <i>Household Utility Costs</i> | | | | | | | | | | |
| Home Heating | 1,214 | 1,120 | 859 | 875 | 968 | 1,503 | 2,266 | 2,247 | 2,663 | 2,547 |
| Electricity | 836 | 1,450 | 1,347 | 834 | 997 | 647 | 1,053 | 1,426 | 1,383 | 1,193 |
| Cellular | 960 | 960 | 780 | 780 | 960 | 780 | 960 | 960 | 960 | 960 |
| Auto Insurance | 2,154 | 3,302 | 1,232 | 1,354 | 5,503 | 2,470 | 2,694 | 2,898 | 2,093 | 2,547 |
| <i>Total Household Utility Costs</i> | <i>5,164</i> | <i>6,832</i> | <i>4,218</i> | <i>3,843</i> | <i>8,428</i> | <i>5,400</i> | <i>6,973</i> | <i>7,531</i> | <i>7,099</i> | <i>7,247</i> |
| Total Taxes and Utilities | 11,056 | 12,230 | 11,633 | 14,305 | 16,077 | 15,996 | 18,539 | 20,707 | 19,441 | 19,106 |

2022 Intercity Comparison of Taxes and Utilities Family at \$125,000 Total Income

(Values in Dollars)

| | Vancouver | Calgary | Regina | Winnipeg | Toronto | Montreal | Saint John | Halifax | Charlotte-town | St. John's |
|--------------------------------------|---------------|---------------|----------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|
| <i>Provincial Taxes</i> | | | | | | | | | | |
| Provincial Income Tax | 5,577 | 7,537 | 7,738 | 11,108 | 5,849 | 11,959 | 10,439 | 12,681 | 11,619 | 10,757 |
| Tax Credits and Rebates | 0 | 0 | 0 | 0 | (450) | (2,412) | 0 | 0 | 0 | 0 |
| Health Premiums | 0 | 0 | 0 | 0 | 1,200 | 1,420 | 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 | 739 | 260 | 300 | 280 | 294 | 444 | 217 | 310 | 302 | 423 |
| <i>Total Provincial Taxes</i> | <i>8,645</i> | <i>7,797</i> | <i>10,569</i> | <i>14,063</i> | <i>10,658</i> | <i>16,105</i> | <i>15,362</i> | <i>17,697</i> | <i>16,627</i> | <i>15,886</i> |
| <i>Household Utility Costs</i> | | | | | | | | | | |
| Home Heating | 1,214 | 1,120 | 859 | 875 | 968 | 1,503 | 2,266 | 2,247 | 2,663 | 2,547 |
| Electricity | 836 | 1,450 | 1,347 | 834 | 997 | 647 | 1,053 | 1,426 | 1,383 | 1,193 |
| Cellular | 960 | 960 | 780 | 780 | 960 | 780 | 960 | 960 | 960 | 960 |
| Auto Insurance | 2,154 | 3,302 | 1,232 | 1,354 | 5,503 | 2,470 | 2,694 | 2,898 | 2,093 | 2,547 |
| <i>Total Household Utility Costs</i> | <i>5,164</i> | <i>6,832</i> | <i>4,218</i> | <i>3,843</i> | <i>8,428</i> | <i>5,400</i> | <i>6,973</i> | <i>7,531</i> | <i>7,099</i> | <i>7,247</i> |
| Total Taxes and Utilities | 13,809 | 14,629 | 14,787 | 17,906 | 19,086 | 21,505 | 22,335 | 25,228 | 23,726 | 23,133 |

Taxes and Utilities – Notes

Tax estimates are calculated for the 2022 calendar year using known changes as of March 4, 2022. Household charges for the basic utility services (electricity, home heating, cellular plans and auto insurance) represent a cost comparison of actual utility rates for the 2021 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 the Statistics Canada 2019 *Survey of Household Spending*. The sales tax base in each province is identified from the enacting legislation, with total expenditures adjusted to reflect Saskatchewan consumption patterns. The sales tax in each province is 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.

Cellular Plan charges are the rates for a 15 – 20 GB wireless plan. Device purchases are not included.

Auto Insurance is based on a composite index developed by Saskatchewan Government Insurance (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 (collision and comprehensive deductibles of \$500 and a third-party liability limit of \$2 million), 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. SGI does not have access to directly compare auto insurance rate information for Montreal, Saint John, Halifax, Charlottetown and St. John's. Therefore, SGI has used a secondary aggregator to calculate average auto insurance rates for these jurisdictions.

2021-22 Budget Update Third Quarter

Overview

At third quarter, a deficit of \$2.2 billion is forecast, a total improvement of \$426.1 million from budget, and an improvement of \$523.3 million since mid-year.

Revenue is forecast to increase \$3.0 billion from budget and expense is forecast to increase \$2.6 billion from budget.

2021-22 Budget Update – Third Quarter

| (millions of dollars) | Budget | Mid-Year Projection | Third Quarter Forecast | Third Quarter Change from Budget Mid-Year | |
|---------------------------------------|------------------|---------------------|------------------------|---|--------------|
| Revenue | | | | | |
| Taxation | 7,238.0 | 7,854.7 | 8,148.7 | 910.7 | 294.0 |
| Non-renewable resources | 1,328.5 | 1,997.3 | 2,437.0 | 1,108.5 | 439.7 |
| Net Income from GBEs | 899.2 | 1,114.6 | 973.5 | 74.3 | (141.1) |
| Other own-source revenue | 2,104.1 | 2,451.2 | 2,530.3 | 426.2 | 79.1 |
| Transfers from the Federal Government | 2,908.5 | 3,451.1 | 3,406.3 | 497.8 | (44.8) |
| Total Revenue | 14,478.3 | 16,868.9 | 17,495.8 | 3,017.5 | 626.9 |
| Expense | | | | | |
| Agriculture | 879.3 | 3,022.8 | 3,188.8 | 2,309.5 | 166.0 |
| Community development | 690.4 | 742.3 | 731.9 | 41.5 | (10.4) |
| Economic development | 527.0 | 541.2 | 529.0 | 2.0 | (12.2) |
| Education | 3,753.2 | 3,789.9 | 3,715.2 | (38.0) | (74.7) |
| Environment and natural resources | 414.9 | 378.2 | 373.9 | (41.0) | (4.3) |
| Financing charges | 755.0 | 755.0 | 724.8 | (30.2) | (30.2) |
| General government | 524.6 | 500.6 | 496.5 | (28.1) | (4.1) |
| Health | 6,535.3 | 6,785.3 | 6,820.0 | 284.7 | 34.7 |
| Protection of persons and property | 845.1 | 946.0 | 984.3 | 139.2 | 38.3 |
| Social services and assistance | 1,556.7 | 1,508.0 | 1,489.4 | (67.3) | (18.6) |
| Transportation | 607.7 | 607.7 | 626.8 | 19.1 | 19.1 |
| Total Expense | 17,089.2 | 19,577.0 | 19,680.6 | 2,591.4 | 103.6 |
| Deficit | (2,610.9) | (2,708.1) | (2,184.8) | 426.1 | 523.3 |

Revenue Update

Revenue is now forecast to be \$17.5 billion in 2021-22, an increase of \$3.0 billion (20.8 per cent) from budget, and \$626.9 million (3.7 per cent) higher than expected at mid-year.

The increase from budget is due to forecast increases across all major revenue categories, including significant increases in non-renewable resources and taxation.

Significant changes from budget are described below.

Taxation

Taxation revenue is forecast to increase \$910.7 million from budget.

Personal income tax is up \$454.7 million from budget, primarily due to stronger-than-expected 2020 assessments resulting in a large positive prior-year adjustment in 2021-22, combined with a higher household income forecast.

Corporate income tax is up \$237.3 million from budget, primarily related to stronger-than-expected 2020 assessments resulting in a large positive prior-

year adjustment in 2021-22, and stronger-than-expected corporate profits in 2021.

Provincial Sales Tax is forecast to increase \$195.8 million from budget, primarily reflecting better-than-expected economic performance, particularly in the construction, retail and services sectors.

Fuel Tax revenue is forecast to increase \$20.0 million from budget, primarily as a result of higher-than-budgeted gasoline and diesel fuel consumption.

Finally, a \$22.0 million increase in revenue from other taxes, mainly Corporation Capital Tax and Cannabis Excise Tax, is partly offset by a \$15.0 million decrease in Tobacco Tax due to lower-than-budgeted consumption and a \$4.1 million decrease in Property Tax revenue collections.

Non-Renewable Resources

Non-renewable resources revenue is forecast to increase \$1.1 billion from budget.

At third quarter, potash royalties are expected to be \$600.1 million higher than budget, primarily due to higher average realized prices in U.S. dollars (US\$310 per KCl tonne, up US\$119 from budget).

2021-22 Non-Renewable Resources Forecast Assumptions

| | Budget | Mid-Year Projection | Third Quarter Forecast | Third Quarter Change from Budget Mid-Year | |
|--|--------|---------------------|------------------------|---|--------|
| WTI Oil Price (US\$/barrel) | 54.33 | 69.29 | 75.00 | 20.67 | 5.71 |
| Light-Heavy Differential (% of WTI) | 19.7 | 12.7 | 13.7 | (6.0) | 1.0 |
| Well-head Oil Price (C\$/barrel) ¹ | 49.31 | 68.85 | 74.62 | 25.31 | 5.77 |
| Oil Production (million barrels) | 160.0 | 162.7 | 163.5 | 3.5 | 0.8 |
| Potash Price (mine netback, US\$/KCl tonne) ² | 191 | 272 | 310 | 119 | 38 |
| Potash Price (mine netback, C\$/K ₂ O tonne) ² | 396 | 558 | 635 | 239 | 77 |
| Potash Sales (million K ₂ O tonnes) ² | 14.3 | 14.2 | 14.0 | (0.3) | (0.2) |
| Canadian Dollar (US cents) | 79.12 | 80.13 | 79.90 | 0.78 | (0.23) |

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

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

Oil and natural gas revenue is forecast to be \$383.7 million higher than budget. The increase is primarily due to higher West Texas Intermediate (WTI) oil prices, a narrower light-heavy oil price differential and a forecast increase in oil production, partially offset by a higher exchange rate.

WTI oil prices have steadily recovered this fiscal year, increasing from a monthly average of US\$61.70 in April to a daily high of over US\$95 in February. As a result, WTI oil prices are now forecast to average US\$75.00 per barrel in 2021-22, compared to the budget assumption of US\$54.33 per barrel.

The light-heavy differential (as a per cent of WTI) is expected to average 13.7 per cent in 2021-22, a decrease of 6.0 percentage points from the budget assumption of 19.7 per cent, reflecting 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 been relatively flat over the course of the fiscal year, from a monthly average of 80.0 U.S. cents in April to 78.6 U.S. cents in February. The exchange rate is now expected to average 79.9 U.S. cents in 2021-22, up 0.8 U.S. cents from the budget assumption of 79.1 U.S. cents. This increase offsets some of the gains from higher non-renewable resource prices, as a higher Canadian dollar results in lower prices in Canadian dollars and lower non-renewable resource revenue.

Overall, the result of these forecast changes is a well-head oil price forecast in Canadian dollars of \$74.62 per barrel, up \$25.31 from the budget forecast of \$49.31.

In addition, oil production is forecast to increase from 160.0 million barrels at budget to 163.5 million barrels at third quarter.

Resource Surcharge revenue is forecast to increase \$113.9 million from budget, mainly due to higher-than-budgeted sales values in the potash and oil sectors, reflecting increasing average prices.

Crown land sales are \$13.3 million higher than budgeted, reflecting higher-than-expected actual sales in 2021-22.

Finally, other non-renewable resources revenue, including uranium, coal and other minerals, is forecast to decrease \$2.5 million from budget, mainly due to lower coal revenue.

Key Assumptions

WTI

On a fiscal year basis, WTI is now forecast to average US\$75.00 per barrel in 2021-22, up from US\$54.33 at budget. WTI averaged US\$71.27 through the third quarter of the fiscal year. A US\$1 per barrel change in the fiscal-year average WTI oil price results in an estimated \$15 million change in 2021-22 oil royalties (all else being equal).

Oil Differential

The light-heavy oil differential forecast at third quarter is 13.7 per cent, down from 19.7 per cent at budget, reflecting higher-than-expected Western Canadian heavy crude oil demand from U.S. refiners. A lower differential results in higher oil revenue for Saskatchewan (all else being equal).

Oil Production

Oil production is forecast to be 163.5 million barrels at third quarter, up from 160.0 million barrels at budget.

Exchange Rate

The exchange rate is now forecast to average 79.9 U.S. cents in 2021-22, up from 79.1 U.S. cents at budget. Through the third quarter of the fiscal year, the Canadian dollar averaged 80.1 U.S. cents.

A 1 U.S. cent change in the fiscal-year average exchange rate results in an estimated \$39 million change in 2021-22 non-renewable resource revenue (all else being equal).

A lower exchange rate results in higher revenue and a higher exchange rate results in lower revenue, as resource exports are priced in U.S. dollars.

Government Business Enterprises (GBE)

Net income from GBEs is forecast to increase \$74.3 million from budget, primarily reflecting the following changes:

- \$68.1 million increase in Saskatchewan Government Insurance net income, primarily due to strong investment earnings, as well as lower claims expense; and,
- \$73.9 million increase in Workers' Compensation Board net income, primarily due to higher investment income, partially offset by lower premium revenue;

partially offset by,

- \$44.9 million decrease in Saskatchewan Auto Fund net income, primarily due to higher claims expenses as a result of assumptions related to future inflation and discount rates; and,

- \$22.8 million net decrease across the GBE sector, primarily the result of a lower estimate for federal Investing in Canada Infrastructure Program funding.

Other Own-Source Revenue

Other own-source revenue is up \$426.2 million from budget, largely due to:

- \$442.0 million increase in insurance revenue, mainly due to recoveries from private reinsurance purchased by the Saskatchewan Crop Insurance Corporation along with higher crop insurance producer premiums as a result of an increase in insured acres and higher prices; and,
- \$51.5 million increase in fees revenue, primarily reflecting higher forestry fee revenue;

partially offset by,

- \$67.3 million decrease in miscellaneous revenue, primarily reflecting the impact of the pandemic on various sources of revenue in 2021-22.

Federal Transfers

Transfers from the federal government are forecast to increase \$497.8 million from budget, largely due to:

- \$176.4 million for the Canada-Saskatchewan Drought Response Initiative;
- \$124.1 million for Saskatchewan's share of the Helping Our Health Systems Recover program;
- \$66.9 million for early learning and child care funding to increase access to high-quality, affordable child care;
- \$62.6 million in one-time top-up funding for the Canada Community-Building Fund;

- \$45.8 million due to federal crop insurance premiums as a result of higher insured acres and higher prices; and,
- \$31.0 million for Saskatchewan's share of Canada's COVID-19 Immunization Plan;

partially offset by,

- \$41.5 million decrease for the Accelerated Site Closure Program, reflecting lower expected activity under the program.

Expense Update

At third quarter, expense is forecast to be \$19.7 billion in 2021-22, an increase of \$2.6 billion from budget and \$103.6 million higher than mid-year. Major changes in expense themes from budget are described below.

Agriculture is up \$2.3 billion, primarily due to higher crop insurance indemnities and AgriRecovery program costs stemming from the widespread drought.

Health is up \$284.7 million from budget, primarily due to pressures across the system related to the response to COVID-19.

Protection of Persons and Property is up \$139.2 million, mainly due to a high wildfire season as well as pandemic response activities such as the Safe Voluntary Isolation Sites Program, the establishment of a provincial COVID-19 emergency operations centre, and pandemic-related operational requirements within the courts, custody, supervision, and rehabilitation services.

Community Development is up \$41.5 million, mainly due to continued investment in Saskatchewan communities through the top-up of the Canada Community-Building Fund, partially offset by delays in northern municipal landfill and sewer projects.

Transportation is up \$19.1 million, largely due to higher-than-budgeted winter maintenance costs.

Economic Development is up \$2.0 million, largely due to additional emergency COVID-19 support programs, partially offset by a change in the timing of payments scheduled for the new Centre for Pandemic Research.

Social Services and Assistance is down \$67.3 million, primarily due to lower-than-budgeted caseloads in income assistance and housing programs.

Environment and Natural Resources is down \$41.0 million, mainly due to lower activity in the Accelerated Site Closure Program as a result of lower than budgeted program uptake.

Education is down \$38.0 million from budget, mainly due to operational savings across the K-12 sector and post-secondary program underutilization during the pandemic; partially offset by funding to increase access to high-quality, affordable child care.

Financing Charges expense is down \$30.2 million, primarily due to lower borrowing requirements and favourable interest rates compared to budget.

General Government expense is down \$28.1 million, primarily due to decreased pension expense as a result of changes in actuarial assumptions.



SASKATCHEWAN PROVINCIAL BUDGET

22-23

BUDGET FINANCIAL TABLES

Government of Saskatchewan

Budget For the Year Ended March 31

(millions of dollars)

| | Budget 2022-23 | Forecast 2021-22 | Budget 2021-22 |
|---|-------------------|---------------------|-------------------|
| Revenue | | | |
| Taxation | 8,092.8 | 8,148.7 | 7,238.0 |
| Non-renewable resources | 2,910.1 | 2,437.0 | 1,328.5 |
| Net income from government business enterprises | 742.5 | 973.5 | 899.2 |
| Other own-source revenue | 2,192.5 | 2,530.3 | 2,104.1 |
| Transfers from the federal government | 3,219.7 | 3,406.3 | 2,908.5 |
| Total Revenue | 17,157.6 | 17,495.8 | 14,478.3 |
| Expense | | | |
| Agriculture | 1,040.1 | 3,188.8 | 879.3 |
| Community development | 729.9 | 731.9 | 690.4 |
| Economic development | 327.7 | 529.0 | 527.0 |
| Education | 3,800.4 | 3,715.2 | 3,753.2 |
| Environment and natural resources | 371.9 | 373.9 | 414.9 |
| Financing charges | 812.0 | 724.8 | 755.0 |
| General government | 544.6 | 496.5 | 524.6 |
| Health | 6,823.5 | 6,820.0 | 6,535.3 |
| Protection of persons and property | 936.2 | 984.3 | 845.1 |
| Social services and assistance | 1,623.9 | 1,489.4 | 1,556.7 |
| Transportation | 610.3 | 626.8 | 607.7 |
| Total Expense | 17,620.5 | 19,680.6 | 17,089.2 |
| Deficit | (462.9) | (2,184.8) | (2,610.9) |

Totals may not add due to rounding.

Government of Saskatchewan

Statement of Accumulated Deficit For the Year Ended March 31

| (millions of dollars) | | | |
|---|-------------------|------------------------|-------------------|
| | Budget 2022-23 | Forecast 2021-22 | Budget 2021-22 |
| Accumulated deficit, beginning of year | (3,640.2) | (1,367.6) ¹ | (2,094.6) |
| Adjustment to accumulated deficit, beginning of year ² | (157.6) | (87.8) | – |
| Deficit | (462.9) | (2,184.8) | (2,610.9) |
| Accumulated Deficit, End of Year | (4,260.7) | (3,640.2) | (4,705.5) |

Totals may not add due to rounding.

¹ Accumulated deficit as at March 31, 2021, as reported in the 2020-21 Summary Financial Statements.

² Adjustment to accumulated deficit, beginning of year is the result of changes in accounting standards.

Government of Saskatchewan

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

| (millions of dollars) | | | |
|---|-------------------|-------------------------|-------------------|
| | Budget 2022-23 | Forecast 2021-22 | Budget 2021-22 |
| Deficit | (462.9) | (2,184.8) | (2,610.9) |
| Acquisition of government service organization capital assets | (1,231.8) | (977.3) | (1,089.9) |
| Amortization of government service organization capital assets ¹ | 592.6 | 652.8 | 628.1 |
| Increase in Net Debt | (1,102.1) | (2,509.3) | (3,072.7) |
| Net debt, beginning of year | (16,279.8) | (13,682.7) ² | (14,512.3) |
| Adjustment to net debt, beginning of year ³ | (157.6) | (87.8) | – |
| Net Debt, End of Year | (17,539.5) | (16,279.8) | (17,585.0) |

Totals may not add due to rounding.

¹ Includes disposals and adjustments.

² Net debt as at March 31, 2021, as reported in the 2020-21 Summary Financial Statements.

³ Adjustment to net debt, beginning of year is the result of changes in accounting standards.

Government of Saskatchewan

Schedule of Pension Liabilities As at March 31

| (millions of dollars) | | | |
|---|-------------------|----------------------|-------------------|
| | Budget 2022-23 | Forecast 2021-22 | Budget 2021-22 |
| Pension liabilities, beginning of year | 6,431.4 | 6,575.8 ¹ | 6,573.5 |
| Adjustment to account for pension costs on an accrual basis | (268.6) | (144.4) | (99.8) |
| Pension Liabilities, End of Year | 6,162.8 | 6,431.4 | 6,473.7 |

Totals may not add due to rounding.

¹ Pension liabilities as at March 31, 2021, as reported in the 2020-21 Summary Financial Statements.

Government of Saskatchewan

Schedule of Capital Assets As at March 31

| (millions of dollars) | | | | | | | |
|----------------------------------|---|--|-----------|--|--|----------------------|--|
| | Net Book Value March 31 2021 ¹ | – 2021-22 Forecast – Additions ² Amortization ³ | | Forecast Net Book Value March 31 2022 | – 2022-23 Budget – Additions ² Amortization ³ | | Budget Net Book Value March 31 2023 |
| Government service organizations | 12,017.3 | 977.3 | (652.8) | 12,341.8 | 1,231.8 | (592.6) ⁴ | 12,981.0 |
| Government business enterprises | 15,914.7 | 1,564.7 | (991.7) | 16,487.7 | 1,767.7 | (984.3) | 17,271.1 |
| Total Capital Assets | 27,932.0 | 2,542.0 | (1,644.5) | 28,829.5 | 2,999.5 | (1,576.9) | 30,252.1 |

Totals may not add due to rounding.

¹ Net book value as at March 31, 2021, as reported in the 2020-21 Summary Financial Statements.

² Includes only capital assets acquired by government entities. Capital transfers provided to entities outside the government reporting entity are expensed.

³ Includes disposals and adjustments.

⁴ Includes a \$31.4 million adjustment resulting from changes in accounting standards.

Government of Saskatchewan

Schedule of Public Debt As at March 31

(millions of dollars)

| | Budget General Debt ¹ 2022-23 | Budget GBE Specific Debt 2022-23 | Budget Public Debt ² 2022-23 | Forecast Public Debt ² 2021-22 | Budget Public Debt ² 2021-22 |
|--|---|--|--|--|--|
| Government Service Organization (GSO) Debt | | | | | |
| General Revenue Fund | | | | | |
| – Operating | 9,925.0 | – | 9,925.0 | 9,000.0 | 9,400.0 |
| – Saskatchewan Capital Plan ³ | 9,269.3 | – | 9,269.3 | 8,042.3 | 8,142.0 |
| Boards of Education | 122.5 | – | 122.5 | 131.6 | 136.9 |
| Global Transportation Hub Authority | 24.1 | – | 24.1 | 27.0 | 40.2 |
| Health Sector Affiliates | 8.5 | – | 8.5 | 8.5 | 9.6 |
| Saskatchewan Health Authority | 53.8 | – | 53.8 | 60.5 | 59.7 |
| Saskatchewan Opportunities Corporation | 46.6 | – | 46.6 | 48.3 | 49.3 |
| Water Security Agency | 9.2 | – | 9.2 | 14.3 | 14.3 |
| Other | 1.7 | – | 1.7 | 1.7 | 3.4 |
| Government Service Organization Debt | 19,460.7 | – | 19,460.7 | 17,334.2 | 17,855.4 |
| Government Business Enterprise (GBE) Debt | | | | | |
| Municipal Financing Corporation of Saskatchewan | 90.0 | 151.3 | 241.3 | 237.9 | 243.8 |
| Saskatchewan Gaming Corporation | – | – | – | 5.0 | 5.0 |
| Saskatchewan Liquor and Gaming Authority | – | 85.0 | 85.0 | 89.8 | 89.8 |
| Saskatchewan Power Corporation | 83.2 | 6,795.5 | 6,878.7 | 6,338.3 | 6,413.2 |
| Saskatchewan Telecommunications Holding Corporation | – | 1,460.3 | 1,460.3 | 1,379.1 | 1,335.3 |
| Saskatchewan Water Corporation | – | 96.1 | 96.1 | 75.0 | 80.9 |
| SaskEnergy Incorporated | 61.6 | 1,760.8 | 1,822.4 | 1,728.1 | 1,742.9 |
| Government Business Enterprise Debt⁴ | 234.8 | 10,349.0 | 10,583.8 | 9,853.2 | 9,910.9 |
| Total | 19,695.5⁵ | 10,349.0 | 30,044.5 | 27,187.4 | 27,766.3 |
| Guaranteed Debt | 35.1 | – | 35.1 | 0.2 | 0.1 |

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 infrastructure 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.

⁵ In the 2022-23 Summary Financial Statements, general debt will be presented in the Statement of Financial Position on a gross basis, with related sinking funds presented as assets. An exception to this is sinking fund holdings of Saskatchewan debentures, which will be netted against gross debt. As at March 31, 2023, general debt is budgeted to be \$21.2 billion, with sinking funds on general debt expected to be \$1.5 billion.

Government of Saskatchewan

Schedule of Revenue For the Year Ended March 31

| (millions of dollars) | | | |
|--|-------------------|---------------------|-------------------|
| | Budget 2022-23 | Forecast 2021-22 | Budget 2021-22 |
| Own-Source | | | |
| Taxation | | | |
| Corporation income | 840.5 | 991.9 | 754.6 |
| Fuel | 507.9 | 497.9 | 477.9 |
| Individual income | 2,796.9 | 2,875.5 | 2,420.8 |
| Property | 804.1 | 780.7 | 784.8 |
| Provincial sales | 2,444.1 | 2,339.8 | 2,144.0 |
| Tobacco | 198.9 | 186.8 | 201.8 |
| Other | 500.4 | 476.1 | 454.1 |
| Total Taxation | 8,092.8 | 8,148.7 | 7,238.0 |
| Non-Renewable Resources | | | |
| Crown land sales | 19.3 | 22.5 | 9.2 |
| Oil and natural gas | 867.5 | 888.8 | 505.1 |
| Potash | 1,451.7 | 1,031.9 | 431.8 |
| Resource surcharge | 493.1 | 416.5 | 302.6 |
| Other | 78.5 | 77.3 | 79.8 |
| Total Non-Renewable Resources | 2,910.1 | 2,437.0 | 1,328.5 |
| Net Income from Government Business Enterprises | | | |
| Municipal Financing Corporation of Saskatchewan | 1.1 | 1.2 | 1.1 |
| Saskatchewan Auto Fund | (19.0) | 147.2 | 192.1 |
| Saskatchewan Gaming Corporation | 11.7 | 7.0 | 11.5 |
| Saskatchewan Government Insurance | 15.8 | 108.1 | 40.0 |
| Saskatchewan Liquor and Gaming Authority | 444.4 | 430.0 | 423.4 |
| Saskatchewan Power Corporation | 48.3 | 10.3 | 16.7 |
| Saskatchewan Telecommunications Holding Corporation | 106.5 | 100.0 | 100.0 |
| Saskatchewan Water Corporation | 7.4 | 8.0 | 7.0 |
| SaskEnergy Incorporated | 64.5 | 51.6 | 49.7 |
| Saskatchewan Workers' Compensation Board | 13.1 | 72.6 | (1.3) |
| Consolidation adjustments | 48.7 | 37.5 | 59.0 |
| Total Net Income from Government Business Enterprises | 742.5 | 973.5 | 899.2 |
| Other Own-Source Revenue | | | |
| Fees | 1,225.6 | 1,221.5 | 1,170.0 |
| Insurance | 400.9 | 724.7 | 282.7 |
| Investment Income | 89.7 | 88.4 | 88.4 |
| Transfers from other governments | 65.9 | 73.2 | 73.2 |
| Miscellaneous | 410.4 | 422.5 | 489.8 |
| Total Other Own-Source Revenue | 2,192.5 | 2,530.3 | 2,104.1 |
| Total Own-Source | 13,937.9 | 14,089.5 | 11,569.8 |
| Transfers from the Federal Government | | | |
| Canada Health Transfer | 1,390.0 | 1,331.3 | 1,330.4 |
| Canada Social Transfer | 490.1 | 477.7 | 477.4 |
| Other | 1,339.6 | 1,597.3 | 1,100.7 |
| Total Transfers from the Federal Government | 3,219.7 | 3,406.3 | 2,908.5 |
| Total Revenue | 17,157.6 | 17,495.8 | 14,478.3 |

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.

Amortization

A systematic process of allocating an amount to revenue or expense over a period of time. Capital assets are amortized to expense over their expected remaining economic life. Actuarial gains and losses, such as those experienced by pension plans, 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 held by the Government that has an economic life extending beyond one year, to be used on a continuing basis and is 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; and
 - 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

A set of entities that are either controlled by the Government (government service organizations and government business enterprises) or subject to shared control (partnerships). Trusts administered by the Government are excluded from the government reporting entity.

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.

Gross Domestic Product (GDP)

The standard measure of the overall size of an economy, the value of all goods and services produced during a given period.

Modified Equity

The method used to account for GBEs in the Budget. 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 (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.