



Provincial Budget | 2023-24

2023-24 Budget

March 22, 2023

Agenda

- **2022-23 Third Quarter Update**
- **Economic Outlook**
- **2023-24 Budget Revenue and Expense Summary**
- **Capital Plan Overview**
- **Debt and Borrowing**
- **Medium-Term Outlook**

2022-23 Third Quarter Update

<i>(millions of dollars)</i>	2021-22	2022-23	2022-23	2022-23	Q3 '22-23 Chg from	
	Actual	Budget	Mid-year	Forecast	Budget	Mid-year
Revenue	18,136	17,158	19,509	20,262	3,104	753
Expense	19,604	17,621	18,416	19,115	1,494	699
Surplus (Deficit)	(1,468)	(463)	1,094	1,147	1,610	53

Revenue up \$3.1B (18.1%) from budget, most notably:

- Non-renewable Resources up \$1.6B
- Taxation up \$1.6B
- GBE Net Income down \$470M

Expense up \$1.5B (8.5%) from budget, most notably:

- Agriculture up \$759M
- Economic Development up \$450M
- Health up \$150M

Economic Performance

2022 over 2021

Saskatchewan's Real GDP

4.8%

In 2022, for the first time ever, SK's population reaches over 1.2 million people.



Wholesale Trade
47.1%
(Highest among the provinces)



Exports
41.6%
(Second-highest among the provinces)



Investment in Building Construction
26.1%
(Second-highest among the provinces)



Manufacturing Sales
27.6%
(Third-highest among the provinces)



Employment
3.5%
(Highest employment level in provincial history)

Economic Outlook

PROVINCIAL FORECAST AT A GLANCE

(Per cent Change Unless Otherwise Noted)

	2021	2022	2023	2024	2025	2026	2027
	Actual	Estimate	Forecast	Forecast	Forecast	Forecast	Forecast
Real GDP	(0.9)	4.8	1.3	1.8	2.2	2.3	2.3
Nominal GDP	13.1	19.9	0.8	1.2	2.6	3.0	2.5
CPI*	2.6	6.6	3.7	2.2	2.0	2.0	2.1
Employment growth (000s)*	14.2	19.8	5.4	5.7	8.1	8.7	7.5
Unemployment rate (%)*	6.6	4.7	5.3	5.3	5.5	5.6	5.5
Retail sales*	14.6	7.5	2.3	2.4	3.3	3.1	2.9

* Actuals for 2022

Sources: Statistics Canada (January 2023) and Ministry of Finance (January 2023)

Commodities Outlook

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
	Actuals	Budget	Forecast	Budget	Outlook	Outlook	Outlook
WTI Oil Price (US\$/barrel)	77.07	75.75	90.67	79.50	77.25	75.75	78.25
Light-Heavy Differential (% of WTI)	12.7	14.5	19.3	23.8	18.5	16.5	15.0
Well-head Oil Price (C\$/barrel) ¹	77.54	74.19	92.33	78.07	77.21	74.76	78.24
Oil Production (million barrels)	162.9	163.7	167.2	170.5	178.7	184.0	186.2
Potash Price (mine netback, US\$/KCl tonne) ²	333	407	562	369	372	372	361
Potash Price (mine netback, C\$/K ₂ O tonne) ²	683	833	1,205	814	803	785	761
Potash Sales (million KCl tonnes) ²	22.6	22.5	22.8	25.0	25.0	25.0	25.1
Potash Sales (million K ₂ O tonnes) ²	13.8	13.7	13.9	15.3	15.3	15.2	15.3
Canadian Dollar (US cents)	79.77	79.98	76.18	74.35	75.95	77.65	77.78
Wheat (C\$ per tonne) ³	300.0	339.4	433.6	423.8	389.7	419.9	415.2
Canola (C\$ per tonne) ³	665.4	723.6	915.4	865.7	823.7	877.0	864.0
Total Crop Production (all crops, million tonnes) ³	22.4	38.0	34.8	34.8	38.0	37.7	37.2

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

²Ministry of Finance calculations derived from calendar-year forecasts

³Expressed in calendar-years, with 2023 used for 2023-24

Key Sensitivities

WTI: US\$1 change = \$16M

Potash: US\$10 per KCl tonne change = \$54M

Exchange rate: 1 US cent change = \$45M

2023-24 Budget

<i>(millions of dollars)</i>	2021-22	2022-23	2022-23	2023-24	Change from Budget	
	Actual	Budget	Forecast	Budget	\$	%
Revenue	18,136	17,158	20,262	19,678	2,520	14.7
Expense	19,604	17,621	19,115	18,660	1,040	5.9
Surplus (Deficit)	(1,468)	(463)	1,147	1,017	1,480	319.8

Total Revenue of \$19.7B in 2023-24

- Up \$2.5B (14.7%) from 2022-23 Budget; Down \$584M (2.9%) from 2022-23 Forecast

Total Expense of \$18.7B in 2023-24

- Up \$1.0B (5.9%) from 2022-23 Budget; Down \$454M (2.4%) from 2022-23 Forecast

Forecasted Surplus of \$1B in 2023-24; intending to reduce operating debt

Revenue Summary

<i>(Millions of Dollars)</i>	2021-22	2022-23	2022-23	2023-24	Change from Budget	
	Actuals	Budget	Forecast	Budget	\$	%
Taxation	8,202.3	8,092.8	9,692.1	9,633.8	1,541.0	19.0
Non-renewable resources	2,920.0	2,910.1	4,512.4	3,344.6	434.5	14.9
GBE Net Income	837.6	742.5	272.9	529.1	(213.4)	(28.7)
Other own-source revenue	2,717.1	2,192.5	2,423.2	2,615.6	423.1	19.3
Federal Transfers	3,459.1	3,219.7	3,361.4	3,554.6	334.9	10.4
Total Revenue	18,136.2	17,157.6	20,262.0	19,677.7	2,520.1	14.7

Strong broad-based economic growth in 2022, and forecasted growth in 2023, help to create a solid revenue base for 2023-24

Expense Summary

<i>(millions of dollars)</i>	2021-22	2022-23	2022-23	2023-24	Change From Budget	
	Actuals	Budget	Forecast	Budget	\$	%
Agriculture	3,194.4	1,040.1	1,799.4	1,449.8	409.8	39.4
Community development	682.9	729.9	785.9	866.0	136.1	18.7
Economic development	520.8	327.7	777.5	367.4	39.7	12.1
Education	3,685.3	3,800.4	3,776.2	4,035.7	235.3	6.2
Environment and natural resources	403.1	371.9	358.8	254.4	(117.4)	(31.6)
Financing charges	718.2	812.0	816.7	812.2	0.2	0.0
General government	463.6	544.6	573.5	540.1	(4.5)	(0.8)
Health	6,882.9	6,823.5	6,973.1	7,056.3	232.7	3.4
Protection of persons and property	961.3	936.2	1,017.5	968.5	32.4	3.5
Social services and assistance	1,458.4	1,623.9	1,602.3	1,665.2	41.2	2.5
Transportation	633.5	610.3	633.7	644.6	34.3	5.6
Total Expense	19,604.4	17,620.5	19,114.7	18,660.2	1,039.8	5.9

Health

\$7.1B

up \$232.7M (3.4%)
from 2022-23 Budget



- \$42.5M increase for surgical wait time strategy
- \$19.8M increase for permanent acute care beds
- \$25.7M increase to the Drug Plan
- \$44.9M increase to recruit, train, incentivize, and retain health care workers (HHR Action Plan)
- \$39M increase for seniors' care
- \$12.4M increase for mental health and addictions
- \$8.8M increase to enhance Emergency Medical Services including rural and remote areas

Education

\$4.0B

up \$235.3M (6.2%)
from the 2022-23 Budget



- \$72.1M increase for child care and early learning
- \$49.4M increase to K-12 school operating funding
- \$23M for start-up and operation of the new Saskatchewan Distance Learning Corporation
- \$25.2M of new post-secondary funding to expand training programs under the HHR Action Plan
- \$10M for continuation of a 150-seat expansion in nursing programs
- \$21M increase for additional pension expense

Social Services & Assistance

\$1.7B

up \$41.2M (2.5%)
from 2022-23 Budget



- Increases of \$30 for each of the SIS basic, shelter, and alternative heating benefit and the SAID basic benefit - on average SIS and SAID clients will receive 6% more in monthly benefits
- \$13.5M increase for CBOs (\$17.6M increase for all CBOs)
- \$10.5M increase for Child and Family Services to support existing caseloads and expanded programs
- \$3M increase - final year of the Seniors' Income Plan commitment, maximum monthly benefit increases by \$30/month to a maximum of \$360 or 9%
- \$2.9M increase for the Personal Care Home Benefit – increase of up to \$400 per month or 20%
- \$7.3M increase for new and enhanced disability services

Other Expense

Agriculture: \$1.4B

(up \$409.8M / 39.4%)



- \$408M for higher projected crop insurance indemnities as a result of elevated insured crop prices and yield coverage
- \$90M total for strategic initiatives under the Sustainable Canadian Agricultural Partnership agreement
- \$8M increase for AgriInvest program demand
- \$292K in new funding to support second stage housing counseling services
- \$7M increase to establish the Saskatchewan Marshals Service
- \$3.1M increase to expand the Warrant Enforcement and Suppression Team and the Crime Reduction Team
- \$4.8M increase to administer the Firearms Act

Protection of Persons and Property: \$968.5M

(up \$32.4M / 3.5%)



Other Expense

**Community
Development: \$866.0M**
(up \$136.1M / 18.7%)



Transportation: \$644.6M
(up \$34.3M / 5.6%)



- \$35.3M increase for municipal revenue sharing (\$297.8M total)
- \$79.4M increase for municipal infrastructure under the Investing in Canada Infrastructure Program and the Canada Community Building Fund
- \$442.9M in capital investments for transportation capital, including more than 1,000 kilometres of highways improvements
- \$19.7M increase for preservation, maintenance, and operations of the provincial transportation system

Other Expense

Economic Development:

\$367.4M

(up \$39.7M / 12.1%)



- \$5M increase for Newcomer Settlement and increased immigration
- \$4M total funding for expanded Targeted Mineral Exploration Incentive
- \$2M increase for the Film and TV Production Grant

Revenue Initiatives Overview

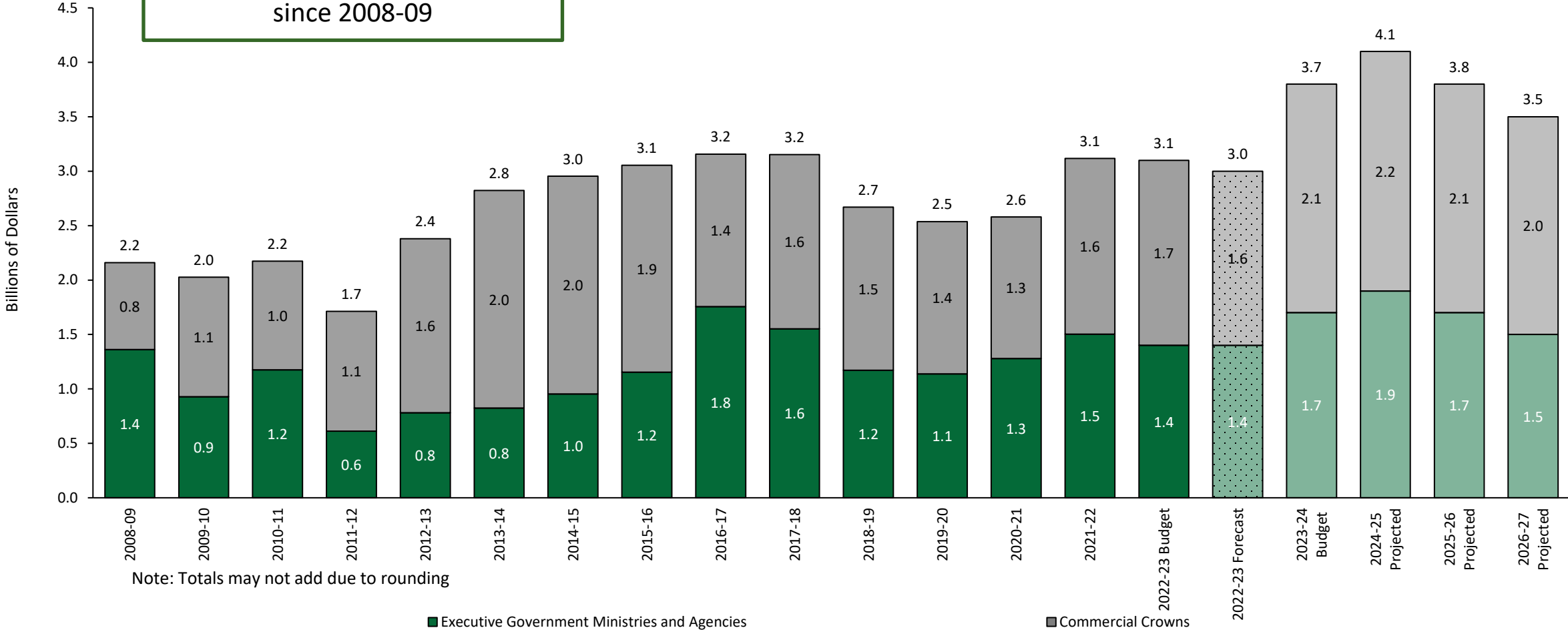
Growth, Competitiveness, and Fair Taxation

- **No tax increases and no new taxes.**
- **SK Mineral Exploration Tax Credit increased from 10 to 30 per cent.**
- **PST Exemptions:**
 - Labour to repair and install medical equipment
 - Produce (fruits and vegetables) storage buildings
 - Rice-harvesting boats and equipment
 - Geothermal drilling rigs

Saskatchewan Capital Plan

\$43.3B of capital investments since 2008-09

\$15.2B of investments over next 4 years



Note: Totals may not add due to rounding

■ Executive Government Ministries and Agencies ■ Commercial Crowns

2023-24 Budget

23-24 Capital Plan Highlights

Executive Government:

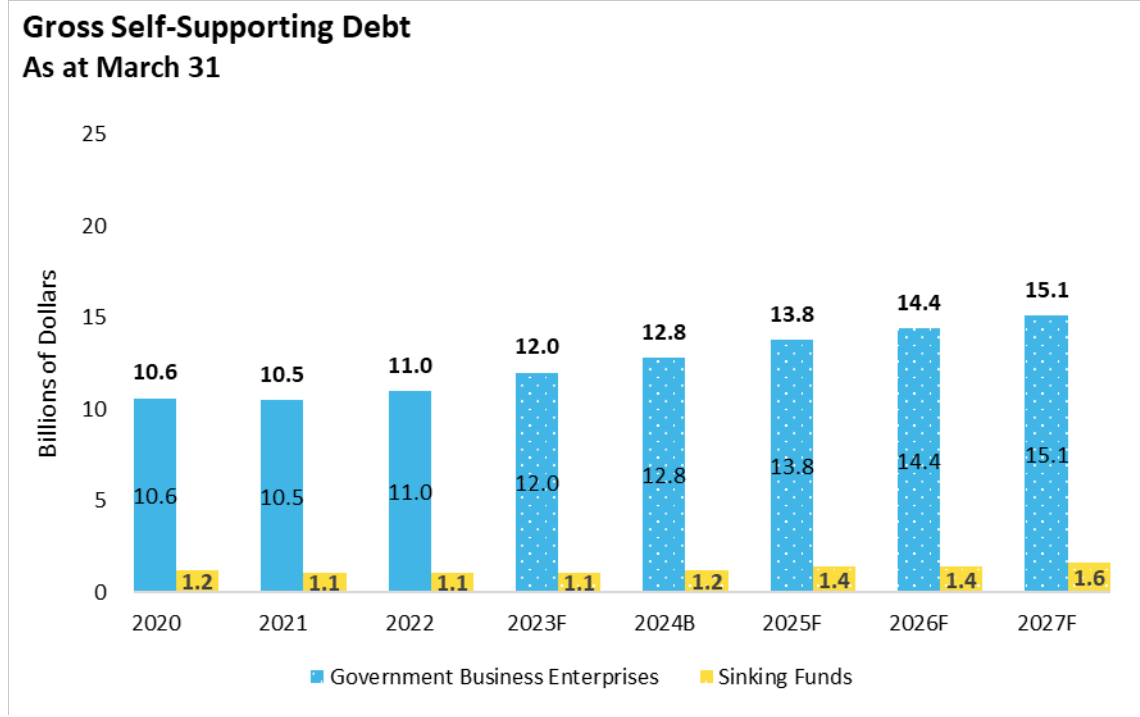
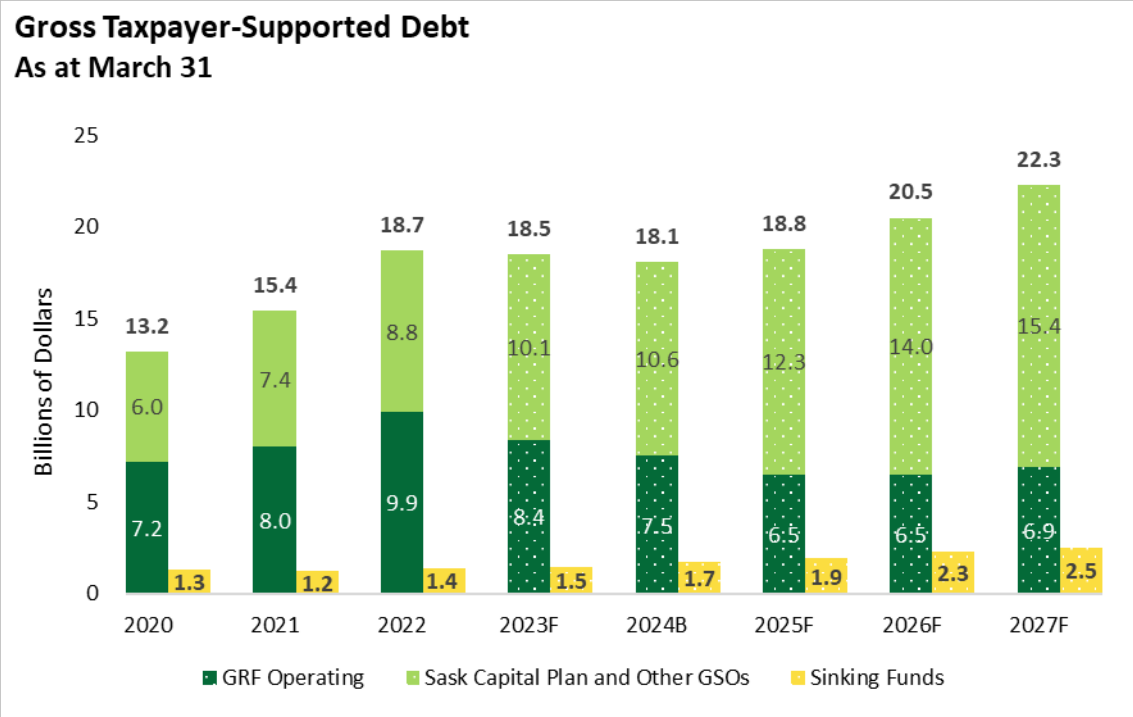
- \$443M for Transportation Infrastructure
- \$348M for Municipal Infrastructure
- \$338M for Health Care Capital
- \$338M for Government Services
- \$152M for Education Capital (K-12)
- \$59M for Advanced Education

Commercial Crowns:

- \$2.1B for Investments in Public Utility Infrastructure

**\$3.7B of Capital
Investments in
2023-24**
(a new all-time high)

Gross Debt by Category



Taxpayer-Supported Debt

- Amounts borrowed for the purpose of the GRF operations, SK Capital Plan and other GSOs.

Self-Supporting Debt

- Amounts borrowed by self-sufficient GBEs and serviced by commercial business operations.

Gross Debt Overview

Gross Debt (As at March 31)

(millions of dollars)	2021-22	2022-23	2022-23	2023-24	2023-24 Change from	
	Actual	Budget	Forecast	Budget	Budget	Forecast
General Revenue Fund						
- Operating	9,914.8	10,745.5	8,451.9	7,463.9	(3,281.6)	(988.0)
- Saskatchewan Capital Plan	8,504.3	9,899.8	9,771.1	10,371.1	471.3	600.0
Other Government Service Organizations	319.4	272.5	270.2	248.8	(23.7)	(21.4)
Taxpayer-Supported Debt	18,738.5	20,917.8	18,493.2	18,083.8	(2,834.0)	(409.4)
Government Business Enterprises						
Government Business Enterprises	10,932.2	11,691.2	12,026.9	12,771.5	1,080.3	744.6
Self-Supporting Debt	10,932.2	11,691.2	12,026.9	12,771.5	1,080.3	744.6
Total	29,670.7	32,609.0	30,520.1	30,855.3	(1,753.7)	335.2

Gross Debt up \$0.3B from 2022-23:

- \$1.0B decrease in GRF operating debt
- \$0.6B increase in Capital Plan debt
- \$0.7B increase in GBE debt

GRF Operating Debt Reductions

- Two years of surpluses eliminates need for new GRF operating borrowing and reduces operating debt by \$2.4B from 2021-22 Actual.
- Generates \$117M annual interest savings.

Medium Term Outlook

	2023-24	2024-25	2025-26	2026-27
<i>(Millions of Dollars)</i>	Budget	Outlook	Outlook	Outlook
Revenue	19,678	19,372	19,816	20,314
Expense	18,660	19,164	19,681	20,213
Surplus (Deficit)	1,017	208	134	101

2023-24 Budget Highlights Summary

- No tax increases and no new taxes.
- Budget-over-budget increase of \$1B (5.9%) in total expense to support key priorities across health, education, social services, protection of persons and property, and the economy.
- Record \$3.7B in capital investments.
- Reduction of up to \$1B in operating debt.
- Net Debt-to-GDP is projected to be 14.1% at March 31, 2023 (second-best among provinces) and is forecast to drop to 13.2% by the close of 2023-24.



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