

A 16th consecutive surplus

Highlights

- Saskatchewan's 2009-10 budget is the second to be tabled under the Growth and Financial Security Act and the 16th in a row to show a surplus in the General Revenue Fund.
- Revenue is budgeted at \$10.66 billion in 2009-10, down 12.4%, mainly because of lower oil and gas revenues.
- Total spending is budgeted to decline roughly 1% in 2009-10, to \$10.245 billion.
- For 2008-09, the General Revenue Fund surplus is estimated at \$1.829 billion before any transfers, compared to a budgeted \$249.6 million. Revenue was \$2.805 billion higher than projected and spending was \$1.226 billion higher.
- Property tax cuts will result in savings to property owners of \$103 million in 2009 and a further \$53 million next year.
- Capital spending of \$1 billion will go to improve roads, bridges and other infrastructure.
- \$200 million over two years will go to construction of a new children's hospital in Saskatoon.
- The province will share revenue with municipalities – 0.9 percentage points of the provincial sales tax in the first year, rising to a full percentage point over two years.
- Borrowing requirements for government and crown corporations are estimated at \$1.19 billion in 2009-2010, up from \$648 million in 2008-2009.

Summary

In contrast to the impact of the recession on most provinces, Saskatchewan is budgeting a \$425-million surplus in its General Revenue Fund for fiscal 2009-10, with a small, \$9.1-million transfer from its Growth and Financial Security Fund. For the following three years the government projects pre-transfer surpluses of \$220 million, \$258 million and \$278 million. In 2008-09 Saskatchewan enjoyed over-budget revenue from potash, oil and gas, resulting in a surplus estimated at \$2.3 billion. Last year's budget had projected a surplus of \$250 million.

For 2009-10, revenue is budgeted at \$10.7 billion, down 12.4%. Revenue from potash production is expected to be up \$427 million to \$1.5 billion, but that increase will be more than offset by lower oil, natural gas and crown land sales and by a \$266-million reduction in federal transfers. Tax revenue is budgeted to increase only about 1.3%. Property taxes for education will be cut by \$103 million.

Total spending is budgeted to decline 1% to \$10.3 billion. Spending on education and health care will be essentially flat. Capital spending of \$1 billion on roads, bridges and other infrastructure will be added to the \$500 million announced in February. Borrowing requirements for government and Crown corporations are estimated at \$1,189.6 million in 2009-10, up from \$648 million in 2008-09.

The budget assumes that real GDP will grow 2.1% in 2009 and 1.8% to 2.9% annually over the following four years. It assumes that headline inflation will run at 2.1% in 2009 and at 2.5% to 2.9% annually in subsequent years. The

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assumptions for nonrenewable resource prices in 2009-2010 are C\$6.63 per gigajoule for natural gas, US\$48.75 a barrel for crude oil and C\$1071 a tonne for potash.

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Saskatchewan

	Budget	Forecast	Estimated
	2008/09	2008/09	2009/10
\$000 000			
General Revenue Fund (GRF)			
Total revenues	9 366.5	12 171.7	10 660.8
Taxes	4 312.8	4 401.8	4 458.9
Non-renewable resources	2 273.1	4 644.4	3 368.9
Transfers from Crown entities	968.4	830.9	776.9
Other revenue	426.7	570.8	598.4
Transfers from the Government of Canada	1 385.5	1 723.8	1 457.7
Total spending	9 116.9	10 343.1	10 245.4
Operating expenditure	8 581.9	9 813.9	9 742.9
Debt servicing	535.0	529.2	502.5
Pre-Fiscal Stabilization fund balance	249.6	1 828.6	415.4
Net Transfer from (to) Fiscal Stabilization Fund (FSF)	(124.8)	(914.3)	(207.7)
Transfer from (to) Saskatchewan Infrastructure fund (SIF)	125.2	1 403.9	216.8
GRF balance	250.0	2 318.2	424.5

Summary (deficit) surplus

GRF balance	250.0	2 318.2	424.5
Transfers to (from) FSF	(0.4)	(489.6)	(9.1)
Income (loss) net of dividends to GRF	(395.1)	786.4	(489.3)
Surplus (deficit) not-for-profit insurance organizations	12.4	125.8	49.1
Summary surplus (deficit)	(133.1)	2 740.8	(24.8)

Growth and Financial Security Fund *

Balance, beginning of year	1 634.4	1 634.0	1 144.4
Transfer from (to)	(0.4)	(489.6)	(9.1)
Balance, end of year	1 634.0	1 144.4	1 135.3

Debt retirement Fund

	250.0	2 318.2	2 742.7
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Borrowing Requirement (\$ million)

	910.9	647.5	1 189.6
Crown Corporations	534.9	644.2	1 049.1
Government	376.0	3.3	140.5

Summary statement of debt

	2008	2009	2010
Crown Corporation debt	3 395.2	3 773.6	4 695.7
Government debt	6 848.7	4 192.2	4 192.2
Sub-total: GRF debt	10 243.9	7 965.8	8 887.9
As a % of GDP	19.9%	11.9%	13.9%
Other debt	268.4	285.6	270.6
Total	10 512.3	8 251.4	9 158.5

Source Saskatchewan Provincial budget 09-10