

# 2006-07 Saskatchewan Provincial Budget

## \$407.3 million in Significant Capital Investment

up 24.6% or \$80.4 million over Budget 2005-06  
(includes government-owned, and third party)

### HIGHLIGHTS:

#### Corrections and Public Safety

CPS' capital budget for 2006-07 is \$17.23 million, including:

- \$14.7M in funding for the second year of replacement of the 1913 section of the Regina Provincial Correctional Centre in 2006-07
- \$700,000 for safety and security upgrades at the Saskatoon Provincial Correctional Centre
- \$745,000 for base capital for repair and renovation projects in adult and youth corrections centres
- \$827,000 to complete the Justice Enterprise Information Network (JEIN) which will be used to keep track of court decisions, fines and other information that is critical to the operation of the justice system

#### Environment

Environment's capital budget for 2006-07 is \$30.9 million:

- \$23.3 million for forest fire fleet renewal and \$1.9 million for other fire program capital
- \$3.0 million for parks
- \$2.6 million in Saskatchewan Watershed Authority capital to fund 24 projects, including \$1.0 million for Lac La Ronge, \$401,000 for Upper Qu'Appelle rehabilitation, \$350,000 for Blackstrap North dam, \$316,000 for Lac la Plonge Dam, and \$160,000 for Gardiner Dam

Finance - \$900,000 for Cooper Place (Finance building) renovations.

#### Government Relations

Government Relations (GR) capital budget for 2006-07 is \$69.3 million, including:

- \$23.77 million for Municipal Rural Infrastructure Fund (MRIF) projects, a \$14.55M increase over 2005-06, which includes 50 per cent federal funding. \$1.55 million of this funding has been carried over due to under expenditures in the 2005-06 fiscal year. MRIF project priorities include green infrastructure, like water supply, wastewater, solid waste management, public transit, and energy efficiency and local infrastructure, such as transportation, culture and recreation, tourism, and e-connectivity.
- \$6.0 million for the Canada Saskatchewan Infrastructure Program (CSIP) to assist municipalities across the Province to develop, renew, or enhance municipal infrastructure, with a primary priority of "green" municipal infrastructure – water supply, sewage disposal, water management, solid waste management and recycling and energy efficiency of municipal facilities. Secondary priorities are local transportation infrastructure, culture and recreation facilities, basic infrastructure supporting tourism, high speed Internet access, rural and remote telecommunications and social housing.
- \$5.0 million for the Canada Strategic Infrastructure Fund (CSIF), to complete Phase 2 of the River Landing Project in downtown Saskatoon. Half of this funding (\$2.5 million) was committed in 2005-06 but will not be spent, and will be carried over into 2006-07.
- \$1 million as second year funding for Urban Development Agreements (UDAs) with Saskatoon and Regina, an increase of \$500,000 from 2005-06. UDAs are negotiated agreements between Canada, Saskatchewan and the cities of Regina and Saskatoon to increase economic activity and improve quality of life. Funding for the UDAs is cost shared as 50 per cent federal and 25/25 each for the province and the municipalities.
- \$17.7 million as second year funding for the flow-through of federal gas tax revenue. Saskatchewan's total share of federal funding over the first five years is \$147.7 million.
- The budget includes \$12.5 million for the new Federal Public Transit Program to support transit infrastructure investments (which is subject to change by the federal government).

#### Justice

Justice's 2006-07 capital budget is \$2.8 million, which includes:

- \$2.35 million for renovation of court facilities
- \$472,000 for Justice Enterprise Information Network (JEIN) (the department of Corrections and Public Safety is also funding JEIN with \$827,000, for total 2006-07 spending on JEIN of \$1.299 million)

#### Advanced Education and Employment

AE&E has \$7 million in capital for 2006-07, including government-owned and third-party capital. Capital at the post-secondary level includes:

- \$1.8 million to SIAST for sustaining capital
- \$700,000 for regional college block funding
- \$2.4 million to the universities for principal and interest payments on private loans for sustaining capital
- \$1.3 million for the French Language Institute at the University of Regina
- \$0.8 million government-owned capital

As well, Government provided \$7.5 million for the Western College of Veterinary Medicine project late in 2005-06.

### **Learning: K-12 education**

There is \$21.9 million in capital at the K-12 level for 2006-07:

- \$9.8 million in block funding for ongoing maintenance of K-12 schools
- \$4.5 million for the new Ile-a-la-Crosse joint use school
- \$4.1 million for the Warman High addition
- \$2.5 million for the École Canadienne-Français in Saskatoon
- \$500,000 for Tommy Douglas Collegiate
- \$500,000 for Bethlehem High School

### **Health**

The health capital budget for buildings and equipment in 2006-07 is \$77.7 million. This includes \$11.6 million for Government-owned capital (including \$11.1 million for the new Provincial Lab and \$525,000 for laboratory and other equipment), \$44 million for health facilities and \$22 million for medical equipment.

The \$44 million in health facility capital spending includes:

- \$6.5 million for the Ile-a-la-Crosse Integrated Facility
- \$5.1 million for the Moosomin Integrated Facility
- \$4.8 million for the Cypress Regional Hospital in Swift Current
- \$4.1 million for the Preeceville Integrated Facility
- \$4.0 million for the Humboldt Integrated Facility
- \$3.0 million for the Outlook Integrated Facility
- \$3.0 million for Regina General Hospital Maternal and Newborn Care
- \$3.0 million for the Maidstone Integrated Facility
- \$3.0 million for Saskatoon Mental Health
- \$3.0 million for the Oliver Lodge Long-term Care Facility
- \$3.0 million in block funding for life, safety and emergency
- \$1.0 million for the Royal University Hospital ground floor redevelopment
- \$500,000 for the Hudson Bay Long-term Care addition
- Funding to begin high-level planning for replacement of the Saskatchewan Hospital North Battleford

### **Highways and Transportation**

The Department's capital budget of \$150.7 million for 2006-07 includes the following highlights:

- \$49.4 million to continue the Highway 1 and 16 twinning initiative and remain on target to complete this initiative in 2007-08.
- \$7.5 million to continue twinning Highway 11 between Warman to Rosthern
- \$8.55 million to implement the Roads to Prosperity – The Northern Economic Infrastructure Strategy, allowing the Department to:
  - begin work on Highway 956 from La Loche to the Alberta border and complete within the three-year commitment time-frame
  - begin construction of the Wollaston Lake over land winter road
  - improve roads such as Highway 155 north of Green Lake, Highway 106, and the Patuanak access Highway 918
- \$11.3 million in provincial and federal funding to rebuild rural highways under the Prairie Grain Roads Program
- \$6 million to make improvements to First Nations access roads, including Highway 55 and the access roads to Shoal Lake and Red Earth First Nations

### **Property Management**

Property Management's capital budget for 2006-07 is \$24.3 million, comprised of:

- \$16.8 million to purchase vehicles and other transportation equipment
- \$5.4 million for continuing renovations to the Walter Scott Building
- \$900,000 for the renovation of Century Plaza as the Department's new head office
- \$800,000 for a sewage lift station at SIAST Wascana

### **2005-06 Capital**

Saskatchewan experienced a significant financial improvement in 2005-06, largely due to strong oil and gas, as well as tax, revenues. Consequently, additional funds were allocated to a number of primarily one-time initiatives – mainly capital. **Forecast** for 2005-06 capital is \$542.6 million, which is \$215.7 million (66.0%) over the \$326.9 million Budget for capital in 2005-06.

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## Key Facts & Figures

### Sound financial management:

- **13th consecutive balanced budget**
- **13 credit rating upgrades since 1995** (most recent in July 2005 from Moody's)
- **Surplus on a General Revenue Fund basis**
- **Additional \$201.9 million debt reduction planned over two years** (\$101.9 million in 2006-07; \$100 million in 2007-08)

### Revenue:

**\$7.73 billion (10.3% growth)**, comprised of:

- **\$6.4 billion (82.9%) in own-source revenue** such as taxes, non-renewable resources, transfers from Crown Entities and other revenue
- **\$1.3 billion (17.1%) in transfers from the Government of Canada**, such as health transfers and other federal-provincial agreements
- **\$0 in equalization entitlements**

### Surplus/Deficit:

- **\$101.9 million GRF surplus**
- **\$112.9 million SFS deficit** (mainly due to a revised pension adjustment)

### Spending:

- **\$7.15 billion in operating spending** (up \$555.4 million or 8.4% from Budget 2005-06).
- **Primary spending in the areas of health** (\$3.2 billion, or 44.5% of operating spending) **and education** (\$1.5 billion, including teachers' pensions and benefits, or 21.1% of operating spending). Funding for health increased 9.9% or \$285.8 million over 2005-06 approved Budget, and funding for education increased 5.2% or \$75.1 million over 2005-06 approved Budget
- **Commitment to freeze university tuition in 2006-07 and 2007-08**
- **\$466 million in funding for approximately 34,000 training spaces and over 32,000 university seats** in 2006-07, including **83 new seats** at the Saskatchewan Indian Institute of Technologies
- **\$67 million in new education property tax relief on agricultural land**
- **\$97.3 million in revenue sharing for municipalities for 2006-07** (\$12.2 million or 14.4% increase from Budget 2005-06 approved Budget)
- **\$407.3 million in capital work** – for hospitals, schools, highways and other infrastructure
- **\$98.8 million in funding for CAIS and another \$100 million for the Crop Insurance program**
- **\$6.3 million for immigration efforts** – to bring 5,000 people to Saskatchewan annually, to grow the province and the economy
- **\$14.2 million for Saskatchewan Assistance Program (SAP) and Transitional Employment Allowance (TEA) enhancement**
  - **\$13.2 million to provide a \$40/month enhancement to SAP and TEA for an increase to adult allowance rates** (including Basic Allowance, Room and Board Allowance and the TEA General Living Allowance); \$20/month increase to the Personal Living Allowance for people living in residential care facilities
  - **\$1 million to provide an additional \$10/month to TEA recipients** for the General Living Allowance (SAP received a \$10 increase in 2005-06, TEA did not)
- **\$1.5 million TEA enhancement** to cover utility costs
- **\$1.8 million to increase Provincial Training Allowances by \$60/month**

### ... Spending (cont.):

- **\$4.9 million for additional childcare and pre-kindergarten support**
- **\$17.1 million in Community Based Organization (CBO) wage increases**
- **\$345 million Highways budget including \$150.7 million in highways capital and road improvements**, such as \$49.4 million for twinning on Highways 1 and 16, \$7.5 million for twinning on Highway 11 between Warman and Rosthern, and \$8.6 million for northern roads infrastructure development
- **\$5 million for payment of four new Treaty Land Entitlement agreements**
- **\$3.5 billion in transfers to major third parties (schools, municipalities, universities, health regions)**, which is up 10.8% over 2005-06 approved Budget

### Business tax cuts:

- **\$95.3 million invested in 2006-07** to improve Saskatchewan's business tax competitiveness
- **Business Tax cuts will grow the economy** by attracting and stimulating capital investments, and creating jobs and opportunities for youth. This will be done through a multi-year plan to:
  - **Eliminate the general Corporate Capital Tax (CCT) by July 1, 2008**, except for provincial Crown corporations currently taxable
  - **Eliminate the general CCT on new capital investments** in Saskatchewan on July 1, 2006
  - **Reduce CCT Resource Surcharge** rates beginning July 1, 2006
  - **Reduce the Corporate Income Tax (CIT) rate from 17 to 12 per cent** by July 1, 2008
  - **Increase the small business threshold from \$300,000 to \$500,000** by July 1, 2008
  - **Immediately convert the non-refundable Investment Tax Credit (ITC) for Manufacturing and Processing into a refundable tax credit** and extend the carry-forward for unused ITCs previously earned to 10 years

### Fiscal Stabilization Fund:

- **\$765.9 million balance at the end of 2005-06**
- **\$690.9 million balance at end of 2006-07**
- **\$170.9 million forecast balance remaining in 2007-08** – cushion against unforeseen pressures

### Debt:

- **Debt is falling.** Permanent debt reduction of \$101.9 million at Budget 2006-07; (since 2004-05, there has been a permanent debt reduction of \$446.6 million) and a further \$100 million debt paydown planned for 2007-08
- **Government debt at March 31, 2006, will be \$7.2 billion (its lowest point in 15 years)**
- **\$10.9 billion total debt projection at March 31, 2006** (includes government and Crown debt)
- **We have made and continue to make great strides in managing our debt.** Our **projected total debt to GDP** was **25.2%** in March 2006 compared to 69.75% in 1993.
- **Projected Government debt to GDP** (which excludes Crown debt) was **16.7%** in March 2006, compared to 41.6% in 1993. For March 2007 it's even lower at **15.8%**.

### Equalization & Have Status:

- Equalization is a federal program that measures how well provinces can raise revenues relative to a five-province standard. Those with above-average revenue raising capacity are "have", while those with lower-than-average revenue raising capacity are "have not". "Have not" provinces are entitled to receive Equalization payments from the federal government.
- **Saskatchewan is "have" status.** Our entitlements for 2006-07 are \$0.
- **We are seeking a return to the 10-province standard, and exclusion of non-renewable resources from the Equalization formula** (the Federal Conservatives' election platform supported the exclusion of non-renewable resources from the Equalization formula).
- **This will ensure that Saskatchewan** retains those revenues for use right here in the province – to help grow the economy and create jobs.