



PROVINCE OF SASKATCHEWAN

(CANADA)

2006-07 BUDGET

(Financial Highlights of 2006-07 BUDGET, April 6, 2006)

April 6, 2006

General Revenue Fund in surplus for 13th consecutive year

General Revenue Fund surplus will be used to keep government debt essentially unchanged

Summary Statement of Surplus (Deficit)

(\$ Millions)

	Estimated 2006-07	Forecast 2005-06	Estimated 2005-06
Treasury Board Organizations			
GRF¹			
Revenue	\$ 7,727.2	\$ 8,006.2	\$ 7,007.5
Operating Expenditure	7,149.3	7,142.3	6,593.9
GRF Operating Surplus	\$ 577.9	\$ 863.9	\$ 413.6
Servicing the Public Debt	(551.0)	(548.0)	(588.0)
FSF ² Transfer	75.0	(17.4)	174.5
GRF Surplus (Deficit)	\$ 101.9	\$ 298.5	\$ 0.1
FSF Transfer	(75.0)	17.4	(174.5)
Other TBO ³ Net			
Income (Loss) net of dividends to GRF	(326.7)	(125.8)	(159.4)
Surplus (Deficit) of all TBO	\$ (299.8)	\$ 190.1	\$ (333.8)
Crown Management Board Organizations			
CMBO⁴ Net			
Income (Loss) net of dividends to GRF	149.8	85.2	89.9
Surplus (Deficit) ⁵	\$ (150.0)	\$ 275.3	\$ (243.9)
Surplus (Deficit) of Not-for-Profit Insurance Organizations	\$ 37.1	\$ 234.5	\$ 41.3
Summary Surplus (Deficit)	\$ (112.9)	\$ 509.8	\$ (202.6)

1 General Revenue Fund

2 Fiscal Stabilization Fund

3 Treasury Board Organizations

4 Crown Management Board Organizations

5 Prior to Not-for-Profit Insurance Organizations

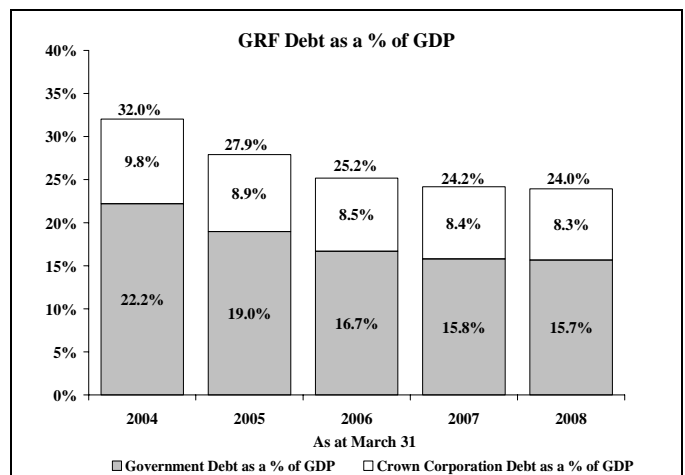
Debt of the Province as at March 31

(\$ Millions)

	Estimated 2007	Forecast 2006	Actual 2005
Crown Corporation Debt			
Gross Debt	\$ 4,108.6	\$ 3,937.9	\$ 3,818.8
Sinking Funds	(308.8)	(269.1)	(235.4)
	\$ 3,799.8	\$ 3,668.8	\$ 3,583.4
Guaranteed Debt	0.5	0.5	1.0
Crown Corporation Debt	\$ 3,800.3	\$ 3,669.3	\$ 3,584.4
Government Debt			
Gross Debt	\$ 8,030.8	\$ 7,991.8	\$ 8,254.1
Sinking Funds	(874.3)	(789.1)	(708.6)
	\$ 7,156.5	\$ 7,202.7	\$ 7,545.5
Guaranteed Debt	48.4	46.6	55.0
Government Debt	\$ 7,204.9	\$ 7,249.3	\$ 7,600.5
Total GRF Debt	\$ 11,005.2	\$ 10,918.6	\$ 11,184.9
Other Debt*	297.5	373.0	430.1
Summary			
Statement of Debt	\$ 11,302.7	\$ 11,291.6	\$ 11,615.0

* Some Crown corporations and other organizations have obligations to other entities, either by borrowing directly or by guaranteeing the debt of others. The General Revenue Fund is not responsible for this other debt.

Government debt as a percentage of GDP is at the lowest level in 20 years



Credit Ratings of the Province

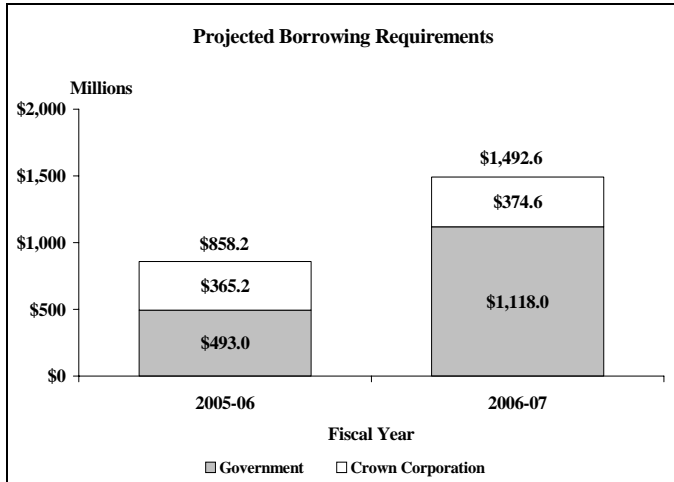
Standard & Poor's	AA-
Moody's Investors Service	AA2
Dominion Bond Rating Service	A(high)

Saskatchewan Credit Spreads (basis points)

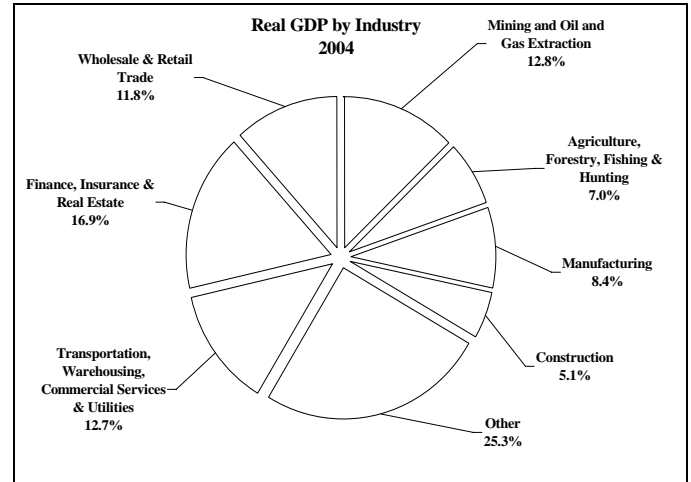
Term	BAs	LIBOR
3 year	-8	-13
5 year	-6	-12
10 year	-7	-14
30 year	-8	-18

As at March 27, 2006

Borrowing requirements are primarily for government debt refinancing



Natural resources continues to be the largest goods-producing sector of the economy



Source: Statistics Canada, Chained Index

Canadian domestic public market primary source for borrowing

Borrowing Sources	Actual 2005-06	Estimated 2006-07
(\$ Millions)		
International	\$ 182.4	\$ 200.0
Canadian Debentures	475.0	1,050.0
Promissory Notes	28.7	50.0
Canada Pension Plan	20.6	70.0
Sask. Savings Bonds	151.5	122.6
Total	\$ 858.2	\$1,492.6

2005 continued strong demand and high prices for non-renewable resource commodities resulting in above-average growth in the economy for the 3rd consecutive year

- Crop production in 2005 was 30.6 million tonnes, the biggest ever. However, the quality of the harvested crop was well below the 10-year average.
- Retail sales increased by 7.6 per cent last year, the second strongest growth posted by any province.
- Manufacturing shipments increased by 8.2 per cent, also the second highest growth posted by any province.
- Wholesale trade grew 14.3 per cent, the third highest growth in Canada.
- The value of building permits jumped 17.8 per cent, the third highest rate of increase in Canada.
- Led by energy products and industrial goods, international exports increased by 13.8 per cent, the third highest growth in the nation.
- New capital investment increased by 4.6 per cent, fifth highest in Canada.
- Employment increased by 3,800 and the unemployment rate decreased to 5.1 per cent, the third lowest in the country.

Continuing tax reform

Saskatchewan is making major reforms to its business tax regime in order to attract investment and create employment, including the phase-out of the Corporation Capital Tax on non-financial corporations and a reduction in the general Corporation Income Tax rate from 17 per cent to 12 per cent. Other tax reductions are also being introduced to encourage the resource, manufacturing and small business sectors. Saskatchewan continues to not levy a payroll tax.

Business Tax Reform Implementation Plan				
	Current	2006*	2007*	2008*
General CCT Rate	0.6%	0.3%	0.15%	--
General CIT Rate	17%	14%	13%	12%
Small Business Threshold	\$300K	\$400K	\$450K	\$500K

* All measures effective July 1 of each year

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