



PROVINCE OF SASKATCHEWAN

(CANADA)

2007-08 BUDGET

(Financial Highlights of 2007-08 BUDGET, March 22, 2007)

March 22, 2007

General Revenue Fund in surplus for 14th consecutive year

Total debt increasing to fund capital

Summary Statement of Surplus (Deficit)

(\$ Millions)

	Estimated 2007-08	Forecast 2006-07	Estimated 2006-07
Treasury Board Organizations			
GRF¹			
Revenue	\$ 7,869.3	\$ 8,389.3	\$ 7,727.2
Operating Expenditure	7,789.7	7,680.3	7,149.3
GRF Operating Surplus	\$ 79.6	\$ 709.0	\$ 577.9
Servicing the Public Debt	(560.0)	(541.0)	(551.0)
FSF ² Transfer	509.9	0.0	75.0
SIF ³ Transfer	45.5	(97.9)	0.0
GRF Surplus	\$ 75.0	\$ 70.1	\$ 101.9
FSF Transfer	(509.9)	0.0	(75.0)
SIF Transfer	(45.5)	97.9	0.0
Other TBO ⁴ Net (Loss)			
net of dividends to GRF	(286.8)	(371.3)	(326.7)
(Deficit) of all TBO	\$ (767.2)	\$ (203.3)	\$ (299.8)
CIC Board Organizations			
CICBO⁵ Net Income (Loss)			
net of dividends to GRF	102.1	270.6	149.8
(Deficit) Surplus ⁶	\$ (665.1)	\$ 67.3	\$ (150.0)
(Deficit) Surplus of Not-for-Profit Insurance Organizations			
Organizations	\$ (36.2)	\$ 91.0	\$ 37.1
Summary (Deficit) Surplus	\$ (701.3)	\$ 158.3	\$ (112.9)

1 General Revenue Fund

2 Fiscal Stabilization Fund

3 Saskatchewan Infrastructure Fund

4 Treasury Board Organizations

5 CIC Board Organizations

6 Prior to Not-for-Profit Insurance Organizations

Debt of the Province as at March 31

(\$ Millions)

	Estimated 2008	Forecast 2007	Actual 2006
Crown Corporation Debt			
Gross Debt	\$ 4,208.1	\$ 3,938.1	\$ 3,938.9
Sinking Funds	(360.5)	(352.6)	(307.9)
	\$ 3,847.6	\$ 3,585.5	\$ 3,631.0
Guaranteed Debt	0.5	0.5	0.9
Crown Corporation Debt	\$ 3,848.1	\$ 3,586.0	\$ 3,631.9
Government Debt			
Gross Debt	\$ 8,298.2	\$ 8,153.9	\$ 7,994.4
Sinking Funds	(1,023.5)	(904.6)	(797.2)
	\$ 7,274.7	\$ 7,249.3	\$ 7,197.2
Guaranteed Debt	45.3	40.5	45.2
Government Debt	\$ 7,320.0	\$ 7,289.8	\$ 7,242.4
Total GRF Debt	\$ 11,168.1	\$ 10,875.8	\$ 10,874.3
Other Debt*	250.5	274.6	353.8

Summary

Statement of Debt	\$ 11,418.6	\$ 11,150.4	\$ 11,228.1
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* 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 total debt as a percentage of GDP continues to decline

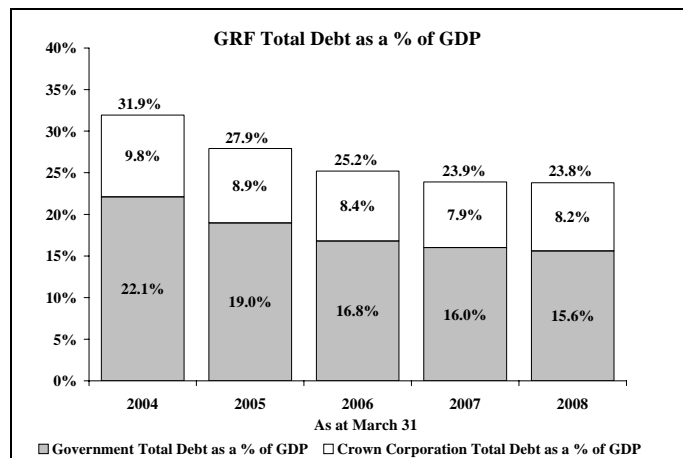
Credit Ratings of the Province

Standard & Poor's	AA
Moody's Investors Service	Aa1
Dominion Bond Rating Service	AA(low)

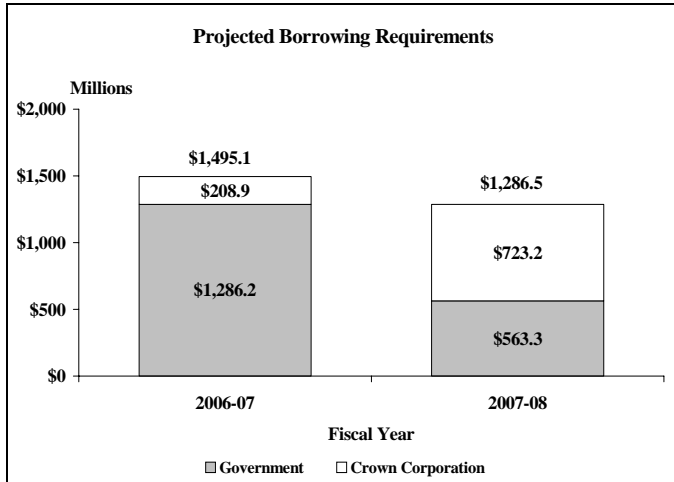
Saskatchewan Credit Spreads (basis points)

Term	BAs	LIBOR
3 year	-2	-3
5 year	-5	-6
10 year	-8	-10
30 year	-15	-17

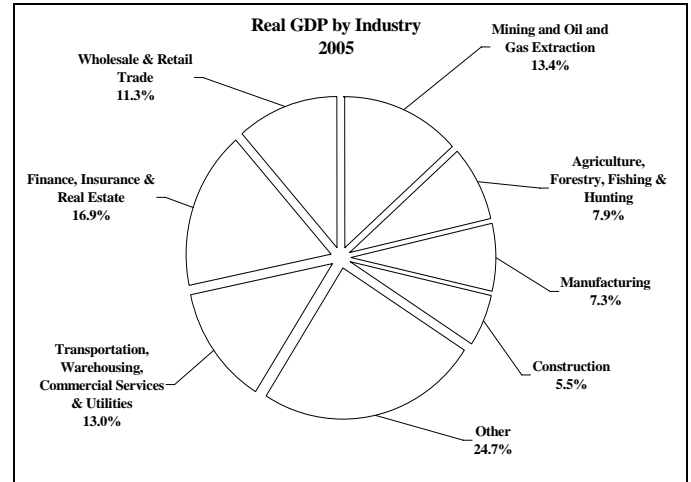
As at March 14, 2007



Borrowing requirements primarily to fund capital and 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	Forecast 2006-07	Estimated 2007-08
(\$ Millions)		
International	\$ 92.3	\$ 200.0
Canadian Debentures	900.0	700.0
Promissory Notes	146.3	98.0
Canada Pension Plan	99.7	88.5
Sask. Savings Bonds	256.8	200.0
Total	\$ 1,495.1	\$1,286.5

Driven by strong commodity prices, exports, business investment and personal consumption, the Province posted solid economic growth again in 2006

- Employment increased by 8,100 to 491,600 in 2006, the third highest growth in Canada and the highest employment level in Saskatchewan's history. The unemployment rate decreased to 4.7 per cent, the third lowest in the country and the lowest level since 1981.
- New capital investment increased by 8.7 per cent to \$9.7 billion, the highest investment level in history and more than double the investment level in 1991.
- The value of building permits rose by 25.0 per cent, the second highest in Canada.
- Total housing starts went up by 8.1 per cent, the second highest in Canada.
- Driven by strong growth in agriculture and energy products, international exports increased by 10.2 per cent, the second highest in Canada.
- Retail sales and the value of manufacturing shipments grew by 6.0 per cent and 4.3 per cent, respectively, the fourth highest in Canada.

Continuing business tax reform

Saskatchewan is making major business tax reductions to attract investment and create employment. In addition to the business tax reforms introduced in last year's budget, the small business tax rate has been lowered and Saskatchewan has reduced its sales tax rate to 5 per cent, the lowest rate since 1987. Saskatchewan continues to not levy a payroll tax.

Business Tax Reduction Plan*			
	Current	2007	2008
General CCT Rate	0.3%	0.15%	--
General CIT Rate	14%	13%	12%
Small Business:			
Rate	5%	4.5%	4.5%
Threshold	\$400K	\$450K	\$500K

* All measures effective July 1 of each year, except the small business rate reduction which was effective January 1, 2007

For additional copies or information please contact:

Saskatchewan Finance
 Treasury and Debt Management Division
 6th Floor - 2350 Albert Street
 Regina, Saskatchewan S4P 4A6
 Canada

Telephone: (306) 787-6752 Fax: (306) 787-8493
 More Budget information at: www.gov.sk.ca/finance