

Government Direction for 2012-13: KEEPING THE SASKATCHEWAN ADVANTAGE

In the fall of 2011, the government was given a renewed mandate to continue making this province the best place in the country to live, work and raise a family.

That means balanced budgets, strong economic growth and an unparalleled quality of life. Those are the hallmarks of the Saskatchewan Advantage.

At a time when other jurisdictions struggle with slow economic growth, growing debt and deficits, Saskatchewan is leading the way with sound provincial finances and a growing economy.

We are a “have” province with record population growth and opportunities unprecedented in our history.

This provides us with the opportunity to make improvements to key programs in health, education and social services, while ensuring all programs and services remain sustainable through disciplined fiscal management.

This budget is about building on our strengths in education and innovation. It is about further improving the infrastructure that promotes economic growth. It is about caring for the vulnerable.

This budget is about keeping the Saskatchewan Advantage.

VISION – Saskatchewan will be the best place in Canada – to live, to work, to start a business, to get an education, to raise a family and to build a life.

The Government has identified four new goals to set direction for the province:

- *Sustaining growth and opportunities for Saskatchewan people*
- *Improving our quality of life*
- *Making life more affordable*
- *Delivering responsive and responsible government*

GROWTH AND OPPORTUNITY

Saskatchewan is blessed with many natural resources, abundant energy supplies, diverse mineral deposits and a large, rich land base that continues to grow high quality grains and oilseeds.

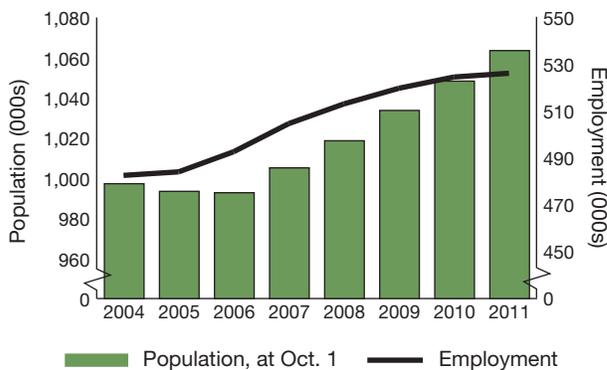
Unpredictable weather patterns and international economic conditions have an influence on the supply and demand for these products and prices can be extremely volatile. But year after year, Saskatchewan continues to produce a large surplus of food and energy, helping to supply a hungry world with what it needs.

Substantial Growth

A variety of economic indicators demonstrate the significant growth that is occurring in Saskatchewan. More people are coming here to seek better opportunities, to find work and to become part of our community.

Saskatchewan's population reached a record high of 1,063,535 people in October of 2011.

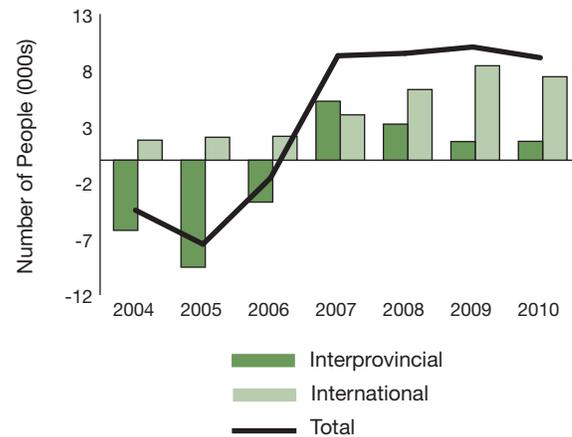
SASKATCHEWAN POPULATION AND EMPLOYMENT



Source: Statistics Canada

Immigration to our province has been strong of late and will continue to grow as trade missions and job fairs seek out new employees for our growing industries.

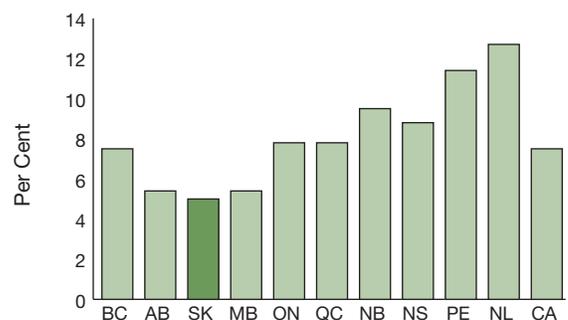
NET MIGRATION



Source: Statistics Canada

Saskatchewan is seeing high employment levels and has had the lowest unemployment rate across Canada for the past three years. More people are needed in our province to meet the increasing demands of the tight labour market.

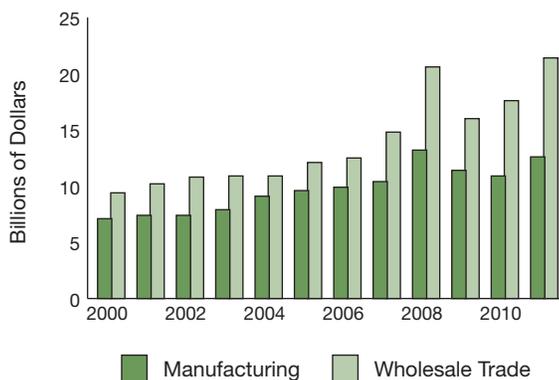
UNEMPLOYMENT RATE COMPARED ACROSS PROVINCES (2011)



Source: Statistics Canada

Saskatchewan set new records for manufacturing shipments in 2008 and wholesale trade set a new record in 2011.

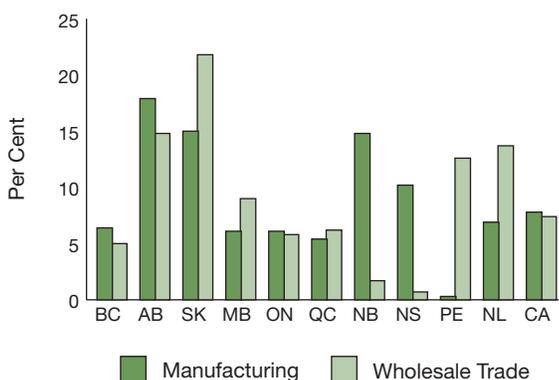
MANUFACTURING AND WHOLESALE TRADE – SASKATCHEWAN 2000 TO 2011



Source: Statistics Canada

This is a strong indicator of the health of our economy, particularly when compared to other provinces in Canada. Every year more of our products are being shipped to countries around the world.

MANUFACTURING AND WHOLESALE TRADE – % CHANGE FROM 2010 TO 2011, ACROSS CANADA



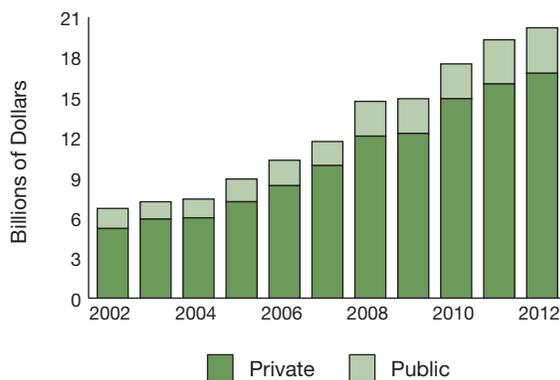
Source: Statistics Canada

In 2011, Saskatchewan recorded the highest growth rate across Canada in retail sales and building permits and the second highest growth in new vehicle sales and new housing starts.

According to the Canadian Federation of Independent Business (CFIB), Business Barometer from March 7, 2012, small business owners in Saskatchewan are feeling optimistic about the year ahead; many have plans to increase their full-time employment over the next three to four months. The mood across industries is positive as well with the agriculture sector joining the most “up-beat” sectors in their optimism about the economy.

The business climate is clearly improving, evidenced by the plans for growing investments by the public and private sector in Saskatchewan.

PRIVATE/PUBLIC CAPITAL INVESTMENT INTENTIONS



Source: Statistics Canada

So what are private sector forecasters saying about Saskatchewan's growth?

Economic Slowdown Barely Noticeable Out West – Conference Board of Canada, Provincial Outlook Executive Summary – Winter 2012

“The economic outlook for Western Canada remains very positive ... real GDP growth is forecast to be a full percentage point stronger than the rest of the country this year and next.

Commodity prices remain at profitable levels and continue to encourage the development of the mining sector and to attract thousands of out-of-province workers and their families.

Saskatchewan's sources of growth are widespread ... the mineral fuels sector will expand 7.9 per cent in 2012; manufacturing is set for a 3.8 per cent gain ... non-residential business investment which is coming off a very strong year, looks to continue this trend.”

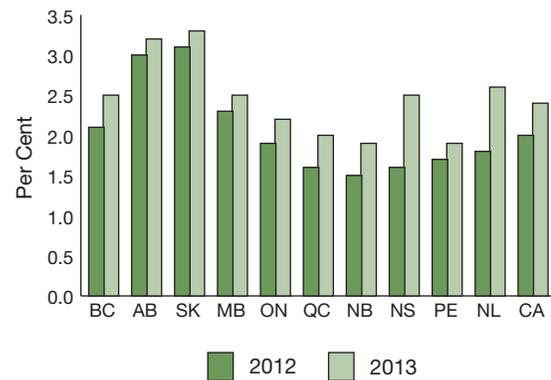
The Fraser Institute – Canadian Investment Climate: 2010 Report – Saskatchewan ranked second in the nation, up substantially from its sixth place ranking in 2005.

The Institute notes that ... “attracting and sustaining high levels of investment requires an ongoing commitment to policies that contribute to a positive investment climate: productive economic activities, competitive tax rates, effective transportation infrastructure, and prudent fiscal policies ...”

Saskatchewan received high marks in the areas of fiscal management and improving the regulatory impact.

Private sector forecasters are optimistic about Saskatchewan's growth this year and next, with the province again holding a strong place across Canada.

PRIVATE SECTOR FORECASTS OF GDP GROWTH, 2012 AND 2013



Source: Average of private sector forecasts, as of March 6, 2012

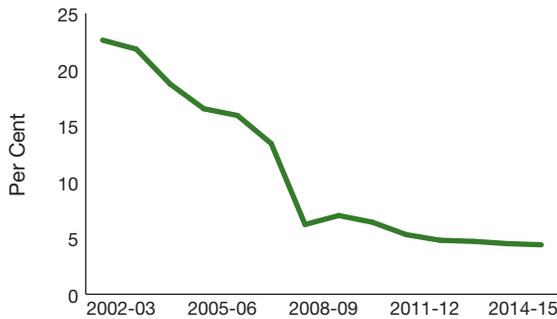
Fiscal Discipline

Economies around the globe are being tested and those economic realities can have an impact here at home. While Saskatchewan has been blessed with strong economic conditions, we need to be careful fiscal managers and ensure investments are sustainable.

The Saskatchewan Government has been rewarded for its careful fiscal management, receiving its first ever “AAA” credit rating from Standard and Poor's, their highest rating, in 2011.

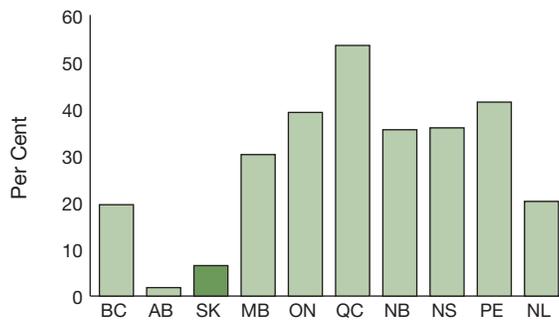
The province's debt to GDP ratio is steadily improving while other governments are either struggling to get out from under a mountain of debt or are returning to deficit positions to fund their government programs.

SASKATCHEWAN GOVERNMENT DEBT AS A PERCENTAGE OF GDP (DEBT TO GDP RATIO)



Source: Saskatchewan Public Accounts and Saskatchewan Provincial Economic Accounts

DEBT TO GDP RATIO, ACROSS CANADA



Source: DBRS (as at March 31, 2012); Statistics Canada; Conference Board of Canada

The Saskatchewan Government has outlined a four-year fiscal plan, which is consistent with the plan identified in the 2011-12 Budget and the 2011 election platform.

EXPENSE GROWTH, YEAR OVER YEAR

2012-13	2013-14	2014-15	2015-16
4.7%	4.0%	4.0%	4.0%

Being able to afford a 4.7 per cent increase in expense is an uncommon privilege. It means that key government programs and services can continue while balancing government's interests for tax competitiveness and debt management. We also need to ensure that levels of program funding are sustainable into the future and match our growth in the economy. This avoids broad swings in program resources available to serve the public.

Steps are being taken to find efficiencies across government, by examining programs services delivered by government ministries and by asking our third party partners to be vigilant in finding efficiencies in their operations.

For 2012-13, the Government has a **balanced budget**; it is also balanced on a summary basis. Not only is the budget balanced, but it maintains some funds in reserve to help pay for unexpected emergencies: \$756.4 million in the Growth and Financial Security Fund.

Financial decisions were scrutinized to ensure they did not increase Government debt. Debt will remain flat for this year.

Strategic Investments in Transportation and Trade

The Saskatchewan Government established a solid foundation for growth in its first term, investing heavily in necessary infrastructure across the province for roads, bridges, schools, health care facilities and to help communities with the increased cost of a growing population.

The 2012-13 Highways and Infrastructure budget of \$581.5 million is a 4.5 percent increase over 2011-12 and is the first year's investment towards the election platform commitment of \$2.2 billion in Highways and Infrastructure over the next four years.

Highlights of the 2012-13 transportation investments include:

- \$207.8 million for repair and replacement of highway surfaces – including 320 kms of repaving;
- \$18.0 million for repair and replacement of highways, bridges and culverts related to the 2011 flooding;
- \$63.0 million for Gateway Corridors, including the completion of Highway 11 twinning, the start of twinning and passing lane strategy, continued work on the West Regina Bypass, and commencement of the Estevan Bypass;
- \$70.5 million for upgrades under the Rural Highway Strategy – including primary weight upgrades on 150 km to be completed and \$10.3 million to upgrade community and tourism access roads;
- \$59.2 million, an increase of \$13.8 million for the Bridge and Culvert Strategy – including 29 bridges to be replaced, 4 bridges to be rehabilitated, numerous culverts replaced and continued work to replace the St. Louis bridge;
- \$23.5 million for the Municipal Roads for the Economy Program which assists rural municipalities to strategically improve the road systems supporting economic growth; and,
- \$7.9 million to continue road maintenance and rehabilitation projects for municipalities that have signed agreements under the Urban Connectors Program.

Investments are also being made to support our industries in gaining access to international markets. Funding for the Saskatchewan Trade Export Partnership (STEP) is increasing by \$500,000, total funding of \$3.4 million, to ensure long-term economic strength through export growth.

The Ministry of Agriculture will also provide an additional \$1.0 million for international market development and trade advocacy. This funding will provide industry support to maintain existing markets, develop new markets and attract new buyers to the province.

Support for our Growing Economy

Maintaining a strong and vibrant workforce is a key component of our economy. One of Saskatchewan's key advantages is the next generation of young people who will receive the right education and training to meet the demands of our labour market.

Efforts to increase the number of First Nations and Métis people in the workforce is showing progress:

- There are 5,900 more First Nations and Métis people employed to the end of February this year over last year;
- Over the past four years, the number of First Nations and Métis apprentices has increased by 24 per cent; and,
- The number of First Nations and Métis Journeyman Certifications has doubled from 61 in 2006-07 to 123 in 2010-11.

Another \$450,000 will be spent on the First Nations Apprenticeship Program to help promote new careers.

Programs for First Nations and Métis people that are funded through the provincial gaming agreements will increase by 3.8 per cent to \$67.6 million this year.

In addition, year two funding will be provided to meet the commitment of \$1.5 million over three years through the Northern Action Plan to work with northern leaders to improve the well-being of at-risk individuals in northern Saskatchewan.

Education Infrastructure

Our growing population and expanding communities are contributing to an increased cost of education. School operating funding will increase by almost \$82 million in 2012-13.

This budget provides support for the new funding distribution model by providing \$10 million in transition funding in 2012-13. The new model will be phased in over a three-year period.

To support the need for new schools and upgrades to existing schools, the following investments are being made:

- \$38.6 million is provided for the construction of six new school projects in a new provincial government co-ownership model;
- \$50.1 million will provide for 15 major school capital projects, which are already under construction or renovation;
- \$4.0 million will assist with planning for three new school capital approvals; and,
- \$15.9 million for block sustaining capital, an increase of \$10.9 million over last year, supporting smaller maintenance projects.

Support is also being provided for improving the infrastructure at our post-secondary institutions:

- \$7.0 million for universities and the Saskatchewan Institute of Applied Science and Technology to finance sustaining capital;
- continued support for the Academic Health Sciences Centre project at the University of Saskatchewan (U of S), total funding to date will be \$215.6 million;
- \$1.0 million to support planning for a student residence, child care facilities and a parkade at the University of Regina (U of R);

- \$1.0 million for the continued construction of the new Southeast Regional College; and,
- \$879,000 capital grant for sustaining capital at regional colleges and federated colleges.

IMPROVING OUR QUALITY OF LIFE

A major factor contributing to a person’s quality of life is their physical health and well-being. This Budget makes a significant investment in our health care system, an increase of \$217.6 million for a total budget of \$4.68 billion.

Improving Access to Health Care

The Ministry of Health is working closely with the Regional Health Authorities (RHAs) to improve the quality and standard of care, to put the patient first, and to do so in the most efficient manner. The total budget for the RHAs will increase by \$98.2 million, a 3.5 per cent increase over last year.

Access to surgeries will improve with a total investment of \$60.5 million for the Saskatchewan Surgical Initiative.

At December 31, 2011, Saskatchewan has completed more than 62,400 surgeries since the start of this fiscal year, seven per cent more (approximately 4,100 cases) than during the same period last year.

**SASKATCHEWAN SURGICAL INITIATIVE
WAIT TIME GOAL – SURGERIES COMPLETED
(AT DECEMBER 31, 2011)**

Within 18 months	99 per cent
Within 12 months	96 per cent
Within 6 months	87 per cent
Within 3 months	76 per cent

In addition, \$5.5 million will be invested to introduce innovative approaches to improve access to primary health care that will improve the patient experience, ensure services are stable and sustainable into the future, keeping Saskatchewan people healthier.

As well, \$1.5 million will be invested to implement a rural physician locum pool to improve access to physician care, as promised in the election platform. This initiative will encourage a dedicated resource of physicians providing services in rural Saskatchewan in addition to the existing short-term locum pool.

To help those living with diabetes, the budget provides a \$2.5 million increase to add two forms of long-acting insulin to the Drug Plan and to expand the Children's Insulin Pump Program to cover those up to 25 years of age.

The Saskatchewan Cancer Agency will receive an increase of \$16.9 million (\$138.8 million total) to support access to cancer services and for increased drug, operating and medical costs.

An increase of \$5.5 million is provided for the Shock Trauma Air Rescue Society (STARS) Helicopter Ambulance service for start-up and initial operating costs. This service will focus on care and transport of critically ill or injured patients in rural and remote areas of the province.

A total increase of \$4.0 million will be provided to expand colorectal screening province-wide, providing early detection tools and thereby supporting early treatment and improved patient outcomes.

Health Care Facilities

Investments are also being made to support health care facilities across the province:

- \$42.7 million in funding to begin construction of seven previously announced long-term care (LTC) facilities under a new co-ownership model between the province and the Regional Health Authorities, and additional grant funding to continue progress on the other six LTC facilities currently underway;
- \$5.0 million to continue planning and redesign to replace the Saskatchewan Hospital North Battleford;
- \$16.4 million for equipment and capital maintenance of facilities; and,
- Planning and design will continue to replace the Moose Jaw Union Hospital.

Improving Circumstances for People with Disabilities

The 2011 election platform identified that a Government priority is to ensure that the quality of life for people with disabilities improves in this province.

Clearly, this is a priority for Saskatchewan people as well, evidenced by the overwhelming support and generosity extended every year to the Kinsmen Telemiracle. The 36th anniversary of the telethon, recently held in Regina, raised a record-breaking amount of over \$5.9 million. This is a testament to the Saskatchewan spirit of giving back to others in our communities that need some extra support.

The 2012-13 Budget makes an investment of \$26.4 million for new or enhanced programming and increased program utilization. Since taking office in 2007, Government funding for disabilities programming has increased by \$308.8 million.

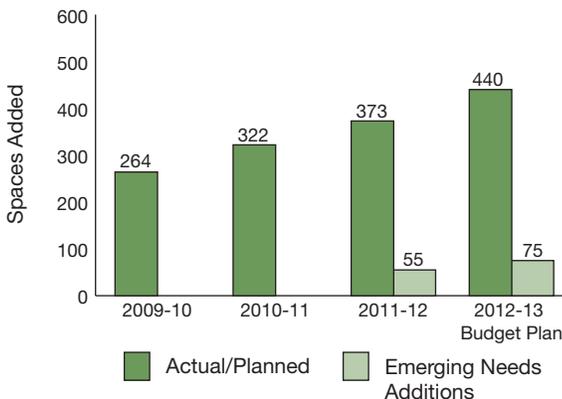
An increase of \$17.8 million is provided to expand the Saskatchewan Assured Income for Disability (SAID) program. The total program will cost \$113.0 million in 2012-13 and will expand the number of clients from 3,000 to up to 10,000 adults.

- People in residential care settings will receive an additional \$40 in June, increasing to \$100 per month over four years;
- Single individuals living independently will receive an increase of \$200 per month in June, expanding to an average of \$350 per month over four years; and,
- Couples living independently will receive a \$230 per month increase in June, expanding to an average of \$400 per month over four years.

Increases will also be provided to the community-based organizations (CBOs) that support people with disabilities and \$2.4 million in capital funding will provide spaces by March, 2013, for 67 clients, completing the Government's 440 Waitlist commitment from 2009-10.

In addition, \$600,000 in capital funding is being provided in 2012-13 to meet increased demand for residential and day program services for 20 additional people with intellectual disabilities.

PROGRESS ON ELIMINATING THE 440 WAITLIST FOR GROUP HOME SPACES



Source: Ministry of Social Services

Saskatchewan Aids to Independent Living (SAIL) will receive an increase of \$1.5 million, \$39.4 million total, to maintain benefits for people with long-term disabilities or illnesses. This program provides supports such as orthotics, prosthetics, rehabilitation/mobility equipment, oxygen and insulin pumps for children.

Better Outcomes for Children

One of the best things we can do to improve our quality of life is to invest in our children and youth. If they can individually achieve better outcomes throughout their lives, then collectively, we all benefit.

The Children and Youth Agenda was launched in the 2011-12 Budget and brought together a number of programs from across government under one “umbrella.” The intention is to find new and innovative ways to approach the key social determinants of health and well-being at a very early age.

The initial investment of \$34.0 million in 2011-12 is being enhanced by \$6.0 million in this budget. Government-wide funding for children, youth and their families includes:

- \$1.0 million enhancement for Autism Spectrum Disorder therapies, total funding of \$7.6 million in 2012-13;
- \$600,000 increase for Fetal Alcohol Spectrum Disorder prevention services in Saskatoon, Regina, and Prince Albert, total funding of \$3.6 million across several ministries;
- \$500,000 to continue 20 literacy camps for underprivileged youth; and,
- \$3.0 million in capital funding for a new risk assessment tool for child protection workers.

The 2012-13 Budget in the Ministry of Education also provides:

- \$1.0 million in increased operating funding (\$15.8 million total) and \$1.0 million in capital funding to create 15 new pre-kindergarten programs next year; and,
- \$600,000 in new funding (\$2.6 million total) to support immigrant children in schools who have English as an Additional Language (EAL).

Supporting Those in Need

Changes are underway with respect to children in need and the results are proving to be favourable. The introduction of the *Children and Youth Agenda* has greatly improved relationships with First Nations agencies and has built new partnerships to improve services to families and children. First Nations agencies are provided \$3.9 million annually to support case management and service delivery for First Nations child welfare authorities.

Efforts are being taken to find placements for children with extended family and with First Nations agencies on reserve so that the children can remain in their community. This approach has contributed to an increase in the number of children placed with extended family both on and off reserve. The result is a steady decline in the number of children that are coming into the care of the Ministry.

Other enhancements for Child and Family Services include:

- \$1.15 million for 20 Out-of-Home Residential Care spaces and an infant care centre;
- \$1.0 million increase for Intensive Family Supports;
- \$750,000 increase for Home Assessments and Treatment Foster Care by CBOs; and,
- \$500,000 increase for Visitation and Supervision for Children by CBOs.

This budget also provides \$180.8 million for Saskatchewan Assistance Program (SAP) and Transitional Employment Allowance (TEA) caseloads, a decrease of \$5.7 million due to a strengthening economy and more opportunities for employment.

Research and Innovation

Investing in research and innovation occurring at our post-secondary institutions can lead to an improved quality of life here in Saskatchewan and have a positive impact around the world.

The Canadian Light Source (CLS, or Synchrotron), one of the most advanced synchrotron facilities in the world, is attracting researchers from across Canada and internationally to perform research that will help identify new ways to tackle diseases, make plants more productive, and make metals more resilient. CLS will receive an increase of \$1.5 million, for a total operating budget of \$4.1 million.

InterVac, which opens in the spring of 2012 will receive \$2.1 million to support its operations and will develop vaccines to protect people and animals from the threat of emerging or persistent diseases such as avian influenza or tuberculosis. This new facility will be the first Containment Level 3 facility in Western Canada dealing with both human and large animal diseases.

The provincial investment in Saskatchewan Research Council is increasing by \$850,000 to \$19.0 million. This increase supports an organization that has a proven track record of success in helping industry partners in our province innovate and improve their competitiveness.

Other investments include:

- \$20.4 million for agricultural research and development, including \$2.0 million for research to accelerate the development of wheat varieties and improve yield, quality and tolerance to disease and weather conditions, and \$250,000 to establish the Global Institute for Food Security;
- The Canada Excellence Research Chair in Water Security at the U of S will receive \$500,000 in new funding (\$1.0 million total in 2012-13);
- The Academic Renal Transplant Program will receive \$376,000 in new funding (\$678,000 total in 2012-13); and,
- The Innovation and Science Fund will receive \$6.4 million to promote excellence in, and lever federal funding for, research at Saskatchewan post-secondary institutions and associated non-profit institutes.

Research and Development (R&D) Tax Credits will continue to encourage private sector R&D investment by providing a tax credit of 15 per cent for qualifying expenditures incurred by corporations in Saskatchewan.

Innovation Saskatchewan will invest an additional \$3.3 million to support the nuclear R&D strategy. Total funding of \$4.8 million in 2012-13 will support a Cyclotron, the Canadian Centre for Nuclear Innovation at the U of S, and operate the Positron Emission Tomography and Computerized Tomography (PET-CT) at the Royal University Hospital in Saskatoon.

Sports, Culture and Recreation

2013 promises to be an entertaining year in Saskatchewan with the 2013 Grey Cup, the JUNO awards in Regina, and the 2013 Memorial Cup in Saskatoon. Government support includes a

\$6.2 million loan for additional temporary seats in preparation for the Grey Cup and \$1.5 million for hosting the JUNOs. In addition, funding of \$1.0 million is being provided for preparations to host the North American Indigenous Games in 2014.

As promised in the election platform, a new community rink affordability grant of \$2,500 is being provided for approximately 750 community rinks across the province, at a cost of \$1.9 million.

Saskatchewan parks will receive some upgrades with an increase of \$3.0 million for service centres and electrical upgrades, improvements to ensure public safety, and for the full implementation of the new Campground Management System which will accommodate on-line reservations being launched for the 2012-13 camping season.

INCREASING AFFORDABILITY

Students

A number of initiatives are being offered to encourage students to further their education in Saskatchewan, making this choice an increasingly affordable option.

The 2012-13 Budget provides \$12 million, a two per cent increase to support operating costs at our post-secondary institutions.

The 2011 election platform announced a key initiative to encourage Saskatchewan students to continue to study in the province. This budget invests \$4.6 million in the new Saskatchewan Advantage Scholarship Program that will provide every high school graduate from 2012 on, with up to \$500 per year to a maximum of \$2,000 per individual, to be applied toward tuition fees at any post-secondary institution or recognized training course in the province.

The Graduate Retention Program is designed to encourage our students to stay and work in the province after graduation. It will continue to offer graduates who reside in Saskatchewan up to \$20,000 in tuition rebates over seven years, now through a combination of non-refundable and refundable tax credits.

The Saskatchewan Student Loan program offers an affordable way to finance post-secondary education. This budget provides an increase of \$6.7 million for increased access to the Student Aid Fund, total program funding of \$36.5 million.

As announced in the election platform, steps are being taken to encourage our medical professionals to remain in Saskatchewan. A portion of the Saskatchewan student loans for new doctors, nurses and nurse practitioners will be forgiven (up to \$120,000 for doctors and up to \$20,000 for nurses and nurse practitioners) that practice in under-served rural and remote communities for five years.

This Budget also includes funding to implement the recent and previous commitments for medical training seats:

- Five new Nurse Practitioner training seats will be introduced as part of the new commitment for 20 new training seats;
- \$10.3 million to expand Registered Nurse training seats by 170 seats – 85 seats will be added in 2012-13; and,
- In 2012-13, the government will have fulfilled its commitments to both the medical training seat expansion to 100 and the physician residency seat expansion to 120.

Seniors

To help seniors keep pace with the cost of living, this budget provides \$3.3 million, \$24.2 million total, to increase the Seniors Income Plan (SIP) benefit for singles and couples.

This initiative provides a monthly supplement to seniors who have little or no income other than the Old Age Security and Guaranteed Income Supplement paid by the federal government.

In our government's first term, the number of seniors who qualify for this benefit was doubled and the amount of the benefit was doubled after it had not been increased in the previous sixteen years.

This year, starting on July 1, the government will fulfill its election commitment to increase the benefit by a further \$50 per month, followed by increases of \$10 per month in each of the next three years.

In addition, a new Seniors Personal Care Home Benefit will be provided, at a cost of \$3.5 million in 2012-13. This investment will provide seniors with the financial assistance required to help them with the cost of living in a licensed personal care home. This monthly supplement is the difference between the senior's income and \$1,800. The benefit of approximately \$278 per month will rise to \$369 per month by the fourth year.

Families

Government continually examines its tax structure to ensure that Saskatchewan remains competitive and keeps taxes as affordable as possible. For example, the sales tax exemption on children's clothing was recently expanded to all children up to age 18, as promised in the 2011 election platform. This enhancement was introduced in November 2011, bringing immediate savings to families, and costs \$3.0 million annually.

Support is also being provided for child care: \$46.0 million in operating funding is provided in 2012-13, an increase of \$2.0 million to create 500 new child care spaces and \$4.0 million for the capital costs related to those new spaces. The majority of these spaces will be placed in schools or post-secondary institutions to facilitate continuing education and improved outcomes for young people.

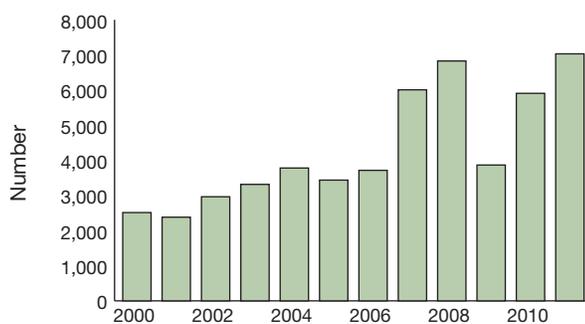
In addition, \$675,000 in new funding is being provided for Child Care Parent Subsidies (total program funding of \$18.2 million) to support 135 additional cases.

The Active Family Benefit program will be expanded to include activities for all children and youth under 18 years of age, fulfilling government's commitment to expand the program. The tax benefit program continues to offset costs for children and youth to participate in sport, culture and recreation programs with the expansion estimated to cost an additional \$3.0 million annually.

Housing

Since Saskatchewan's population started growing in 2006, the demand for housing has steadily increased. The number of housing starts in Saskatchewan has drastically increased in the past four years to an average of 5,908 per year, more than double the average of 2,932 in the previous sixteen years.

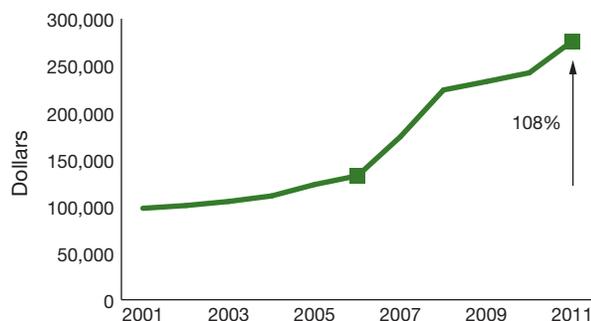
SASKATCHEWAN HOUSING STARTS



Source: Canada Mortgage and Housing Corporation

However, demand for housing continues to rise more quickly than supply. Consequently, the average resale price of a home has more than doubled since 2006.

SASKATCHEWAN AVERAGE HOUSE PRICE



Source: Canada Mortgage and Housing Corporation

In the rental housing market, vacancy rates have dropped significantly and remained relatively low since 2006, creating a demand that has driven up the average rental cost across Saskatchewan. As shown in the chart below, vacancy rates in Saskatchewan hit a low of 1.2 per cent in 2007 and have remained low.

SASKATCHEWAN AVERAGE RENTAL VACANCY RATE



Source: Canada Mortgage and Housing Corporation

In response, the Government launched the long-term Housing Strategy for Saskatchewan. The intention is to help improve the affordability of housing and to increase the housing supply in the province, including providing direct investment in affordable housing projects.

In 2011-12, the government introduced the Saskatchewan Advantage Housing Plan which included the Rental Construction Incentive (RCI) and Affordable Home Ownership Program (AHOP). These programs have been very successful with applications far exceeding initial expectations.

The 2012-13 Budget provides \$3.7 million to continue to support these programs. With these programs and the other initiatives identified below, the province could add up to 10,000 rentals to the market, 2,200 new entry-level homes and 650 student residences.

A new income tax credit is being introduced in 2012 to help people with the cost of their first home. The First-Time Homebuyers' Tax Credit will provide eligible Saskatchewan residents with a non-refundable credit of up to \$1,100.

To encourage construction of new multi-unit rental housing projects, Government is introducing an incentive to encourage private sector investment. The incentive is a corporate income tax rebate equal to 10 per cent of the rental income generated from newly constructed multi-unit rental projects, for a period of up to ten years. This rebate, when combined with other housing initiatives, is expected to encourage the construction of an additional 10,000 new rental units in the province over the life of the program.

In addition, the Saskatchewan Housing Corporation will provide \$1.0 million to Habitat for Humanity to help an additional 20 low-income families achieve home ownership.

RESPONSIVE AND RESPONSIBLE GOVERNMENT

Delivering on Commitments

The Government made a firm commitment to share the economic prosperity with municipalities. This budget includes:

- \$237.4 million in Revenue Sharing equal to one full point of Provincial Sales Tax (PST) based on the 2010-11 Public Accounts, an increase of \$20.6 million or 9.5 per cent from the previous year and up 87 per cent from 2007-08;
- \$56.1 million in flow-through municipal infrastructure funding provided by the Gas Tax Program;
- \$48.4 million to meet project commitments under the various federal-provincial infrastructure programs. This funding level accounts for a reduction of \$21.9 million due to the completion of the federal stimulus programs in 2011-12;
- \$6.1 million, an increase of \$500,000 to meet program commitments under the Saskatchewan Infrastructure Growth Initiative; and,
- \$12.3 million, an increase of \$500,000 for Grants-in-Lieu of Property Tax.

Overall funding to municipalities in 2012-13 will be \$348.9 million, up 14.8 per cent from last year and up 60.9 per cent from 2007-08.

Commitments were also made to support our agriculture industry, by funding AgriStability and AgriInvest, and Crop Insurance, budgeted at \$321.4 million in 2012-13, an increase of \$600,000.

Crop insurance coverage levels are rising to a record high of \$174 per acre on average, nearly double what they were in 2007. In response to the unprecedented flooding in 2010 and 2011, producers now have the option to supplement the Unseeded Acreage Benefit of \$70 per eligible acre by purchasing either \$15 or \$30 per acre in additional coverage.

In addition, the federal-provincial Growing Forward programs will get a boost of \$11.8 million in new funding.

Work is well underway to further the commitment to rehabilitate provincial irrigation assets. This budget includes \$5.0 million, an increase of \$1.9 million, to accelerate rehabilitation of the M1 Canal over 10 years.

This budget is also investing in environmental programming and in strengthening water management and flood protection.

- \$5.0 million to extend the 2011 Emergency Flood Damage Reduction Program to 2012;
- \$2.1 million in one-time funding for the Provincial Disaster Assistance Program to address the backlog in claims from 2011;
- \$1.7 million to support the implementation of the 10-year Water Management Infrastructure Program (WMIP) for major water infrastructure redevelopment and reinvestment;
- \$2.1 million, an increase of \$1.4 million to enhance the Dam Safety Program and to ensure that the highest priority projects are addressed through WMIP;
- \$2.2 million to maintain funding for insect and disease control, including the prevention of mountain pine beetle and spruce budworm forest infestation;
- \$3.8 million, an increase of \$800,000 to support reforestation;
- \$6.2 million in total funding for Green Initiatives, a decrease of \$10.8 million from last year primarily because a previous commitment to provide enhanced funding has been fulfilled; and,
- \$21.8 million in total operating funding for SARCAN, which links the grant to the actual revenue collected from the Environmental Handling Charge in 2010-11, providing a stable level of funding to this important partner.

Safer Communities

The following investments are being made through the Ministries of Corrections, Public Safety and Policing (CPSP) and Justice and Attorney General (JAG) to help to support the Government's commitment to safer communities:

- \$1.1 million to complete the commitment to hire 120 police officers over four years (total funding of \$14.0 million over the four years);
- \$11.8 million for the implementation of the Provincial Policing Services Agreement with the Royal Canadian Mounted Police (\$161.5 million total);
- \$1.2 million increase (CPSP) and \$700,000 (JAG), for \$1.9 million total and 13 additional FTEs, for the phased implementation of the High-Risk Violent Offender Crime Reduction commitment. This initiative will get tough on violent crime and make communities safer by adding more police officers and prosecutors;
- In addition to the \$700,000 above, an increase of \$4.4 million (\$52.4 million total) for increasing costs in Court Services and Prosecutions related to a nearly 50 per cent increase in court appearances since 2000 and other funding primarily related to salary adjustments;
- \$2.0 million for caseload increases in adult corrections; and,
- \$450,000 for the 2011 election platform commitment to expand the successful Community Mobilization Partnership, a multi-agency initiative located in Prince Albert that brings together community agencies, schools, health care and social service agencies, First Nations workers and police to provide immediate and long-term interventions in the lives of at-risk individuals in order to prevent crime.

Making Responsible Fiscal Decisions

Balanced budgets are a key part of the Saskatchewan Advantage but balancing a budget in these uncertain economic times can be a significant challenge. Maintaining a balanced budget over a sustained period of time takes some tough decisions.

It means ensuring that government spending is affordable and sustainable over the long term. Sometimes it means saying no to new spending, keeping spending flat or undertaking a thorough review of existing programs and services.

Executive government has been reviewing its programs, services and organizations to find more efficient ways of doing business. Government ministries and agencies are also examining how best to prioritize and finance their capital infrastructure projects to achieve better results.

We need to do more of this in order to keep spending under control and to ensure programs and services are sustainable over the longer term.

Some programs are being revised to help meet Government's four-year spending targets and to ensure spending remains sustainable and provincial budgets remain balanced, now and in the future:

- Raising the cap on prescription drug fees from \$15 to \$20, while maintaining one of the most affordable drug plans for seniors across Canada. This cap was introduced in 2007, was expanded to include children's prescriptions in 2008, and has not increased since;
- Winding down the Film Employment Tax Credit, saving \$3 million this year and \$8 million annually when the program has ended;
- Research and Development (R&D) Tax Credits will continue to be refundable for qualifying R&D expenditures by Canadian-controlled private corporations up to an annual limit of \$3.0 million, with all other qualifying expenditures eligible for a non-refundable tax credit;

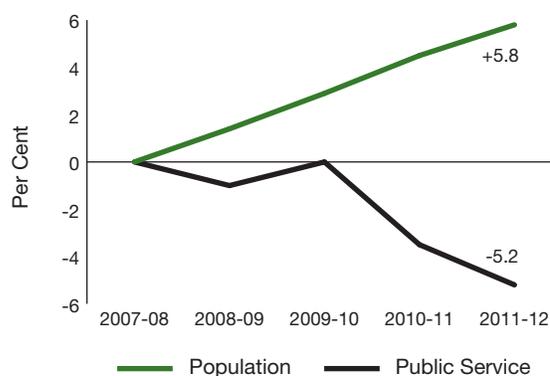
- Provincial funding for Enterprise Regions will be discontinued, saving \$4.0 million, allowing economic development decisions to be made locally. Additionally, regional offices will be closed, saving \$1.0 million this year and \$2.0 million annually thereafter;
- The Student Aid fund will eliminate non-repayable bursaries for above middle-income students, targeting benefits to those most in need, saving about \$3.1 million per year; and,
- Discounts for early payment of education property tax will be discontinued beginning in 2013, which is expected to save \$16.0 million that year.

For more information on savings identified in this budget, see the Backgrounder on Key Facts and Figures at www.finance.gov.sk.ca

Efficient and Effective Government

In 2008, the Government introduced *The Growth and Financial Security Act*, requiring Treasury Board to monitor and report on the size of the public service, and ensuring that it did not grow faster than the population. This target is on track, the size of the public service is diminishing while the population grows.

CUMULATIVE CHANGE SINCE BASE YEAR, 2007-08 (PUBLIC SERVICE AND SASKATCHEWAN POPULATION)



Source: Saskatchewan Ministry of Finance Plan for 2012-13

Three years ago, government started a process for *public service renewal*, asking ministries to find ways to increase the efficiency of their operations and pursuing smarter delivery of programs. Various methodologies have been used, ranging from Lean process improvements to program evaluations. The intention is to improve the experience of the customer, client or patient, and to do so within a smaller footprint.

Government is continuing with its commitment to reduce the size of the public service and is well on its way to meeting the goal of reducing the size of government by 15 per cent over four years. We are demonstrating it is possible to have a smaller, more efficient and effective government. The 2012-13 Budget brings the total FTE reduction to 1,302 in the first three years, a 10.3 per cent reduction.

Government is now asking all of its third parties to join in this effort and to find innovative ways to achieve efficiencies in the delivery of important services to the public. This may mean bulk purchasing of supplies, sharing services across organizations, and finding new ways of doing things.

- The Regional Health Authorities (RHAs) have been given expenditure targets to meet over the next year, without impacting patient care. This will be the third consecutive year that RHAs have been given targets like this.
- The education system is also being asked to help reduce costs while still delivering high quality education to our children throughout the province.
- Post-secondary institutions are being asked to consider the opportunities available to enhance the effectiveness and efficiency of their organizations, with specific attention to administrative operations.

Many governments are being forced to slash programs and funding to deal with huge deficits and debt. Saskatchewan's strong fiscal position enables us to find efficiencies as part of a framework for continuous improvement.

Saskatchewan is blessed with many natural advantages. Our strong and diverse resource base coupled with innovation, dedication and the Saskatchewan spirit of hard work is helping to keep our economy growing.

As our population grows and businesses keep expanding, our province will continue to flourish. Government's intention is to keep our economy moving forward and to support those that need our help along the way. Fiscal discipline is a key component in keeping the Saskatchewan advantage and ensuring that we maintain efficient and effective programs and services for years to come.