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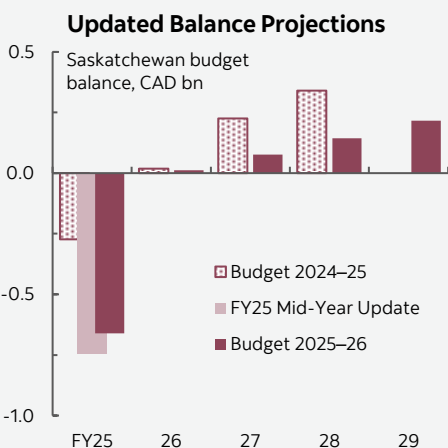
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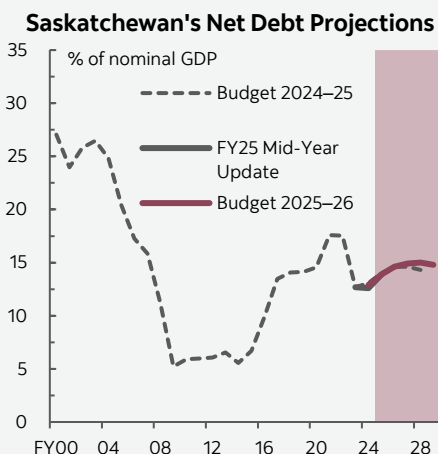
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Chart 1



Sources: Scotiabank Economics, Saskatchewan Finance.

Chart 2



Sources: Scotiabank Economics, Finance Canada, SK Finance.

# Saskatchewan: 2025-26 Budget

## PROJECTED RETURN TO BALANCE THROUGH EXPENDITURE REDUCTION

- Saskatchewan’s recently re-elected government continues to target FY26 as the year to return to a (small) surplus, despite a larger deficit in FY25 than originally planned and proceeding with the new tax cuts promised in last Fall’s election. To achieve this, it is preparing for slightly lower program expenses in FY26 compared to the fiscal year just ending. This outlook faces clear downside risks, including from potentially significant tariff war impacts, and the government has chosen not to set anything aside at this time, on the basis that the impacts are too uncertain. That said, also clear is the determination to return to balance in the near future and maintain Saskatchewan’s already-low debt burden.
- Budget balance forecasts: deficit of -\$661 mn (-0.6% of nominal GDP) in FY25, with projections of surpluses of \$12 mn (0.0%) in FY26, \$76 mn (0.1%) in FY27, \$144 mn (0.1%) in FY28, and \$217 mn (0.2%) in FY29 (chart 1).
- Economic assumptions: Real GDP growth is projected to rise from 1.6% in 2024 to 1.8% in 2025 and 2.0% in 2026. Meanwhile, WTI oil price is expected to average US\$71/bbl and US\$72/bbl in 2025 and 2026 respectively before rising above US\$75/bbl in the outer years.
- Net debt: projected to be 12.9% of nominal GDP in FY25, increasing each year to a peak of 15.0% in FY28, before declining to 14.8% in FY29 (chart 2).
- Borrowing requirements: \$5.0 bn in FY25 and \$4.0 bn in FY26.

## OUR TAKE

Saskatchewan’s recently re-elected government aims for a return to a balanced budget in FY26. Budget 2025-26 projects a deficit of -\$661 mn (-0.6% of nominal GDP) in FY25, larger than the -\$273 mn deficit expected in last year’s budget owing to \$898 mn in additional program spending (especially on agricultural support) that was partially offset by \$547 mn in higher revenue, but a slightly lower deficit than the -\$744 mn projected in the mid-year update. The Budget projects smaller surpluses over the forecast horizon relative to Budget 2024-25, with surpluses growing from \$12 mn (0.0% of nominal GDP) in FY26, to \$76 mn (0.1%) in FY27, \$144 mn (0.1%) in FY28, and \$217 mn (0.2%) in FY29.

To achieve a balanced budget beginning this year, program spending is expected to contract by -0.7% in FY26, partially offset by an 11.7% rise in debt servicing costs. This involves lower planned spending in most large departments, including health, education, and agriculture. As a result, total expenditure is expected to be -0.1% lower in FY26, before increasing 3.4% each year from FY27 through FY29. Meanwhile, total revenue is projected to increase by 3.2% in FY26, and then by 3.7% annually thereafter through the forecast horizon to FY29. The revenue outlook incorporates the tax reductions that were a key plank in the government’s re-election platform—including \$500 annual increases in the basic personal exemption, starting in 2025.

The forecasts assumptions around economic growth are reasonable, absent an extended trade conflict. That said, in addition to the typical risks around commodity prices, Saskatchewan now also faces significant and uncertain risks from the tariff war. The government has chosen not to set aside any amounts in their budget to protect against tariff risks, on the basis that the potential impacts are so uncertain. However, it has also released an estimate that under a scenario in which the US imposes tariffs of 25% on all Canadian goods and 10% on energy, Canada responds with its planned \$155 bn in counter-tariffs, and the tariffs are in place for a whole year. In this “worst-case scenario,” this could reduce the province’s real GDP by 5.8% and revenue by \$1.4 bn.

**Net debt as a percent of nominal GDP is projected to be 14.0% in FY25, in line with last year's budget.** While the path for net debt as a share of GDP is expected to increase over the following three fiscal years, peaking at 15.0% in FY28, before declining to 14.8% in FY29, the overall net debt burden relative to the other provinces is expected to remain relatively low.

**Total borrowing requirements are expected to be \$5.0 bn for fiscal year 2024–25, more than the \$4.4 bn projected in last year's budget largely due to pre-borrowing for the upcoming fiscal year.** Total borrowing is then expected to be lower for FY26 at \$4.0 bn, of which more than \$3.9 bn is from long-term borrowing.

Current-Year Fiscal Forecast			
\$ millions except where noted			
	FY25		FY26
	Nov.'24	Mar.'25	Mar.'25
Total Revenue	20,137	20,408	21,056
Non-Renewable Resources	2,584	2,503	2,699
Other Own-Source	13,740	14,187	14,420
Federal Transfers	3,813	3,719	3,937
Total Spending	20,881	21,069	21,044
Program Spending	19,930	20,121	19,985
Agriculture	1,917	1,771	1,598
Health	7,740	8,022	8,005
Education	4,415	4,455	4,428
Social Services	1,765	1,820	1,842
Other	4,095	4,053	4,113
Debt Service	950	948	1,059
% of Revenue	4.7	4.6	5.0
<b>Budget Balance</b>	<b>-744</b>	<b>-661</b>	<b>12</b>
% of GDP	-0.6	-0.6	0.0
<b>Net Debt</b>	<b>15,969</b>	<b>15,988</b>	<b>17,327</b>
% of GDP	13.9	14.0	14.8

Sources: Scotiabank Economics, Saskatchewan Finance.

Outer-Year Fiscal Forecast									
\$ millions except where noted									
	FY25		FY26		FY27		FY28		FY29
	Bud. '24	Bud. '25	Bud. '24	Bud. '25	Bud. '24	Bud. '25	Bud. '24	Bud. '25	Bud. '25
Total Revenue	19,862	20,408	20,617	21,056	21,400	21,835	22,213	22,643	23,481
% change	-2.6	-2.8	3.8	3.2	3.8	3.7	3.8	3.7	3.7
Total Expenditure	20,135	21,069	20,598	21,044	21,175	21,759	21,874	22,499	23,264
% change	-3.5	1.2	2.3	-0.1	2.8	3.4	3.3	3.4	3.4
<b>Budget Balance</b>	<b>-273</b>	<b>-661</b>	<b>18</b>	<b>12</b>	<b>225</b>	<b>76</b>	<b>340</b>	<b>144</b>	<b>217</b>
% of GDP	-0.2	-0.6	0.0	0.0	0.2	0.1	0.3	0.1	0.2
<b>Net Debt</b>									
% of GDP	14.0	13.9	14.6	14.6	14.6	14.9	14.3	15.0	14.8

Sources: Scotiabank Economics, Saskatchewan Finance.

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