



Government
— of —
Saskatchewan

Minister of Finance
Legislative Building
Regina, Canada S4S 0B3

JUN 02 2021

Trent Wotherspoon, M.L.A.
Official Opposition Critic for Finance
Room 265 Legislative Drive
Regina, SK S4S 0B3

Dear Trent Wotherspoon:

Thank you for your recent letter regarding Moody's downgrade of our province's credit rating from Aaa (negative outlook) to Aa1 (stable outlook). I appreciate the opportunity to respond to your concerns.

I would note that Saskatchewan continues to have Moody's second highest provincial credit rating in Canada, behind only British Columbia. Saskatchewan also continues to have the second-highest credit rating among Canadian provinces when all three major rating agencies (Moody's, DBRS Morningstar, and S&P) are considered—also behind only British Columbia.

It is also important to note that Moody's, despite their downgrade, has returned Saskatchewan to a stable outlook, noting that "further downside fiscal risk has eased and the province retains very strong budget flexibility."

I appreciate the opportunity to remind you that our province has the lowest net-debt-to GDP in Canada, and in our 2021-22 Budget, through careful management of spending, we project smaller deficits over the medium term and a return to balance in 2026-27. Saskatchewan net debt also ranks among the lowest per capita.

In response to your question regarding the impact of this downgrade on future borrowing, Saskatchewan's cost of borrowing is not expected to be affected by the rating action. Saskatchewan continues to borrow at historically low interest rates and Saskatchewan's bonds are a stable, solid investment in the market. Our 2021-22 Budget put forward a prudent plan to carefully manage spending, reduce deficits over time and return to balance by 2026-27.

The province entered international debt markets last year with borrowing success. The appetite for Saskatchewan borrowing in foreign markets is high due to our province's high credit rating. We expect to continue accessing these markets this fiscal year, both in Euro's and US dollars as demand continues to be high.

I am disappointed in your second question, and the entire political tone of your letter. It is difficult to take your question seriously when your party never achieved this high level of credit rating while in government and would have driven up the debt by an additional \$4B minimum if you would have formed government and been held accountable to the promises your party made.

We have confidence in the recovery of the province's economy from the effects of the pandemic. This has been overwhelmingly demonstrated by the numerous multi-million-dollar investment commitments by the private sector that have been in 2021 alone.

Last month, Saskatchewan led the country in job creation and had the lowest unemployment rate in Canada. The building permits statistics released today showed that in April 2021, the value of building permits in Saskatchewan increased by 16.1% from March 2021, second in terms of percentage change among the provinces. Our government continues to believe in the potential of our great province to recover and to grow as we move forward.

Thank you for taking the time to write.

Sincerely,

A handwritten signature in blue ink that reads "Donna Harpauer". The signature is fluid and cursive, with a long horizontal stroke at the end.

Donna Harpauer
Deputy Premier and Minister of Finance