

# Ministry of Finance



## Annual Report for 2017-18



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# Letters of Transmittal



*The Honourable  
Donna Harpauer  
Minister of Finance*

His Honour, the Honourable W. Thomas Molloy, O.C., S.O.M., Lieutenant Governor of Saskatchewan

May It Please Your Honour:

I respectfully submit the Annual Report of the Ministry of Finance for the fiscal year ending March 31, 2018.

Sincerely,

A handwritten signature in black ink that reads "Donna Harpauer". The signature is fluid and cursive.

Donna Harpauer  
Minister of Finance



*Rupen Pandya  
Deputy Minister  
of Finance*

The Honourable Donna Harpauer, Minister of Finance

Dear Minister:

I have the honour of submitting the Annual Report of the Ministry of Finance for the fiscal year ending March 31, 2018.

This report measures our progress against the commitments outlined in the Ministry's 2017-18 Operational Plan.

As Deputy Minister of the Ministry of Finance, I acknowledge responsibility for this report and am pleased to provide assurance on the accuracy, completeness, and reliability of information contained in this report. I also acknowledge responsibility for the financial administration and management control of the Ministry of Finance.

Respectfully submitted,

A handwritten signature in black ink that reads "Rupen Pandya". The signature is bold and stylized.

Rupen Pandya  
Deputy Minister of Finance

# Introduction

This annual report for the Ministry of Finance presents the Ministry's results for the fiscal year ending March 31, 2018. It provides results of publicly committed strategies, key actions and performance measures identified in the *Ministry of Finance Plan for 2017-18*. It also reflects progress toward commitments from the Government Direction for 2017-18, the *Saskatchewan Plan for Growth – Vision 2020 and Beyond*, throne speeches and the Ministry.

The annual report demonstrates the Ministry's commitment to effective public performance reporting, transparency and accountability to the public.

## Alignment with Government's Direction

The Ministry's activities in 2017-18 align with Saskatchewan's vision and four goals:

### Saskatchewan's Vision

*"... to 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."*

Sustaining growth and opportunities for Saskatchewan people

Meeting the challenges of growth

Securing a better quality of life for all Saskatchewan people

Delivering responsive and responsible government

Together, all ministries and agencies support the achievement of Saskatchewan's four goals and work towards a secure and prosperous Saskatchewan.

# Ministry Overview

## **Mandate Statement**

The Ministry of Finance is responsible for oversight of government revenue, expenditures, assets and liabilities. Finance is the lead ministry for fiscal policy; budget development and integrity; managing provincial debt; designing and administering fair, efficient, and competitive tax regimes; pension and benefit administration; labour relations advice to government; ensuring accountability to both the public and the Legislative Assembly for the use of public funds; and ensuring effective financial management and accounting policies and procedures.

## **Mission Statement**

The Ministry of Finance supports excellence in governance and public administration through our economic, financial and fiscal expertise, leadership and services.

## **Ministry Role**

The Ministry of Finance plays a unique role in the affairs of the Province of Saskatchewan. As a central agency, the Ministry is responsible for advising the Government on financial implications associated with policy decisions that span across all ministries and agencies.

The Ministry, with direction from Treasury Board and Cabinet, assists in managing and controlling the finances of the Province to ensure appropriate use of public funds. The Ministry also analyzes and provides advice on tax policy matters, ensuring a fair and competitive tax regime that supports the Government's spending and debt strategies.

The Ministry continues to maintain a close working relationship with the federal government, provincial governments across the country, and other government bodies within the province to effectively address financial issues of mutual concern.

The Ministry of Finance is responsible for receiving the majority of revenues for the Government of Saskatchewan, including revenue from:

- ⇒ Taxation (e.g., consumer, property, education);
- ⇒ Transfers from government entities (e.g., the Crown Investments Corporation of Saskatchewan); and
- ⇒ Transfers from the federal government (e.g., Canada Health Transfer, Canada Social Transfer).

The Ministry processes payments to fund public services such as health care, education, and road maintenance.

The Ministry provides services directly to the public by administering provincial tax programs, including the Provincial Sales Tax (PST), and undertaking communication initiatives to keep the public informed about finance-related issues. The Ministry also provides advice, governance, and administration services to pension and benefit plan boards and participating employers. Payment and support services are provided to active and retired plan members.

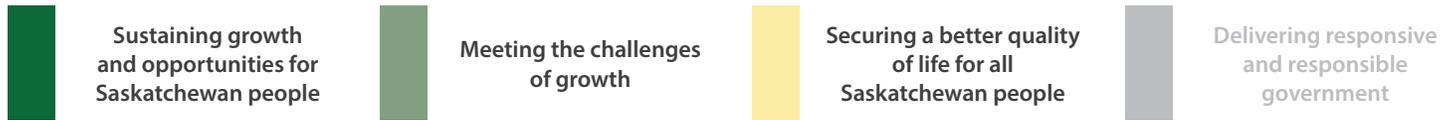
The 2017-18 actual utilization was 317.4 FTEs.

Staff are primarily located in Regina, with regional offices in Saskatoon and Yorkton.

A complete listing of all publications produced by the Ministry of Finance and the Public Employees Benefits Agency can be found at: <http://www.saskatchewan.ca/government/government-structure/ministries/finance> and <http://peba.gov.sk.ca>.

# Progress in 2017-18

## Government Goals



Strategic priorities from the *Saskatchewan Plan for Growth*: investing in infrastructure and planning for growth; tax competitiveness; and building a competitive business environment.

## Ministry Goal

The Ministry of Finance supports government decision making through our expertise and leadership.

## Strategy

To support effective and efficient decision making we must provide high quality analysis, and expert and balanced advice; and must focus time and attention to expand our knowledge and skill set to new and evolving policy areas to strengthen our ability to be proactive and innovative in providing advice.

## Key Actions and Results

Continue to increase knowledge and capacity related to summary budgeting and reporting and address impacts on planning, budgeting, improvement, and reporting processes.

- ⇒ The Financial Statements for Government have been prepared on a summary basis since 1992. Preparation of the Summary Financial Statements (SFS) includes the consolidation of the financial results of about 150 Government organizations.
- ⇒ This work is ongoing with the emphasis in 2017-18 on creating efficiencies in the centralized budgeting reporting processes.
- ⇒ The Ministry provided guidance, feedback, and support to ministries and agencies throughout government on their planning, budgeting, performance management, and reporting efforts.
- ⇒ The Ministry continues to provide training and continual knowledge enhancement for all summary entities that are consolidated into the Financial Statements.

Continue to work with ministries and agencies to develop and analyze budget options that align with Government's priorities.

- ⇒ This work is ongoing, with analysis and advice brought forward to Treasury Board and Cabinet during each budget development cycle.
- ⇒ All ministries are required to develop strategic and operational plans and budget proposals that align with Government's vision, goals, commitments and priorities.

Work with SaskBuilds, ministries and others on innovative financing, design and delivery of the Saskatchewan Builds Capital Plan.

- ⇒ Progress continues to be made in the advancement of Government's integrated capital planning framework, including increased utilization of pre-planning activities and the development of a standard planning process.

Provide guidance and advice to ministries and public sector employers on effective communication and collective bargaining strategies designed to achieve collective agreements within the parameters established by Cabinet.

- ⇒ At the end of 2017-18, the majority of the broader public sector agreements were open for negotiations with all employers and unions engaged in discussions to achieve agreements that will assist the Government in returning to fiscal balance.

Continue to work with ministries and the federal government to develop fair and effective federal/provincial agreements that address common interests.

- ⇒ This work is intended to ensure that financial implications of federal/provincial agreements are properly accounted for and received appropriate approval.
- ⇒ During 2017-18, approximately 40 federal/provincial fiscal agreements were reviewed and proceeded to Cabinet for approval.

Participate in ongoing discussions with federal, provincial and territorial governments on issues related to the major intergovernmental fiscal arrangements, including transfer in support of health care, post-secondary education and social programs.

- ⇒ The Ministry acts as the Government's principal contact with the federal government on major intergovernmental fiscal transfers, including the Canada Health Transfer (CHT), Canada Social Transfer (CST) and Equalization. Although the federal government holds consultations with provinces and territories on an ongoing basis, no formal agreement with provinces or territories is required with respect to these fiscal arrangements.
- ⇒ In 2017-18, Saskatchewan received \$1.613 billion in federal funding in support of health and social programs through the CHT and CST. Saskatchewan did not receive Equalization funding.
- ⇒ At the December 11, 2017 meeting of federal-provincial-territorial Finance Ministers, Finance Ministers agreed in principle to a two-year cannabis taxation framework whereby an excise duty of the higher of 1 dollar per gram or 10 per cent of the producer's selling price would be shared, with 75 per cent of the revenue going to provinces and 25 per cent being retained by the federal government.

Review provincial tax policies to ensure they align with the priorities and actions set out in the *Saskatchewan Plan for Growth* and that specific policies and actions are affordable within a balanced budget.

- ⇒ This work is ongoing with analysis and advice brought forward to Treasury Board and Cabinet during each budget cycle.
- ⇒ New tax policy initiatives were considered and announced in the 2018-19 Budget. Further details can be found starting at page 52 of the 2018-19 Saskatchewan Provincial Budget: <http://publications.gov.sk.ca/documents/15/106322-2018-19%20Budget%20for%20WEB.pdf>
- ⇒ Legislation to implement these initiatives was tabled in the Spring 2018 sitting of the Legislative Assembly and passed by the Legislative Assembly in May 2018.

Determine opportunities and gaps in research capacity and bring forward a plan.

- ⇒ The Ministry will be identifying opportunities for improvement throughout the planning cycle, advancing towards outcome oriented strategies and key actions and understanding the Ministry impacts.

Develop and implement a plan to enhance the Ministry's knowledge and use of data analytics.

- ⇒ The Ministry is continuously looking at the possibilities for innovative approaches to use data analytics, including participating in the government-wide Social Innovation Hub, to enhance the quality of analysis.

Strengthen partnerships with ministries to enhance our learning and capacity through their expertise.

- ⇒ Ministries and agencies shared planning, improvement and reporting leading practices with each other online and in-person to learn from each other.

## Performance Measures

### Income and Sales Taxes Paid by Representative Taxpayers

Saskatchewan's tax levels for representative taxpayers reflect the amount of after-tax or disposable income available to residents. Declining tax levels therefore suggest improvements in the relative prosperity of residents. A negative tax level indicates that refundable tax credits exceed taxes payable.

Despite the sales tax changes introduced in the 2017-18 Budget, the overall taxes paid in Saskatchewan are still significantly lower than they were in 2007.

Saskatchewan Income and Sales Taxes Paid by Representative Taxpayers												
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Single-parent family earning \$25,000	\$ 176	\$ 20	\$ (177)	\$ (128)	\$ (168)	\$ (182)	\$ (178)	\$ (187)	\$ (194)	\$ (194)	\$ (137)	\$ (202)
One-income family earning \$50,000	\$ 3,679	\$ 2,207	\$ 2,098	\$ 1,858	\$ 1,471	\$ 1,277	\$ 1,186	\$ 1,117	\$ 1,003	\$ 925	\$ 1,123	\$ 1,172
Two-income family earning \$75,000	\$ 6,096	\$ 4,710	\$ 4,601	\$ 4,571	\$ 4,117	\$ 3,965	\$ 3,923	\$ 3,874	\$ 3,780	\$ 3,768	\$ 4,160	\$ 4,272

Source: Ministry of Finance, Tax Simulation Models

The performance measures are based on internal tax simulation calculations. Each of the measures is based on determining combined provincial income and sales taxes payable by representative family profiles.

For each family profile, provincial income taxes are calculated based on the following assumptions:

- ⇒ each family has two dependent children;
- ⇒ for the two-income family, one spouse earns 60 per cent of the total income and the other earns 40 per cent;
- ⇒ the single-parent family and the two-income family claim \$3,000 in deductible child care expenses; and
- ⇒ each family claims available basic personal exemptions, dependent child credits and credits for Canada Pension Plan and Employment Insurance contributions.

The PST is calculated based on average family expenditure baskets from the Survey of Family Expenditures in 2014 (Statistics Canada). The refundable Saskatchewan Low-Income Tax Credit is also incorporated into the calculations.

Saskatchewan's 2018 profiles include the full-year impact of tax measures announced in the 2017-18 Budget, as well as partial-year impacts of measures announced in the 2018-19 Budget.

### Interprovincial Tax Comparisons for Selected Average Family Profiles

Saskatchewan's interprovincial ranking with respect to the tax levels of representative taxpayers reflects the competitiveness of the province's tax system. This measure can be significantly impacted by tax changes initiated in Saskatchewan and by tax changes occurring in other provinces.

Saskatchewan's taxes remain very competitive, despite the sales tax increase introduced in 2017.

Saskatchewan's Tax Competitiveness Rankings for Representative Taxpayers												
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Single-parent family earning \$25,000	3 <sup>rd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>						
One-income family earning \$50,000	3 <sup>rd</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>					
Two-income family earning \$75,000	4 <sup>th</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	2 <sup>nd</sup>								

Source: Ministry of Finance, Tax Simulation Models

The performance measures are based on the same methodology as described in the measure examining income and sales taxes paid by representative taxpayers.

- ⇒ Quebec's income tax calculations are adjusted for the child care expense tax credit and the 16.5 per cent federal tax abatement.
- ⇒ Provincial sales taxes are calculated based upon average family expenditure baskets from the Survey of Family Expenditures in 2014 (Statistics Canada). The sales tax base in each province is identified from the enacting legislation, with total expenditures adjusted to reflect Saskatchewan consumption patterns. Provincial sales taxes are then estimated based on taxable expenditures in each province.
- ⇒ Refundable provincial income tax credits designed to reduce the impact of income and sales taxes are also incorporated into the calculations.

# Government Goals

Sustaining growth and opportunities for Saskatchewan people

Meeting the challenges of growth

Securing a better quality of life for all Saskatchewan people

Delivering responsive and responsible government

Strategic priorities from the *Saskatchewan Plan for Growth*: ensuring fiscal responsibility through balanced budgets, lower debt, and smaller, more effective government.

## Ministry Goal

Support excellence in governance and management and ensure accountability and compliance through our policies, frameworks, reporting and oversight.

## Strategy

The Ministry will provide continuing leadership in implementing the Planning and Accountability Management System across government, while also improving internal management reporting, policies and processes to enhance decision making and accountability within Finance. The Ministry will also continue its work to evolve knowledge, processes and systems related to planning, forecasting, budgeting and reporting to the summary entity.

## Key Actions and Results

Provide government-wide reporting through Public Accounts and Annual Reports, including reporting on the *Saskatchewan Plan for Growth* goals.

- ⇒ The Government's financial statements demonstrate accountability for the resources, obligations and financial affairs for which the Government is responsible. Continued strong financial reporting through timely, reliable and relevant financial statements is essential to strong accountability.
- ⇒ The Ministry is responsible for the preparation and release of the Public Accounts in accordance with *The Financial Administration Act, 1993*. Volume 1 contains the audited Summary Financial Statements (SFS) for the Province and related financial statement discussion and analysis. Volume 1 was tabled in the Legislative Assembly on July 21, 2017. Volume 2 contains General Revenue Fund (GRF) financial schedules and details, and other supplementary information. Volume 2 was tabled on October 26, 2017. The Public Accounts are available for public viewing at the Publications Centre: <http://www.publications.gov.sk.ca/deplist.cfm?d=15&c=268>
- ⇒ 100 per cent of 2016-17 Annual Reports were tabled in accordance with the legislation as of July 29, 2017. All annual reports are available for public viewing at: <http://www.publications.gov.sk.ca/details.cfm?p=87095>

Work with ministries, agencies, boards and Crowns to help understand and meet the requirements of planning, forecasting, budgeting, continuously improving and reporting within the summary entity.

- ⇒ The Ministry provides guidelines and templates for preparation of strategic plans, operational plans and annual reports by all ministries, Treasury Board Crowns and agencies. These guidelines include advice for developing and incorporating metrics aligned to Government direction, including the *Saskatchewan Plan for Growth*, the throne speech, and other Government direction. Ministries prepare annual reports to report progress made on the operational plans. The Ministry of Finance reviews all operational plans and annual reports. The annual reports are tabled with the Legislature in accordance with *The Executive Administration Act*.
- ⇒ The Ministry provided direction, feedback, templates and support to ministries and agencies throughout government on their budgeting and forecasting needs in order to better align and achieve Treasury Board and Cabinet Direction.

Implement Planning and Accountability Management System recommendations and work with ministries and oversight bodies to provide reinforcement and ensure compliance.

- ⇒ The Ministry provided guidelines, templates and consultation for continuous improvement, strategic planning, operational plans, measures and annual reports. Continuous improvement opportunities are being pursued within the Planning and Accountability Management System. The human resource planning and risk management framework portions of the Management System were piloted with several organizations to prepare for full implementation in 2018-19.

Establish metrics to measure achievement of the Ministry's Strategic and Operational Plans.

- ⇒ Metrics for measuring achievement of the Ministry's Strategic and Operational Plans are being established through the 2019-20 Strategic Planning process.

Monitor and improve Ministry/Division/Branch and individual plans to ensure alignment and relevance to achieve desired future state.

- ⇒ Government's Planning and Accountability Management System was presented to all staff within the Ministry to gain an understanding of how the ministry/division/branch and their individual plans align with Government's direction.
- ⇒ The Ministry actively monitors the performance and accomplishments of the Ministry-wide plan.

Ensure government wide financial management policies and procedures are sound and the accounting policies are in accordance with Public Sector Accounting Board (PSAB) pronouncements.

- ⇒ Accounting policies continue to evolve and have implications for the Government. The Ministry promotes accountability by providing input into the activities of Canadian and international accounting standard setting bodies and ensuring government-wide accounting policies are in accordance with PSAB standards. The Ministry monitored implementation of standards for Restructuring Transactions for April 1, 2016, and implementation of new standards for Related Party Disclosures, Assets, Contingent Assets and Contractual Rights effective April 1, 2017.
- ⇒ The Ministry reviews the financial statements of entities and funds that are required to be tabled before the Legislative Assembly to ensure that disclosure is adequate and accounting policies are appropriate (this excludes the financial statements of entities responsible to the Crown Investments Corporation of Saskatchewan). The financial statements of 128 government entities were approved.
- ⇒ Through management of the government-wide purchase card (P-card) program there is reduced administration and processing associated with the acquisition of high volume, low value goods and services balanced with sound controls. The Ministry worked to ensure that ministries used P-cards to make all eligible P-card purchases.
- ⇒ The Provincial Auditor of Saskatchewan independently assesses Government's performance and provides recommendations to improve accountability practices. The Ministry assessed remedial action taken by ministries and agencies on financial management and accounting issues raised by the Provincial Auditor and provided advice as required.

Oversee the internal controls of the Government financial systems and make improvements.

- ⇒ The Ministry looks for significant deficiencies in financial programs and systems by conducting internal control reviews as required. Ministry programs and payments were audited using a risk-based approach. On a quarterly basis, the Ministry publicly reported losses of public money in ministries and Treasury Board Crowns.

Promote compliance with Saskatchewan's tax programs through taxpayer education and responsible, effective enforcement.

- ⇒ The Ministry continues to provide quality service and accessible, reliable information as committed to in the Taxpayer Service Commitments and Standard Code.
- ⇒ Over 80 industry consultation and presentation sessions were provided to educate and assist businesses with implementing the tax changes announced in the 2017-18 budget.
- ⇒ Numerous tax bulletins and information notices were updated and published to help businesses better understand the tax changes. Updates were completed based on feedback from business or through consultations with industry associations.
- ⇒ 168,000 tax inquiries and 1,200 proactive client contacts were performed to answer tax questions and provide clarification on how tax applies to specific business transactions.

Provide communication strategies that deliver timely, relevant and effective information for external audiences.

- ⇒ The Ministry plays a key coordination role across government entities in the public communication of financial information including, but not limited to, the Provincial Budget, quarterly financial reports and the Public Accounts.

## Performance Measures

### Benefit-Cost Ratio of Taxation Audit and Compliance Activities

The Ministry has increasingly placed more emphasis on promoting voluntary compliance of consumption tax statutes through education and outreach. The audit program remains an important tool to promote compliance with the province's tax laws and to ensure equity and fairness for all businesses operating in Saskatchewan.

The benefit-cost ratio (BCR) measures the value of audit and compliance activities in relation to the costs of performing these activities.

In 2017-18, the Ministry achieved a BCR of 708 per cent, above the target of 425 per cent. This means for each dollar spent on audit and compliance, the Ministry generated \$7.08 of incremental revenue to be used for Government priorities, including health care, education, social services and assistance, as well as needed infrastructure like highways, schools and health care facilities.

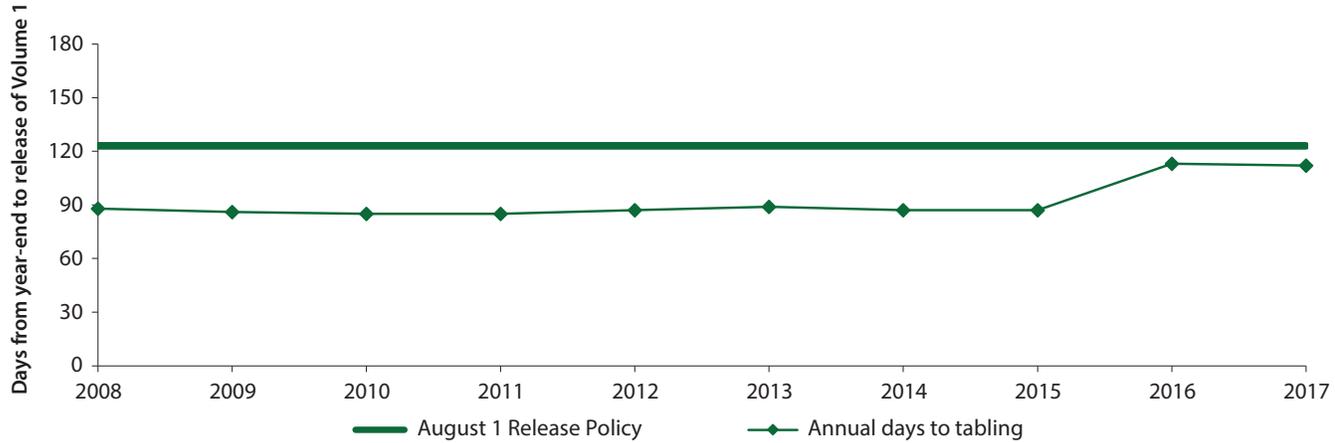
Fiscal Year	Return on Investment	
	Target	Adjusted Actual
2017-18	425%	708%
2016-17	395%	749%
2015-16	380%	699%
2014-15	380%	470%
2013-14	380%	587%

Source: Ministry of Finance, Revenue Division, Statistical Reports

## Timeliness of the Release of Public Accounts, Volume 1 and 2

The Public Accounts are key financial accountability documents that are publicly released on an annual basis. Under *The Financial Administration Act, 1993*, the Public Accounts must be tabled on or before October 31. The Government has established a policy of tabling Volume 1 of the Public Accounts no later than August 1. For the past several years, the Government has tabled Volume 1 in June. Volume 1 of the 2016-17 Public Accounts was released on July 21, 2017, Public Accounts, Volume 2, was tabled October 26, 2017.

Timeliness Trend: Release of Volume 1 of the Public Accounts



### Percentage of Entities Meeting Tabling Deadline

Pursuant to *The Executive Government Administration Act*, entities are required to table their financial statements within 120 days of their year-end. The Ministry, on behalf of Treasury Board, provides approval of the form and content of the financial statements in advance of the tabling. The Ministry helps ensure Government entities table their financial statements on time through clear communication of tabling deadlines and by monitoring compliance with tabling deadlines. The Ministry works with entities that were unable to meet the tabling deadline to resolve any outstanding issues to ensure future compliance.

Fiscal Year	Percentage of Entities Meeting Tabling Deadline
2017-18	96%
2016-17	97%
2015-16	95%
2014-15	93%
2013-14	89%
2012-13	94%
2011-12	91%

Source: Legislative Assembly of Saskatchewan website

## Government Goals



Strategic priorities from the *Saskatchewan Plan for Growth*: ensuring fiscal responsibility through balanced budgets, lower debt, and smaller, more effective government.

## Ministry Goal

The Ministry of Finance programs and services meet stakeholder client needs in the most effective and efficient manner.

## Strategy

The Ministry of Finance is committed to ensuring that our programs and services are not only aligned to government direction, but also meet client needs. In achieving this goal, we will utilize continuous improvement tools throughout the Ministry and maximize the use of Information Technology.

## Key Actions and Results

Continue replacement of the Revenue Management System.

- ⇒ The Revenue Administration Modernization Project (RAMP) is a four-year project with finalization expected in 2018-19.
- ⇒ In 2017-18, the second release, including Insurance Premiums Tax, Education Property Tax and Farm Fuel Program, was implemented in January 2018. As part of this implementation, paper cheques are now cleared through the bank electronically, and the programs implemented have been added to the paperless workflow and case management processes.
- ⇒ Design and configuration continued for releases three and four, which will see the implementation of PST, Liquor Consumption Tax, Corporation Capital Tax, Resource Surcharge, Beverage Container Program, and a new tax services portal in 2018-19.
- ⇒ The new system will provide a single view of businesses across tax programs that will increase efficiency, enhance customer service, and provide improved self-service capabilities.

Improve client service by gathering customer input, better understanding needs, and addressing gaps.

- ⇒ Work is ongoing to gain further understanding of how our services can better meet client needs.

Establish and implement a Ministry-wide continuous improvement plan within the Ministry.

- ⇒ The Ministry values continuous improvement efforts and always looks for better and more efficient ways to serve our clients and undertake our work.
- ⇒ As a key component of Government's accountability process, the Ministry of Finance uses program review and process improvement to continuously improve its processes, programs and services.

Replace Pension Administration Systems with one system to manage all plans.

- ⇒ The Ministry has a multi-year project to replace multiple pension administration systems with one common information technology (IT) platform for the pension plans administered by the Public Employees Benefits Agency (PEBA).
- ⇒ At the end of the fiscal year, testing was underway for the first major components of the system – Municipal Employees' Pension Plan administration and pensioner payroll. These components will go into production in 2018-19.

Develop and implement a plan to comply with Government's Digital Strategy.

- ⇒ The Ministry migrated all web content to [Saskatchewan.ca](http://Saskatchewan.ca) and Publications Saskatchewan in the Fall of 2017, and is working closely with the Digital Strategy team on the launch of a new tax client portal in November 2018.

Ensure our IT investments meet Ministry and client needs and resources are aligned with strategic priorities.

- ⇒ An information technology plan was approved and implementation began in 2015-16. A full review is scheduled in 2018-19 as part of the Ministry's strategic planning process.

Move all systems to modern, supported platforms by 2020.

- ⇒ The RAMP project is in the fourth, and final, year and in 2017-18 reached the second release with the implementation of Education Property Tax, Insurance Premium Tax, and the Farm Fuel Program. The third and fourth releases of the replacement project will be implemented in 2018-19.

Provide accounts payable and travel expense claim processing services for Executive Government and continue to refine processes to maximize efficiencies.

- ⇒ The fifth full year of providing centralized accounts payable and travel expense claim processing services for Executive Government was successfully completed in 2017-18.
- ⇒ The Ministry continues to further improve and streamline processing and client service, and ensure timeliness is maintained.

Provide cash management, investment and capital borrowing services for the GRF, Crown corporations and other government agencies.

- ⇒ During 2017-18, all debt and cash management targets and needs were achieved in line with expectations.

Provide advice, governance and administrative services to pension and benefit plan boards and participating employers as well as payment and support services to active and retired plan members.

- ⇒ Through the Public Employee Benefits Agency, the Ministry continues to provide advice, governance and administrative services to pension and benefit plan boards and participating employers along with payment and support services to active and retired plan members.

Assist public sector employers in strategy development and problem resolution as collective bargaining proceeds.

- ⇒ Ministry staff work with employers to assist in the development of mandate submission as well as with employers' negotiators to ensure adherence to approved mandates.

# Performance Measures

## Client Satisfaction of Businesses Which Collect Taxes on Behalf of Government

The Ministry is committed to conducting biennial satisfaction surveys of businesses collecting taxes on behalf of the Government. This measures the degree of client satisfaction with Finance's quality of services and timeliness of responses, refunds and adjustments. This allows businesses to evaluate Finance's performance and helps Finance to determine potential improvements for the timeliness of responses, refunds and adjustments.

In 2016, surveys were sent to 1,072 businesses based on a random sample of businesses that collect PST, Fuel Tax, Tobacco Tax, Corporation Capital Tax, Liquor Consumption Tax, Farm Fuel Program, and International Fuel Tax Agreement. The biennial client satisfaction survey will be conducted again in 2018-19 as a means of measuring client satisfaction.

### Percentage of Tax Payments Processed Electronically

The Ministry strives to provide excellent client services by ensuring that businesses have access to all electronic options for making tax payments. The percentage of tax payments processed electronically measures how well the Ministry is meeting its objective of streamlining regulatory compliance. Businesses that use electronic methods to make payments are able to save time and money on regulatory compliance and channel their resources to other activities. In addition, the Ministry realizes a reduction in the cost of processing payments when the tax return and payment are received electronically. The measure is determined from internal statistical reports.

The Ministry continuously works with financial institutions to ensure that businesses are able to make tax payments through any of the financial institutions' electronic payment services that provide sufficient payee information. The percentage of tax payments processed electronically has grown over time, and efforts to promote the use of electronic services will continue.

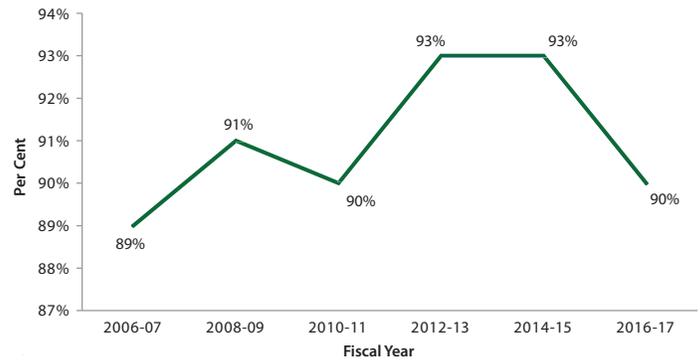
The percentage of tax payments processed electronically for 2017-18 marginally decreased by 0.55 per cent, while the number of payments processed electronically increased by 40 per cent. The increase in the number of electronic payments processed is primarily due to the increase in total payments received under the expanded PST tax base included in the 2017-18 budget.

### Number of Farmers who Applied for Fuel Tax Permit Renewals Online

Saskatchewan Electronic Tax Services (SETS) offers farmers a secure, fast and convenient alternative to filing their Fuel Tax exemption permit renewal in paper format. The number of farmers who filed permit renewals online tracks Finance's progress towards easing tax compliance and reducing the regulatory burden.

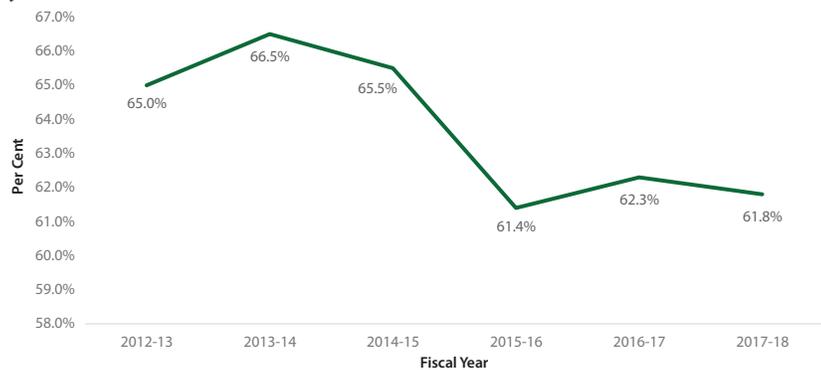
In 2017-18, the number of farmers using SETS increased by 1,040, which was offset by a decrease of 1,400 due to the elimination of the tax reduction on gasoline announced in the 2017-18 budget. The Ministry continues to promote SETS as it is more convenient for program applicants, and it reduces the cost of program administration.

Overall Client Satisfaction



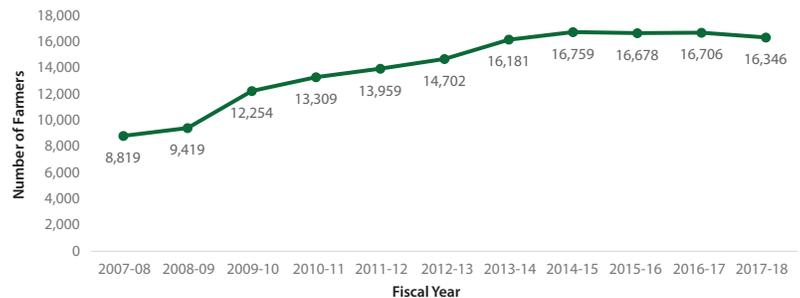
Source: Ministry of Finance

Percentage of Tax Payments Processed Electronically



Source: Ministry of Finance

Number of Farmers Using SETS



Source: Ministry of Finance

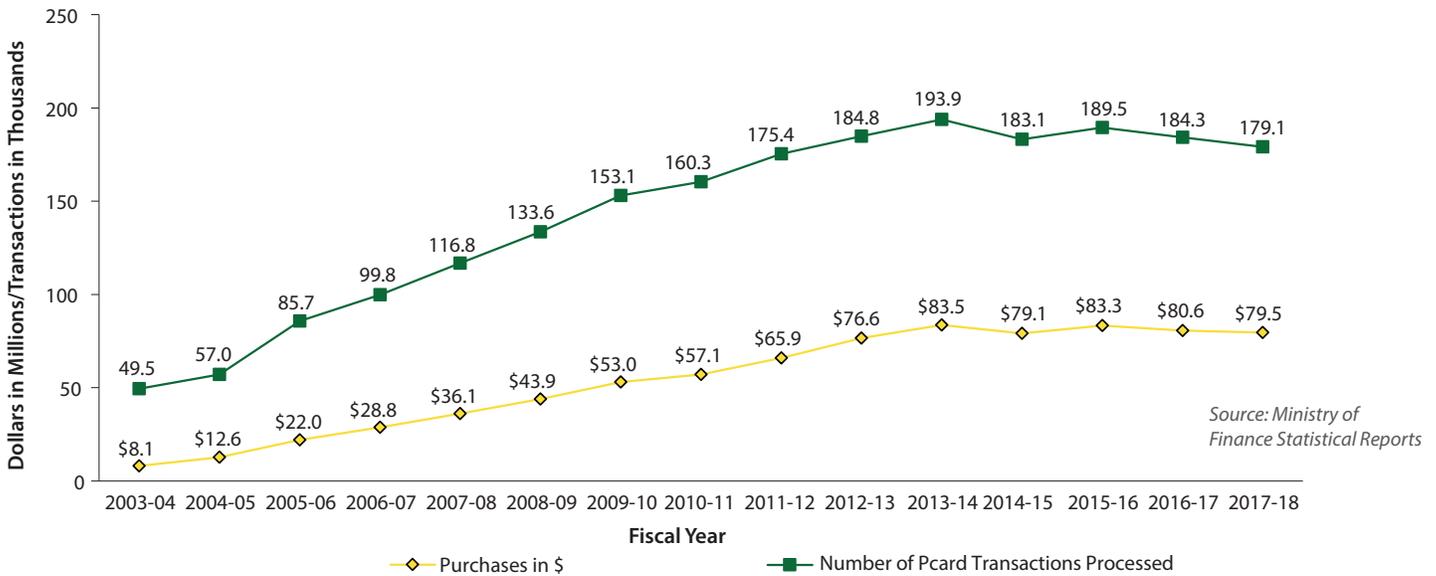
## Purchase Card Usage in the Government

Purchase cards are a cost-effective way of making payments. Through the use of purchase cards, the Government is able to reduce administration and costs associated with the processing and payment of low dollar value purchases of goods and/or services up to a \$10,000 per transaction limit.

The total number and dollar value of purchase card transactions measures the level of efficiency being achieved.

For 2017-18, the number of purchases reached 179,082 transactions totaling \$79.5 million. This is a significant improvement from the inception of the purchase card program. The Ministry notes a decline in usage in 2017-18 as ministries spent less. The Ministry continues to work to improve the usage across government, which contributes to the best use of public funds.

Purchase Card Program: Fifteen Year History



## Direct Deposit and Electronic Advice Usage for Supplier Payments



Continued improvements in the efficiency of the Government's payment processes through the use of direct deposit and electronic advices contributes to the best use of public funds. This is an ongoing program that started in 2007-08. In the 11 years that the measure has been reported, direct deposits have increased from 38 per cent to 76 per cent. Commencing in 2011-12, electronic advices were offered as an option to paper. Currently, 27 per cent of the direct deposit payment advices are distributed electronically, an increase of 11 per cent over the previous year.

The Ministry continues to pursue the elimination of cheques and paper advices. The uptake of both these initiatives is dependent on acceptance by suppliers.

## Government Goals

Sustaining growth and opportunities for Saskatchewan people

Meeting the challenges of growth

Securing a better quality of life for all Saskatchewan people

Delivering responsive and responsible government

Strategic priorities from the *Saskatchewan Plan for Growth*: ensuring fiscal responsibility through balanced budgets, lower debt, and smaller, more effective government.

## Ministry Goal

The Ministry of Finance is an employer of choice.

## Strategy

The Ministry of Finance will enhance our culture and strengthen human resource planning and practices to attract and retain high quality employees.

## Key Actions and Results

Continue to refresh and implement the Ministry's Culture Sustainment Plan.

- ⇒ Based on the 2016-17 Employee Engagement and Culture Survey, the Ministry's Culture Sustainment Plan was implemented, with key actions including the launch of a Ministry-wide recognition program including Deputy Minister awards, more robust internal communications with a focus on the @Finance employee intranet, all-staff sessions which included focus on, innovation and mental health, as well as the development of a more thorough Ministry orientation, including a half-day session for new employees.
- ⇒ A 2018-19 Employee Engagement and Culture Survey is planned for the Fall of 2018 and the Ministry's Culture Sustainment Plan will continue to undertake existing initiatives and programs, as well as refresh based on the results of the survey.

Continue to develop and implement a comprehensive human resources plan.

- ⇒ In 2017, the Ministry developed and implemented a Comprehensive Human Resources Plan to identify, assess, develop and sustain a workforce required to successfully execute the goals and strategies of the Ministry, while balancing the needs and expectations of employees.

Identify strategies to strengthen and ensure consistent application of human resource management practices.

- ⇒ The Ministry is currently implementing a Comprehensive Human Resources Plan to strengthen and ensure consistent application of human resource management practices throughout the Ministry.

## Performance Measures

Performance measures to be developed as part of the Human Resource Plan.

# 2017-18 Financial Overview

## Ministry of Finance Appropriation and Expense

Program	(in thousands of dollars)			
	2016-17 Actual	2017-18 Budget	2017-18 Actual	2017-18 Variance
Central Management and Services	\$ 7,030	\$ 7,147	\$ 7,366	219
Treasury and Debt Management	1,483	1,575	1,465	(110)
Provincial Comptroller	9,196	10,800	9,127	(1,673) 1
Budget Analysis	5,210	6,318	5,729	(589) 2
Revenue				
Revenue Division	20,555	28,780	24,658	(4,122) 3
Allowance for Doubtful Accounts	900	900	900	-
CRA Income Tax Administration	1,435	1,435	1,435	-
Commission to Collect Tax (Statutory)	9,108	-	-	-
Personnel Policy Secretariat	471	510	442	(68)
Research and Development Tax Credit	-	5,000	5,000	-
Miscellaneous Payments				
Bonding of Public Officials	21	21	21	-
Unforeseen and Unprovided For	-	1	-	(1)
Implementation of Guarantees (Statutory)	-	1	-	(1)
Pension and Benefits				
Public Service Superannuation Plan (Statutory)	130,315	132,287	126,702	(5,585) 4
Members of the Legislative Assembly – Pensions and Benefits (Statutory)	3,554	2,929	2,026	(903) 5
Judges' Superannuation Plan (Statutory)	6,232	6,333	6,896	563 6
Public Employees Pension Plan	66,959	67,920	65,938	(1,982) 7
Canada Pension Plan – Employer's Contribution	30,828	30,583	29,589	(994) 8
Employment Insurance – Employer's Contribution	14,181	15,206	12,596	(2,610) 9
Workers Compensation – Employer's Assessment	10,370	10,366	9,919	(447)
Employees' Benefits – Employer's Contribution	36,692	36,656	36,488	(168)
Services to Public Service Superannuation Plan (PSSP) Members	919	922	840	(82)
Public Employees Benefits Agency Revolving Fund – Subsidy	-	-	-	-
<b>Appropriation</b>	<b>\$355,459</b>	<b>\$365,690</b>	<b>\$347,137</b>	<b>(\$18,553)</b>
Less: Capital Asset Acquisitions	(\$6,280)	(12,195)	(9,762)	2,433 10
Add: Capital Asset Amortization	590	1,060	851	(209)
<b>Expense</b>	<b>\$349,769</b>	<b>\$354,555</b>	<b>\$338,226</b>	<b>(\$16,329)</b>

## Overview of Ministry Expense

In 2017-18, the Ministry had expenses of \$338.2 million, \$16.3 million under the Budget Estimate of \$354.6 million. Excluding pensions and benefits, the Ministry spent \$47.2 million, \$4.1 million under the Budget Estimate of \$51.4 million, primarily as a result of under expenditures in salaries due to vacancies and other operating expenses.

Spending for pensions and benefits was \$291.0 million, \$12.2 million under the Budget Estimate of \$303.2 million. This decrease was due to lower-than-anticipated costs for all pension and benefit plans with exception of the Judges' Superannuation Plan which was slightly more than anticipated.

### Explanation of Major Variances:

1. Under budget due to vacancy management and delayed staffing, reduced IT spending and operating costs.
2. Under budget due to vacancy management and reduced operating spending.
3. Under budget due to vacancy management, salaries that were capitalized as part of the RAMP project; offset by an over spend in operations.
4. Under budget due to lower superannuation allowances paid to retirees than what was anticipated in the actuarial valuation.
5. Under budget due to an interest adjustment.
6. Over budget due to more judges retiring than anticipated.
7. Under budget due to salaries lower-than-anticipated as a result of vacancy management.
8. Under budget due to salaries being lower-than-anticipated.
9. Under budget due to salaries being lower-than-anticipated.
10. Under budget as some contingency funding for the Revenue System Replacement Project was not used.

# For More Information

If you have any questions or comments, please call 1-866-862-6246. For additional copies of this Annual Report, call 306-787-6623. Information on all Saskatchewan Finance programs and services, as well as this Annual Report, can be accessed at <http://www.saskatchewan.ca/government/government-structure/ministries/finance>

## Contact Information

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### Public Employees Benefits Agency

1000 - 1801 Hamilton Street

Regina, SK S4P 4W3

Phone: (306) 787-2992

Fax: (306) 787-0244

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### Consumption Tax Inquiries

Toll Free: 1-800-667-6102

Regina area: (306) 787-6645

### Saskatchewan Bureau of Statistics

9<sup>th</sup> Floor, 2350 Albert Street

Regina, SK S4P 4A6

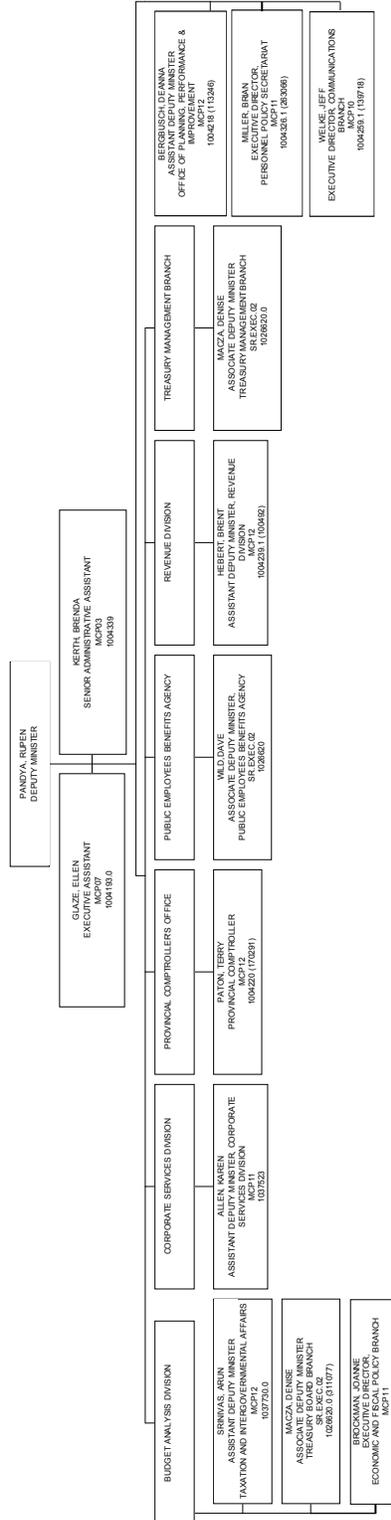
Phone: (306) 787-6327

Fax: (306) 787-6311

<http://www.saskatchewan.ca/government/government-data/bureau-of-statistics>

# Appendices

## Appendix A: Organizational Chart



## Appendix B: Legislation

Complete Listing of Acts the Minister of Finance is Responsible For:

- ⇒ *Accounting Profession Act*
- ⇒ *Certified Management Consultants Act*
- ⇒ *Corporation Capital Tax Act*
- ⇒ *Financial Administration Act, 1993 (Subject to OC 206/2002)*
- ⇒ *Fuel Tax Act, 2000*
- ⇒ *Home Energy Loan Act*
- ⇒ *Income Tax Act*
- ⇒ *Income Tax Act, 2000*
- ⇒ *Insurance Premiums Tax Act*
- ⇒ *Liquor Consumption Tax Act*
- ⇒ *Members of the Legislative Assembly Benefits Act*
- ⇒ *Motor Vehicle Insurance Premiums Tax Act*
- ⇒ *Municipal Employees' Pension Act*
- ⇒ *Municipal Financing Corporation Act*
- ⇒ *Political Contributions Tax Credit Act*
- ⇒ *Provincial Auditor Act*
- ⇒ *Provincial Sales Tax Act*
- ⇒ *Public Employees Pension Plan Act*
- ⇒ *Public Service Superannuation Act*
- ⇒ *Revenue and Financial Services Act*
- ⇒ *Saskatchewan Pension Annuity Fund Act*
- ⇒ *Saskatchewan Pension Plan Act*
- ⇒ *Statistics Act*
- ⇒ *Superannuation (Supplementary Provisions) Act*
- ⇒ *Tobacco Tax Act, 1998*

Not Listed in the Order-in-Council

- ⇒ *Appropriation Act*



