

Ministry of Finance



Annual Report for 2018-19

Table of Contents

- Letters of Transmittal 1**
- Introduction 2**
- Ministry Overview 3**
- Progress in 2018-19..... 4**
- 2018-19 Financial Overview 15**
- For More Information 17**
- Appendices 18**
 - Appendix A: Organizational Chart 18
 - Appendix B: Legislation 19

Letters of Transmittal



*The Honourable
Donna Harpauer
Minister of Finance*

Office of the Lieutenant Governor of Saskatchewan

The undersigned is pleased to present the Annual Report of the Ministry of Finance for the period ending in March 31, 2019.

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, 2019.

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

Rupen Pandya
Deputy Minister of Finance

Introduction

This annual report for the Ministry of Finance presents the organization's results for the fiscal year ending March 31, 2019. It provides results of publicly committed strategies, key actions and performance measures identified in the *Ministry of Finance Plan for 2018-19*. It also reflects progress toward commitments from the Government Direction for 2018-19, the *Saskatchewan Plan for Growth – Vision 2020 and Beyond*, throne speeches and the Ministry.

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

Alignment with Government's Direction

The Ministry of Finance's activities in 2018-19 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 organizations 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, expenses, 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 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.

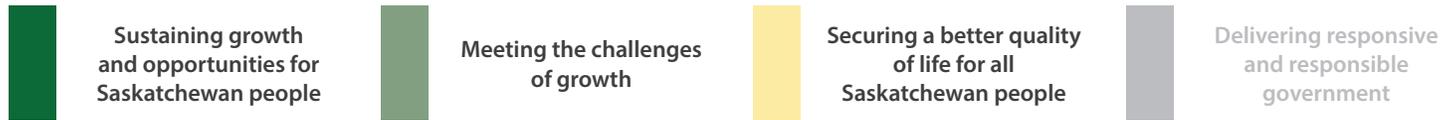
The Ministry provides services directly to the public by administering provincial tax programs, including the Provincial Sales Tax (PST), and undertaking communication initiatives to keep the public informed about finance-related issues. The Ministry also provides advice, governance, and administration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

The 2018-19 actual utilization was 323.4 FTEs, including students it was 331 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://publications.saskatchewan.ca/#home>; and, <http://www.peba.gov.sk.ca/pensions/mepp/member/publications.html>; and, <http://www.peba.gov.sk.ca/pensions/pepp/member/publications.html>.

Progress in 2018-19

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's expertise and leadership is valued in government decision making.

Strategy

The Ministry of Finance will focus time and attention to enhance our knowledge and skills in existing and evolving areas in order to be more proactive and innovative in providing expert and balanced advice to decision makers.

Key Actions and Results

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 throughout each year.
- ⇒ All ministries are required to develop strategic and operational plans and budget proposals that align with government's vision, goals, commitments and priorities.

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

- ⇒ Progress continues to be made in advancement of government's integrated capital planning framework, including increased utilization of pre-planning activities.

Provide guidance and advice to government in the development of strategy for public sector collective bargaining and assist ministries and public sector employers with the implementation of strategies to achieve collective agreements within parameters established by Cabinet.

- ⇒ At the end of 2018-19, 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.

Assist ministries in ensuring the financial arrangements of federal-provincial agreements are appropriate and are accounted for within the government's fiscal plan.

- ⇒ This work is intended to ensure that financial implications of federal-provincial agreements are properly accounted for and received appropriate approval.
- ⇒ During 2018-19, approximately 30 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 transfers 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 2018-19, Saskatchewan received \$1.645 billion in federal funding in support of health and social programs through the CHT and CST. Saskatchewan did not receive Equalization funding.

- ⇒ This fiscal year saw the legalization of cannabis in Canada take effect on October 17, 2018. The two-year cannabis taxation framework agreed to by federal-provincial-territorial Finance Ministers in 2017 provides for an excise duty of the higher of one dollar per gram or 10 per cent of the producer's selling price to be shared, 75 per cent of the revenue going to provinces and 25 per cent being retained by the federal government. Several changes to this framework have been proposed by Canada in 2018-19 but not yet finalized, including a change in the taxation of oils and edibles from a per gram basis to a flat tax of one cent per milligram of Tetrahydrocannabinol (THC) contained in the product. It is expected that edible cannabis products will become legal during the fall of 2019.

Review provincial tax policies to ensure alignment with the government's priorities 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 2019-20 Budget. Further details can be found starting at page 53 of the 2019-20 Saskatchewan Provincial Budget: <http://publications.gov.sk.ca/documents/>.

- ⇒ Legislation to implement these initiatives was tabled in the Spring 2019 sitting of the Legislative Assembly and passed by the Legislative Assembly in May 2019.

Strengthen our partnerships, engagement and communication across the summary entity.

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

Work with ministries and agencies to develop capacity for planning, improvement and reporting for each organization that assists in the achievement of government's priorities.

- ⇒ The Ministry provided customized consultation, analysis, workshops, and support to ministries, agencies, and Treasury Board Crowns to develop capacity for planning, improvement and reporting and equip organizations to achieve government priorities.

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 recent budgets, 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	2019
Single parent family earning \$25,000	\$ 176	\$ 20	\$ (177)	\$ (128)	\$ (168)	\$ (182)	\$ (178)	\$ (187)	\$ (194)	\$ (194)	\$ (137)	\$ (202)	\$ (188)
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	\$1,197
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	\$4,305

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 2019 profiles include the full-year impact of tax measures announced in the 2017-18 and 2018-19 Budgets.

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.

Although sales tax changes were introduced in 2017 and 2018, Saskatchewan's taxes remain very competitive.

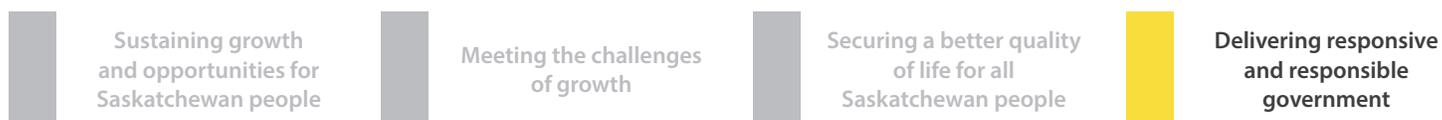
Saskatchewan's Tax Competitiveness Rankings for Representative Taxpayers													
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Single parent family earning \$25,000	3 rd	2 nd	2 nd	2 nd	1 st	2 nd							
One-income family earning \$50,000	3 rd	2 nd	1 st	1 st	1 st	2 nd	2 nd	2 nd					
Two-income family earning \$75,000	4 th	3 rd	3 rd	2 nd									

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



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

Ministry Goal

Support governance and management, ensuring accountability and compliance through our policies, frameworks, reporting and oversight.

Strategy

The Ministry of Finance will provide continuing leadership in implementing the government accountability framework, the Planning and Accountability Management System, across government. In addition, the Ministry will continue to evolve the knowledge, processes and systems related to planning, forecasting, budgeting and reporting for 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 19, 2018. Volume 2 contains General Revenue Fund (GRF) financial schedules and details, and other supplementary information. Volume 2 was tabled on October 25, 2018. The Public Accounts are available for public viewing at the Publications Centre: <https://publications.saskatchewan.ca/#/categories/893?d=15&c=268>.
- ⇒ 100 per cent of 2017-18 Annual Reports were tabled in accordance with the legislation as of July, 2018. All annual reports are available for public viewing at: <http://publications.gov.sk.ca/details.cfm?p=87095>.

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 new standards for Related Party Disclosures, Assets, Contingent Assets and Contractual Rights that were effective April 1, 2017 and implementation of standards for Restructuring Transactions that were effective April 1, 2018 for those entities that did not early adopt.
- ⇒ 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 131 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 dollar-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 government financial operations and systems.

- ⇒ 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.
- ⇒ Ongoing industry consultations and presentations were provided to a number of organizations to educate and assist businesses with implementing the tax changes announced in recent budgets.
- ⇒ 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.
- ⇒ 111,000 tax inquiries and 530 proactive client contacts were performed to answer tax questions and provide clarification on how tax applies to specific business transactions.

Oversee the implementation of projects to continuously improve planning, improvement and reporting functions for use by all ministries and agencies.

- ⇒ The Ministry continuously improved the Planning and Accountability Management System to reflect leading practice.
- ⇒ The Ministry provided guidelines, templates and consultation for continuous improvement, strategic planning, operational plans, measurement, and annual reports.
- ⇒ In 2018-19, the risk management framework portion of the Management System was fully implemented.

Provide communication strategies that deliver timely, relevant, and effective information to 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.

Work with ministries, agencies, boards and Crown corporations to increase their awareness and understanding of the requirements of planning, forecasting, budgeting, continuously improving and reporting within the summary entity.

- ⇒ 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 2018-19 on creating efficiencies in the centralized budgeting reporting processes.
- ⇒ The Ministry provided guidance, feedback, and customized support to ministries, agencies, and Treasury Board Crowns throughout government on their planning, budgeting, performance measurement, and reporting efforts.
- ⇒ The Ministry continues to build capacity, continuing to enhance knowledge for all summary entities that are consolidated into the Financial Statements.

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.

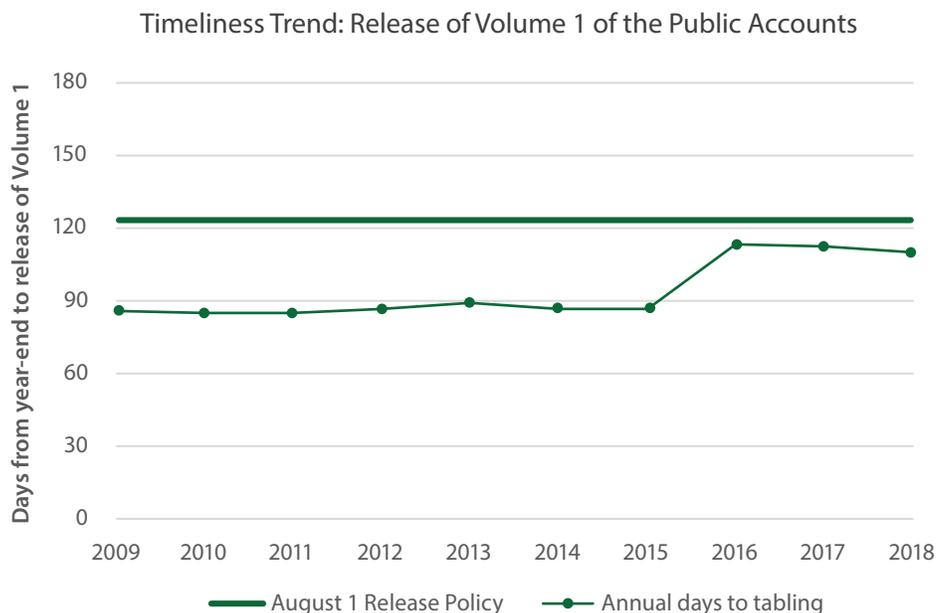
The benefit-cost ratio (BCR) measures the value of audit and compliance activities in relation to the costs of performing these activities. In 2018-19, the Ministry achieved a BCR of 604 per cent, above the target of 600 per cent. This means for each dollar spent on audit and compliance, the Ministry generated \$6.04 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
2018-19	600%	604%
2017-18	425%	708%
2016-17	395%	749%
2015-16	380%	699%
2014-15	380%	470%

Source: Ministry of Finance, Revenue Division, Statistical Reports

Timeliness of the Release of Public Accounts, Volumes 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. Volume 1 of the 2017-18 Public Accounts was tabled on July 19, 2018. Public Accounts, Volume 2, was tabled October 25, 2018.



Source: Saskatchewan Public Accounts

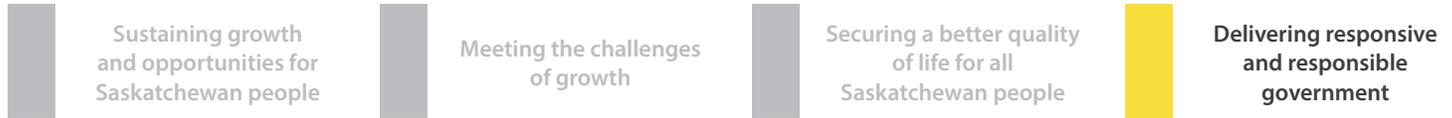
Percentage of Entities Meeting Tabling Deadline

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
2018-19	98%
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

Provide programs and services that meet stakeholder and client needs in the most effective and efficient way.

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 optimize the use and investment in information technology.

Key Actions and Results

Provide accounts payable and travel expense claim processing services for Executive Government.

- ⇒ The sixth full year of providing centralized accounts payable and travel expense claim processing services for Executive Government was successfully completed in 2018-19.
- ⇒ 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 General Revenue Fund, Crown corporations and other government agencies.

- ⇒ During 2018-19, 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 Employees Benefits Agency (PEBA), 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.

Proceed with the final year of implementation for the replacement of the Revenue Management System.

- ⇒ The Revenue Administration Modernization Project (RAMP) is a four-year project that was completed in 2018-19, on time and under budget.
- ⇒ In 2018-19, design and configuration was completed for the third release which included the implementation of PST, Liquor Consumption Tax, Corporation Capital Tax, Resource Surcharge, the Beverage Container Program and the International Fuel Tax Agreement Program.
- ⇒ Implementation of a new tax client portal for all provincial consumption taxes was also completed in 2018-19, allowing for more efficient filing and payment options for tax clients on line, including the ability to view their account status in real time.
- ⇒ The new system provides a single view of businesses across tax programs that will increase efficiency, enhance customer service, and provide improved self-service capabilities.

Complete the transition to the new operating software for the government-wide purchase card program.

- ⇒ The government-wide purchase card program includes over 2,000 purchase card accounts. The Ministry completed the transition to the new BMO operating software, Spend Dynamics, in November 2018. The successful transition allows for the continuation of a cost-effective purchasing program for high volume, low dollar-value goods and/or services.

Replace Pension and Administration Systems with one system (PEBA).

- ⇒ 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 the fiscal year, final preparations were completed for launch of the first phase – Municipal Employees' Pension Plan administration and pensioner payroll. This phase went into production in May 2019.

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 2018, surveys were sent to 1,766 businesses based on a random sample of those that collect PST, Fuel Tax, Tobacco Tax, Corporation Capital Tax, Liquor Consumption Tax, Education Property Tax, the Farm Fuel Program, and the International Fuel Tax Agreement. The biennial client satisfaction survey will be conducted again in 2020-21 as a means of measuring client satisfaction.



Source: Ministry of Finance

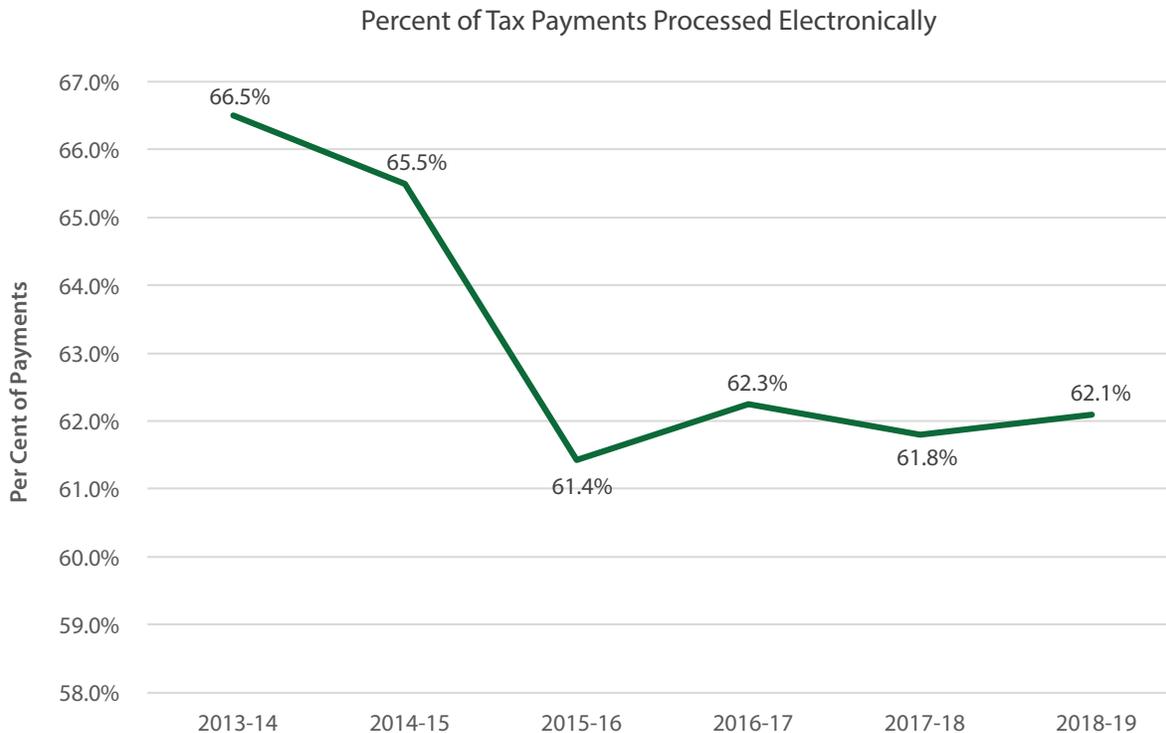
Percentage of Tax Payments Processed Electronically

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 2018-19 marginally increased by 0.3 per cent. The increase is due to the mandating of electronic filing for certain tax types, efficiencies gained by automation of one payment process and the introduction of a new online portal with enhanced filing and payment features.

The total number of payments processed increased by 16 per cent, from 246,067 payments in 2017-18 to 284,208 payments in 2018-19. The increase in the number of payments processed is primarily due to the expanded PST tax base included in the 2017-18 Budget and the addition of the Education Property Tax.



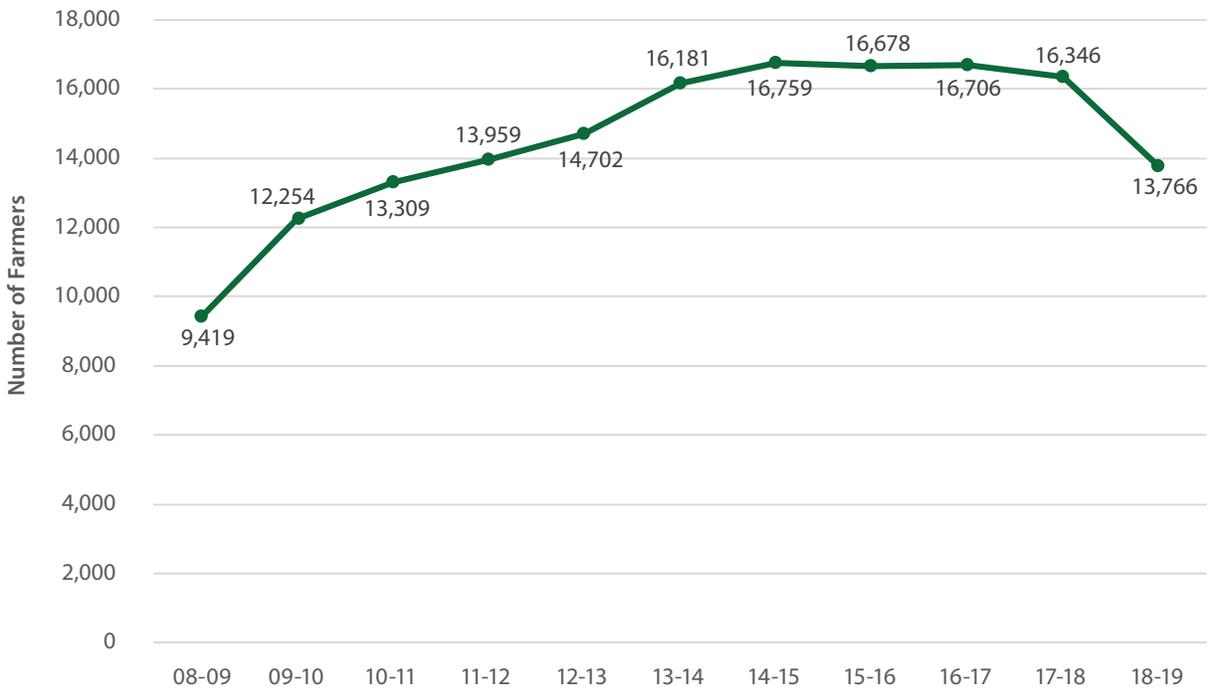
Source: Ministry of Finance

Number of Farmers Who Applied for Fuel Tax Permit Renewals Online

Saskatchewan E-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 2018-19, the number of farmers using SETS decreased by 2,580 mainly due to the changes in online filing and the transition to the new portal. The Ministry continues to promote SETS as it is more convenient for program applicants and it reduces the cost of program administration.

Number of Farmers Using SETS

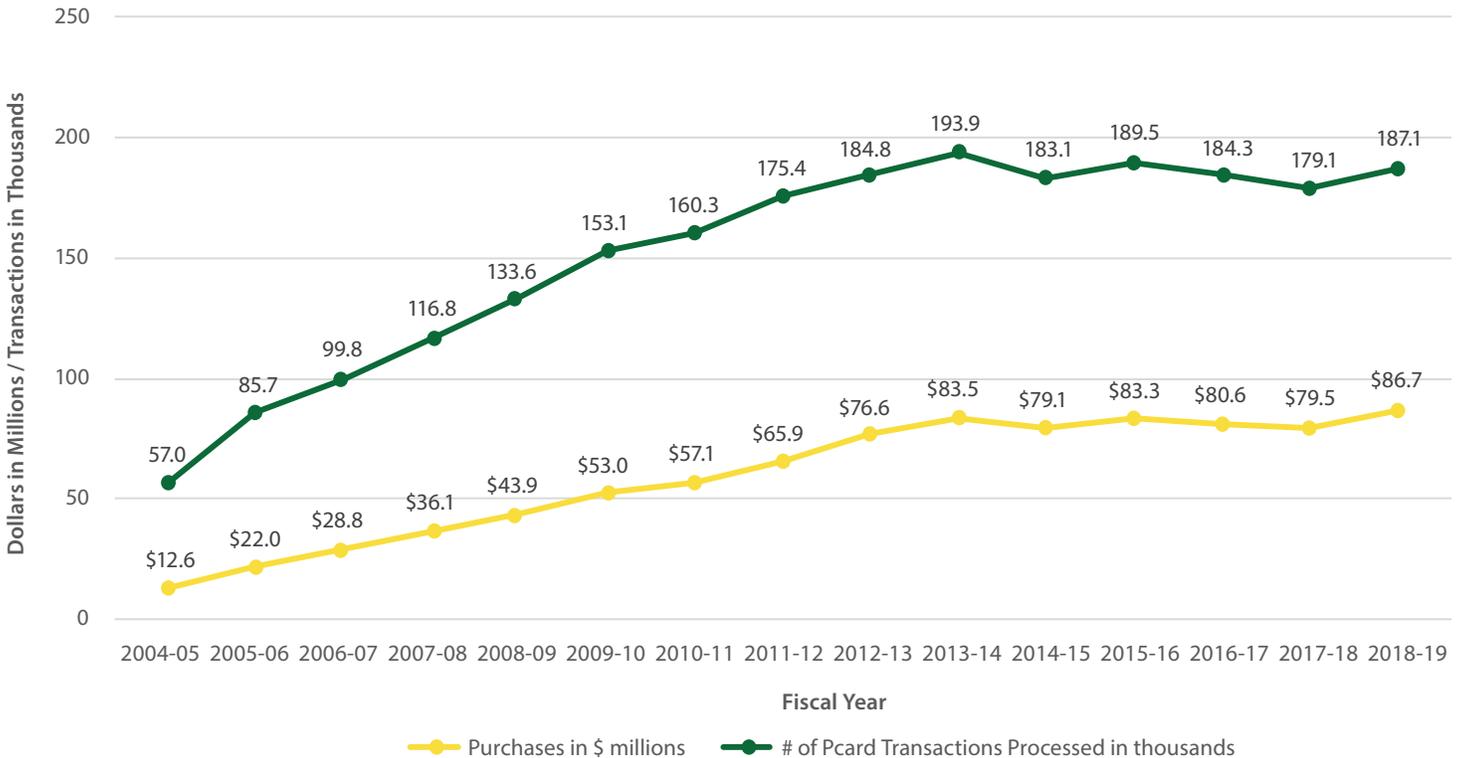


Source: Ministry of Finance

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.

Purchase Card Program Fifteen Year History



Source: Ministry of Finance Statistical Reports

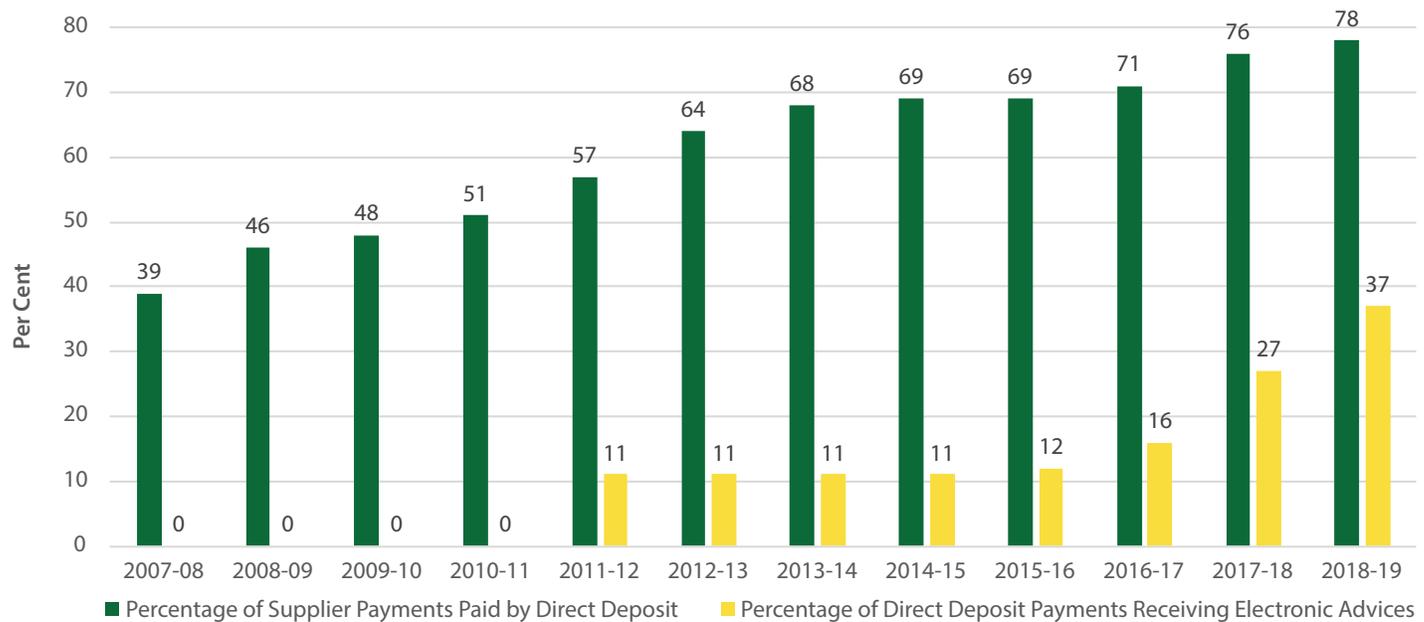
The total number and dollar value of purchase card transactions measures the level of efficiency being achieved.

For 2018-19, the number of purchases reached 187,124 transactions totaling \$86.7 million. This is a significant improvement from the inception of the purchase card program. The Ministry strives to improve usage across government, which contributes to the best use of public funds.

Direct Deposit and Electronic Advice Usage for Supplier Payments

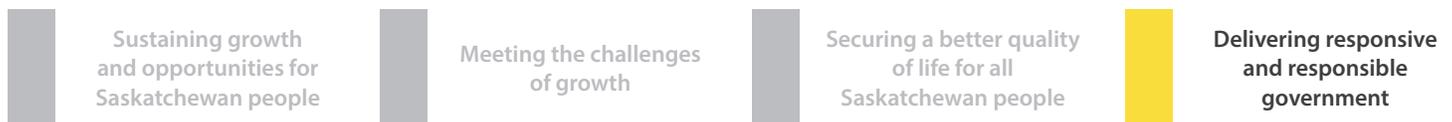
Continued improvements in the efficiency of the government's payment processes through the use of direct deposit and electronic advices contributes to the best use of public funds. This is an ongoing program that started in 2007-08. In the 12 years that the measure has been reported, direct deposits have increased from 38 per cent to 78 per cent. Commencing in 2011-12, electronic advices were offered as an option to paper. Currently, 37 per cent of the direct deposit payment advices are distributed electronically, an increase of 10 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.



Source: Ministry of Finance

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

Highly engaged employees demonstrate our Commitment to Excellence.

Strategy

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

Key Actions and Results

Implementation of our Comprehensive Human Resources Plan and the continued implementation of our Culture Sustainment Plan to improve employee engagement, retention and attraction throughout the Ministry.

- ⇒ 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.
- ⇒ The Ministry is currently implementing a Comprehensive Human Resources Plan to strengthen and ensure consistent application of human resource management practices throughout the Ministry.
- ⇒ 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.
- ⇒ The 2018 Employee Engagement and Culture Survey was completed in December 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.

Performance Measures

Employee Engagement and Culture Survey

The Ministry's participation rate increased to 82 per cent for the 2018 Employee Engagement and Culture Survey, up four percentage points from 78 per cent in 2016. The Ministry had one of the highest participation rates in the public service – the participation rate across all the ministries and agencies was 54 per cent.

The Ministry's Employee Engagement Index score was 70 per cent in the 2018 survey, four percentage points higher than it was in 2016. Finance's score is among the five highest within ministries and agencies, and it compares favorably to the Government-wide Employee Engagement Index score of 62 per cent.

The Ministry's Employee Values Index score was 76 per cent in the 2018 survey, up two percentage points from the 2016 survey. The Employee Values Index score across the public service was 70 per cent in 2018.

The Ministry's Senior Leadership Values Average in 2018 was 67 per cent, two percentage points lower than it was in the 2016 survey. The Senior Leadership Values Average across the public service was 56 per cent in 2018.

2018-19 Financial Overview

Ministry of Finance Appropriation and Expense

Program	(in thousands of dollars)			
	2017-18 Actual	2018-19 Budget	2018-19 Actual	2018-19 Variance
Central Management and Services	\$ 7,366	\$ 7,140	\$ 7,608	468
Treasury Management	1,465	1,565	1,598	33
Provincial Comptroller	9,127	10,704	9,306	(1,398) 1
Budget Analysis	5,729	6,171	5,546	(625) 2
Revenue				
Revenue Division	24,658	25,582	20,203	(5,379) 3
Allowance for Doubtful Accounts	900	\$900	900	-
CRA Income Tax Administration	1,435	1,435	1,435	-
Personnel Policy Secretariat	442	498	463	(35)
Research and Development Tax Credit	5,000	5,000	5,000	-
Miscellaneous Payments				
Bonding of Public Officials	21	21	19	(2)
Unforeseen and Unprovided For	-	1	25	24
Implementation of Guarantees (Statutory)	-	1	-	(1)
Pension and Benefits*				
Public Service Superannuation Plan (Statutory)	126,702	129,359	124,292	(5,067) 4
Members of the Legislative Assembly – Pensions and Benefits	2,026	2,772	2,050	(722) 5
Judges' Superannuation Plan (Statutory)	6,896	7,197	7,301	104
Public Employees' Pension Plan	65,938	66,901	66,452	(449)
Canada Pension Plan – Employer's Contribution	29,589	30,340	30,228	(112)
Employment Insurance – Employer's Contribution	12,596	15,050	12,724	(2,326) 6
Workers Compensation – Employer's Assessment	9,919	10,262	9,570	(692) 7
Employees' Benefits – Employer's Contribution	36,488	36,109	37,185	1,076 8
Services to Public Service Superannuation Plan (PSSP) Members	840	808	832	24
Appropriation	\$347,137	\$357,816	\$342,737	(\$15,079)
Less: Capital Asset Acquisitions	(9,762)	(7,549)	(4,281)	3,268 9
Add: Capital Asset Amortization	851	2,126	2,065	(61)
Expense	\$338,226	\$352,393	\$340,521	(\$11,872)

* The Ministry follows Treasury Board's non-Generally Accepted Accounting Principles (GAPP) accounting policy for recording pensions and benefits expenses. These expenses are recorded on a cash basis as opposed to an accrual basis.

Overview of Ministry Expense

In 2018-19, the Ministry had expenses of \$340.5 million, \$11.9 million under the Budget Estimate of \$352.4 million. Excluding pensions and benefits, the Ministry spent \$49.9 million, \$3.7 million under the Budget Estimate of \$53.6 million, primarily as a result of under expenditures in salaries due to vacancies and other operating expenses.

Spending for pensions and benefits was \$290.6 million, \$8.2 million under the Budget Estimate of \$298.8 million. This decrease was due to lower-than-anticipated costs for all pension plans with exception of the Judges' Superannuation Plan and Employee Benefits, which were 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 savings relating to the administration of PST refunds on insurance, vacancy management, operations and savings pertaining to the Revenue System Replacement project.
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. Under budget due to salaries being lower-than-anticipated.
7. Under budget due to salaries being lower-than-anticipated.
8. Over budget due to higher than expected salaries and less turnover at the out-of-scope level.
9. Under budget as some contingency funding for the Revenue System Replacement project was not required.

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>.

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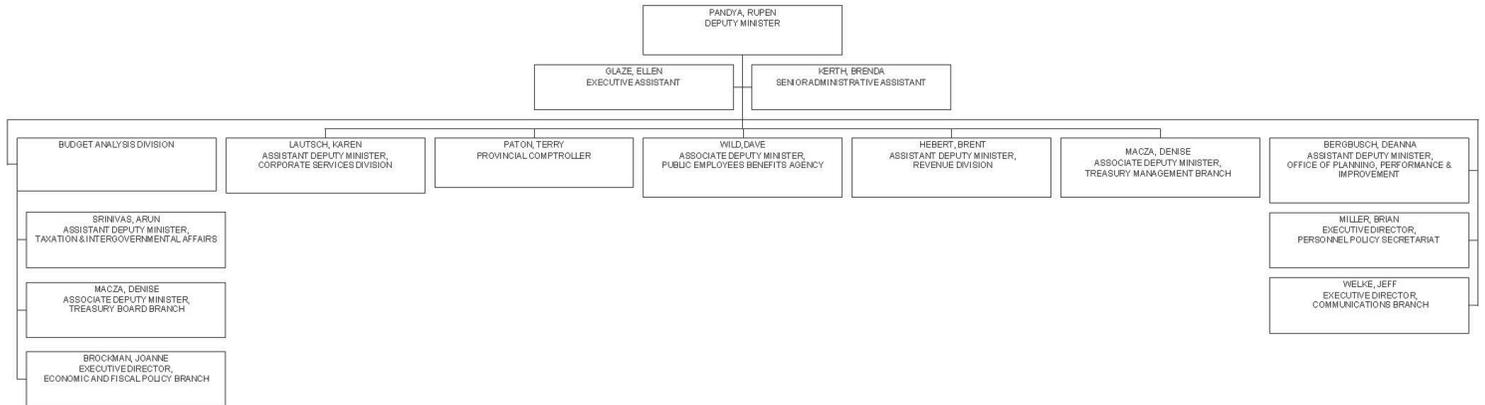
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<http://www.saskatchewan.ca/government/government-data/bureau-of-statistics>

Appendices

Appendix A: Organizational Chart



Appendix B: Legislation

Under Order-in-Council 48/2018 dated February 2, 2018, the Minister of Finance is responsible for the following Acts of the Legislative Assembly:

- ⇒ *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, 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*