

Ministry of Finance

Annual Report for 2020-21

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Letters of Transmittal



The Honourable Donna Harpauer
Minister of Finance

Office of the Lieutenant Governor of Saskatchewan

I respectfully submit the Annual Report for the Ministry of Finance for the fiscal year ending March 31, 2021.

A handwritten signature in black ink that reads "Donna Harpauer".

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, 2021.

A handwritten signature in blue ink that reads "Rupen Pandya".

Rupen Pandya
Deputy Minister of Finance

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 2020-21 actual utilization was 324.4 FTEs, including students it was 332.2 FTEs. Staff are primarily located in Regina, with regional offices in Saskatoon and Yorkton. In addition to the budgeted FTEs, there are 149.0 FTEs and associated salaries that are accounted for through the Public Employees Benefit Agency (PEBA) Revolving Fund and paid by the various pension and benefit plans.

Under Order in Council 482/2020, 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*
- *Fuel Tax Act, 2000*
- *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*

View the Ministry's Operational Plan at: <https://publications.saskatchewan.ca/#/products/104456>

Ministry COVID-19 Response Highlights

Overview

The COVID-19 pandemic challenged government operations during the 2020-21 fiscal year. The expected operations of programs and services changed as the Government of Saskatchewan worked quickly to support citizens and businesses. Annual Reports for the 2020-21 fiscal year provide information on the impacts of COVID-19 and recognize the work of the Government of Saskatchewan in responding to the pandemic.

Ministry COVID-19 Response Highlights

The Ministry delivered temporary financial relief programs to workers and businesses including:

- Saskatchewan Small Business Emergency Payment Program (SSBEP): Administered the program that provides grants for small and medium-sized enterprises (business and not-for-profits) directly affected by government public health orders related to COVID-19.
 - In SSBEP Phase 1 there were 10,221 payments provided to applicants with an average payment of \$3,139. The minimum and maximum payments were \$18 and \$5,000, respectively.
 - In SSBEP Phase 2 there were 8,743 payments provided to applicants with an average payment of \$3,607. The minimum and maximum payments were \$22 and \$5,000, respectively.
- Saskatchewan Temporary Wage Supplement (STWS): Administered the federally cost-shared program established to provide a temporary wage supplement to eligible lower income workers employed by an approved care facility.
 - Phase 1 was targeted to workers at senior care facilities, group homes and licensed child care facilities, as well as workers at emergency and transition shelters. 64,039 applications were approved for payment and provided financial assistance for \$400 for each 4-week period up to 16 weeks, for the period from March 15, 2020, to July 4, 2020.
 - Phase 2 was targeted for workers in long-term care facilities, personal care homes, integrated healthcare facilities and home-care workers providing care to seniors in their own homes. A total of 20,901 applications were approved for payment with 3,703 in home care services, 12,167 in integrated facilities, 5,864 in personal care homes and 14,370 in special care homes. Financial assistance provided \$400 for each 4-week period, for the period November 19, 2020 to January 13, 2021.
- Saskatchewan Tourism Sector Support Program (STSSP): Provided payments to Saskatchewan tourism businesses (accommodations, major event facilities and event, attraction or tour sectors) affected by COVID-19 to assist with their fixed costs or other necessary spending.
 - In STSSP Phase 1 there were 761 payments provided to applicants with an average payment of \$19,901. The minimum and maximum payments were \$7,500 and \$50,000, respectively.
 - In STSSP Phase 2 there were 594 payments provided to applicants with an average payment of \$19,946. The minimum and maximum payments were \$183 and \$50,000, respectively.

- Saskatchewan Strong Recovery Adaptation Rebate: Established a rebate program to reimburse eligible small businesses in Saskatchewan for incremental expenses made to adapt their business models to operating during the COVID-19 pandemic.
 - The program is administered in partnership with Trade and Export Development, Public Disaster Assistance Program and by the Saskatchewan Ministry of Finance.
 - In 2020-21 there were 217 approved applications.
- Canada Emergency Commercial Rent Assistance: This cost-shared federally administered program provided forgivable loans to commercial property owners to assist with rent owing by small businesses experiencing hardship as a result of COVID-19.
 - The federal government was responsible for 75% of the cost and the provinces/territories were responsible for the remaining 25%.
 - The program provided \$26.2M in benefits to 1,071 Saskatchewan landlords in support of 1,837 small business tenants with 16,298 employees.
- Saskatchewan Self Isolation Support Program (SISP): Provided financial assistance for Saskatchewan workers who were required to self-isolate to counter the spread of the COVID-19 virus and were not eligible for other financial assistance program.
 - SISP was established as a temporary program intended to bridge the gap, up to \$2M, until the federal Canada Emergency Response Benefit (CERB) program was implemented on April 6, 2020.
 - In 2020-21 there were 2,135 approved applications.

Ministry employees contributed to COVID-19 efforts through redeployment.

- Between March 2020 and March 31, 2021, a total of 32 ministry employees had contributed through redeployment efforts.

Progress in 2020-21 Ministry

Goal 1

Government Goals



**A Strong
Economy**



**Strong
Communities**



**Strong
Families**

Ministry / Organization Goal

Leadership in Financial Management and Accountability.

Strategy

The Ministry will maintain financial policies and procedures to ensure efficient and effective financial management and accountability, build strong financial capacity within the Ministry of Finance and across government entities, and ensure financial IT systems support and meet clients' needs.

Key Actions

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

- During 2020-21, approximately 35 federal-provincial fiscal agreements were reviewed by Finance and proceeded to Cabinet for consideration and approval.

Provide government-wide reporting through Public Accounts and Annual Reports.

- 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 for the Province and related financial statement discussion and analysis. The 2019-20 Public Accounts, Volume 1, was tabled in the Legislative Assembly on June 30, 2020.
 - Volume 2 contains General Revenue Fund financial schedules and details, and other supplementary information. The 2019-20 Public Accounts, Volume 2, was tabled in the Legislative Assembly on October 29, 2020.
 - The Public Accounts are available for public viewing at the Publications Centre:
<https://publications.saskatchewan.ca/#/categories/893>.
- The Ministry of Finance worked with 24 ministries, agencies, and Treasury Board Crowns to develop and table their annual reports each fiscal year, in accordance with the *Executive Government Administration Act*. The COVID-19 pandemic required the Government of Saskatchewan to adjust its tabling process to electronic tabling. Within this new process, 87.5 per cent were tabled by July 29, 2020, in accordance with legislation. The remaining three reports were tabled a day after the deadline. All annual reports are available for public viewing at:
<https://publications.saskatchewan.ca/#/products/106879>

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

- Accounting policies continue to evolve and have implications for the government. The Ministry promoted accountability by providing input into the activities of Canadian and international accounting standard setting bodies and ensured government-wide accounting policies are in accordance with the Public Sector Accounting Board (PSAB) standards.
- The Ministry:
 - Continued assisting ministries and government entities with the implementation of the new PSAB standard on Asset Retirement Obligations.
 - Issued the first release of the Accounting Manual which centralizes General Revenue Fund accounting policies and procedures based on PSAB Standards and Provincial Comptroller directives.
 - Reviewed 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 excluded the financial statements of entities responsible to the Crown Investments Corporation of Saskatchewan. The financial statements of 128 government entities were approved.
 - Issued a first release of *The Going Concern* newsletter which provides highlights of upcoming PSAB changes and offers helpful hints on common issues noted through review of statements.
 - Developed a COVID-19 Checklist for use by ministries and Government Service Organizations in determining items to consider for 2020-21 financial statements.
- The Provincial Auditor of Saskatchewan independently assesses government's performance and provided 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.

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

- In 2020-21, the Ministry continued to refine the technology and processes to support electronic submission of invoices by client ministries (instead of by mail), to increase efficiency and support paper-less processing.
- The ongoing management of the government-wide purchase card (P-Card) program increased efficiency, through reduced administration and processing, for 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.

Oversee the internal controls of Government financial operations and systems.

- The Ministry reviewed financial programs and systems by conducting internal control assessments as required. Ministry programs, contracts, and payments were audited using a risk-based approach. This key action was impacted by the redeployment of six staff to the Government's COVID-19 response.
- The Ministry publicly reported losses of public money in ministries and Treasury Board Crowns.

Increase education across Government entities to build awareness and understanding of the accountability cycle, policies, processes and financial management responsibilities.

- The Ministry delivered training on effective financial management and control practices to Executive Leaders, new managers and new employees, including:
 - Released new online training modules on the Financial Administration Manual and Legislative and Regulatory Authorities Awareness, and continued work on training modules for cash management, accounting for government transfers, and business and banquet expenses;
 - Released purchase card online training for Card Coordinators, cardholders and approvers;
 - Provided on-going procedure and system-related training including hosting the annual year-end processing information session for its client ministries; and,

- Delivered orientation and education sessions to new and existing employees, new managers, and new executives across government to build awareness and understanding of the accountability cycle. As a result of COVID-19 restrictions all education sessions were delivered remotely.

Ensure the Government-wide financial systems are operational and support client needs.

- The Ministry implemented a number of system changes to support remote work during the COVID-19 pandemic.

Engage and consult with clients to identify opportunities to strengthen financial management.

- The Ministry led the Financial Management Council (FMC), the Financial Management and Accounting Committee, and the Internal Audit Committee. These internal government committees receive information sessions, and meet regularly to discuss and resolve issues of common concern, including financial management and financial accounting. FMC is also acting as a significant forum for communications and discussions about the Enterprise Business Modernization Project. The frequency of the Internal Audit Committee’s meetings was impacted by the redeployment of six staff to the Government’s COVID-19 response.

Explore options to transform government’s business processes through an integrated human resource, financial and procurement, cloud-based business system.

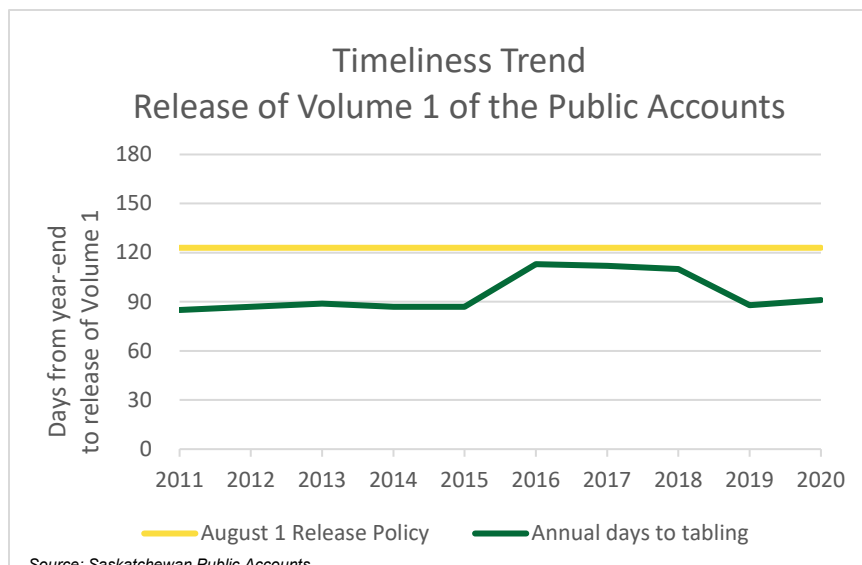
- The Ministry has been partnering with several ministries on an Enterprise Business Modernization Project to implement a new government-wide solution for an integrated financial, human resource and procurement system. This three-phase project began in October 2020. Phase One is complete and Phase Two is underway developing a detailed business case.

Performance Measure Results

Timeliness of the Release of Public Accounts, Volumes 1 and 2

The Public Accounts, Volume 1 will be tabled with the Legislature by August 1 and Volume 2 will be tabled by October 31.

The Public Accounts are key financial accountability documents that are publicly released on an annual basis. Under *The Financial Administration Act, 1993*, the government has established a policy of tabling Volume 1 of the Public Accounts no later than August 1 and Volume 2 on or before October 31. Volume 1 of the 2019-20 Public Accounts was tabled on June 30, 2020. Public Accounts, Volume 2, was tabled October 29, 2020.



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.

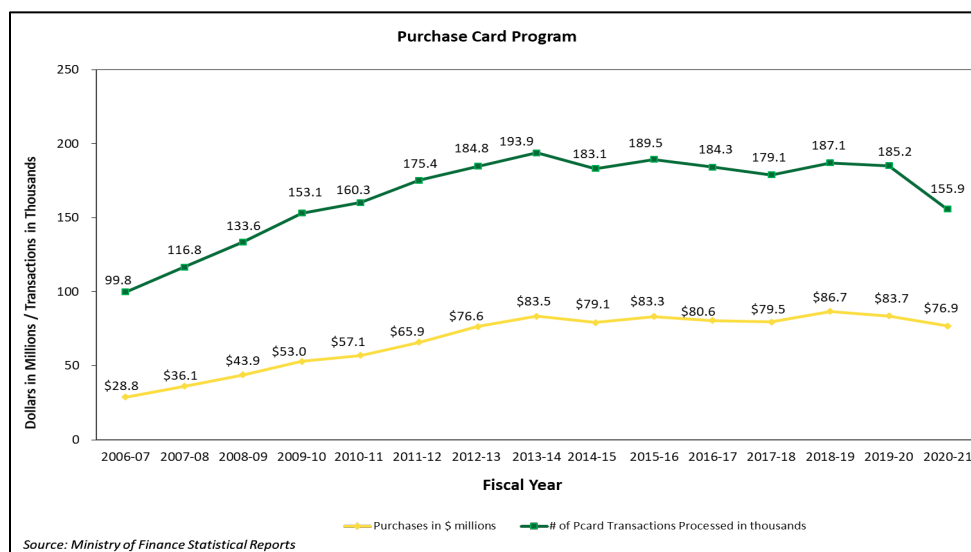
Fiscal Year	Percentage of Entities Meeting Tabling Deadline
2020-21	92%
2019-20	93%
2018-19	98%
2017-18	96%
2016-17	97%
2015-16	95%
2014-15	93%
2013-14	89%

Source: Legislative Assembly of Saskatchewan website

Purchase Card Usage in the Government

A target of 200,000 transactions totaling \$90 million dollars will be processed through the use of purchase cards, reflecting a target usage rate of 75% of eligible transactions.

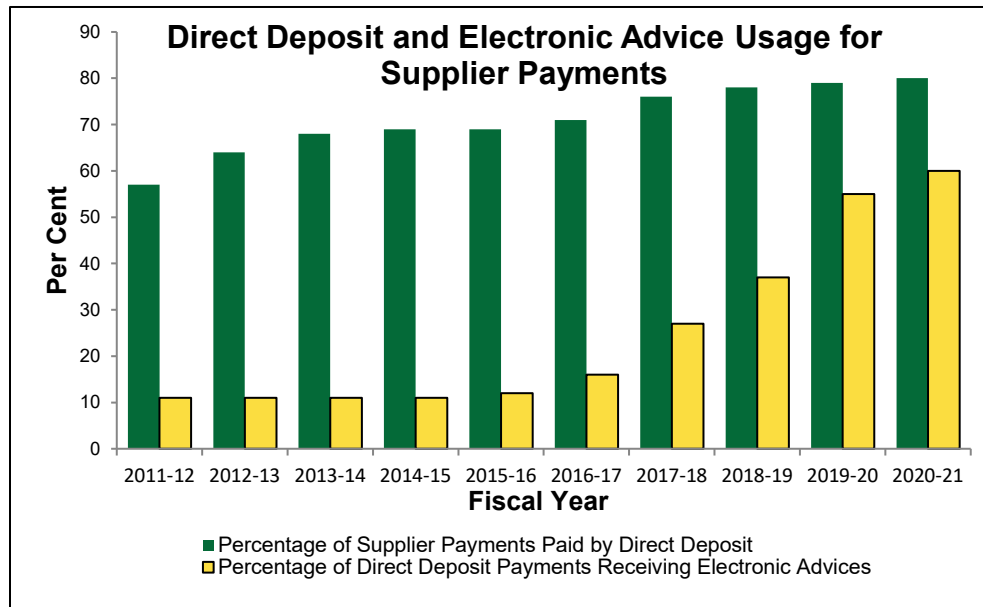
Through the use of purchase cards, the government is able to reduce administration and costs associated with the processing and payment of low dollar-value purchases of goods and services up to a \$10,000 per transaction limit. The total number and dollar value of purchase card transactions measures the level of efficiency being achieved. For 2020-21, the total number of purchases reached 155,920 transactions totaling \$76.9 million. This represents 78 per cent of the total number of potential transactions. 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

Direct deposits will be used for 80 per cent of supplier payments and 40 per cent of advices will be distributed electronically.

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 14 years that the measure has been reported, direct deposits have increased from 38 per cent to 80 per cent. Commencing in 2011-12, electronic advices were offered as an option to paper. Currently, 60 per cent of the direct deposit payment advices are distributed electronically. The Ministry continues to pursue the elimination of cheques and paper advices.



Progress in 2020-21 Ministry

Goal 2

Government Goals



**A Strong
Economy**



**Strong
Communities**



**Strong
Families**

Ministry Goal

Fair Tax Administration

Strategy

The Ministry of Finance is committed to optimizing the tax revenue base and creating a level playing field for businesses operating in Saskatchewan, increasing tax remittance compliance for businesses and individuals and ensuring efficient and cost effective tax program administration where businesses voluntarily meet tax obligations and efforts to comply are minimized.

Key Actions

Continue to optimize online services offered through the new Saskatchewan E-Tax Services (SETS) as part of the new Revenue Administration System.

- Implemented the electronic filing due date extension for returns and payments that are filed electronically.
- Implemented the Exempt Fuel Sales Reporting (EFSR) functionality to report exempt sales information for bulk dealers and to provide the status of Fuel Tax exemption permits.
- Approximately 37,500 users are registered to file and pay their tax return on SETS.

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

- Client Service and Information officers responded to over 104,000 phone calls and emails, providing tax information, assistance with account maintenance, electronic filing and payments, and interpretations in regard to complex tax inquiries or concerns.
- The team of enforcement officers travel throughout the province to conduct inspections and investigations to ensure businesses are registered and reporting tax, levy tickets for infractions under various statutes, and report sightings on businesses to the Audit Branch for potential audits. During COVID-19, enforcement activities were limited to high risk circumstances only and were conducted in alignment with all public health orders.
- The audit team promoted voluntary compliance with Saskatchewan's tax programs by conducting audits, providing proactive outreach to unregistered businesses, maintaining relationships with First Nation retailers, supporting voluntary compliance through our compliance programs and continuing to administer penalty waivers under the 1st time audit waiver program.

Enhance compliance actions along Saskatchewan's borders.

- The Ministry partnered with the Ministry of Highways on an Enhanced Provincial Sales Tax (PST) Compliance project that was implemented by the Ministry of Highways. This process now requires

non-resident contractors to provide a Letter of Good Standing from Finance regarding PST as a condition of the contract.

- The Ministry has begun to investigate whether there are opportunities to expand this initiative to other government agencies in an effort to ensure that non-resident contractors doing business within the Province are tax compliant.
- To support the Enhanced PST Compliance Initiative, the Ministry has a dedicated Contractor Clearance Program that worked to ensure that the principals comply with their PST obligations when hiring non-residents.
- The Ministry continued to monitor the Tax Tips Line, where any concerns of non-compliance in the business community can be reported to the Ministry online. The Ministry reviewed all tips and takes the appropriate actions to ensure compliance standards are met.
- As part of enforcement, the Ministry had a Sightings Program that included enforcement officers that travelled extensively throughout the province to ensure that non-resident contractors are complying with their tax obligations. Enforcement officers provided education to non-resident contractors and where necessary, issued tickets for infractions, and provided sighting leads to the Audit Branch.

Provide proactive outreach and education focused on Provincial Sales Tax (PST) base expansion.

- Outreach activity and proactive contacts completed last year continued to focus on construction, restaurants, and online businesses. Contacts were completed virtually rather than in person due to COVID-19 restrictions.

Continue to assess the impact of ecommerce on tax revenue and develop approaches to address the fair and consistent application of provincial taxes.

- Legislation around ecommerce sales were amended to ensure tax is collected and remitted on sales by marketplace sellers and marketplace facilitators, as well as sales made through electronic distribution platforms and online accommodation platforms.
 - The Ministry continued to identify, contact and educate new businesses, marketplace facilitators, electronic service providers, online accommodation platform providers and out of province businesses selling into Saskatchewan, to educate them on their tax obligations and ensure they are registered.

Implement an automated Notice of Assessment process in the new Revenue Administration System.

- The new process was initiated in January 2021, with estimated assessments generated for 255 Provincial Sales Tax, Liquor Consumption Tax and the Beverage Container Program accounts that had at least one filing period in arrears from May 2018 to October 2020, and no other active collection activity.
- At March 2021, \$2.15 million of revenue has been collected through this process.

Performance Measure Results

Benefit-Cost Ratio of Taxation Audit and Compliance Activities

The value of audit and compliance activities in relation to the cost of performing these activities will be 600% or; for each dollar spent on audit and compliance, the Ministry will generate \$6.00 of incremental revenue.

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.

Fiscal Year	Return on Investment	
	Target	Adjusted Actual
2020-21	600%	437%
2019-20	600%	692%
2018-19	600%	604%
2017-18	425%	708%
2016-17	395%	749%
2015-16	380%	699%

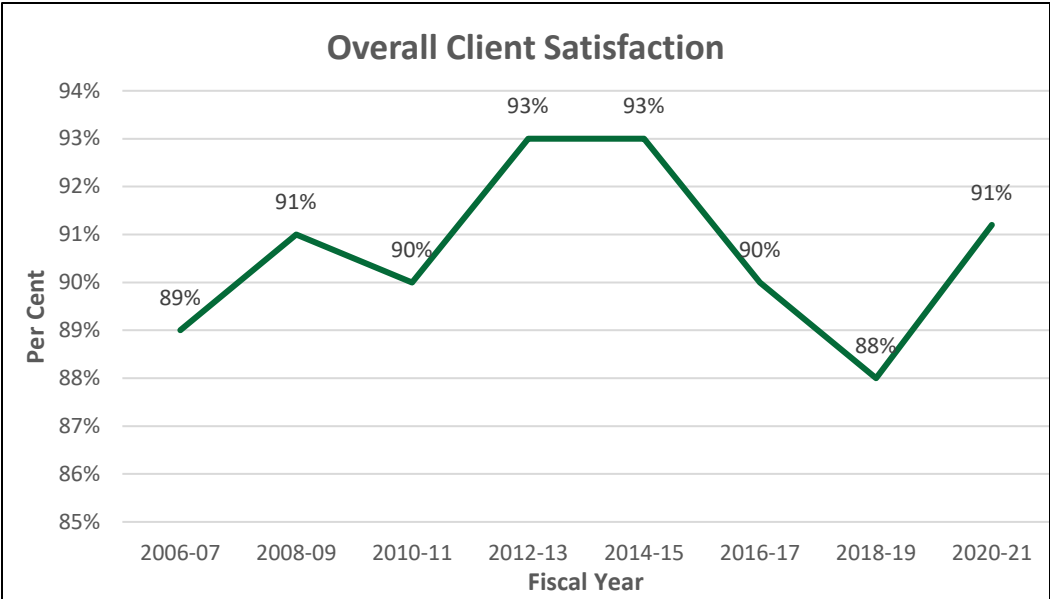
The benefit-cost ratio (BCR) measures the value of audit and compliance activities in relation to the costs of performing these activities. In 2020-21, the Ministry achieved a BCR of 437 per cent, below the target of 600 per cent. This means for each dollar spent on audit and compliance, the Ministry generated \$4.37 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.

The benefit-cost ratio was substantially less in 2020-21 because the majority of staff time was spent working the emergency support programs related to the COVID-19 pandemic. An adjusted BCR, after deducting salaries related to the time spent on emergency programs, was calculated at 946 per cent.

Client Satisfaction of Businesses Which Collect Taxes on Behalf of Government

The biennial client satisfaction survey results in a satisfaction rating of 90 per cent or higher.

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 the Ministry’s quality of services and timeliness of responses, refunds and adjustments. This allows businesses to evaluate the Ministry’s performance and helps to determine potential improvements for the timeliness of responses, refunds and adjustments.



Source: Ministry of Finance

In 2020, surveys were sent to 1,302 businesses based on a random sample of those that collect PST, Fuel Tax, Tobacco Tax, Liquor Consumption Tax, the Beverage Container Program, Education Property Tax, Corporation Capital Tax, Insurance Premium Tax, the Farm Fuel Program, and the International Fuel Tax Agreement. The biennial client satisfaction survey will be conducted again in fall 2022-23 as a means of measuring client satisfaction.

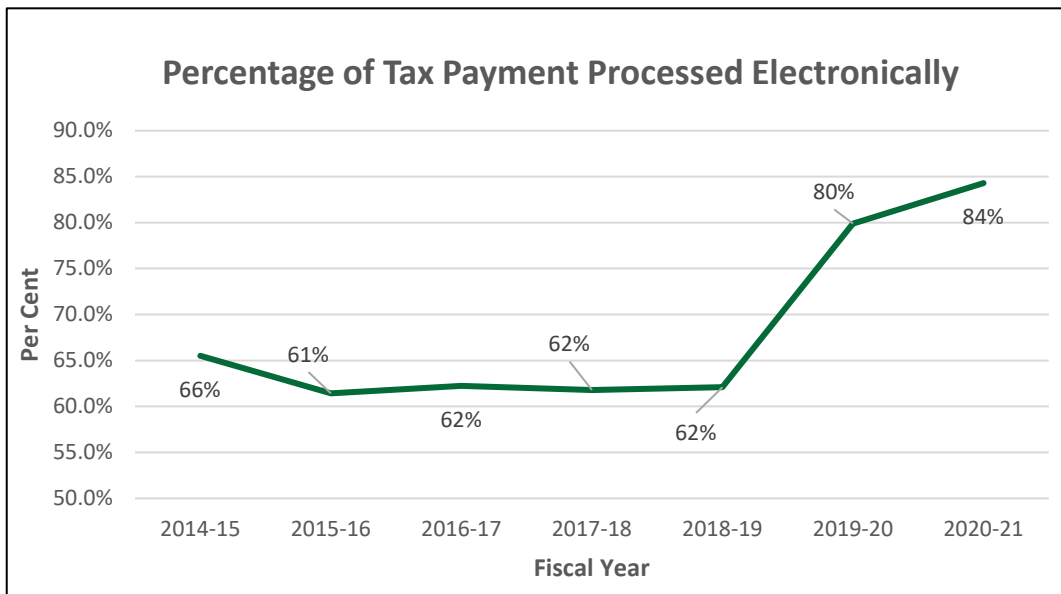
Percentage of Tax Payments Processed Electronically

60 per cent of tax payments received will be 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 2020-21 increased by 4.4 per cent from 2019-20.

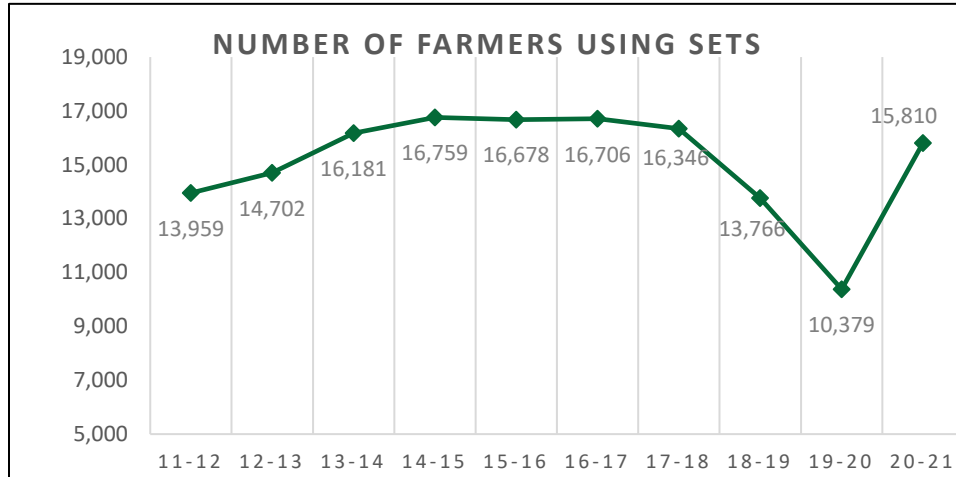


Source: Ministry of Finance

Number of Farmers that Applied for Fuel Tax Permit Renewals Online

16,200 or more farmers will file 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 the Ministry's progress towards easing tax compliance and reducing the regulatory burden.

In 2020-21, the number of farmers using SETS increased to 15,810 returns filed online, just 390 less than the target. The Ministry continues to promote SETS as it is more convenient than paper filing for program applicants and it reduces the cost of program administration.



Source: Ministry of Finance

Progress in 2020-21 Ministry Goal 3

Government Goals



Ministry Goal

Sound Fiscal and Strategic Plans That Support Government’s Priorities

Strategy

The Ministry of Finance is aligned to deliver an improved comprehensive summary financial plan and support fully informed financial decision making with collaboration and robust analysis. The Ministry provides excellence in planning and improvement to support Executive Government and Treasury Board Crowns in achieving Government direction and delivers strategic bargaining and compensation advice.

Key Actions

Increase efficiency, awareness, understanding, and accountability for the budget and in-year forecasting.

- The Summary Financial Statements for government were prepared. Preparation of the Summary Financial Statements involves the consolidation of the financial results of about 170 government organizations.
- 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.

Borrow strategically to sustain robust government finances.

- In 2020-21, Finance successfully executed a \$4.5B borrowing program for the Government of Saskatchewan, including a \$180M CAD (€115M EURO) international issue. This was Saskatchewan’s first international debt issuance since 2006. The average cost of borrowing new term debt in 2020-21 was 1.5%, with an average term of 12.6 years.
- Finance efficiently managed and maintained elevated cash levels within the General Revenue Fund throughout 2020-21 to mitigate risk of uncertain revenues, expenditures and access to markets caused by the COVID-19 pandemic.

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.
- The Ministry assisted in the Saskatchewan Home Renovation Tax Credit and the small business corporate income tax rate reduction. Tax policy considerations were reviewed as part of the 2021-22 budget development process, and the resulting initiatives were announced as follows:

- The Active Families Benefit – a refundable income tax credit that was reinstated, effective January 1, 2021;
- Heat-not-burn tobacco sticks became subject to the Tobacco Tax, effective June 1, 2021;
- A new Vapour Products Tax is being implemented, effective September 1, 2021, on the sale of all vapour liquids, products and devices; and,
- Electric vehicles will become subject to a new road use fee, effective October 1, 2021, to ensure that these vehicles contribute to highway maintenance in the province.

Continue to work with economic ministries to review the efficacy and competitiveness of economic incentives and tax measures.

- Finance worked closely with Innovation Saskatchewan and the Ministry of Energy and Resources during the 2021-22 budget development process, resulting in the following initiatives:
 - The Saskatchewan Technology Start-up Incentive was extended for an additional 5 years to support investment in the technology sector;
 - A five-year moratorium on associated natural gas royalties was introduced, effective April 1, 2021, with an automatic sunset date of March 31, 2026, to encourage marketable uses of associated natural gas instead of venting and flaring;
 - A five-year modernized and expanded High Water-Cut Program (HWCP) oil royalty incentive was introduced, effective April 1, 2021, with an automatic sunset date of March 31, 2026, to encourage capital investment and increased oil production rates from wells that produce high volumes of water; and,
 - A new sodium sulphate royalty incentive was introduced, effective retroactive to April 1, 2020, to simplify the existing royalty calculation and provide a modernized investment incentive.

Consider opportunities to ensure the consistent and fair application of provincial taxes in response to the increase of e-commerce, in the purchase of both goods and services.

- Legislation around ecommerce sales was amended to ensure tax is collected and remitted on sales by marketplace sellers and marketplace facilitators, as well as sales made through electronic distribution platforms and online accommodation platforms.
- The Ministry continues to identify, contact and educate new businesses, marketplace facilitators, electronic service providers, online accommodation platform providers and out of province businesses selling into Saskatchewan, to educate them on their tax obligations and ensure they are registered. These efforts are tracked along with the revenue reported, for ecommerce businesses that were contacted, and for identified businesses that have complied voluntarily.

Implement and manage a Centre of Excellence delivery model for Executive Government and Treasury Board Crowns for planning and improvement.

- 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, innovation, and annual reports.
 - In 2020-21, new resources were developed to help government apply innovation practices to improve results for the people of Saskatchewan.

Work with ministries and agencies to continue 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.

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 2020-21, 36 of the 37 broader public sector agreements were settled.
- Ministry staff work with public sector employers to assist in the development of Cabinet mandated submissions as well as with employers' negotiators to ensure adherence to Cabinet approved mandates.

Performance Measure Results

Percentage of Entities Meeting Tabling Deadlines

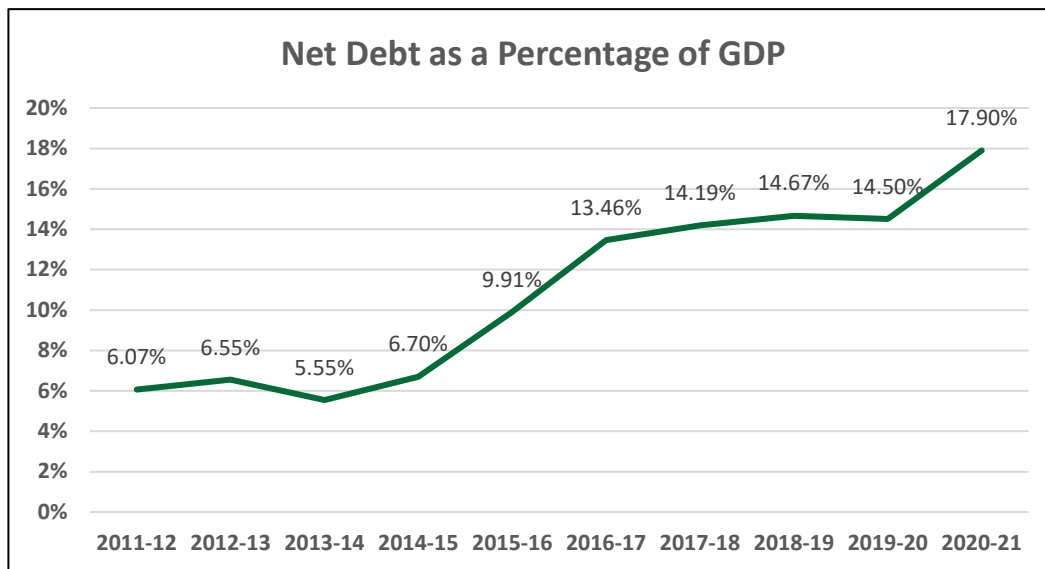
The Ministry works directly with government entities to develop 24 annual reports, with 87.5 per cent tabled by July 29, 2020, in accordance with legislation. The remaining three reports were tabled a day after the deadline. All 2019-20 annual reports are available for public viewing at:

<https://publications.saskatchewan.ca/#/products/106879>.

Percentage of Net Debt-to-GDP

Maintain a stable debt-to-GDP ratio over the long term.

Net debt aggregates the Province's liabilities and subtracts the assets that it has at its disposal to repay those obligations. The table below shows the Province's net debt as a percentage of GDP for the past 10 years.



Medium Term Fiscal Plan

The Ministry of Finance continued to produce medium-term fiscal plans for Government in 2020-21. However, the COVID-19 pandemic and subsequent shutdown of large parts of the global economy in 2020 significantly impacted Saskatchewan's fiscal outlook, similar to other jurisdictions.

The 2020-21 Budget was developed by the Ministry during the peak of the global economic shutdown and against a backdrop of unprecedented uncertainty regarding the duration and severity of the pandemic. As a result, the 2020-21 Budget, delivered on June 15, 2020, included a one-year outlook and a deficit forecast of \$2.4 billion.

The Ministry continued to monitor and assess the economic impact of the pandemic after the release of the budget. As the year unfolded, successful public health measures led to the gradual re-opening of economies around the world and introduced more certainty into the planning horizon. In August 2020 the Ministry produced

a fiscal plan that was published in the 2020-21 First Quarter Budget Update. This plan included a return to balance in 2024-25 and was informed by economic data that indicated the impact of the pandemic on the Saskatchewan economy was less than initially expected. The fiscal outlook was also based on the assumption that further emergency public health measures would not be required.

The resurgence of COVID-19 in the second half of the fiscal year and the on-going pandemic has resulted in a delay in the return to balance timeline. As it developed the 2021-22 Budget, the Ministry responded to Government's direction to prioritize the health and safety of Saskatchewan residents, and to develop a fiscal plan that would support and promote economic recovery. As a result, the 2021-22 Budget included a \$2.6 billion deficit and a more gradual improvement in the budget balance over the medium term.

The current medium-term fiscal plan includes reasonable revenue growth assumptions, expense growth targets of 1.5 per cent per year and the gradual wind-down of COVID-19 support measures over the next two years. A return to balance is now targeted for 2026-27, two years later than previously forecast. Despite this delay, Saskatchewan is well positioned to withstand this development given its low debt burden and strong credit rating.

Medium-term Fiscal Plan				
<i>(Millions of Dollars)</i>	2021-22 Budget	2022-23 Outlook	2023-24 Outlook	2024-25 Outlook
Revenue	14,478	15,107	15,729	16,367
Expense	17,089	16,792	16,889	17,137
Deficit	(2,611)	(1,685)	(1,160)	(770)

Progress in 2020-21 Ministry Goal 4

Government Goals



A Strong Economy



Strong Communities



Strong Families

Ministry Goal

Foster the Financial Wellness of Pension and Benefit Plan Members Through Working for Plan Governing Bodies.

Strategy

Meet pension and benefit plan member needs and ensure cost effective administration of plans.

Key Actions

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.

- Administered and continuously improved a full-service education and engagement program through member workshops, virtual webinars and one-on-one client meetings.

Continue to replace multiple pension administration systems with a single enterprise system.

- The Public Employees Benefits Agency completed its transition to a single enterprise system for administering pension plans in January 2021

Performance Measure Results

See PEBA Annual Report at <http://www.peba.gov.sk.ca/about/annual-reports.html>

Progress in 2020-21 Ministry

Goal 5

Government Goals



**A Strong
Economy**



Strong Communities



**Strong
Families**

Ministry / Organization Goal

Engaged Employees and Satisfied Clients

Strategy

Enhance our culture and employee engagement, strengthen our internal and external partnerships and client experiences, and continue to increase communication and leadership across the ministry.

Key Actions

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

- Ministries, Agencies, and Treasury Board Crowns continue to share planning, improvement and reporting leading practices to learn from each other. The Ministry served as a hub, bringing together people from across government in a virtual environment to ensure continuity in government's accountability and transparency work.
- Across the entity, messaging related to the fiscal cycle and budget is shared with Ministry, Agency and Treasury Board Crown communications leads, to ensure strong collaboration and shared understanding.
- Finance takes a lead role presenting and discussing upcoming public facing reports with the communications leads at the Communications Executive Director Forum throughout the year.

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

- A robust internal communications strategy was developed and is in place for the Ministry, including consistent and timely information to Ministry managers, supervisors and staff through monthly online forums and weekly emails.
- External communications strategies developed for the Ministry and the Government of Saskatchewan for the provincial budget, quarterly and mid-year reports, public accounts and auditor's reports, accompanied by briefing material, news releases, backgrounders and website material, were effective in communicating the fiscal and economic status of the province to external audiences.
- In 2020-2021, Public Employees Benefits Agency (PEBA) continued to build upon high member satisfaction and employee engagement through strategies focused on member financial well-being, delivered through a robust set of internal and external communication channels – including websites, newsletters, social media and information bulletins. The launch of new member self-

service websites, easy access to complimentary workshops and one-on-ones with Certified Financial Planners and the impact of COVID-19 on pensions were important topics over the course of the year.

Continue ongoing implementation of the Culture Sustainment Plan.

- Prioritizing culture sustainment translates into a more engaged workforce supporting clients and stakeholders.
- The Healthy Workplaces Committee launched the 'Not Myself Today' initiative, which provided tools and resources for employees and managers to raise awareness and improve conversations around mental health. The Committee also held events to support psychological health and safety in the workplace for all employees.
- The Inclusion Committee provided tools and resources for employees and managers to explore what it means to be inclusive. The Inclusion Committee also held events in support of an inclusive, safe and healthy work environment for all employees.
- The United Way Committee lead the Ministry of Finance's Annual United Way Campaign and communicated the importance of the United Way and its charities to build momentum for the campaign through various events.
 - The United Way Committee set an original fundraising goal for the 2020 Campaign of \$25,000.
 - Due to the generosity of the Ministry of Finance staff, we surpassed our goal raising \$32,404 in funding for the United Way.
- The Culture Committee's work plan was created in 2019 based on results of the 2018 Employee Engagement and Culture Survey with a focus on the areas of communications, learning and development, recognition and innovation.

Refresh and execute the Ministry's IT Strategic Plan, including actions that prioritize IT security, and ensure our modern, integrated and client focused systems support core business.

- The Ministry's IT Strategic Plan was refreshed in 2020-21 however, execution on some items was delayed due to the COVID-19 pandemic and as a result will recommence in 2021-22. Results for 2020-21 include:
 - Reviewed and tested IT applications to mitigate cyber security risk;
 - Completed IT security awareness sessions with Ministry's staff; and
 - Developed a Business Case to upgrade the system used to validate and process tax exempt fuel and tobacco sales.

Performance Measure Results

Employee Engagement Index (EEI)

The Government of Saskatchewan Employee Engagement and Culture Survey is issued Bi-annually; the last survey occurring in December 2018. In 2020 the survey was postponed due to COVID-19. The next survey will be issued in the fall of 2021.

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.

Financial Summary

Overview of Ministry Expense

In 2020-21, the Ministry had expenses of \$599.1M, \$127.5M over the original Budget Estimate of \$471.6M.

Excluding pensions and benefits and the COVID-19 support programs, Ministry operating expenses were \$52.4M, \$3.5M under the Budget Estimate of \$55.9M, primarily as a result of under expenditures in salaries due to vacancies and other operating expenses.

Spending for pensions and benefits was \$296.0M, \$0.8M over the Budget Estimate of \$295.2M. Spending on the non-statutory plans was \$3.8M over budget, due mainly to Public Employees Pension Plan (PEPP). Spending on the statutory plans was \$2.9M under budget due to actual results differing from actuarial projections.

Total spending on the COVID-19 support programs was \$250.7M, \$130.1M more than the original budget estimate of \$120.6M. An additional \$137.0M was provided through supplementary estimates, for a total budget of \$257.6M.

Ministry of Finance Appropriation and Expense (*Millions of Dollars*)

Program	2019-20 Actual	2020-21 Actual	2020-21 Budget	2020-21 Variance
Central Management and Services	\$ 7,238	\$7,495	\$7,503	\$(8)
Treasury Management	1,446	1,281	1,594	(313)
Provincial Comptroller	8,943	8,701	13,369	(4,668)
Budget Analysis	5,685	5,767	6,635	(868)
Revenue				
Revenue Division	17,879	18,711	19,049	(338)
Allowance for Doubtful Accounts	900	1,100	1,100	-
CRA Income Tax Administration	1,435	1,435	1,435	-
Personnel Policy Secretariat	503	481	513	(32)
Research and Development Tax Credit	5,000	5,000	5,000	-
Miscellaneous Payments				
Bonding of Public Officials	20	13	21	(8)
Unforeseen and Unprovided For	337	-	1	(1)
Temporary Wage Supplement for Lower Income Essential Workers	-	40,129	56,000	(15,871)
Small Business Emergency Payment	-	63,989	50,000	13,989
Canada Emergency Commercial Rent Assistance	-	6,755	12,600	(5,845)
Self-Isolation Support	-	1,544	2,000	(456)
Saskatchewan Tourism Sector Support Program	-	26,956	-	26,956
Emergency Pandemic Support for K – 12 Education	-	109,800	-	109,800
Strong Recovery Adaptation Rebate	-	1,497	-	1,497

Implementation of Guarantees (Statutory)	-	-	1	(1)
Pension and Benefits *				
Public Service Superannuation Plan (Statutory)	122,098	118,617	120,743	(2,126)
Members of the Legislative Assembly – Pensions and Benefits (Statutory)	2,570	1,643	2,850	(1,207)
Judges’ Superannuation Plan (Statutory)	7,807	8,370	7,927	443
Public Employees’ Pension Plan	68,198	74,283	68,000	6,283
Canada Pension Plan – Employer’s Contribution	32,103	32,185	32,500	(315)
Employment Insurance – Employer’s Contribution	12,701	12,021	14,500	(2,479)
Workers Compensation – Employer’s Assessment	9,357	9,401	10,500	(1,099)
Employees’ Benefits – Employer’s Contribution	36,594	38,894	37,500	1,394
Services to Public Service Superannuation Plan (PSSP) Members	685	619	642	(23)
Appropriation	\$ 341,493	\$596,687	\$471,983	\$124,704
Less: Capital Asset Acquisitions	-	-	3,000	(3,000)
Add: Capital Asset Amortization	2,428	2,428	2,633	(205)
Expense	\$ 343,921	\$599,115	\$471,616	\$127,499

Additional financial information can be found in the Government of Saskatchewan Public Accounts located at <https://publications.saskatchewan.ca/#/categories/893>

Explanation of Major Variances:

1. Capital funding of \$3.0M for upgrades to MIDAS was not spent due to the EBMP project. Operating expenses were under budget due to vacancy management, reduced IT spending and operating costs.
2. Total spending on the COVID-19 support programs was \$6.9M under the total estimates of \$257.6M (original and supplementary), due to higher than anticipated demand in some programs being offset by lower demand in other programs.
3. Actual expenses under these plans was lower than what was actuarially projected.
4. PEPP contributions were over budget due to the 1% employer contribution rate increase that was agreed to in the latest CBA.
5. EI and WCB premiums were under budget due to rate decreases, as well as the transfer of executive government employees to the SPSA.
6. Employee benefit costs were over budget due mainly to increased salaries.
7. Capital funding for MIDAS upgrades was not needed due to the EBMP project.