



Keep Pushing

2013-14 Saskatchewan Pre-budget Submission
Canadian Taxpayers Federation

Taxpayer.com



We are:

Non-profit

Non-partisan

We Stand For:

Lower Taxes

Less Waste

More Accountability



Introduction

The Canadian Taxpayers Federation (CTF) commends the provincial government for:

- *Spending restraint*
- *Tax reductions*
- *Reducing the province's debt*

But clearly, there's more work to do...



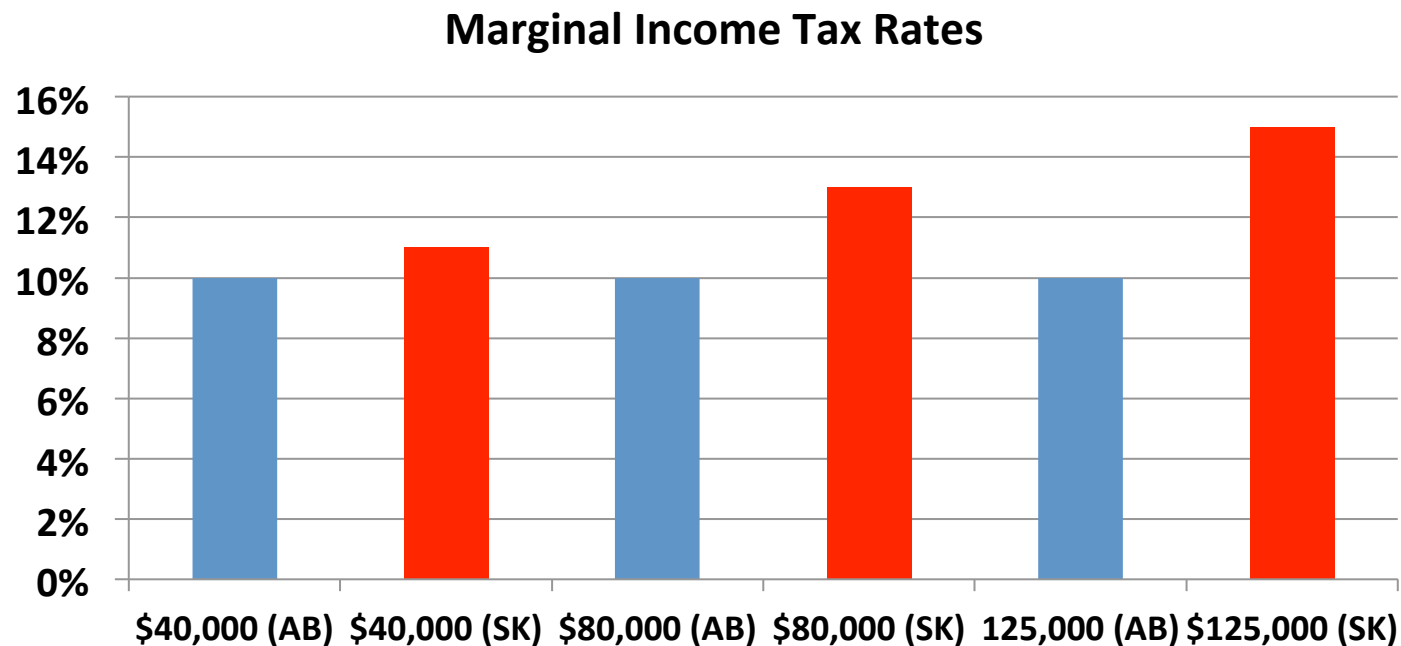
Top 3 Tax Recommendations



1

Taxation - Reduce PIT Rates

Great progress on the basic personal amount helps taxpayers, but there is still a large rate gap with Alberta:



Recommendation: Reduce the rates to 11%, 12% & 14% by 2015. Set long term goal of 10% flat tax by 2020.

② ***Taxation - Small Business Tax***

Reducing the small business tax from 4.5% to 2.0% has benefitted small businesses tremendously.

Many of the CTF's small business supporters have indicated they use the savings to grow their businesses – leading to more jobs and investment.

As Manitoba has eliminated its business tax, following their lead will help drive growth.

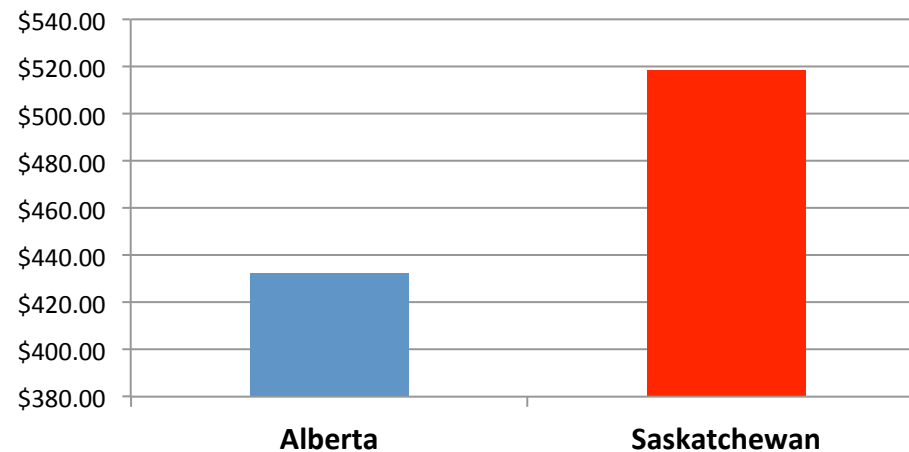


Recommendation: Eliminate small business tax by 2016

③ *Taxation - School Taxes*

While good progress has been made on reducing the education property tax burden, a large gap still exists with Alberta:

2011 School Tax Revenue Per Capita



Recommendation: Close the school tax gap with Alberta and work towards phasing out school taxes.



Top 5 Spending Recommendations



Overall Spending

Spending has been skyrocketing – well above the combined rate of inflation and population growth.

Spending Snapshot

	Actual Exp (Billion \$)	Population	Per Capita	CPI	Expenditures Adj. for Inflation & Pop. Growth	Savings (Billion \$)
2006-07	\$7.707	991,260	\$7,775	2.1	\$7.707	\$0
2007-08	\$8.583	996,152	\$8,616	2.8	\$7.908	\$0.675
2008-09	\$10.355	1,010,300	\$10,249	3.3	\$8.245	\$2.110
2009-10	\$10.099	1,024,691	\$9,856	1	\$8.638	\$1.461
2010-11	\$10.965	1,040,735	\$10,536	1.4	\$8.861	\$2.104
2011-12	\$10.926	1,063,535	\$10,273	-	\$9.182	\$1.744
						\$8.1 Billion

Overall Spending

Saskatchewan appears to be following in Alberta's footsteps – rapid resource revenue growth and rapid spending increases.

However, Alberta now appears to have serious trouble turning the spending taps off; over \$5 billion in deficits over the last 5 years.

Had the Alberta government limited its growth in program spending to the combined inflation and population growth rate, starting in 2005 (when Alberta became debt free) they'd be running a \$5.4 billion surplus this year, instead of a \$2 billion deficit. Further, that cap would have meant they could have increased spending, on average, by 4.6% per year.

Overall Spending

- 1** *Balance the budget*
- 2** *Adopt GAAP accounting for GRF and Summary statements*
- 3** *Discontinue dependence on CIC for balancing the budget*
- 4** *Review crown corporations and examine which could be sold to Sask taxpayers or reformed*
- 5** *Cap future spending for the combined rate of population & inflation growth*



Top 5 Savings Opportunities



1 *Public Sector Pay*

Average Weekly Pay in Saskatchewan:

Government	\$1,141
Everyone Else	\$961

Source: Statistics Canada

Recommendation: Limit overall public sector pay increases to no higher than average private sector pay increases.

Recommendation: Review labour legislation and move to a system of hiring and remuneration based on performance, instead of pay based on years of service.

Recommendation: Advocate for a discussion of out-of-line public sector pay at the next provincial finance ministers meeting.



2

Public Sector Pensions

	Government	Everyone Else
Defined Benefit	65.4%	9.9%
Defined Contribution	35.2%	13.0%
Other	0%	2.6%
No Pension Plan	0%	74.5%



Plan	Status
Saskatchewan Teachers'	\$5.2 billion unfunded liability
Health Care Employees (SHEPP)	\$742 million unfunded liability
City of Regina	\$293 million unfunded liability



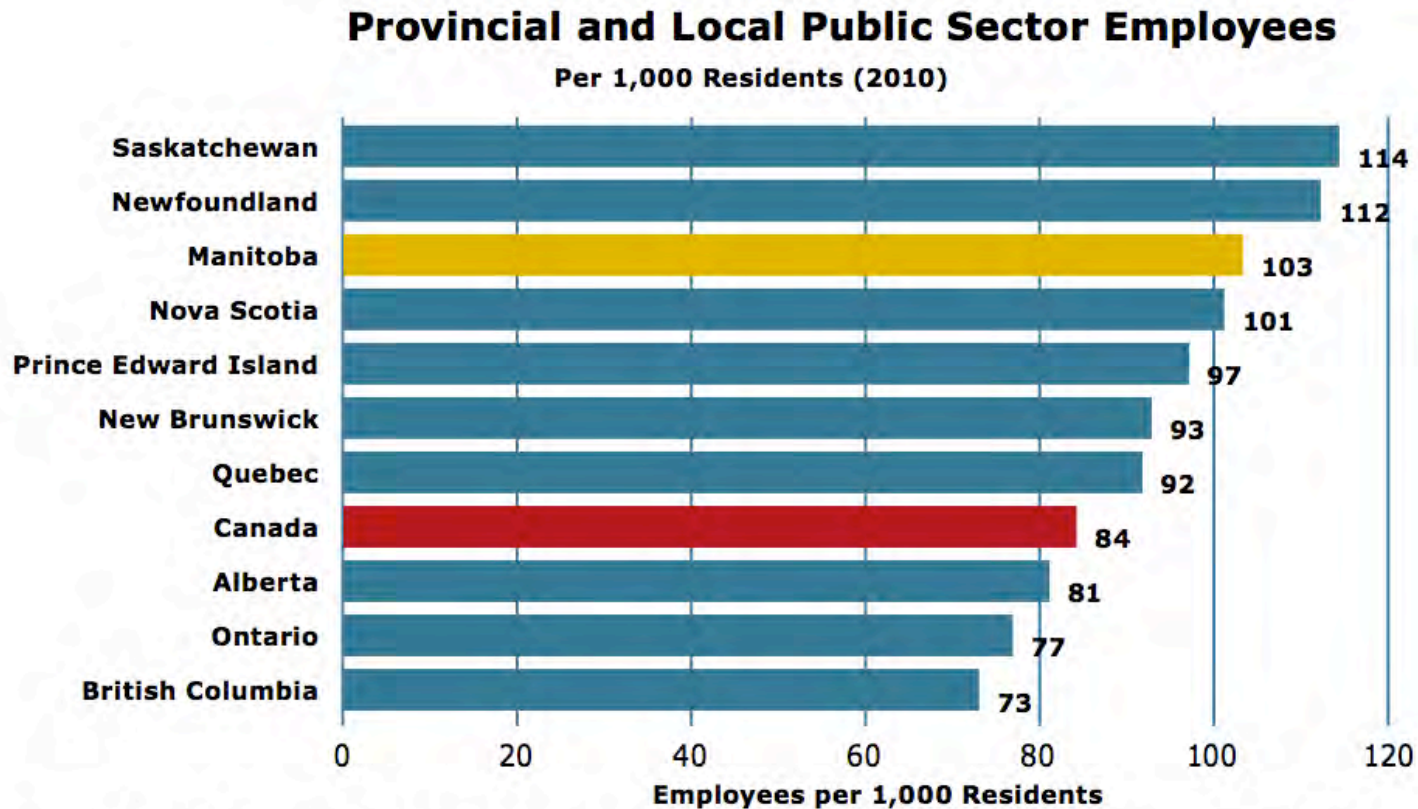
② **Public Sector Pay**

Recommendation: *Just as the NDP did in the late 1970s, begin putting new hires in less costly, defined contribution pension plans. Existing plans should be scaled back.*



3

Public Sector Bloat



Source: Table from 2011 Frontier Centre for Public Policy Report – The Size and Cost of Manitoba’s Public Sector (Stats Can Data)

Recommendation: Reduce size of the bureaucracy, encourage municipalities to do the same.

④ *Leaner Public Sector*

The provincial government has made positive progress in terms of downsizing and eliminating waste. Arms length recipients such as health regions, school boards and other agencies should be expected to do the same.

For example:

- Hospital cafeterias losing money, areas to contract out
- Golden pensions at the municipal level, at health regions
- School capital projects, school divisions buying \$1,200 chairs



⑤ *Corporate Welfare*

The CTF supports the government's decision to end the film tax subsidy. Other grants and loans to businesses and special interest groups should be cancelled. *For example:*

- Potash head office jobs subsidy
- Agri-value Initiative
- Labour Sponsored Venture Capital
- Etc...



Debt



① *Pay off the Debt*

The CTF is pleased the government continues to place debt repayment on its priority list, however, a more aggressive repayment plan is recommended.

Debt Repayment 2007-12: \$3,000,000,000

Debt Repayment 2012-17(plan): \$400,000,000

Recommendation: Establish a goal of becoming debt free by the end of 2020.



Summary of Recommendations



Summary of Recommendations for Budget 2013-14

Taxation

- 1) Reduce PIT rates to 10%, 12% & 14% by 2015. Aim for flat 10% tax by 2020.
- 2) Eliminate the small business tax by 2016.
- 3) Close the school tax gap with Alberta and work to phase out school taxes.

Spending

- 1) Balance the budget.
- 2) Adopt GAAP accounting for GRF and Summary statements.
- 3) Discontinue dependence on CIC for balancing the budget.
- 4) Review crown corporations and examine which could be sold to Sask taxpayers or reformed.
- 5) Cap future spending for the combined rate of population & inflation growth

Savings Opportunities

- 1) Public Sector Pay Reform:
 - Limit overall public sector pay increases to no higher than average private sector pay increases.
 - Review labour legislation & move to a system of hiring and remuneration based on performance.
 - Advocate for a discussion of out-of-line public sector pay at the next provincial finance ministers meeting.
- 2) Pension reform – put new hires in defined contribution plans & scale back existing benefits for defined-benefit plans.
- 3) Reduce the size of the bureaucracy, encourage municipalities to do the same.
- 4) Push funding recipients (eg. health regions, school boards, etc.) to better control spending, engage in lean activities, etc.
- 5) Cut out corporate welfare, funding to special interest groups – leave those decisions up to taxpayers.

Debt

- 1) Establish a more aggressive debt repayment goal – pay off the debt by 2020.