



STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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Regina Coronation Park

Mr. Terry Jenson
Martensville-Warman

Mr. Dana Skoropad
Arm River

[The committee met at 15:29.]

The Chair: — Good afternoon, committee members and Madam Minister and officials.

[15:30]

I'd like to welcome you here today for the Standing Committee on Crown and Central Agencies. My name is Ken Cheveldayoff and I'll serve as the Chair this afternoon. Other members of the committee are Steven Bonk, Fred Bradshaw, Noor Burki, Terry Jenson, Dana Skoropad, and Doyle Vermette. Today we'll have Trent Wotherspoon substituting in for Noor Burki.

Before we begin I'd like to table three reports from the Law Clerk and Parliamentary Counsel that identify any issues pursuant to rule 147(2) that he found with regulations and bylaws filed in 2020, 2021, and 2022 and any steps that have been taken to rectify these issues. If the committee chooses it may bring in the Law Clerk and Parliamentary Counsel to review these reports at a subsequent meeting.

Those reports are CCA 43-29, Law Clerk and Parliamentary Counsel: 2020 report on regulations and bylaws; CCA 44-29, Law Clerk and Parliamentary Counsel: 2021 report on regulations and bylaws; CCA 45-29, Law Clerk and Parliamentary Counsel: 2022 report on regulations and bylaws.

**General Revenue Fund
Finance
Vote 18**

Subvote (FI01)

The Chair: — Today the committee will be considering the 2024-25 estimates and the 2023-24 supplementary estimates no. 2 for the Ministry of Finance. Before considering the three bills and voting on the committee resolutions, we will begin with consideration of vote 18, Finance, central management and services, subvote (FI01).

Minister Harpauer is here with her officials. As a reminder to officials, please state your name for the record before speaking and please do not touch the microphones. The Hansard operator will turn them on for you. Minister Harpauer, please introduce your officials and make your opening comments.

Hon. Ms. Harpauer: — Mr. Chair, committee members, thank you for the opportunity to discuss the Ministry of Finance budget. Our deputy minister of Finance, Max Hendricks, cannot be here today with us, but I have a number of other officials from the Ministry of Finance that were able to join me. I will ask them each to introduce themselves throughout our discussions when they answer a question.

The Ministry of Finance estimates, vote 18 begins on page 51 of the Estimates book. The Ministry of Finance's expenses budget is 404.27 million for 2024-25, an increase of 3.87 million, or 1 per cent, from 2023-24. Our ministry's budget includes the following increases: 8.26 million for pensions and benefits; 2.69 million for new funding for the Saskatchewan secondary suite incentive grant program; 1.2 million in new funding for the

modernization of *The Revenue and Financial Services Act*; and 750,000 to increase our capacity to manage fixed-income investment funds.

These increases are partially offset by the following decreases: 7 million for the completion of the Saskatchewan affordability tax credit; 1.5 million for the completion of research and analysis on corporate income tax design and administration; 335,000 for operational efficiencies; and 200,000 for the completion of the real-time validation system upgrade.

The ministry's budget includes 700,000 in government-owned capital, which remains unchanged from 2023-24 to modernize the treasury investment system used by the provincial treasury office.

Mr. Chair, allow me to elaborate on some of our ministry's budget highlights. It's the largest ever increase in school operating funding, the largest ever increase in health funding, the largest ever increase in municipal revenue sharing, and the largest ever capital budget.

This budget responds to the challenges of a growing province by reinvesting the benefits of a growing province. This budget allows the people of Saskatchewan to enjoy the benefits of growth through record investments in classrooms, care, and community.

This year's Ministry of Finance budget supports strong financial management and accountability, helping ensure valued service programs and capital investments are sustainable today and into the future.

The expense budget for the operations of the Ministry of Finance is 67.2 million, which is a decrease of 4.4 million or 6.1 per cent from 2023-24. This is primarily due to the completion of the Saskatchewan affordability tax credit program.

To help make life more affordable for Saskatchewan homeowners, in addition to the expanded provincial sales tax rebate on home construction, this budget includes 2.69 million in new funding for the Saskatchewan secondary suite incentive grant program. It is designed to increase housing availability across the province and generate supplemental income for homeowners. The program provides up to 35 per cent of the total price to construct a new secondary suite at an owner's primary single-family residence to a maximum of 35,000. To date the ministry has received 62 applications and processed and paid 22 grants, putting 464,000 back into the pockets of Saskatchewan residents.

To ensure a level playing field for tax-compliant businesses and ensure a fair collection of tax dollars, 1.2 million is provided to support the modernization of *The Revenue and Financial Services Act, 2024*. The new Act provides enhanced tools that may be used for those individuals and businesses who purposefully do not comply or ignore the Ministry of Finance's attempts to have them comply.

750,000 is provided to increase the ministry's capacity to manage fixed investment funds, such as the newly established small modular reactor investment fund. This fund provides for an

additional three investment professionals and annual subscription fees to support the new investment management system.

In addition to operations, the ministry is budgeting more than 337.1 million for employer contributions to pensions and benefits plan for government employees, judges, and members of the Legislative Assembly. This represents an 8.26 million increase from last year and is based on actuarial valuations and changes in compensation rates.

Mr. Chair, this is just a sample of the important work the employees of the Ministry of Finance undertake every year, focusing on serving clients inside and outside of government. And with that I would be happy to answer questions.

The Chair: — Thank you, Madam Minister. Mr. Wotherspoon, the floor is yours.

Mr. Wotherspoon: — Okay. Thanks, Mr. Chair. Thanks, Madam Minister, and thanks to all the officials that have joined us here tonight and all those that are connected to the important work that we'll be discussing here tonight.

With respect to a reduction in the budget in the revenue division, I see there's a reduction of about \$8 million. Can you explain what activities in the division are being cut or reduced, and why.

Hon. Ms. Harpauer: — Thank you for that question. The majority of that, as I said in my opening comments, is no longer having the Saskatchewan affordability tax credit, is the majority of that amount. But I will get the officials to add any other details.

Mr. Hebert: — Brent Hebert, assistant deputy minister, treasury board and personnel policy secretariat. Thanks for the question.

So in addition to the decrease for the Saskatchewan affordability tax credit, there's a \$1.5 million decrease for the completion of the research, analysis, and consulting advice on corporate income tax design and administration; a 250 K decrease for the reallocation of two FTEs [full-time equivalent] to the budget analysis for corporate income tax policy work; and 200 K decrease for the completion of the real-time validation system; and \$169,000 decrease to achieve the ministry's operational efficiencies that we've identified.

Mr. Wotherspoon: — Thanks. Thanks for that information. Last year the treasury management group had a 32.2 per cent increase in funding in '23-24. This year, '24-25, the same group is receiving another 32 per cent increase. Can you explain why there's been two fairly significant increases over the past two years?

Mr. Hebert: — Thanks. Thanks for the question. So the increase for the treasury management area, there's \$300,000 for a half year of annual subscription fees for a new investment management system and 450,000 for three new investment professional FTEs.

Mr. Wotherspoon: — Okay. So just to be clear, four new additional FTEs are being added to the treasury division. Is that correct?

Mr. Hebert: — Three.

Mr. Wotherspoon: — Three. Sorry.

Mr. Hebert: — 450,000 for three FTEs.

Mr. Wotherspoon: — Gotcha. You identified earlier too some spending or some priority on the corporate tax side of things. While we're discussing the revenue divisions, is there any budget or plans in government to fund the development of the Saskatchewan revenue agency?

Mr. Hebert: — No. Not at this time.

Hon. Ms. Harpauer: — I will add to that. So we had undertaken research and analysis which was the funding that was in last year's budget to contract the services of two independent expert consultants, one being C.D. Howe, which is a nationally recognized taxation and economic policy research organization; and the other is Kirk McGregor, former Finance assistant deputy minister with over 30 years of experience.

As I had said to yourself and to people of Saskatchewan, this is an undertaking that we will thoroughly analyze before embarking to ensure that it is to the advantage of Saskatchewan people and Saskatchewan businesses. And that work is still under way. There isn't a budget . . . or there isn't an allocation in this budget for it, but that is because the two consultants that we have are still undergoing their work with the previous payment.

Mr. Wotherspoon: — Okay, so you haven't . . . I mean of course we've talked about this approach of your government here, duplicating the tax system and, you know, ultimately increasing the cost of compliance for businesses across Saskatchewan and adding an additional unproductive administrative cost to taxpayers' bills as far as cost.

So you've identified that you've had some reports done on this. Have those concluded or are those still under way?

Hon. Ms. Harpauer: — They haven't concluded, and I'm actually surprised at the assumptions that you've concluded with. I've talked prior that there is some advantages to exploring this. We have found that the delay of the return or the data of the corporate income tax from the federal government through the CRA [Canada Revenue Agency] is problematic and extremely difficult to predict. And as such it has been challenging in our budget process to plan or to project what the corporate income tax return will be. And there is about a two-year lag of when we actually realize the dollars by having the federal government do the collection. More detailed data on each industry would help government make decisions on policy specific to each of the industries.

And there have been times where the federal government has made changes to tax policy that isn't in the best interest of our corporations and our businesses here in Saskatchewan. And it's very problematic, when you have them do the administration, to make the changes that is in the best interest of our particular corporations.

You also mentioned the onerous cost, which you're making assumptions that I'm not sure what you're basing that on. There

would be, should we pursue this farther — but we are continuing to analyze the benefits and the challenges that might come with making this move, should we do so — there would be, you know, the IT [information technology] costs, the upfront IT costs, and then of course employees for staffing the unit.

But there's also cost savings. Saskatchewan is required to adhere to the criteria relating to income inclusions, deductions, and the number of tax rates. And it falls to the province to manually administer tax programs that do not adhere with the federal criteria, which results in higher administration costs for Saskatchewan and longer processing times.

[15:45]

For changes that Saskatchewan would like made — and we have a number of incentive programs, as you're well aware — should CRA agree to make those changes, we have to pay them to do so.

And the third is, right now the federal government retains all penalties and interest revenue imposed on Saskatchewan taxpayers, and if we were self-administration, the Government of Saskatchewan would retain that revenue. So in conversations, in preliminary analysis — and we don't have a final report yet — and with conversations with Alberta, there is every reason to believe, beyond the start-up costs, that this could be a revenue-neutral agency and not a cost drain as you are suggesting.

Mr. Wotherspoon: — Just the experience from other jurisdictions and accounting and public finance experts that we've had engaged on this, including local folks on that front, have really identified those concerns. I guess I'd be interested, are you able to provide to us a copy of the business case at this point?

Hon. Ms. Harpauer: — We don't have one, as I pointed out before.

Mr. Wotherspoon: — Do you have recommendations, preliminary recommendations? You have the . . . These are separate reports? One by C.D. Howe and one by Mr. McGregor, certainly a well-respected leader in public finance.

Hon. Ms. Harpauer: — I'm being informed that they will come concurrently but they're separate reports.

Mr. Wotherspoon: — But, sorry, they're working . . .

Hon. Ms. Harpauer: — They will be separate reports.

Mr. Wotherspoon: — Okay. Do you have some preliminary recommendations from them? And how long have they been engaged?

Hon. Ms. Harpauer: — As I said before, we don't have any preliminary recommendations yet. They have been engaged since . . . The contracts were issued in the summer and they began their work in the fall.

Mr. Wotherspoon: — And the value of those contracts?

Hon. Ms. Harpauer: — The what?

Mr. Wotherspoon: — Sorry, the value of those contracts?

Hon. Ms. Harpauer: — We had 1.5 million in last year's budget.

Mr. Wotherspoon: — Is there money flowing for those contracts and for other work on this front out of this budget?

Hon. Ms. Harpauer: — On this budget, we already answered that. There is no money for this.

Mr. Wotherspoon: — Just the resources of Finance to whatever extent you have your team working on it?

Hon. Ms. Harpauer: — I'm being informed that we don't have, we're not supplying any goods or services to this effort.

Mr. Wotherspoon: — Sure. With respect to, you touched on the start-up costs and you talked about the costs around IT and I'm sure those would be significant. Do you have some estimates built out in any sort of preliminary business case for start-up costs and what those would include?

Hon. Ms. Harpauer: — We have no preliminary numbers as I said before.

Mr. Wotherspoon: — What about anything on the compliance costs? I know that's been one of the big concerns from the business community, those that farm, local businesses across Saskatchewan, when you look at the experience of, you know, Ontario, for example. What do you have, in having to submit a more complex return or two different corporate income tax returns? What have you assessed as the additional costs for local businesses?

Hon. Ms. Harpauer: — The conversations I've had is with the accounting, and it's been verbal conversations that I've had with accounting firms here in Saskatchewan that also do business in Alberta. And they've explained because, you know, so much has gone electronically — and I know that you like to use Ontario that discontinued this system some years ago — but it has changed on how we file. And they have assured me that it is quite simplified from years ago to what it used to be and these accountant firms do files both in Alberta and Saskatchewan.

Mr. Wotherspoon: — The input we've received certainly through the business community and through the accounting community here in Saskatchewan, as well including some of the firms, is the challenge around the additional compliance costs as one piece. But you don't have an estimated cost right now for what the additional compliance, what that burden would, you know, look like from a cost perspective on local businesses?

Hon. Ms. Harpauer: — No. I'll answer that for the third time that we don't have any of those preliminary numbers.

Mr. Wotherspoon: — Okay. You may not have this one then yet. Do you have how many FTEs would be required to run this Saskatchewan revenue agency?

Hon. Ms. Harpauer: — No.

Mr. Wotherspoon: — Because there's the start-up costs and

then there's the cost of all the staff and then you're talking about, you know, tax experts and folks that you'd really . . . You know, so then we need to make sure as well, of course, that if you're going to go about that you're even certain that you're able to recruit and retain those folks.

When you're looking at this, is the window that you're looking at on the revenue agency simply on corporate taxes or are you looking at a broader assessment or a broader role for them with other taxes?

Hon. Ms. Harpauer: — At this point, we would only be looking at the corporate income tax which is the same model as Alberta has.

Mr. Wotherspoon: — Okay. Well I'm a bit surprised that the work continues when the facts sort of line up as something that, I think, really need not be a priority of government — when there's so many priorities out there that beg the dollars and the resources of government — in something that, you know, certainly seems clear from the accounting community and the business community that is going to be burdensome by way of cost and process for local businesses. The minister knows our perspective on this.

I guess my question to the minister is, at what point do you anticipate a decision point on whether you're going to continue to go down the path of extending resources and time and that of your ministry on this front? Or at what point are you going to, you know, decide that this may not be the way to go?

Hon. Ms. Harpauer: — I won't know that until I get more information from the analyst.

Mr. Wotherspoon: — And when are those reports . . . You've paid for them; the dollars are out the door. There's no new dollars this year for them. When are those reports due?

Hon. Ms. Harpauer: — I didn't give them a due date. I want all due diligence done for whatever time it takes them to do it.

Mr. Wotherspoon: — Will those be public when they're . . .

Hon. Ms. Harpauer: — No.

Mr. Wotherspoon: — When will Saskatchewan people know what decision you've made on this front, whether to abandon this pursuit or to pursue it?

Hon. Ms. Harpauer: — If we choose to explore pursuing it, we will be having that conversation and consultation with the business community at that time.

Mr. Wotherspoon: — Okay. What's the feedback that you've received from the Saskatchewan business community, if you were to characterize it on the whole?

Hon. Ms. Harpauer: — There were some questions on the change, and of course I've met with a number of organizations and business owners. They wanted to know the change although it also came from the business community in particular, when the federal government made changes to the passive income. And that was sort of the beginnings of when we thought we should

maybe explore if there was some advantage to doing this here in Saskatchewan, because definitely there was those in the business community that were impacted by the changes that were done to the passive income by the federal government.

The business community generally wants to ensure that they're, you know, kept in the loop per se, you know, as the steps go, as we take a look at this, and they wanted us to thoroughly analyze it. They wanted to know what was the advantage to them as well as what's the advantage to government. They also expressed concern not as much for the business as it was, you know, is this going to be very costly for government? So they had much the same questions as what you raised, and I've assured them that we will do our due diligence very thoroughly before we make any final decisions and they will be informed along the way.

I can say this, having been in business in the past. Basically what I paid for my return, to have an accountant do my returns, really was dependent on how many schedules I had at that particular year, which varied depending on the activity within my business of that year. And this would be similar. It would mean extra schedules.

Mr. Wotherspoon: — Okay, well thanks for being direct about this with the committee. We'd urge again, there's so many areas to focus resources and time and money on, and a more cumbersome, more costly process isn't the one that we would be pursuing. But appreciate the responses.

We see that Ottawa is proposing changes to the capital gains inclusion rate. I'm just confirming that your government has no plans to follow suit or to piggyback those changes.

Hon. Ms. Harpauer: — This is the point — we have no choice. We have no choice, which goes to my previous comments of . . . Now having our own agency wouldn't change us having no choice, but there are decisions the federal government makes that we have no choice.

Mr. Wotherspoon: — What will the fiscal impact be of, I guess, the flow or the impact onto the provincial budget then?

Hon. Ms. Harpauer: — That we'll have to thoroughly analyze as to what that would be. We suspect that the projection the federal government gave is very optimistic, that it won't be as high as that. And different analysts have said that publicly, that generally there will be the ability of certain corporations or entities to be able to structure their taxes differently.

Or the fear is of course that it will mean that there will be less investment than what's been in the past or money will go offshore. And that's been expressed by different experts in the financial world.

Mr. Wotherspoon: — Definitely heard some concerns about this sort of capturing a one-time event, say in the life of a business, or let's look to a farm. Could you describe what the impact of this would be on the agricultural community or on a farm in Saskatchewan?

Hon. Ms. Harpauer: — Just on first blush — and my officials can add more if they want to — going back to my experience of having a farm, I think where it'll mostly affect it is in the

successorship of the farm. In having that farm passed on to a son or daughter is where it's going to be affected, or a structure where the farm, which is often the case, has structured his business in such a way that the sale of part of that farm is his retirement. That's how it's structured. And that's not going to be just farms, that's going to be many businesses that have structured themselves in such a way that that sale is the retirement.

Mr. Wotherspoon: — Right. Yeah, I think some of the concern that I'm hearing early on here is that it captures these one-time events, potentially the sale of that farm that, you know, has represented sort of . . . That's been the retirement plan for many producers, many families across the province. Same for many local businesses, right, that . . . Anyways more questions I guess on that front.

Shifting gears just a little bit, can you advise on the total level for the provincials . . . total arrears level, sorry, for the provincial sales tax, as well as for oil and gas royalty payments, and the gas tax on 30-, 60-, 90-days basis, on April 1st, 2024. So both on the PST [provincial sales tax], oil and gas and royalty, and also the gas tax on arrears for the 30-, 60-, 90-day basis?

Mr. Hebert: — Thanks for the question, Member. So the oil and gas royalties, that's administered by E & R [Energy and Resources] so we don't have that number. For PST the accounts receivable as of March 31st, '24 is a little over 77 million.

Mr. Wotherspoon: — And the fuel tax?

Mr. Hebert: — We don't have that number readily available, but I'm sure we can get it here.

Mr. Wotherspoon: — How do the levels . . . You have the PST, I guess. You don't have the oil and gas number. Probably have the fuel tax available. Do you know how those arrears levels as of March 31st, 2024 compare with previous arrears levels?

Mr. Hebert: — Sure. So for PST at March 31st, 2023, the arrears level was at 73.8 million.

[16:00]

Mr. Wotherspoon: — And we don't know the fuel one right now?

Mr. Hebert: — No, but we'll get that for you.

Mr. Wotherspoon: — Okay. And I guess then, just specific on the PST since you have those numbers, but once you get the information if you can on the fuel tax as well, how much in tax arrears did you write off in the previous year '23-24 for PST and the gas tax? And how much do you expect to write off this year?

Mr. Hebert: — Thanks for the question. So remind me which programs you're looking for.

Mr. Wotherspoon: — Looking at the PST and the fuel tax if you . . .

Mr. Hebert: — Okay. So for PST the '23-24 write-off amount was \$1.9 million, and the fuel number was nil.

Mr. Wotherspoon: — And do you know what it is? Or do you have access to the oil and gas royalty? Or is that something that would be over at Energy and Resources?

Mr. Hebert: — That's Energy and Resources.

Mr. Wotherspoon: — Energy and Resources, okay.

Can you list for me the number of legal challenges that are filed against the province with respect to our royalty program, the PST and fuel taxes, as well as any legal challenges with respect to the provincial corporate and business taxes?

Mr. Hebert: — So apparently we've got 17 lawsuits across a number of the tax programs, those being provincial sales tax, tobacco tax, liquor consumption tax, and beverage container program. Anything income tax-related would be through the CRA.

Mr. Wotherspoon: — Okay. Could you break out the 17 to those respective taxes?

Mr. Hebert: — Sure. So in terms of ongoing lawsuits that have been filed, we have the Canadian Pacific Railway. And of course that's across a number of taxes. I'm sure you're aware of that one. Crescent Point Energy Corporation, that's PST. We have a number of various oil and gas producers with respect to PST and well cementing. There's the Lac La Ronge First Nation, that's tobacco tax. Ochapowace Indian Band, PST. Precision Contractors Ltd., PST. Ted James, PST. Jesse Tratch — these are representatives for class action lawsuits — PST. JNR Resources, PST; Hutterian Brethren Arm River Colony, PST; 606215 Sask Ltd., PST; John Husband, PST; Terrance Wuttunee, liquor consumption tax; Stacey Guy, tobacco tax; and Calyniuk Restaurants, beverage container program. I think that will add up to 15 and then there's a couple, in a couple of cases there's two lawsuits for the same company.

Mr. Wotherspoon: — Thanks for that information. With respect to the decision around not collecting or remitting the carbon tax, of course we've all been clear that we oppose both the federal carbon tax, but also oppose this unfair carve-out for Eastern Canada by the federal government. It's a real bad move. Not fair. But we have to make sure we're understanding implications for Saskatchewan.

Of course the federal government's confirmed that the CRA will be pursuing full repayment of the carbon tax that wasn't collected and remitted to the federal government. The minister responsible under the legislation for the collection and remittance has said that the decision to not remit wasn't taken lightly, and he states that the provincial government recognizes there may be consequences. He's confirmed that SaskEnergy is breaking federal emissions law by choosing not to remit the levy, therefore will have to repay the funds.

I guess the question is, given that both the federal and provincial governments appear to agree that there's no legal questions as to the province's responsibility to repay the money, what is the financial liability that the province has accumulated to date?

Hon. Ms. Harpauer: — We don't have that number. And I do think this will, could possibly end up in court.

Mr. Wotherspoon: — So you must have the . . . there must be the number being collected around the liability.

Hon. Ms. Harpauer: — Well SaskEnergy may have a number because they would know the customers and they would know . . . but that's in the Crown corporation.

Mr. Wotherspoon: — So then will the expense and the liability for the last three months of '23-24 be recorded in the '23-24 Public Accounts that will be released in June? And how does that impact the deficit for that year?

Hon. Ms. Harpauer: — The expense would only be recorded if we pay it. And then it would be recorded . . . Well depending on the timing of when should it be paid, then you would see that in the following quarter report.

Mr. Wotherspoon: — It just seems that the minister has stated that there's agreement on the requirement of the funds, so I'm just wondering how you're tracking or booking that liability. Have you gotten advice from the auditor on this front?

Hon. Ms. Harpauer: — Not at this point. We have not.

Mr. Wotherspoon: — Have you received any special advice from — I mean you've got a very strong public finance team there at the ministry — or from any other public finance officials in public sector accounting, leaders, on how that should be booked or how it should be treated at this time?

Hon. Ms. Harpauer: — The question becomes whether or not it is a liability because at this point in time, the federal government hasn't decided how they'll get paid.

Mr. Wotherspoon: — It just seems that with the statements from the minister responsible that there was some sort of an agreement that dollars, that there'd be consequences and that dollars would have to be paid somehow. So I'm just wondering how we're properly accounting for that liability given that it's a growing known expense that's being accumulated into the '24-25 fiscal year. Just wondering why there's no provision in the budget to account for that liability or how it would be handled.

Hon. Ms. Harpauer: — In the Ministry of Justice, there'd be lawyers that'd be looking into whether or not the federal government actually has a legal mechanism in which to collect it.

Mr. Wotherspoon: — Is the minister concerned that it would seem that the budget, in not booking a liability, will not conform with accounting rules, the province, if it's not identifying and booking a known expense?

Hon. Ms. Harpauer: — We don't know that it's a known expense. There is reason to believe at this point that the federal government will probably have to change legislation or introduce legislation to actually collect it.

Mr. Wotherspoon: — I'd urge the minister . . . Would the minister commit to undertaking engagement with our Provincial Auditor as well at this point in time on this matter to make sure that we're having a proper portrayal of our public finances, our budget, and doing our best to make sure we're protecting our

public finances?

Hon. Ms. Harpauer: — So the Provincial Auditor, I met with her this week. She'll be auditing last year's financial statements and our budget, which includes the fourth quarter of last year. So she is engaged in this.

Mr. Wotherspoon: — And has she engaged specifically on this matter of a liability and expense as it relates to the remittance of . . . or the dollars that appears the governments agree are a requirement?

Hon. Ms. Harpauer: — The Provincial Auditor is very thorough and she engages in all of the liabilities and expenses.

Mr. Wotherspoon: — And so I guess just to be clear then, right now are you getting guidance that, say, the last three months of the final fiscal year, where this would have impact, that that's the way that's been booked — or I mean it doesn't show up there — that that's in accordance with public sector accounting standards?

Hon. Ms. Harpauer: — I'm not getting guidance at this point in time, no.

Mr. Wotherspoon: — Ultimately in any of these matters if we're stuck with a liability as a province and if the public has to pay through their taxes for this cost, it has an impact for everyone in the province. So I would just really reiterate that, you know, we need to get this right, that it needs to be accounted for in an appropriate way, and that our public finances need to be protected.

Otherwise if we're just sticking the bill onto taxpayers through the tax system, you know, the actual gains that we would hope to offer folks, the protections . . . I mean the idea was to fix an unfair federal program to establish some level of an agreement to have some sort of a carve-out that protects Saskatchewan people, ratepayers on this front as well as obviously our public finances.

And it's just concerning at this stage that there seems to be a high level of uncertainty on this front. So I would really urge the minister to be proactive with the interests of Saskatchewan people on this front.

[16:15]

When I'm looking at some of the other . . . I just want to get a bit of a breakdown on some of the revenue items for government that aren't broken out in the budget, unless I missed them here. Obviously we don't need to get into the whole debate tonight. We know where we stand on the tax hikes that have been brought in the last number of years. We've expressed our serious concern with the big tax hikes by your government.

But what I have interest in getting an update on is to break out the current revenue collected on the areas where PST was previously exempt, where your government has applied it, where they've added it to, going back to 2017. So if we can start with children's clothing.

Hon. Ms. Harpauer: — If I may, if you go back to what you've received in previous estimates, you would have it to date. We'll give you this year's.

Mr. Wotherspoon: — I'm sorry?

Hon. Ms. Harpauer: — You've asked this I think every year. You should have all of that information. And we'll give you this year's, the current.

Mr. Wotherspoon: — Perfect. So if you can just provide . . . So if you just go through each of those items — children's clothing, construction labour, insurance, snack foods, used cars, restaurants, entertainment — if you could just break those out.

Hon. Ms. Harpauer: — So before you . . . The list of, of course, exemptions are in the budget document. PST is not remitted by category. So Walmart: so someone buys, fills their cart, goes through the checkout. They may have children's clothes. They may have snack food items. They may have other items that PST applies. It's not broken out. So there's no way to give you actuals, numbers for what you're requesting.

Mr. Wotherspoon: — So there must be on some of those categories. What about construction labour?

Hon. Ms. Harpauer: — Again it's one PST submission. They don't break it out to labour and supplies.

Mr. Wotherspoon: — So you're not tracking at all? Different numbers over the years that I've received as I've been trying to track . . . I mean you know that we differ on this in a big way. We really thought this was a real gut punch to the economy when it was brought about. You know, we've been trying to quantify obviously the fiscal impact but also the economic impact. But specific to the revenues that you're currently deriving on this front, you must be tracking this.

Hon. Ms. Harpauer: — You're talking about an expansion of PST from '17-18, so we're not going to track that for . . . There was estimates given at that time, which of course made the base revenue for the provincial finances more stable. There's only three significant revenue streams for the provincial government in which to provide services in health care, education, and social safety nets, as well as build infrastructure and it's taxation, federal transfers, and resource revenues.

So changes were made in 2017-18 because resource revenues had gone down and remained down for a number of years. There was an estimate at that time of what additional revenue that would generate by expanding the tax base. And no, it's not going to be tracked for decades. That happened, well seven years ago now. And I understand that you believed that that would completely crash the economy, but it hasn't. And building permits are up.

Mr. Wotherspoon: — Yeah, we don't need to get too far into the debate but I think the record's pretty clear that the economic performance of your government during that period of time since has been really poor. And you know, we lay out regularly . . . If you look at certainly the GDP [gross domestic product], sort of back of the pack in Canada. Jobs back of the pack. The building permit piece, same deal. And you have to wonder why; what factors are at play there.

And certainly as I chat with the business community and those that track competitiveness in the investment environment and securing capital and advancing the projects, they continue to

identify that as a real challenge and something that, of course, in the end there was a number I think that was suggested by government when it was imposed. And many that I would hear from, that economists and those tracking this through the local business community, would then point to the fact that we just haven't met the GDP targets and goals and that we've been back of the pack in the country as a result of this choice and possibly others.

And so then you just got lost. The revenues that were projected were never realized. And what we have is actually less people working, less projects moving forward. But if you're not tracking it, you're not tracking it.

We're continuing to engage in that conversation, just really looking to all the ways that we could enliven this economy and get as many people working and make sure those jobs are there for everyone across the province, and importantly, make sure that we don't have a competitive barrier challenge with those, you know, to the south of us or those to the west of us, our neighbouring jurisdictions.

With respect to insurance, that must be one . . . It was imposed on insurance. That must be quite straightforward to assess what you're collecting by way of additional dollars on that front. Could you provide the insurance number for this year?

Hon. Ms. Harpauer: — While the officials are seeing if they can find that number, if it does exist, I need to sort of comment on your preamble. The economic indicators performed very well in 2023. And the year where we had a challenge was when we had the largest drought in the history of the province, and it displayed how important agriculture is for our province. And I don't think drought is the fault of a government, any government.

But the indicators from 2023: employment reached 592,500 in 2023, which was an all-time high and up 10,700 jobs from 2022. The value of building permits totalled 2.4 billion in 2023, which was up 11.4 per cent from 2022, which was the second-highest growth rate among provinces.

Investment in building construction totalled 4.8 billion in 2023, which is up 4 per cent from 2022, the third-highest growing rate among the provinces in 2023. Housing starts totalled 4,619 units in 2023, which was up 9.7 per cent from 2022, which was the second-highest growth rate in the provinces.

Retail sales totalled 25.2 billion in 2023, an all-time high, up 0.5 per cent from 2022. Sales in food services and drinking places totalled nearly 2.4 billion in 2023, an all-time high, up 10.5 per cent from 2022.

So although you seem to see nothing but doom and gloom in our province, our government sees opportunity and growth.

Mr. Wotherspoon: — I think your government sees more taxes, and I think people are paying the price. And I'm very optimistic about this beautiful province and all those that make it such, but the heavy taxes that have been added have certainly hurt industries. The economic results are poor. Assessed I guess under a Premier's tenure from 2018 to current, back of the pack. And Saskatchewan people deserve to have the opportunity fulfilled.

But the question — let's just stay more focused — is how much on the insurance? And it should be straightforward as well to be able to break out on restaurants and then on used cars and recreation.

Mr. Hebert: — So thanks for the question, Member. So for restaurants, '23-24, we have an estimate of 146 million. Insurance is 198 million, and used vehicles is 109 million.

Mr. Wotherspoon: — Do you have recreation? Thank you very much.

Mr. Hebert: — We don't have that one broken out.

Mr. Wotherspoon: — Is that something you're able to get back to us?

Mr. Hebert: — No, it's the same situation with respect to the reporting of PST.

Mr. Wotherspoon: — Okay. Thanks for the information. Moving along a little bit, I just want to get a better understanding of some of the money that's moving to SaskPower.

In your budget, you announced that retroactively effective to January 1, 2023, the electricity carbon tax payments made into the provincial OBPS [output-based performance standards] program will be deposited into the GRF [General Revenue Fund] and will be dedicated entirely to priorities that help manage an affordable and reliable electricity transition. But after that announcement, you said that SaskPower's corporate capital tax and usage-based payments to the GRF will also be dedicated to clean electricity transition priorities.

Can you just explain what other usage-based payments refer to?

[16:30]

Hon. Ms. Harpauer: — We need some officials here for this answer. But SaskPower's annual usage-based payments amount is equal to 1 per cent of the gross revenues from all accounts of customers in Saskatchewan for supply of energy, not including exports.

Mr. Wotherspoon: — So that's what they refer to. How much money will be collected through the usage-based payments in '24-25?

Hon. Ms. Harpauer: — 30.4 million.

Mr. Wotherspoon: — And then how much . . . I mentioned the corporate capital tax that was identified as well. How much will SaskPower pay in corporate capital tax in '24-25?

Hon. Ms. Harpauer: — 60.8 million.

Mr. Wotherspoon: — How does that compare to previous years?

Hon. Ms. Harpauer: — You would have to ask SaskPower.

Mr. Wotherspoon: — The Ministry of Finance collects it though, do they not? It flows . . .

Hon. Ms. Harpauer: — I'm being told it's consistent. There's . . .

Mr. Wotherspoon: — Okay.

Hon. Ms. Harpauer: — Goes with their expansion and power grid, depending on the growth of the province.

Mr. Wotherspoon: — And the change then is where these dollars flow afterwards as being different to previous years, correct?

Hon. Ms. Harpauer: — Correct. Instead of being in the GRF it's going to go into this fund.

Mr. Wotherspoon: — And so previously those dollars would have flowed to the GRF and then could have been deployed for whatever purpose of government — health care, education, debt retirement — but now they're dedicated directly to the fund?

Hon. Ms. Harpauer: — To this fund. And this fund is twofold. Fifty per cent of the fund will go back to SaskPower in order to maintain low power rates going forward. And 50 per cent will go in a dedicated fund that will be identified, so that it's transparent, for future expense for greening the grid to help keep rates down into the future as we move towards greening our grid.

Mr. Wotherspoon: — So in this case, this year roughly 90 million — 45 million going one way, 45 million going into the fund. I guess, could you explain the accounting treatment of the money in the fund when it's transferred from the fund to SaskPower?

So once it's in the fund, then once it's transferred to SaskPower for the construction . . . I think right now the government's focus with those dollars seems to be SMRs [small modular reactor]. And the question would be, will it be a grant to SaskPower? Will it be an equity injection to the company? How will it be treated at that point?

Hon. Ms. Harpauer: — So I have to correct myself . . .

Mr. Wotherspoon: — Sure.

Hon. Ms. Harpauer: — So the output-based performance standards cost is what is split 50/50. The SaskPower corporate capital tax and the SaskPower usage-based payments goes into the fund for future greening, future cost of greening the grid.

Mr. Wotherspoon: — Kind of what the SMR fund that's been referred to, is that right?

Hon. Ms. Harpauer: — Correct, and that's in Environment. And when you asked about how the 50 per cent of the OBPS . . . is a grant back to SaskPower.

Mr. Wotherspoon: — Okay, so that's from the fund, the fund that's been built out. Well just to be . . . So the 50 per cent goes, and this is the transfer that goes directly to SaskPower, that is a grant. And then the question I have is, and we've now established that the 90 million being collected this year and the usage-based payments and the corporate capital tax, the 90 million goes directly into that other fund. And then my question on the

accounting treatment is, when those dollars then flow back to SaskPower at some point here, will it be a grant or will it be equity injection at that point? How will it be treated?

Hon. Ms. Harpauer: — We don't know yet. Right now it'll be a definitely identified and transparent fund. There's no . . . I mean we're quite public that we're exploring the possibility of small nuclear reactors. Should that be pursued, I envision — but no decisions have been made — that that would help with the capital cost of that. So it would depend whether we have a partnership with the First Nations or, because that's also being explored, as to where that money would flow to help with the capital cost. Because the more you can bring down the capital cost of future projects that will green the grid, the cheaper that you can offer the power.

Mr. Wotherspoon: — So those dollars may go to, like a third party of some sort? They may not flow back? So they may not be a grant back to SaskPower? They may not be an equity injection? They could go to someone else entirely different?

Hon. Ms. Harpauer: — It may be . . . Yeah, well we don't know right now where. I mean, technology isn't even there for the small nuclear reactor. It's exploration at this point. But we're getting close. And it may be the government's position, capital position, in the small nuclear plant. It may be something else, but it is absolutely preserved for future green power.

Mr. Wotherspoon: — My understanding on the exploration of SMRs . . . Obviously there needs to be a heavy assessment on the actual capital costs and the feasibility. Lots of other questions as well on any other power generation pieces. They're very capital intense though, without a doubt.

Everything I had received to date was that those would be — if they were to be pursued, if they were in the best interests of the public — is that they'd be owned by SaskPower. It seems I'm hearing something different here today, that dollars being put away could flow to someone outside of SaskPower to an independent or private operator.

Hon. Ms. Harpauer: — I don't think that's even thought about right now. But there is some thought and some interest from some First Nations of being a partner.

Mr. Wotherspoon: — Okay. Do you know what kind of model you're looking at as far as on the ownership side there, what that would look like potentially?

Hon. Ms. Harpauer: — No. Not at all at this point. I mean, this . . . face it, this is years out yet.

Mr. Wotherspoon: — So you're taking the 90 million out of these two fees that we talked about, are the usage payments and the corporate capital tax. Those were 90 million that were available to be deployed to the goals of government or needs of the province through the GRF before. Those are now being dedicated to the fund as well.

Is the minister concerned about the pressures that places on being able to fund the other priorities of government — health care, education, cost of living, all these other services? And like, is this another situation where the government's putting itself in a

situation where it's going to be revenue short and again looking for another revenue increase somewhere, a tax hike again?

Hon. Ms. Harpauer: — No. And this is where it gets really confusing when you talk about cash and summary financials. This was always in the summary financial statements. So it always was income and it will remain income in a summary financial ledger. And when you are expanding in health care, education, and social safety nets, you actually need cash. And we are actually in a fairly strong cash position. This doesn't change revenue in that it was revenue before in summary financial statements.

Mr. Wotherspoon: — It's revenue but it's dedicated to a fund with a purpose that will grow through some time and then potentially be discharged — I don't know what that will look like — but potentially all at once. You know, so in the summaries, I don't know what that looks like as well. And that might depend on how the accounting treatment to how those funds will then be deployed. So I was trying to get a sense of what this, you know, what this actually means.

Hon. Ms. Harpauer: — It means every budget is a balance within the fiscal situation of the province that day. With each and every budget, you have to balance. And I am concerned that there's no year in the future where suddenly you can have one huge expense for greening the grid. And I think it's wiser to slowly accumulate that money so that there's not a huge impact in one given year or a huge shortfall.

Should there not be money put in place for future expense of greening the grid, because it will cost money, then you'll have a shock of power rates at that given time, which is what we're trying to cushion the consumers from.

Mr. Wotherspoon: — Well certainly it's an area I think that needs to be explored and understood just further as we move forward. Because an accumulation of dollars in a fund and then those dollars flowing out of that fund in a one-year event would certainly, from an accounting perspective I believe, put you in a large so-called deficit situation in that year when those dollars are then deployed.

And of course dollars are dollars, so there's choices with them. They could go into a fund. They could actively pay down debt right now in SaskPower. They could go to other needs of government. They could keep costs low for people. So it's all about choices and just really trying to get a sense of how these are going to be treated.

I mean I've been clear that it seems that you're less than certain how they'll be treated from an accounting perspective or how they could be discharged. So I mean at this point I think I'll move along to a couple of other areas. I'll be watching the time. I might come back to it.

With respect to some of the revenue forecasts, I believe you've responded in the past to the media that — for example, on potash revenues or forecasts — that the government relies entirely on the potash companies to set those forecasts. Is that correct? Are your forecasts for potash entirely based on the input of the potash companies?

Hon. Ms. Harpauer: — I'm going to get my official who is the guru in this area.

Mr. Wotherspoon: — Sure.

Mr. Stewart: — Cullen Stewart, assistant deputy minister, fiscal policy division with the Ministry of Finance. So the resource royalties and production taxes forecasts are a combination of tools. So the primary mechanism through the potash system is to work directly with data from the companies and from their input in terms of their forecasting.

There is also though market intelligence that's done in terms of looking at market fundamentals for agricultural products, looking at inventory buildups; you know, in some cases looking at some of the competitors and what's happening in those production areas, as well as private sector experts that provide forecasts in these fields.

[16:45]

So it's a combination of multiple tools, but certainly data and insights from the producers is important in that.

Mr. Wotherspoon: — Okay. I appreciate that clarification because I think there was some comments that it's entirely based on the companies. We've got exceptional companies in this province, and they play such an important role in getting potash to the world and feeding the world and employing people and the investments they make. But they have a different fiduciary responsibility than that of the government, and theirs is to their shareholders.

And so I think it's critically important to take information and have a very good transparent flow of information, but it's prudent and required to have other public finance forecasters involved in that exercise. And I'm hearing that that's the case. It's a combination is what you described.

Mr. Stewart: — Independent third-party expert organizations that specialize in forecasting commodity prices, we take those into account as well.

Mr. Wotherspoon: — Thanks so much. Who are you relying on, on that front? I think we know the players, but . . .

Mr. Stewart: — I'd have to pull the names from our folders for you. The potash is very technical. It wouldn't be companies you'd be familiar with. The oil tends to be the major banks and then a few of the major market players that are probably names you're familiar with.

Mr. Wotherspoon: — Are you able to provide that information — maybe not during the next, what do we have here, 40 minutes — but in the subsequent days back to us?

Mr. Stewart: — Yeah, we can provide that. I believe we already have a lot of that public.

Mr. Wotherspoon: — Sure, thanks so much. Looking at the forecasts for the out years, the forecasts for 2027 and '28 seem to suggest that not only will the operation of BHP have no impact on the price of potash, but the price of potash will be higher in

those years than it is today. And I'm just wondering if that makes sense.

Of course we've got this very important industry. We've got a big, new market entrant. It's wonderful to have BHP making these investments and producing, but what you're talking about is bringing significant volume of new production online. I would assume they're not going to be fully productive right from the start. In fact they've talked about scaling up, but at some point they'll have 8.5 million tonnes. So I'm just looking to the '27 and '28 years with forecasts of increased prices and wondering if that makes sense, or if that's incorporated BHP's entrance into the market and the new production they'll have, the new volume that they'll be putting into the market.

Mr. Stewart: — So with respect to the out years of the forecast, the global demand for potash is growing quite substantially in Latin America, in Asia, even in Africa, and our on-shore markets are quite strong here in North America. So in terms of being able to absorb the output from new mining production in Saskatchewan, I think the global markets are going to be ready for that in the future. There's certainly strong demand, and that's what the companies are making these, you know, hundred-year investments based off of.

Mr. Wotherspoon: — Thanks so much. Can you speak to what other assumptions are behind the price forecast for potash? For instance, does the forecast assume the awful and unforgivable war in Ukraine? Does it factor that in as continuing, and then some of the market implications with respect to Russia and Belarussian potash. I mean it's a concern and what we're hearing, I think, is that those markets are finding . . . those countries are getting their product to market, which is a concern to no end. But I just want to have a sense of how you factored in those external factors into your forecasts.

Mr. Stewart: — So with respect to resource commodity forecasting, you're always looking at the supply side. Who are your competitors? What does the market access situation look like? What is the, you know, potential pricing environment? In this case, as you mentioned, Russia and Belarus have now been able to return to pre-war export levels. But there are restrictions in a number of major economies, and there obviously has been disruptions to some of their export platforms and trade routes. So they are selling at a discount into the market, and so that's factored in.

Potash in particular, but oil as well, there's large inventories around the world. So inventory levels are very important to be mindful of, both in terms of what that means on the potential pressures on supply or release valves, if you will, and on the demand side. And then of course there's the demand fundamentals that you look at in terms of what are the major markets that you're active in and what are the underlying pricing fundamentals in those markets, inventory, and potential for those markets to grow to take more product. So across any sort of analysis of geopolitics you'd be looking at as an exporter, what is the impact on your markets, on your trade routes, and on your competitors, and be taking that into account.

Mr. Wotherspoon: — No, thanks for that. I was wondering, yeah, just how you were factoring in those aspects into the forecasting situation. Obviously, you know, I guess we'd urge

the world and buyers of potash around the world, those that are dealing with Russia and Belarus to, you know, wake up to the reality of the devastation that's being caused right now. And Saskatchewan obviously should be the world leader, and we are, when it comes to potash. And securing those markets is, you know, incredibly important.

Looking on the oil side a little bit, with Trans Mountain coming online this spring finally, of course that's been important. You know, the pipeline capacity, export capacity is very important. Can you describe what fiscal impacts that has for Saskatchewan and WCS [Western Canadian Select]?

Mr. Stewart: — Thanks for the question. With respect to the Trans Mountain pipeline expansion, it will be bringing on approximately 600,000 barrels a day of additional export capacity from the Western Canadian region, which is an integrated oil production zone when you think about transport networks and markets.

This is really beneficial because, first and foremost, most pipeline systems have been full in Western Canada for a long time. The rail system has certain limitations in terms of cars, crews, and then obviously it's competing with other sectors that also rely on the rail network like agricultural, potash products, so on and so forth. So the extra capacity will be very positive in terms of pushing up the price of Western Canadian Select.

The other fundamental aspect of Trans Mountain is that it will be pushing product into the Pacific basin, which is the most lucrative oil market in the world, and diversifying Western Canada's supply options. So as more oil, heavy oil moves from Alberta into the Pacific basin, that opens up pipeline capacity for Saskatchewan producers as well. And that also gives a boost to the overall price of Western Canadian Select, no matter what market you're selling it into because you have that diversity of supply or export options.

So you'd see that the light-heavy differential in our forecast is tight compared to what it's been in past years. And so it's a combination of both the increased export capacity but also where that export capacity is going.

Mr. Wotherspoon: — I appreciate that very much. Over the years this is a file that, you know, I've tracked regularly. Government's had interest in it, that whole . . . the differential and fair value for our resource and opportunities for Saskatchewan on many fronts. And thanks for identifying the other transportation pieces around rail and some of those other logistics that hopefully can improve as well.

I want to turn my attention to the economic forecast, Minister. Your government's showing job growth at a very tepid 8,400 jobs this year, which is, based on approximately 600,000 jobs, is a growth rate of only 1.4 per cent. But what's more concerning is that the number of jobs remains around that level in each of the next five years — you know, real flat. How would you describe your long-term job growth?

Mr. Stewart: — Thank you for your question. So you've identified that the province is expecting total employment growth of 1.4 per cent in '24-25 and then that 1.4 per cent growing out into the future. So this is economic forecast informed by private

sector experts, and this is what they project is a growing labour market in Saskatchewan. So we've reached over 600,000, or will reach over 600,000 in total employment this year in Saskatchewan, which would be a new record for the province and then continuing to grow from there in the medium-term outlook.

Mr. Wotherspoon: — Fair enough. I mean the numbers are what they are. It's pretty tepid growth, especially when you're looking at the period that we've come through from 2018 to this period, and where that's situated Saskatchewan people in our economy, sort of last in the nation on far too many measures. So this is, you know, clearly an area of concern. People need good job opportunities and jobs that can pay the bills, especially with all the financial, all the cost pressures around them.

When you look at the budget, there's a shift where it continues to drop more economic analysis and statistics that used to be included within the budget. And you know, if you're looking at some of these measures, you know, I think they add value for the public, such as retail sales, building permits. And I guess I'm just wondering, don't you think that the budget documents would be . . . that these would be added value for people to have their inclusion in the budget, added value to the public discourse as well as just a bit of comparative analysis and analysis over a period of time comparative to other provinces?

And I guess just to give some recent examples of that data, the economy's certainly not as strong as it should be as we've described. And you know, some of these points have been shared, illustrated certainly for example, from the April 2024 statistical review, such as retail sales year over year, January to January from '23 to '24, is a negative 3.1 per cent change in Saskatchewan while Canada was up 2.5.

Manufacturing sales, same period, Saskatchewan down negative 4. Value of building permits issued — and this is a forward-looking statistic of course — but January 2024 over January '23, residential was down like negative 46.2 per cent; commercial's totally flat. I guess my question is, don't you think these sorts of statistics add value to the document, to the budget?

Hon. Ms. Harpauer: — There are a number of agencies, including Stats Canada, where you can obtain statistics. And as I have found, just even listening to yourself and your fellow members in your caucus, statistics can be cherry-picked. It can be . . . If its month over month is negative, that's the statistics that you will use rather than year over year. Is it seasonally adjusted for some numbers or not? So are we going to fill the document with statistics? The answer is no.

[17:00]

Mr. Wotherspoon: — Well I would urge the government to have a more fulsome presentation that includes the full set of results, and then to compare them to other jurisdictions. And I think it's shorting Saskatchewan people of what they deserve to have to, you know, engage in the public discourse and have a better understanding of the state of affairs in the province that we're all working to build.

So I would urge that we should go in the direction of including those, not reducing that information as we've seen and, you know, cherry-picking what's there, but actually providing a

fulsome display, full state of affairs, and engaging people in that conversation.

And just shifting gears a bit here, well just on the employment piece again, the budget really speaks glowingly about employment but the results just don't match that rhetoric, right. And you know, what we see here is that 1.8 per cent in 2023, 10,000 jobs. But employment numbers are interesting, you know. And have you looked as well at I think comparing that to other jurisdictions, you know, in all of Canada? Other measures as well, like the actual hours worked compared to other jurisdictions?

And I guess to the minister: does the minister agree that growth needs to be put in perspective to others? So it's not just what we're experiencing as a province — and it's been tepid, what we see — but you need to kind of look to what other provinces are experiencing. And the actual hours worked is also an important measure of the direction of the labour market, and that the growth and hours worked should be compared as well to say, you know, the Canadian average.

And I would just share, as a note, from 2017 to 2023 inclusive — so not just one month or anything but that whole period, 2017 to 2023 — total hours worked in Saskatchewan grew by 4.6 compared to the Canadian growth of 9.5 per cent. Further total hours worked in Saskatchewan from 2022 to '23 grew by 2.1 per cent, while Canada grew at 3 per cent.

I guess is the minister, is she concerned about this lacklustre performance on jobs? And does she see value in assessing some of these other measures of job performance?

Hon. Ms. Harpauer: — Yet again, I see the member opposite seeing nothing but the downside in our province, when in fact, there are jobs available and our population is growing. And people are coming here not because there's nothing to do; they have jobs to come to.

With that, however, if you wanted to discuss job numbers and debate job numbers, I suggest that you should have done so in the respective ministry that it is incorporated in.

Mr. Wotherspoon: — I know our critic certainly engaged there as well. And you know, we're certainly positive about what we need to build in Saskatchewan and what's possible here. But the foundation of the budget lays out a very, you know, very stagnant economic forecast and one that I think falls far short of extending the kind of opportunity that people are looking for, especially when we look at the record of the last number of years.

If we're looking at provincial debt and looking at some of the decisions and choices that'll be made in the next number of years, I understand that during discussion of SaskPower's estimates, the following issue was raised, and that the minister previously suggested that SaskPower be looking at up to four SMRs. He then suggested that SaskPower should be planning for eight or nine.

And you know, if you're looking at the costs and some of the ballparks here and you look at our debt, you know, even assuming \$4 billion each after incentives, you know, eight SMRs would result in doubling of the province's gross debt, currently at 34.8 billion, of course, in this year. Big, big increases that

we've seen there.

My questions are, what have you assessed would be the implications for our province's credit rating?

Hon. Ms. Harpauer: — We have no way of determining that. And that is far into the future and isn't pertinent to this year's budget.

Mr. Wotherspoon: — Well there's dollars being pulled away from the GRF and being dedicated towards SMRs or other potential generation and a lot of resources being discharged from this budget, this budget here this year, down that path. And certainly SaskPower is going to be in a position where they need to make choices on this front. And so the question is one of the forecast here and on the debt side. And have you assessed what the debt implications would be when we're talking about that sort of capital?

And just to flag that the Minister from SaskPower told our team that the best place to go get those answers are over here with the Minister of Finance.

Hon. Ms. Harpauer: — As you know we project out to 2028 and not beyond, and there won't be any SMR before 2028.

Mr. Wotherspoon: — Well I would urge much more focus on this front. I mean our debt has increased in big ways already. We have to . . . Can't be driving with your eyes closed on these fronts. I mean at some point we need to know, step up to the power generation needs into the future. We have to assess the capital intensity of the options and hopefully choose the best option when it comes to affordable, reliable, sustainable power.

But it doesn't engender a high level of trust or faith with a dedication of dollars into a fund right now, or just kind of going down that path without providing clarity and the business case and the economics and those answers back to people.

Just looking at the debt forecast itself that was included in the '24-25 forecast with a five-year debt forecast, can you advise whether . . . So the Lake Diefenbaker irrigation project with Water Security, it details some of the commitments in this budget in the out years, so I assume it's factored into the total debt that's there in this budget, factored in for '25-26, '26-27, '27-28. But just to confirm, is the Diefenbaker irrigation project included there?

Hon. Ms. Harpauer: — Just to address the member's preamble, I can assure him and his colleagues that we are constantly looking at the future and what the future will hold or cost, as well as addressing today and what the challenge of growth is as we plan on the province growing and the economy growing. And with that growth is how we will pay for the services in health care, education, and social safety nets.

Unlike, I have yet to hear from the NDP [New Democratic Party] members of a plan whatsoever of what they would do different. There's always criticism of "don't save money for future power," but then come complete one-eighty and say, "but you're not planning for future power costs," all within less than two hours. There has been a number of suggestions of more spending that needs to be done with absolutely no plan on how that would be

paid for, by the members opposite.

And I was there, quite frankly, elected when there was an NDP government. And taxes have gone down substantively — substantively — when you look at the suite of taxes than when the NDP were in government. And there was little to no investment in capital. There was no new schools; there was school closures. There was no new hospitals; there were hospital closures. So . . .

Mr. Wotherspoon: — Chair, with respect, just my question was . . . And I appreciate, Minister, we can, you know, debate later.

The Acting Chair (Mr. Skoropad): — Sorry. I'll just let the minister finish here, please, because you did pack a lot into the preamble.

Mr. Wotherspoon: — The question was, is the irrigation project included in the debt forecast numbers?

The Acting Chair (Mr. Skoropad): — Right. So I'll allow that minister to contextualize that please.

Hon. Ms. Harpauer: — And I would ask the member opposite, if he doesn't want a rebuttal to his preamble, then he should discontinue the preamble. With that, the capital plan is in the budget and the irrigation project's in the capital plan.

Mr. Wotherspoon: — Thanks for the irrigation project answer. So on the irrigation project, the debt forecast takes us to '27-28 — 44 billion dollars. Does that fully complete that project at that point? Or how much more capital would be required after that?

Hon. Ms. Harpauer: — The irrigation project?

Mr. Wotherspoon: — Yeah.

Hon. Ms. Harpauer: — That will be like a decade or more in the making.

Mr. Wotherspoon: — And so can you . . . How much debt is being added on for the irrigation project? You described that it's included in the debt forecast for the years '24-25, '25-26, '26-27, '27-28. And of course through that four-year period it goes from \$34.8 billion debt to \$44.1 billion debt.

Hon. Ms. Harpauer: — If you would turn to page 27 of your budget document, under Government Services, dams and water supply channels, you can see the numbers projected to 2028.

Mr. Wotherspoon: — What percentage of completion does that require or does that get that project to from a capital perspective?

Hon. Ms. Harpauer: — You'd have to ask the respective minister responsible.

Mr. Wotherspoon: — Well this is the Finance committee and it accounts for the debt, and there's a whole lot of debt that's being added. And I think we need to . . . This should be the place that we understand its implications.

I guess to that front, you know, of course the debt's tripled under your government, and the government that's really struggled to

balance the books, you know, one balance out of the last seven years. And I won't get into, you know, some of all the mismanagement pieces, but what I do want to get a sense of is your concern around the debt load and then the debt servicing costs.

And when I look to the budget, I understand . . . Is it correct for me to look at the budget and see that this budget actually increases debt servicing costs in one fiscal year by, you know, approximately \$100 million, from 800-and-some million to over 900 million? And then if I look to the fiscal track and plan from this budget, in the course of four years it looks like that debt servicing will then grow not just by 100 million, but that it would grow from 824 million to 1.264 billion.

So you're talking about, like, a 50 per cent increase in just servicing that debt that's been stacked up there. Do I have those numbers correct? And does this concern the minister?

Hon. Ms. Harpauer: — The 2024 budget projects the gross debt to be 34.8 billion or net debt to be 31.5, which the difference of 3.3 billion is attributed to the inclusion of sinking funds. And there are three categories of debt. There's the Crown debt, which will be 13.7 billion. And of course the Crown corporations have a business plan that, through their rates, they manage their debt. And they measure the health of their debt by debt-to-asset-value ratios, and it has been relatively steady. The debt has gone up, but so has their asset value gone up substantively.

There is the capital plan debt of course, which can be equated to a mortgage because it is money borrowed for a one-time project such as a hospital, a school, a bridge. And that is projected to be 13.6 billion or if you take off the sinking funds, then it is 11.7 billion of net debt. That is absolutely for the infrastructure that has been built in this province because of a growing province.

And I would be interested to know which hospital or which school or the parkade here for the Regina General Hospital or the urgent health centres that we're building or what he wouldn't build or which highway he wouldn't fix. What would he take off of that schedule in this year's budget so that that borrowing would be less?

And of course there's the operating debt, which is now at 7.5 billion, which is the debt that I've spoken publicly is the largest concern that I have because that of course is borrowing in order to meet your day-to-day costs.

[17:15]

Thankfully due to the strength of our renewable resources, we have been able to bring that debt down by 2.5 billion over the last two budgets rather than incorporate the money which is basically one-time windfall into day-to-day operating, which I was encouraged to do by members in your caucus.

But the way you measure a government's health, financial health, of course is through debt-to-GDP ratio, and the debt-to-GDP ratio in Saskatchewan is 14 per cent. It is the second-lowest in all of Canada.

And I found it rather interesting going back, because I was

elected for a number of years and I was here when the NDP were in government. And yes, when the NDP were in government the debt was lower. It is true. But in the last full year of an NDP government, the net debt-to-GDP ratio was 28.2 — over double, over double what it is today. So although debt was lower, it was not healthy. It was not as healthy as what it is today. The capital plan in this budget is nine times the amount of what the final year of an NDP government was because they just let everything deteriorate or they closed.

So is debt always a concern to me? Yes. Do we discuss it in government? Yes.

We also have the pressures of more students, so we need more classrooms; a higher population, so we need more health care facilities. Our highways need to be maintained, and the highways are an economic driver for our economy. All of that needs to be taken into consideration. It needs to be balanced. And the health of that fiscal situation is measured by debt-to-GDP, second-lowest in the country.

With that, Mr. Chair, the officials have answers to the questions that they had promised to provide earlier.

Mr. Wotherspoon: — And I guess the question that was asked there too but wasn't answered . . . We've got limited time here too. Of course debt's grown in a big way, so has debt servicing. It's gone up \$100 million. It was 800 million, now it's up 100 million. Over the next five years, got a 50 per cent increase on the amount we will be paying each and every year. My question was, do those costs and that trajectory concern this minister?

Hon. Ms. Harpauer: — I answered that question. I said debt is always a concern. It needs to be managed. It needs to be managed carefully and your debt health needs to be considered when you make decisions in a balanced way.

What I can say, since I became Finance minister, is we retired all of the double-digit interest rate debt that was brought in by the NDP. We only have single-digit interest rates now.

With that there are answers to questions.

Mr. Wotherspoon: — I guess I appreciate the answers, and then I have another question.

The Acting Chair (Mr. Skoropad): — Yeah, I'll ask the officials to answer those questions then I think we've got time for a few more questions, so we'll be good there.

Mr. Stewart: — Thanks. So with respect to the forecast, the market dynamics in terms of supply, inventory, demand, and general benchmark pricing, for the oil sector some of the private expert forecasts to look at are BMO Financial Group, GLJ Associates, NYMEX [New York Mercantile Exchange] futures, Peters & Co. Limited, McDaniel & Associates, Scotiabank, Sproule Associates Limited, and TD Bank Financial Group.

And then with respect to the potash forecasts around, you know, global market dynamic, supplies, inventories, pricing, those sorts of things, there's an organization called CRU Group which is an expert organization in mining dynamics globally in terms of

marketing intelligence. Argus is another organization, as well as BMO [Bank of Montreal].

The producer data is fundamental to the forecasting though in Saskatchewan as well because the royalties and the production taxes and so forth are based off of realized prices in Saskatchewan. So that is critical to understanding what they're expecting to see at the mine gate or at the wellhead and the operating costs that they have and those sorts of things. So those are fundamental inputs and potentially the most important.

Mr. Wotherspoon: — Thanks very much for that information. The minister made a bit of a political rant there and was going after a government previous, over 17 years ago now. And just to, I mean, remind folks and anyone watching, as she identified, debt was much lower then. And that government really focused on bringing down debt-to-GDP ratios. We were stuck with just a horrible situation from the Grant Devine government of the 1980s . . .

The Acting Chair (Mr. Skoropad): — I'll just interject here. I just remind Mr. Wotherspoon, I appreciate that . . .

Mr. Wotherspoon: — I listened to that, Chair.

The Acting Chair (Mr. Skoropad): — I appreciate . . .

Mr. Wotherspoon: — I listened to that and we can respond. And we pay for that debt today because it's been debt that's been carried, right.

The Acting Chair (Mr. Skoropad): — Mr. Wotherspoon, I'd ask you to move on to the estimates, please.

Mr. Wotherspoon: — We're focused on the estimates. Debt is cumulative so debt of Grant Devine was one heck of a mess left for the people of Saskatchewan. And I know that administration worked hard to get things back on track. The trajectory under the current government, well it's been, you know, back off to the races there. I know that if you assess debt in the province historically, 95 per cent — the debts on our books in this budget — 95 per cent of the debt has been accrued under a Conservative or a Sask Party, Tory government.

But let's focus in on a very important file where our voice matters in addressing fiscal fairness for the province, and it's one of equalization where this province doesn't receive a fair shake on this front within the nation. It's one that I've brought up year after year in a steadfast way. It's one where the current government has been inconsistent in speaking to its importance. And I guess I would just identify, we had a good exchange last year, Minister, on this file. And unfortunately the renewal of equalization had occurred at that point, so we're now in that five-year agreement.

But soon enough we're going to be up upon its renewal. And kind of two of those points at that time . . . You know, we need to be consistent and principled in our entries for fiscal fairness, and you know, we've talked about the important improvements of how resource revenues are treated in an unfair way or how hydro-electric revenues are treated in a way that aren't fair. We've talked about the importance of removing things like the fiscal capacity cap or end the removal of the three-year average. We also have talked about, you know, a piece about more fair

distribution of excess monies through a pool.

But none of this will happen if we don't advance this with other provinces across Canada and with the federal government, and it's not going to get addressed if we wait until 2029 is upon us, or 2028. Anyways it's a five-year agreement. My question to the minister is, what actions has she undertaken in the last year, and what's planned in this fiscal year to advance the very important argument around fiscal fairness with respect to equalization for Saskatchewan?

Hon. Ms. Harpauer: — There's very little opportunity to advance it with this particular federal government. And I will say this. In December there was a federal-provincial-territorial meeting. The federal government decides the agenda. The provinces had put together suggestions for an agenda.

And in fairness, I mean, the provinces are . . . they're not unified in seeing the equalization formula change, because of course why would they? Because they are recipients. In particular our neighbours to the east, I think, are getting close to \$4 billion in equalization payments in Manitoba, and so they can afford things that we don't have that kind of privilege.

Equalization was not allowed to be on the agenda. And getting a meeting with Minister Freeland is very challenging, and it's not just Saskatchewan. It is all of the provinces, all of the provinces.

Mr. Wotherspoon: — Thanks for the update. It's just a file we need to lean into as a province, and we can't expect others to lead it. You know, we know we have the expertise here. We know it. We've got some allies in other provinces. We need to build out relationship and allies in others, and that's an important piece.

And you know, obviously this federal government's been poor on this. Previous one, I mean Harper and his crew, I mean they were completely not honest with Saskatchewan people on this front with their commitment. And it's well past time that we, you know, that we have fiscal fairness from whatever federal government's going to be elected into the future.

I guess to that end, obviously I think the way to go about this is like on any file, like you know, but is being clear with any of those federal leaders. You know, certainly the Prime Minister, certainly the Conservative leader, sure, the NDP leader too. But with respect to I guess Poilievre and the Conservatives, has there been . . . I think we need an undertaking that's even across the board, making clear the need for fiscal fairness and improvements on equalization. In your advocacy there, have you got a commitment from the federal Conservatives on this front?

Hon. Ms. Harpauer: — No.

Mr. Wotherspoon: — Thanks for that, Minister. I think if as many voices and many folks are clear on these interests with all parties, just like on other files, hopefully there will be a chance for us to address the fiscal fairness piece for Saskatchewan.

With respect to the trade offices that the government's established, are they governed by the same fiscal framework as ministries operating here in Regina? And if there are differences in fiscal, financial operations of these offices versus a government office here in Saskatchewan, can you advise what

those differences are.

Hon. Ms. Harpauer: — You would have to ask the respective minister.

Mr. Wotherspoon: — Okay. And so then I guess this question . . . Just let me know if it should be going somewhere else, but do those offices submit payment requests and accompanying documentation to the Ministry of Finance for issuing of payments, or where would those go? And are there petty cash accounts or chequing accounts managed in these offices? And if so, could you describe?

Hon. Ms. Harpauer: — It's all in Trade and Export.

Mr. Hebert: — Mr. Chair, I have an update on the fuel numbers. I know I gave you the PST A/R [account receivable]. We've got the fuel ones now. So accounts receivable at March 31st, 2024 for fuel is 26.2 million, and accounts receivable for March 31st, 2023 is 25.3 million.

Mr. Wotherspoon: — Thank you. Thank you very much for that. Could you just profile the additional debt. I think it describes it as \$4.3 billion in debt being borrowed in this fiscal year, of long-term debt. And could you just profile how much of that is being rolled over from prior years and how much is new debt, and then touch on the associated costs, the rates and terms that Saskatchewan people are . . . the terms of that debt?

Hon. Ms. Harpauer: — If you turn to page 58 of the budget document, you will see in the General Revenue Fund operating, that's refinancing. So we're not borrowing additional dollars. So we're borrowing for the capital plan 1.9 billion. And then in the government business enterprises, we're borrowing 1,536.6 billion.

Mr. Wotherspoon: — Thanks for that. And I'm told by the Chair I have time for one more tight question. And I'll end it with a positive note with a shout-out to officials who do such good work on so many fronts.

But a file that I've followed up over the years on where there's been action is that of e-commerce platforms that weren't being subjected to a fair tax when you look at Saskatchewan retailers and local businesses that were paying that price. Could you update where we're at on this front? How much revenue was derived last year? What's forecast this year on this front? And identify some of the actions and progress that's been made on this front and any further steps that'll be taken this year.

[17:30]

Hon. Ms. Harpauer: — Before I turn it over to the officials, the shout-out goes to Brent. He pushed this file and got us actually collecting from a number of online services. So, Brent.

Mr. Hebert: — Thank you, Minister. So just going back to last year. When we updated it, we had 116 electronic organizations licensed. Actually Nancy's group deserves kudos, because then for '23-24, we're now at 323. And they're actively working another 138 files in terms of e-commerce businesses delivering goods and services into the province.

In terms of tax collections, in '22-23 we collected an additional incremental \$90 million on goods and services coming into the province. In '23-24, our estimate or projection is 94.2 million. And overall since we started the strategy, we've collected an incremental \$255 million worth of taxes on those folks delivering goods and services into the province.

Mr. Wotherspoon: — Thanks so much for the update.

The Acting Chair (Mr. Skoropad): — Thank you. Having reached our agreed-upon time for consideration of Finance today, we will adjourn consideration of these estimates. I would turn to you, Minister, if you have any closing comments you'd like to make.

Hon. Ms. Harpauer: — Yes. I just need to thank my team, my officials. I couldn't do this without them. And they do an amazing job, so I thank them. I want to thank all the committee members for their time and the member for his questions.

The Acting Chair (Mr. Skoropad): — Perfect. I would turn to Mr. Wotherspoon. Do you have any comments you'd like to make?

Mr. Wotherspoon: — Thanks so much, Mr. Chair, and committee members, but importantly to the minister and the officials that are here. Without a doubt, we're blessed with exceptional Finance officials leading the way for this province. It's evident in the responses from the officials that are here. I want to thank you as well for the work that you're involved in and all those connected to that work.

And to my sparring partner, the minister. I know these are what could be her last estimates if she indeed doesn't run again as she says she's not. And she's been in that role a long period of time, and I know I can only imagine the pressures and the sacrifices as well through that time. I know we've had lots of good hot debate on different issues, including here tonight, and all that stands. That's how this place works and how we work to represent people. But to the minister and for her service in her last estimates, I want to wish her well.

The Acting Chair (Mr. Skoropad): — Thank you. I'd ask the minister if you require a brief recess to change out officials.

Hon. Ms. Harpauer: — Yes, can I have 10 minutes?

The Acting Chair (Mr. Skoropad): — We'll take a 10-minute recess.

Hon. Ms. Harpauer: — I'm not changing officials, but I may do something else.

The Acting Chair (Mr. Skoropad): — Perfect. We'll take a 10-minute recess.

Hon. Ms. Harpauer: — And you're okay with that?

Mr. Wotherspoon: — Yeah, you bet. The hockey game's on, so let's get rocking.

[The committee recessed for a period of time.]

Bill No. 156 — *The Tobacco Tax Amendment Act, 2024*

Clause 1

The Acting Chair (Mr. Skoropad): — Welcome back, Minister. Welcome back officials, committee members. So we will move on to consideration of Bill No. 156, *The Tobacco Tax Amendment Act, 2024*. We'll begin our consideration with clause 1, short title. Minister Harpauer, please make your opening comments and introduce your officials.

Hon. Ms. Harpauer: — Thank you, Mr. Chair. I'm pleased to speak to you about amendments to *The Tobacco Tax Act, 1998*. These amendments were introduced by the government in 2024-25 Saskatchewan budget announced on March 20th, 2024. This measure will help to combat flagrant abusers who are openly selling illicit tobacco and with no recourse for their actions. These amendments will strengthen Saskatchewan's ability to combat illicit tobacco and remain consistent with measures taken by other provinces.

Mr. Chair, this bill introduces a requirement for tobacco retailers to be licensed to sell tobacco and to purchase tobacco from a licensed wholesaler. There is no cost for obtaining this licence.

The legislation includes two clarification amendments that will update the Ministry of Finance, revenue division, enforcement officer name to "revenue investigator" to better align with their responsibilities and to differentiate this group from the traditional law enforcement personnel; and to add a definition of person to provide stakeholders a better understanding of who the tax applies to. In addition, the legislation includes a related amendment to *The Fuel Tax and Road Use Charge Act* to update the enforcement officer name to "revenue investigator."

[17:45]

Mr. Chair, I'd like to thank the committee for the opportunity to present these legislative changes. I have a number of officials with me and they will introduce themselves should they answer questions.

The Acting Chair (Mr. Skoropad): — Perfect. Thank you so much. And I guess I would just say the last thing before I turn it over for questions. I just remind officials or anyone else, please do not touch those mikes. But with that I would turn to Mr. Wotherspoon for questions.

Mr. Wotherspoon: — Yeah, thanks so much. Yeah, I think the aims of this legislation, you know, seem to make sense. I don't have a whole lot of questions. What I'm interested in is, through your consultation or otherwise, have you had unintended consequences of how you're going about this raised that are a concern? Or have you had direct concerns raised with you with respect to this legislation as well?

Hon. Ms. Harpauer: — For that I'm going to turn it to the officials. I personally as the minister haven't had consultations. This was brought forward by officials as a concern that needed to be addressed. So, Nancy?

Ms. Perras: — Nancy Perras, assistant deputy minister of revenue division, Ministry of Finance. In our consultations on

this work we've had full support from all the folks that we reached out to, and they were very pleased that there wouldn't be a charge or a fee for the licence. So that was the one thing that we noted in our consultations.

Mr. Wotherspoon: — Thanks. Can you describe the consultation you had with First Nations as well on this front?

Ms. Perras: — In our consultations with the First Nations, their request was to have retailers be licensed because of the amount of contraband tobacco that was flowing through many of their retail locations. So they fully supported.

Mr. Wotherspoon: — And were there any . . . Not saying every concern is a valid one from anyone around the province, but has there been any concerns brought forward to ministry officials or the minister with respect to this legislation?

Ms. Perras: — Not from our perspective.

Mr. Wotherspoon: — All right, that's it for me.

The Acting Chair (Mr. Skoropad): — Well seeing no more questions, we'll proceed to vote on the clauses. Clause 1, short title, is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 16 inclusive agreed to.]

The Acting Chair (Mr. Skoropad): — His Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts the following: *The Tobacco Tax Amendment Act, 2024*.

I would ask a member to move that we report Bill No. 156, *The Tobacco Tax Amendment Act, 2024* without amendment. Mr. Bonk moves. Is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried.

Bill No. 157 — *The Income Tax Amendment Act, 2024*

Clause 1

The Acting Chair (Mr. Skoropad): — We'll now move to consideration of Bill No. 156, *The Income Tax Amendment Act, 2024*. We'll begin our consideration with clause 1, short title. Minister Harpauer, please make your opening comments and introduce any officials, please.

Hon. Ms. Harpauer: — Thank you, Mr. Chair. I'm here today to discuss Bill No. 157, *The Income Tax Amendment Act, 2024*. This legislation implements the income tax initiative that was announced on March 20th, 2024 as part of the 2024-25 provincial budget. Mr. Chair, I'm pleased to announce that this legislation maintains the small-business tax rate reduction at 1 per cent for

one more year to June 30th, 2025 to provide further support to small businesses and allow owners to reinvest in their businesses.

This will benefit small businesses in Saskatchewan with a savings of 56 million in corporate income tax. In total since the small-business tax rate was lowered in the fall of 2020, Saskatchewan's small businesses will save an estimated 416 million in corporate income tax. In addition this initiative will result in Saskatchewan continuing to be tied for having the second-lowest small-business tax rate in Canada. And when combined with Saskatchewan's small-business threshold of 600,000 — the highest in Canada — Saskatchewan's tax environment will remain very competitive.

Mr. Chair, the bill also proposes a technical update to the provincial income tax legislation by amending the dividend tax credit in response to changes to the small-business rate, which is intended to remove differences in tax payable because of a choice in business or income-earning structure. This will maintain integration between the corporate and personal income tax systems.

Mr. Chair, I'd like to thank the committee for the opportunity to present this legislation changes today and would be ready to answer any questions.

The Acting Chair (Mr. Skoropad): — Thank you, Minister. I would open it up to questions. Mr. Wotherspoon.

Mr. Wotherspoon: — Thanks, Minister. Obviously we support not hiking this tax as would've been the plan, so we're supportive of holding the small-business tax rate at 1 per cent. With respect to your consultations and your work with stakeholders, have any unintended consequences or any concerns been identified with the way this legislation was put together or its impact?

Hon. Ms. Harpauer: — No. And there was very positive response to this. Undoubtedly, you know, when I'm talking CFIB [Canadian Federation of Independent Business] and chamber and whatnot that I met with, they would like to see it at zero, but they are quite pleased that we're holding at 1 per cent.

Mr. Wotherspoon: — And could you just describe a little bit for the public how the offset works, so the subsequent changes on the dividend tax credit? I have trouble putting it into simple terms, but it's fairly straightforward and it's the point of making sure that the impact is neutral, if you will, here. If you could just offer a bit of greater . . .

Hon. Ms. Harpauer: — I would but I will mess it up, so I'm going to get the officials to answer that.

Mr. Stewart: — So at a high level, corporate income tax and personal income tax do have some interactions and they're integrated in some ways. So with respect to the dividend tax credit, the purpose is to avoid double taxation, whereby income would be taxed under corporate income tax. And then if there's dividends distributed to shareholders, recognizing that corporate income tax that's already been applied on that, and then we're not applying it on the personal income tax side as well. So that's what the credit is intended to do, is to basically maintain that integration and fair taxation are not double taxation of income.

Mr. Wotherspoon: — I recall going through this discussion and getting a good understanding of that last time we supported a reduction on this front. Everything else looks straightforward. I mean the obvious points are that, you know, this is holding the line at 1 per cent.

Obviously to anyone observing this and to people and businesses across the province, I would, you know, continue to identify that as the official opposition we will continue to push and call for a reduction to the PST that's been stuck on so many goods. And you know, of course now the PST has tripled in the take into the provincial budget, going from 1 billion to 3 billion, and applies to so many other goods and services and really has a real impact on cost of living, everything from children's clothes to insurance and used cars and so much more.

I'll make those points unless the minister's open to amendments to add a couple of those items in there tonight. I suspect that's not the case, just looking to the minister.

Hon. Ms. Harpauer: — I suspect due to the lack of understanding, it's a different Act. But I will forgive the member opposite because he doesn't have the experience.

Mr. Wotherspoon: — I'm just glad that we don't have more tax hikes coming from this minister because it's a rare occasion that we have a . . . holding the line at . . .

The Acting Chair (Mr. Skoropad): — All right.

Mr. Wotherspoon: — But I'll turn it over, back to the Chair. I don't have any further questions.

The Acting Chair (Mr. Skoropad): — Okay. No further questions. Thank you very much for that. And seeing no more questions, we'll proceed to vote on the clauses. Clause 1, short title, is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 5 inclusive agreed to.]

The Acting Chair (Mr. Skoropad): — His Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts the following: *The Income Tax Amendment Act, 2024*.

I would ask a member to move that we report Bill No. 157, *The Income Tax Amendment Act, 2024* without amendment. Mr. Harrison moves. Is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried.

Bill No. 159 — *The Revenue and Financial Services Amendment Act, 2024*

Clause 1

The Acting Chair (Mr. Skoropad): — We'll now turn to our final bill. That's Bill No. 159, *The Revenue and Financial Services Amendment Act, 2024*. We'll begin our consideration with clause 1, short title. Minister Harpauer, please make your opening comments and introduce any officials.

Hon. Ms. Harpauer: — Thank you, Mr. Chair. I'm pleased to speak to you about amendments to *The Revenue and Financial Services Act*. These amendments were included by the government in the 2024-25 Saskatchewan budget announced on March 20th, 2024. These amendments implement measures to address flagrant abusers who avoid paying the consumption taxes they have collected from consumers but refuse to remit. The changes contained in the bill, along with proposed changes to *The Tobacco Tax Act* and associated regulations, are expected to generate incremental annual tax revenue of about 50 to 60 million once fully implemented.

To implement this initiative, specific amendments to *The Revenue and Financial Services Act* are required to enhance collection powers to collect from individuals and businesses who are trying to shield themselves from collection action, to enhance penalties to increase compliance, to prevent tax avoidance, and to clarify obligations and simplify language to reduce opportunities for clients to behave in ways that are unintended by legislation.

The legislation includes consequential amendments to import an immunity provision from several associated revenue statutes into *The Revenue and Financial Services Act*. These changes are to come into force October 1st, 2024 unless otherwise noted.

Mr. Chair, I'd like to thank the committee for the opportunity to present these legislative changes, and I would be ready to answer questions.

The Acting Chair (Mr. Skoropad): — Thank you very much. Mr. Wotherspoon, any questions, please?

Mr. Wotherspoon: — Thank you. Thank you very much. This all seems to be fairly straightforward and well-intended and sort of improvements and sort of housekeeping in nature, so I don't have a whole lot of questions here.

[18:00]

I guess just again, as well-intended as legislation can be, you want to make sure that it's as effective as it can be and that the tools are in place that are needed to ensure enforcement on this front and to ensure that everyone's paying their fair taxes. I think the important thing to understand is, if one person isn't paying their fair share, someone else — the rest of everyone else — is paying a little bit too much.

With respect to your process and your consultation on this front, have you heard of any concerns in this legislation or any suggestions to improve it?

Hon. Ms. Harpauer: — Correct. And again this was concerns and issues brought forward by the officials and their experience, so I will turn to them. My office did not conduct consultations.

Ms. Perras: — Thanks for the question. Due to the measures that

we are planning on implementing, we did not do significant consultation on these measures. What we did was interjurisdictional reviews to see what measures were in place in other provinces and brought our legislation up to date, or are attempting to bring our legislation up to date with the changes that have been made in other provinces. And we also consulted greatly with the Ministry of Justice in terms of the effectiveness of some of the tools that we may be bringing in.

Mr. Wotherspoon: — You know, does this interact at all with the interesting file we were talking about a little while ago about those e-commerce platforms that we've discussed over the years and the out-of-province e-commerce platforms, where there's been this pursuit of tax fairness and so many platforms that have been brought online, testament to the work of the officials? Does this interact with those folks? Or what other tools do we have, legislative, to ensure enforcement?

Hon. Ms. Harpauer: — I'll answer initially. No. Well only if they collected it and then didn't remit it, is what this is addressing. I'm not sure if you would have anything to add.

Ms. Perras: — Generally with those types of files, once they've become registered and licensed with us, they are fairly compliant. But generally this would cover any taxpayer that is licensed or not licensed and, you know, has a balance owing to the province.

Mr. Wotherspoon: — I had questions earlier about tax in previous . . . in estimates around tax arrears. What impact do you feel this will have around tax arrears?

Ms. Perras: — We would expect it to bring it down. As we indicated, we expect this to generate 50 to 60 million annually once it's fully implemented.

Mr. Wotherspoon: — That's positive. Can you give us a timeline towards those fiscal outcomes?

Ms. Perras: — There's some, obviously, staffing that we need to do in terms of bringing on some new resources to help with some of this work, and just so they know the processes associated with it. Our plan right now within the division is between 18 and 24 months to have most things in place. And some of these tools may not get utilized very frequently. You know, they're really just for the situations where we're really having difficulty or challenges with a particular taxpayer. So they may take some time to have us operationalize them.

Mr. Wotherspoon: — And I'm not sure if this question pertains directly to these changes or this piece of legislation, but there's been concerns identified, I know, with the minister and myself with folks around workers that have inappropriately characterized themselves as . . . incorporated themselves or as a contractor. I think examples of that would be in the trucking industry. That's been brought, I know, to the government and ministers and to me as well, and I know some of this relates directly with the federal government then as well.

And I know there's been concerns as well with some in the trades, for example, on this front as well, where the way workers have incorporated, as has been described to me, inappropriately or illegally. Does this address that, and if not, are there any other undertakings of this government to address those behaviours?

Hon. Ms. Harpauer: — This doesn't address it. I haven't had any conversation with other ministers on that issue, but that's not to say that there aren't other . . . The more relevant ministers and their officials aren't working on it. So I can't say it's not being viewed, I just know I'm not.

Mr. Wotherspoon: — I have no further questions with respect to this legislation. Thank you.

The Acting Chair (Mr. Skoropad): — Thank you, Mr. Wotherspoon. Seeing there are no more questions, we'll proceed to vote on the clauses. Clause 1, short title, is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 52 inclusive agreed to.]

The Acting Chair (Mr. Skoropad): — His Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts the following: *The Revenue and Financial Services Amendment Act, 2024*.

I would ask a member to move that we report Bill No. 159, *The Revenue and Financial Services Amendment Act, 2024* without amendment. Mr. Jenson moves. Is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried. With that, I would turn to the minister, if you have any closing comments.

Hon. Ms. Harpauer: — Thank you, Mr. Chair. And again, I thank the officials, I thank the committee members, and I thank the member for his very thoughtful questions.

The Acting Chair (Mr. Skoropad): — Perfect. And I would turn to Mr. Wotherspoon. Do you have any closing comments?

Mr. Wotherspoon: — Just thanks to the Chair, and the minister and all the officials for the time here tonight. Thank you.

The Acting Chair (Mr. Skoropad): — Wonderful. Thank you very much. And with that I'll provide an opportunity for officials to leave while the committee votes on the resolutions.

General Revenue Fund Finance Vote 18

The Acting Chair (Mr. Skoropad): — We'll now proceed to vote on the committee resolutions. We'll begin with vote 18, Finance. Central management and services, subvote (FI01) in the amount of 8,573,000, is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried. Provincial comptroller, subvote (FI03) in the amount of 10,236,000, is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried. Treasury management, subvote (FI04) in the amount of 3,082,000, is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried. Revenue, subvote (FI05) in the amount of 27,495,000, is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried. Budget analysis, subvote (FI06) in the amount of 7,566,000, is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried. Miscellaneous payments, subvote (FI08) in the amount of \$22,000, is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried. Pensions and benefits, subvote (FI09) in the amount of 215,008,000, is that agreed?

Some Hon. Members: — Agreed.

[18:15]

The Acting Chair (Mr. Skoropad): — Carried. Personnel policy secretariat, subvote (FI10) in the amount of 532,000, is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried. Research and development tax credit, subvote (FI12) in the amount of 5,000,000, is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried. Financial programs, subvote (FI13) in the amount of 2,700,000, is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried. Non-appropriated expense adjustment in the amount of 2,626,000. Non-appropriated expense adjustments are non-cash adjustments presented for informational purposes only. No amount is to be voted.

Finance, vote 18 — 280,214,000. I will now ask a member to move the following resolution:

Resolved that there be granted to His Majesty for the 12 months ending March 31st, 2025, the following sums for Finance in the amount of \$280,214,000.

Mr. Bradshaw. Is that agreed?

Some Hon. Members: — Agreed.

**General Revenue Fund
Finance — Debt Servicing
Vote 12**

The Acting Chair (Mr. Skoropad): — We'll now move to vote 12, Finance, debt servicing. Debt servicing, subvote (FD01) in the amount of \$623,900,000. There is no vote as this is statutory.

Crown corporation debt servicing, subvote (FD02) in the amount of \$42,800,000. There is no vote as this is statutory.

Finance, debt servicing, vote 12 — \$666,700,000. There is no vote as this is statutory.

**General Revenue Fund
Public Service Commission
Vote 33**

The Acting Chair (Mr. Skoropad): — We'll now turn to vote 33, Public Service Commission. Central management and services, subvote (PS01) in the amount of \$5,189,000, is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried. Human resource consulting services, subvote (PS03) in the amount of \$9,115,000, is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried. Employee relations and strategic human resource services, subvote (PS04) in the amount of \$8,723,000, is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried. Human resource service centre, subvote (PS06) in the amount of \$10,737,000, is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried. Non-appropriated expense adjustment in the amount of \$305,000. Non-appropriated expense adjustments are non-cash adjustments presented for informational purposes only. No amount is to be voted.

Public Service Commission, vote 33 — \$33,764,000. I will now ask a member to move the following resolution:

Resolved that there be granted to His Majesty for the 12 months ending March 31st, 2025, the following sums for Public Service Commission in the amount of \$33,764,000.

Mr. Bonk. Is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried.

**General Revenue Fund
SaskBuilds and Procurement
Vote 13**

The Acting Chair (Mr. Skoropad): — Vote 13, SaskBuilds and Procurement. Central management and services, subvote (SP01) in the amount of \$56,000. There is no vote as this is statutory.

Property management, subvote (SP02) in the amount of \$3,211,000, is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried. Project management, subvote (SP03) in the amount of zero dollars, is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried. Transportation and other services, subvote (SP05) in the amount of \$551,000, is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried. Major capital asset acquisitions, subvote (SP07) in the amount of \$84,575,000, is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried. Information technology, subvote (SP11) in the amount of \$38,560,000, is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried. Provincial Archives of Saskatchewan, subvote (SP13) in the amount of \$4,330,000, is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried. Infrastructure and procurement, subvote (SP14) in the amount of \$25,513,000, is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried. Non-appropriated expense adjustment in the amount of \$1,309,000. Non-appropriated expense adjustments are non-cash adjustments presented for informational purposes only. No amount is to be voted.

SaskBuilds and Procurement, vote 13 — \$156,740,000. I will now ask a member to move the following resolution:

Resolved that there be granted to His Majesty for the 12 months ending March 31st, 2025, the following sums for SaskBuilds and Procurement in the amount of \$156,740,000.

Mr. Harrison. Is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried.

**General Revenue Fund
SaskBuilds Corporation
Vote 86**

The Acting Chair (Mr. Skoropad): — Vote 86, SaskBuilds Corporation. SaskBuilds Corporation, subvote (SB01) in the amount of zero dollars, is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried. SaskBuilds Corporation, vote 86, zero dollars. I will now ask a member to move the following resolution:

Resolved that there be granted to His Majesty for the 12 months ending March 31st, 2025, the following sums for SaskBuilds Corporation in the amount of zero dollars.

Mr. Jenson moves. Is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried.

**General Revenue Fund
Lending and Investing Activities
Lotteries and Gaming Saskatchewan Corporation
Vote 155**

The Acting Chair (Mr. Skoropad): — Vote 155, Lotteries and Gaming Saskatchewan Corporation. Loans, subvote (LO01) in the amount of zero dollars. There is no vote as this is statutory.

**General Revenue Fund
Lending and Investing Activities
Municipal Finance Corporation of Saskatchewan
Vote 151**

The Acting Chair (Mr. Skoropad): — Vote 151, Municipal Finance Corporation of Saskatchewan. Loans, subvote (MF01) in the amount of \$30,000,000. There is no vote as this is statutory.

**General Revenue Fund
Lending and Investing Activities
Saskatchewan Power Corporation
Vote 152**

The Acting Chair (Mr. Skoropad): — Vote 152, Saskatchewan Power Corporation. Loans, subvote (PW01) in the amount of \$977,200,000. There is no vote as this is statutory.

**General Revenue Fund
Lending and Investing Activities
Saskatchewan Telecommunications Holding Corporation
Vote 153**

The Acting Chair (Mr. Skoropad): — Vote 153, Saskatchewan

Telecommunications Holding Corporation. Loans, subvote (ST01) in the amount of \$216,100,000. There is no vote as this is statutory.

**General Revenue Fund
Lending and Investing Activities
Saskatchewan Water Corporation
Vote 140**

The Acting Chair (Mr. Skoropad): — Vote 140, Saskatchewan Water Corporation. Loans, subvote (SW01) in the amount of \$33,500,000. There is no vote as this is statutory.

**General Revenue Fund
Lending and Investing Activities
SaskEnergy Incorporated
Vote 150**

The Acting Chair (Mr. Skoropad): — And vote 150, SaskEnergy Incorporated. Loans subvote (SE01) in the amount of \$279,800,000. There is no vote as this is statutory.

**General Revenue Fund
Debt Redemption, Sinking Fund and Interest Payments
Debt Redemption
Vote 175**

The Acting Chair (Mr. Skoropad): — Vote 175, debt redemption. Debt redemption, vote 175 in the amount of 1,329,257,000. There is no vote as this is statutory.

**General Revenue Fund
Debt Redemption, Sinking Fund and Interest Payments
Sinking Fund Payments — Government Share
Vote 176**

The Acting Chair (Mr. Skoropad): — Vote 176, sinking fund payments, government share. Sinking fund payments, government share, vote 176 in the amount of \$250,460,000. There is no vote as this is statutory.

**General Revenue Fund
Debt Redemption, Sinking Fund and Interest Payments
Interest on Gross Debt — Crown Enterprise Share
Vote 177**

The Acting Chair (Mr. Skoropad): — Vote 177, interest on gross debt, Crown enterprise share. Interest on gross debt, Crown enterprise share, vote 177 in the amount of zero dollars. There is no vote as this is statutory.

[18:30]

**General Revenue Fund
Supplementary Estimates — No. 2
Finance
Vote 18**

The Acting Chair (Mr. Skoropad): — So we'll move on to the 2023-24 supplementary estimates no. 2. Vote 18, Finance. Pensions and benefits, subvote (FI09) in the amount of \$2,074,000. There is no vote as this is statutory.

Financial programs, subvote (FI13) in the amount of \$1,000, is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried. Financial vote 18 — \$1,000.

I'll now ask a member to move the following resolution:

Resolved that there be granted to His Majesty for the 12 months ending March 31st, 2024, the following sums for Finance in the amount of \$1,000.

Mr. Bonk moves. Is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried.

**General Revenue Fund
Supplementary Estimates — No. 2
SaskBuilds and Procurement
Vote 13**

The Acting Chair (Mr. Skoropad): — Vote 13, SaskBuilds and Procurement. Major capital asset acquisitions, subvote (SP07) in the amount of \$8,995,000. Is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried. SaskBuilds and Procurement, vote 13 — \$8,995,000. I will now ask a member to move the following resolution:

Resolved that there be granted to His Majesty for the 12 months ending March 31st, 2024, the following sums for SaskBuilds and Procurement in the amount of \$8,995,000.

Mr. Harrison.

Mr. D. Harrison: — I so move.

The Acting Chair (Mr. Skoropad): — Is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried.

**General Revenue Fund
Supplementary Estimates — No. 2
Debt Redemption, Sinking Fund and Interest Payments
Debt Redemption
Vote 175**

The Acting Chair (Mr. Skoropad): — And vote 175, debt redemption. Debt redemption, vote 175 in the amount of \$14,542,000. There is no vote as this is statutory.

Committee members, you have before you a draft of the 10th report of the Standing Committee on Crown and Central Agencies. We require a member to move the following motion:

That the 10th report of the Standing Committee on Crown and Central Agencies be adopted and presented to the Assembly.

Mr. Bradshaw. Is that agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried. Well that concludes our business for today. I would ask a member to move a motion of adjournment. Mr. Jenson has moved. All agreed?

Some Hon. Members: — Agreed.

The Acting Chair (Mr. Skoropad): — Carried. This committee stands adjourned to the call of the Chair.

[The committee adjourned at 18:37.]