



Government of
Saskatchewan

Annual Report 2003-2004

Saskatchewan Finance



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Letters of Transmittal

Her Honour the Honourable
Dr. Lynda M. Haverstock
Lieutenant Governor
Province of Saskatchewan

May It Please Your Honour:

I respectfully submit the Annual Report of
Saskatchewan Finance for the fiscal year ending
March 31, 2004.



Harry Van Mulligen
Minister of Finance
July 29, 2004



The Honourable Harry Van Mulligen
Minister of Finance

Dear Sir:

I have the honour of submitting the Annual Report
of Saskatchewan Finance for the fiscal year
ending March 31, 2004.

Respectfully submitted,



Ron Styles
Deputy Minister of Finance
July 29, 2004



Who We Are

The Department of Finance plays a unique role in the affairs of the Province of Saskatchewan. As a central agency, Finance is responsible for advising the Government on financial implications associated with its policy decisions. The Department, with direction from Treasury Board and Cabinet, manages and controls the finances of the Province to ensure appropriate use of public funds. It maintains a close working relationship with the federal government, other provincial governments and other government bodies within the province to effectively address financial issues of mutual concern.

The Department of Finance is responsible for receiving and disbursing the majority of revenues for the Government of Saskatchewan. These include revenues from taxation and non-renewable resources, transfers from Government entities, such as Crown Investments Corporation of Saskatchewan, and transfers from the federal government. Revenues are disbursed through Finance to government departments to fund public services such as health care, education and road maintenance. To ensure an increasing level of government-wide accountability, Finance assists departments in co-ordinating the Government's Accountability Framework.

These roles and responsibilities constitute the "behind the scenes" work of the Department. Finance also provides services directly to the public through delivery of the Saskatchewan Savings Bonds program, administration of provincial pension plans and employee benefit plans, administration of provincial tax programs, including the Provincial Sales Tax, and communication initiatives to keep the public informed on finance-related issues.

As of March 31, 2004, Finance employed 472 people trained in fields ranging from economics and accounting to information technology, human resources, public policy, commerce, communications and many other skilled and professional fields.

Core Business Areas

The Department provides the Minister of Finance, Treasury Board, Cabinet and the Government with information, analysis, advice and services in eight core business areas.

1. Revenue, Expenditure, Fiscal and Economic Policy

Finance supports effective government decision making by providing up-to-date information, policy analysis and advice to the Minister of Finance, Treasury Board, Cabinet and government departments. This includes financial and policy advice on budget decisions, updates on the Province's revenue and expenditure position, as well as information on general economic and social issues. Finance establishes and co-ordinates the budget development process to enable Treasury Board and Cabinet to make effective resource allocation decisions.

The Department is also responsible for working with the federal government on programs such as Equalization, the Canada Health and Social Transfer, the Canada Pension Plan, fiscal arrangements concerning First Nations in Saskatchewan and other federal-provincial programs.

As well, the Department houses the Saskatchewan Bureau of Statistics, which reports on provincial and national economic indicators.

2. Comptrollership/Financial Management

Finance assists the Legislature and the Government in controlling and accounting for the receipt and disposition of public money. Through the office of the Provincial Comptroller, the Department develops and maintains the government-wide revenue and expenditure systems and ensures that effective financial management and accounting procedures are in place. It also prepares and publishes financial accountability reports, including the Public Accounts.

The Public Accounts report on the Government's revenues and expenditures for the year and its financial position at the end of the fiscal year. The Department's internal audit function helps ensure that departments maintain appropriate financial and management controls and are properly accounting for their revenues and expenditures as authorized through government policy and legislation.

3. Revenue Operations

Finance administers several provincial government revenue and tax rebate programs. This work involves identifying and collecting tax revenues, conducting audits, issuing tax refunds and providing information related to tax and rebate programs.

4. Treasury and Debt Management

Finance borrows to meet the funding requirements of the Government, including Crown corporations and other government agencies. It manages the provincial debt and the cash position of the General Revenue Fund. It also provides an investment management service for various funds administered by the Government, Crown corporations and other agencies.

5. Performance Planning and Reporting

Finance is working to improve planning, budgeting, performance measurement and reporting practices across Government. This includes the work of the Performance Management Branch (PMB), which plays a central role in the Government-wide accountability framework. The mandate of PMB is to develop and implement a “managing for results” approach within Executive Government that will improve performance. To this end, PMB works closely with other central agencies to coordinate planning work across government and with Executive Government departments, and some Treasury Board Crown corporations, to fully develop and implement strategic plans, performance measures and performance reporting mechanisms.

6. Personnel Policy Secretariat

Through the Personnel Policy Secretariat, the Department provides advice and analysis to the Cabinet Committee on Public Sector Compensation and co-ordinates implementation of Cabinet decisions.

7. Corporate Services

Finance provides direction, guidance and support for internal operations and client agencies. This work includes executive management and the management of communications, human resources, financial services, procurement, information technology, security and facilities.

8. Pension and Benefits Administration

The Public Employees Benefits Agency (PEBA) was created as a central body within the Department of Finance to administer pension and benefit programs for employees of the Executive Government, Crown corporations and Government-funded bodies.

As part of its mandate, PEBA ensures that adequate funds are in place for all plans, that the plans comply with legislation, and that the plans are administered in accordance with the prevailing governance system. Plan design is reviewed regularly to ensure that the needs of plan members and employers are addressed.

PEBA's operating costs are charged to each of the plans under its administration as an administrative cost. These costs are reported annually in the Public Employees Benefits Agency Revolving Fund Annual Report.

An annual report is prepared and tabled for each pension and benefit plan under PEBA's administration. For more information, go to www.peba.gov.sk.ca/finance and click on the “publications” link.

Introduction

In our 2003-04 Annual Report, we are pleased to present departmental results for the 2003-04 fiscal year. This is the department's second performance results report. Consistent with 2002-03, the annual report describes departmental results for the key actions and performance measures that were published in the 2003-04 Performance Plan, which was released in July 2003 (<http://www.gov.sk.ca/finance/annreport/annualreport20022003.pdf>).

In addition, this year's annual report includes enhanced financial results information, thereby increasing accountability to the public.

Improvements to the annual report are tied to the continued implementation of Government's Accountability Framework.

The Department of Finance 2004-05 Performance Plan was released with the provincial budget on March 31, 2004 and can be found at the following website: <http://www.gov.sk.ca/finance/accountability/2004/Finance.pdf>



2003-04 Fiscal Year Results

2003-04 Results at a Glance

Summary of Performance Results

As a central government department, Saskatchewan Finance continued to manage the Province's finances while serving our clients in an efficient and timely manner. The following highlights some of our key accomplishments for the year.

Key Results

Saskatchewan is fiscally strong and stable

- Achieved a balanced budget in the General Revenue Fund (GRF) for the tenth consecutive year.
- Implemented a Summary Financial Plan.

Saskatchewan is a prosperous and socially responsible province

- Fully indexed the personal income tax system for the 2004 taxation year.
- Reduced the Corporation Income Tax rate for small businesses.
- Expanded the Corporation Capital Tax exemption for Saskatchewan-based businesses.

Government is accountable for its revenues, expenditures and results

- Began to implement new Public Performance Reporting Guidelines to improve the content and increase the rigour of department performance plans and annual reports, thereby strengthening accountability to the public.
- Released performance plans for fifteen departments, plus SPMC and SLGA as well as two key cross-government strategies, with the 2004-05 budget.
- Released Volume 1 of the 2002-03 Public Accounts on July 21, 2003.

Saskatchewan Finance provides excellent services to its clients

- Enhanced the Saskatchewan Electronic Tax Service (SETS) to include tax returns under the International Fuel Tax Agreement (IFTA). The take-up rate was very high with over 25% of the IFTA accounts currently filing returns using SETS.
- All Department of Finance forms are available on the main Government publications website.

Summary of Financial Results

In 2003-04, the Department spent \$38.2 million, down \$1.3 million from the Budget estimate. The decrease was primarily due to lower salary costs. Pension and benefits expenditures were \$197.4 million, down \$2.7 million from Budget.

In 2003-04, the Department collected \$5,055.3 million in revenue, up \$7.9 million from the Budget estimate. The increase was primarily due to a higher Canada Health and Social Transfer and other transfers from the Government of Canada, partially offset by lower Equalization payments.

2003-04 Performance Results

The following section provides detailed information on the progress that we made in 2003-04 towards our long-term objectives.

The key actions originally presented in our 2003-04 plan are shown below, followed by our actual progress for each. Actual results information is included for all key actions and performance measures that were published in our 2003-04 Performance Plan. Further information about Finance's performance measures are available within the 2003-04 Performance Plan, which can be found at the following website:

<http://www.gov.sk.ca/finance/annreport/annualreport20022003.pdf>

Goal 1 - Saskatchewan is Fiscally Strong and Stable

Objective 1 - A sound financial plan

Fiscal strength and stability are important indicators for those who live in our province, and those who are looking to invest. The Department contributes to the Province through the development of a sound financial plan. Sound financial planning is a key component in assisting government decision-makers to develop and deliver annual budgets and effectively allocate public resources.

As well, the Department continues to maintain federal-provincial fiscal relations to secure financial support for Saskatchewan's public services.

Investors have noted our progress and bond rating agencies have rewarded the Province with ten credit rating upgrades during the past nine years.

Key Results

- On an ongoing basis, operate a budget process that provides decision-makers with realistic program options and the information necessary to analyze those options. [2003-04 planned action]
 - The 2003 fall election delayed the onset of the 2004-05 Budget development process; however, as in previous years, Finance provided Ministers with detailed, high-quality analysis and recommendations with which they could make well-informed budget and program decisions. Timely decisions were made and the 2004-05 Budget was released on March 31, 2004.
- Issue timely economic and fiscal forecasts, reports and analysis, as well as fiscal strategies and options, to achieve the Government's financial plan within *The Balanced Budget Act* and *The Fiscal Stabilization Fund Act*. [2003-04 planned action]
 - Economic and fiscal forecasts were provided in the Budget and Mid-year Financial Report and, in addition, fiscal forecasts were provided at the first and third quarter.
 - Throughout the year, Cabinet and Treasury Board were provided with analysis, strategies and options as required.

- Implement a Summary Financial Plan to be presented with the annual budget. [2003-04 planned action]
 - After consulting with the Provincial Auditor, Crown Investments Corporation, other government organizations and other jurisdictions, Finance developed a summary financial plan template that agreed in principle to the model recommended by the Provincial Auditor, but recognized the unique governance structure in Saskatchewan and the bottom-line volatility of not-for-profit insurance organizations.
 - The Summary Financial Plan was published in the '2004-05 Saskatchewan Provincial Budget - Budget and Performance Plan Summary' document.
- On an ongoing basis, optimize the Government's cost of borrowing. [2003-04 planned action]
 - During 2003-04, the Province borrowed \$1.1 billion for Crown corporations and government operations. This borrowing activity consisted primarily of refinancing existing debt. Of this, \$134.2 million was borrowed through the sale of Saskatchewan Savings Bonds, \$40.2 million was borrowed from the Canada Pension Plan Investment Fund and the remaining \$950.0 million was raised in capital markets.
- Work with federal, provincial and territorial governments to address the fiscal imbalance existing between federal/provincial responsibilities and revenues. [2003-04 planned action]
 - Through the First Ministers Accord on Health Care Renewal, the federal government agreed to provide \$2.0 billion to the Provinces in enhanced federal transfers for health care funding in 2003-04.

Measurement Results

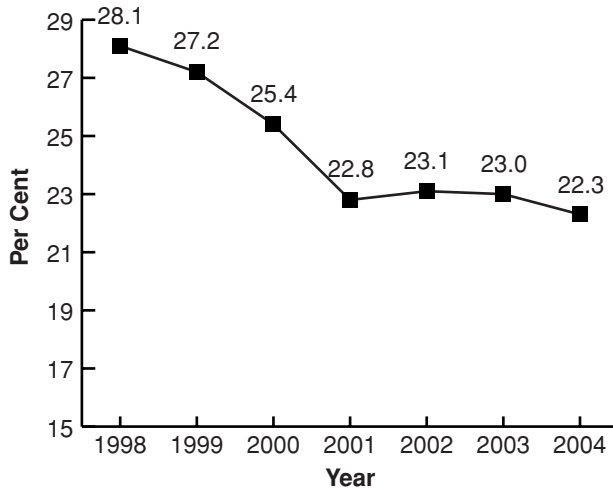
Government Debt to GDP Ratio

The Public Accounts at March 31, 2004 showed a Government Debt to GDP ratio of 22.3 per cent, a drop of 0.7 percentage points from the March 31, 2003 level of 23.0 per cent. This is the lowest debt to GDP ratio in sixteen years.

Since 1993, Government debt as a percentage of GDP has declined significantly. At March 31, 1993, the debt to GDP ratio was 41.7 per cent, 19.4 percentage points higher than the current ratio.

Government Debt and Guaranteed Debt as a % of GDP

Source: Saskatchewan Public Accounts and Saskatchewan Provincial Economic Accounts

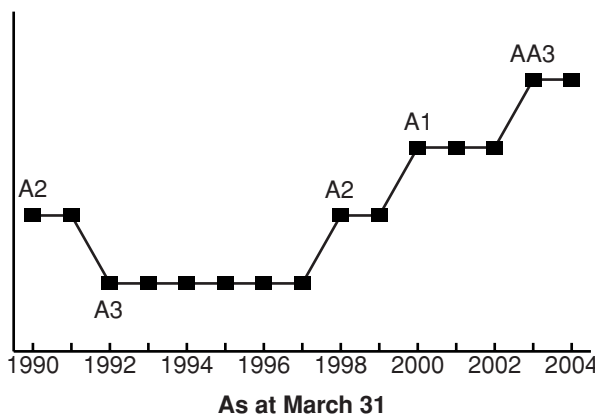


Credit Ratings

Over the past nine years, the province has received ten credit rating upgrades as a result of the improvement in the province’s financial position.

Moody’s Investors Service Credit Rating for Saskatchewan (As of March 31)

Source: Moody’s Investor Service



Goal 2 - Saskatchewan is a Prosperous and Socially Responsible Province

Objective 1 - A simple, fair, competitive tax structure

A simple, fair and competitive tax structure promotes prosperity, while enhancing social responsibility, by ensuring adequate resources for the delivery of important public services. Competitive taxes are a key feature in Saskatchewan’s ability to compete for jobs and investments. However, taxation is only one of many factors that can influence the relative prosperity and social responsibility of the province.

The tax system’s primary objective is to raise the necessary revenues required to finance key public services like health care, education and highways. Tax levels are therefore dependent on the Government’s revenue requirements. Saskatchewan’s tax levels are held as low as possible while ensuring adequate resources to pay for services and to maintain the financial stability of the Province.

Key Results

- Implemented the final phase of personal income tax reform. [2003-04 planned action]
 - An indexation factor of 3.3 per cent (the same factor used for the federal tax system) was used to adjust Saskatchewan’s personal income tax structure for the 2004 taxation year. The income tax brackets were increased, as well as the personal and family exemption amounts. Other tax credit amounts have already been indexed since 2002.
- Improve the competitiveness of Saskatchewan small business corporations by lowering the small business Corporate Income Tax rate from six per cent to 5.5 per cent effective January 1, 2004 and to five per cent effective January 1, 2005. [2003-04 planned action]
 - The 2003-04 Budget announced this rate reduction and the enabling legislation was approved by the Legislature in June 2003. The first rate reduction occurred on January 1, 2004.

- Improve business tax competitiveness by expanding the incremental Corporation Capital Tax exemption which depends upon the extent of a company's business presence in Saskatchewan from \$15.0 million to \$17.5 million effective January 1, 2004 and to \$20.0 million effective January 1, 2005. [2003-04 planned action]
 - The 2003-04 Budget announced this expansion and the enabling legislation was approved by the Legislature in June 2003. The first expansion occurred on January 1, 2004.
- Complete federal-provincial negotiations on revised income tax collection agreements. [2003-04 planned action]
 - The provinces and the federal government continue to negotiate a new tax collection agreement governing the administration of provincial income tax systems. The current draft agreement envisions the use of bilateral service agreements between each province and the Canada Revenue Agency to detail the specific service requirements of the Province.
- Continue to provide approximately \$240 million per year in tax exemptions and rebates for farm input costs, including the Provincial Sales Tax (PST) exemption for major farm inputs, the PST rebate for livestock and horticultural facilities and the fuel tax exemption for farm activities. [2003-04 planned action]
 - Saskatchewan will provide approximately \$245 million in tax exemptions and rebates for farm input costs in 2004, including over \$130 million in sales tax exemptions and over \$100 million in fuel tax exemptions. The Livestock and Horticultural Facilities program, which rebated the sales tax paid on certain input costs for the construction and maintenance of livestock and horticultural facilities, expired as of December 31, 2003.
- Continue to offer a 15 per cent corporate income tax credit to encourage private sector investment in research and development and the expansion of knowledge-based industries in the province. [2003-04 planned action]
 - The Saskatchewan corporate income tax credit in respect of scientific research and experimental development remains in place.

Measurement Results

Income and sales taxes paid by representative taxpayers

Saskatchewan's tax levels for representative taxpayers provide an indication of the amount of after-tax or disposable income available to residents. Declining tax levels are therefore suggestive of improvements in the relative prosperity of residents. The following measurements are derived from tax models developed and maintained by the Department of Finance.

Saskatchewan Income and Sales Taxes Paid by Representative Taxpayers				
	2000	2001	2002	2003
Single parent family earning \$25,000	\$862	\$691	\$619	\$560
One-income family earning \$50,000	\$5,446	\$4,486	\$4,284	\$4,005
Two-income family earning \$75,000	\$7,417	\$6,983	\$6,721	\$6,390

Inter-provincial tax comparisons for selected average family profiles

Saskatchewan's interprovincial ranking with respect to the tax levels of representative taxpayers is indicative of the competitiveness of our tax system. The following measurements are derived from tax models developed and maintained by the Department of Finance.

Saskatchewan's Tax Competitiveness Rankings for Representative Taxpayers				
	2000	2001	2002	2003
Single parent family earning \$25,000	5th	5th	4th	4th
One-income family earning \$50,000	5th	4th	4th	4th
Two-income family earning \$75,000	4th	4th	4th	4th

Tax progressiveness index

The tax progressiveness index measures relative tax levels between different income levels and provides an indication of how progressive or fair the provincial tax system is; the higher the index, the more progressive the tax system. The following measurements are derived from tax models developed and maintained by the Department of Finance.

Saskatchewan's Tax Progressiveness Index			
2000	2001	2002	2003
12.0	15.0	17.1	18.3

Goal 3 - Government is Accountable for Its Revenues, Expenditures and Results

Objective 1 - Effective government planning, performance measurement and reporting

Effective planning, performance measurement and reporting provide the foundation for enhanced accountability from departments back to decision-makers and the public. It ensures departments remain focused on the needs and expectations of the people they serve and increases understanding of government's long-term plans and its financial and non-financial results.

Continued strong financial reporting is also key to strong accountability. Timely, reliable and relevant

financial information provides the necessary accounting for the receipt and spending of public funds.

Government's Accountability Framework is intended to strengthen accountability to the Legislature and public by providing more and better information about what results government departments intend to achieve, how they will spend money, and, at year end, their actual financial and program performance results. To be effective, performance plans and annual reports must be timely, complete and accurate. As the lead department, Finance works to build capacity within government, sets expectations and supports departments in their planning and measurement work. Over time, the result should be better information for managers and decision-makers, enhanced accountability both internally and publicly, and ultimately, improved government performance for Saskatchewan people.

During 2003-04, Finance and departments made considerable progress toward this objective. Reporting is now more timely - department annual reports are released within 120 days of the end of the fiscal year; a mid-year progress report on key government budget commitments is included in the annual Mid-Year Report; and, beginning on March 31, 2004, department performance plans are now released with the budget, prior to the start of the new fiscal year.

Performance planning and reporting continues to be phased in and now covers more government activity - 17 departments and Treasury Board Crowns released 2003-04 plans and 18 departments and Treasury Board Crowns plus two cross-government strategies released 2004-05 plans - giving MLAs and the public greater information about what government departments and agencies plan to achieve with their budgets. Departments are starting to report back on actual performance results as compared to their plans - in July 2003, nine departments reported on their performance in their 2002-03 Annual Reports. To guide a multi-year effort to improve the content of Executive Government annual reports, Finance developed and began to implement new Public Performance Reporting Guidelines based on leading national principles.

Over the coming year, Finance will focus on helping departments to ensure their performance reporting is accurate by developing guidance on data collection and validity.

While full implementation of a performance planning, measurement and reporting approach will take a number of years, some key elements put in place during 2003-04 will provide a solid foundation for continued improvements in future.

Key Results

- Implement new reporting guidelines for Executive Government to improve the rigour, quality and timeliness of 2002-03 department Annual Reports and continue implementation of phased improvements to reporting, focusing on risk assessment and data controls. [2003-04 planned action]
 - Finance's new Public Performance Reporting Guidelines guided the content of departments' 2002-03 Annual Reports. Fifteen departments plus SPMC and SLGA released 2003-04 performance plans in late July 2003 based on the planning portion of the Guidelines. Nine departments released 2002-03 performance results reports based on the results reporting portion of the Guidelines (the remainder will begin to use the new guidelines for their 2003-04 Annual Reports). The new Guidelines fundamentally change the content and increase the rigour of annual reports and provide a foundation for future improvements. The Provincial Auditor's Office supports Government's new approach to reporting; the Auditor reviewed 2002-03 Annual Reports for participating departments and concluded that they "contain more and better information than previous reports and enhance the public accountability of the agencies"¹. Less than expected progress was made in the specific areas of risk assessment and data controls; in the coming year, Performance Management Branch will develop resource materials and guidance for departments in risk assessment and management and on how to develop and implement internal controls to ensure data quality.
- In addition, Finance prepared and released enhanced Content Requirements for 2004-05 Performance Plans. For the first time, 15 departments plus SPMC, SLGA and the Saskatchewan Watershed Authority, as well as two key cross-government strategies - the Safe Drinking Water strategy and KidsFirst - released performance plans with the 2004-05 Budget. Attaching performance plans to the budget resulted in a more timely release of plans (four months earlier than the previous year) and supplemented the financial information in the budget with specifics about what departments and agencies plan to achieve during 2004-05, thereby strengthening accountability.
- Expand the Department of Finance's website to include information on the Government's Accountability Project, to enhance communications and support for departments and to strengthen public accountability. [2003-04 planned action]
 - On July 29, 2003, the Department of Finance's website was expanded to provide department staff and the public with more and better information about the Government's Accountability Framework. Launch of the site was timed to coincide with release of 2002-03 Annual Reports. The new site (<http://www.gov.sk.ca/finance/accountability/default.htm>) includes a description of the Framework, an outline of the annual planning and budgeting cycle, links to department performance plans and annual reports, as well as Finance's planning and reporting guidelines and various resource materials. A number of updates and enhancements were made to the website during the year.
- Prepare a Mid-Year Report on results to date associated with *Our Plan for 2003-04* and further develop government-wide planning and reporting for 2004-05 and beyond. [2003-04 planned action]
 - Released a progress report on the performance commitments published in the 2003-04 Budget document *Our Plan for 2003-04* as part of Government's November 2003 *Mid-Year Report* (<http://www.gov.sk.ca/finance/finrep/2003/2003midyear.pdf>).

¹ Provincial Auditor Saskatchewan 2003 Report
Volume 3 page 279

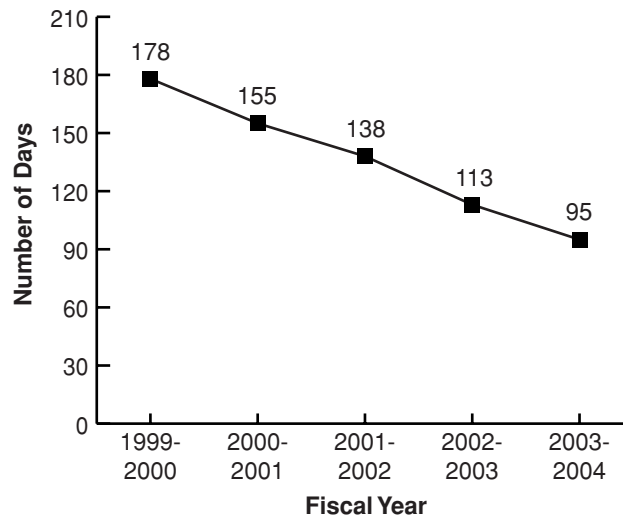
- Released a high-level, Government-wide statement of direction and priorities in the 2004-05 Budget document entitled *Budget and Performance Plan Summary* (<http://www.gov.sk.ca/finance/budget/budget04/budgetsummary.pdf>). This document sets out key strategies planned for 2004-05 in support of three overriding government themes. Progress on these planned strategies will be publicly reported in the 2004 Mid-Year Report and departments will report back on actual results compared to their plans in 2004-05 Annual Reports.
- Support departments in implementing a planning and measurement approach throughout their organizations and using results information in management decision-making. [2003-04 planned action]
 - Resource materials are now available on the Accountability Framework site (<http://www.gov.sk.ca/finance/accountability/default.htm>), including standard presentations on planning, performance measurement and reporting that departments can use internally, a new section on how to develop and use customer surveys, upcoming events of interest and frequently asked questions. In addition, Performance Management Branch consultants work extensively with departments to provide one-on-one support and advice.
- Improve timeliness of financial statements of Treasury Board Crowns and agencies by promoting and monitoring compliance with the new *Tabling of Documents Act*. [2003-04 planned action]
 - Prior to amending *The Tabling of Documents Act, 1991*, entities were required to table their financial statements within 210 days of their year-end. In addition, the Legislature had to be sitting for the statements to be tabled. This meant that entity financial statements were often not available to the public on a timely basis.

With the proclamation of an amendment on June 21, 2000, entities now have 120 days to table their financial statements, regardless of whether or not the Legislature is sitting.

On behalf of Treasury Board, the Provincial Comptroller provides approval in advance of the tabling of financial statements. As the following graph shows, the average number of days between the entities' year-ends and approval by the Provincial Comptroller has decreased significantly.

Days to Approval of Financial Statements

Source: Department of Finance



In addition, in 2003-04, 87% of the 98 entities met the tabling deadline of 120 days.

Treasury Board Crowns and agencies have made significant improvements in the timing of their completion and tabling of financial statements. The result is improved financial accountability to the public.

- Prepare and release the Province's Public Accounts by August 1. [2003-04 planned action]
 - Volume 1 of the 2002-03 Public Accounts was released on July 21, 2003.
- Prepare and release quarterly financial reports. [2003-04 planned action]
 - Financial reports were released at the end of the first, second and third quarters.

Measurement Results

Number of departments that publicly release performance plans and results.			
	2003-04	2002-03	Increase
Performance Plans			
• Departments	15	9	6
• Treasury Board Crown corporations	2	0	2
	[July 2003]	[August 2002]	
Performance Reports			
• Departments	9	0	9
• Treasury Board Crown corporations	0	0	0
	[July 2003]		

Source: 2002-03 Annual Reports for departments and Treasury Board Crown corporations, compiled by Performance Management Branch

Seventeen agencies, consisting of 15 departments and two Treasury Board Crown corporations (SPMC and SLGA), released 2003-04 Performance Plans in late July 2003; this compares to nine departments that released 2002-03 Performance Plans in late August 2002. The increase is due to continued implementation of a phased approach to public release of performance plans within Executive Government.

Nine departments (Agriculture, Food and Rural Revitalization, Corrections and Public Safety, Environment, Finance, Health, Highways and Transportation, Justice, Labour and Northern Affairs) released 2002-03 Annual Reports that included performance results in late July 2003; this compares to none the year before. These nine departments were the first group to publicly release 2002-03 Performance Plans (in August 2002) and therefore were in a position to report on their actual results at the end of the year. All departments and two Treasury Board Crown corporations released 2003-04 Performance Plans and therefore will begin to report back on results in their 2003-04 Annual Reports, using the new reporting guidelines.

In 2004-05, Finance will continue to refine the reporting guidelines and strengthen expectations to ensure continued progress toward timely, complete and accurate public reporting. Areas of focus for the coming year include ensuring data quality (validity, verification and controls), explaining the roles, responsibilities and accountabilities of key third party service delivery partners and improving the integration of financial and performance reporting.

Timeliness, reliability and relevance of the General Revenue Fund and Summary Financial Statements

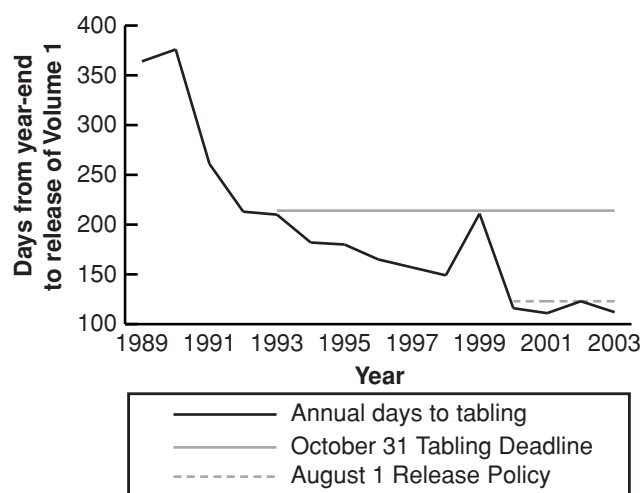
Number of audit qualifications on the Province's General Revenue Fund financial statements and on the Summary Financial Statements

Timely, reliable and relevant financial reports provide the public with the means to evaluate government performance. This measure includes the date that the Public Accounts are released and the number of audit qualifications received.

In 2000, the Government established a practice of tabling Volume 1 of the Public Accounts on or before August 1. The following chart shows how timeliness of the Public Accounts has improved over the past fifteen years.

Timeliness Trend Release of Volume 1 of the Public Accounts

Source: Saskatchewan Public Accounts



Volume 1 of the 2002-03 Public Accounts was released on July 21, 2003. In 2001-02, the Public Accounts were released on August 1, 2002.

There were three audit qualifications on the General Revenue Fund's 2002-03 financial statements. The first relates to the treatment of transfers between the GRF and the Fiscal Stabilization Fund. The second relates to valuation of certain loans to Crown corporations. The third relates to the pension liability that is not recorded. The first and third qualifications have appeared in previous years' audit opinions.

Objective 2 - Effective government-wide financial management practices

Effective government-wide financial management practices are essential to the operation of government. The Department of Finance is committed to a high standard concerning financial systems and practices for managing public resources and achieving fiscal accountability. The Department provides direction to and works with other departments and agencies to ensure appropriate financial management practices are employed.

On March 24, 2004, the Government of Saskatchewan introduced Bill No. 1 of 2004, *The Financial Administration Amendment Act, 2004*. These improvements demonstrate a commitment to sound financial management, transparency, accountability and controlled spending. Key amendments include:

- a provision for interim funding beginning April 1 of each year, based on one-twelfth of the previous year's estimates;
- a provision for net budgeting in the General Revenue Fund in certain, limited situations;
- a provision for departments to provide services to, or administer grants for other departments;
- a number of administrative amendments designed to improve efficiency, and take advantage of improvements in information technology.

Key Results

- Plan to develop, implement and monitor financial policies and procedures for the Government, in part by providing training and advice to departments on the Financial Administration Manual (FAM), implementing a strategy for ongoing review and updates to FAM and addressing priority items identified for update in 2003-04. [2003-04 planned action]
 - In 2003-04, seven training sessions were provided on FAM. A plan was completed identifying sections within FAM that will require review and update. With adoption of accrual accounting for capital assets starting in 2004-05, changes were drafted to FAM in 2003-04 to explain the new capital asset reporting. The updated sections will be incorporated into FAM in 2004-05.
- Through our cyclical risk analysis process, we plan to assess the internal controls on approximately 110 financial programs and processes. Where improvements are required, effective solutions will be recommended for implementation. [2003-04 planned action]
 - We assessed the internal controls on 66 financial programs and processes. Our original plan of 110 assessments was impacted this year due mainly to an unexpected reassignment of resources to critically essential and time sensitive MIDAS-related projects in the latter half of the year. MIDAS is the Government's new central Financial system.
- Complete the implementation of the Budgeting and Forecasting component of MIDAS Phase 1 by October 1, 2003. [2003-04 planned action]
 - The Budgeting and Forecasting component was implemented October 1, 2003.
- Complete the MIDAS Phase 2 (Extended Financials) components and implement them during the 2003-04 fiscal year. [2003-04 planned action]
 - The Self-service requisitions and associated electronic approvals were implemented April 1, 2003. The Capital Assets module was deferred to 2004-05 and Self-service expenses and remaining workflow will be implemented with Phase 3.

- The analysis of MIDAS Phase 3 (Human Resources/Payroll) will be completed in the 2003-04 fiscal year. [2003-04 planned action]
 - Treasury Board approved a proposal to extend the project. As a result, the analysis stage has been extended into 2004-05 to complete a more thorough review.

Measurement Results

Number of significant deficiencies that were detected but not appropriately addressed by the affected departments

Finance develops and implements financial policies and procedures and conducts internal control reviews to monitor for significant deficiencies in financial programs/systems. This measure will indicate if any significant deficiencies that were detected were not appropriately addressed. The Department has a high level of influence over the measurement results.

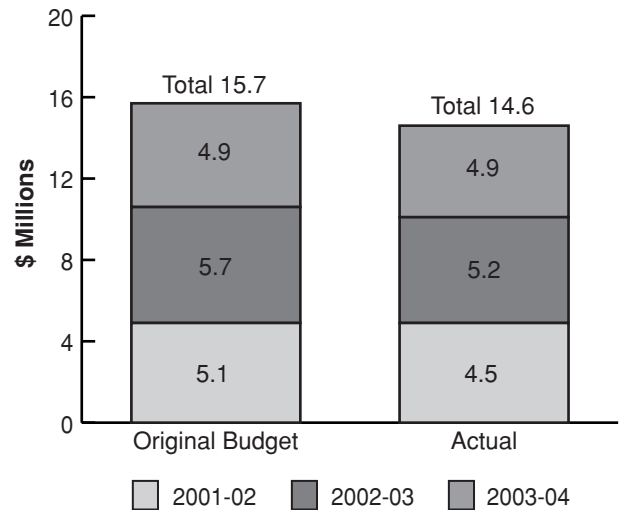
During the past five years, the affected departments appropriately addressed all detected significant deficiencies.

Source: Internal Control reviews done by the Provincial Comptroller's Division and any information from external sources.

The successful completion of the Base Financial System replacement on time and within budget

The central system replacement project called MIDAS is a multi-year, multi-phase project. The Base Financial components were implemented on time on April 1, 2003. The Budgeting and Forecasting component was implemented on October 1, 2003. As the following chart shows, the development costs for the project are under budget over the first three years.

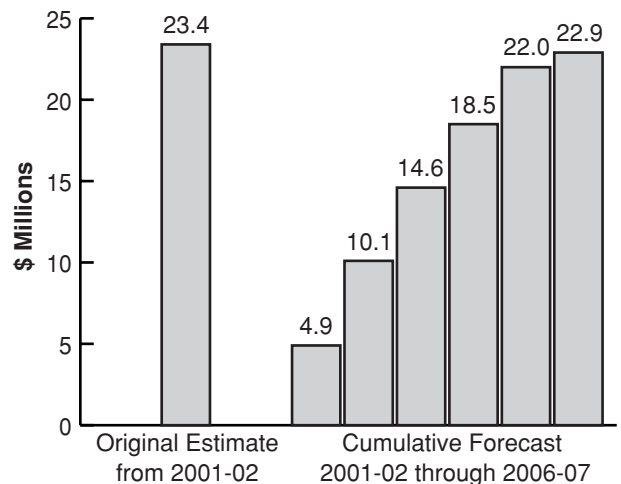
MIDAS Development Costs Budget/Actual Comparison By Year



During 2003-04 the HR/Payroll phases of the project were extended one year to allow more time for proper analysis and design of the solution. However, as the following chart shows, the revised project development costs continue to be within the original budget.

MIDAS Development Cost Original Budget Compared To Current Cumulative Forecast

Source: Department of Finance



Goal 4 - Saskatchewan Finance Provides Excellent Services to Its Clients

Objective 1 - Accurate and timely information and services

The Department is committed to serving its clients - individuals and businesses, government departments and decision-makers, and the public at large - with integrity and professionalism.

During 2003-04, the Department responded to individuals' questions and requests about tax information promptly while processing their refunds efficiently.

Key Results

- Review and prepare survey (to be conducted in 2004-05) for businesses collecting taxes. [2003-04 planned action]
 - The next client service survey is to be conducted in 2004-05 and will be structured very similarly to the 2003-04 survey.
- Respond to most requests for tax information within 24 hours and provide accurate information. [2003-04 planned action]
 - This action was met on a consistent basis.
- Process tax refunds within 21 days of receiving all required information. [2003-04 planned action]
 - Approximately 98% of 2003-04 tax refunds occurred within the 21 day period.

Measurement Results

Per cent of businesses, which collect taxes on behalf of government, that are satisfied with the Department's quality of service

The Department has committed to conducting surveys of businesses collecting taxes on behalf of Government. This allows businesses to evaluate the Department's performance and helps the Department determine how its services may be improved.

This survey is conducted every two years. The first survey was completed in 2002-03 with 93.5 per cent of businesses satisfied with the Department's quality of service. The next survey will be conducted in 2004-05.

Source: Department of Finance, Revenue Division Survey

Per cent of businesses, which collect taxes on behalf of government, that are satisfied with the Department's timeliness of responses, refunds and adjustments

The Department has committed to conducting surveys of businesses collecting taxes on behalf of Government. This allows businesses to evaluate the Department's performance and helps the Department determine how its services may be improved.

This survey is conducted every two years. The first survey was completed in 2002-03 with 91.5 per cent of businesses satisfied with the Department's timeliness of responses, refunds and adjustments. The next survey will be conducted in 2004-05.

Source: Department of Finance, Revenue Division Survey

Objective 2 - Ease of tax compliance

In 2003-04, the Saskatchewan Electronic Tax Service (SETS) was enhanced to include tax returns under the International Fuel Tax Agreement (IFTA). The take-up rate was very high with over 25% of the IFTA accounts currently filing returns using SETS.

Finance also enhanced its website to allow the public to subscribe to Information Bulletin updates through the Internet. Whenever a new Bulletin is created or an existing Bulletin modified, a subscriber will be notified by e-mail, and taken directly to the new or modified bulletin.

Key Results

- The Saskatchewan Electronic Tax Service (SETS) is being enhanced to include tax returns under the International Fuel Tax Agreement (IFTA). Once the IFTA enhancement is implemented in the first quarter of 2003-04, e-filing will be fully implemented for all major tax programs administered by the Department. [2003-04 planned action]
 - The SETS service for IFTA was fully implemented in June 2003. We currently have 25% of IFTA accounts filing returns using SETS.
- Continue to encourage businesses and farmers to use SETS. [2003-04 planned action]
 - SETS was promoted to clients in 2003-04 through the use of information stuffers included with tax returns every three months, using e-mail marketing to clients that have provided an e-mail address and through our link on the gov.sk.ca "Online Services" web page. <http://www.gov.sk.ca/finance/revenue/efile/>
- Continue with the farm use exemption at source. [2003-04 planned action]
 - Exemption permits were provided to all qualifying applicants. The permit allowed clients to purchase farm use gasoline tax free from bulk fuel dealers.

Measurement Results

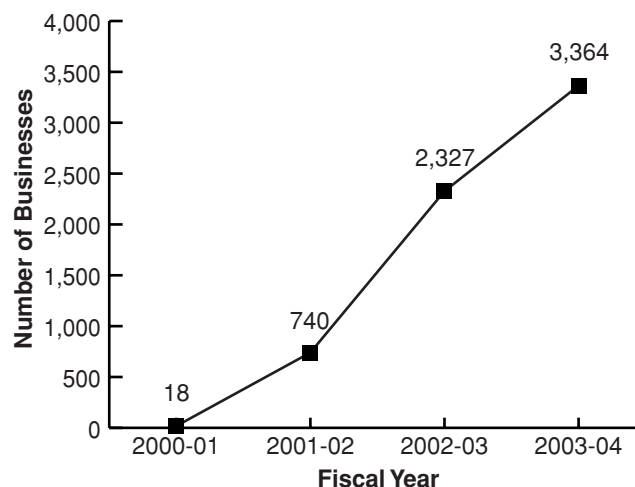
Number of businesses and farmers using SETS

During 2003-04, 3,364 businesses filed returns online and 6,673 farmers applied for fuel tax rebates online. These numbers increased from 2002-03 when 2,327 businesses filed returns online and 4,056 farmers applied for fuel tax rebates online.

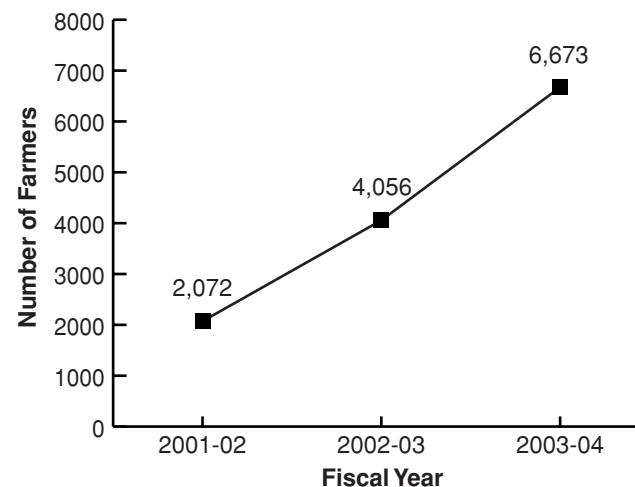
The number of businesses and farmers filing returns or applying for tax rebates online has been increasing each year. We continue to promote the use of our electronic tax services with regular advertising inserts in the tax returns that we mail.

Number of Businesses Using SETS

Source: Department of Finance, SETS



Number of Farmers Using SETS



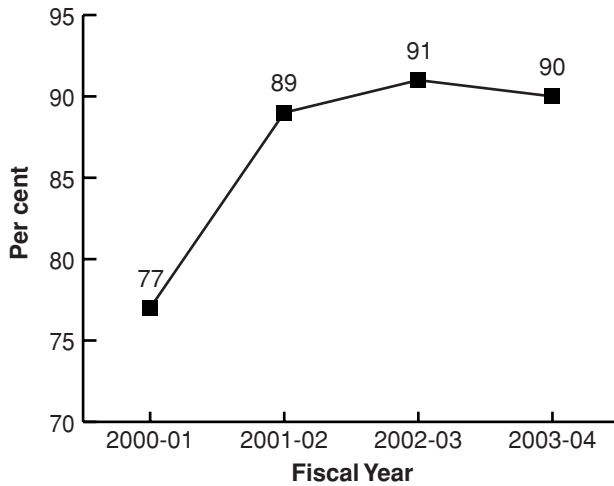
Percentage of gasoline purchased tax-free by farmers

The ability to purchase tax-free gasoline at source makes it easier for farmers to receive this tax benefit.

Ninety per cent of farmers purchased gasoline tax-free at source rather than applying for a refund of tax, down slightly from 91 per cent in 2002-03.

Percentage of Gasoline Purchased Tax-Free by Farmers

Source: Department of Finance, Farm Fuel Statistics



2003-04 Financial Results

Expenditure

The following table outlines information on budgeted and actual expenditures by subvote and subprogram. Variance explanations are provided for all variances that are greater than \$70,000.

Program	(thousands of dollars)			Notes
	2003-04 Budget	2003-04 Actual	2003-04 Variance	
Administration	3,417	3,374	(43)	
Accommodation and Central Services	2,246	2,230	(16)	
Treasury and Debt Management	2,593	2,337	(256)	1, 2
Provincial Comptroller	11,723	11,768	45	
Budget Analysis	4,336	4,034	(302)	1
Revenue	14,772	14,159	(613)	
Revenue Division	11,322	10,741	(581)	1, 3
Allowance for Doubtful Accounts	1,200	1,200	-	
CCRA Income Tax Administration	950	918	(32)	
Driver Licence Photo Identification Program	1,300	1,300	-	
Personnel Policy Secretariat	307	235	(72)	1
Miscellaneous Payments	95	21	(74)	
Bonding of Public Officials	20	19	(1)	
Unforeseen and Unprovided for	50	2	(48)	
Implementation of Guarantees (Statutory)	25	0	(25)	
Pension and Benefits	200,174	197,441	(2,733)	
Public Service Superannuation Plan (Statutory)	100,245	98,318	(1,927)	4
Members of the Legislative Assembly - Pensions and Benefits (Statutory)	3,214	3,614	400	5
Judges Superannuation Plan (Statutory)	1,871	1,870	(1)	
Public Employees' Pension Plan	31,540	33,038	1,498	6, 7
Canada Pension Plan – Employer's Contribution	21,620	20,524	(1,096)	8
Employment Insurance – Employer's Contribution	12,168	11,916	(252)	8
Workers' Compensation – Employer's Contribution	7,207	6,691	(516)	8
Employees' Benefit – Employer's Contribution	20,029	19,934	(95)	8
Services to Public Service Superannuation Plan Members	1,046	985	(61)	
Public Employees' Benefits Agency Revolving Fund				
Net Financing Requirements (Statutory)	1,234	551	(683)	9
Total	\$ 239,663	\$ 235,599	\$ (4,064)	

- 1 Lower salary costs.
- 2 Lower than anticipated bank charges.
- 3 Lower IT expenses.
- 4 Greater-than-expected deletions from Plan.

- 5 Supplementary payments paid at higher rate.
- 6 Early retirement costs.
- 7 Higher-than-anticipated salary base.
- 8 Lower-than-anticipated employer costs.
- 9 Change in way capital assets are amortized.

Revenue

The Department of Finance collects revenue relating to taxation, transfers from other government entities, interest, premium, discount and exchange, motor licence fees, transfers from the Government of Canada as well as other smaller revenue sources. All revenue collected is deposited into the General Revenue Fund. The following table outlines information on estimated and actual revenues and includes variance explanations for variances greater than \$5 million.

Source	(thousands of dollars)			Notes
	2003-04 Budget	2003-04 Actual	2003-04 Variance	
Corporation Capital Tax	363,300	371,479	8,179	1
Corporation Income Tax	340,900	310,573	(30,327)	2
Fuel Tax	350,400	356,773	6,373	3
Individual Income Tax	1,275,100	1,245,763	(29,337)	4
Sales Tax	851,700	854,480	2,780	
Tobacco Tax	167,100	176,747	9,647	5
Other	65,600	73,821	8,221	6
Taxes	3,414,100	3,389,636	(24,464)	
Crown Investments Corporation of Saskatchewan	200,000	200,000	-	
Saskatchewan Liquor and Gaming Authority	346,000	360,766	14,766	7
Other Enterprises and Funds	45,300	45,175	(125)	
Transfers from Crown Entities	591,300	605,941	14,641	
Interest, Premium, Discount and Exchange	47,777	59,008	11,231	8
Motor Vehicle Fees	122,200	119,412	(2,788)	
Other Licences and Permits	86	83	(3)	
Sales, Services and Service Fees	325	113	(212)	
Other	9,463	7,936	(1,527)	
Other Revenue	179,851	186,552	6,701	
Canada Health and Social Transfer	687,800	750,558	62,758	9
Equalization Payments	172,300	41,284	(131,016)	10
Other	2,095	81,362	79,267	11
Transfers from the Government of Canada	862,195	873,204	11,009	
Total Department of Finance Revenue	5,047,446	5,055,333	7,887	

- | | |
|---|--|
| <p>1 Increase due to higher oil and natural gas revenue.</p> <p>2 Decrease primarily due to a lower share of the 2002 national tax base.</p> <p>3 Increase due to higher-than-anticipated consumption.</p> <p>4 Decrease primarily due to a federal overpayment in 2002-03 that was repaid in 2003-04.</p> <p>5 Increase due to an increase in consumption of tobacco products.</p> <p>6 Increased insurance premium tax revenue.</p> | <p>7 Net income transfer increase due to higher liquor sales, increased SIGA net income and savings related to VLTs.</p> <p>8 Increase due to higher interest on investments, sinking fund earnings and on a redemption of U.S. debt.</p> <p>9 Increase due to an increase in health funding as part of the First Ministers' Accord on Health partially offset by a decrease due to revised population estimates resulting from the 2001 Census.</p> |
|---|--|

-
- 10 Decrease due higher oil and natural gas revenue and the revised population estimates resulting from the 2001 Census.
 - 11 Increase due to recognition by the Department of Finance of current-year and future-year funding related to the Diagnostic/Medical Equipment Fund and the Health Reform Transfer.

Revolving Funds

The Department is responsible for the Public Employees' Benefits Agency Revolving Fund that provides services to public sector pension and benefit plans and to plan members. The costs incurred by the Fund for providing services are allocated to, and reimbursed primarily by, various pension and benefit plans. For more information about this Fund please visit the following website: <http://www.peba.gov.sk.ca/peba/annrep.htm>

Where to Obtain Additional Information

If you have any questions or comments please call 1-866-862-6246.

If you require additional copies of this Annual Report, call 787-6623.

All Saskatchewan Finance programs and services can be accessed at www.gov.sk.ca/finance

All Saskatchewan Finance publications can be accessed at www.gov.sk.ca/finance/publicationsall.htm

Appendix A

Senior Management Committee

Ron Styles, Deputy Minister

Kirk McGregor, Assistant Deputy Minister
Taxation and Intergovernmental Affairs Branch

Terry Paton, Provincial Comptroller
Provincial Comptroller's Division

Dennis Polowyk, Assistant Deputy Minister
Treasury and Debt Management Division

Len Rog, Assistant Deputy Minister
Revenue Division

Glen Veikle, Assistant Deputy Minister
Treasury Board Branch

Joanne Brockman, Executive Director
Economic and Fiscal Policy Branch

Cathy Bulych, Chief Information Officer
Information Technology Branch

Naomi Mellor, Executive Director
Performance Management Branch

Janine Reed, Executive Director
Personnel Policy Secretariat

Brian Smith, Executive Director
Public Employees Benefits Agency

Bill Van Sickle, Executive Director
Executive Administration Branch

Jim Graham, Director
Human Resources Branch

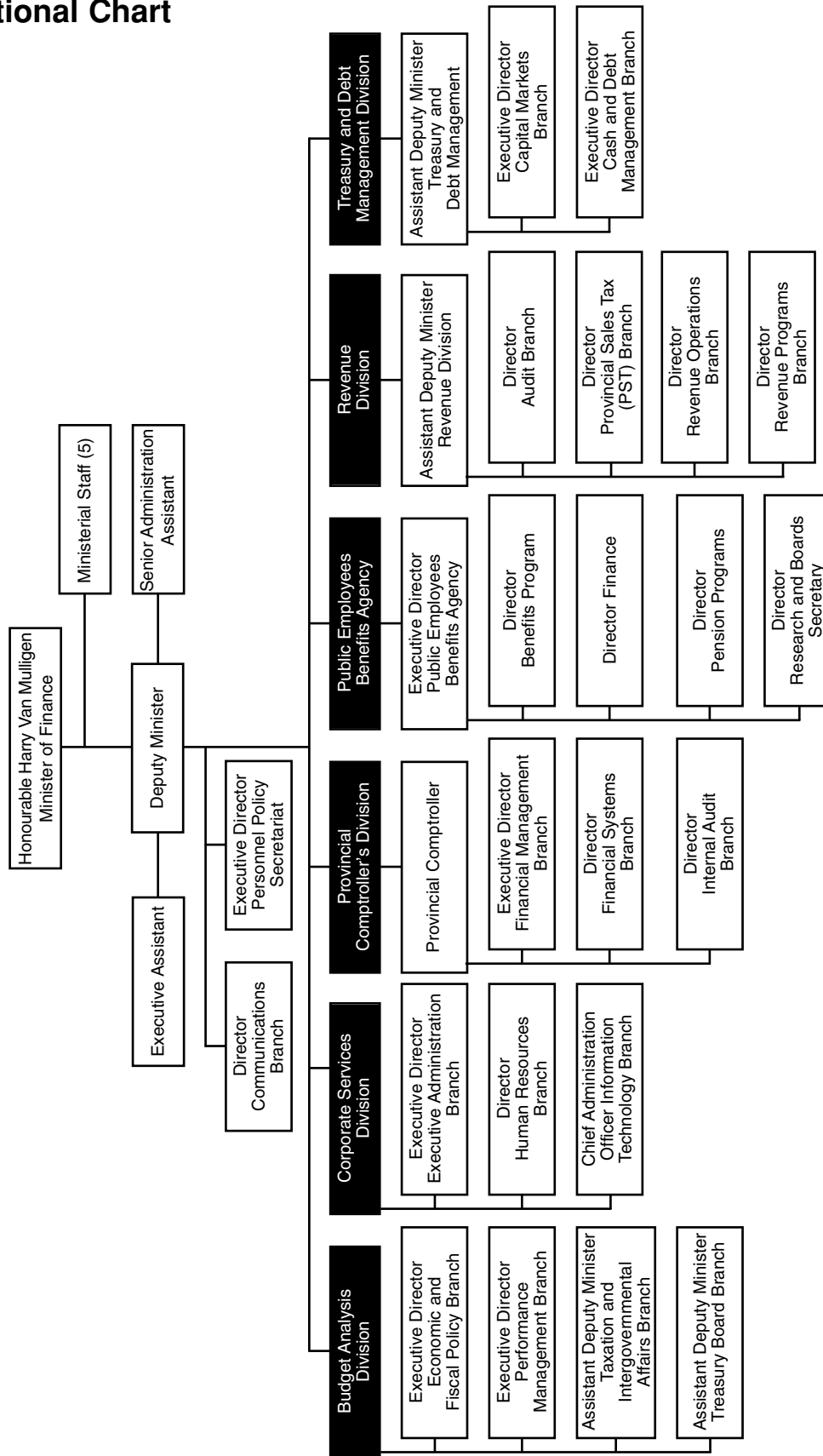
Mike Woods, Director
Communications Branch

Kevin Banman, Executive Assistant to the
Deputy Minister

Mag Massier, Senior Administrative Assistant

Appendix B

Organizational Chart



Appendix C

Public Employees Benefits Agency

The Public Employees Benefits Agency (PEBA) provides the day-to-day administration of public sector pension and benefit programs.

PEBA's strategic plan, developed by a committee of management and staff, was finalized during the 2002-03 fiscal year. Management and staff are working together to implement the Agency's goals.

PEBA continued to provide research and guidance to pension and benefits boards to facilitate the documenting of each pension board's governance strategy. Good governance is developing, documenting, implementing and abiding by policies and procedures that facilitate the efficient administration of pension and benefit plans. Boards conducting themselves using good governance practices is not new. The documentation and ongoing review of governance is an expectation in the pension and benefit industry.

May 1, 2002 marked the 75th anniversary of the Public Service Superannuation Plan. For the first time in the Plan's history, personal pension statements were printed and distributed to plan members in the 2002 fiscal year.

The Public Employees Benefits Agency administers the following pension and benefit plans:

Pension Programs

Anti-Tuberculosis League Employees Superannuation Plan

Judges of the Provincial Court Superannuation Plan

Liquor Board Superannuation Plan

The Members of the Legislative Assembly Benefits Act

Municipal Employees' Pension Plan

Public Employees' Pension Plan

Public Service Superannuation Plan

Saskatchewan Pension Annuity Fund

Saskatchewan Transportation Company Employees Superannuation Plan

Workers' Compensation Board Superannuation Plan

Benefit Plans

Additional Pension Contribution Program

Deferred Salary Leave Plan

Extended Health Care Plan

Extended Health Care Plan for Certain Other Employees

Public Employees Dental Plan

Public Employees Disability Income Plan

Public Employees Group Life Insurance Plan

Scheduled Aircraft Insurance Plan

Unscheduled Aircraft Insurance Plan

Additional Benefit Plans Administered for Employers

The Extended Health Care Plan for Retired
Employees

The Extended Health Care Plan for Certain Other
Retired Employees

The Government of Saskatchewan and Canadian
Union of Public Employees Local No. 600-3
Benefits Plans Surplus Fund

The Government of Saskatchewan and
Saskatchewan Government and General
Employees' Union Benefit Plans' Surplus Fund

The SaskPower Millennium Trust Fund

The SaskPower Supplementary Superannuation
Plan

Appendix D

Publications List

All Saskatchewan Finance publications can be accessed at:

www.gov.sk.ca/finance/publicationsall.htm

Department of Finance Annual Report

Offers a narrative and financial overview of the operations of the Department of Finance for the previous fiscal year and identifies actions for the upcoming fiscal year.

www.gov.sk.ca/finance/annreport

Budget Documents and Backgrounders

Offer financial details of the annual Provincial Budget. Published in March of each year. Main documents include the Budget Summary Book, Our Plan for 2003-04, Estimates and Supplementary Estimates.

www.gov.sk.ca/finance/budget

- **Budget Summary Book**
Offers an overall view of the Provincial Budget. Includes Financial Tables, as well as program highlights for the upcoming year.
- **Our Plan for 2003-04**
Outlines key commitments associated with the 2003-04 Budget.
- **Estimates**
The Estimates represent the Government's financial plan for the General Revenue Fund presented to the Legislative Assembly for the fiscal year commencing April 1, and ending on March 31 of the following year. The Estimates outline the estimated expenditures, revenues, loans, advances and investments of the General Revenue Fund categorized in a manner to inform both the Members of the Legislative Assembly and the public. The Estimates are presented in accordance with *The Financial Administration Act, 1993*.

- **Supplementary Estimates**

The Supplementary Estimates for the fiscal year ending March 31 represent funding provided by special warrants issued subsequent to the passage of the Main Appropriation Bill for the previous year. Supplementary Estimates are prepared and presented to the Legislative Assembly pursuant to section 14 of *The Financial Administration Act, 1993*.

First Quarter Report

Offers details of the government's financial picture on a General Revenue Fund basis as of the first quarter (April, May, June) of the fiscal year, compared to Budget. Published within 60 days of end of first quarter.

www.gov.sk.ca/finance/QuarterReports

Mid-Year Report

Offers details of the government's financial picture on a General Revenue Fund basis as of the second quarter (April – September) of the fiscal year, compared to Budget and First Quarter. Published within 60 days of end of second quarter.

www.gov.sk.ca/finance/finrep

Third Quarter Report

Offers details of the government's financial picture on a General Revenue Fund basis as of the third quarter (April – December) of the fiscal year, compared to Budget and Mid-Year. Published within 60 days of end of third quarter.

www.gov.sk.ca/finance/QuarterReports/thirdquarter.htm

Public Accounts Documents

www.gov.sk.ca/finance/paccts

- **Volume 1**

Volume 1 of the Public Accounts contains the General Revenue Fund financial statements and the Summary Financial Statements. It also contains information on the Fiscal Stabilization Fund and the Province's debentures. Usually published in July.

- **Volume 2**
Volume 2 of the Public Accounts provides detailed information on revenues and expenditures of the General Revenue Fund, information on the trust funds administered by the Government and a listing of remissions of taxes and fees. Usually published in September.

- **Compendium**
The Compendium contains the financial statements of various boards, agencies, commissions, superannuation funds, special purpose funds and institutions as well as those Crown corporations, which are accountable to Treasury Board. Usually published in late March of the following year.

Understanding Public Law

This Handbook is for boards of directors of public agencies that are responsible to Treasury Board. It is intended to assist boards of directors in understanding how general laws affect their roles, responsibilities and duties.

www.gov.sk.ca/finance/pcdlaws/handbook.pdf

Tax Information Bulletins and Forms

The Revenue Division of Saskatchewan Finance prepares a number of information bulletins and forms about the taxes and programs administered. This information explains how the Provincial Sales Tax, Fuel Tax, Tobacco Tax, Corporation Capital Tax, Liquor Consumption Tax, and other taxes apply in specific situations.

www.gov.sk.ca/finance/revenue

Saskatchewan Bureau of Statistics

www.gov.sk.ca/bureau.stats

- **Saskatchewan Economic Statistics**
Provides detailed data of the Saskatchewan economy in terms of Gross Domestic Product. Published twice annually.
- **Economic Overview**
Provides a compendium of the most asked questions relating to Saskatchewan statistics, including data on agriculture, business, employment, investment and Gross Domestic Product. Published annually.

- **Monthly Statistical Review**
Provides up-to-date economic and social statistics relating to Saskatchewan. Produced monthly.
- **Saskatchewan Fact Sheet**
Provides a snapshot of important Saskatchewan economic and social statistics for the previous two years. Produced annually.
- **Labour Force Survey**
Tables provide labour force and employment data from the Statistics Canada Labour Force Survey. Produced monthly.
- **Consumer Price Index**
Tables provide price data from the Statistics Canada Consumer Price Index. Produced monthly.

Public Employees Benefits Agency (PEBA)

PEBA operates as a central body within the Department of Finance, Government of Saskatchewan to administer pension and benefit programs for employees of the Executive Government, Crown corporations and Government Funded Bodies.

www.peba.gov.sk.ca/publications/publications.htm

- **PEBA Annual Reports**
Annual Reports provide information about the Plan's operations, membership, and administrative expenses and include financial statements for the year. PEBA produces 18 annual reports.
- **Acceptable Documentation**
This document outlines the documentation that PEBA will use in administering the pension and benefit programs that the Agency is responsible for.

- **Statement of Investment Policies (SIP&P)**

The following policy documents outline parameters around the investment of the various plans' assets setting rate of return standards, asset mix guidelines, risk tolerance, etc. This document is used by various fund managers to manage the plans assets and the boards and commissions will use this to evaluate the manager's performance.

Public Employees' Pension Plan:

- Investment Policy Summary (as of April 2003) - Balanced Fund
- Statement of Investment Policies and Goals - Balanced Fund
- Investment Policy Summary (as of April 2003) - Short-Term Bond Fund
- Statement of Investment Policies and Goals - Short-Term Bond Fund

The Saskatchewan Pension Annuity Fund:

- Statement of Investment Policies and Goals (as of February 2003)

Municipal Employees' Pension Plan:

- Investment Policy Summary (as of April 2003)
- Statement of Investment Policies and Procedures

- **Public Service Superannuation Plan (PSSP)**

Saskatchewan Liquor Board Superannuation Plan:

- Investment Policy Summary (as of March 2003)
- Statement of Investment Policies and Objectives

Saskatchewan Transportation Company Superannuation Plan:

- Investment Policy Summary (as of March 2002)
- Statement of Investment Policies and Goals

- **Benefits**

Public Employees Benefits Agency Disability Income Plan:

- Investment Policy Summary (as of March 2003)
- Statement of Investment Policies and Objectives

Public Employees Benefits Agency Group Life Insurance Plan:

- Investment Policy Summary (as of March 2003)
- Statement of Investment Policies and Objectives

- **Member Newsletters**

The newsletters provide current information to members about Plan provisions, proposed changes to legislation, regulations and administrative matters and addresses topics of interest to members (i.e. retirement planning, risk management, investments, missing members and the pension industry).

Public Employees' Pension Plan (PEPP) – "Pension Perspectives"

Municipal Employees' Pension Plan (MEPP) – "MEPP Matters"

- **Member Booklets**

Member Booklets contain detailed information concerning the various plans offered and the benefits available to the members. These are a valuable resource to all Plan members, so that they know their exact entitlements under the various plans.

Pension Plans:

- Public Employees Pension Plan
- Municipal Employees Pension Plan
General Member
Designated Police Officer and Firefighter
- Public Service Superannuation Plan

Benefit Plans:

- Public Employees Group Life
- Public Employees Disability Income Plan
Employee Booklet
Plan Document
- Public Employees Dental Plan
Maximum Reimbursement Schedules
(MRS) - list the codes and the cost for
each procedure that is covered in the
Plan. The schedules are updated every
year, usually in January.
- Public Employees Deferred Salary Leave
Plan

Extended Health Care Booklets:

- Extended Health Care Plan PS/GE SGEU
Retiree Booklet
- Extended Health Care Plan CUPE 600-3
Retiree Booklet
- Extended Health Care Plan Out-of-scope
Retiree Booklet
- Extended Health Care Plan Booklet
PS/SGEU and CUPE 600-3: Effective
January 1, 2000
- Extended Health Care Plan Booklet
(Management) Employees: Effective
January 1, 2000

• Employer Bulletins

Bulletins notify employers about legislation, regulations, and administrative changes affecting the Plan, as well as new services being offered to the members or procedural changes.

PEPP**PSSP****MEPP****• Pension Adjustment Guides**

Assists users in calculating and reporting Pension Adjustments.

MEPP**PSSP****• Employer Manual (MEPP)**

Provides instructions to employers regarding administrative and reporting procedures.

• Other Information**Information Sheets**

Provide detailed information on specific topics related to Plan provisions.

- Green Sheets (PEPP)
- InfoSheets (PSSP)
- FOCUSsheets (MEPP)

PEPP

- Pension Connection Brochure

MEPP

- Actuarial Valuation of the Saskatchewan Municipal Employees' Pension Plan (as at December 31, 2001)
- Actuarial Valuation Report (as at December 31, 2001) on The Annuities Underwritten by The Municipal Employees' Pension Plan

Appendix E

Legislation

Under Order-in-Council No. 99/2004 dated February 25, 2004, the Minister of Finance is responsible for the following Acts of the Legislative Assembly:

Balanced Budget Act
Certified General Accountants Act, 1994
Certified Management Accountants Act
Certified Management Consultants Act
Chartered Accountants Act, 1986
Corporation Capital Tax Act
Federal-Provincial Agreements Act
Financial Administration Act, 1993
Fiscal Stabilization Fund Act
Fuel Tax Act, 2000
Home Energy Loan Act
Income Tax Act
Income Tax Act, 2000
Insurance Premiums Tax Act
Liquor Consumption Tax Act
Management Accountants Act
Members of the Legislative Assembly Benefits Act
Motor Vehicle Insurance Premiums Tax Act
Municipal Employees' Pension Act
Municipal Financing Corporation Act
Provincial Auditor Act
Provincial Sales Tax Act
Public Employees Pension Plan Act
Public Service Superannuation Act
Revenue and Financial Services Act
Saskatchewan Development Fund Act
Saskatchewan Pension Annuity Fund Act
Saskatchewan Pension Plan Act
Statistics Act
Superannuation (Supplementary Provisions) Act
Tabling of Documents Act, 1991
Tobacco Tax Act, 1998

Although not listed in the Order-in-Council, the Minister is also responsible for *The Appropriation Act*.

Furthermore, the Department has responsibilities under the following legislation:

Fire Prevention Act, 1992
Liquor Board Superannuation Act
Provincial Court Act, 1998
Vehicle Administration Act
Workers' Compensation Board Superannuation Act

Appendix F

Treasury Board, the Budget Process and Public Accounts

Key decisions about the Province's finances, including the development of the annual Budget, are the responsibility of **Treasury Board**, a committee of Cabinet Ministers. The powers and duties of Treasury Board are contained in sections 4 and 5 of *The Financial Administration Act, 1993*. The Minister of Finance is the Chair of Treasury Board and the Deputy Minister of Finance is the Board's Secretary. Department of Finance staff act as a resource to Treasury Board in the performance of its duties.

The Department of Finance assists and supports Treasury Board in fulfilling its duties, which include:

- managing the Government's revenues, expenditures, assets and liabilities;
- evaluating Government programs and services;
- establishing and overseeing Government administrative policy and management practices and systems;
- developing and monitoring Government accounting policies and practices;
- reviewing and making recommendations on the organization of all or any part of Government;
- providing Cabinet with policy recommendations to address Government programming and fiscal issues; and,
- reviewing Budget proposals and overseeing the development of the Government's annual Budget.

One of the primary responsibilities of the Department of Finance is to assist Treasury Board in developing and managing the annual provincial **Budget**. Presented each year in the Legislative Assembly by the Minister of Finance, the Budget sets forth in detail how public funds will be allocated among all government programs and services in the coming fiscal year. It also establishes future directions for government programs and appropriate levels of taxation to maintain those programs.

The process starts each spring with a Call for Plans, which directs departments to develop their strategic direction for the year, including goals, objectives, performance measures and key actions. Each year, Cabinet meets early in the Fall to develop budget guidelines based on overall public priorities as determined by the Government. These guidelines are conveyed to departments to guide them when preparing their budget requests. Treasury Board, with the support and advice of the Department of Finance, assesses the plans and budget requests, evaluates competing priorities, and recommends a budget package to Cabinet.

Once Cabinet has finalized the budget package, the Department produces the Budget Address, annual Estimates and supporting materials and arranges for the dissemination of budget information to key stakeholders and the public.

Throughout the year, the Department of Finance issues First Quarter, Mid-Year and Third Quarter Reports, which update revenue, expenditure and debt forecasts based on economic changes and other developments that have occurred to certain points of the fiscal year. In addition, the Mid-Year Report updates actual performance compared to key commitments made in the Budget.

By August 1, the Department of Finance prepares the annual Public Accounts for the Minister of Finance to table in the Legislative Assembly. In effect, the **Public Accounts** serve as a fourth quarter report. The Public Accounts summarize the results of Government operations for the fiscal year and provide a comparison of actual results to Budget Estimates.

The Legislative Assembly establishes a Standing Committee on Public Accounts at the beginning of each Legislative sitting to review the Government's expenditures through analysis of the Public Accounts and the Provincial Auditor's report. The Committee plays a key role in maintaining Government accountability.

The Committee is assisted in its deliberations by the attendance of the Provincial Comptroller, the Provincial Auditor and department officials, each of whom provides information and answers questions from Members.

The Committee summarizes its recommendations in periodic reports to the Legislative Assembly. The Department of Finance assists the Government in preparing a formal response describing the actions taken as a result of the Committee's recommendations. The financial accountability cycle is completed when the Committee reviews the Government's response and actions.

Appendix G

Personal Information Privacy Framework

In September 2003, the Government of Saskatchewan set out a privacy framework that is designed to place Saskatchewan at the strongest possible privacy protection policy position, while balancing the Government's need to meet its public policy obligations. The Department of Finance designated a senior staff member to act as the departmental Privacy Officer and established a Privacy Committee to adopt the Privacy Framework and integrate its principles into Finance's operations.

The Department of Finance has taken the following actions to safeguard the confidentiality of Personal Information held by the Department and to improve its Information handling procedures:

- Adopted the principles of the Government's Privacy Framework and developed an Action Plan to address the requirements of the Framework;
- Prepared an inventory of all personal information held within the Department of Finance and identified individual(s) accountable for the data;
- Adopted the principles of the Government's Guideline for Information Protection Classification issued by the Information Technology Office and classified all privacy information in accordance with the Classification Guide;
- Developed a Saskatchewan Finance Privacy Code which has been approved by the Senior Management of the Department;
- Developed a process for individuals to follow, if they wish to obtain their personal information, challenge the information on file or challenge the Department's compliance with the Government's Privacy Framework;
- Identified all Outsourcing Contracts within the Department of Finance and developed wording for privacy clauses to be incorporated in all new contracts or existing contracts as they come due for renewal;

- Developed a document entitled '*Access To and Protection of Client Information*' to deal with personal information handling procedures and processes for the Department;
- Incorporated 'informed consent' wording for new forms developed within Finance. The Saskatchewan Savings Bond Application Form is the first form to include the new wording;
- Updated the Saskatchewan Finance section of the Government's Information Access Directory to include an inventory of Personal Information;
- Notified all Finance staff of the availability of on-line privacy training recently developed by the Public Service Commission and made available on the Internet, and incorporated privacy awareness issues into departmental Security Awareness training seminars which are to be delivered in June, 2004.

Employee security awareness and electronic security measures to protect data are an integral part of strengthening internal processes to protect all confidential information, including personal information. The Department has taken a number of steps to increase the security of its data by including new encryption procedures for all laptops and selected desktops, by contracting secure fax and file transfer services, by upgrading the physical security of Finance's server room and by implementing formal electronic audit trails and documentation of all requests for security changes.

In addition to these steps, Finance's Information Technology Branch is conducting a review of all existing security permissions for access to electronic data and has begun to conduct regular password audits to ensure compliance with departmental password standards. The Branch has commenced an update for Finance's Security Policy documents and anticipates a new release in September, 2004.

The Department of Finance is committed to continue its efforts to ensure that it meets all the requirements of the Government's Privacy Framework and that it incorporates high security standards to safeguard confidential information.

Appendix H

Glossary of Terms

Appropriation

An amount of funding that the Legislature has authorized for a particular purpose.

Credit Rating

An evaluation of the ability and willingness of a borrower to service and repay debt in a timely manner. Credit ratings are a key factor in determining the cost and availability of credit to a borrower. Borrowers with lower credit ratings pay more to lenders or investors than those with a higher rating. Many investors, such as pension funds, have guidelines restricting their lending to only those borrowers with above a minimum standard (level) credit rating.

Debt Servicing Costs

Costs associated with servicing the gross debt of the General Revenue Fund. The costs include interest, foreign exchange gains and losses, discounts, fees and commissions. Costs incurred to service Crown corporation debt are reimbursed by the Crown corporations.

Department

An organizational unit of Executive Government created for the purpose of managing related programs.

Estimates

Documents tabled outlining the Government's detailed financial plan for the year which form the basis for the requested appropriations. Estimates are tabled every year with the Budget Address.

Expenditure

The cost of operating government identified with a particular fiscal year or time period. Expenditures include the cost of government operated programs, interest on the public debt, transfer payments and capital acquisitions.

Financial System

Any system, manual or computerized, used to report or process transactions or data related to revenues, expenditures, assets or liabilities.

Fiscal Stabilization Fund (FSF)

The FSF was established April 1, 2000 by *The Fiscal Stabilization Fund Act*. Its purpose is to stabilize the fiscal position of the Government to facilitate long-term planning. Stabilization occurs through transfers between the FSF and the General Revenue Fund (GRF) as approved by Treasury Board. Transfers to the FSF from the GRF are statutory disbursements. Amounts transferred to the GRF from the FSF are available for expenditure subsequent to receiving required approval from the Legislative Assembly.

Fiscal Year

The period commencing on April 1 in one calendar year and ending on March 31 in the following calendar year.

General Revenue Fund (GRF)

The fund into which all revenues are paid, unless otherwise provided for by legislation, and from which all expenditures are appropriated by the Legislative Assembly.

General Revenue Fund Financial Statements

The financial statements prepared for the moneys appropriated by the Legislative Assembly.

Gross Debt

The gross debt of the Province consists of money owed directly to lenders through the sale of short-term promissory notes and medium and long-term debentures in the capital markets, as well as the amount owed to holders of Saskatchewan Savings Bonds.

Guaranteed Debt

The debt of Crown corporations and others that the Province has promised to repay if the debt issuer is unable to do so.

Performance Measurement

Performance measurement is a process of regularly assessing progress towards achieving the outcomes articulated in a strategic plan. Measurement results are analyzed, reported and the knowledge gained is used by the organization to modify and improve future plans.

Public Accounts

The Public Accounts of the Government of Saskatchewan are organized into two reports. Volume 1 contains the General Revenue Fund financial statements and the Summary Financial Statements. These are the main financial statements of the Government of Saskatchewan. Volume 2 contains details on revenue and expenditure of the General Revenue Fund, financial information on the superannuation and trust funds administered by the Government, and a listing of remissions of taxes and fees.

Public Performance Results Reporting

The mechanism that Government uses to communicate with the public on the achievements of departments for a specific time period, compared to the intended results laid out in pre-specified plans (typically at mid-year or at the end of a fiscal year). All departments are now required to prepare and report performance plans and results reports as part of their Annual Report.

Revenue

The gross proceeds applicable to a fiscal year from taxes, licenses, transfer payments and sources other than borrowing.

Revolving Funds

Funds established by statute which are used to isolate certain items of related revenue and expenditure. Revolving funds are net budgeted in the Estimates, and are used for specific government operations that recover all or a portion of the associated costs from the funds' users.

Sinking Funds

Funds set aside to provide for the orderly retirement of a portion of the Province's debt.

Strategic Planning

Strategic planning is a practical, action-oriented process that sets goals and allocates resources to achieve meaningful results over time. Plans describe the outcomes that the organization intends to achieve over the planning period (goals and objectives) and the key actions that will be taken in the short term to move the organization toward its desired outcomes.

Summary Financial Statements

The financial statements that report on the consolidated financial resources and activities of all government organizations, including government boards, agencies, commissions, funds and Crown corporations.

Total Debt

The total debt of the General Revenue Fund consists of:

- gross debt – the amount of money owed to lenders, plus
- guaranteed debt – the debt of Crown corporations and others that the Province has promised to repay if they are unable to do so; less
- sinking funds – the amount of money which has been set aside for the repayment of debt.

Transfers

Transfers of money from the Government of Saskatchewan to an individual, organization, authority or other government for which no goods or services are directly received by Government and no repayment is expected in the future. Terms such as "grants" and "entitlements" are often used for transfers.

Transfers to Individuals

Direct or indirect transfers of money for which no public service is required of the recipient. These transfers provide the recipient with a financial benefit and are usually in the nature of income support, subsidy or compensation payment. These transfers may include public goods and services that are income tested.

Transfers for Public Service

Transfers to individuals, organizations, Crown corporations and local authorities (for example: school boards, district health boards and municipalities) to fund public services such as health care and education. Transfers to government organizations and corporations, which in turn provide a direct transfer or subsidy to their clients, are treated as a transfer to an individual.

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