



# Saskatchewan Alternative Budget 2007 In Brief

## Poverty and Inequality During a Time of Prosperity

### A Time of Prosperity

Saskatchewan is fortunate to be currently experiencing a period of economic prosperity. GDP growth in 2007-08 is forecast to be 2.7%, one of the highest in the country. The 2006-07 Provincial Budget had total revenues of \$7.7 billion, the largest in Saskatchewan's history. The 3<sup>rd</sup> Quarter Financial Update reported an increase of \$195 million in revenue from the mid-year report, bringing total provincial revenue to \$8.3 billion. Saskatchewan's unemployment rate of 4.2% is one of the lowest in the country. The province is flush with money and there is no sign of an economic downturn in the near future.

### Poverty and Inequality

Despite the generally positive indicators reflecting Saskatchewan's economy, there are some fundamental contradictions and dark clouds looming on our horizon that cannot be ignored.

- Before social transfers, 24.1% of all Canadian families with children under 18 years live in households below the poverty line
- 1 in 5 Saskatchewan children live in poverty
- The average debt for post-secondary graduates is greater than \$20,000
- 54% of low income respondents in a Canadian Community Health Survey reported some food insecurity in the past 12 months
- Agriculture and Agri-Food Canada's net farm income projection for Saskatchewan farmers in 2006 was negative \$27,000 per farm
- People working for community-based organizations earn on average \$15,360 per year less than public service employees who provide similar services, resulting in high turnover and recruitment problems
- For every 12 nurses employed in the province, there is one vacancy. This chronic shortage has led to emergency room closures, compromised patient care, and burnout
- 78% of Canadians report directly seeing the effects of global warming
- Municipalities shoulder the bulk of the cost of the K-12 education system and school boards are being forced to close schools due to lack of funding

To begin to address these inequities, the Saskatchewan Alternative Provincial Budget (APB) includes \$1.2 billion in new expenditures, maintaining a budget surplus of \$104 million.

# Saskatchewan Alternative Budget 2007: A Plan to Reduce Inequality

Solutions to inequality can be created in every government department and agency. By outlining a number of comprehensive and interdisciplinary actions, the Alternative Budget implements numerous measures to reduce inequality in our province. **The Alternative Budget addresses inequality by:**

**Ensuring all Saskatchewan residents earn an adequate income.** The Alternative Budget eliminates the Transitional Employment Allowance program and increases Social Assistance rates by \$100/month. It also provides a Basic Income supplement of \$137/month to all adults aged 18-64 below the Low Income Cut-off Line. The clawback of the National Child Benefit from families on social assistance is ended and \$1 million is allocated to establish a Provincial Food Charter and to support local food security initiatives.

**Providing affordable transportation for all citizens.** The Alternative Budget commits additional long-term funding to the Provincial Transit Assistance Program for People with Disabilities, beginning with \$2 million in 2007-08. A province-wide discounted bus program for all recipients of social assistance is implemented for a cost of \$5 million. Funding for municipalities and infrastructure is also increased.

**Focusing on Aboriginal people.** The Alternative Budget provides a comprehensive package to improve the quality of life of Aboriginal people, which includes \$30 million for recruitment, retention, and support for First Nations and Métis students in the post-secondary system; full implementation of the recommendations of the *Commission on First Nations and Métis People and Justice Reform* which lays out a strategy to shift our justice system to meet the needs of Aboriginal people; and \$10 million in housing for First Nation and Métis people on and off reserve.

**Focusing on our K-12 Education system.** Division amalgamations and restructuring has resulted in numerous problems that require additional funding. There must be a separate

transition fund to assist amalgamated school divisions move to the new system over a five-year period. During this period there should be a ministerial moratorium on school closures. The Alternative Budget provides increases to funding for education in rural areas by \$130 million coupled with a re-evaluation of the provincial funding formula. The APB also calls for the designation of 25 new community schools throughout the province and increased funding to all existing and new community schools.

**Supporting Saskatchewan municipalities.** Since 1984, the revenue sharing pool of the province has been reduced by more than 40 per cent. The APB commits to more adequate, ongoing funding for revenue sharing pools. The provincial revenue sharing pool for operating grants is re-established in the APB for a cost of \$17 million.

**Supporting our rural economy.** Rural populations are declining, the viability of services is being challenged, and the security of the agriculture industry is under threat. The Alternative Budget recommends that the Government re-evaluate financial support of intensive livestock operations and begin a modest divestment of ownership. The APB also sets up an Organic Agriculture Transition Fund to support farmers seeking to move to a sustainable method of production. Funding for environmental initiatives such as waste management, public transportation, and water conservation is specifically targeted towards rural communities.

## Saskatchewan Alternative Budget 2007: A Plan for Youth

Retaining and attracting Saskatchewan youth is essential to the future of our province. The APB introduces several initiatives that build on existing social programs coupled with new ideas that support young people. **The Alternative Budget addresses young people's priorities by:**

### **Investing in post-secondary education.**

Creating an accessible post-secondary education system is an essential step to addressing inequality in Saskatchewan. Tuition fees in our province have increased 227% in the last 15 years. The APB will reduce tuition fees by 50% over 5 years, increase grant and bursary opportunities to low-income students, provide a cost of living bursary in order to ensure our young people are not forced into poverty when obtaining education, and make investments to SIAST and regional colleges.

### **Providing the opportunity for youth to stay in Saskatchewan.**

The APB will help young people transition into the community through the development of a First Time Homebuyers Assistance program to provide up to \$15,000 for young people buying their first home. The APB also implements a provincial Youth Services Program to offer youth the opportunity to travel, work, and live in varied regions of the province.

## Saskatchewan Alternative Budget 2007: A Plan that Creates a Healthy Population and a Healthy Environment

In order to create a more equitable society, we must keep the health of our citizens and our land as a priority. **The Alternative Budget addresses our health care system and our environmental stewardship by:**

### **Shifting the focus of our health care system.**

Health spending accounts for more than 40% of our provincial budget and is constantly increasing. In order to ensure our health care system's future sustainability, we must reorient our health care culture, focusing on prevention, primary health care, and healthy living. The APB's increase in the health budget this year will include \$100 million for primary health care – including the development of comprehensive community health centres and primary health networks – and an additional \$100 million for healthy living and population health.

**Expanding education and training for health care professionals in order to address current labour force deficiencies.** New training will be done in an interdisciplinary setting in order to prepare future employees for an atmosphere of

primary health care, encompassing a much more holistic view of the patient.

### **Focusing on environmental sustainability, energy conservation, and waste management.**

Climate change has risen to the forefront of public opinion, and our province must not negate its responsibility any longer. The Alternative Budget urges the provincial government to fully implement the recommendations in Hon. Peter Prebble's report. The Alternative Budget calls for the creation of an office of the Environmental Auditor to monitor and publicly report on environmental activity of government departments and crown corporations, and the development of an energy conservation fund to help citizens buy and install energy efficient systems in their home and businesses. New funding for waste management is also provided.

# Saskatchewan Alternative Budget 2007: More Progressive Taxation

Taxation allows society to enjoy the benefits of the effective and equitable provision of essential public goods. The Alternative Budget asserts that shifts in our methods of revenue generation can allow our government another \$1.2 billion with which to address the social investment needs of the province in 2007-08. **The Alternative Budget moves to a more progressive tax regime by:**

**Creating a new tax credit program** specifically designed for people who, after gaining employment, are in a transition period between social assistance and total independence.

**Decreasing the number of VLTs in the province to 3000.** Gambling is a regressive consumption tax; VLTs in particular are an unfair tax on vulnerable at-risk families.

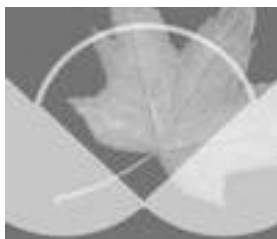
**Reducing the PST to 5.5%.** Sales tax burdens those at the bottom end of the income scale indiscriminately. There are two options for improving the sales tax position of the province. Our first choice would be to harmonize the PST with the GST, at a lower combined rate of 10% for both. This would reduce the double taxing on production that is embedded in the PST, and would reduce the total amount of tax on consumption. Failing this move to sales tax harmonization, it would be best to reduce the PST to 5.5% this year, and to 5% as soon as possible.

**Conducting a more substantial examination of Saskatchewan's corporate tax regime** beyond the parameters of the 2006 Business Tax Review Committee. We must think of corporations in a more holistic manner, including their contribution to the province.

**Reforming Saskatchewan's corporate tax structure in order to continue the diversification of our economy.** The tax system must be changed to get the incentives right. Non-profitable organizations should clearly not be taxed.

**Closing tax loopholes** that allow profitable corporations to avoid paying a fair share of taxes. A new tax structure must include a shift to a progressive corporate income tax that helps small and medium sized businesses with lower rates, particularly in their first 5-8 years of operation and establishment, and with increased rates for the largest corporations. The APB suggests that this would be supplemented with a new system that would provide significant tax relief to good corporate citizens who invest in physical, human and social capital. This means that well-established large corporations who are doing nothing to build productivity and community will be penalized with higher taxes.

**Raising natural resource royalty rates.** We need to conduct a comprehensive study on how to extract the optimum level of economic rent from each resource sector, proper royalty and taxation rates, and the proper division of revenues between Saskatchewan citizens and private industry. The APB asserts an increased earning factor from resources revenues of 1.6 times the current amount, resulting in an increase revenue potential of nearly \$2.6 billion from the 2006-07 levels.



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The full Alternative Budget is available free of charge from the CCPA website at [www.policyalternatives.ca](http://www.policyalternatives.ca).

Printed copies can be ordered through the Provincial Office for a \$10 fee.