

WHERE DO WE GO FROM HERE
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Title: Saskatchewan needs a larger private sector

In an Action Saskatchewan newspaper feature put out by the Saskatchewan Chamber of Commerce, communications consultant Paul Martin makes a compelling argument for growing Saskatchewan's private sector.

Saskatchewan Taxpayer Base – 1996		
Population	1,000,000	100%
Total Tax filers	685,120	68%
Non Taxable	215,160	21%
Total Taxpayers	469,920	47%
Benefits exceed Tax Paid	227,530	23%
Government Employees	106,095	10%
Net Tax Contributors	136,295	13%

The article points out that only 136,000 taxpayers put more money into the government treasury than they take out. In other words the province has a small private sector and is highly dependent on a small percentage (13%) of the population for its social programs. He says, "This explains why Saskatchewan, even with higher personal tax rates than Alberta, can only squeeze only one-third of its government revenues from personal taxes while next door they get 51 percent."

"Obviously Alberta enjoys the benefit of oil royalty income but, at just over half the government's revenue stream, personal income tax is even more significant to the government, enabling Alberta to spend more on government services per capita than Saskatchewan," states Martin.

Martin also points out that we have lots of kids and lots of seniors, but we have a shortage of those "working age folks" who pay for social programs. And, we are just beginning to feel the effect of an aging baby boomer generation. Projections suggest the number of wealth creators (the one-in-seven who contribute more to the treasury than they take out) could shrink to less than 60,000 over the next twenty years if nothing changes. The problem, of course, is that all those wealth generators can leave Saskatchewan for places that are more business friendly - and there will be no one left to pay for social programs.

In the article he quotes Fred Smith, a financial planner and former Chamber president, "I think the numbers are pretty scary. I think they demonstrate how dependent citizens of Saskatchewan are on people who create wealth. If I were a public worker, I'd be very

concerned about my position. If I'm a teacher, I'm not going to get paid unless there's wealth created out there."

"There weren't social programs 100 years ago. The only reason we have this many public servants is because there has been enough wealth creators – particularly in Alberta and Ontario. The only reason Saskatchewan can afford to pay its civil servants is because we get equalization from Alberta and Ontario. So, if we want better health and education, we have to have more wealth creators because that's who pays for it," Smith continues.

According to Martin, the Alberta government generates over 10% of its revenues from corporate income taxes, and Ontario gets about 20%. Saskatchewan, by contrast, hovers around 5%. "In other words, our private sector is less than half the size of Alberta's in relative terms and a quarter of Ontario's," he states.

Martin goes on to suggest that the growing dependency ratio was the driving force behind moves in the past four years to lower personal income tax rates in Saskatchewan, to reduce the urge to move, and to build a stronger private sector base here.

"The need to create, retain or attract a new wave of wealth generators in Saskatchewan is clear if, – and that's the key, - if we believe in things like social programs", Martin concludes.

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"Where Do We Go From Here" is a feature service of the Prairie Centre"