



Paying Down Debt and Providing Relief: 2026 Saskatchewan Pre-Budget Proposal

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About the Canadian Taxpayers Federation

The Canadian Taxpayers Federation is a federally incorporated, not-for-profit citizen's group dedicated to lower taxes, less waste and accountable government. The CTF was founded in Saskatchewan in 1990 when the Association of Saskatchewan Taxpayers and the Resolution One Association of Alberta joined forces to create a national organization. Today, the CTF has hundreds of thousands of supporters nation-wide.

The CTF maintains a federal office in Ottawa and regional offices in British Columbia, Alberta, Prairie (SK and MB), Ontario, Quebec and Atlantic. Regional offices conduct research and advocacy activities specific to their provinces in addition to acting as regional organizers of Canada-wide initiatives.

CTF offices field hundreds of media interviews each month, hold press conferences and issue regular news releases, commentaries, online postings and publications to advocate on behalf of CTF supporters. CTF representatives speak at functions, make presentations to government, meet with politicians,

and organize petition drives, events and campaigns to mobilize citizens to affect public policy change.

Any Canadian taxpayer committed to the CTF's mission is welcome to join at no cost and receive Action Update emails. Financial supporters can additionally receive the CTF's flagship publication *The Taxpayer* magazine published three times a year.

The CTF is independent of any institutional or partisan affiliations. All CTF staff, board and representatives are prohibited from holding a membership in any political party. In 2023-24 fiscal year, the CTF raised \$6.3 million on the strength of 74,858 donations. Donations to the CTF are not deductible as a charitable contribution. The CTF does not accept foreign funding.



Introduction

About \$2 billion. That's how much the Saskatchewan government is increasing the debt this year.¹

This must change. Increasing the debt by almost \$2 billion in a year where there have been no major droughts or natural resource price shocks should be a warning sign for the government that its spending and borrowing well beyond its means.

And the sooner that warning is heeded, the better for taxpayers and the better for Saskatchewan.

This report recommends bold measures for the government to curb expenditure and start paying down debt, because taxpayers can't afford for the government to borrow another cent in debt.

These bold measures require urgent action. These urgent actions are something that the government might not be able to fully implement in one year, but every step the government can take towards them means progress. And after years steps and additional progress, the government can dig itself out of its current financial hole and start paying back debt and save taxpayers hundreds of millions of dollars every year in debt interest payments.

But that progress starts with the first step.

The Saskatchewan Party says it believes in a "steady, gradual reduction in government spending and taxation while maintaining a firm commitment to balanced

budgets," and "economic growth and job creation through the private sector, not government," according to its guiding principles.²

The government has strayed from those principles and it's hurting taxpayers.

The government needs to get back to its roots and increase fiscal restraint and respect for taxpayers' dollars. The government needs to control spending and pay down the provincial debt. Paying down debt helps the reduce the amount that the government wastes on debt interest payments and frees up money for further tax relief.

The latest Canadian Taxpayers Federation supporters survey shows that 78 per cent of supporters in Saskatchewan are "very concerned" about how much the government is wasting on debt interest payments. About 97 per cent of Saskatchewan supporters think it's "very important" or "somewhat important" that the government pays back debt.

This report recommends several ways for the government to cut expenditure to begin to pay down debt.

The government has made life more affordable for Saskatchewanians lately with the income tax cuts and other tax credits included in the *Saskatchewan Affordability Act*, but the government can and should, do more.³

1. <https://publications.saskatchewan.ca/#/categories/893>

2. https://www.saskparty.com/guiding_principles

3. <https://www.saskatchewan.ca/government/news-and-media/2024/december/02/government-of-saskatchewan-introduces-more-affordability-measures>

To help Saskatchewanians deal with current economic challenges and help families deal with increasing prices, the Canadian Taxpayers Federation recommends that the government of Saskatchewan focus on providing permanent broad-based tax reductions rather than boutique tax credits.

The measures outlined in this report aim to do just that. It recommends a tax cut for businesses. Reducing taxes for businesses means more money left over to grow the business and hire more Saskatchewanians.

The recommended measures in this report are:

1. **Eliminate the small business tax**
2. **Bring government compensation in line with Saskatchewan's labour market**
3. **End corporate welfare**
4. **Stop the spending spree and find savings**

With these proposed measures we are confident that Saskatchewan will be able to provide much-needed tax and inflation relief while having a positive impact on its budgetary position.

Along with these costed measures, the CTF also recommends the government start a Saskatchewan heritage fund.

A heritage fund would safeguard the wealth of Saskatchewan's resources for the future. Every year the province procrastinates on paying down the debt and creating a heritage fund is another wasted opportunity. The provincial government owes it to the Saskatchewanians of today to be prudent with its spending. It owes it to future generations to allow them to benefit from the province's wealth of natural resources.

By comparison, Alberta's Heritage Saving Trust Fund is currently valued at \$27.6 billion.⁴ Alaska's Permanent Fund is valued at more than \$111 billion CAD.⁵ Norway's Sovereign Wealth Fund is valued at more than \$2.5 trillion CAD.⁶ Saskatchewan is rich in natural resources and it is wise for the government of Saskatchewan to start saving our wealth that flows from those resources.⁷

Costed Measures	Cutting Taxes	Cutting Spending
Eliminate the small business tax	\$56,000,000	–
Bring government compensation in line with Saskatchewan's labour market	–	\$406,091,808
End corporate welfare	–	\$1,119,000,000
Stop the spending spree and find savings	–	\$520,145,474
Total per category	\$56,000,000	\$2,045,237,282
Net budget impact		\$1,989,237,282

4. <https://www.alberta.ca/heritage-savings-trust-fund>

5. <https://www.taxpayer.com/newsroom/saskatchewan-heritage-fund-would-generate-210-million-annually-for-taxpayers>

6. <https://www.taxpayer.com/newsroom/saskatchewan-heritage-fund-would-generate-210-million-annually-for-taxpayers>

7. <https://www.taxpayer.com/newsroom/saskatchewan-heritage-fund-would-generate-210-million-annually-for-taxpayers>

Cutting Taxes

Eliminate the small business tax

Tax Relief: \$56 million

There are over 31,000 small businesses in the province. Those small businesses employ almost 150,000 Saskatchewanians.⁸

In 2020, the government of Saskatchewan temporarily cut the small business tax rate to zero per cent to help provincial businesses survive and recover from the pandemic. In July 2023, that cut expired and the Saskatchewan government raised the small business tax again by one percentage point.

During the election, the government promised to stop hiking the small business tax rate and keep it at one per cent.⁹ That is a good first step, but the government should go further and eliminate the small business tax altogether.

Low taxes still help businesses deal with economic troubles and expand their operations. It's foolish for the government to impose more costs on small businesses.

A few extra dollars in a business owner's pocket every month could make or break their small business, but it's barely a drop in the bucket for the provincial government.

This year, the government is projecting to rake in about \$1.7 billion in business taxes. Eliminating the small business tax altogether would only decrease the government's business tax revenue by less than four per cent.¹⁰

Permanently eliminating the small business tax means Saskatchewan will be more competitive with its neighbours. Manitoba's small business tax is also zero per cent.¹¹ Hiking the tax makes it harder for Saskatchewan to attract new job creators.

Small businesses are run by our neighbours and they employ our friends. They create jobs and help grow the economy. The government needs to get rid of the small business tax for good.

Permanently cutting the small business tax rate to zero would result in \$56 million in savings for small business in Saskatchewan. The average small business would save about \$1,800 per year.

8. https://assets.nationbuilder.com/saskparty/pages/7269/attachments/original/1728751382/Our_Plan_-_Saskatchewan_Party.pdf?1728751382

9. https://assets.nationbuilder.com/saskparty/pages/7269/attachments/original/1728751382/Our_Plan_-_Saskatchewan_Party.pdf?1728751382

10. <https://www.saskatchewan.ca/government/news-and-media/2025/august/22/government-of-saskatchewan-releases-2025-26-first-quarter-report>

11. <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/corporation-tax-rates.html>

Cutting Spending

Bring government compensation in line with Saskatchewan's labour market

Savings: \$406 million

Salaries and wages are the largest line item in the government of Saskatchewan's budget.¹² And this year, the government is spending a record amount on salaries and benefits for its employees.

The provincial government spent about \$8.5 billion on employee compensation last year, representing 85 per cent of what it collected via taxes.¹³ In the interest of fairness, and to free up resources for much-needed tax relief, the government must make sure its compensation costs are in line with that of non-government employees in Saskatchewan.

The average government employee earns a 4.8 per cent wage premium over their private sector counterparts, according to the Fraser Institute.¹⁴

Government employees also generally receive many other non-wage benefits that private sector employees do not. For example, government employees also are more likely to be enrolled in a pension plan than everyone else.¹⁵ Those who work for the government in Saskatchewan also retire earlier and have higher levels of job security than those who work in the private sector.¹⁶

In the interest of fairness, the Saskatchewan government should also cut the transition allowance payable to leaving members of the Legislative Assembly after an election. After the most recent election, retiring or defeated MLAs were eligible for \$2.7 million in taxpayer-funded handouts.¹⁷

To achieve immediate budgetary savings and bring wages in line with the private sector, the government should implement a 4.8 per cent reduction in total employee compensation costs. Apart from wage reductions, savings can be achieved through other methods. These methods include not replacing unnecessary employees who leave or retire and encouraging early retirement.

Reducing the cost of paying government employees will reduce the estimated cost of salaries and benefits from \$8.5 billion to \$8 billion.¹⁸ This will result in a savings of \$406 million.

	Current Cost	Cost with Reduction
Salaries and benefits	\$8,460,246,000	\$8,054,154,192
Budgetary Savings		\$406,091,808

Source: Saskatchewan Public Accounts

12. <https://publications.saskatchewan.ca/#/categories/893>

13. <https://publications.saskatchewan.ca/#/categories/893>

14. <https://www.fraserinstitute.org/sites/default/files/2025-10/comparing-government-and-private-sector-compensation-in-canada-2025.pdf>

15. <https://www.fraserinstitute.org/sites/default/files/2025-10/comparing-government-and-private-sector-compensation-in-canada-2025.pdf>

16. <https://www.fraserinstitute.org/sites/default/files/2025-10/comparing-government-and-private-sector-compensation-in-canada-2025.pdf>

End corporate welfare

Savings: \$1.1 billion

Businesses should be thriving or failing on their own merits, not because some spend more time lobbying the provincial government for taxpayer-funded handouts.

Whether its spending \$1.15 billion on an irrigation project that will only benefit a small number of farmers or any one of the smorgasbord of programs that the government uses to hand out money to corporations, the government should not be in the business of business and it definitely should not be forking over taxpayers' dollars to do it.^{19 20}

From 2008 to 2021, the government of Saskatchewan spent \$15.7 billion on corporate welfare.²¹ That's an average of \$1.1 billion spent each year on subsidies.

Completely axing these subsidies would provide room in the budget to pay down debt and provide tax relief to Saskatchewanians. It would also have very little impact on business growth in the province, as businesses do not decide where to move and invest based off the corporate welfare packages they receive.

When job creators decide where to relocate or expand, their primary focus is on long-term profitability rather than one-off subsidy packages. Other factors, like tax rates and level of business regulations have a much bigger impact on a businesses decision to locate somewhere compared to a subsidy.²²

Economic research found no statistically significant relationship between business subsidies and economic growth or per capita GDP levels.²³ What is clear is that the level of taxation, compared to competing jurisdictions, affects a company's profitability, and ultimately its bottom-line and growth.²⁴

In other words, competitive tax rates attract job creators and direct investment.²⁵ Lower tax rates also contribute to lowering the cost of capital for job creators, thus increasing their ability to re-invest in their company.²⁶

Instead of using taxpayers' dollars to give handouts to corporations, the government should instead look to provide tax relief to encourage businesses to move to and invest in Saskatchewan.

Corporate welfare doesn't work and handouts only result in single companies getting payouts, while broad-based tax relief, such as completely cutting the small business tax, lets all businesses in that category retain more of its income to use to hire new workers and invest in new equipment.

Completely cutting corporate welfare will reduce budgeted spending by \$1.1 billion, freeing-up more funds to repay debt and use for tax relief.

17. <https://www.taxpayer.com/newsroom/departing-mlas-eligible-for-2.7-million-in-golden-parachutes>

18. <https://publications.saskatchewan.ca/#/categories/893>

19. <https://www.cbc.ca/news/canada/saskatchewan/sask-moving-forward-with-1-15b-lake-diefenbaker-irrigation-project-despite-incomplete-feasibility-study-1.7296727>

20. <https://www.saskatchewan.ca/business/investment-and-economic-development/business-incentives-and-tax-credits>

21. <https://www.fraserinstitute.org/sites/default/files/cost-of-business-subsidies-in-canada-updated-edition.pdf>

22. <https://www.brookings.edu/wp-content/uploads/2016/06/cohen-1.pdf>

23. <https://medium.com/concentrated-benefits/florida-man-seeks-a-quarter-of-a-billion-dollars-6bb6fe36a96e>

24. <https://www.oecd.org/mena/competitiveness/41997578.pdf>

25. <https://www.oecd.org/mena/competitiveness/41997578.pdf>

26. https://files.taxfoundation.org/legacy/docs/TaxFoundation_FF477.pdf

Stop the spending spree and find savings

Savings: \$520 million

The Saskatchewan government is planning to significantly increase the debt. Difficult decisions need to be made to cut spending and pay down debt before the problem gets worse.

This year, the government is increasing Saskatchewan's debt by almost \$2 billion

By the end of 2025–26, Saskatchewan's provincial debt is projected to reach \$23.7 billion.

Since Scott Moe became premier, the government has more than doubled the provincial debt and doubled the amount of money that the government wastes on interest charges every year.²⁷

This year, the government is wasting \$878 million on interest payments on the debt. That costs every single Saskatchewanian more than \$700.²⁸

Taxpayers can't afford for the government to keep wasting money on interest payments. Debt interest payments keep increasing because the government is spending too much money and racking up debt.

The government has a spending problem.

Before the pandemic, the government was already spending at all time highs. To stop the debt from increasing and to start paying it back, the government needs to reduce spending to pre-pandemic, all-time highs in 2018 with spending increases adjusted for inflation and population growth.

To find these savings the government needs to conduct a thorough spending review. In its efforts to balance the budget in the nineties, former prime minister Jean Chrétien's government set forth the best practices for program reviews.²⁹ The review was comprehensive and applied six tests to every expense:

1. **Does it serve the public interest?**
2. **Is government involvement necessary?**
3. **Is this an appropriate role for this level of government?**
4. **Are public-private partnerships possible / desirable?**
5. **Are there ways to make it more efficient?**
6. **Can taxpayers afford this expense?**

The savings identified thanks to this process led to \$9.8 billion in spending reductions, equivalent to 18.9 per cent of federal program spending at the time.³⁰

The Newfoundland and Labrador government embarked on a similar spending review in 2021. The report identified more than \$860 million in achievable savings for that provincial government.³¹

Reducing spending to pre-pandemic levels and only increase spending by inflation and population growth would result in the Saskatchewan government spending \$2 billion less than is currently budgeted for 2025–26. Combining that with the other savings highlighted in this report would allow the government to begin to pay down debt.

The net \$1.9 billion in savings identified in this report can be used to pay down debt, reduce interest charges and provide tax relief.

27. <https://publications.saskatchewan.ca/#/categories/893>

28. <https://www.saskatchewan.ca/government/news-and-media/2025/august/22/government-of-saskatchewan-releases-2025-26-first-quarter-report>

29. https://macdonaldlaurier.ca/files/pdf/MLI-Anglosphere-CanadaPaper_Web_F.pdf

30. https://macdonaldlaurier.ca/files/pdf/MLI-Anglosphere-CanadaPaper_Web_F.pdf

31. <https://www.saltwire.com/newfoundland-labrador/devon-drover-new-premier-needs-to-bring-fiscal-restraint-to-nl>

Start a Saskatchewan heritage fund

Twelve years ago, the provincial government was told to start a heritage fund. The government failed to act and now the province is missing out on millions in interest income.

In 2013, former premier Brad Wall commissioned a report on heritage funds by former University of Saskatchewan president Peter MacKinnon. The report recommended the government should create a heritage fund.

"A permanent savings account in the form of a [heritage fund] could turn our one-time revenue from these resources into a lasting source of wealth for Saskatchewan people," MacKinnon said.³²

Saskatchewan had a heritage fund before. Former premier Allan Blakeney set it up in 1978 "to invest part of non-renewable resources revenues into income-producing assets to ensure that future generations can benefit from resource development in Saskatchewan."³³

This fund lacked sufficient protections that allowed it to be raided by politicians who couldn't control their spending habits. The government shut down the fund in 1992.³⁴

The 2013 MacKinnon report recommended the creation of a heritage fund where the principal cannot be spent.³⁵ MacKinnon also recommended capping resource revenues at 26 per cent of the budget and depositing the rest into the fund. He based this on the average percentage that resource revenues made up of total revenues for the five years prior.

Deposits into the new fund recommended by this report is based on capping resource revenues at 12.7 per cent of total revenues. This was the average amount that resource revenues made up of the total provincial budget during the last decade. A 10-year average was used in this report because it provides a less volatile resource revenue value for the government to work with.

However, before investing in any new fund, the Saskatchewan government must deal with the province's debt problem. By the end of this year, the debt is projected to be almost \$24 billion.³⁶ The government would be in a much better position today if it had been more fiscally prudent in the past.

32. <https://www.saskatchewan.ca/government/news-and-media/2013/november/12/mackinnon-proposes-saskatchewan-futures-fund>

33. <https://www.uregina.ca/arts/economics/assets/docs/pdf/papers/109.pdf>

34. <https://www.uregina.ca/arts/economics/assets/docs/pdf/papers/109.pdf>

35. <https://www.saskatchewan.ca/government/news-and-media/2013/november/12/mackinnon-proposes-saskatchewan-futures-fund>

36. <https://www.saskatchewan.ca/government/news-and-media/2025/august/22/government-of-saskatchewan-releases-2025-26-first-quarter-report>

In the past, the government has only made sporadic payments on the debt when revenues were especially high. Paying down the mortgage whenever you get a bonus is good, but it's not sustainable. There needs to be a plan to pay off debt and deposit savings regularly into a heritage fund.

The provincial government has already let a decade pass without action. There is no time left to procrastinate. Saskatchewan needs to pay down the debt and create a heritage fund.

If over the last 10 years, the Saskatchewan government had made repayments on the debt following a plan based on the MacKinnon report, the debt would have been reduced to about \$1.6 billion, instead of the almost \$24 billion it is projected to be at the end of this year.³⁷

If over the last 10 years, the Saskatchewan government had made deposits into a heritage fund following a plan based on the MacKinnon report, the fund would contain about \$4.2 billion dollars today. The fund would have generated \$1.5 billion in interest over the last twelve years and would generate \$210 million in interest annually.³⁸

37. <https://www.taxpayer.com/newsroom/saskatchewan-heritage-fund-would-generate-210-million-annually-for-taxpayers>

38. <https://www.taxpayer.com/newsroom/saskatchewan-heritage-fund-would-generate-210-million-annually-for-taxpayers>

Conclusion

Saskatchewan is spending too much and racking up debt. That needs to change. At the same time the government should provide permanent tax relief.

To make life more affordable and grow the economy, the government should completely eliminate the small business tax. Low taxes help businesses deal with economic troubles and expand their operations. Permanently cutting the small business tax rate to zero would result in \$56 million in savings for small business in Saskatchewan. The average small business would save about \$1,800 per year.

Given the wage and benefit premium enjoyed by government employees over their private sector counterparts and the plurality that salaries and benefits make up of the government's budget, it is necessary to reduce the cost of government employee compensation. Eliminating the wage gap between the government and the private sector promotes fairness and would provide \$406 million in savings that can be used to finance tax relief and pay down debt.

The government also needs to end corporate welfare. Years of research shows that when companies are looking to move and invest, they are looking for low taxes and low regulation, not taxpayer handouts. Stopping the corporate welfare gravy train would save the provincial government about \$1.1 billion every year.

Interest payments on government debt represent a recurring expensive waste of money. That problem is not going away unless the province finds a way to dig itself out of debt. Making it a clear priority to continue reducing the debt would reduce the amount spent on interest payments and free-up more funds for much-needed inflation relief.

To build for the future, the government should also start a non-renewable resources heritage fund as a plan to pay down the debt and save for the future. If the government had implemented a fund based on the 2013 report's recommendations, the fund would contain about \$4.2 billion today and generate \$210 million in interest income annually. It's time to start a Saskatchewan heritage fund.

Overall, going forward the government should emphasize foundational fiscal prudence and respect for taxpayers. Saskatchewan is in a precarious financial position, with the government planning to increase the debt by almost \$2 billion this year. The government needs to take steps as soon as possible to curb expenditure, stop borrowing money and pay back debt to reduce the amount of money wasted on debt interest payments.

Overall, the measures recommended in this report will put \$56 million back into the pockets of Saskatchewan residents and help save at least \$2 billion in government operations. This will have a net positive budgetary impact of \$1.9 billion.