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Growth and Financial Security Repeal Act

Mr. Forbes: — Thank you, Mr. Speaker. It's a pleasure to get up and get into this debate on An Act to repeal The Growth and Financial Security Act. And I just want to say right off the bat, I think my colleague from Nutana did a fantastic job laying out the context of this bill. It's a relatively simple one, just three sections and really says, The Growth and Financial Security Act is repealed.

[16:00]

But for the folks over there, it must be quite a day, as my colleague said. What had started so brightly in 2007 and '08, when they set the stage of what The Growth and Financial Security Act would be for the people of Saskatchewan in the Throne Speech and what it would mean, and here we are today repealing it. And of course the minister will say, well it's just because it refers to the General Revenue Fund and therefore we've got to get rid of it. But he gets rid of it all. Completely. Every single part of it.

Now he says that we will be seeing in the near future some new legislation that will provide more transparency, more accountability. But we will wait and see what that really looks like. He says he wants to consult with the auditor and other academics about this but, Mr. Speaker, we are dubious about what really will come out of this. We are not sure that we will be in a better place as a province. We've seen this government go through almost a decade of record revenue, record revenue. And where are we at now but swimming in debt?

And we've talked about it here and we had an opportunity, but that government over there failed to live up to its own commitment in The Growth and Financial Security Act that it had put into place in 2008 when things were just going . . . starting to really . . . Well actually it was going really well, had been going well for a year and it looked like we could really do some amazing things.

We saw the revenues in the provincial treasury go higher than we'd ever seen them before. You know, our revenues were somewhere in the \$8 billion range and over the

course of time it hit up to the \$14 billion range. We'd never seen those kind of numbers, and still we see them, and this government . . . [inaudible] . . . I don't know when we've ever seen that kind of numbers, revenue, in the past years. And whatever the number is, we've got to say that we've never seen the good fortune we've had in the province.

And the opportunity we had with The Growth and Financial Security Act that had put out there, you know . . . And it's interesting when you have a new government like we did in 2008. And now we're getting a bit of a tired one that gets out on the campaign trail and makes as few commitments as possible, and even the ones they do, like they . . . And I'll talk a little bit about this in a little while, that they're committing to a new fund once oil hits \$75 a barrel. And we'll see if that really happens.

I mean oil may hit \$75 a barrel. We hope that. That would be good news for us here in Saskatchewan. But whether they will actually live up to the commitments that they set in this past campaign. I think they're probably hoping that people forget that because, you know, when you look at the old bill — and we'll take a minute and just take a look at it — it was really in many ways . . . It talked about a requirement for a four-year financial plan. And who could argue with that? This is something that good governments should be doing. Here we have a government that has switched over to summary financial systems, and you would think — and that was a few years ago — that by now they would be able to have a four-year financial plan.

And what that four-year . . . And it also talks about a four-year public debt management plan. And of course this is one of the things that the auditor has talked about and really stressed that in fact we really do have a plan to manage our debt. And we see something that's missing, particularly in this bill. It's just a simple bill, but it doesn't have the other part that goes with it. What will come to really replace this piece of legislation, growth and financial security? I think that's really, really critical.

And I had talked about the change in accounting policies, and what would be done there and the requirement to offset balances in the next fiscal year if expenses exceed revenues. All of this is part of what the legislation talked about. And of course the government of the day was very, very keen, and that was the Sask Party. It did talk about the use of annual surpluses in the General Revenue Fund. So here we have that General Revenue Fund, summary financial statements. But will the government continue with this? And why not work with amending the legislation so we continue to go with this goal? Because it says:

How surpluses in the general revenue fund [were] to be used

If there is a pre-transfer surplus for any fiscal year, the minister shall:

Transfer 50% of the amount of the pre-transfer surplus to the Growth and Financial Security Fund . . . and

Allocate 50% of the amount of the pre-transfer surplus to the Debt Retirement Fund . . .

So all those are two good ideas, but what's going to happen to that? Will we see that in the new legislation that's coming forward? We really hope that there is a plan of what we do with surpluses and that the fact that . . . In fact we hope that there are surpluses, but of course we wait, we wait and see what happens with that.

But I do want to say that, you know, when we look at this, that we have some real concerns that the government will not do this. And of course they did go out on the doorstep and they made a commitment that if oil did hit \$75 a barrel that it would in fact create this fund. Will that happen? We're not sure. And we know that this is something that there has been a lot of talk about.

We had in fact the Premier just a few short years ago asked Dr. MacKinnon, or Mr. MacKinnon — Peter MacKinnon, the former president of the University of Saskatchewan — to do some research on a sovereign wealth fund that we could create here in this province. And so he spent some time taking a look around the world to take a look at what other states, other countries have done. And he really did some really outstanding work.

But at the end of the day, again it was a real missed opportunity because we know we went through the 10 years of increasing revenue, and there were a couple of years in there where potash went down but oil still stayed strong. But this is the challenge that a government always has. In fact writers have written about this, that in Saskatchewan we have to plan for those times when one of the resources or a few of the resources may actually take a tumble in price. We have to be prepared for that. It's a known fact that if oil or potash or uranium and natural gas is going up, that in fact they may also come down. So we have to be prepared in our planning and recognizing that, especially when you have record high prices, that you might actually see some days where the price is going to be going down.

And in fact their own budget documents we've been able to take a look at — and I know the Minister of Education often gets up and says, nobody foretold us that the price of oil would be going down — but it's been going down for several months now, just not the last six months. In fact it's been a while that it's been going down. And of course this is the issue that we have with the minister, that in fact if we had the budget before the election, we could have had a much better discussion on the doorstep about what the government was really planning to do.

In fact they were making promises on the doorstep of what they would do with \$75 a barrel oil instead of the cuts that we see here today that we are debating. And they didn't make a mention at all about this kind of legislation at all. It's like many people would think that they were going to be continuing this and the continuing of this kind of work, but instead here we see just the deep, deep knife in this legislation, that when they repeal The Growth and Financial Security Act, it's done and it's over. And so there is no more commitments at this point in time to balanced budget legislation, no more commitments to any kind of savings account, no more commitment to really financial security here in

this province. And so we really wonder where is this government going? And you know, I often quote and I really appreciate the fact that we have writers in this province who have the long view, and this is the problem we have with this government.

And I'd be wrapping up in just few minutes, but this is one of the last things I want to put on record, that Bruce Johnstone just wrote an excellent column about a perfect time to dust off the Sask futures fund. And this was on June 4th where he really talks about, you know, that we really need to be able to look into the future and really establish some sort of savings account so we're not at the mercy of these prices of commodities that go up and will come down. We are an exporting province, and we know that for sure. But he says, and I quote, he talks about, he's referring to the minister. And I'll quote:

He also repeated Premier Brad Wall's campaign promise that if and when oil goes back to \$75 US a barrel, every dollar above that would be allowed to accumulate to \$500 million in the Growth and Financial Security Fund (GFSF) — the old rainy day fund. When the government debt is paid off, the government will take that money and put it towards a heritage fund.

These are all valid points, but they miss the main point. And that is, we will never get off this roller-coaster ride of resource revenues rising and falling with the commodity cycle as long as we persist in spending all of our resource wealth as it comes in, rather than putting some of it away for future generations.

And so, Mr. Speaker, with that I do say we look forward to the next piece of legislation that comes. The minister has alluded to it, but we don't know if it really will appear. But we really think it's important because the significance of the bill or the piece of legislation that they're repealing, when he talks about having a debt plan and having some four-year plan and thinking about how are we putting some money away, those are all critical, critical pieces in the new legislation. So I'm hoping it's strong legislation, and I'm hoping that we see it soon so we can have that discussion.

So with that, Mr. Speaker, I'm going to take my seat and I'm going to adjourn Bill No. 21, An Act to repeal The Growth and Financial Security Act.

Thank you much.