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## MANDRYK: Public Crowns balancing Sask. budget

BY MURRAY MANDRYK, THE LEADER-POST FEBRUARY 20, 2013

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Photograph by: Bryan Schlosser, Regina Leader-Post

If last week's third-quarter update of the 2012-13 budget is any indication, Premier Brad Wall needs to rethink the importance of Crown corporations to both his government and the province.

Or perhaps Wall and his Saskatchewan Party are already doing so.

Perhaps they are suddenly realizing that a healthy Crown corporation sector still serves a growing, resource-based (and sometimes-cash-strapped) government as well as it does the entire province.

It was "dump Friday" last week - the Friday before a long weekend, which has become the preferred time for governments to dump all their accumulated bad news in the hope the simple-minded folks will forget about it by Tuesday.

The first bad news was the Saskatchewan Transportation Company's abandonment of three money-losing routes - Regina-Lanigan, Eastend-Swift Current-Mossbank and Blaine Lake-North Battleford.

Because they averaged only one or two passengers a trip, one might assume the pending \$300,000 savings would be seen as a prudent business move by STC and the Saskatchewan Party government. But with its strong rural base and the legitimate service STC provides delivering farm parts and packages, these decisions are never good news for a governing party.

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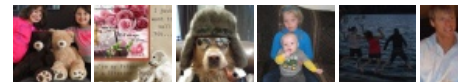
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The second bad news was Saskatchewan Government Insurance's rate hikes - a massive 73-per-cent, average increase for motorcycles. One wonders if we'll see Sons of Anarchy actor Kim Coates back home this spring, leading a much bigger motorcycle rally than last year's event protesting the demise of the Film Tax Credit.

Notwithstanding the cries that this SGI hike is proof that monopoly Crown corporations don't work, some of it may be attributed to a province growing in affluence and urban density and more prone to costly accidents that other drivers have been subsidizing. That said, even if a motorcycle is considered a luxury vehicle and even if SGI's payout for motorcycle accidents is \$9-million more than the motorcycle insurance collected, a 73-per-cent hike seems unreasonable. Expect it to be amended by the rate review panel and cabinet.

What both pieces of bad news do show is the government's desire to ensure Crown corporations remain in as solid financial shape as possible. This takes us to the third piece of bad news Friday - the provincial budget's third-quarter update.

Actually, the update wasn't all bad news ... unless you consider a nearly \$600-million drop in oil and potash revenue and a near-\$200-million increase in spending to be a problem. Or unless you subscribe to the provincial auditor's theory that you can't solve such revenue/spending problems by transferring money from the Crowns to the General Revenue Fund.

As Ken Krawetz demonstrated Friday, a finance minister still can transfer his problems away by adding another \$120-million dividend from the Crowns (making a total of \$270 million this year) to ensure the general revenue fund budget maintains a small surplus.

Of course, this practice is as questionable today as when Krawetz and other Sask. Party MLAs used to complain about the then-NDP government doing it. Not only does it mislead the public about the state of government finances, but it is unhealthy for the Crown corporations, which have seen their debt creep up by an additional \$950 million this year.

But at least for now, let us accept Krawetz's word that the budget is somehow magically balanced on a summary financial basis ... even if he doesn't sound like he necessarily believes it.

Let us also acknowledge that the much-maligned Crowns continue to play a critical role in not just the economy, but in the government's ability to keep the budget somewhat close to balanced. With Wall's government now talking about selling the Information Services Corp. and liquor stores and tweaking SGI and STC to maximize profitability, we need to consider the ongoing importance of the Crown corporations as our rainy-day fund.

They remain an important buffer protecting the budget from the ravages of the "bitumen bubble", the uncertainties in agriculture and the resource sector - and the zealous spending of governing politicians.

Mandryk Is The Political Columnist For The Leader-Post.

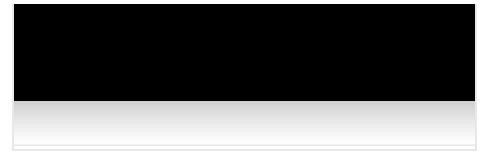
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