Looking Ahead: 2017 Document Fiscal Challenge

- Thank you Minister Sousa for your presentation and providing an opportunity to highlight this important issue for our Cabinet colleagues.

- As Charles has mentioned, the fiscal outlook presented in the fall statement has been built to accommodate the full impact of the Auditor General's interpretation for pension asset accounting.

- It does this while presenting a path to balance that does not address the impact of funding pressures we already know about, or the potential for a slowing economy which could reduce the revenue outlook.

- This results in a fiscal challenge as we work from FES through the PRRT and on the 2017 Budget.

- Within this context, it is very important that ministers submit PRRT plans that are within their allocations, as without any tools to offset their impact, the allocations already result in deficits over the budget planning period.

- The allocations are already constrained, and when accounting for additional priorities under consideration through the PRRT and Document process, the gap we are trying to close increases.

- While we are working towards a reasonable solution of the pension asset risk through an expert panel that was established at TB/MBC yesterday, we cannot lose sight of the fact that even without the pension dilemma we would face a challenge to achieve balance.

- If we are emboldened by the results of the Pension Assets Expert Panel, or make progress on revenue due to improved economic performance in addition to managing down expense and making choices on revenue, we may still have a path to balance.

- Getting there will require some tough decisions about what we cannot do, a willingness to transform in some challenging ways, and consideration of the full set of tools at our disposal.