

# The Liberal B.L.T. (“Budget Leaking Team”)

Technical Backgrounder

April 1, 2014

# The B.L.T.

- **The minority Liberal government in Ontario has set up an internal Ministry of Finance taskforce code named “The B.L.T.”**
- **This is short for “Budget Leaking Team.”**
- **It’s sole purpose is to use the month leading up to the 2014 budget to systematically and methodically leak the budget plan.**

# The leaks have already begun

- The Budget Leaking Team is already in motion. More is known about this year's budget plan at an earlier point than any other budget.

Globe and Mail  
March 24, 2014  
"[The budget] is also expected to strengthen services for people with developmental disabilities and improve welfare benefits."

Toronto Star  
March 24, 2014  
"[The budget] will have a proposed provincial pension plan as its centrepiece."

Toronto Star  
March 18, 2014  
"Senior officials said the Liberals are considering a new surtax on people making \$150,000 and up."

# The leaks have already begun

Toronto Star

March 20, 2014

**"Here's a hint of what to expect in the spring budget: Instead of a new gas tax, watch for Wynne to target a portion of the existing provincial gas tax... and reallocate it to transit and infrastructure spending."**

OPBrioting

January 29, 2014

"Ontario's lingering \$3.9 billion [energy] debt will be wound down by 2016, Energy Minister Bob Chiarelli said... signalling the end of the electricity debt retirement charge..."

Globe and Mail

March 21, 2014

"Likelihood that this spring's budget will continue the shift from austerity to what Liberals are calling 'investment'..."

# Overview

- **The Budget Leaking Team’s “Pre-Doc Communications Rollout” plan is 11-pages long covering 39 announcements over 27 days leading up to the Thursday, May 1, 2014 budget date.**
- **There is \$5.7 billion in explicit new spending. This will widen the hole that already exists in the Liberals’ deficit projections.**
- **There is not a single new idea to create jobs or reduce debt.**
- **The individual policies can best be summed up as “more of the same.”**

# Deficit figure

- On April 3, the Budget Leaking Team plans to have Finance Minister Charles Sousa address the Canadian Club to state a “New 2013-14 deficit number” and give a “Drummond update.”
- The Liberals have restated their deficit projections 24 times since 2008. Everyone is aware of the game: overestimate the deficit figure, then announce anything lower as significant progress.
- According to internal Ministry of Finance documents revealed by the Ontario PC Party, the Liberals have been warned that:
  - “No plans in place to achieve out-year deficit targets from 2012 Budget.”
  - “For 2014-15 and 2015-16, not on track to meet 2012 Budget deficit targets.”
  - “...the plan to continue reducing spending beyond 2015-16 is largely aspirational in nature rather than backed up by detailed plans and measures to get us there.”

# Top 10 ignored Drummond recommendations

1. Reduce government spending in all but 4 ministries
2. Make a “clean break” from corporate welfare to save \$2-3 billion
3. Revamp LHINs and break-down bureaucratic silos in health care to save \$4-6 billion
4. Scrap the \$1-billion “Ontario Clean Energy Benefit”
5. Modestly increase class sizes to save \$460 million
6. Eliminate 10,000 non-teaching positions to save \$600 million
7. Delay the implementation of full-day kindergarten
8. Comprehensive arbitration reform for government workers
9. Significantly reform government worker pensions
10. Use competition in awarding energy contracts

# Seniors' grants

- On April 4, the Budget Leaking Team plans to announce a doubling of seniors' grants with a speech by Kathleen Wynne.
- The seniors grants were first announced in last year's Fall Economic Statement at an annual cost of \$500,000.
- These grants range from \$500 to \$10,000 for projects that “encourage greater social inclusion, volunteerism and community engagement.”
- The announcement will not remind seniors about frontline healthcare cuts that include \$60 million in physiotherapy care, cuts to cataract surgeries, skyrocketing salaries for bureaucrats at Community Care Access Centres or adding the HST to the cost of gym memberships, electricity, home heating and gasoline.



# School nutrition programs

- On April 7, the Budget Leaking Team plans to announce approximately \$35 million in school nutrition programs.
- At the announcement, Liberal Ministers Sandals and Sousa will not comment on how Ontario now spends \$8.5 billion more on education since 2003, yet there are 250,000 fewer students and test scores have either flat-lined or declined.
- There are 300 elementary schools in Ontario where more than half the students fail to meet standards.

# In Vitro Fertilization

- On April 9, the Budget Leaking Team plans to announce an \$85 million program (over 3 years) to expand coverage of in vitro fertilization (IVF) treatments. The B.L.T.'s rollout plan says “policy decisions required,” such as “Fiscal offsets... TBD.”
- Currently, IVF treatments are only covered by OHIP in special, limited medical circumstances.
- Last year, Health Minister Matthews reiterated this was not a priority: “Quebec has gone ahead with funding IVF, so that’s something we’re following very closely. Whether this is something we can do right now is another question.”
- In 2011, the Liberals cut services to the Healthy Babies Healthy Children program.

# Low income workers

- On April 10, the Budget Leaking Team plans to announce \$300 million in additional spending for frontline government workers who deliver services for society's most vulnerable.
- Between 2000 and 2010, spending on these services increased by 6% a year yet the number of people on income assistance continues to grow. Only NFLD has a higher rate of people on social assistance.
- The Drummond Commission recommended holding spending in this area to nearly zero, at 0.5% a year until a balanced budget.
- The Lankin-Sheik Commission recommended a simplified benefit structure and a single, integrated social assistance program delivered at the local level.

# Developmental services

- On April 11, the Budget Leaking Team plans to announce a \$730 million program (over 3 years) to address the lengthy waitlists for developmental services in Ontario.
- Over the past 10 years, the Liberals have increased spending on developmental services by 60% yet the current waitlists are 12,000 people long and individuals are being re-institutionalized due to a lack of access to services and programs.
- The Drummond Commission recommended shifting funding from transfer payment agencies to recipients themselves to encourage innovation in the services provided based on individual need and demand.

# Lack of a transit plan

- On April 14, the Budget Leaking Team plans to announce the Liberals' "funding mechanisms for transit."
- This will be a speech by Kathleen Wynne at a construction site in the GTA.
- The Liberals currently have an enormous hole in their accounting, given the Premier's recent backtrack on an \$880 million gas tax increase and \$770 million HST increase.
- According to recent media leaks, the Liberals will likely increase personal income taxes and taxes on employers to make up the difference.

# Ring of Fire

- On April 17, the Budget Leaking Team plans to announce a financial commitment to road infrastructure related to the Ring of Fire (RoF). The B.L.T.'s rollout plan simply says “Northern Ministers” will make this announcement.
- In 2011, the Liberals appointed a RoF “Advisory Council,” which has never released a report. It’s unclear whether they have ever even met.
- In 2012, Ontario PC MPP Vic Fedeli exposed that the government’s lead on the RoF had never actually been there.
- Last year, Cliffs Natural resources halted all operations.
- Thunder Bay Mayor Keith Hobbs has said, “We’re tired of hearing it’s going to happen, it’s going to happen...”

# Ontario Child Benefit

- On April 22, the Budget Leaking Team plans to announce either an increase to the Ontario Child Benefit or an indexing of the OCB for future rate increases.
- The Ontario Child Benefit provides approximately \$1,200 to 530,000 low-to-moderate income families.
- The Drummond Commission recommended delaying any increases to the OCB, which Dalton McGuinty did in 2012.
- According to the B.L.T. rollout, this is a Drummond Commission recommendation the Kathleen Wynne Liberals plan to reject.

# The Debt Retirement Charge

- On April 23, the Budget Leaking Team plans to announce the end of the electricity “Debt Retirement Charge” for residential customers (only).
- This is to be effective on January 1, 2016.
- This announcement was approved by Cabinet on March 5, 2014.
- Kathleen Wynne and Charles Sousa will make the announcement at a photo-op event, followed by a regional media push.



# The Debt Retirement Charge continued

- Ontario PC Finance Critic Vic Fedeli exposed the Liberals added \$4 billion to the electricity debt. (For more information, please see “Fedeli Focus on Finance” Volume 1: Number 5)
- This new electricity debt and the way the debt has been mismanaged added 4 years to the time consumers were forced to pay this fee.
- The original debt was \$7.8 billion. The Liberals have collected \$11.6 billion, yet they plan to collect the Debt Retirement Charge until January 1, 2016.
- The Ontario PC Party has called for a full forensic audit to get to the bottom of what happened here.

# Energy costs

- On April 24, the Budget Leaking Team plans to announce new “IEI and ICI conservation components.”
- The Industrial Electricity Incentive (IEI) allows manufacturing and industrial companies to receive lower cost electricity if they expand or build a new plant.
- The Industrial Conservation Initiative (ICI) allows large-energy consumers to pay lower “Global Adjustment” energy costs for conserving electricity on the highest-demand days in the year.
- According to the B.L.T., these changes were approved at Cabinet on February 26, 2014.

# Energy costs (continued)

- Ontario has the highest industrial electricity rates in North America.
- Rates for Ontario manufacturers are double those in Quebec, Manitoba, Texas, Pennsylvania, New Jersey and Maryland, among many other places.
- According to the Ontario Ministry of Energy, power rates are projected to increase by another 33% over the next 3 years.

# More corporate welfare

- On April 29, the Budget Leaking Team plans to announce “a new \$2.5 billion Jobs and Prosperity Fund to attract significant business investments.”
- This program will deliver \$250 million a year, on average, in additional handouts to entice corporations to locate in Ontario.
- The B.L.T. is planning to make the announcement in a speech by Kathleen Wynne and to use online ads to market the proposal.
- This policy is a direct contradiction of the Drummond Report.

# Corporate welfare continued

- In 2012, the Drummond Report said spending on corporate welfare at current levels is “unsustainable.”
- Drummond noted that evidence suggests business subsidies are not an efficient use of public resources and have done little to raise living standards.
- Drummond recommended making a “clean break” from this approach.

# Corporate welfare continued

- **The Liberals are considering two more announcements of corporate welfare to:**
  - **Osprey (April 28, 2014)**
  - **Sysco Canada (Date TBD)**
- **According to the Budget Leaking Team, Sysco is seeking \$3.5 million from taxpayers for a new distribution centre in Woodstock and new business systems for a Waterloo location.**

# Capital supports for schools

- On a day to be determined, the Budget Leaking Team plans to announce \$2 billion in new spending for “school consolidations to reduce underused space” and “repair and school maintenance.” (The B.L.T. also wants to use the day to release an education “progress report.”)
- A 2012 *Toronto Star* exposé revealed a massive scandal around school repair and maintenance at the Toronto District School Board, including outrageous costs for simple projects:
  - \$143 to install a pencil sharpener; \$3,000 to install an electrical socket in a school library; \$148 to cut one key; \$167 to move one bench; \$810 to remove graffiti in a school washroom stall; \$266 and 8 hours to hang 3 pictures; and \$190 to replace a broken toilet seat.
- According to the *Globe and Mail*, full-day kindergarten classes will be held in gymnasiums and school libraries due to a lack of classroom preparations.