Evening Media Scan: Hydro Rate Reduction Plan - April 17, 2017

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Online Coverage

St. Catharines Standard: Sousa's budgeting smoke and mirrors

By: Postmedia Network
Monday, April 17, 2017 6:22:01 EDT PM

http://www.stcatharinesstandard.ca/2017/04/17/sousas-budgeting-smoke-and-mirrors

Ontario Finance Minister Charles Sousa seems like a pleasant person, but he reminds us of a used car salesman whenever he's selling his upcoming budget.

One who doesn't want you looking under the hood too closely while he's making his sales pitch.

On Thursday, Sousa boasted to The Empire Club in Toronto that his fifth budget on April 27 will demonstrate that, "Ontario is the leanest government with the lowest per-capita spending of any province."

Um, that's been true for Ontario governments going back decades.

Since Ontario has the largest population of any province, it also has the advantage of economies of scale when delivering public services.

The Bill Davis Progressive Conservative government, for example, made exactly the same boast in 1981-82 that Sousa made Thursday.

When the Liberals are in power, they always boast about delivering services at the lowest per-capita cost of any province.

When they're out of power, they always blame the party in power for not spending enough on government services. (In fairness, all parties do it.)

What Sousa didn't say is that the Liberals have more than doubled Ontario's debt to more than $300 billion since coming to power in 2003, which has made Ontario the most indebted sub-sovereign (non-national) borrower in the world.

He didn't say the auditor general and Ontario's Financial Accountability Office have warned the Liberals that they have plunged the province into precarious levels of debt.

Sousa claimed the Liberal scheme to borrow even more money from Ontario taxpayers to subsidize the electricity bills of hydro ratepayers -- even though they're the same people -- is "fairer because it doesn't ask today's generation alone to pay the entire freight."

That argument turns generations of fiscally prudent thinking -- that you don't stick future generations with huge bills to pay for today's services -- on its head.

Finally, Sousa repeated, for the umpteenth time, that this year's budget will be balanced, later adding along with "next year and the year after that."

Two problems. First, Sousa's promising to balance a budget that won't come down until after the next Ontario election in 2018.

Second, in 2003, then Liberal leader Dalton McGuinty promised before the election not to raise our taxes.

And we all remember what happened after he won.

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North Bay Nugget Housing market becomes Ontario's next big issu

By: Brian Platt
Monday, April 17, 2017 12:00:00 EDT AM

http://www.nugget.ca/2017/04/17/housing-market-becomes-ontarios-next-big-issue

Hydro is so early 2017. All the rage now are housing prices.

As we wait -- and wait -- for the Ontario budget to come down, we're also waiting to find out what the government is planning to do about housing affordability.

Every day brings a new outrageous story out of the Greater Toronto Area's skyrocketing housing market. Premier Kathleen Wynne has promised a "package" of reforms are coming soon. The opposition parties are staking out their ground, with the NDP hammering away on rent controls and the Progressive Conservatives zeroing in on red tape around real estate development.

This is now the big issue in Ontario politics, and it's very possible it will be the big issue of next year's election.

Finance Minister Charles Sousa summed up the political situation to reporters at Queen's Park Wednesday: "Families are pissed they can't win bidding wars."

There are a few questions to think about here, and the first is, what is the actual problem? Is it a lack of supply due to overly strict regulation? Is it get-rich-quick schemers flipping too many houses? Is it foreign speculators dodging taxes, or foreign millionaires parking capital somewhere safe? Is it the result of decades of generous government policies encouraging everyone to be a homeowner? Is it a recovering economy and rising wages combined with a booming metro region that everyone suddenly wants to live in?

If you answered "some combination of these," as most people do, it's not really all that helpful for telling us what the policy response should be.

The government has been collecting data recently to try to diagnose what's going on. And it's been watching the effects of policy changes both federally and in British Columbia, where the provincial government recently brought in a foreign buyers tax to cool off Vancouver's market. (The tax defused the situation for a bit, but prices are already starting to rise again.) This is the sort of careful deliberation we should want on a subject that so deeply affects quality of living.

But politics are now taking over, and this can wreak havoc. Each party will be extremely sensitive to what the voters are feeling, and the opposition parties will take every advantage they can.

So the next question to think about is what kind of response we really want to see from Queen's Park. A housing market crash would be bad for everyone -- including the government, by the way, which collects a land-transfer tax on real estate transactions that has lately been bringing in more than $2 billion annually.

And there's something else to keep in mind from that Financial Accountability Office report. The market is already likely to see a correction in the near future, not only because it's so overvalued, but also due to potential interest rate hikes. If the prices are likely to go down regardless, how much do we really want the Ontario government making moves now?

For now, then, expect the government to act cautiously, for multiple reasons (including financial self-interest). But remember what happened last fall, when the government announced the HST cut on electricity bills. It didn't have the desired political effect, and within months a massive effort was under way for bigger action. Whatever is announced in the coming weeks, this is a long way from over.

Meanwhile, if you're reading this any city outside the centre of the universe, another concern may also be popping into your head: If the problem is entirely in the Toronto region, what effect will the rest of us feel from the imposed solution? It's a question you may want to be putting to your MPP.

TV Transcripts

None