RE: [NOTES] Temporary FAO and John Vanthof in the Media Studio - May 2, 2018

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Date:	Wed, 02 May 2018 11:14:52 -0400
Attachments:	05 -- May 2, 2018 - John Vanthof responds to FAO report.docx (26.38 kB)

<u>TRANSCRIPT– John Vanthof responds to FAO Report – May 2, 2018</u>

MPP: John Vanthof

Media: Walsh, Smith cross, Reeves, Rushowy, Morissette

[START TRANSCRIPT]

Vanthof:

- First of all I would like to thank the FAO's office for their continued good work
- As you may recall, in the last minority government we pushed very hard to get the financial accountability office in Ontario
- Um and uh we're pretty proud of that because they play a vital role because they predict what uh – and not just for the government – not just for the opposition for it's all
- They predict what uh, what our future may look like on the course we're uh – whatever government chooses to go on
- So with that I'll – you've heard the commissioner
- Open for questions

Smith Cross: You're platform also would bring in, has additional spending, which the FAO is warning about –

Vanthof:

- Yes

Smith Cross: - deficits in the future which the FAO is warning about. Is this a cautionary tale to you?

Vanthof:

- Um, it – our platform does have additional spending
- Our platform also has - additional revenue sources which, which haven't been uh accounted for by the FAO
- Um, I think, just in an anaology, I think that as I try to digest these numbers and people try to digest these numbers, the province is like a house
- And the debt is like the mortgage
- And so now we have to decide, where – we always have to decide that but if the roof on your house – I'll take hospital wait times
- If the roof on your house – if you need new shingles
- But you say we're not going to spend on new shingles, because we want to pay more on the mortgage
- But house starts to rot because you don't put new shingles
- That's a bad decision
- Right?
- If you – if you're deciding between paying more on the mortgage and maybe renovating the bathroom if the bathroom's still fine
- You know, that's – that's – those are the decisions – it's kind of simplistic, but those are the decisions that we have to make
- And – and our – our policy planks have been individually costed
- And we think overall that they're necessary

Smith Cross: Something that the – strong – one of the strong points the FAO makes in this is the implications this will have for younger generations – people who are younger than Baby Boomers. I assume the NDP cares about these people –

Vanthof

- Of course

Smith Cross: Are you concerned about dropping a bunch of debt on their shoulders if you're elected?

Vanthof

- We – we – we are concerned about dropping – I guess dropping debt – we are concerned about –

as every government should be, about making bad investments

- Investments that don't pay for themselves
- And don't serve the people in the future
- Right?
- There's productive debt
- And there's buying a house and having a mortgage – isn't a bad thing
- Right?
- Buying a car and having 15 years payments on it
- That's a bad thing
- Because the car doesn't last 15 years

Walsh: But John the point is that we're not buying a house and having a mortgage payment. We're buying groceries and having mortgage payments. That's his point –

Vanthof

- Yes
- Exactly

Walsh: that's very different than what you're saying

Vanthof

- Exactly
- But in – in cases like where we need to build public infrastructure
- So when you're building roads
- When you're building hospitals, we have to decide what our good investments to make
- What are good long-term investments
- And what aren't
- And there's going to have to be tough decisions made - in the past
- There's going to have to be tough decisions made in the future

Walsh: Right, but you're promising, I believe, 5% increase in hospital spending for each of the next 4 or 5 years. So what? All of a sudden you're going to go from 4-5% hospital spending and tell our hospitals to swallow one percent. Like we've seen this before, you're party's been the one railing against this so how do you actually square this?

Vanthof:

- But how do how do we square people waiting in hospital hallways because hospitals is one thing to us
- Healthcare is one thing to us
- That people expect their government to deliver
- So

Walsh: Right so maybe don't maybe don't do dental care is the point. Right the point is that that you know

Vanthof:

- We have we have identified the issues we believe will make the biggest benefit to the people of Ontario
- Those are the issues we've -

Walsh: And I understand that but do you expect that we're in a structural deficit?

Vanthof:

- Uh we we are - we have to be very careful – as we always do but particularly in this time where we invest our money
- That all investments actually pay back to the economy

Walsh: Right but are we in a structural deficit right now – it's a simple question.

Vanthof:
- Um we we have we have a deficit issue in Ontario
- But we also have a deficit a people deficit
- Right we have a problem with hospitals
- We have a problem with dental care
- We have so – we can make sure that we have no uh we can balance the budget and have people totally without services
- Have a forty or fifty thousand bed long term wait care list
- Are we doing our job? I'm not sure
- Yeah it's a big balancing act

Rushowy: So are you saying that despite what we see here that you think that the NDP platform is costed properly?

Vanthof:
- Yes

Rushowy: You do?

Vanthof:
- So basically we we we we can't we cannot we know what our program, what the programs that we have put forward we know what they're going to cost
- Right
- We can't really deal… we can't base them on what on the deficit or debt that we inherit
- We believe that the programs we're putting forward will benefit not only people but will benefit the economy of this province
- So we have to deal with the debt and deficit that we are inheriting

Smith Cross: the report warns that—I'm just going to get the—'raising revenue', the, and you guys are proposing a bunch of new taxes, '[means] less money for households to spend and businesses to invest and [contribute] to the already moderating pace of economic growth'. Is that something you're concerned about?

Vanthof:
- Well, if—well, we were, if you look at a good example, the United States—their deficit and debt levels, like, make ours look like child play
- Yet they continue to lower taxes
- You, you can't have it both ways, right?—so, yes, if you, if you overtax, you are *inaudible* people
- I mean, the premier herself said to the, to the Economic Club of Canada, that corporate profits are soaring
- Well, if corporate profits are soaring, then we believe that corporations can pay their fair share—we're, we are not anti-corporate
- Corporations should make money
- I'm, I'm—before this job, I was, I had a private business
- I had a corporate farm—I am not against corporations making money
- But everyone should pay their fair share
- Now, there are people in our province who are—in our opinion—suffering and in other parts of our province, profits are soaring
- We would like everyone to pay their fair share

Smith Cross: do you have any idea how much the taxes—the new taxes—that you are proposing, will go to alleviate what the FAO sees as a structural deficit this government is leading?

Vanthof:
- I can get you those numbers, but not off the top of my head

[Walsh:] thanks!

Vanthof:

- Thank you very much

[END TRANSCRIPT]

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Subject: [NOTES] Temporary FAO and John Vanthof in the Media Studio - May 2, 2018

First: Temporary FAO J. David Wake

Second: John Vanthof

Media: Walsh, Smith cross, Reeves, Rushowy, Morissette

Wake:
Peter (Walton) appointed as new FAO
Joined by Dave west
Look forward to working with him and supporting him FAO released economic and budget outlook AG released review AG concludes pre election report not a reasonable presentation because it understated actual level of expenditures AG says $12 billion each year over next 3 years FAO report arrived at same forecasts Budget deficits of 12 billion over next 3 years Fao report also provides important insights

West:
Reasonableness of plan: provides few policy specifics but includes dramatic cut Government implies 15 billion in spending reductions Restraining spending would prove to be challenging
2020 Ontario net debt would increase
2018 budget did not acknowledge previous target Province will miss target by wide margin Province will have less flexibility Public services facing pressures

Walsh:
35% target was prudent. Why do you say that?

West:
Tested debt to gdp ratio
We echoed results in this report

Rushowy: what does it mean for younger ontarians?

West:
Someone is going to have to pay interest on debt Shifted to future Away from baby boomers

Smith cross: how far off is that?

West:
Late 2020s and 2030s

Walsh: how much more austerity needed to get to balance compared to what they did in the last 8 years?

West:
Program spending 3.5%
Accommodates for aging, population grown

Walsh: doable or difficult is that?

West:
Page 29 point to some historical periods of program spending It is achievable but challenging Challenging to achieve in sustainable way

Walsh:
Structural deficit? That to maintain promises it is not sustainable?

West:
Fundamental balance between deficit and spending Economic growth alone not enough to allow them to

Smith cross: cuts required?

West:
Need to restrain
Let it grow too much, need to cut back
Or restrain beforehand
$15billion

Reeves: offer suggestions or just point out what happens?

Wake:
Not job to recommend policy but to analzye their decisions

Walsh: agree with AG?

West:
Adopted her numbers
Understating full cost of hydro plan

Smith cross: 2018 budget things that could be cancelled by future government?

West:

A lot of new programs could be revered
3.7$ billion in new spending which contributes to $12 billion

Reeves: PC mentioned they would go line by line. Line item approach to ministries would yield kind of results they are talking about. Feasible?

West:
We provide macro, broad fiscal not line item by line item Periods where you can restrain program spending How sustainable though?
One thing to freeze, another to transform public services

Rushowy: you said you arrived differently than AG but got there same way can you explain how you got there?

West:
AG did 6.7 and 5billion in accounting
We adopt governments own spending and came up with own 5 billion in accounting
Already an existing deficit before 2018 even on governments accounting

Walsh:
Part reasonable and part unreasonable?

West:
We don't say reasonable or not
We agree with numbers

Vanthof avail:

Vanthof:
Thank them for good work
We pushed hard last minority for pushing for this They predict what our future may look like

Smith cross: your platform has additional spending are you concerned?

Vanthof: we have additional spending but also additional revenue Analogy of a house - essentially We need to spend more in areas that are vital

Smith cross: fao says implications for young people. Are you concerned about debt on their shoulders.

Vanthof: concerned about making bad investments Productive debt Buying a house and having a mortgage isn't a bad thing But having 15 cars bad

Walsh: breaks down his analogy

Vanthof:
We have to decide what are good investments and what aren't

Walsh: promising increase in hospital spending

Vanthof:
How do we square people waiting in hospital hallways People expect government to deliver

Walsh: then don't do dental care

Vanthof: we identified big issues

Walsh: yes but in structural deficit?

Vanthof:

Walsh: yes or no simple question

Vanthof:
Yes but people deficit
We can balance budget but then if we have a long wait list are you doing your job

Rushowy: ndp plan costed properly

Vanthof: yes
We believe programs will benefit so we need to deal with debt and deficit we are inheriting

Vanthof: their deficit makes ours look like child's play Premier said corporate profits are soaring Then we think corporations can pay their fair share I am not against corporations making money But people need to Pay fair share

Smith cross: new taxes alleviate how much?

Vanthof:
I'll get you numbers