

QP BRIEFING

May 14, 2018

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1). LIBERALS ACCUSE NDP OF MAKING \$2.7-BILLION MISTAKE IN ELECTION PLATFORM

By: Jessica Smith Cross

The Ontario Liberals are charging that the NDP made a significant mistake in their election platform that would result in bigger deficits than the party projected, tax hikes or program cuts if the NDP forms government.

The Grits held a technical briefing for media Monday morning in Toronto to show an apparent difference between how the NDP said it created the fiscal framework of its platform and how it actually did.

According to the Liberals, the NDP meant to base its platform on the expense line in the government's 2018 budget, minus the new spending initiatives announced on in the 2018 budget. Instead, the party based its platform on the expense line in the 2018 budget, minus all expense changes since the 2017 budget — and it's no small difference.

The Grits say the "mistake" is worth about \$2.7 billion in the first year of the NDP platform. The NDP, however, deny they made any error.

The premise of the costing in the NDP platform was that if the party would form government, it wouldn't proceed with the spending promises the Liberal government announced in the spring budget and would proceed with its own instead, which are detailed in its platform. For instance, instead of adopting the Liberals' plan for free pre-school, the NDP would implement its own daycare promise, which would subsidize care for all ages, based on a means-tested sliding scale.

However, the Grits say the NDP took more than just the cost of the newly-announced programs out of its expense projection — it unintentionally cut out additional funding already baked into government spending for programs that had previously been announced, and which the NDP supports.

That's because, according to the Liberals, the NDP's platform does not figure in funding for spending announcements the government made between their 2017 and 2018 budgets that had multi-year commitments, such as a small business package, opioids crisis funding and funding for cannabis legalization, as well as a portion of the cannabis excise tax that is intended to go to municipalities.

However, the Liberals took things one step further and slammed the NDP for "cancelling" funding to new initiatives in the 2018 budget, which the NDP was clearly aware of and has proposed replacements for.

For instance, they said the NDP is proposing to cut \$170 million over three years that was to fund an apprenticeship strategy — and yet the NDP is proposing to spend \$171 million over three years on trades and apprenticeship programs, and is planning to pay for it out of the Jobs and Prosperity Fund the government currently uses for business grants.

Liberal Leader Kathleen Wynne held a press conference on the NDP platform issue Monday at the Finishing Trades Institute of Ontario, flanked by Charles Sousa and Eleanor McMahon — the province's finance minister and treasury board secretary respectively, both of whom are running for re-election.

They framed the issue as sign that the NDP isn't ready to govern.

"It's a failure of basic competence that leads to real consequences and renders their entire platform incoherent and unrealistic," Sousa said.

"It's not, in my view, a question of character," McMahon said. "I don't think they meant to do this. It's a question of competence. I think they made an error, a big one. One that risks giving the appearance that they are not ready for primetime as they would have us think."

The party also provided quote from economist Mike Moffatt, who confirmed the Liberal analysis of the NDP platform: "It is clear the NDP based their fiscal plan off Ontario's 2018-19 Budget and then carved out all spending since the tabling of the 2017-18 Budget. This carve-out means some programs already in place would not be funded under the NDP plan. As such, any of those post-Budget 2017-18 initiatives retained under the NDP platform without specific corresponding costing in their platform's fiscal plan are indeed unfunded."

However, NDP Leader Andrea Horwath responded by saying it's the Liberals who got it wrong this time.

"I want to assure people that the NDP numbers are, in fact, correct and it is pretty dishonest of Kathleen Wynne and the Liberals to put out the press release that they put out," Horwath said.

"I just want to clarify for folks how we got to our numbers," she continued. "We took the Liberals' 2018 budget and we replaced their new spending programs with our new spending programs. So anything that was in their base budget is still something that is part of our plan. Where we differ is we actually believe we have a better plan on the new program spending. So our program for child care, for example, is better than the Liberals' program for child care."

She also pointed out the Liberal government's budget has been challenged by the province's auditor general and Financial Accountability Office, which have said that the deficit for this fiscal year should be \$5 billion larger because the auditor does not accept the accounting treatment of certain pension assets and debt related to the province's Fair Hydro Plan.

At her press conference, Wynne denied that was an appropriate comparison.

"That's not what this is about," she said. "Our books have been scrutinized and re-scrutinized, and yes, there is an accounting dispute about some of the numbers, but the reality is that no one, neither the FAO, neither the auditor general, has said that what we said we can do, we can't. That has never been the case."

The Liberals' fact checking approach was similar in approach to when the party attacked the math errors in former PC leader Tim Hudak's Million Jobs plan in 2014 — something he continued to deny throughout the campaign.

Response from Kevin Page

Before it was publicly released, the NDP's platform was examined by former parliamentary budget officer Kevin Page, the current head of the Institute of Fiscal Studies and Democracy at the University of Ottawa. He had deemed its costing of major initiatives and its grounding in the Liberal government's budget, as reasonable. However, he didn't directly consider the question at hand — whether the NDP discontinue funding for certain programs or not — as he considered policy decisions of that nature outside of his organization's purview.

"To be frank, there is a lot of new spending for a wide range of initiatives in both the Liberal 2018 Budget and the NDP 2018 platform," he said, in an email to QP Briefing Monday. "Putting aside concerns raised by the Auditor General on budget accounting, I think it is reasonable for an opposition party to work from a government budget baseline and adjust it as they deem appropriate."

Page also called on the government to be more transparent in its budget, and provide a line-by-line listing of new measures announced between budgets.

"There are opportunities to improve fiscal transparency," he said. "I think it would be very hard for a government backbencher, member of an opposition party, or a citizen to have a good understanding of what is in the planned spending base given the significant recent increases in spending and the summary information.

"In this context, it is possible, for an opposition party to miss certain measures that may or not be contained in a baseline forecast."

-with files from David Hains in Brampton and Watford

2). HORWATH RULES OUT COALITION GOVERNMENT

By: David Hains

BRAMPTON, On. — NDP Leader Andrea Horwath won't join forces with the Liberals in a coalition government, she announced at a campaign stop in Brampton North Monday.

"In no uncertain terms I want to make it clear. I have no interest in a coalition government with the Liberals," she said, following an announcement where she criticized the Grits for a lack of investment in health care.

"People have told me that they're very, very tired of a government that doesn't do what it says it's going to do and they don't have any confidence that they're going to fix what they've already broken." Horwath added that the PCs would cut public services. "Doug Ford is obviously not the answer," she stated, saying she was "in this to win it" and looking to form a majority government.

The NDP have consistently polled in second place over the past couple of weeks as Liberal support has declined. A Forum Research poll released last Thursday put the party at 33 per cent, seven percentage points behind the leading PCs. A subsequent Mainstreet Research poll put the Dippers at 28 per cent, 15 percentage points back of the Tories. Most polls over the past few months have projected that the PCs were safely in majority territory at the time.

Horwath ruling out a coalition government is a harder line than she took one day before, when she said at a Mother's Day event in the Toronto Beaches—East York riding that she wouldn't support a government committed to lowering corporate taxes.

Ontario's last minority government was elected in 2011, and saw the Liberals hold onto power with an agreement reached on certain issues with the NDP. The government fell when both opposition parties announced their opposition to the Liberals' 2014 budget.

The closest thing Ontario has had to a coalition government in its modern political history came in 1985, when the NDP supported David Peterson's Liberals although Frank Miller's PCs won a plurality of the seats. However, this was not strictly speaking a coalition government but an accord government, as the agreement between the Grits and Dippers was for a set amount of time, and the NDP did not get any cabinet positions out of the bargain.

When asked by QP Briefing whether Horwath would rule out any deals like Ontario saw in 1985, which ended 42 consecutive years of Tory governments in the province, the NDP leader kept the door slightly open.

"I'm going to give the good people of this province an opportunity to make their decision and I will do what I need to do to when that decision is made to make sure their wishes are fulfilled. But I have heard from so many people that they are so disappointed with this government that has just completed 15 years."

Horwath's pivot on the coalition question came shortly after the Ford campaign attacked her on Twitter for being open to a "backroom deal" with the Liberals to form government.

Doug Ford @fordnation

The people of Ontario want change, not some backroom deal by the NDP to keep the Liberals in power. #onpoli #ONelxn

8:45 AM - May 14, 2018

1,445 Likes 793 People Are Talking About This

Asked by QP Briefing about Ford's tweet, Horwath chided the former Toronto city councillor. "It seems to me it's Mr. Ford who likes the backroom deals with developers and paving over the Greenbelt," she said in reference to a video that showed him promising to open up a "big chunk" of the environmentally-protected land. After widespread criticism the PC leader backed off of his plan.

At a presser in front of Niagara Falls after Horwath had ruled out a coalition, Ford continued his attacks. "People want change in this province," he said during a campaign stop that focused on manufacturing jobs and the economy. "They don't want the NDP making a backroom deal with to prop up the Liberals. They want comprehensive change," adding that the the Liberals and NDP are "the same."

Ford also invoked the Bob Rae government of the early 1990s as he warned Ontarians about voting for the party. "We all remember the last NDP government. Countless jobs lost, the economy destroyed, welfare rates soared," he said. He added, falsely, "Our province was bankrupt."

Horwath also announced that an NDP government would build a third hospital in Brampton "as quickly as possible." The Toronto suburb is one of Canada's fastest growing cities, and it's also electorally competitive, with all three parties hoping to win seats in the area. Horwath called Brampton "ground zero" for the problems created by a lack of health care funding.

3). DOUG FORD PLEDGES TO PLOP DOWN SIGN ON BORDER: 'ONTARIO IS OPEN FOR BUSINESS'

By: Christopher Reynolds

NIAGARA FALLS — Backdropped by the massive drain of Niagara Falls, Progressive Conservative Leader Doug Ford said Monday he aims to stop jobs from flowing into the United States with the help of a big sign that reads, "Ontario is open for Business."

"Today, Buffalo and Niagara are bragging about all the jobs they're taking from us, because of Kathleen Wynne... hiking hydro bills raising taxes, tying businesses up in red tape," he said.

Ford aimed to show voters he was serious about a line he's repeated often over the past few months. "We're going to put up a big sign on the border that says, 'Ontario is open for business,'" he said after a morning photo-op featuring an electric billboard mounted on a truck overlooking the falls.

Ford claimed Buffalo and Niagara alone have "taken 2,000 jobs — they must have a big plaque of Kathleen Wynne down in Niagara, N.Y., and Buffalo: Job creator of the year."

Ford also appeared to criticize corporate welfare — grants given to companies by the government — saying that "instead of picking winners and losers, we are going to lower business taxes for everyone." So far, the PCs' main promise on corporate tax reduction targets large corporations, which would benefit from a drop to 10.5 per cent from 11.5 per cent.

Asked to clarify, Ford told reporters his business incentives would include cutting red tape and regulations to ease the path to a new business, lowering hydro rates to reduce overhead and scrapping "the carbon tax" — by which he typically means Ontario's cap-and-trade auctions — and the Green Energy Act, "which as far as I'm concerned is a scam." Ford said earlier this year that he is "dead against corporate welfare."

Chris Reynolds @ChrisAReynolds

In Niagara Falls, PC Leader Doug Ford declares Ontario "open for business." He's flanked by Tory candidate for Niagara Falls Chuck McShane (centre) and neighbouring PC MPP Sam Oosterhoff. #onpoli

10:49 AM - May 14, 2018

See Chris Reynolds's other Tweets

Premier Kathleen Wynne hit back Monday afternoon at a campaign stop in Cambridge. "I don't think he knows what he's talking about," she said.

"On the one hand, he calls partnering with business 'corporate welfare,' and then on other hand he says, 'but we'll keep investing through the regional economic development plans.'

"Working in partnership with business is an economic development strategy. One of the reasons that Ontario's unemployment rate is the lowest it's been in nearly 20 years is because we have worked with the private sector, because we have business to make sure we retain and attract jobs to Ontario," she said.

The Liberals also stressed Ontario's roaring economy, which boasts GDP growth that has outpaced all G7 countries — about 3 per cent in 2017 — for three years and an unemployment rate at a near 20-year low.

"Ontario has the lowest corporate tax rate in Canada and we cut taxes for small businesses this year. Doug Ford's cuts would have a devastating impact on Ontario's economy with some independent economists say it could lead to 75,000 people losing their job," said party spokesperson Drew Davidson in a release.

Despite a rising tide of opportunity, though, Wynne acknowledged Monday that "the reality is that a lot of people in Ontario don't feel like they have that chance right now."

On campaign stops, Ford has highlighted the loss of several hundred thousand manufacturing jobs over the past 15 years. On the terrace of a Niagara Falls hotel Monday, he harkened back to a supposed golden age to hammer home his message.

"Ontario was once the economic engine of our great country. Everywhere you looked, you saw factories, steel mills, mines, farms, and so many other businesses large and small," he said, promising to deliver "an age of prosperity and progress."

Chris Reynolds @ChrisAReynolds

"Future prime minister," Doug Ford says, greeting the folks at Scorecard Harry's Restaurant & Sports Bar in St. Catharines. He gets enthusiastic applause and warm handshakes. Clearly, though, not everyone is delighted. (The sign stands kitty corner to the cafe) #onpoli

1:39 PM - May 14, 2018

4 Likes See Chris Reynolds's Other Tweets

Ford was glad-handing Monday at a Smithville-based manufacturing plant with workers who, the NDP said, stood to lose from his plan to freeze the minimum wage at \$14 an hour — to which the Liberals raised it from last summer's \$11.40. Deckhands, press labourers and other positions at Stanpac, which manufactures food containers, are being hired for the current minimum wage, according to the company's website.

Economist Sheila Block has said the Liberal plan to hike the minimum wage from \$14 to \$15 an hour — the NDP has promised the same — will mean more for the working poor than the PC pledge to end taxes for minimum wage earners, with an extra \$1,950 per year, before taxes, in the pockets of someone who works 37.5 hours a week.

Chris Reynolds @ChrisAReynolds

St. Catharines construction worker George Brunetta, 58, says Doug Ford's all about "loyalty." #onpoli

2:26 PM - May 14, 2018

4 Likes See Chris Reynolds's Other Tweets

Ford was accompanied Monday by Niagara West—Glanbrook PC MPP Sam Oosterhoff and Tory candidate for Niagara Falls Chuck McShane.

The PC leader's itinerary Monday included four stops in total in the Niagara Region, capped off by an evening rally at a Niagara Falls hotel.

-this story has been updated to include campaign developments throughout the day.

4). *IN BRIEF: THE HORSE IS OUT OF THE BARN AND PC ATTACK FALLS FLAT*

By: David Hains

WATFORD, Ont. — Images of a party leader touring a dairy farm are supposed to be wholesome and family-friendly, but when Andrea Horwath checked out such a site near Watford, things took a slightly left turn.

After posing with cows and saying "hello" to barn cats, Horwath took questions from the media. One question came from Global's Alan Carter, who asked about being a city slicker in rural Ontario. Horwath said she grew up in Stoney Creek and came in frequent contact with agriculture through classmates at school. And then she went a step further.

"In fact, I'm not going to tell any of my sister's secrets but she dated a farm boy for a while," boasting her farm bona fides. "I'm not going to tell you what happened in the barn because I don't know, but I got to hang around and pet the horses while she was in the barn."

The horse of good, wholesome campaigning? It left the barn.

Attacking Horwath is something of a new exercise for both the PCs and the Liberals, as the NDP are now in a clear second place. At a press conference with Niagara Falls as a backdrop, today Doug Ford warned of the "radical" NDP, and not in the "tubular" sense of the word in the early 1990s.

Ford falsely said that when the NDP had power in the province, they bankrupted it, and this iteration of the NDP could prop up the Liberals, who are in third place. In the afternoon, the PCs sent out a press release slamming the NDP for what the Tories saw as signs of a shady deal between them and the Grits in the Liberal leader's home riding. "Are Andrea Horwath and the NDP intentionally not running a candidate in Don Valley West as a part of their backroom deal with Kathleen Wynne and the Liberals, or are they just having a hard-time recruiting candidates?" the release asked.

The problem is, the NDP do have a candidate, community organizer Amara Possian, although they had not yet listed the candidate on their website.

When asked about the attack, Horwath said it says something about the PC approach. "Obviously they are not accurate in terms of the information they are sending out to the public, and that's a little bit irresponsible," she said at a dairy farm in Watford. The NDP announced Sunday that they had nominated all of their 124 candidates.

"His team is going to have to be a little more careful because people deserve to know the truth," said Horwath, who has repeatedly argued that Ford is hiding his true agenda from the public.