

LATE ONLINE MEDIA SCAN: BUDGET

April 27, 2017

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ONLINE COVERAGE

OTTAWA CITIZEN: REEVELY: WYNNE COMES OUT WITH BIG PLANS AND BIG SPENDING IN RISKY ONTARIO BUDGET

ottawacitizen.com

Thu Apr 27 2017

Section: Local News

Byline: David Reevely, Ottawa Citizen

Premier Kathleen Wynne's activist agenda includes public prescription-drug coverage for Ontarians under 25, a Big Shiny Thing over which she'll be happy to fight the 2018 election.

Let's avoid cynicism for a moment. Drugs are a growing part of total health spending, as we find new pharmaceutical solutions to old medical problems. Much of the pressure comes from seniors, who are living longer, with the help of medications that keep chronic conditions under control, but just about every kid at least needs antibiotics at some point and some are less lucky.

We've relied on workplace benefit plans to cover a lot of those costs, but those are shrinking and more people are doing work that never comes with a steady employer and health insurance. If we like socialized medicine, and collectively we sure do, restricting public drug coverage to seniors and people on social assistance - who are covered already - is strange. Filling the gap, if only partly, has both logic and decency behind it.

Now let's be a little cynical: It's also superb politics.

Targeting pharmacare at children and young adults means peace of mind for parents and help for entry-level workers, going gig to gig or contract to contract, who are the least likely to have benefits-included jobs. These are voters the Liberals love and who they hope will love the Liberals back.

When the youth pharmacare program kicks in next January, the election will be bearing down and the Liberals will be able to challenge the Progressive Conservatives to either commit to keeping it or justify scrapping it. See what a trap Obamacare has become for Republicans in the United States, who'd gotten as far as convincing most voters that publicly subsidized health care was a bad idea, right up until they tried to take it away.

Though the figure is oddly absent from the budget documents, Finance Minister Charles Sousa says the full-year cost of the program is \$465 million. So this budget accounts for three months' worth, with the province's fiscal year ending at the end of March.

The Liberals learned a trick from Paul Martin when he was federal finance minister, which is to underpromise and overdeliver. That's tough in politics: The impulse is to say things in the future will be fabulous and then hope like hell you can find a way to make them so.

But if you keep your budget projections conservative, so to speak, you can boast about how you've beaten expectations and oh, look what we can do with some of this extra money we've just happened to find lying around!

Some of that extra money is explicitly in the budget as a "reserve," or contingency fund. In a household budget, if we didn't need the money, we'd probably leave it in a savings account or use it to pay down a credit card. In government, Liberals spend it. And lately they've had even more to work with as they overshoot revenue projections. As they wrap up this fiscal year, they find themselves having pulled in \$2.6 billion in unexpected revenue (including \$640 million from its land-transfer tax, which is basically a slot machine that keeps spewing coins into Sousa's pants) but only having overspent their plans by \$900 million.

Add the leftover reserve and there's the pharmacare money for next year, half a billion dollars for hospital budgets right away, money for child care and home health care, money for schools and transit and on the list goes. The \$600-million reserve budgeted for this coming year alone will be enough to create a new program the size of the youth drug program and then some, if the Liberals feel like their plans need more juice a year from now.

It helps them that the Liberals are taking advantage of a surplus in some public-employee pension funds, which Auditor General Bonnie Lysyk says is improper but which other experts say is OK. And they've adopted a sort of partial distinction between operating spending and capital spending, which used to be smashed together into each year's budget in a way they no longer are. This is also defensible but it means that the current year's numbers wouldn't look as good if they were reckoned the same way as the numbers, say, five years ago.

But in spite of all of this, in spite of the fact that interest is pushing the province's actual real-dollars debt up for some years to come, Sousa gets to say he's balancing the budget and spending more on things Ontarians want.

All this spending comes with a significant risk.

Although Ontario's debt burden (the provincial debt as a share of the overall economy) is levelling off, it's still the highest it's ever been. The budget includes an encouraging graph that shows the debt burden shrinking steadily over the next 15 years or so. That assumes no major jolts come along to mess us up, like a new recession or higher interest rates or Donald Trump breaking something.

Historically, that's been a bad bet. The debt burden grew fast under the New Democrats in the early 1990s, began to shrink under the Mike Harris Tories and shrank more in the early Dalton McGuinty Liberal years - but only gradually. And then along came the 2008 blowout. We borrow, we stop borrowing, we borrow, we stop borrowing, but we never pay off what we've borrowed. We don't use the good times to recover from the bad times.

That's the cost of the pharmacare and the new hospital spending and everything else the Liberal government is promising to do for us. It all might be worth the cost, but none of it's free.

OTTAWA CITIZEN: PHARMACARE IS NOT A CURE-ALL

ottawacitizen.com

Thu Apr 27 2017

Section: Editorials

Byline: Ottawa Citizen Editorial Board

For decades, liberal-minded politicians in Canada have struggled to introduce universal drug coverage. Having decided that state-funded health care was the best way to ensure general prosperity, they've long wanted taxpayers to fund prescribed medicines too. Problem: Pharmacare is very, very expensive.

But Ontario's government has found a clever way to kickstart it: Make pharmacare available to the segment of the population least likely to need it. The provincial budget released Thursday proposes universal drug coverage for all Ontarians under 25 years old. There's no means testing; all young people will be covered, at an estimated cost to the treasury of \$465 million in year one. Apparently this will fund access to 4,400 drugs.

The plan is skilful politics (we'll get to what sort of policy it is momentarily). Premier Kathleen Wynne, facing an election next year in which she is not exactly viewed as the frontrunner, can now outflank the NDP on the left. Its leader, Andrea Horwath, recently proposed a pharmacare program for all, priced at \$475 million but funding only 125 medications.

The budget pitch also speaks to a slice of the population that doesn't always vote, but which might one day remember the favours the Liberals are larding on it (the government is also introducing more measures to help pay for postsecondary education, for instance).

Third, it feels like a compassionate and affordable step: It doesn't cost billions, yet it helps our children. Who among us does not want to help our children?

Thus, no future government is likely to rescind this measure. Which is the cleverest point of all: Pharmacare gets a toehold in Ontario that even Patrick Brown's Progressive Conservatives are unlikely to undo. Indeed, it can only expand in future.

Related

Platt: Glory, hallelujah: Ontario has a balanced budget again([ottawacitizen.com](#)»)

Reevely: Wynne comes out with big plans and big spending in risky Ontario budget([ottawacitizen.com](#)»)

Good, say those on the left. But we worry: Even the existing public health care system is stretched, underfunded at every turn. Wynne's government acknowledged that Thursday with its "booster shot" funding of \$7 billion to help deal with the grim overcrowding in hospitals, the shortage of long-term care beds and the difficulty of obtaining affordable home care. Hospitals had hoped for a funding increase of 4.9 per cent; they'll get three per cent. Ontario's doctors don't yet have a contract, and nurses and other levels of care worker aren't always paid what they deserve. Does piling on another program help Ontarians in the long run?

Ah, but the budget is balanced, you say. Well yes, but spending is still at record levels, and Ontario's debt is expected to hit \$312 billion in 2017-18. Our debt-to-GDP ratio is far from admirable.

Pharmacare is good medicine for the Liberals. For the long-term sustainability of health care?
Maybe not.

- Christina Spencer for the Citizen editorial board.

OTTAWA CITIZEN: BUDGET 'GOOD FIRST STEP' BUT UNLIKELY TO FIX HOSPITAL CROWDING

ottawacitizen.com

Thu Apr 27 2017

Section: Local News

Byline: Elizabeth Payne, Ottawa Citizen

Ontario's health-care focused budget will give struggling hospitals a boost, but it won't solve the ongoing crisis that has seen patients cared for on stretchers in hallways in recent months.

Tom Schonberg, president and CEO of Queensway Carleton Hospital, said Thursday the \$518 million allocated for hospital operating costs will likely translate to about a two per cent increase, or a little more, per hospital, with the remainder going to targeted programs. That falls short of the five per cent increase asked for by the Ontario Hospital Association to help ease overcrowding pressures.

Given salary increases and inflation, Schonberg said, the additional money will keep his hospital from losing ground, but is unlikely to do much to improve its situation.

"Definitely it is a step in the right direction," he said. "The two per cent very much helps to stabilize operating at least at where we are at right now ... not guaranteeing it."

Tom Schonberg.

Queensway Carleton, like other hospitals, continues to be over capacity. Schonberg said money is needed for long-term care funding to help move so-called alternate-level-of-care patients out of hospital beds into more appropriate care.

Meanwhile, officials at CHEO and The Ottawa Hospital said they looked forward to the new pharmacare plan for young Ontarians under the age of 25.

"Canada is the only country with universal health coverage that does not also have universal coverage of prescription drugs," said chief executive officer for CHEO and OCTC, Alex Munter. "Now, at last, all Ontario kids will be covered," he added.

CHEO's chief of staff, Dr. Lindy Samson, said she has seen young patients unable to get the medicine they need to get better. "This sometimes means having to stay in hospital longer than needed. No one should have to choose between buying drugs and paying for other essentials, especially when a child's wellbeing is in the balance," she added.

The plan will especially help vulnerable and lower-income families and youth who may not have coverage through other means, CHEO said.

The Ottawa Hospital's CEO, Dr. Jack Kitts, said the budget "appears to be a very good budget for health care in Ontario."

Ottawa and Eastern Ontario hospitals have struggled with overcrowding for months.

The Ottawa Hospital, which was at 108 per cent capacity Thursday and has remained above 100 per cent for most of the past year, has turned offices and waiting rooms into temporary patient rooms in recent months in an effort to accommodate patients.

Last week, the hospital's breast-imaging department attempted to prevent patients from outside the Champlain LHIN from being referred to its program because of growing waiting lists and delays. The hospital later backed down.

Ottawa's Queensway Carleton Hospital has been forced to cancel elective surgery on several occasions because there were so many admitted patients in the emergency department without hospital beds.

Staff there told the Citizen earlier this year that the overcapacity crisis takes a toll on them and potentially puts patients at risk.

The problem has been felt across the province with reports of patients spending days in hallways and hospitals straining at the seams.

Cornwall Community Hospital has had among the highest occupancy rates in the province, as high as 138 per cent earlier this year.

A common issue for hospitals has been so-called ALC (alternate level of care) patients, who no longer require an acute care bed but are either unable to return home or have no suitable alternative.

**OTTAWA CITIZEN: OTTAWA'S SUPERVISED-INJECTION SITE 'GOING TO HAPPEN' AFTER
NOD IN ONTARIO BUDGET**

ottawacitizen.com

Thu Apr 27 2017

Section: Local News

Byline: Kelly Egan, Ottawa Citizen

With the promise of funding in the Ontario budget tabled Thursday, Ottawa's first supervised drug-injection site will almost certainly open later this year.

Though no dollar amounts were announced, the document firms up a promise by Health Minister Eric Hoskins in January in supporting an application from the Sandy Hill Community Health Centre.

The centre has asked for \$1.4 million annually to run the site, which organizers hope will be open 12 hours a day, seven days a week in their location on Nelson Street, near the corner of Rideau.

Rob Boyd, director of the Oasis program at Sandy Hill - and a key figure in the injection-site application - said he was pleased to see Ottawa's plan mentioned in the document. "This is going to happen."

He was initially hoping the site would open this summer but he said the centre needs at least four to six weeks after capital funding has been secured. The site would be accommodated by reconfiguring existing space in the centre.

"We can't get this open fast enough," said Boyd. He said he's very concerned about the spike in overdoses that struck the city in a 72-hour period last week, suggesting an influx of a powerful version of fentanyl had flooded normal supply lines.

There are at least two other organizations hoping to open supervised-injection sites in Ottawa, but their applications are not as far advanced as Sandy Hill's.

Even Mayor Jim Watson, who does not personally endorse the sites, said he was pleased the funding was included in the budget.

"I'm pleased that dollars will come to support this because we just did not have the money without cutting other programs," he told reporters, while reacting to several budget announcements with municipal implications.

"So if we're going to have a supervised-injection site, and the province wanted us to have one as did the federal government, then it's right that they are providing the funding to operate that particular site."

In supporting Sandy Hill's bid, Minister Hoskins also sent a letter to federal Health Minister Jane Philpott, saying the health centre's proposal "appears logical and supported by evidence." The health centre needs a federal exemption to allow normally illegal drugs at the site.

Boyd said he's confident the federal approval is forthcoming.

TORONTO STAR: NO TAX RELIEF FOR BUSINESS IN ONTARIO BUDGET

thestar.com

Thu Apr 27 2017

Section: News | Toronto Star

Byline: Lisa Wright

Smokers, hotel guests and business owners weren't exactly lit up by the budget that was tabled Thursday at Queen's Park.

For starters, business groups are disappointed that long-awaited cuts to corporate and small business taxes weren't addressed yet again in the Ontario budget, which they say was heavy on spending and very short on ways to generate revenue - outside the new sin tax on smokes over the next three years.

"There were a lot of important things in there to do with (improvements to) health care, education and infrastructure, but I don't think a \$10 tax on a carton of cigarettes is going to get them there," said Dave Walsh, tax service line leader at accounting giant BDO Canada.

Smokers actually got a double whammy after Ottawa hiked cigarette taxes in the March federal budget, when the excise duty rate increased to \$21.56 per 200 cigarettes from \$21.03.

But Toronto Mayor John Tory got his wish granted after the province said it would allow municipalities to impose a tax on hotel stays and Airbnb-style short accommodations.

More on the 2017 Ontario budget(www.thestar.com»)

The Greater Toronto Hotel Association, the Ontario Chamber of Commerce and the Canadian Federation of Independent Business all oppose the tax.

However Tory kept pushing the province for the ability to levy a hotel tax after Premier Kathleen Wynne yanked the city's power last January to toll the Gardiner Expressway and the Don Valley Parkway as he had planned.

"Corporate income tax rate relief - which the government paused following the economic downturn (in 2008) - was not reinstated again. We're disappointed," said Richard Koroscil, interim president and CEO, Ontario Chamber of Commerce.

He said not cutting corporate taxes jeopardizes "tens of billions of dollars in potential capital investment and hundreds of thousands of new jobs."

While commending the government for finally balancing its books, he said the business community is concerned that the debt is ballooning and there is no plan for surplus, nor plans to begin debt repayment.

Julie Kwiecinski, director of provincial affairs (Ontario) at the Canadian Federation of Independent Business, said the finance ministry also ignored the group's request to eliminate the small business tax over five to 10 years, and to reduce the general corporate income tax rate to 10 per cent from the current 11.5 per cent.

"At the current rate of 4.5 per cent, Ontario is saddled with the second highest small business corporate income tax rate in the country," she said.

Meanwhile the Investment Industry Regulatory Organization of Canada (IIROC), CARP and Prosper Canada were pleased with proposed changes in the budget to the Ontario Securities Act that will give IIROC stronger enforcement powers, giving the regulator legal authority to pursue the collection of disciplinary fines directly through the courts.

"As a result, wrongdoers in Ontario will no longer be able to avoid payment simply by leaving the securities industry and abandoning their registration with IIROC," the group said in a statement.

There is nearly \$20 million in unpaid fines owing to IIROC in Ontario dating back to 2008.

TORONTO STAR: HIGHLIGHTS FROM THE 2017 ONTARIO BUDGET

thestar.com

Thu Apr 27 2017

Section: News | Toronto Star

Byline: Robert Benzie

A \$141 billion spending plan that is balanced for the first time since 2008

A \$7 billion hike in health care funding over the next three years

A new \$465 million youth pharmacare program for everyone 24 and under

\$190 million over three years for the "Career Kick-Start" job experience program

24,000 more affordable child care spots for kids up to age four

The recently announced 15 per cent "non-resident speculation" foreign buyers' tax to cool down southern Ontario's scorching real estate market

Expansion of rent controls to all units

Raising the annual salary threshold for when graduates must begin repaying student loans from \$25,000 to \$35,000

A new seniors' public transit tax credit worth \$130 a year to be launched July 1

Tobacco taxes will rise \$2 a carton as of midnight Thursday and will go up by a total of \$10 a carton over the next three years

All municipalities will be allowed to impose a hotel and Airbnb tax

\$100 million over three years to help people with dementia

A new \$300-a-pill abortion drug, Mifegymiso, will be funded

Read more:

Ontario Liberals unveil balanced budget that features free youth pharmacare plan(www.thestar.com))

Winners and losers from the 2017 Ontario budget(www.thestar.com))

Little help for workers laid out in Ontario budget(www.thestar.com))

More on the 2017 Ontario budget(www.thestar.com))

TORONTO STAR: ONTARIO LIBERALS UNVEIL BALANCED BUDGET THAT FEATURES FREE YOUTH PHARMACARE PLAN

thestar.com

Thu Apr 27 2017

Section: News | Toronto Star

Byline: Robert Benzie

Finance Minister Charles Sousa has prescribed a remedy for the Liberal government's political ailments - an election-ready balanced budget with free pharmacare for everyone 24 and under.

Sousa on Thursday tabled the first Ontario budget without a deficit since 2008 thanks to a growing economy that has led to a massive jump in tax revenue.

It's a record \$141.1-billion spending plan that increases funding for health care by \$7 billion over the next three years, including a signature \$465-million children and youth pharmacare program that will pay for 4,400 different medications as of January 2018.

Read more:

Highlights from the 2017 budget(www.thestar.com»)

Winners and losers from the 2017 Ontario budget(www.thestar.com»)

Little help for workers laid out in Ontario budget([LittlehelpforworkerslaidoutinOntariobudget](#))

Ontario budget to pump millions into child care subsidies(www.thestar.com»)

The Liberal plan comes just five days after NDP Leader Andrea Horwath promised a \$475-million a year universal pharmacare plan to cover 125 commonly prescribed drugs if she wins the June 7, 2018 election and replaces Premier Kathleen Wynne.

"Four years ago, our government promised to balance the budget and today ... I am proud to announce that we did it," said Sousa, promising to keep things in the black again in 2018-19 and the year after that if the Liberals are re-elected.

The last time there was no shortfall in the provincial treasury was 2008 - just before the global financial crisis that led to the biggest recession since the Great Depression almost 90 years ago.

But the cost of running deficits for nearly a decade has been an Ontario debt that has ballooned from \$169.6 billion in 2008 to a projected \$311.9 billion this year, making the province the world's largest subnational borrower.

"The road to balance has not been easy. We had critical choices to make," said Sousa.

"We could do what some suggested: cut expenses, cut vital programs and services that people depended on to eliminate the deficit or take a more principled and thoughtful approach to make strategic investments and stimulate economic growth," he said.

With the shortfall eliminated and a hotly contested election 13 months away, Sousa has loosened the purse strings and acknowledged that many Ontarians are feeling the pinch.

"We recognize that families are struggling with the increased cost of living so we're doing more to help with everyday costs," he said.

As first announced last month, residential electricity rates will be cut by an average 17 per cent starting in June - atop the 8-per cent reduction in the harmonized sales tax that kicked in on Jan. 1.

Overall, hydro relief measures will cost the treasury \$1.4 billion in 2017-18.

The new spending is fuelled by tax revenue that has outpaced last year's forecast by more than \$3.4 billion, including \$1.3 billion in additional corporate taxes, \$717 million in extra personal income taxes, \$714 million more in sales taxes and a windfall of \$637 million in increased land transfer taxes due to skyrocketing house prices.

To slow southern Ontario's rapidly rising real estate market, there's the recently announced 15 per cent "non-resident speculation tax" on foreign buyers. It is expected to be revenue neutral because it should be offset by lower land transfer tax proceeds.

"It's not fair for some speculators with deep pockets to drive up the cost of a family home at the expense of working families trying to save enough to realize their own dreams of a place to raise their kids and call their own," he said.

That levy on offshore speculators is the only tax increase in the budget aside from a \$2-a-carton hike on tobacco effective as of midnight Thursday. (There is no mention in the budget about anticipated revenues from legalized recreational marijuana, which Ottawa will allow as of July 1, 2018, because the province has not yet determined where and how it will be sold or taxed.)

Municipalities, however, will be empowered to impose lodging taxes - on hotels and Airbnb rentals - if they choose.

Sousa boasted that the province is outpacing most of the developed world with gross domestic product growth of 2.7 per cent last year.

"That's almost twice the rate of growth of all of Canada - it's better than Germany's 1.9 per cent; it's better than the United States at 1.6 per cent; it's better than all G7 countries," said the treasurer.

But Progressive Conservative Leader Patrick Brown, who enjoys a double-digit lead over Wynne in public-opinion polls, insisted the budget was not balanced, claiming there is a \$5 billion operational deficit due to one-time infusions of cash such as government land sales and the majority sell-off the Hydro One transmission utility.

"It's a scam. The numbers do not add up. The Liberals have no plan to get debt under control," said Brown, who declined to say what services he would cut if elected next year though he stressed his opposition to municipal hotel taxes.

The NDP's Horwath, whose pharmacare proposal would not take effect until 2020, said "this budget doesn't even come close to undoing the damage Kathleen Wynne and her Liberals have done over the last 14 years."

"Ontarians are desperate for change," she said, blasting Wynne for falling short on universal pharmacare.

"We didn't get the pharmacare plan that the people of this province deserve."

More on the 2017 Ontario budget((www.thestar.com»))

TORONTO STAR: DRUG PLAN SHOWS ONTARIO LIBERALS STILL HAVE A FEW TRICKS
LEFT: EDITORIAL

thestar.com

Thu Apr 27 2017

Section: Opinion | Editorial Coverage | T

Byline: Star Editorial Board

To hydro and housing, add healthcare. The Ontario government's budget for the coming year(www.thestar.com»)) makes clear where Premier Kathleen Wynne's Liberals believe their narrow path to re-election lies.

The most dramatic and welcome new element is a plan to more than double at a stroke the number of Ontarians eligible for free prescription drugs. The so-called "OHIP+" plan will make prescriptions free for children and young people - anyone who's 24 or younger - beginning next Jan. 1.

This is a big step in the right direction. It's a push towards universal pharmacare, the most glaring gap in Canada's medicare system. Far too many Canadians aren't covered by drug plans and can't afford to fill their prescriptions. The Ontario plan will go further than any other in Canada towards extending drug coverage to all. Something like it is long overdue.

It's also a wily political move, especially coming right on the heels of the Ontario NDP's bold proposal to bring in partial but universal drug coverage by 2020. The NDP's plan, unveiled just over the weekend by party leader Andrea Horwath, would include all Ontarians but would start by covering only 125 of the most commonly prescribed medications. It has a lot of appeal.

The Liberals are taking a different approach by focusing on children and youth, which has the big advantage of extending coverage to a lot of people at relatively small cost. The reality is that people under 25 are mostly pretty healthy so they generally aren't big consumers of prescription drugs. And if their parents are fortunate enough to have a decent private drug plan (something increasingly rare these days), they're likely to be covered already.

That's why the government estimates the cost of covering drugs for 4 million young people at just \$465 million a year, a fraction of 1 per cent of Ontario's overall budget. By comparison, the province's existing drug benefit (which covers 3.9 million seniors and people on social assistance) costs way more, about \$4 billion a year. So the new plan comes with a lot of political bang for not a lot of budget bucks.

It's far from clear which approach is better - the Liberals' or the New Democrats'. Both are partial steps: the Liberals would leave many people still uncovered, but the NDP's plan would include only some drugs.

Horwath believes Wynne is cutting her grass on this issue, as Liberals often do with attractive NDP ideas. But the fact is both leaders deserve major credit for putting Ontario's considerable weight behind the cause of pharmacare.

As we wrote earlier this week, a national plan would be cheaper and more efficient than province-by-province solutions. But if Ottawa won't take the lead, it's good to see Ontario stepping up.

Too many politicians have been making concerned noises on this issue, but have failed to act while the need for proper drug coverage becomes more and more pressing. Finance Minister Charles Sousa made it clear that Ontario intends its program to be a model for Ottawa and the other provinces. If the Wynne government can get this plan off the ground successfully, it can and should serve as a starting point for more ambitious national action.

There's a lot more in this budget for health care - \$7 billion more over three years, including additional money for hospitals struggling with over-crowded wards. The province has squeezed the health sector hard over the past few years and it's past time to inject substantial new money into the system.

All this comes as Sousa has managed to fulfill his promise to balance Ontario's budget for the first time in a decade, since the global financial crisis blew a hole in the government's finances. With the monkey of the deficit off their back and Ontario's economy expanding at a robust pace, the Liberals have rediscovered their inner progressive. They're earmarking extra money for a range of needs - from making post-secondary education more accessible, to a break on transit costs for seniors, to much-needed funding for thousands more childcare spaces.

Add all that to their plan to reduce electricity bills by 25 per cent and a set of measures to calm the Toronto region's overheated housing market, and the elements of the Liberals' case for re-election 13 and a half months from now come into focus.

Judging by the polls at this point, it still looks like a long shot. After 14 years in power the Liberals own everything that's gone wrong in the province - both the things they deserve and the ones they don't. But even with all that, their rivals will have to step up their game.

That's especially true of the Progressive Conservatives, whose reaction to Sousa's effort was both confused and confusing.

They argue the Liberals are "cooking the books" and the government is really running an operational deficit of \$5 billion - yet the PCs won't say what they plan to cut to fix that if they get into power. Instead, party leader Patrick Brown fell back on old bromides about rooting out "waste and mismanagement" in government.

At the same time, Brown both appeared to support some kind of pharmacare program while complaining that the Liberal plan would let millionaires' kids get free drugs. By that logic Brown should oppose letting wealthy people use the public medicare system. What part of "universal coverage" doesn't he understand?

Judging by this budget, the campaign leading up to Ontario's 2018 election is already well underway. That gives voters just over a year to pass judgment on the Liberals' long record - and to compare them with the real-life alternatives.

This plan to kick-start a national debate on pharmacare shows that even after a decade and a half the Liberals still have a few tricks up their sleeves.

TORONTO STAR: NO TAX RELIEF FOR BUSINESS IN ONTARIO BUDGET

thestar.com

Thu Apr 27 2017

Section: News | Toronto Star

Byline: Lisa Wright

Smokers, hotel guests and business owners weren't exactly lit up by the budget that was tabled Thursday at Queen's Park.

For starters, business groups are disappointed that long-awaited cuts to corporate and small business taxes weren't addressed yet again in the Ontario budget, which they say was heavy on spending and very short on ways to generate revenue - outside the new sin tax on smokes over the next three years.

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More on the 2017 Ontario Budget(www.thestar.com»)

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Ontario Liberals unveil balanced budget that features free youth pharmacare plan(www.thestar.com»)

Highlights from the 2017 Ontario budget(www.thestar.com»)

Ontario budget to pump millions into child care subsidie(ontariobudgettopumpmillionsintochildcaresubsidies)s

Winners and losers from the 2017 Ontario budget(www.thestar.com»)

The Greater Toronto Hotel Association, the Ontario Chamber of Commerce and the Canadian Federation of Independent Business all oppose the tax.

However Tory kept pushing the province for the ability to levy a hotel tax after Premier Kathleen Wynne yanked the city's power last January to toll the Gardiner Expressway and the Don Valley Parkway as he had planned.

"Corporate income tax rate relief - which the government paused following the economic downturn (in 2008) - was not reinstated again. We're disappointed," said Richard Koroscil, interim president and CEO, Ontario Chamber of Commerce.

He said not cutting corporate taxes jeopardizes "tens of billions of dollars in potential capital investment and hundreds of thousands of new jobs."

While commending the government for finally balancing its books, he said the business community is concerned that the debt is ballooning and there is no plan for surplus, nor plans to begin debt repayment.

Julie Kwiecinski, director of provincial affairs (Ontario) at the Canadian Federation of Independent Business, said the finance ministry also ignored the group's request to eliminate the small business tax over five to 10 years, and to reduce the general corporate income tax rate to 10 per cent from the current 11.5 per cent.

"At the current rate of 4.5 per cent, Ontario is saddled with the second highest small business corporate income tax rate in the country," she said.

Meanwhile the Investment Industry Regulatory Organization of Canada (IIROC), CARP and Prosper Canada were pleased with proposed changes in the budget to the Ontario Securities Act that will give IIROC stronger enforcement powers, giving the regulator legal authority to pursue the collection of disciplinary fines directly through the courts.

"As a result, wrongdoers in Ontario will no longer be able to avoid payment simply by leaving the securities industry and abandoning their registration with IIROC," the group said in a statement.

There is nearly \$20 million in unpaid fines owing to IIROC in Ontario dating back to 2008.

TORONTO STAR: WINNERS AND LOSERS FROM THE 2017 ONTARIO BUDGET

thestar.com

Thu Apr 27 2017

Section: News | Toronto Star

Winners and losers from the 2017 Ontario budget:

Winners

Children and youth 24 years old and younger who will receive free prescription drugs under an expanded pharmacare program

Seniors who will get a new public transit tax credit worth around \$130 a year

Tenants whose rent increases will now be limited to inflation

Students who get new on-the-job experience through the \$190-million three-year Career Kick-Start program

Read more:

Ontario Liberals unveil balanced budget that features free youth pharmacare plan(www.thestar.com))

Highlights from the 2017 Ontario budget(www.thestar.com))

Little help for workers laid out in Ontario budget(www.thestar.com))

More on the 2017 Ontario budget(www.thestar.com))

Losers

Smokers - tobacco taxes which jump \$10 a carton over the next three years starting with an immediate \$2 a carton hike at midnight Thursday

Foreign real estate speculators who will now pay a 15 per cent tax on southern Ontario houses they buy

Landlords who can no longer increase rents more than the rate of inflation unless they apply for exemptions to bankroll renovations

Future generations who will be saddled with a \$311.9 billion provincial debt

TORONTO STAR: NO NEW CASH FOR FIXING SOCIAL HOUSING STOCK

thestar.com

Thu Apr 27 2017

Section: News | Toronto Star

Byline: Emily Mathieu

Toronto's crumbling social housing stock will not receive any new money for desperately needed capital repairs as part of this year's provincial budget.

The budget lays out the early details of a plan to leverage government-owned land to encourage the development of more affordable housing units, but no new money towards affordable housing and homelessness prevention programs.

More on the 2017 Ontario budget((www.thestar.com»))

Toronto Community Housing Corp. is planning to close 400 more homes next year, because of a lack of repair money needed to shore up the aging buildings, bringing to 1,000 the number of properties expected to close by 2018.

Finance Minister Charles Sousa, when asked what specifically would be done to address the TCHC repair backlog, listed initiatives and investments made by the province in social and affordable housing, as part of money released in last year's budget, to be spent over three years.

"We are actually doing quite a bit for Toronto, on a number of fronts," and are working with the cities across Ontario to meet the growing demands for affordable housing, said Sousa.

"We want to support Toronto, we have continuously supported Toronto and all the municipalities across the province," he said.

The province, as part of last year's budget, pledged to spend approximately \$2 billion in affordable housing and housing supports, over three years.

Toronto's social housing provider manages almost 60,000 units, across 2,100 buildings, and needs to secure an additional \$350 million next year to prevent more homes from being boarded up.

The 10-year repair plan is expected to cost \$2.6 billion and Mayor John Tory has repeatedly pressed the province and federal government to put in the money needed for the other two thirds of the bill.

Anybody who is made to leave those unsafe units must also be rehoused, by TCHC, putting more pressure on a wait-list for subsidized housing that has topped 181,000 people.

At city hall, councillors immediately noted a gaping hole on the social housing file.

"The complete absence of money for TCHC is a kick in the gut to the city of Toronto and the residents of Toronto Community Housing," Councillor Joe Cressy, who sits on the board for the social housing provider, told the Star's Jennifer Pagliaro.

"This budget leaves Toronto Community Housing residents behind and the government of Ontario should be ashamed of themselves."

But it was met with tepid statement from Mayor John Tory, who previously said it would be a "grave mistake" for the province to ignore Toronto's funding needs. Tory was meant to speak to reporters Thursday, but the press conference was abruptly re-scheduled to Friday.

"The provincial government appears to have missed an opportunity to partner in the historic investments made by the federal government in much needed future transit expansion and repairs to our vital social housing," the statement read.

Tory's appointed housing advocate Councillor Ana Bailao, who also sits on the housing board, said she is disappointed with the lack of mention of social housing in the budget.

"Units are being allowed to close because the province has turned a back on them," she said.

"It's concerning that there's no mention at all about this . . . It would have been an important signal to have in there."

As part of Thursday's announcement, the province laid out the early details of a new plan to leverage between \$70 million and \$100 million worth of provincial land to build up to 2,000 affordable housing units, by selling off surplus land at below market value to encourage and facilitate future development.

David Waters, president of the Co-operative Housing Federation of Canada welcomed the decision by the province to leverage land to speed up development, particularly in increasingly unaffordable urban markets.

"Right now, more than ever, it's good to see the province using all the tools at its disposal to build affordable housing," said Waters in a statement.

The province will be working with cities, the federal government, people from the housing sector and other interested stakeholders to firm up the plans this spring.

NDP Leader Andrea Horwath said the 2017 provincial budget "doesn't even come close" to undoing the damage the Liberal government has caused over the last 14 years. Premier Kathleen Wynne, said Horwath, was "choosing to look away" from the needs of people across the province, particularly when it came to health care, rising hydro costs and social housing.

"Under the Wynne Liberals, housing costs have skyrocketed, while subsidized housing stock has been allowed to crumble, been shuttered and sold off," said Horwath.

In Toronto, as part of previous budget commitments and as part of the Climate Change Action Plan, the city will receive \$130 million for energy retrofits and more than \$340 million, also over three years, in rent supports and other services to prevent homelessness.

The city is also receiving about \$130 million through the Investment in Affordable Housing program, used to provide supports to keep people in their homes, like rent supplements.

The province has also committed \$200 million, to be spent over three years, to help 6,000 families and people across Ontario get access to housing assistance programs, including

counselling, assistance with medication and life skills training, and to support the construction of 1,500 new supportive housing units.

Survivors of domestic violence will be provided with \$30 million to be spent over the next three years, to support up to 3,000 people, through a portable housing benefit.

About \$90 million has also been placed into the Community Homelessness Prevention Initiatives (CHPI) fund, which is distributed to municipalities for homelessness prevention initiatives, including rent supplements.

Any funding tied to affordable housing and homelessness prevention is being carefully watched in the buildup to the forthcoming National Housing Strategy.

In March, the federal government promised \$11.2 billion for affordable housing initiatives and programs, to be spent over 11 years. Roughly \$3 billion of that total was to be spent in the next five years, with \$20 million for this year.

Housing advocates, in March, called the federal commitment a strong step forward in easing what is widely recognized as a countrywide crisis.

The \$11.2 billion is on top of baseline funding for expiring social housing agreements. That operating agreement funding is expected to be maintained up to 2028.

In early April, Jean-Yves Duclos, Minister of Families, Children and Social Development, announced the creation of a \$5 billion national housing fund, designed to keep Canada's most vulnerable housed, including people living with mental health issues, struggling with addictions, seniors, and veterans.

That fund also includes targeted money for Indigenous communities, on and off reserve.

With files from Jennifer Pagliaro

TORONTO STAR: FREE PRESCRIPTION MEDICINES FOR THOSE 24 AND UNDER FIRST STEP TO NATIONAL PHARMACARE PLAN: SOUSA

thestar.com

Thu Apr 27 2017

Section: News | Toronto Star

Byline: Rob Ferguson

Prescription medicines will be free for Ontario residents 24 and under starting in January as the provincial budget extends the same drug coverage given to 3.9 million seniors and people on social assistance.

The groundbreaking measure, the first of its kind in Canada, is called OHIP+ and comes at a \$465-million annual cost to taxpayers.

There will be 4,400 medications, including expensive ones for cancer treatment, available to 4 million young Ontarians.

The new OHIP+ plan will double pharmacare coverage in the province.

Finance Minister Charles Sousa said Thursday the financial help is aimed at the growing number of parents who don't have benefit plans, recent grads looking for their first big jobs, contract workers and others scrambling to make ends meet who are in precarious positions.

More on the 2017 Ontario budget((www.thestar.com)»)

He described it as a step to a broader pharmacare plan for all citizens, which the province has been pressing the federal government and other provinces to support.

"What better place to start than the most vulnerable at a young age?" Sousa told reporters before delivering his budget speech.

"Getting prescriptions filled can be a challenge for families with children requiring medication, for young people just entering the workforce," he added in the Legislature.

The cost of medications can cause "real hardships for some," Sousa said, noting one in 10 Ontarians cannot afford their prescriptions.

New Democrat Leader Andrea Horwath, who has proposed a pharmacare program that would cover 125 basic medications for all ages under the Ontario Health Insurance Plan, quickly called Sousa's proposal a "half measure" that leaves millions of adults on their own.

"Nobody should go to a doctor, get a prescription and then leave that doctor's office holding that prescription knowing that there's no way they're going to fill that," she said.

Horwath defended the vastly lower number of drugs that would be covered under an NDP plan, which wouldn't take effect until 2020. She said the 125 medications would be the most common prescriptions for the most common ailments.

"That's where you get the biggest bang for the buck."

Progressive Conservative Leader Patrick Brown said the NDP plan's budget of \$475 million is vastly underestimated and insisted the Liberal government's child and youth pharmacare plan should apply a means test to exclude Ontarians who can afford their own drugs or have private plans.

"Of course, everyone wants greater drug coverage I want to make sure those precious taxpayer dollars are going to the people that really need it," he added.

"You've got a millionaire family that has no problem with drug access and you've got kids that desperately need drug treatment that can't get it That doesn't seem right."

The Ontario Health Coalition, Registered Nurses Association of Ontario and the Unifor labour union applauded the youth pharmacare program as a catalyst for national pharmacare.

"We're pushing the country on this issue and it's vital. How does it make sense that you can get your diagnosis publicly covered, but you can't get your treatment publicly covered?" said Natalie Mehra, executive director of the Ontario Health Coalition.

"What the NDP did last week and what the government has done this week is really make the dream of pharmacare in Canada one giant step closer to reality."

Under the Liberal government plan, starting Jan. 1, parents, teens and young adults would simply present their OHIP cards with their prescriptions from a doctor and no cash will exchange hands at the pharmacy counter, officials said. There are no co-payments or deductibles.

The eligible drugs, listed on the Ministry of Health website under the Ontario Drug Benefit formulary, are for treating most acute conditions, common chronic conditions, childhood cancers and other diseases, according to budget documents.

Parents whose children have cancer, for example, and have had to rely on the Trillium catastrophic drug plan, will save thousands of dollars under OHIP+, given that the Trillium deductible requires them to pay 4 per cent of their gross income.

In addition, doctors can apply under the ministry's "exceptional access program" to have other drugs they deem necessary covered by OHIP Plus, officials told the Toronto Star.

Otherwise, parents with drug plans of their own could cover prescription medications not available under the Ontario Drug Benefit plan.

THE GLOBE AND MAIL: NEW FUNDING FOR TORONTO TRANSIT, SOCIAL HOUSING LEFT OUT OF ONTARIO BUDGET;

Toronto Mayor John Tory said he was still analyzing the budget and would hold a formal press conference on Friday

theglobeandmail.com

Thu Apr 27 2017, 7:42pm ET

Section: Other

Byline: JEFF GRAY

Cancelling a scheduled press conference and instead issuing only a terse statement, Toronto Mayor John Tory made his disappointment clear in an Ontario budget that failed to deliver any new funding for public transit or to fix his city's dilapidated public housing buildings.

"The provincial government appears to have missed an opportunity to partner in the historic investments made by the federal government in much needed future transit expansion and repairs to our vital social housing," Mr. Tory said in a statement e-mailed to media on Thursday, as reporters and TV camera crews idled outside his office doors.

Mr. Tory said he was still analyzing the budget, which he noted had important investments in health and child care, and would hold a formal press conference on Friday.

Ontario Finance Minister Charles Sousa's budget does grant Mr. Tory's request for the authority to bring in taxes on hotel rooms and Airbnb-type short-term rentals, a power being granted to other cash-strapped municipalities as well.

But this was little compensation for Mr. Tory, as it appears his pleas for firm commitments from the province for hundreds of millions of dollars to help repair his city's crumbling social housing and fund new transit lines went unheard.

Toronto's mayor has been increasingly at odds with Queen's Park ever since Premier Kathleen Wynne overrode his plan to raise hundreds of millions of dollars for infrastructure with tolls both on the Gardiner Expressway and the Don Valley Parkway earlier this year. The denial prompted the mayor to complain that he was being treated like a boy in "short pants."

Ms. Wynne tried to soften the blow by promising a doubling of the amount of gas tax municipalities receive, which will eventually mean an extra \$170-million for Toronto alone.

But Mr. Tory became more vocal in his demands for funding. Earlier this month, he urged city councillors to sign form letters for MPPs demanding more funding for public transit and housing in the budget.

And at every opportunity in recent weeks, he repeated long-standing city demands for \$864-million from the province to cover its share of a 10-year, \$2.6-billion plan to repair Toronto Community Housing's stock of dilapidated buildings.

TCHC has warned that if more money from the other two governments does not materialize, it will be forced to condemn and shutter hundreds more units it cannot afford to repair, even as more than 80,000 households are on the waiting list. It's a similar story in other cities across the province, where aging social housing stock is also in a bad state.

"You are actually leaving 110,000 residents in this city, in every riding of this city, vulnerable," said Councillor Ana Bailao, an ally of Mr. Tory who heads city council's affordable housing committee. "You are leaving people out in the cold, literally, because you are not supporting us on maintaining those units."

Joe Cressy, a left-leaning downtown councillor, was equally blunt: "The Ontario government should be ashamed of themselves."

While Thursday's budget does contain money for new affordable housing and homelessness programs, there was no firm commitment of money for TCHC's needs - or any concrete funding for new public-transit projects, beyond the billions of dollars Ontario has already committed for new lines in Toronto, Hamilton and Mississauga.

However, officials say talks continue between the province and the federal government over new money that could eventually flow to Toronto and other Ontario cities for both public housing and transit.

Noting that Ottawa had recently committed \$11-billion over 10 years across the country for various affordable housing programs, Mr. Sousa did tell reporters that his government would "match the degree of capital funding for the work that's being done by the federal government," but offered no specifics.

While Mr. Sousa's government is also providing money for energy efficiency retrofits for social housing across the province, Toronto officials say only a small amount of this cash will actually help with the massive repair backlog.

"We're actually doing quite a bit for Toronto on a number of fronts," Mr. Sousa said when asked why he had denied Toronto's request for help with Toronto Community Housing in the budget. "... We're taking steps to support affordable housing."

THE GLOBE AND MAIL: ONTARIO BUDGET PROMISES FREE PRESCRIPTION DRUGS FOR KIDS, MORE CASH FOR HOSPITALS

Ontario budget includes 3.1-per-cent hike to operating funding for hospitals

theglobeandmail.com

Thu Apr 27 2017, 4:33pm ET

Section: Other

Byline: Kelly Grant

The Wynne government is lifting some of the financial pressure off Ontario's beleaguered health-care system with a budget that promises the largest health-spending boost in five years and free prescription drugs for all children and youth.

The increase to the province's health budget includes a 3.1-per-cent hike to operating funding for hospitals, which falls short of the 4.9-per-cent increase the sector was seeking to alleviate overcrowding and emergency-room waiting times, but counts as a thaw after the province froze hospital budgets in four of the past five years.

The government is vowing to inject an additional \$7-billion in new spending into health care over the next three years, plus billions more over the next decade for erecting new hospitals and rebuilding old ones, including five newly announced projects in the Niagara area, Windsor, Hamilton, Mississauga and Northern Ontario.

Ontario budget highlights: 10 things you need to know (www.theglobeandmail.com)»

Finance Minister Charles Sousa touted the increase as a "tremendous infusion of supports for more hospitals, more front-line care, more home care, more support for caregivers," but the opposition dismissed it as failing to meet patients' needs after years of forced austerity in the sector.

"While our hospitals are overcrowded and patients wait for days on stretchers in hallways, the announced hospital funding will barely keep up with the rate of inflation," said Andrea Horwath, Leader of the Ontario NDP.

The centrepiece of the nearly \$53.8-billion health budget is a \$465-million program that will provide free prescription medicine to everyone 24 and under, regardless of their household income or whether they have access to private health insurance through their parents. It's the first program of its kind in Canada.

There will be no co-pays or deductibles under the program, which takes effect Jan. 1.

The Liberals' promise comes less than a week after Ms. Horwath unveiled her plan to expand public funding to cover a list of 125 "essential" medicines for everyone, and after Health Minister Eric Hoskins spent years lobbying for a national pharmacare strategy to no avail.

Mr. Sousa said he hopes Ontario's move will spur the federal government and other provinces to work toward establishing a national pharmacare program. In the meantime, Mr. Sousa said, the Liberals decided that covering all young people was a good place to start.

Right now, the province's public drug plans cover 2.3 million seniors, and about 900,000 people on social assistance. The new program, which the Liberals have dubbed OHIP-plus, would expand public coverage to another four million people.

Patrick Brown, the leader of the Progressive Conservatives, questioned whether paying for drugs for children whose parents are wealthy or already have private insurance is the best use of scarce health-care resources.

"Under this plan, [those] precious funds would go to pay for millionaire kids," he said. "That doesn't seem right."

Public drug spending is expected to grow by 8.4 per cent this year, more than any other part of the health budget. That increase is not driven primarily by the expansion of pharmacare to young people because the program does not kick in until the last three months of the fiscal year.

Nav Persaud, a physician-scientist at St. Michael's Hospital in Toronto, said that research has shown the cost of medications continues to prevent plenty of uninsured Canadians from filling their prescriptions.

"Even small co-payments and deductibles deter people from appropriately using medication, and it's more likely for families with a lower income. But it's still true for families with moderate incomes," Dr. Persaud said.

The Liberals are also promising universal coverage for Mifegymiso, better known as the abortion pill.

Overall health spending is projected to grow by 3.3 per cent this year, about a percentage point more than the average annual increases in the lean years between 2011 and 2016.

However, this year's increase is still well below the amount health-care costs are expected to grow.

The Financial Accountability Office of Ontario, which published a sobering report on the province's health-funding challenges in January, says inflation, population growth and population aging will drive health-sector expenses to grow by 5.3 per cent a year until 2020.

Ontario's long-term care homes are slated to receive a 2-per-cent increase in operating funding, plus more for fresh meals, but there is no plan to add new nursing home beds.

The Ontario Hospital Association, which represents 145 hospitals, said before the budget was unveiled that base funding increases of zero in four of the past five years had pushed hospitals to brink.

"Hospitals were truly at a turning point," said Anthony Dale, the president of the Ontario Hospital Association.

A surge in patients during flu season this winter exposed the underlying crowding problem, forcing hospitals to treat more patients than usual in hallways and other unconventional spaces.

The 3.1-per-cent increase works out to an additional \$518-million for hospitals this year. "It's going to help maintain system stability and help strengthen access at a very, very critical time," Mr. Dale said.

Ontario has the fewest hospital beds per capita and shortest lengths of stay in the country. Only Quebec spends less per capita on health care.

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THE GLOBE AND MAIL: ONTARIO MOVES TO TOUGHEN OVERSIGHT OF SYNDICATED MORTGAGE INVESTMENTS

Ontario Liberals shift regulation of the investments products to the Ontario Securities Commission

theglobeandmail.com

Thu Apr 27 2017, 4:56pm ET

Section: Business

Byline: Janet McFarland

The Ontario government will shift regulation of syndicated mortgage investment products to the Ontario Securities Commission in a move to toughen oversight of a rapidly growing industry that has faced investor complaints about its practices.

The province announced in its budget Thursday that it will transfer responsibility for the syndicated mortgage sector away from the Financial Services Commission of Ontario (FSCO), which is a provincial agency responsible for overseeing an array of financial services sectors from property insurers to pension plans.

The shift was recommended last year in a report from an expert panel that studied reforms to the FSCO. The panel said syndicated mortgages need to be regulated like other securities sold to the public, and said a watchdog like the OSC has more experience policing securities products.

Ontario budget highlights: 10 things you need to know (www.theglobeandmail.com)»)

Read more: The investors who bet on a real estate boom - and lost (www.theglobeandmail.com)»)

Opinion: Ontario's balanced budget is laudable, but where's the plan to tackle debt? (www.theglobeandmail.com)»)

The syndicated mortgage sector has exploded in Ontario in recent years as Toronto's real estate market has boomed, with sales of syndicated mortgages in the province climbing more than 60 per cent in two years, to \$6-billion in 2016.

Syndicated mortgages are investment products marketed by companies that finance real estate development projects using money provided by a pool of investors. The mortgages are typically provided to borrowers who cannot raise funds from conventional lenders, which means they pay a higher rate of interest for investors, but they have proved to be risky when borrowers are not financially stable.

Several mortgage firms have faced lawsuits in recent years from burned investors upset that development projects have not proceeded after companies faced financial difficulties.

As part of the reforms announced Thursday, the province said it will also impose caps on the amount individuals can invest in syndicated mortgage products. Details of the limits have not been determined, including whether they would apply per project or would be an annual total.

The province will also develop rules requiring people selling syndicated mortgage products to document their suitability for their clients and disclose more information about their risks.

Ontario said the shift of oversight to the OSC is consistent with the way syndicated mortgage products are regulated in other provinces, where oversight falls under the purview of securities regulators. There is no timeline yet for when the transfer will take effect.

"The government will work with regulators to plan an orderly transfer of the oversight of these products," the budget document says.

Also Thursday, the province announced a number of new investment initiatives to spur business growth, including a plan to invest \$130-million over five years in two projects aimed at developing the next generation in wireless technology, known as fifth generation or 5G.

The Liberal government is championing 5G - which will increase wireless transmission speeds by up to 1,000 times for mobile devices compared with current technology - because it is seen as the backbone infrastructure for new technologies, such as self-driving vehicles.

The two projects to receive funding are both industry-led consortiums working on advancing the commercialization of 5G networks across Ontario.

The province will also invest \$80-million over five years to create the Autonomous Vehicle Innovation Network to help ready the province's transportation systems and infrastructure for the spread of self-driving vehicles.

Ontario said it will provide \$20-million over five years to partner with Waterloo's Quantum Valley research centre to fund the Quantum Valley Ideas Lab. The project will help fund cutting-edge research in quantum science, which could improve the efficiencies of computers and other technologies in the future.

The government also announced a \$4-million pilot project to help financial institutions work with companies to develop better cybersecurity measures.

The budget provided further details on previously announced projects, including the launch of a voucher program this spring to help provide financing for smaller companies to access professional business tools and services. The budget said the province launched a fund in January that will provide \$20-million over three years to support collaboration between companies and colleges.

The government provided a timing update for companies with employee pension plans, saying it intends to publish "guiding principles" of a new funding framework for pension plans this spring and draft regulations by the fall.

The reforms will change the solvency funding rules that govern how companies must fund shortfalls in their pension plans. The rules ensure companies keep pension plans fully funded over the long term, but the province has been holding consultations and seeking public submissions to develop reforms that will help plan sponsors cope with volatile investment returns and long-term low interest rates.

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THE GLOBE AND MAIL: EDITORIAL - ONTARIO'S NDP-LITE BUDGET SETS THE TABLE FOR THE NEXT ELECTION;

The budget that Ontario Finance Minister Charles Sousa delivered on Thursday, April 27, 2017, is all about an event happening on Thursday, June 7, 2018: The next provincial election. The province's Liberal government currently stands a distant

theglobeandmail.com

Thu Apr 27 2017, 6:00pm ET

Section: Other

The budget that Ontario Finance Minister Charles Sousa delivered on Thursday, April 27, 2017, is all about an event happening on Thursday, June 7, 2018: The next provincial election. The province's Liberal government currently stands a distant second or third in the polls; those same opinion surveys have saddled Premier Kathleen Wynne with the moniker of "Canada's least popular premier." Her personal approval rating is so low that for months, there's been widespread talk about a panicked party pushing her into retirement.

But don't count out the Liberals or Ms. Wynne just yet. Not by a long shot. Election after election since 2003, they've figured out how to win back voters, with more than a little help from Ontario's Progressive Conservatives, who are past masters at figuring out how to lose them. Team Wynne still has a lot of tricks up its sleeve - and more ammunition than ever in its fiscal arsenal.

Nine years after Great Recession hit, Ontario's budget is back in balance. After winning the election in 2014, the Liberals promised to eliminate the deficit before voters next went to the polls. Their two-stage plan has largely worked as expected.

How did they do it? Step one, spending restraint. Yes, really. For the last three years, Liberal rhetoric has been designed to convince voters that they've been as busy giving away money as the Tooth Fairy. In fact, they've spent the last three years wrestling down expenses in health and education, the two largest government departments.

Spending increases there have been held well below inflation plus population growth - not an easy trick when teachers unions are your allies, or given that Ontario already spends less per person on health than any province except Quebec. The Liberals brought in austerity-lite, while trying to deny it. And for the budget to balance, they had to.

Step two, revenue growth: Over the last few years, the economy has grown faster than expected, and tax revenues, including a land transfer tax powered by a hot housing market, and a big scoop from the new tax-like cap-and-trade system, greatly outpaced growth in expenditures. Revenues growing faster than spending equals, right on the electoral schedule, a balanced budget.

If the budget remains balanced in the years to come - that's what the Liberals are promising, though some economists and the province's Fiscal Accountability Office have raised questions about the details - the relative size of the province's debt, known at the debt-to-GDP ratio, will slowly but steadily fall. That would be a real and substantial accomplishment.

It's also valuable political currency. That's why PC leader Patrick Brown, the man whose election this is to lose, responded to Thursday's budget by insisting that taxes and spending are still out of control, and Liberal accounting shenanigans are covering up the fact that the

government is deep in deficit. New Democratic Party leader Andrea Horwath, in contrast, handed out a press release headlined: "Wynne's Budget Doesn't Undo The Damage She's Done."

It was Why Haven't You Cut More vs. Why Have You Cut So Much. The Liberals are aiming to walk to victory, right up the middle.

But the Wynne government's plan to win again in 2018 is mostly not about competing with the Tories for votes. Beyond eliminating the deficit, the budget doesn't the Tory language. Instead, it's about winning re-election by eating the NDP's lunch.

For three years, the Liberals have been implementing austerity-lite, while insisting that they are actually Santa Claus. Now that Ontario's in balance, they're talking more than ever like Saint Nick, but they've finally got more gifts to hand out, to key constituencies: young voters, seniors, lower income Ontarians, the education sector, anyone who cares about health care, and anyone steaming over their hydro bill.

The Liberals are shifting from austerity-lite to NDP-lite.

For example, the NDP has been calling for a province-wide pharmacare plan - free prescription drugs for everyone. The Liberal budget cribs from the NDP by going part way there, offering free drugs for anyone under the age of 24. The Liberals have long been pushing for a national pharmacare program, and the province already covers drugs for seniors and those on welfare, more than a quarter of the population. But the sudden arrival of free drugs for children and youth still feels like a last minute addition to the fiscal plan. Finance Minister Charles Sousa told reporters it will cost \$465-million a year, but that figure is nowhere to be found in the budget itself.

Seniors? The federal Liberals eliminated the tax boutique credit for riding public transit; their provincial cousins have brought it back - for anyone over the age of 65.

Young voters? The province's program for assisting college and university students, OSAP, will become both simpler and more generous. This was announced last year, but it doesn't start to kick in until this fall and next year. The Liberals say the vast majority of students from families earning less than \$90,000 will now receive grants that meet or exceed the cost of tuition.

Health? The province really has been squeezing health spending since the last election, with annual increases of barely more than 2 per cent over the last two years - well below inflation plus population growth. This coming year, however, health spending is budgeted to rise by 3 per cent, and then by nearly 5 per cent the year after.

And whereas governments used to focus on streamlining health care by closing hospitals, the Liberals are trumpeting all the new facilities they are building or planning.

More daycare spaces? Yes - though fewer than the NDP is demanding.

Housing? As announced earlier this month, the Liberals are using the housing price bubble as an excuse to expand rent control - an economically self-defeating policy, and one having absolutely nothing to do with the housing bubble, but which will please more than a few renters nonetheless.

Hydro? One of the most expensive new commitments, announced before the budget, is the government's plan to use your taxes to lower your hydro bill. Price: \$1.4 billion a year. Governments can do all sorts of dumb things when they're feeling flush.

And for all that, this budget often tries to act like it's spending more than it is; the government's health care increases, which are modest but real, get creatively double- and triple-counted. Health spending is budgeted to grow from \$52.2-billion in 2016 to \$58.1 billion in 2019, and that is repeatedly referred to as "increasing by \$11.5-billion over three years."

And the long-term infrastructure plan, most of which is scheduled to happen years from now, and which exists almost entirely outside the annual operating budget, never stops growing, at least rhetorically. Two years ago it was a ten year, \$130-billion infrastructure program. Last year, it had become a 12-year, \$160-billion program. Now it's described as a 13-year, \$190-billion infrastructure plan.

The bottom line is that the current state of Ontario's finances offers big opportunities for the Liberals, and serious challenges for the PCs and the NDP.

The NDP, whose voters are the Liberal target, of course say they hate this budget. But with its balanced bottom line and big new commitments to social spending, it feels like a fiscal plan another NDP party - the 2015 federal NDP, led by Thomas Mulcair - would have loved.

THE GLOBE AND MAIL: ONTARIO'S BALANCED BUDGET IS LAUDABLE, BUT WHERE'S THE PLAN TO TACKLE DEBT?

The province needs something like Quebec's debt-fighting fund to rein in its longer-term financial threat

theglobeandmail.com

Thu Apr 27 2017, 6:45pm ET

Section: Business

Byline: David Parkinson

It needed lots of economic luck and a bit of budgeting trickery to make it happen, but Ontario's government has eliminated its budget deficit as promised. And just in time for an election, too.

The next step should be to tackle its more than \$300-billion in net debt - roughly equal to the debts of the other nine provinces combined. The government is paying nearly \$12-billion a year in interest alone on its debt - equal to 8 per cent of the total budget - and there's a real danger that economic and demographic forces will conspire to keep that figure growing in the coming years. The province needs a plan to reverse what has become a chronic debt problem, while its financial conditions are as favourable as they have been in a decade.

It has no such plan.

Ontario budget highlights: 10 things you need to know (www.theglobeandmail.com»)

Read more: Ontario moves to toughen oversight of syndicated mortgage investments (www.theglobeandmail.com»)

While neighbouring Quebec has not only defeated its deficits but has been building a sovereign wealth fund specifically aimed at paying down its debt, Ontario seems satisfied to trust that continued economic growth will be enough to stave off deficits and whittle down its debt-to-GDP ratio. Even using projections that Ontario's own in-house fiscal watchdog has questioned, the government's approach targets returning its debt-to-GDP ratio to pre-recession levels only by 2030 - a time frame so remote as to be near-meaningless.

It's a wildly optimistic and inadequate response to a problem that, with any turn of bad luck at all, could cripple future governments for decades.

But first, a little credit where credit is due. Seven years ago, when Ontario was struggling along with everyone else to lift itself out of the Great Recession, the government pledged to bring its \$19-billion deficit to zero by 2017-18. The opposition protested, loudly and often, that it was a rose-coloured target without a concrete plan to achieve it. But the deficit for the just-completed 2016-17 fiscal year came in at a tiny \$1.5-billion, and the government is budgeting for a balance not only for this fiscal year, but also for the two years after that.

To get to that finish line, the government did play some games with its so-called "reserve," the money it sets aside in each budget as a contingency for surprises that might nudge its budget off course. It booked \$600-million for this year and next - precisely the amount necessary to reduce its budget balance to zero. It's also \$400-million less than the provision built into last year's budget; if the government hadn't narrowed its own margin of error built into the budget, these would appear as small deficits.

Much more significant, though, is the terrific run of economic luck that has paved the path to this budget balance: Years of low interest rates; a booming housing market; a weak dollar that has helped exporters; and strong growth in the United States, the province's chief export market. Real GDP growth has averaged 2.6 per cent in each of the past three years, well above Canada's national growth and, indeed, better than the U.S. economy has achieved. In his budget speech, Mr. Sousa boasted that Ontario had better growth last year than any G7 country.

But the province's luck could turn. Last fall, the Financial Accountability Office of Ontario, the province's in-house fiscal watchdog, predicted that the government's deficits would start growing again beyond the current year, citing anticipated slower economic growth. A key factor is simply that Ontario's population, like that of the entire country, is aging, meaning declining labour growth that will limit the economy's potential to expand.

The resulting further deficit accumulations, coupled with the province's large commitments to infrastructure investments (now at \$156-billion over the next decade) and the good chance that interest rates will begin to rise from years of historic lows, create the prospect for further debt accumulation and rising debt servicing costs. Those, in turn, would make budget balances increasingly remote.

Quebec, another born-again balanced-budgeter with a serious debt overhang, has seen the light. In addition to reining in its deficits, it has been using revenues generated from hydroelectric power for the past several years to build up its Generations Fund, a sovereign wealth fund dedicated to whittling down the province's onerous debt. The fund stood at a little over \$10-billion at the end of fiscal 2016-17.

Ontario, whose per-capita debt is roughly in line with Quebec's, has no such plan to use its fiscal stability to lower its debt burden. Indeed, while the country's other three biggest provincial economies - Quebec, British Columbia and Alberta - all have set up sovereign wealth funds in times of budget surpluses to build up funds to steel their finances against rainier days, Ontario has no such savings fund.

Mr. Sousa said in a press conference Thursday that his government has placed its priorities on using its balanced-budget position to boost funding in such areas as health care and infrastructure, rather than dedicating funds to taming its debt. "We've made some choices, definitely," he said.

That might make sense in the current election cycle, but it ignores the bigger picture. As Quebec has rightly pointed out in its rationale for the Generations Fund, excessive debt loads hamper government flexibility, leave its finances vulnerable to rising interest rates, and pose impediments to economic growth. Crucially, Quebec sees reducing its debt burden as critical to preparing for the country's demographic shift, in which provinces will face both a slowing base of taxable earners and rising spending obligations for a growing seniors' population.

Mr. Sousa's bet is that the government's continued use of debt now to invest in infrastructure, while its budget is under control and borrowing costs are near historic lows, will enhance the economy's productivity in future years to offset the looming demographic drag and spur enough growth to keep the debt manageable. If he's wrong, this may be remembered by future generations as the time Ontario had a chance to deal with its debt problem in a concrete way, but instead kicked the can down the road.

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WINDSOR STAR: WINDSOR TO GET HOSPITAL, HIGH-SPEED RAIL FUNDING IN ONTARIO BUDGET

Windsor Star

Thu Apr 27 2017

Section: Local News

Byline: Chris Thompson, Windsor Star

Windsor's new hospital project has the green light to move forward and money will be put into exploring a high-speed rail line between Toronto and Windsor, the Ontario government announced in its budget released Thursday afternoon.

The Liberal government is promising billions of new dollars for health care in its first balanced budget in a decade, a fiscal plan designed to appeal to nearly everyone in the province ahead of an election next summer.

Crafted by a party in power since 2003 that has been faring poorly in the polls, the \$141-billion budget has measures targeted at both young and old, people who access the health-care system and anyone who owns or rents a home and pays an electricity bill.

The province committed funding for the next phase of the process for a new Windsor megahospital, and also provided extra funding to help ease wait times.

"It's like Christmas in April for Windsor-Essex hospital health care," said an ecstatic Windsor Regional Hospital president and CEO David Musyj.

"It's time to celebrate."

Musyj was summoned to Queen's Park for the budget lock-up, not knowing exactly why.

But he quickly learned the the hospital project had been approved to move on to the "functional programming" stage at the now- confirmed site on County Road 42.

"That is the next stage," said Musyj, who will provide more details at a Friday news conference.

"Before we get there we've got a lot of work to do even with the Ministry of Health. There's a bunch of agreements that have to be done, also the hiring of the consultants to help you, so there's a lot of work that needs to be done."

Windsor Mayor Drew Dilkens said the hospital project's confirmation was the biggest budget bonus.

"A large part of our community, the majority of our community, has been very supportive of the new health care model and you've had a lot of folks over a lot of years trying to get the funding to move to the next step in the process and today's budget actually helps get us over that line," said Dilkens.

"We're pretty excited about that and it moves from an 'if it gets built' to a 'when it gets built' project."

The budget promises an extra \$9 billion for hospital construction projects over 10 years, and announced newly approved hospital construction projects in Windsor as well as Niagara, Hamilton, Mississauga and the Weeneebayko hospital replacement project in Northern Ontario, as well as \$2.5 million for the planning of an expansion to the Centre for Addiction and Mental Health in Toronto.

The budget includes an increase of \$518 million in hospital funding, a three per cent boost. It comes after hospitals warned of overcrowding and patients being placed in hallways, boardrooms and even cafeterias when there weren't enough beds. The Ontario Hospital Association had asked for a larger funding increase of 4.9 per cent.

"It's a significant investment in operations as well for our region, the details to be sorted out but it's a significant funding announcement for Windsor-Essex and across the province," said Musyj.

"We haven't seen that type of funding in years."

Windsor's new hospital would become the single acute care hospital in the city, built on a County Road 42 farm field that currently is the subject of a rezoning application. It would replace Windsor Regional's two campuses on Ouellette and Lens avenues. The plan also calls for an urgent-care centre to be built at the former Grace hospital site, 60 new acute-care mental-health beds at Hotel-Dieu Grace Healthcare's Tayfour campus and Hotel-Dieu Grace taking over the Ouellette site for outpatient mental-health services and chronic disease management.

The new rural location for the 1.5-million-square-foot acute-care hospital has been opposed by Citizens for an Accountable Megahospital Planning Process, which has long argued that the new hospital should be located in Windsor's core. It has vowed to oppose the hospital's rezoning application.

Ontario will also move ahead with planning a high-speed rail corridor between Toronto, Kitchener-Waterloo, London and Windsor, the government said in the budget. The project could cut travel times from Toronto to Windsor from the current four hours to two.

Windsor-Essex Chamber of Commerce president and CEO Matt Marchand said that is an important step for this region's future.

"That's a very positive development," said Marchand.

"The rail corridor is an underused asset right now and if we can get that trip to Toronto down to less than three hours that would be a big boost for the Windsor-Essex region."

Marchand said a more long-term goal could also be a high-speed rail connection from Toronto to Chicago.

The centrepiece of the budget's health-care initiatives is a \$465-million-a-year pharmacare program for youth, which would cover prescription medications to treat most acute and common chronic conditions for people under the age of 25, with no deductible or co-payment.

In total, the government is promising \$11.5 billion in new spending on health care over three years, including money to address hospital overcrowding, funding for mental health and addiction services, cash for hospital construction projects, along with home care.

The budget also includes funds for child-care spaces, money to build schools, measures aimed at seniors and previously announced cuts to electricity bills and plans to cool the housing market.

The Liberals had promised no new taxes on families, though they are increasing tobacco taxes by \$10 per carton over the next three years and giving municipalities the power to introduce a hotel tax.

The province's net debt has tripled since the provincial Liberals came to power. In the last budget presented by Ontario's Progressive Conservatives before the 2003 election, the debt was about \$110 billion.

The overall size of the budget, meanwhile, has roughly doubled - from \$71 billion in 2003 to \$141 billion this year.

Interest on debt is the fourth largest spending area, at \$11.6 billion. It is also projected to be the fastest-growing spending area, at an average 3.6 per cent a year from 2015 to 2020, compared to an annual 3.3-per-cent increase in health and 2.8 per cent in education.

There is no plan in the Liberal budget to get the debt under control, said Progressive Conservative Leader Patrick Brown.

"We are spending more servicing the debt each year than we're spending on all transit and provincial highways, more than we're spending on the Ministry of Children and Youth Services...more than on care for seniors, more than investments in our post-secondary education, more than supporting northern communities," he said.

But Ontario Finance Minister Charles Sousa said debt is in fact being managed.

"A first step to managing debt is coming to balance," he said.

The debt-to-GDP ratio is improving, Sousa said, and the percentage of the budget that goes toward servicing the debt is considerably smaller than it has been in years.

"We've locked in those rates over long periods of time to minimize volatility and risk," he said.

With files from The Canadian Press

TORONTO SUN: FIVE THINGS TO KNOW ABOUT THE ONTARIO BUDGET

THE CANADIAN PRESS

UPDATED: THURSDAY, APRIL 27, 2017 05:03 PM EDT

<http://www.torontosun.com/2017/04/27/five-things-to-know-about-the-ontario-budget>

TORONTO - Ontario's Liberal government delivered its first balanced budget in a decade on Thursday. Here are five things you need to know about the financial plan:

POLITICAL CONTEXT: The \$141-billion budget — which includes measures aimed at youth, seniors, parents, homeowners and anyone who uses the health-care system — comes as the provincial Liberals prepare for next year's election campaign. The party, which has been at the helm for 14 years, has seen its popularity falter in recent polls.

PHARMACARE FOR YOUTH: A new program will offer free prescription drug coverage to anyone under 25, regardless of family income. The OHIP+ program, which is a key plank of the province's fiscal plan, will include the more than 4,400 prescription medications currently covered by the Ontario Drug Benefit program and requires no co-payment or deductible. It takes effect in January of next year and is expected to cost \$465 million per fiscal year.

SENIORS: A new tax credit will make getting around on public transit a little more affordable for those 65 and over. It will allow seniors to claim 15 per cent of eligible transit expenses, up to \$130 a year, which is expected to cost the province \$10 million annually. Money is also earmarked to build 40 new so-called elderly persons centres, which run programs such as meals on wheels.

TOBACCO AND HOTEL TAXES: The Liberal government is increasing tobacco taxes and giving municipalities the authority to introduce a hotel tax. The tax on a carton of cigarettes will go up \$10 over the next three years, with the first \$2 increase to kick in Friday. The hotel tax will be designed by the municipalities after amendments are made to the Municipal Act and the City of Toronto Act.

NET DEBT: The province may have eliminated the deficit in the 2017-18 budget, but net debt continues to grow. It's projected to reach \$312 this fiscal year and rise by \$24 billion by 2019-20, even though the Liberals expect to balance the next two budgets as well.

TORONTO SUN: ONTARIO'S BUDGET OPENS THE SPENDING TAP, DROWNS ONTARIANS IN MORE DEBT

BEN EISEN AND CHARLES LAMMAM

UPDATED: THURSDAY, APRIL 27, 2017 07:30 PM EDT

<http://www.torontosun.com/2017/04/27/ontarios-budget-opens-the-spending-tap-drowns-ontarians-in-more-debt>

On Thursday, Finance Minister Charles Sousa tabled the Ontario government's budget for the 2017/18 fiscal year.

The government's spin has focused on the fact that the operating budget is balanced for the first time in a decade.

But a deeper look at the numbers beyond this year's operating bottom line shows the Wynne government has thrown any semblance of spending restraint to the wind, with the consequence being billions of dollars in new debt to be placed on the shoulders of future generations.

First, let's look at what's happening to provincial government spending.

After a few years of modestly restrained spending growth, the new budget calls for significant new spending this year. In fact, program spending for 2017/18 is projected to be up by 4.8% over the preceding year.

This increase is much more than would be necessary to offset cost pressures from rising overall prices (inflation) and a growing population. It's also faster than the expected rate of growth of the underlying economy.

What's more, the projected spending is now expected to be much higher than was forecasted in last year's fiscal plan.

For context, last year's budget said program spending for 2017/18 would be \$124.1 billion. This year's budget shows the province has failed to stick to its own spending plan, and will spend \$129.5 billion. That's more than \$5 billion in extra spending for the coming year above and beyond what was expected in last year's budget.

While the government may say the province can afford this new spending because the operating budget is now balanced, this would ignore the harsh fiscal reality facing the province.

The province's net debt burden has approximately doubled over the past decade and there's no end to debt accumulation in sight, as the government plans to load up the province with new debt from debt-financed capital spending in the years ahead. Just like debt from the operating budget, all of these new financial obligations must be serviced over time by taxpayers.

So, how much debt is the province adding? The budget calls for \$34 billion in new debt over the next three years. In other words, the world's most indebted sub-national jurisdiction plans to see its net debt load increase by 11% over just three years.

This is hardly reason to celebrate. And it punctures the narrative that the government can "afford" this year's spending spree because its operating budget is finally balanced.

Again, taxpayers will bear the cost of all this new debt, both now and in the future. Ontario debt interest payments now stand at approximately \$1 billion per month and are expected to rise 3.9% annually for the rest of the government's fiscal plan.

The requirement to service the debt we're racking up today will make it harder for future governments to balance their budgets and deliver high-quality public services at reasonable levels of taxation.

Government spin surrounding the budget may focus on the bottom line of this year's operating budget. But the bigger picture shows a lack of spending restraint and continued growth in provincial government debt that will be passed along to future generations of Ontarians.

— Eisen and Lammam are analysts with the Fraser Institute

TORONTO SUN: LIBERALS HIDING THEIR DEFICIT

LORRIE GOLDSTEIN, TORONTO SUN

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<http://www.torontosun.com/2017/04/27/liberals-hiding-their-deficit>

If you believe Ontario Premier Kathleen Wynne's claim that through her sound fiscal management she has balanced the province's books and can now spend more on public services, I have a bridge in Brooklyn I'd like to sell you.

Progressive Conservative leader Patrick Brown rightly called Wynne's budget a "Hail Mary pass" Thursday, cooked up by a Liberal government desperately trying to clean up the financial mess it's made of the province's books for the past 14 years, in time for next year's election.

Brown said despite Wynne's claim of a balanced budget – the first since 2008 – the Liberals are actually hiding a \$5 billion operating deficit.

He said they're covering it up with one-time sales of government assets valued at \$1 billion, \$2 billion from cap and trade, \$1.5 billion in federal "Trudeau trust fund" cash and by counting \$500 million in pension assets as revenue, an accounting trick rejected by Ontario Auditor General Bonnie Lysyk.

In another example of how the Liberals ignore established budgeting practices, Finance Minister Charles Sousa, or as Brown dubbed him, "Chef Sousa" for cooking the books, told the Legislature in his budget speech that the Liberals would balance the budget not only this year but "next year and the year after that."

However, the budget only contained government revenue and expense projections for this year.

In almost 35 years of covering Ontario budgets, I cannot recall a finance minister of any political stripe predicting balanced budgets in future years in the budget speech, without providing the government's underlying financial assumptions in the budget.

Beyond these shell games, the Liberals are massively increasing borrowing over the next three years, hiking it by \$18 billion to \$96.5 billion. That's 23% higher than the \$78.5 billion the Liberals said they would need just one year ago.

This, no doubt, will be part of their political slush fund for bribing us with our own money in Wynne's next budget, which will come down shortly before next year's election in June.

It's the same trick Wynne is using to "lower" our electricity bills starting June 1 by 17% (plus the earlier 8% HST cut on Jan. 1) by racking up \$25 billion in new debt to be paid back by taxpayers.

Despite Wynne's claim of balancing the budget this year, Ontario's total debt will still increase by \$11.5 billion in 2017-18 to \$311.9 billion, with another hike of \$12 billion next year, because of debt servicing costs.

Since the Liberals came to power in 2003, when the provincial debt was \$138.8 billion, they have added a staggering \$173.1 billion in debt, a 125% increase in 14 years, far outstripping inflation and population growth.

Also, when the Liberals came into power in 2003, the province's debt to GDP ratio, a key indicator of economic health, was at a reasonable 27%.

Today, it's at 37.5% and while Wynne has pledged to reduce that ratio to pre-recession levels, her budget contains no plan for doing so.

Despite Wynne's and Sousa's happy talk, there's no free lunch.

Public debt is simply deferred tax hikes and service cuts to be paid by future generations – our children and grandchildren – who will pay tomorrow for the reckless spending of Ontario's Liberals today.

TORONTO SUN: LIBS' SPENDING SPREE FINANCED BY DEBT

SHAWN JEFFORDS, POLITICAL BUREAU CHIEF

UPDATED: THURSDAY, APRIL 27, 2017 08:47 PM EDT

<http://www.torontosun.com/2017/04/27/ontarios-first-balanced-budget-in-decade-promises-billions-in-health-care>

TORONTO - Ontario's Liberal government plans to finance next year's election spending spree with millions in new debt.

Although the centrepiece of Finance Minister Charles Sousa's \$145-billion budget is a free drug prescription program for kids, the Liberals intend to increase borrowing 23% over previous estimates in the next three years to \$96.5 billion.

Sousa insisted the spending package isn't about bolstering the Liberal's shaky chances in next year's provincial vote.

"These decisions that we're making today are not about the election cycles," Sousa insisted. "They're based on a long-term benefit to the people of Ontario."

Progressive Conservative Leader Patrick Brown said this budget is all about saving the Liberal government's bacon.

"This budget is a patchwork attempt by a desperate government to fix the mess they created before the next election," Brown said. "It's a Hail Mary pass by a government that's run the province into the ground for years."

Brown disputed the government's claims of balancing the budget, saying the Liberals are hiding a \$5-billion operating deficit.

One-time asset sales, cap-and-trade revenues, and a "Trudeau trust fund" — in the form of new federal cash — are just a few of the measures the government is using to balance the books, he said.

Brown said the government's debt will climb to \$312 billion and the government has no plan to pay it off. Interest payments alone will cost Ontarians \$12 billion next year, he said.

"This debt does nothing but erode the services Ontario families depend on and place a burden on the future generations that they do not deserve," he said.

The Liberals rolled out many of their big ticket spends in the months before Thursday's budget.

However, the package also includes a new pharmacare plan for children and youth through to the age of 24.

The plan, which starts Jan. 1, 2018, will introduce free prescription drug coverage and will cost \$465 million a year. It will cover all prescription medications on the Ontario Drug Benefit program.

NDP Leader Andrea Horwath said this budget was Premier Kathleen Wynne's chance to turn things around for her government.

The NDP proposed their own universal pharmacare plan at its convention last weekend which would cover drugs for all Ontarians. The Liberal plan is a "half-measure," Horwath said.

"It kind of smells a bit like a back of the napkin plan," she said. "This is a very meagre measure that falls far short of what the people of Ontario deserve."

The budget also includes a few tax hikes.

The price of a 200-cigarette carton goes up by \$2 this year — \$10 over the next three years — plus the HST. The tax hike goes into effect Friday.

The government says it's increasing the tax to "accelerate Ontario's goal of having the lowest smoking rates in Canada."

Buying wine at the LCBO could also cost you more.

The LCBO continues to phase in mark ups started in 2016. Prices go up in April, and if fully passed on by the supplier, the price of a \$13.95 bottle of wine will increase by 55 cents by 2019.

Mayor John Tory abruptly cancelled a scheduled news conference with reporters to discuss the budget late Thursday afternoon. In a statement, he said he was disappointed with the lack of transit and social housing investments in the budget.

sjeffords@postmedia.com

BUDGET RAVES AND RASPBERRIES

"Most of Ontario is kind of like that woman on the crane – they're out on the edge and they need help. I'm not so sure this budget's the first responder that's really going to help them out."

Fred Hahn, CUPE Ontario President

"What we're really looking for is an overall investment in post-secondary education and something that reduces that cost of being a student in Ontario ... but there are some programs that we're excited to see, things like the OHIP-plus."

Gayle McFadden, of the Canadian Federation of Students-Ontario

"On the hospital cuts front, it is a depressing day. We thought the money would be much more significant than it is."

Natalie Mehra, Ontario Health Coalition

"The number one thing for Ontario realtors is to make sure that that dream of home ownership is going to stay alive for the next generation. We've got a ways to go but we did see solid commitments to a number of things we wanted – chiefly, more housing supply out there to get more affordable options."

Tim Hudak, Ontario Real Estate Association CEO

“(It’s) good to see that the government has balanced the books but we are deeply concerned about the ballooning debt.”

Julie Kwiecinski, Canadian Federation of Independent Business

“I’m cautiously optimistic regarding the hospital funding. I’m hoping that average of around 3% increase is going to stem the tide and, in fact, stop the RN cuts that are presently happening in the hospital system.”

Linda Haslam-Stroud, Ontario Nurses’ Association President

“Very positive on the aspect of pharmacare ... the first jurisdiction that is putting something to build medicare, not to undo medicare ... Very positive on the funding for the safe injection services.”

Doris Grinspun, Registered Nurses’ Association of Ontario CEO

TORONTO SUN: BALANCED OR NOT, THE ONTARIO BUDGET HAS STILL GROWN

ANTHONY FUREY, POSTMEDIA NETWORK

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<http://www.torontosun.com/2017/04/27/balanced-or-not-the-ontario-budget-has-still-grown>

The first thing I do whenever I look at a budget is skim past all of those many pages of sales documents and jump straight down to the total tally.

Governments want you to focus on all the things they're spending your money on and be wowed by it all. They'd rather you not look at the actual charts that show how much is coming in and how much is coming out.

Finance minister Charles Sousa wants us all to know they fulfilled their promise of balancing the budget in advance of the next election. And it's true, they did, with a minor surplus.

But make no mistake, the raw size of the budget announced Thursday afternoon has still grown in size. Last year the province shelled out \$133.9 billion in expenses. This year that number's gone up to \$141.1 billion.

That's a \$7.2 billion increase, which is a lot of money to tack on to a province with notoriously shoddy financial health. It's 5.5% of the total budget.

The Liberals are selling this as a health budget and while it's true that the health portion has gone up by \$2 billion this year, there are increases all across the board. Balanced budget or not, it's still grown all over the place.

It is indeed possible to bring down budget totals, and something to think about when you're highly indebted like Ontario. The feds did this in 2014, decreasing their expenditures by \$3 billion.

The one sliver of a silver lining is that interest payments on debt are going down from \$11.8 billion last year to \$11.6 billion. At least the number is going in the right direction.

That's \$200 million that can be put towards something else, regardless of your political leanings and policy priorities.

The long-term goal should be to keep bringing that number down even more.

TORONTO SUN: CHEF SOUSA'S IN HELL'S KITCHEN

UPDATED: THURSDAY, APRIL 27, 2017 07:42 PM EDT

<http://www.torontosun.com/2017/04/27/chef-sousas-in-hells-kitchen>

Ontario Finance Minister Charles Sousa — “Chef Sousa” — as dubbed by Progressive Conservative leader Patrick Brown — served up a “balanced budget” for Ontario taxpayers Thursday.

Too bad he cooked it in Hell’s Kitchen, which is what passes for Ontario’s finance ministry these days.

Here’s Sousa’s problem and, more important, Premier Kathleen Wynne’s problem.

No matter how much the Liberals try to dress up what they say is their first “balanced budget” since 2008, you can’t put lipstick on a pig.

The pig is the staggering public debt the Liberals have racked up since taking power in 2003, now at \$311.9 billion.

That’s 125% higher than the \$138.8 billion the Liberals inherited from the previous PC government in 2003.

Even with Sousa and Wynne claiming a “balanced budget” this year — and Brown says they’re actually hiding a \$5 billion operating deficit — Ontario’s debt now costs taxpayers \$12 billion in interest payments annually.

If Ontario’s annual interest payments on debt were a government ministry, it would be the fourth largest spender after health, education and welfare.

Think of how many more subways, or hospital beds, or MRIs the Liberals could purchase with \$12 billion a year, if it was not going down the black hole of paying interest on debt, without reducing the principal amount owed by a penny.

But that’s not the end of the Liberals’ financial chicanery.

In selling 60% of Hydro One to the private sector, the Liberals told us the money would be used to pay down debt and build up public infrastructure.

They also said the almost \$2 billion annually they will take from us through cap and trade carbon pricing would go toward reducing greenhouse gas emissions.

But as PC finance critic Vic Fedeli pointed out Thursday, through sleight-of-hand, the Liberals are actually using this money to meet their daily operating expenses.

What they’ve done is to earmark the Hydro One and cap and trade money for the purposes they described, but then taken out an equal amount from the operating budget to spend on whatever they want.

Small wonder Ontario's finances under the Liberals are a train wreck and the government they lead is the world's most indebted sub-sovereign (non national) borrower.

TORONTO SUN: LIBERALS FAIL TO DELIVER SIGNIFICANT TAX BREAKS IN BUDGET: CRITICS

ANTONELLA ARTUSO, QUEEN'S PARK BUREAU CHIEF

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<http://www.torontosun.com/2017/04/27/liberals-fail-to-deliver-significant-tax-breaks-in-budget-critics>

The Ontario budget is noteworthy for what's not in it – significant tax breaks at a time when U.S. President Donald Trump is cutting taxes for individuals and businesses.

"There's a big concern from a Canadian competitive perspective that the Trump regime is going to be significantly lowering both corporate and personal tax rates and there's nothing in this budget that will get us any closer to being competitive with the U.S.," said Don Carson, Speciality Tax National Leader for MNP. "Perhaps the government is taking a wait and see approach but they really should be a lot more proactive instead of reactive."

Trump's tax plan announced this week slashes corporate tax rates to 15% from the current 35%.

"What we've been really relying on is that Canada has a much more competitive tax regime for corporations than the U.S. but that is going to be going the way of the Dodo bird," Carson said.

The Ontario government budget does talk about the "uncertain global environment," noting potential restrictions on global trade and migration could diminish productivity and dampen business sentiment.

Richard Koroscil, interim president and CEO of the Ontario Chamber of Commerce, said businesses are already far less optimistic than the budget growth forecasts would suggest.

"We're not sure how they see this kind of business growth taking place when we've actually seen such low levels of business confidence," Koroscil said. "They're talking about a 3.1% annual growth? We're kind of curious as to how they come up with that."

"They're talking about more trade with the U.S. and I'm kind of wondering about that," he added.

Trump has already slapped a tariff on Canadian softwood lumber and is threatening a serious rewrite of NAFTA.

Finance Minister Charles Sousa said his government has taken a balanced approach.

"Our economy is growing and leading," he said. "Last year, our GDP grew by 2.7%. That's almost twice the rate of growth of all of Canada."

Carson said the budget also doesn't talk about the loss of a provincial post-secondary tuition tax break that ends this September.

The savings are being used to fund free tuition for families that make somewhere under \$180,000 a year, he said.

That might encourage some parents to send their kids to university out of province, and leave them there over the summer, to access local tax breaks for students, he said.

Sousa said the government introduced free tuition for qualified students to ensure everyone achieves their potential regardless of family income.

TORONTO SUN: PHARMACARE PROGRAM INCLUDES FREE PRESCRIPTION MEDS FOR ONTARIANS UNDER 25

THE CANADIAN PRESS

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<http://www.torontosun.com/2017/04/27/pharmacare-program-includes-free-prescription-meds-for-ontarians-under-25>

TORONTO - After years of restricting health-care funding growth, the Ontario budget released Thursday promises new money to reduce wait times and increase capacity at overcrowded hospitals, as well as free prescription medication for children and youth.

“BOOSTER SHOT”

The budget promises to increase health-care spending by a total of \$11.5 billion over the next three years. The government had previously intended to keep annual health-spending increases low during this time, and the new so-called “booster shot” of funding is \$7 billion higher than the previous plan.

Of that \$7 billion, \$1 billion is coming this budget year. Ontario will spend \$53.8 billion on health care this year, up from \$52.2 billion last year. Spending will rise to \$58.1 billion in 2019-20, according to the budget plan.

This comes after the province’s Financial Accountability Office warned that if the government continued with its plan to restrain health-care funding — without the booster shot — the level of austerity would have been the strictest in 20 years, and possibly unsustainable in the face of a growing and aging population.

The budget indicates \$1.3 billion of the new funding will be dedicated to reducing wait times over the next three years.

OHIP+ CHILDREN AND YOUTH PHARMACARE

The biggest surprise policy announcement of the budget is free prescription medication for Ontarians under age 25. The pharmacare program will cover medication for all of the province’s four million children, regardless of their family’s income. It will be most beneficial for families that don’t have work drug plans and aren’t on social assistance.

It will cover the 4,400-plus drugs included in the Ontario Drug Benefit Program, which is used by seniors and those on social assistance. However, children’s caregivers will not have to pay the deductibles and co-pay costs that those groups pay.

The program will cover common childhood medications including antibiotics, asthma inhalers, diabetes medication, attention deficit and hyperactivity disorder medication. It also includes oral cancer medication, while hospital-based medication is already free in Ontario.

The pharmacare program is set to begin on Jan. 1, 2018. The cost of its first full year is estimated at \$465 million.

Earlier this month, the Ontario NDP announced plans for their own pharmacare program that, if the party is elected, would cover 125 basic medications for Ontarians of all ages.

HOSPITALS

The budget includes an increase of \$518 million in hospital funding, a three-per-cent boost. It comes after hospitals warned of overcrowding and patients being placed in hallways, boardrooms and even cafeterias when there weren't enough beds. The Ontario Hospital Association had asked for a larger funding increase of 4.9 per cent.

The budget promises an extra \$9 billion for hospital construction projects over 10 years, and announced newly approved hospital construction projects in Niagara, Windsor, Hamilton, Mississauga and the Weeneebayko hospital replacement project in northern Ontario, as well as a new \$2.5 million for the planning of an expansion to the Centre for Addiction and Mental Health (CAMH) in Toronto.

SENIOR HEALTH

The budget includes \$100 million over three years for the province's new dementia strategy, which will include helping patients and their caregivers find support, and improving training and education for health-care workers in dementia care.

The budget includes an extra \$58 million for long-term care homes, a two-per-cent increase. Residents' food allowance will increase by six per cent, which comes after negative news reports that the province spends more per capita on food for inmates than seniors in long-term care.

The budget also increases funding to Behavioural Supports Ontario by \$10 million, which will help long-term care homes handle patients with complex behavioural issues related to dementia.

ABORTION PILL FUNDING

The budget promises a level of public funding for the new abortion pill Mifegymiso. It will be added to the Ontario Drug Benefit Plan, but those who don't have coverage under the public plan or a private plan will still pay out of pocket for the pill.

TORONTO SUN: GLORY, HALLELUJAH: ONTARIO HAS A BALANCED BUDGET AGAIN

BRIAN PLATT

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<http://www.ottawasun.com/2017/04/27/glory-hallelujah-ontario-has-a-balanced-budget-again>

TORONTO – There's no missing the message here. The cover of the budget is black (as in, back in the black), and every single mention of "budget" in the press materials is preceded by the word "balanced."

It's been a long journey to get here after the astronomical \$19.3-billion deficit in 2009-10, and the Liberals are going to make damn sure you know about it.

In fact, Ontario's government has been handed a windfall. Revenue projections are way up: the government has nearly \$4 billion extra to play with in 2017-18 than last year's budget estimated, and there's an extra \$3 billion the following year. The main reason is taxes: corporate, personal and sales taxes are all coming in much higher than projected.

Oh, and the ridiculously hot housing market is expected to bring in land transfer taxes topping \$3.1 billion next year. It brought in \$1.8 billion just two years ago.

You can debate how much of this growth is sustainable (particularly with a certain U.S. president making protectionist threats), and how much credit the government deserves for it. But we'd be slamming the Liberals if the economy was tanking, so let's not gloss over the fact things are going well.

The big question is what they're doing now that they're suddenly flush with cash.

The splashy headline from this budget is a new pharmacare program that will make 4,400 prescription drugs free for those under age 25. It seems like a good idea, and has the convenient political side effect of blunting the NDP's own proposal for universal pharmacare. The Liberals claim it will cost around \$465 million per year, which is significant but hardly eats up the new revenue.

And ... that's it for big new programs. Oh, there's a \$10-million tax credit for seniors taking transit.

Maybe the new money is going into paying down debt? No. The debt just passed \$300 billion and is set to rise to \$335.9 billion by 2020. The government would like you to know this will be "good debt" (they literally call it that in the budget) because it's not from a deficit, but from borrowing for capital projects.

Well, good debt or bad debt, the interest we pay on all of it is going to keep rising from \$11.6 billion next year to \$12.6 billion in 2019-20. The net debt-to-GDP ratio is 37.8 per cent right now; in five years it will have barely moved to 36.3 per cent. (The Liberals say it will drop to 27 per cent by 2030, but a promise that far off is meaningless.)

If you're going to spend the new money, the department that really needs it is health care, which has been squeezed in the past few years with annual spending rising slower than the rate of

inflation. Hospitals are struggling with over-crowding and wait times, and the province's tight budgeting has helped cause an increasingly ugly dispute with doctors over compensation.

The budget does promise a boost to health-care funding, with an extra \$7 billion over three years from what was previously planned. Yet pay close attention to that "three years" part: most of the new money doesn't flow until 2018-19.

What is the government doing with the revenue windfall, then? More than a third of all new program spending next year is going into one area: the "other programs" line item, which is getting a cool \$2.2-billion increase (a jump of 13 per cent). That happens to be where the government's electricity relief programs fall.

Look, everybody wanted that relief – including both opposition parties. Sure, Liberal policies were a big cause of the sky-rocketing rates in the first place, but it's not like they were out of step politically by blowing huge amounts of money to lower them.

But if you work in an over-crowded hospital, or a courthouse or a jail or any other provincial institution straining under years of capped spending after the recession, the crisis over electricity rates is why this new glorious era of balanced budgets doesn't feel all that different so far.

TORONTO SUN: ONTARIO BUDGET HIGHLIGHTS

SHAWN JEFFORDS, TORONTO SUN

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<http://www.torontosun.com/2017/04/27/ontario-budget-highlights>

Highlights package

What's in Ontario's budget?

-Pharmacare plan for anyone age 24 and under. Will cover the cost of all medicines funded through the Ontario Drug Benefit Program. There will be no deductible or co-payment.

-The price of a 200 cigarette carton goes up by \$2 this year - \$10 over the next three years - plus the HST. The tax hike goes into effect Friday.

-\$1.3 billion to reduce wait times. \$890 million for surgical procedures and \$245 million to improve specialist access.

-A public transit tax credit for seniors. The 15% refundable credit has an average benefit of \$130 a year. The program will cost \$10 million a year.

-Ontario's plan to cut hydro rates by 25%.

-\$200 million for 24,000 new child care spaces.

-\$518 million in new operating funding for hospitals, a 3% increase over the hospital sector.

-\$9 billion over 10 years to build new hospital project and contribute to major redevelopments, including at Mississauga's Trillium Health.

-Introduction a 15% non-resident speculator tax on home purchases.

-Free tuition for 210,000 post-secondary students through an updated OSAP.

OTTAWA SUN: WYNNE COMES OUT WITH BIG PLANS AND BIG SPENDING IN RISKY ONTARIO BUDGET

BY DAVID REEVELY

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<http://www.ottawasun.com/2017/04/27/wynne-comes-out-with-big-plans-and-big-spending-in-risky-ontario-budget>

Premier Kathleen Wynne's activist agenda includes public prescription-drug coverage for Ontarians under 25, a Big Shiny Thing over which she'll be happy to fight the 2018 election.

Let's avoid cynicism for a moment. Drugs are a growing part of total health spending, as we find new pharmaceutical solutions to old medical problems. Much of the pressure comes from seniors, who are living longer, with the help of medications that keep chronic conditions under control, but just about every kid at least needs antibiotics at some point and some are less lucky.

We've relied on workplace benefit plans to cover a lot of those costs, but those are shrinking and more people are doing work that never comes with a steady employer and health insurance. If we like socialized medicine, and collectively we sure do, restricting public drug coverage to seniors and people on social assistance — who are covered already — is strange. Filling the gap, if only partly, has both logic and decency behind it.

Now let's be a little cynical: It's also superb politics.

Targeting pharmacare at children and young adults means peace of mind for parents and help for entry-level workers, going gig to gig or contract to contract, who are the least likely to have benefits-included jobs. These are voters the Liberals love and who they hope will love the Liberals back.

When the youth pharmacare program kicks in next January, the election will be bearing down and the Liberals will be able to challenge the Progressive Conservatives to either commit to keeping it or justify scrapping it. See what a trap Obamacare has become for Republicans in the United States, who'd gotten as far as convincing most voters that publicly subsidized health care was a bad idea, right up until they tried to take it away.

Though the figure is oddly absent from the budget documents, Finance Minister Charles Sousa says the full-year cost of the program is \$465 million. So this budget accounts for three months' worth, with the province's fiscal year ending at the end of March.

The Liberals learned a trick from Paul Martin when he was federal finance minister, which is to underpromise and overdeliver. That's tough in politics: The impulse is to say things in the future will be fabulous and then hope like hell you can find a way to make them so.

But if you keep your budget projections conservative, so to speak, you can boast about how you've beaten expectations and oh, look what we can do with some of this extra money we've just happened to find lying around!

Some of that extra money is explicitly in the budget as a "reserve," or contingency fund. In a household budget, if we didn't need the money, we'd probably leave it in a savings account or

use it to pay down a credit card. In government, Liberals spend it. And lately they've had even more to work with as they overshoot revenue projections. As they wrap up this fiscal year, they find themselves having pulled in \$2.6 billion in unexpected revenue (including \$640 million from its land-transfer tax, which is basically a slot machine that keeps spewing coins into Sousa's pants) but only having overspent their plans by \$900 million.

Add the leftover reserve and there's the pharmacare money for next year, half a billion dollars for hospital budgets right away, money for child care and home health care, money for schools and transit and on the list goes. The \$600-million reserve budgeted for this coming year alone will be enough to create a new program the size of the youth drug program and then some, if the Liberals feel like their plans need more juice a year from now.

It helps them that the Liberals are taking advantage of a surplus in some public-employee pension funds, which Auditor General Bonnie Lysyk says is improper but which other experts say is OK. And they've adopted a sort of partial distinction between operating spending and capital spending, which used to be smashed together into each year's budget in a way they no longer are. This is also defensible but it means that the current year's numbers wouldn't look as good if they were reckoned the same way as the numbers, say, five years ago.

But in spite of all of this, in spite of the fact that interest is pushing the province's actual real-dollars debt up for some years to come, Sousa gets to say he's balancing the budget and spending more on things Ontarians want.

All this spending comes with a significant risk.

Although Ontario's debt burden (the provincial debt as a share of the overall economy) is levelling off, it's still the highest it's ever been. The budget includes an encouraging graph that shows the debt burden shrinking steadily over the next 15 years or so. That assumes no major jolts come along to mess us up, like a new recession or higher interest rates or Donald Trump breaking something.

Historically, that's been a bad bet. The debt burden grew fast under the New Democrats in the early 1990s, began to shrink under the Mike Harris Tories and shrank more in the early Dalton McGuinty Liberal years — but only gradually. And then along came the 2008 blowout. We borrow, we stop borrowing, we borrow, we stop borrowing, but we never pay off what we've borrowed. We don't use the good times to recover from the bad times.

That's the cost of the pharmacare and the new hospital spending and everything else the Liberal government is promising to do for us. It all might be worth the cost, but none of it's free.