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To: Terry Young [/o=ExchangeLabs/ou=Exchange Administrative Group
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Subject: Queen's Park Update - Friday, April 28, 2017

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Friday, April 28, 2017

In the News

As noted in our special update yesterday, the Liberals introduced a balanced budget. In many ways, this budget will serve as a platform for them as they head into an upcoming general election date set for June 7, 2018. The budget was received with a wide variety of opinions from across the spectrum.

In a video response to yesterday's budget, PC Leader **Patrick Brown** criticized the government for a "false balance", accusing Finance Minister **Charles Sousa** of hiding a \$5 billion operational deficit that adds to Ontario's debt. Brown accused "Chef Sousa" of cooking the books and "using every trick in the book to hide the deficit".

Meanwhile, NDP Leader **Andrea Horwath** said the budget "doesn't undo the damage" done by the government. **Horwath** expressed disappointment that the budget did not go far enough on pharmacare, did not stop the partial privatization of Hydro One and did not hike the minimum wage.

Yesterday, the government unveiled their proposed Rental Fairness Act that will compel Ontario landlords to compensate tenants who are evicted under "own use" clauses. If passed, landlords must offer tenants a new unit or offer compensation equivalent to one month's rent to their tenants when a landlord or family member moves into a unit currently occupied by a tenant.

Opinion Highlights

- Ontario's budget opens the spending tap, drowns Ontarians in more debt. (Ben Eisen and Charles Lammam, *Toronto Sun*)
- Ontario promises a balanced budget, but it still doesn't matter a whit. (Andrew Coyne, *National Post*)
- The 2017 budget tries to make trouble for Liberal opponents on the left and the right. (John Michael McGrath, *TVO*)

- Ontario's 'basic income' pilot helps defuse political anger that stems from economic exclusion. (Hugh Segal, *National Post*)
 - Duelling drug plans set stage for pharmacare election in Ontario. (Mike Crawley, *CBC News*)
 - One-handed applause for youth pharmacare plan. (Thomas Walkom, *Toronto Star*)
 - Wynne comes out with big plans and big spending in risky Ontario budget. (David Reevely, *Ottawa Citizen*)
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Insights | Speed Skating

By Mike Van Soelen

In Canadian politics, tradition has it that finance ministers purchase new shoes for budget day, and deviations from this tradition can represent important signals. Jim Flaherty resoled his shoes in 2008 to signal a prudent federal budget, while Dwight Duncan opted for a new BlackBerry as a vote of confidence in Ontario's innovation economy. More recently, Joe Oliver unveiled a balanced budget (and his last) while wearing blue-laced New Balance shoes.

Before Ontario's budget day this year, Finance Minister Charles Sousa also went shopping for New Balance shoes, with one key difference: Sousa opted instead to give out several pairs of the shoes to young children at Parenting Resources. It was a subtle declaration that the government thinks prudent fiscal management will not win them an election, but a progressive agenda will.

Premier Kathleen Wynne's has parked her tanks on the NDP's lawn, undermining their position as a progressive alternative to the Liberal government. As a former school board trustee thrust into politics during Mike Harris's small-government Common Sense Revolution, progressive politics comes naturally and credibly to Wynne. Wynne, despite having sold off Crown assets and brought the budget to balance, is betting that left-leaning Ontarians will ultimately embrace her as one of their own, and are key components of her voter coalition.

Political parties, however, often win by claiming ground closest to their natural competitors.

While Wynne seeks the support of the left, she leaves substantial centre-ground to Patrick Brown's Progressive Conservatives, who now consistently lead in the polls.

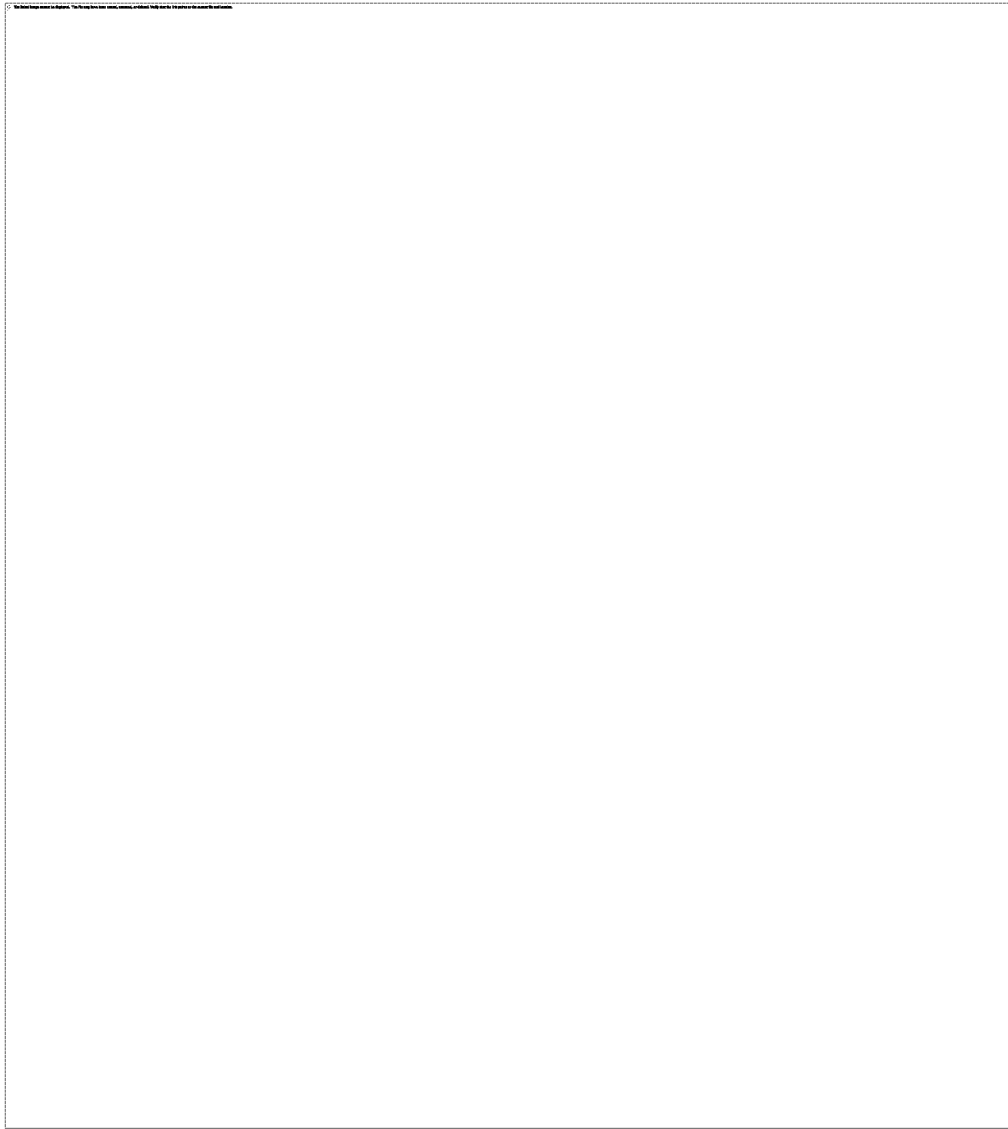
Wynne's calculation appears to be that ceding room in the centre to Brown does not leave her position vulnerable to economic issues. Rather, she hopes that Ontario's economic statistics will speak for themselves, with an economy leading Canada in growth and outpacing the entire G7, and that stable growth will lead Ontarians to demand improved government programs and services.

There are still several fundamental weak points in the economy that Brown will be well-positioned to highlight. Without powerful tools from the federal government, the housing market can only cool by so much. The Fair Hydro Plan may reduce rates now, but will increase debt tomorrow. American protectionism threatens Ontario's exports and manufacturing base. While economic indicators tell a positive story now, Brown can still craft a credible story about Ontario's very real economic challenges in the future to capture centrist voters.

The balanced budget will allow a spending boost on government programs and services, but economic growth and creative accounting will only deliver so much. The government is already on thin ice. Wynne has opted to skate a bit faster.

Mike Van Soelen is a Managing Principal at Navigator Ltd.

Social Media Snapshot



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Events at a Glance

Monday, May 8, 2017

Education Minister Mitzie Hunter will discuss the government's Highly Skilled Workforce Strategy

Time: 11:45 a.m.

Location: Fairmont Royal York Hotel, 100 Front Street West, Toronto

RSVP: <https://www.canadianclub.org/Events/EventDetails.aspx?id=3383>

Wednesday, May 17, 2017

Queen's Park Press Gallery Spring Fling

Time: 6:00 p.m.

Location: Hart House, University of Toronto

Monday, May 29, 2017

Health Minister Eric Hoskins will outline the government's vision for transforming health care.

Time: 12:00 p.m.

Location: Canadian Room, Fairmont Royal York Hotel, 100 Front Street West, Toronto

RSVP: <https://www.empireclub.org/events/honourable-eric-hoskins/>

Queen's Park Schedule

Regular updates will resume next week.

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