

FRONT PORCH PERSPECTIVE: Budgets

By Stephen Somerville

The Federal and Provincial Budget season is upon us.

The Federal Budget was brought down last week, and it is expected the Provincial Budget will follow in mid to late April.

We know that things are not well.

Canada and Ontario both share large annual deficits and accumulated debt, and there are a large amount of unemployed Ontarians.

We need to have an adult conversation about the difficult choices that face our public policy makers.

There are two very well done economic studies that have just been completed that politicians should endorse in full and pledge to move ahead on the recommendations.

Donald Drummond, the former bank economist and provincial bureaucrat, was the Chair of the Commission on the Reform of Ontario's Public Services, and released the first report entitled, "Public Services for Ontarians: A Path to Sustainability and Excellence."

The report outlined 362 cost-cutting recommendations to reduce the provincial deficit and debt and to make the delivery of government services more effective and efficient.

He is calling for deep spending cuts to all ministries, save education and health, although funding increases for these two portfolios will be limited as well.

The Commission projects that if the government continues on the course it's on, Ontario's deficit would reach \$30 billion by 2017-18 and the net debt would reach \$411 billion. Sobering statistics to say the least!

Mr. Drummond's work should really begin the long overdue debate on the cost, scope, reach and delivery of government.

Whether it is the federal government or the provincial government, the size of the public service can't continue to outstrip and outgrow the capacity of the private sector ability to create wealth to pay for these services.

To govern is to choose. And public finance is not about technical wizardry, but about making choices, and in many cases, tough choices.

Provincial governments can do one of a number of things to deal with the deficit/debt situation. These include raising taxes, cutting expenditures, selling public assets and or increasing the efficiency of public service delivery.

The second is the report that was issued last December 19 by the Jobs & Prosperity Council - a non partisan group - and is entitled, "Advantage Ontario".

The report's recommendations offer a "vision for growth that include more international trade, increased productivity, more innovation by Ontario businesses and a reinvigorated manufacturing sector" things that will lead to better jobs and a better standard of living for all Ontarians.

Sure, we have all seen or heard these types of individual recommendations before, but as they are contained in two well thought out, and non partisan produced documents, it is time to accept these proposed actions in whole.

It is also good to see that at least one of the provincial political parties has been thinking about the key issues facing our province.

In an effort to move past being seen as negative all the time, Tim Hudak and his PC team have been unveiling nine "Pathways to Prosperity" discussion papers regarding health care, education, governance, energy and the like.

The Tories are always quick to point out that these documents will not necessarily be the corner stone of the campaign platform that they will release during an election, but at least they are putting some meat on the policy bones and adding to the public discourse.

At this point, we do not know if Ms. Wynne's first Budget will pass; Tim Hudak says the Tories will not support it while the NDP says they might - if a reduction in insurance premiums is forthcoming, that is.

A possible spring election would likely be fought on a couple of areas:

First, and foremost the economy, the deficit/debt and private sector job growth.

Second, the integrity of government and delivery of services. This is a catch all for ORNGE, e-health and the gas plant cancellations.

Third, transit, gridlock and funding for infrastructure.

Fourth is energy policy. The Liberals and Tories have fundamentally different views on most items in this sector, from new nuclear and renewables (Liberals Feed-In Tariff Program, while Tories adamantly opposed).

There is another issue that really is a ticking time bomb, and as tax payers, will ultimately affect all of us, and thus at least deserves to become part of the electoral cycle discourse: public sector pensions.

In a lot of cases, defined public pension plans don't have enough money to cover the plan's obligations to retirees. The amount of this

unfunded liability is huge.

A thorough discussion of this issue is needed.

A poll released today shows a tight three way race between the three main parties, with the Liberals still holding a big lead in popular support in the Greater Toronto Area.

Could be ? politically speaking ? an interesting spring in this province.