

FRONT PORCH PERSPECTIVE: Provincial Politics -- One Year Out

By Stephen Somerville

I imagine that the last thing any of you want to think about - or read about, for that matter - during the summer is provincial politics. But some interesting occurrences will happen come September and a province wide general election is slated for next June. There are two criminal trials which will begin in September and the Premier is expected to appear as a witness at one, or maybe both of them.

The issue in the first trial is about possible bribery/breach of public trust by Party representatives regarding a provincial Liberal candidate in northern Ontario.

The second trial concerns the elimination of computer files surrounding the \$1B payout to TransCanada by the government for terminating the power purchase contract in Oakville.

It would be easy to count out Premier Wynne at this point.

The provincial Liberals have been in power since 2003.

According to most recent public opinion polls, the Premier is not held in high regard in most places in this province, even the usually safe Liberal fortress of downtown Toronto where they are running 7 to 8 points behind the Tories.

The Premier is also starting to lose some of her cabinet ministers to retirement, which is usually reflective of a return to the Opposition benches.

However, as a long time Provincial Progressive Conservative Party volunteer, I am wary of the upcoming election.

Time and time again, the Tories self-inflicted wounds have snatched victory from the proverbial hands of defeat.

Remember 2007 and then Tory Leader John Tory's pledge to extend taxpayer funding to faith based schools, just like the public and Roman Catholics schools received?

Or Tim Hudak's one million jobs pledge during the 2014 campaign in which he said he would eliminate 100,000 jobs in the public sector?

This writer believes the campaign will be a close one.

For one thing the Liberals have been generously sprinkling money across this province on a number fronts: raising the minimum wage, introduction of the 'Fair Hydro Plan', more money for transit and the introduction of measures earlier this spring to cool off rising pricing GTA housing. And that is just to name a few.

As well, the Liberal strategists have acted adroitly and shrewdly in the last few federal and provincial elections. They have managed to position themselves both in the centre and part of the left side of the political spectrum, thereby cutting off the NDP at the knees.

It will be interesting to see if they can do this again next year.

A June 2018 election would likely be fought on a couple of areas:

First, and foremost the economy and private sector job growth.

As part of this discussion I really hope that there is the long overdue debate on the cost, scope, reach and delivery of government. Second and almost as important is energy policy. The Liberals and Tories have fundamentally different views on most items in this sector, from new nuclear (Tories want them, Liberals most likely opposed) and renewables (Liberals introduced the Green Energy Act and 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 deserves to become part of the electoral cycle discourse: public sector pensions.

As a long ago Toronto Star story mentioned, 'both private and government-sponsored pension plans across the country are facing deficits as a result of falling stock market returns, historically low interest rates and changing demographics?.'

As a result, many such employers are switching to defined contribution plans in which the eventual payout is determined by the long-term investment performance of the plan fund. A defined contribution plan does not guarantee a specific payout but commits to invest a certain amount over time.

According to a senior executive at Mercer Consulting, 'sponsors of defined plans carry their unfunded liability with them even if they convert to defined contribution plans. Severe underfunding of defined benefit plans could ultimately jeopardize payouts to retirees if the obligations help drive the company into protection from creditors.'

Not a pretty sight.

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

The experts tell us that there are a number of solutions to the issue including increasing the age of retirement and having employers and employees contribute equally.

A thorough discussion of this issue is needed.

Lots of politics to think about as we head into the fall, that's for sure.

But for now, go back to your summer barbecues and working on that golf game.

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