

Fedeli **Focus on Finance**

The BLT (Budget Leaking Team)

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Earlier this week, I presented another example of why people can't have confidence in the current government; how this government undermines the civil service for political purposes; and how this behaviour continues the pattern we have seen where the government will do what is best for its own partisan interests, but not for Ontario.

Whistleblowers in Ontario's public service have provided our caucus with explosive brown-envelope evidence about the lengths to which the government will go to keep itself in power, up to and including subverting the power of the Ontario bureaucracy.

Frankly, it is the same self-interested behaviour we saw during the 2011 election when \$1.1 billion was spent to cancel gas plants to save a few seats against the advice of advisors in the civil service, as subsequent documents have revealed.

The government has set up a top-secret working group within the Ministry of Finance code named the "B.L.T.", short for "Budget Leaking Team." It's reminiscent of the extensive use of code names during the gas plant scandal with titles like "Project Vapour" and "Project Apple."

The Budget Leaking Team's purpose is to leverage the size and scope of the Ontario civil service toward the goal of doing pre-election campaign work, specifically by leaking out budget plan details over the next month in advance of a May 1 budget.

This budget date of May 1 was also confirmed for us by multiple whistleblowers in the civil service who have come to us about the existence of the Budget Leaking Team and its rollout plan.

These whistleblowers involved in the Budget Leaking Team's activities were so disgusted with the crass partisan conduct of this government – having not learned from the gas plant scandal – that they are once again using Ontario taxpayer dollars and subverting the civil service for their own political benefit.

Why is the B.L.T. important?

It confirms the fact the 2014 budget is being withheld from the public and credit-rating agencies and is being used as a political tool to help the government in its partisan re-election bid.

Even more damning, the Budget Leaking Team also oversees the use of taxpayer dollars to advertise and promote new partisan initiatives. **Basically, a political party has co-opted the Ontario government to run its election ad campaign for the next month.**

Everyone is used to seeing a few positive announcements over the couple days leading up to the budget. However, this type of deliberate, systematic and methodical planning to leak the entire contents of the 2014 budget plan – a month in advance – and the co-opting of the civil service is unprecedented.

An Overview

The Budget Leaking Team's "Pre-Doc Communications Rollout" plan is 11 pages long covering 39 announcements over 27 days leading up to the Thursday, May 1, 2014 budget date.

There is \$5.7 billion in explicit new spending. This will widen the hole that already exists in deficit projections that were recently exposed in Fedeli Focus on Finance, Volume 1, Number 6. There is not a single new idea to create jobs or reduce debt. The individual policies can best be summed up as "more of the same."

Today the Budget Leaking Team plans to have Finance Minister Charles Sousa address the Canadian Club to state

a "New 2013-14 deficit number" and give a "Drummond update."

The government has restated its deficit projections 24 times since 2008. Everyone is aware of the game: overestimate the deficit figure, then announce anything lower as significant progress.

According to internal Ministry of Finance documents revealed in the most recent edition of the *Focus on Finance*, the government has been warned that:

“ *No plans in place to achieve out-year deficit targets from 2012 Budget.*

For 2014-15 and 2015-16, not on track to meet 2012 Budget deficit targets. ”

“ *...the plan to continue reducing spending beyond 2015-16 is largely aspirational in nature rather than backed up by detailed plans and measures to get us there.*

TOP 10 IGNORED DRUMMOND RECOMMENDATIONS

1. Reduce government spending in all but 4 ministries
2. Make a "clean break" from corporate welfare to save \$2-3 billion
3. Revamp LHINs and break-down bureaucratic silos in health care to save \$4-6 billion
4. Scrap the \$1-billion "Ontario Clean Energy Benefit"
5. Modestly increase class sizes to save \$460 million
6. Eliminate 10,000 non-teaching positions to save \$600 million
7. Delay the implementation of full-day kindergarten
8. Comprehensive arbitration reform for government workers
9. Significantly reform government worker pensions
10. Use competition in awarding energy contracts

The BLT Plan – and what’s wrong with it

- - **April 4** The Budget Leaking Team plans to announce new grants for seniors with a speech by Kathleen Wynne. We don't expect the government will remind seniors about frontline healthcare cuts that include \$60 million in cuts to physiotherapy care, cuts to cataract surgeries resulting in longer wait times, or skyrocketing salaries for bureaucrats at Community Care Access Centres.
- - **April 9** *The Budget Leaking Team will announce \$85 million in funding to expand coverage of in vitro fertilization treatment. The question is what service for families the government will cut to fund this new spending. In 2011, the government cut services to the Healthy Babies Healthy Children program which has put breastfeeding mothers and mothers experiencing postpartum depression at greater risk.*
- **April 10** The Budget Leaking Team plans to announce \$300 million in additional spending for frontline government workers who deliver services for society's most vulnerable, even though the Drummond report recommended holding spending in this area to nearly zero, at 0.5% a year until a balanced budget. The report pointed out that between 2000 and 2010, spending on social programs grew at an unsustainable rate of 6% a year. Frances Lankin and Munir Sheikh pointed out reforms the government could take to streamline some of our major programs, which would lead to substantial savings that could be reinvested, help front-line workers with their jobs and create more effective outcomes for clients, but the government has yet to follow this advice.
- **April 14** *The Budget Leaking Team plans to announce "funding mechanisms for transit." The government currently has an enormous hole in their accounting, given the Premier's recent backtrack on an \$880 million gas tax increase and \$770 million HST increase. According to recent media leaks, personal income taxes and taxes on employers will likely be increased to make up the difference.*
- **April 17** The Budget Leaking Team plans to announce a financial commitment to road infrastructure related to the Ring of Fire (RoF). In 2012, we exposed that the government's lead on the RoF had never actually been there, and last year, the only senior company to take a serious interest in the project, Cliffs Natural Resources, halted all operations. It's clear nothing is being done to move this project forward. Thunder Bay Mayor Keith Hobbs said in July 2013, "We're tired of hearing 'It's going to happen, it's going to happen!'"
- **April 22** *The Budget Leaking Team plans to announce either an increase to the Ontario Child Benefit or an indexing of the OCB for future rate increases. The Drummond Commission recommended delaying any increases to the OCB – and instead holding overall social program spending at no more than 0.5% a year until the budget is balanced. Dalton McGuinty ignored this recommendation in 2012, and now Kathleen Wynne is repeating her predecessor's decisions.*
- **April 23** The Budget Leaking Team plans to announce the end of the electricity "Debt Retirement Charge" for residential customers only to be effective on January 1, 2016 (note this date would be past the date of the next election). We recently exposed the government added \$4 billion to the electricity debt. (For more information, please see "Fedeli Focus on Finance" Volume 1: Number 5). The original debt was \$7.8 billion, yet the government has collected \$11.6 billion. Our caucus has called for a full forensic audit.
- **April 29** *The Budget Leaking Team plans to announce "a new \$2.5 billion Jobs and Prosperity Fund to attract significant business investments." This program will deliver \$250 million a year, on average, in additional handouts to corporations. This policy is a direct contradiction of the Drummond Report, which said spending on corporate welfare at current levels is "unsustainable." Drummond also pointed out that evidence suggests business subsidies are not an efficient use of public resources and have done little to raise living standards. As a recent example, the government gave millions to Kellogg, for a plant in Belleville that employs 100 workers. The same Kellogg that's laying off hundreds in London.*

There's also evidence the government is planning to use taxpayer funds to advertise some of these partisan promises. For example, the April 25th pensions announcement will be accompanied by "retirement savings online ads in market." Similarly, the new corporate welfare fund to be announced on April 29th is to be supported by "Jobs/ economy online ads in market."

Think about that: advertising for budget plan initiatives before the budget plan is even tabled.

Conclusion

No member of the civil service should be put in a situation where they are asked to do the pre-election promotional work of a political Party. Ontario remains on the wrong track because of a government that puts its political interests ahead of yours, and is prepared to spend whatever amount of your money it takes so that their cabinet ministers can keep their fancy cars and keep a million Ontarians looking for work.

We have too few jobs and too big of a debt. We need a Premier who is willing to make the tough decisions and

tackle problems head on because we have to get Ontario back on track today.

Without urgent action we will lose even more jobs and government will not be able to afford our health and education programs we count on. Waiting and continuing on the path we are on will put all of that at risk. We need a turnaround plan for jobs immediately.

Key Questions

Why is the government co-opting civil servants to promote partisan Party interests in a pre-election advertising and promotion campaign?

How does the government plan to balance the budget by 2017-18 by adding \$5.7 billion in new spending identified in this document, especially given the \$4.5 billion fiscal gap exposed in the most recent edition of Focus on Finance?

Why should Ontarians have confidence in a government that has clearly lost the confidence of the civil service?

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