

From Queen's Park by Sylvia Jones MPP ? Financial Accountability Officers' reports show Liberal government's flawed plan



Ontario appointed our first ever Financial Accountability Officer (FAO) this year.

In his first two reports, he has warned that the Liberal government's fiscal plans will cause more harm to Ontario's situation. The FAO released his report regarding the government's plan to sell-off Hydro One Oct. 29, and less than a week later the FAO released his report on Ontario's financial outlook. Both reports show that the government doesn't have a credible plan to eliminate Ontario's ever rising deficit by 2017-2018 as they have promised for years.

In his report on the financial impact of the Liberal government's Hydro One sell-off, the FAO warned that the province's fiscal situation would be worse than if they didn't sell Hydro One. The reason he provides is the sell-off will lead to a loss of revenue that Hydro One generates. Currently, Hydro One provides Ontario's treasury with approximately \$750 million in revenue annually. By selling-off Hydro One, the FAO predicts that the Ontario government could lose up to \$500 million in revenue per year. As a result of this loss in revenue, the long-term effects of the sale will mean the government will have a hard time fulfilling its promise of balancing the budget in 2017-2018; and Ontario's net debt would rise. In his report he provides other implications the sell-off could have, including an impact on ratepayers. With the recent hydro rate increase as of Nov. 1 and the impact of the sell-off, many Ontarians will continue to struggle to pay Ontario's ballooning hydro rates, leaving many in a state of energy poverty. My Progressive Conservative caucus colleagues and I have been adamant that the sell-off is a bad deal for Ontarians and will have serious implications on the lives of hard-working Ontarians.

In his second report, the FAO noted that Ontario's economic outlook is concerning. In his report he referenced to the fact that if revenue and spending continue as they have for the past four years, it will result in the province having a \$3.5 billion deficit by 2017-2018 instead of balancing the budget as they have continued to promise. In fact, the FAO said the deficit could be \$7.4 billion if the Liberal government fails to limit their spending. The FAO's report proves the government's plan to balance the budget is unrealistic unless serious changes are made immediately. The government continues to expect higher than forecasted economic growth, whereas the private sector and the FAO have predicted substantially lower growth rates due to Ontario's current fiscal situation. In addition the government believes they can cut their spending levels substantially, even though the FAO warns this will be difficult to achieve due to factors like population growth, price inflation and other potential cost increases. The government needs to start listening to the warning signs that the FAO has highlighted and create a realistic plan to balance the budget.

In his first two ever reports, the FAO has shown the Liberal government has no plan for Ontario's fragile economy. Rather they are relying on unrealistic targets and short-term fixes like the Hydro One sell-off. To read the entire Financial Accountability Officers' reports, please visit my web site at www.sylviajonesmpp.ca