

As Ontario's deficit soars, restraint looms

McGuinty warns belt-tightening — and maybe even unpaid 'Dalton Days' — will be the new normal

Published On Thu Oct 22 2009

The end of the recession marks the beginning of government restraint, warns Premier Dalton McGuinty.

As the Liberals table a fall economic statement Thursday that will reveal a record deficit of more than \$22 billion, McGuinty said it's time to think about a post-recession economy no longer fuelled by billions in borrowed stimulus funds. That could well include unpaid "Dalton Days" for public servants, among other belt-tightening measures.

"Do we have the will, working together, to ensure that we have a bright future and make the appropriate decisions today?" the premier said Wednesday.

"What we're really setting out to do is ensure that we have the continuing capacity to support our public services."

While McGuinty was coy about what his government would do to stanch the hemorrhaging of red ink, he left open the door to a revival of former NDP premier Bob Rae's "social contract."

"We're just beginning this discussion," he said, when asked by reporters if public servants should expect mandatory furloughs once derided as "Rae Days."

Despite any thinking on cuts, the Liberals plan to move ahead next week with the long-awaited plan to phase in all-day kindergarten starting in September 2010.

"We know that, given the economic circumstances, we may not be able to do everything at once," conceded Education Minister Kathleen Wynne.



Illustration 1: Premier Dalton McGuinty speaks during question period in the legislature as former health minister George Smitherman looks on. (Oct. 7, 2009)

TONY BOCK/TORONTO STAR

The premier was circumspect after a journalist said his gloomy rhetoric recalled Rae's in 1993 – when public service employees, including teachers, nurses and bureaucrats, took 12 days of unpaid leave as a cost-saver.

"I don't know. We've all got our own particular approaches obviously," said McGuinty.

"I'll let people judge, but what I would say is that ... the next several months will be very important as we come up to our own particular approach to this."

Salaries represent about 80 per cent of the provincial budget and account for three-quarters of all the money Queen's Park transfers to municipalities, universities, schools and hospitals.

It's the third time since taking power in 2003 that McGuinty has mused about the possibility of "Dalton Days" – he did so early in 2004 after being confronted by a surprise \$5.6 billion deficit and again last February – and it was left to Finance Minister Dwight Duncan to lower the temperature.

"We have not drawn any conclusions yet ... I just urge caution on interpreting that," said Duncan, who delivers the province's fall economic update Thursday, including a revised deficit figure that will eclipse the previous \$18.5 billion projection.

It's expected the budget shortfall for 2009-2010 will be more than \$22 billion – up from \$14.1 billion forecast in the March budget and the revised deficit forecast in June of \$18.5 billion.

Ontario's corporate tax revenues have been cut almost in half due to the worldwide economic slowdown, and the Liberals are scrambling for a strategy to get the budget back into the black.

The government plans to review all program spending to determine where cuts can be made.

Progressive Conservative Leader Tim Hudak said it's clear the Liberals are flailing.

"Remember they had raised the spectre of 'Dalton Days' about a year or so ago – who knows? The problem is that by frittering away \$28 billion in additional revenue they left the cupboard bare when times got tough," said Hudak, referring to surpluses during boom times.

NDP Leader Andrea Horwath said "the government's put itself in a pickle" by wasting money on high-priced consultants and now wants to balance the books on the backs of families.

"They've not managed the money well in good times and now in tough times ... I don't know how we're going to be able to trust them in terms of making the right choices," said Horwath.

Wayne Samuelson, president of the Ontario Federation of Labour, said he's worried the Liberals "are so freaked out about the deficit" they will force workers to take involuntary leave.