



Campbell Strategies

The Ontario 2011 Election: Policy implications with a minority Liberal government

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Digesting a Bittersweet Victory

Facing what looked to be certain defeat as the election campaign began, Ontario's Liberal Party cannot be unhappy at being returned to power even as a minority government. Liberals have not won power in three consecutive Ontario elections in decades and like they say "any day in power is better than a day in opposition". But Liberals can count on many days in power. Neither opposition party has the stomach or the financing to pull the plug on the Liberal Government any time soon and no one would risk the ire of the electorate by doing so. That said, minority government is a grind. Expect the Liberals to work with the NDP on some issues, with the Conservatives on others, fashioning ad hoc coalitions as needs dictate. Putting a Budget together will be a more difficult task than managing the fractious minority Legislature day to day.

As for managing the Liberal caucus, Dalton McGuinty has an easier task than he would have had with a slim majority. If the Liberals had won power by only a seat or two, backbench Liberal MPPs would have been very much empowered. A disgruntled MPP would have been able to hold the government hostage if the Party only had a slim hold on power. With the outcome we have, the Premier can impose more discipline on his Caucus and, in fact, on some issues locking up

Caucus and, in fact, on some issues locking up the support of one opposition party or the other may be more important to survival than unanimity within Liberal ranks. The Premier actually has much flexibility going forward.

Dalton McGuinty's leadership is secure...for now. However, as time marches on questions will start to be asked (initially just whispered) about his longer term plans. The Liberal Party has to be concerned about what the electoral map looks like. Liberal support has shrunk to principally one urban (albeit seat rich) region; but this means that Liberals will be increasingly out of touch with rural and northern issues while opposition parties target the Liberal's urban bastion. This might not bode well for the next election.

For the NDP the election outcome was also bittersweet. They failed to fashion the broader coalition they would need to win power. Essentially their support remains where it always has been-in the north, the old industrial heartland and in a few left leaning urban Toronto Ridings. The 'breakthrough' in one 905 Riding was not a breakthrough but an anomaly.

For the Conservatives the election outcome was also bittersweet or perhaps more bitter than sweet. While they increased their seat count and came close to matching the Liberal's in the popular vote, they squandered a solid lead which could have seen them in government. Unlike their Federal cousins, Ontario's provincial Conservatives made no inroads in urban Ridings and end up an increasingly rural based party as Ontario becomes more urban and multi ethnic.

Ford factor? Jack factor? Harper factor? Max Factor? It made no difference. Ontario voters went their own way choosing steady as she goes, stability over upheaval in spite of all the brave opposition talk of voters having voted for "change". What Ontarians did say was, as always, bland works.

Looking ahead: policy implications and decision-making in Ontario following the October 6, 2011 provincial election

With the dust settling from election night, and transition preparations underway, what do the results of the October 6th provincial election mean for government decision-making at Queen's Park? There is no question that some of the large policy issues confronting the government – such as the economy, health care, energy, and the municipal agenda – will be shaped by the results of the election. So too will the process for *how* decisions are made in this minority government.

The following is our analysis of how the election results will shape major policy issues at Queen's Park, as well how these decisions are made. Business leaders, communities, and other stakeholders, will need to take this into account as they engage government to achieve their policy objectives.

A. The Ontario 2011 election: the impact on the policy agenda

Looking ahead in the coming weeks and months, there will be major policy decisions, reforms and options that will need to be addressed as the McGuinty government implements its platform. Key areas to watch include: the economy and provincial fiscal plan; energy strategy; health system funding, delivery, and cost containment; and the municipal/urban agenda.

It's the Economy, stupid: There is no other issue that will consume more energy, time, and political capital, than the economic and fiscal health of the province over the next four years. With significant economic uncertainty in Europe and the US, and the threat of a double dip recession in the global economy, the McGuinty

Liberals will need to act quickly. At his first media availability following the election, the Premier announced that Dwight Duncan would continue as Finance Minister and will “immediately” begin work on an economic and fiscal update for the province that will identify “next steps” for preserving and creating jobs. The Finance Minister’s update, expected later this fall, will most likely be used by the Liberals to set the stage and frame the debate for the rest of the government’s mandate. It is also likely to capture much of the work being done by former TD Economist Don Drummond who is leading a broad-based review on the province’s fiscal situation, service delivery, and assets. The Liberals have come close before, and will need to consider again the selling of non-core assets (such as LCBO and other agencies), as well as creative service delivery options that enhance efficiencies and reduce costs.

Energy: Energy was a big issue in the recent campaign in several ways and will continue to shape the agenda and politics at Queen’s Park. Some of the key substantive policy issues in the short-term include: what to do with the HST on home heating – an issue raised by the NDP and PCs during the campaign; the siting of new natural gas power plants in Ontario; the review of the Feed-in-Tariff program; and moving forward (or not) with new build nuclear and refurbishment of the province’s nuclear fleet. The cancelling of the Oakville plant before the election, and the “moving” of the Mississauga power plant during the campaign, demonstrates that there is a need to come up with a better process for procuring and siting new natural gas power facilities in the province. All three parties came out during the campaign period and made pledges to consult with both industry and communities to establish a better process than currently exists. As for the Feed-in-Tariff program, renewable energy developers can breathe a sigh of relief that the Liberals were re-elected. But if you look at the Ontario electoral map, most ridings that have a windfarm built or proposed are now blue or

orange, instead of Liberal red. While green energy is a signature item for the McGuinty government and will continue to be, there will be changes to the FIT program and the government's electoral defeat in rural Ontario will feed into this process.

Health care: Premier McGuinty used the upcoming negotiations with Ottawa on the health accord as a mechanism to differentiate himself from a Hudak-led Ontario. The health accord provides the Premier with a potential leadership platform to demonstrate his commitment to health care vis-à-vis Ottawa. It is also an opportunity to squeeze as much as he can to fund health care delivery in the province. But regardless of how successful the McGuinty government is in these health care negotiations, more health care cost containment efforts are virtually a guarantee.

The Municipal/urban agenda: While the Liberals lost much of their support in rural and northern Ontario, they kept the PCs out of Toronto and held much of the 905, Ottawa, and London areas. The new "urban" Liberals will need to keep this base happy. The proposed "uploading" of services is expected to continue, but there may be opportunities to get additional funding from the province for key urban "asks" around gridlock strategies, transit investments, etc.

B. Minority government: "dynamic" decision-making in an uncertain time

While the election of a minority Liberal government will have a significant impact on policy, it will also have an impact on how decisions at Queen's Park are made. With one seat shy of a majority, the McGuinty Liberals will need to work with one or more of the other parties in the weeks and months ahead. Decision-making will be different and dynamic in a number of ways:

Every Liberal MPP is a decision-maker:

Liberal backbench MPPs now have a much stronger voice in government decision-making than they did before. Regardless of who gets appointed to the Ontario Cabinet, support from backbench Liberal caucus members will be much more important, and keeping caucus happy will be a preoccupation. Backbench Liberals will likely be in a stronger position to propose policy options on key issues in a manner that they were unable to before. While caucus discipline certainly still exists, caucus opinion has become much more important.

The Opposition matters: decision-making at Queen's Park is going to be made on an issue-by-issue basis, which will require support from the opposition. New policy proposals, projects, reforms, and even infrastructure initiatives, may require the support of one or more parties to ensure that the "horse-trading" is balanced, and that enough support can be recruited.

Premier's Office control on decision-making has weakened: to some degree, the control exercised by Premier's Office staff over government decision-making will be weakened. Since Liberal caucus members will need to support decisions in the House, their buy-in on new policies, options and reforms will be necessary, as is some level of support from the opposition.

Everything is political: Whatever people may say about Prime Minister Harper, he was remarkably adept at governing in a minority Parliament, using a mix of divide and conquer and cooperation strategies. As the provincial Liberals govern in the coming months and years, they will need to be mindful of protecting their brand and positioning themselves around each difficult policy decision they make.

No elections anytime soon: recognizing the record low voter turnout, and the exhaustion many Ontarians felt with federal and municipal elections held earlier this year, it is highly

unlikely that any of the opposition parties will want to trigger an election anytime soon. Expect a decent level of cooperation among the parties at least over the first 12 months (minus the rhetoric, of course).

Contact us

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