



McGuinty May Win Ontario Election After Tory Support Declines

By Alexandre Deslongchamps

Oct. 10 (Bloomberg) -- Ontario Premier Dalton McGuinty is poised to win a second mandate in provincial elections today after his main opponent lost support by proposing to fund religious schools in Canada's most populous province.

Polls show McGuinty's Liberal Party, in power since 2003, will win a majority of electoral districts in the province of 12 million people. The Liberals will probably get 43 percent of the vote, an SES Research poll of 501 people showed. John Tory's Progressive Conservative Party is set to capture 31 percent, with 18 percent supporting the New Democratic Party.

"The focus on faith-based schools was a political gift for Dalton McGuinty," said SES President Nik Nanos. "There has been a lack of focus on the Liberals' track record and issues related to whether they kept or broke promises."

A second majority would make it easier for the Liberals to govern, as they wouldn't need help from opposition parties to enact laws. McGuinty's team balanced Ontario's budget after inheriting a C\$5.5 billion (\$5.5 billion) deficit from the previous Conservative Party government. McGuinty has pledged to keep posting surpluses and pay down debt.

The Liberals got a boost last month after Tory, 53, promised to subsidize parents who send their children to private religious schools. Tory's promise, designed to modernize a 140-year-old

system in which the government only provides funding for Catholic schools, was widely panned.

New York to Minnesota

Voters in the province, whose U.S. border stretches from New York to Minnesota, will elect 107 lawmakers, with polls open from 9 a.m. to 9 p.m. Toronto time. The leader of the party that wins the most seats becomes premier. Ontarians will also decide on a proposed overhaul of how voters choose legislators.

The Liberals held 67 seats when the election was called, compared with 25 for the Conservatives and 10 for the NDP. One seat was vacant. Should McGuinty fail to win 54 or more seats, he'll be the first premier since David Peterson in the 1980s to lead a minority government.

McGuinty's Liberals struggled in the polls after they broke a promise to not raise taxes, and in May were in a statistical tie in the polls with the Conservatives. McGuinty, 52, signed a pledge during the 2003 campaign that barred deficits and required him to get voters' permission before raising taxes. The next year, he broke the promise by imposing a C\$2.6 billion health tax.

“We chose to improve public services and broke our campaign commitment not to raise taxes,” the Liberal platform reads, alleging the previous government hid a budget shortfall.

Second Surplus

The province recorded a second consecutive budget surplus in the fiscal year that ended March 31, as revenue outpaced spending by C\$2.3 billion, the government said Aug. 17. Two thirds of the unanticipated windfall was used to pay down provincial debt of C\$143 billion.

The improvement in Ontario's finances prompted Moody's Investors Service to boost the province's credit rating to Aa1 in November, from Aa2, the first upgrade in four years.

McGuinty's support level `` says the province is feeling pretty good about its economy," said John Wright, a pollster for Ipsos-Reid in Toronto. `` Things are going in a good direction, so there was no call for change."

The yield on Ontario's 30-year bond was unchanged yesterday at 4.95 percent. The spread in yield between Ontario's and Canada's 30-year bonds narrowed to 23 basis points yesterday, from 26 points in March 2006, suggesting investors are more confident in the province's ability to repay debt.

Canadian Dollar

Among McGuinty's challenges is the Canadian dollar's recent surge to parity with the U.S. currency for the first time since 1976. The stronger currency makes it harder for manufacturers in Ontario and other central Canadian provinces to sell cars and other factory goods in foreign markets.

Ontario's economy grew 1.9 percent last year, the fourth slowest among Canadian provinces, trailing Alberta's 6.8 percent growth.

Tory's proposal on religious schools became an issue because there wasn't much difference between the Liberals and Conservatives on other matters, said Jonathan Malloy, a political science professor at Carleton University in Ottawa.

If they win, the Liberals will do `` more of the same," Malloy said. `` It's not going to be hands-off, nor is it going to be very aggressive in terms of industrial strategy or trying to intervene in the economy."

Ontarians will also decide whether to adopt `` mixed-member" proportional voting, under which 90 lawmakers would be chosen using the current `` first-past-the-post" system, and 39 others

would win office based on the proportion of votes their party received.

The change won't go through without support from at least 60 percent of those who cast ballots in the referendum and 50 percent of all voters covering at least 64 districts.

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