MEDIA SCAN: HYDRO RATE REDUCTION PLAN

June 6, 2018

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CFTO: INTERVIEW WITH NDP LEADER HORWATH ON HER ELECTION PLATFORM

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Anchor: NDP leader Andrea Horwath joins us now. So it's your last chance to win voters over. I heard you comparing Doug Ford to Donald Trump. Perhaps at least in your eyes, Andrea, a natural comparison. Was that enough? Did you do enough to sway Liberal voters in your direction?

Andrea Horwath, Ontario NDP Leader: Well, I mean, I think it's true that Liberal voters have been thinking very carefully about joining us to help us stop Doug Ford because Doug Ford will bring more cuts, more privatization, more corruption to Queen’s Park, and nobody wants that. And the best way to stop him is to vote NDP this time.

Anchor: Okay. So I know that you have a son. And I know that you didn't give him everything that he wanted, that you couldn't afford to. But you're promising a lot of things to Ontarians, and you know that we can't afford them.

NDP Leader Horwath: Well, on the contrary, Ken, what we can't afford is massive tax cuts for the rich and the wealthiest corporations and then massive cuts to our services, which are going to be very painful for families. And that's what Ford is offering Ontarians, and that's why this campaign is so important and why this election tomorrow is so important because there's one vision that says the rich and most wealthy corporations need to pitch in a little more so that in this unstable, you know, economic situation where young people can't find full-time work, where they're working casual, part-time, contract work, we can make sure that their prescription drugs are covered and they can get some dental care, as opposed to Mr. Ford who will give those rich folks in corporations a tax cut while he cuts hospitals and he cuts schools and he makes life tougher for families. So our goal is to provide the services that people need, fix our long-term care system, fix our overcrowding in our hospitals and it’s going to take a little bit of extra help from those most able to help to fix the problems we have in Ontario.

Anchor: Okay. So if he is talking about cutting corporate taxes, you're talking about raising them. We're talking about property taxes. We're talking about income taxes. We're talking as well about companies that are in some cases struggling to get to the $14, and in another six months the $15 an hour on the minimum side of thing. South of the border we see Donald Trump is very aggressive and he has been cutting corporate taxes. Our tax system right now on the business side is pretty competitive, but if you're going to increase it even more and you're going to go after entrepreneurs and you’re going to go after professionals, then you get criticism from the others that it's not a good business climate, and it's not good for the economy. How do you respond to that?

NDP Leader Horwath: Well, on the contrary, actually, our plan was put in place in full knowledge of Mr. Trump's changes that he was making in the states, and our tax rate will be completely competitive with other Canadian provinces as well as the U.S. states that our most close competitors as well as trading partners. And so our plan won't have a negative impact in our standing in terms of the other jurisdictions if you will. But what it will do is help us build better transit so that we can ensure that goods can move on our highways. That's what the business community wants. It will make sure that our workforce is healthier and able to come to work ready to work each and every day, which is something that helps the business community as well. When I talk to businesses, they tell me they want our electricity rates to be lower. They're very uncompetitive. Doug Ford has signed on to Kathleen Wynne's plan and those rates are going to go up another 70 per cent. These are the things that businesses tell me they are concerned about, plus they want to make sure that they have a respectful partner at Queen’s Park that will give them ample warning if a change is coming down the line. We might not always agree, but I have been very clear with the business community, I will always be respectful and ensure that I’m giving them advanced notice of any changes so that they can adjust and be ready to change their business plans in order to continue to succeed. And that's extremely important.

Anchor: All right, Andrea Horwath, thank you for joining us tonight. And hopefully we'll get the chance to chat tomorrow night. Appreciate it.

NDP Leader Horwath: Thank you so much, Ken. Take care.

Anchor: You, too. And, by the way, we did reach out to the PC party and Doug Ford for a one-on-one interview during the last week of the campaign. The Ford camp told us he would not be available to speak with us. We did speak with Kathleen Wynne earlier this week.

ONLINE COVERAGE

***NATIONAL POST**: THE UNCERTAINTY OF ONTARIO'S ELECTION IS HANGING OVER BAY STREET*

nationalpost.com
Wed Jun 6 2018
Section: FP Street
Byline: Geoff Zochodne

One thing Bay Street hates is uncertainty. And ahead of Thursday's election in Ontario, there is plenty of that to go around.

Not only is the overall political direction of the largest provincial economy in Canada up for grabs, but there are individual policies proposed that could ripple through the markets and investors' portfolios.

At this point in the race, the polls have shown the right-leaning Progressive Conservatives and left-leaning New Democratic Party are the front-runners. The Liberals are running third in those same polls, with their leader Kathleen Wynne admitting this past weekend that she was pretty sure voters would not give her another term as premier on June 7.

Taxes are always an issue come election time. And the movement of Ontario's corporate tax rate is naturally a closely watched thing for the businesses headquartered in the province, including some of the country's largest financial institutions.

Progressive Conservative Leader Doug Ford has vowed to send the message that Ontario is "Open for Business," in part by cutting the province's corporate tax rate to 10.5 per cent from its current 11.5 per cent.

But the PC pledges come with some uncertainty, as the Tory plans to pay for some of their promises remain murky.

"As per tradition, businesses are likely to view a tilt to the right positively, particularly given years of the opposite tendency plus the promise of a corporate tax cut," said Eric Lascelles, chief economist for RBC Global Asset Management, in a Tuesday note. "However, with many uncosted Conservative promises on the table, an unfamiliar populist tilt to the party, and no clear path toward balancing the budget from either of the contending parties, one worries about the province's fiscal position at a time when governments would normally be socking away surpluses for the next rainy day."

The other front-runner in the upcoming vote is Ontario's New Democratic Party and its leader, Andrea Horwath. Contrary to the PC position, one of the planks of the NDP platform is a commitment to hiking the tax rate on corporate profits to 13 per cent from 11.5 per cent.

"This is still lower than when the Liberals took power, and will put Ontario's combined rate in line with the national average," the platform says.

The effect on some of the province's largest businesses could be minimal. While noting the province is home to the highest proportion of the Big Six banks' lending activities and the largest percentage of their employees, excluding Quebec-based National Bank of Canada, National Bank Financial analyst Gabriel Dechaine estimated Monday that an NDP win could result in a relatively small hit to the earnings of the Big Six banks.

Under the NDP's tax bump, the lenders could see a 0.7-per-cent average reduction to their earnings per share, Dechaine projected, "an amount that banks could easily offset in some way or fashion."

One of the bigger implications of an NDP win, he suggested, could be the reaction of corporate Canada.

"While EPS hit would be small, the broader economic impact could be more important," Dechaine wrote. "It is plausible that business sentiment is negatively impacted, especially at a time when Canada and Ontario's competitive positioning vis-à-vis the U.S. has appeared to weaken."

The banks also do a good deal of business in the housing market, where the NDP is eyeing further regulation, such as a new housing speculation tax aimed at "foreign and domestic speculators who don't pay taxes" in the province.

The party says non-Ontarian homeowners in and around the Greater Toronto Area, where the province's 15-per-cent foreign buyer tax is already applied, would be hit with an additional annual tax of five dollars per $1,000 of the assessed value of their house. This would rise to $20 per $1,000 of assessed value in 2019, similar to what was done in British Columbia, the party said.

Ford and the Tories have said they would boost the supply of affordable housing across the GTA, and despite a video surfacing of the party leader vowing to "open up" part of Ontario's Greenbelt, say they would protect the already protected area "in its entirety."

But the various approaches have thrown another wrench at investors. A National Bank note recapping the real estate industry's first quarter said the Ontario election "creates some risk that is frankly difficult to handicap."

Electricity has also been a key issue in the election campaign. And Toronto-based Hydro One Ltd., Ontario's largest transmitter and distributor of electricity, has been directly in the crosshairs of the politicians.

Both the NDP and PCs have designs on Hydro One, nearly 53 per cent of which has been sold to investors by the Liberal government to fund infrastructure projects and debt repayments.

Horwath and the NDP have said they would like to return Hydro One to "public ownership." Ford, meanwhile, has declared he would fire its board of directors and chief executive, Mayo Schmidt, whom Ford dubbed "The $6-million Man."

Hydro One's stock price has declined amid the political pressure. Shares of the utility, which is in the midst of an attempted $6.7-billion acquisition of U.S. energy company Avista Corp., have fallen by about 15 per cent for the year.

"The Ontario election ... will contribute to share price volatility over the next month or so," predicted a CIBC World Markets note in May. "This may culminate in various scenarios with considerable uncertainty for shareholders."

But the Liberals made a different kind of sortie into the capital markets during their time in power, creating another source of uncertainty. It began with the Grits announcing they would lower electricity bills by an average of 25 per cent using their "Fair Hydro Plan," which involves borrowing around $2.5 billion annually over 10 years, the province's Financial Accountability Office projected.

A so-called "Fair Hydro Trust" is tied to the plan and is managed by provincially owned Ontario Power Generation Inc. The trust completed its second public debt offering, of $400 million at a yield of 3.52 per cent, in April. Its fate is now tied to the election as well, with Bloomberg reporting this week that the Fair Hydro Trust notes tied to the plan have been rebuffed by some investors in that market.

Ratings agency DBRS said in April that the 30-year scope of the Fair Hydro Plan law "introduces some uncertainty regarding the longevity of the legislation."

"Support from provincial leaders may change over time," DBRS added, "which could lead to the repeal of, and/or amendments to, the legislation."

Financial Post

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***National Post**: Five things you should know before starting your workday on June 6*

nationalpost.com
Wed Jun 6 2018
Section: Executive Summary
Byline: Shari Kulha

Well, we meet again. So good morning! Shari Kulha (@skulha((twitter.com»))) here, waving a wee flag for the SEC's 84th anniversary. The Securities and Exchange Commission began life on June 6, 1934, to maintain order in the markets, protect investors and, needless to say, facilitate money-making. Its first chairman was Joe Kennedy Sr., appointed by his friend and then-president, Franklin Delano Roosevelt, as the man who knew Wall Street well enough from the inside to clean it up of the many fraudsters, the insider trading and to create uniform guidelines for registering securities. How'd he do?

IT'S JUST THREE COUNTRIES ...

President Trump has said he wants separate, bilateral trade pacts with Canada and Mexico((business.financialpost.com»)), as the chances of a NAFTA deal wither on the vine. Trump doesn't plan to withdraw from NAFTA, but wants to try a different approach. He apparently doesn't like multilateral treaties, because, as the head of the U.S. National Economic Council, Larry Kudlow, said, "oftentimes, when you have to compromise with a whole bunch of countries, you get the worst of the deals."

THE NEW MATH

Kathleen Wynne once promised to lower car insurance rates((business.financialpost.com»)). Instead, we've had about a 2.5% premium increase. Auto insurance companies in Ontario made about $1.5 billion in pre-tax profits in 2016, up 57% since 2012. In the past five years, overpayments might have totalled $5 billion. So why the hikes? They pay for body-shop fraud, rehabilitation fraud, all kinds of fraud, insurers say. But the author of this article says, "as a personal injury lawyer, I can tell you there is nowhere near the amount of fraud the insurance industry wants you to believe."

THE BAD MATH

The Ontario Fair Hydro bonds program, "a complicated piece of bond-market engineering" designed to finance cuts to Ontario's soaring hydro bills((business.financialpost.com»)), has been scolded by the province's accounting watchdog as just a craven attempt to disguise bumbling mismanagement of the energy sector. Asset managers are leery, too, saying it is "bad policy and buying it would encourage governments to do similar deals in the future." Just check out the numbers.

'WEIRD SITUATION'

Analysts are stumped as the Canadian oil price rose US$12 per barrel((business.financialpost.com»)) after Enbridge said it would not implement a new procedure to stop shippers from claiming more space than they could use on a key pipeline. As David Dias(ddias@postmedia.com) writes, the plan had outraged shippers, creating a US$10 drop in the WCS benchmark - until Enbridge backed off, and WCS rocketed back up. One analyst said there's no good reason Enbridge's policy would influence the price of Canadian oil, and suggested there may be some hidden variable at play.

A GRAY BAY DAY

HBC said it will close some Lord & Taylor stores and sell Gilt.com after posting worse-than-expected quarterly results((business.financialpost.com»)). New CEO Helena Foulkes didn't go easy, Hollie Shaw((twitter.com»)) reports, when speaking of how HBC had conducted business under its erstwhile management team. "We tend to make decisions without involving one of our key stakeholders: the customer." Now, she said, "everything's on the table in terms of focusing on driving improved profitability for the business."

Timmins Press: *Candidates make final pitch to undecided voters*

By: Ron Grech,
Tuesday, June 5, 2018 11:57:09 EDT PM

http://www.timminspress.com/2018/06/06/candidates-make-final-pitch-to-undecided-voters

TIMMINS - On the eve of the provincial election, The Daily Press gave each of the candidates running in the Timmins riding an opportunity to address undecided voters.

They were asked "what issue relevant to Northern Ontario do you feel would be key to swaying undecided voters to support you and your party?"

Five of the six candidates offered a response.

The only one of the six who didn't reply was Lucas Shinbeckler, who is running for the Green Party.

This is how the others responded (their replies appear in alphabetical order):

Mickey Auger, Liberal Party

"This is one of the most important elections in Ontario's history. This is an election in which you need to exercise your civic duty and vote. Timmins and Northern Ontario as a whole will not benefit from the NDP's spending, but will much less benefit from Doug Ford's reckless cuts to your essential services

"The Progressive Conservatives have not released a clear platform to outline what their promises will actually cost you. Doug Ford has not been transparent with the people of Ontario. His party and his candidates have ignored the need to tell us the truth.

"I have to address the fact that the Liberals will likely not form a government on Thursday. However, it is so important that we have strong local representation to keep an NDP or a reckless Progressive Conservative from forming a majority government. A vote for Mickey will send a clear message to these two parties. If any of these two parties form a majority government, Ontario will lose, both fiscally and socially.

"Mickey's and his party's record with issues relating to Northern Ontario is clear. Their record includes a commitment to highway twinning, the commitment of $1 billion to the development of the Ring of Fire, a clear plan to lower your hydro bills by 25%, the hiring of hundreds of healthcare workers across the province with a priority on the North, free prescription medication to youth aged 25 and under and seniors aged 65 and over, free post-secondary tuition for nearly 300,000 low income students, as well as raising the minimum wage for our workers.

Tomorrow, be sure you vote for who you support. But remember that a vote for Mickey is a vote to keep Doug Ford and the NDP in check. Vote for Mickey in order to have a strong local representative who knows our community more than anyone else."

Jozef Bauer, Libertarian Party

“All three major parties want to give you more services, but there is no money. So that means one of two things will happen. If any of them win, you will see either prices increase or additional taxation.

Our key change is to the democratic reform of this province — we want to cut the number of rules and restrictions that limit your abilities to grow and thrive.

“At this time Ontario doesn’t have finances to commit to any additional funding, we are broke. We need to create a healthy economy first and foremost especially in our area. We have seen more and more small businesses closing down, the traditional stores run by you the people in this area aren’t able to compete with the big chains, why you ask? Businesses are being taxed to the point that they can no longer afford to have full time employees working there. Part-time, temporary workers, or automation have become a necessity

“We want to change that by eliminating corporate tax on small and large businesses. We will see that businesses will have that money to hire more people. By ensuring that all taxation legislation goes to a referendum, you will decide whether a tax is levied and not the politicians at Queen’s Park. Less rules on who can do what means a more open market competition, why should LCBO, Beer Store, and only some supermarkets be allowed to sell alcohol? We feel that all grocery and convenience stores should have equal opportunities. Why will Ontario Cannabis Store have exclusive rights to sell marijuana, why not allow the small business person that has done the research have the opportunity to operate this as well?

Our natural resources are leaving the area in which they are mined or harvested because of high hydro rates and red-tape restrictions. We say the money, jobs, and resources should stay here not go to Toronto or another province for processing. All three parties have played a role in this. We stand firm and say we are done being stolen from. Give the people back their rights to choose and self-govern by not limiting their options.”

Gilles Bisson, New Democratic Party

“The NDP offers hope for the people of Northern Ontario, and this hope is demonstrated in its election platform. Unlike the PC Party that does not have a costed election platform, the NDP spells out what it will do, and how much it will cost.

“The first platform topic that will benefit those from Northern Ontario is child care. Spaces for child care will be expanded. Those families that have a have combined household income of under $40,000 will not have to pay for child care. For those who make more than $40,000, the cost will be based on the ability to pay, but the average cost will be $12 a day.

“Another key platform topic is hydro. The NDP will return Hydro One to public hands. The cost of hydro which soared under the care of the Liberal Party will be scaled back by 30%. Also, mandatory time of day pricing will be eliminated. This relief from the high cost of hydro will be appreciated by those businesses that rely on hydro and more investment in the North will follow.

The last example is health care. Premier Andrea Horwath will restore hospital funding and ensure it keeps pace every year with inflation, population growth, and aging. Funding to such hospitals as the Timmins and District Hospital will see a funding increase of 5.3%. Patients should expect shorter wait times. In Northern Ontario, the layoffs of nurses and front-line health care workers will cease. There will be new investments in mental health, including an emphasis on the mental health of children and teenagers.

“Whether it is hydro costs, investments in health or expansion of affordable child care, Northern Ontarians should take comfort that the New Democratic Party has a costed election platform that will meet their needs.”

Yvan Genier, Progressive Conservative

“For those remaining undecided, I would urge them to be strategic with their vote. Timmins is far too great a place to waste another four years. The NDP will not form a government and the statistics prove it out. Our political system is straightforward: Elect enough MPPs and the party wins. This is a fight between me and Bisson, not Ford and Horwath. The CBC has the PCs’ probability of winning at 87.3%, only 11.5% for the NDP.

“The polls may be neck and neck for the popular vote but the popular vote doesn’t put a party in power. This Timmins riding is my home and passion. We have so much potential and we need someone in Toronto aligned with the party in power, and that will not be Bisson and his NDP.

“Timmins and the North as a whole are being deindustrialized. Under Bisson’s watch and over the past 20 years we’ve lost so much — too much to risk another four years. We’ve lost the Malette Tembec mill and before that, the Timmins Grant OSB plant was cut up and sent to Russia. We’ve lost the Kidd Creek Met sites that moved to Quebec along with all those high-paying jobs that Bisson is supposed to protect.

As our voice in Queens Park, Bisson needed to stand up for us but didn’t, our wood is still being sent to Quebec, our jobs are still being lost and our moose tags are still being cut back while bad hunting still happens.

“I’m ready to stand up and fight for Timmins and what I believe in. I’m ready to fight for our jobs, our resources and our way of life. I will fight the bureaucracy that has gotten too large; I will fight the environmentalists who use our jobs and lives as bait to leverage their political messages in the south; and I will even fight Ford to make sure he keeps his Northern promises.

“We have so much that is good here in Timmins and it’s critical that we to protect it.”

Gary Schaap, Northern Ontario Party

“For far too long we have been dictated to by the NDP, PC, and Liberals and given no control on how Timmins and the North are treated. Right now we have a chance with a minority government to correct this major mistreatment.

“By voting Northern Ontario Party, this will give the balance of power to the North. By negotiating with the other party in power this will give the Northern Ontario Party the ability to bring business and money to the North by using our natural resources and manufacturing. Vote Northern Ontario Party. Let’s revitalize the North together.”