

QP BRIEFING

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ARTICLES

1). PROVINCE ANNOUNCES \$4.9M IN REBATES FOR SMALL DISTILLERIES, CIDERIES

By: Jessica Smith Cross

Ontario is putting its money where its mouth is and spending \$4.9 million over three years to give rebates to small distilleries and cideries.

Minister of Finance Charles Sousa and Minister of Agriculture, Food and Rural Affairs Jeff Leal announced the "Ontario Small Cidery and Small Distillery Support Program" Tuesday morning at the Summerhill LCBO in Toronto.

It comes after the government has been facing questions from the opposition parties and some Ontario distilleries about high taxes on spirits.

Under the new program, small distillers will receive a rebate of up to \$4.42 a litre and small cideries will receive up to 74 cents a litre, up to \$220,000 a year, Sousa said. The money will begin flowing in the spring, but will retroactively apply to sales from the beginning of January, according to the Minister's office.

The Minister's office said the program will be open to cideries with a licensed production facility in Ontario that had up to 30,000 hectolitres (three million litres) in worldwide production in the previous year. It will also be open to distillers that have an on-site store authorization and a licensed production facility in Ontario, and that had less than 6,000 hectolitres in worldwide sales the previous year.

(However, the minister's office couldn't say, by deadline, if the rebate will apply to alcohol sold outside of the LCBO.)

The announcement comes after the province changed the way spirits are taxed in Ontario, instituting a 61.5-per-cent tax on spirits sold at a distiller's own store, replacing a slightly higher mark-up that had previously been paid through the LCBO. Some distillers complained it is punitive to new distillers that are too small to sell through the LCBO and will drive them out of business. The opposition parties picked up their complaints.

But Sousa said Tuesday that distillers should have known all along that this program was coming. "We have been working on this for over a year. Bill 70 was just another step in the process. All of them are well aware of that. Assurances were given then that we would arrive here."

Sousa blamed "undercurrents," and "dynamics within the industry," for any distillers who didn't have faith that this would be coming.

Mike Heisz, president of the Ontario Craft Distillers Association, appeared at Tuesday's event in support of the change. He wouldn't comment on any prior discontent.

"I want to look at it this way, the past is the past, we're working with the government now and we want to keep working with them," he said. "You have different personalities in any group of people, and sometimes they're not all in agreement."

One of the government's critics was Charles Benoit, founder of Toronto Distillery Co., and a former president of the Ontario Craft Distillers Association. His company closed its retail store after the government announced the taxation change. Benoit told QP Briefing Tuesday he feels this is a step in the right direction, but doesn't go far enough to help smaller distilleries.

PC MPP Steve Clark, who has been critical of the government on this issue, said he knows small distillers are happy with the rebates. He's picked up Bill 11, the Free My Rye Act, a private members' bill originally introduced by former PC MPP Tim Hudak. That bill, which is scheduled for debate Thursday, would set out a graduated tax rate that gives the smaller small distillers a bigger boost — and he still thinks it's a good idea.

"I hope the government supports it, and will put it to committee," he said. "Let's have that conversation about what we can do to help grow this industry. Small distillers are doing wonderful things."

Sousa also announced that small distillers will "soon be able to deliver directly to bars and restaurants," which is a change distillers had been asking for.

2). HAPPENING: NEW DEMOCRATS ADD THREE MORE CANDIDATES TO 2018 SLATE

By: Sabrina Nanji

The New Democrats' 2018 election roster is filling up, with Hamilton East-Stoney Creek MPP Paul Miller the latest to be acclaimed as a candidate Monday night.

"People are frustrated with Premier Kathleen Wynne, and [PC Leader] Patrick Brown just isn't the answer. He's a 17-year Conservative politician with nine years in the Harper government under his belt – and people don't believe a cut-and-privatize Conservative is the answer to Premier Wynne's cuts and privatization," Miller said in a news release.

Miller joins Timmins-James Bay MPP Gilles Bisson, Timiskaming-Cochrane MPP John Vanthof, and London-Fanshawe MPP Teresa Armstrong, who was the first NDP candidate to be acclaimed.

The Tories are continuing to nominate candidates at lightning speed, and the fate of PC MPP Sam Oosterhoff, who is being challenged for the second time by PC party vice-president and regional councillor Tony Quirk, will be decided Tuesday tonight in Niagara West.

Children and Youth Services Minister Michael Coteau is also poised to be acclaimed Tuesday as the second Liberal candidate for 2018, in Don Valley East. As QP Briefing previously reported. Research, Innovation and Science Minister Reza Moridi was the first to be acclaimed in Richmond Hill late last month.

3). MINISTER ANKLES AMID TORIES' CALL FOR MORATORIUM ON SCHOOL CLOSINGS

By: Geoff Zochodne

The Progressive Conservatives called Tuesday for an end to looming school closures in Ontario — although the exact number of schools at risk remained a mystery after the Education Minister walked away from a media pop quiz on the subject.

The Tories said in a press release that approximately 600 schools are “under consideration” of being closed, a situation that has roiled rural and suburban Ontario. The PCs allege the Liberals are “trying to balance the books on the backs of our students,” and called for a moratorium and an immediate review of criteria used to close a school.

“School closures have a devastating impact on our communities,” Progressive Conservative Leader Patrick Brown told reporters. “This isn’t just about rural school closures anymore. The threat of closures are devastating living in cities as well including right here in the [Greater Toronto Area].”

But Education Minister Mitzie Hunter played down the importance of the number of potential school closings without giving a figure of her own.

“It’s not about that,” Hunter said during a media scrum at Queen’s Park. “I’m not going to provide you with an arbitrary number based on the question that you’ve asked.”

Rather than give a ballpark figure, Hunter stressed the importance of the government’s “Pupil Accommodation Review Guideline,” which school boards are supposed to draw on when deciding whether or not to shutter schools. Hunter said an “arbitrary” moratorium “is not the way to go.”

“It’s very important that school boards provide an opportunity for input from the community and that’s what the Pupil Accommodation Review Guideline helps them to do,” Hunter said.

She then walked away from the scrum to attend a Liberal caucus meeting, as reporters tried in vain to get a concrete answer out of the minister. Her spokesperson later clarified that the pupil accommodation reviews weren’t done yet, and that school board trustees need to make a final decision before the education ministry has “reliable data” to share.

At any rate, the Tories tried to turn Tuesday’s question period into one solely devoted to potential school closures. Brown also held a joint press conference with the Ontario Alliance Against School Closures (OAASC) Tuesday morning.

“Schools are on the chopping block in every corner of our province,” said alliance member Susan MacKenzie. “We believe the provincial budget should not include balancing the books on the backs of our students and our communities.”

Brown was set to bring forward a motion Tuesday that supported “an immediate moratorium on rural school closures and an immediate review of the Pupil Accommodation Review Guideline.” That motion was to be debated by the legislature during the afternoon sitting.

The Liberals, who actually instituted a moratorium on school closings when they came to power in 2003, said they wouldn’t support the temporary ban being proposed by Brown.

But Premier Kathleen Wynne, a former Toronto school board trustee, backed the boards' right to make decisions about their properties, albeit in consultation with their municipalities. The government says the Ministry of Education can't overrule a school board that decides to close a school.

"I believe in school boards as important parts of the democratic system in communities," Wynne said. "In fact, school boards were elected bodies in Ontario before municipal councils. They were the first entities that communities came together to elect. I believe the school boards are fundamental in making decisions locally."

In a statement, Hunter said the Liberal government had increased per-student funding by 63 per cent and pumped \$16 billion into school infrastructure, including money spent on "nearly 450 new and improved schools in rural Ontario."

Hunter also said she had sent a joint letter with Infrastructure Minister Bob Chiarelli to school boards and municipalities on Monday to update them on the government's work, such as encouraging community hubs to use "excess" space in schools and ensuring school boards and municipalities work together. The Liberals also say they are launching a three-MPP team to collect feedback on rural education matters.

NDP Leader Andrea Horwath said it's "quite rich" that the Liberals had run on a school-closing moratorium in 2003 and were now shuttering them.

"We've been raising the alarm bells about school closures all across Ontario for years now," Horwath said, adding that she would support Brown's motion, even though it only mentioned "rural" schools.

4). CAMPAIGN LIFE ENDORSEMENTS HURLED ACROSS THE AISLE AHEAD OF SAM OOSTERHOFF'S NOMINATION MEETING

By: Sabrina Nanji

Hours before PC MPP Sam Oosterhoff finds out if he will be carrying his party's banner into the 2018 election, the Grits on Tuesday pointed out to reporters at Queen's Park that the young social conservative politician is being backed by Campaign Life Coalition, a pro-life organization.

Minutes later, the Tories fired back with a release with the names of Liberals that Campaign Life has endorsed with a "green light" on their website, including MPPs Joe Dickson, Lou Rinaldi and Mario Sergio.

Oosterhoff, who was elected just months ago in the byelection to replace ex-Tory leader Tim Hudak in Niagara-West Glanbrook, has maintained that he is "pro-life," which was also noted in the March 6 release from Campaign Life.

The release also contends Oosterhoff is "under attack from the PC Party establishment" because his seat has been put into play by a party vice-president, Tony Quirk, who is "being pushed by the establishment to try to unseat Oosterhoff."

Campaign Life endorsed both nominees ahead of the byelection last November. Oosterhoff handily trounced Quirk, who placed dead-last and went on to co-chair Oosterhoff's successful campaign. Campaign Life said Quirk has raised new concern because "he seems to attack Sam over the latter's social conservative values" in local media reports.

Asked if the party was meddling in the nomination contest, PC deputy leader Steve Clark echoed previous comments from Leader Patrick Brown, and said there was "no truth" behind the claim. Both have endorsed Oosterhoff for the nomination.

Clark also reiterated Brown's comments that social issues would not resurface if the PCs form government in 2018. He added that Oosterhoff has not pushed a so-called social conservative agenda in the short months he's been at Queen's Park, and instead has talked about hydro rates, health care, and is even set to speak Thursday to Clark's private member's bill, the Free My Rye Act, which was taken up after Hudak's resignation.

"It's a dead issue," Clark said after question period Tuesday.

Deputy Premier Deb Matthews, who is also the Liberals' re-election campaign co-chair, disagreed.

She charged Tuesday that the endorsement was troubling because it highlighted Brown's recent and messy split from the social conservative faction of his party that was instrumental in his successful leadership bid in 2015.

"We've got people in our caucus who are endorsed by Campaign Life, I get that. But we ... know where we stand on social issues; obviously, the [Progressive] Conservative party is still trying to figure out where they stand," Matthews said. "It tells you they're still wrestling with some pretty basic issues and we are well beyond that."

Matthews suggested if Brown becomes premier in 2018, he would push a social conservative agenda, citing dissent in the rank and file, and Brown's voting history as MP under former Conservative prime minister Stephen Harper, when he voted to reopen the debate on same-sex marriage and abortion.

"He was a right wing member of the Stephen Harper government. When he won the leadership, he won it because he appealed to groups like Campaign Life. That's who he was, that's who he pretends he isn't. I'm not buying it," she said.

Brown was not available to reporters after question period to address Matthews' comments, but has repeatedly said people should not run for his party if they want to push "divisive social issues." He has also been recalibrating his party toward the centre and said "it doesn't matter who you love ... it doesn't matter where you worship. You have a home in the Progressive Conservative party of Ontario."

Oosterhoff and Quirk spar for the second time Tuesday night for the Niagara West nomination.

Sam Oosterhoff @samoosterhoff

It's great to be part of a big-tent party!

<https://twitter.com/jessiecatherine/status/839148903559794688>

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5). *ELECTRICITY COMPANIES TO TINKER WITH TIME-OF-USE POWER PRICES AS PARTIES CLASH OVER COSTS*

By: Geoff Zochodne

As Ontario's political parties debate whether the time is nigh to do away with mandatory time-of-use power prices, electricity companies are preparing to conduct experiments with the fees that could have far-reaching consequences for energy consumers.

A spokesperson for the Ontario Energy Board (OEB), which regulates the electricity industry, told QP Briefing Tuesday that five distribution companies have filed applications to do pilot projects under the province's regulated price plan (RPP), which includes the time-of-use cost structure.

"The pilot projects would, among other things, test alternative pricing options that are aimed at achieving objectives of the RPP," said the OEB spokesperson. "The results of the pilot projects would provide an objective basis to inform future decisions about RPP pricing and the design of new tools for customers to manage their electricity usage and provide for increased system efficiency."

One of the companies taking part is Hydro One, the province's largest electricity distributor. The utility told QP Briefing that it has applied to the OEB to do a pricing pilot project, but provided no details.

Most Ontarians pay time-of-use electricity prices, which are lower in the evenings and mornings and higher during the day. The pricing structure has grated on some electricity customers, including a Sturgeon Falls woman who told Premier Kathleen Wynne during a discussion about the Liberals' new plan to reduce hydro bills by an overall average of 25 per cent that the peak time-of-use fee was a "farce."

"It is important to know that time-of-use is something that we've been working on for months," said Energy Minister Glenn Thibeault during Tuesday's question period. "We've recognized that a senior couple living on a fixed income in Northern Ontario shouldn't be on the same retail price plan as a single condo dweller living here in downtown Toronto. That's why we asked, months and months ago, the [Independent Electricity System Operator] to start work on this, to start looking at bringing forward some other options besides time-of-use."

The NDP, which has proposed a plan to cut hydro costs by as much as 30 per cent, is calling for an end to mandatory time-of-use electricity pricing.

"A senior sitting at home in Sudbury shouldn't have to wring their hands, worrying about turning the lights on and turning the stove on during the day," NDP Leader Andrea Horwath said during question period. "That's not fair. Why didn't this Premier address the unfair time-of-use pricing in her desperate attempt to save her own political skin?"

The Liberals actually tweaked the OEB's mandate in December. The change allowed the regulator to set "different off-peak periods" for pilot projects involving the time-of-use power prices.

The government did so after the OEB admitted that the current time-of-use prices aren't easily understood by customers. The regulator also said in a November 2015 report that the existing structure isn't giving consumers "incentives" to actually alter their electricity use.

There are no details available yet about the proposed pilot projects by the five utilities, but the OEB has suggested ideas for time-of-use tinkering, such as moving the summer peak time to later in the day. Utilities had until last August to submit pilot project applications, according to an update.

The OEB said previously that it expected approved pilot projects wouldn't start until May 1 of this year, and that the tests could run until December 2018, past the June 2018 provincial election.

"We expect once pilot projects are in place, the individual [local distribution companies] will make the projects public as part of their recruitment process for the trials and that the duration of the pilot projects will vary, but would be expected to be in place at least a year," the regulator said Tuesday.

The experiments will be funded through a conservation fund managed by the Independent Electricity System Operator, the agency that manages the province's power grid, and would begin this year.