

QP Briefing: April 16, 2018

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Q P B R I E F I N G

April 16, 2018

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Articles

1). Doug Ford pledges to scrap income taxes for minimum wage

By: Christopher Reynolds

Progressive Conservative Leader Doug Ford sought to bolster his populist appeal Monday with a pledge to end income taxes for Ontario's hundreds of thousands of minimum wage earners.

On one of his first stops aboard the freshly painted PC campaign bus, the new top Tory announced at an east-end Ottawa restaurant his second policy "priority" of five to be unveiled in the run-up to the June 7 election.

"Under a PC government, if you are making minimum wage, you are going to pay no income tax at all," he told a receptive crowd.

Ford has said he will freeze the minimum wage at \$14, while the Liberals aim to hike it to \$15 on Jan. 1 to round out a 32-per-cent increase from \$11.40, where it sat as recently as fall 2017.

The PCs say their plan would cost roughly \$500 million a year, but did not detail where the cash would come from. The tax chop would be implemented via tax credit by Jan. 1, according to the party.

But economist Sheila Block [has said](#) the Liberal plan to hike minimum wage from \$14 to \$15 an hour will mean more for the working poor, an extra \$1,950 per year, before taxes, in the pockets of someone who works 37.5 hours a week.

Labour Minister Kevin Flynn cited Block in a release last month that touts the benefits of a higher base wage.

"This is money that goes to pay for rent, food and diapers. This is money that goes back into the economy. This is money that goes to workers who need it most," he said.

"Doug Ford and the Conservatives want to take all of this away ... Doug Ford wants to truly put the minimum back in minimum wage — and it's workers who will pay for his policies."

The PCs said Monday that an employee who works 50 weeks per year at \$14 an hour would earn about \$28,000 annually, resulting in about \$817 in income taxes.

"In a Doug Ford government, this worker would receive a tax credit for the full amount – saving them more than \$800 a year," the party said.

Previously, Ford had said anyone making \$30,000 a year or less would pay no tax. (Someone working 40 hours a week at \$14 per hour might make just under \$30,000 annually.)

The PCs accused the Liberals of "multiple tax grabs and fee increases" as well as "skyrocketing" electricity bills over the past 15 years.

2). California Governor Jerry Brown takes on Doug Ford's populism

By: David Hains

California Governor Jerry Brown has a warning for Ontarians: avoid the lure of populism.

In Toronto to meet with the premier, the Democratic governor cautioned against abandoning Ontario's environmental policies, despite what an upstart right-wing politician may say.

"Trump is already pilot testing this kind of maneuver and so far, it's more litigation than action," he told the press at the MaRS Discovery District. "And so, look, if you want division, chaos, further polarization, you know the path. But if you want to stay the course, then you have to invest in reasonable climate action."

Ontario is part of a cap-and-trade carbon market with California and Quebec, the second-largest market of its kind in the world.

Brown framed carbon pricing as essential policy when it comes to international treaties, health outcomes and foreign trade. "The scientists are clear; the world is clear through the Paris Agreement; the biggest country in the world, China, is clear," he said, explaining that if countries like the U.S. and Canada don't meet China's standards when it comes to vehicle emissions, they won't be competitive in the auto industry. "So that's where the world is headed. And some of the politicians can make a lot of noise. Sometimes they'll win a few votes, but there's also a lot of buyer's remorse here," he added.

Asked by QP Briefing how he responds to PC Leader Doug Ford's repeated claim that cap-and-trade means Ontario sends \$469 million to California, the four-term governor unequivocally pushed back. "I'd say that's a lie. It's not true."

The premier added that the government planned to invite Brown to address the legislature, but the PCs blocked the initiative. "We were hoping that Governor Brown would be able to speak to the Legislature. The Conservatives blocked that because I think essentially, they don't want to talk about climate change," Kathleen Wynne claimed.

In recent weeks, high-profile individuals have criticized the PC plan to discontinue carbon pricing, including former U.S. vice-president Al Gore and federal Environment and Climate

Change Minister Catherine McKenna.

Under Ford, the PCs have backed away from any form of carbon pricing, a departure from supporting the carbon tax under former leader Patrick Brown. While much of the focus of the policy shift has been on the economic impact to the PC fiscal plan — which has proved difficult to analyze, as they backed away from the pledge of a fully-costed platform, Brown was eager to discuss the environmental consequences.

"We've got fires, we've got (mud)slides, we've got disruptive storms and that's just the beginning," he said at his chat with the premier, outlining how climate change has affected his state.

"There are threats," he continued. "All these people saying 'bring back all this fossil fuel, it will make your life better.' What happens when it turns out that 97 per cent of the world's climate scientists are right and we create an irreversible destructive pattern?"

3). PCs call for probe into 'scandalous' spending by Liberals

By: Christopher Reynolds

The Progressive Conservative party is asking the province's elections watchdog to investigate the Liberals, accusing Premier Kathleen Wynne of using taxpayer dollars for "partisan" advantage in a "scandalous" breach of campaign finance law during the run-up to the June 7 election.

Frank Klees, a cabinet minister under Mike Harris and Ernie Eves and current adviser to PC Leader Doug Ford, said Monday the Grits have been "appropriating public funds" for what he claims are effectively self-promoting photo-ops and "shamelessly campaigning on the taxpayers' dime."

"They've been using government resources to stage photo-ops that are essentially taxpayer-funded pulpits to advance their partisan agenda and to attack their opposition," Klees said.

He said more than two-dozen announcements around government programs by Wynne and cabinet ministers have involved comparisons to pledges by Ford or include items that "are not even detailed in the 2018 Ontario budget bill," and thus convey a partisan message via public money in alleged violation of the Election Finances Act.

An open letter from party lawyer Arthur Hamilton to Elections Ontario's chief electoral officer, Greg Essensa, estimates the cost of 25 recent "campaign style rallies" at \$7,500 each, totalling \$185,000 since April 3.

Liberal MPP Deb Matthews, a campaign co-chair, disagreed with Klees's characterization of the program unveils.

"These are government announcements. The premier's doing what happens after every budget, and that is talk about what's in the budget," she said Monday.

Klees highlighted several recent announcements, including the Liberal pharmacare and dental program, unveiled in the 2018 budget on March 28 — though not necessarily invested in this year. This year's budget highlights the plan but allots no cash to it, with \$300 million and \$500 million to be spent in the following two years, respectively, and a launch date projected for the summer of 2019.

"In that budget bill that was tabled, there's nothing there about child care. In that budget bill there's nothing there about drugs and dental programs for seniors," Klees said.

Matthews countered that all announcements have revolved around programs included in the budget.

"Is it in the budget? Yes it is, so it's of course legitimate. These are issues that we're debating

in the legislature, we'll be voting on in the House," she said.

"The premier's out talking about what's in the budget because people have the right to know how their money's being spent and what benefits they may derive from it."

Elections Ontario told QP Briefing it does not comment on whether it is investigating a possible complaint.

"If the Chief Electoral Officer believes there may have been an apparent contravention of either Act, he is required to refer the matter to the Ministry of the Attorney General. The Ministry may refer the matter to the police for investigation and prosecution," said spokesperson Cara Des Granges.

"When Elections Ontario's investigations are complete, or if a matter has been referred to the Ministry, the Chief Electoral Officer reports on the investigations in his next report tabled with the Legislative Assembly."

Klees said that the Harris and Eves governments were more conscientious about distinguishing government business from partisan affairs.

"I believe that we were very careful in separating what were partisan events from the business of governments."

He added that the premier has been "conscripting public servants to aid and abet them by requiring them to participate in these events." A spokesperson for the premier responded that the line of attack was "obvious hypocrisy," given that Ford also relies on staff at the legislature who are paid out of the public purse.

"Most important of all, the Premier is the elected leader of the province and she attends events in that capacity," said spokesperson Andrea Ernesaks.

"We know that Frank Klees has been out of politics for a while but we didn't expect him to be so ill-informed. If he'd taken the time to read the Budget he would have seen expanded dental care coverage on page 12, and free child care for preschool children on page 21."

Ernesaks added that Klees made a "major funding announcement," in the words of a government press release, at what was then York Central Hospital on Sept. 1, 2003, a day before the writ dropped for the election the next month.

4). *Conservative activist Belinda Karahalios wins PC nomination*

By: David Hains

Conservative activist Belinda Karahalios is inside the big blue tent after securing the Tory nomination in Cambridge.

Karahalios won the nomination on Saturday after joining the long-running race just one month ago, beating two other candidates who had been running for close to a year and a fourth who had also signed up in recent weeks. The nomination race had its controversies, as the voting day had been delayed twice and Calgary-based dentist Tanya Khattra dropped out following questions about her residency.

"And now, fellow PC members, it's time to move forward," Karahalios said in her victory address to the PC crowd at Cambridge's Armenian Community Centre, where hundreds came out despite an ice storm in the region. "We have seven-and-a-half weeks to win this election in Cambridge. United we stand and divided we fall," she said as one upset audience member who supported another candidate interjected, "You're not winning."

Karahalios won out over fellow candidates Sunny Attwal, Bert Laranjo and Mona Bains after more than 600 party members voted in the nomination race.

After her win was announced by party president Jag Badwal, the other three candidates all said they supported Karahalios in her effort to unseat incumbent Kathryn McGarry, who is the transportation minister. In 2014, McGarry became the first Liberal to win the riding since it was formed in 1975. It had previously been held by PC MPPs from 1995–2014.

In a statement, PC Leader Doug Ford said "Belinda, and her family's, commitment to the Ontario PC Party is second to none. I thank Belinda for her continued involvement in our Party. We are stronger for it."

<https://twitter.com/AmyFeePC/status/985263125346873344/photo/1>

Amy Fee @AmyFeePC

Congratulations @MrsBelindaK on winning the @OntarioPCParty nomination in #Cambridge today! Looking forward to working with you to defeat @Kathleen_Wynne and the @OntLiberal Party on June 7th! #PCPO #onpoli #FordNation

5:06 PM - Apr 14, 2018

Doug Ford @fordnation

Congrats to @MrsBelindaK, our candidate in Cambridge. Together, we'll fight for the people to defeat Kathleen Wynne and get ON back on track. #onpoli #pcpo

9:40 AM - Apr 15, 2018 Among the issues Karahalios cited as being important were opposition to the carbon tax, supporting freedom of speech, addressing small business concerns, and parental choice, she told QP Briefing before voting had closed.

Karahalios securing the PC nomination also marked a remarkable turn of events given that her husband Jim was recently at odds with the party leadership under Patrick Brown. Jim Karahalios had led the campaign *Axe the Carbon Tax* in opposition to Brown's turnabout on the issue of carbon pricing. Just before the party unveiled its People's Guarantee platform in November, which has since been abandoned, Jim Karahalios had been booted from the party. The party also filed a lawsuit against him for his use of a mailing list, but this was [dismissed](#) by a Superior Court justice a few weeks later. He subsequently sought \$140,000 in damages from the party for the lawsuit, and in March he received an apology from interim PC leader Vic Fedeli.

About 40 minutes before voting had closed in the race, the Liberals went after Belinda Karahalios' candidacy. In an emailed statement, the party accused the Karahalios campaign of breaking a provincial law concerning election financing, charging that because Jim Karahalios is registered as a third-party advertiser and he has promoted Belinda Karahalios' campaign through social media posts, he breached the act where it prohibits such third parties from coordinating with individual candidates. "His 'Axe the Carbon Tax' page has been promoting his wife's bid for the Conservative nomination of Cambridge—a nomination he was barred from entering," the Liberal statement read.

It went on to cite the Election Finances Act, quoting, "Third parties cannot engage in political advertising if it promotes a political party, nomination contestant, candidate, or leadership contestant and is arranged for in coordination with that political party, contestant, candidate, or relevant constituency association."

The Liberals used the opportunity to allege that there is still "rot" in the PC party.

"Doug Ford promised to clean up the mess in his Conservative Party. So far, it's only getting worse," the Liberal statement read.

Jim Karahalios and his lawyer Ben Rogers did not respond to requests from QP Briefing for comment. However, in a statement reportedly sent to the [Waterloo Region Record](#) from Rogers on behalf of his client, he characterized the Liberal allegations as "defamatory claims of a political rival that falsely allege serious wrongdoing."

The letter added, "Jim Karahalios is in full compliance with the laws related to advertising. Elections Ontario is well aware of his actions and are content that nothing he has done is in any sense inconsistent with the letter or spirit of the law."

Belinda Karahalios declined to speak with QP Briefing immediately after she won the nomination, but in an email afterwards she said concerns about elections law were questions for Elections Ontario, and added, "this seems like yet another desperate attack from the Liberals."

Liberal MPP Deb Matthews, who is also the co-chair of the Grit campaign, said after Question Period on Monday that the party stands by its allegations. "It looks pretty clear to us," she

said. "[Jim Karahalios] is the Axe the Tax guy, he's a third party. There are rules as to what third parties can do during nominations. It appears he broke those rules."

In a statement, Matthews added, "We will be raising with Elections Ontario the need to ensure Ontario's election financing rules are satisfied, given that we now have a nominated candidate who is the spouse of a registered third party."

Elections Ontario would not comment on the specific allegations.

"Elections Ontario does not comment on whether or not it has received a complaint or whether or not it is investigating a matter," spokesperson Cara Des Granges stated to QP Briefing. She added that the standard procedure is that "if the Chief Electoral Officer believes there may have been an apparent contravention," of either the Elections Act or Election Finances Act, "he is required to refer the matter to the Ministry of the Attorney General."

5). Cabinet minister accuses Doug Ford of 'lying' about his pa

By: QP Briefing Staff

Children and Youth Services Minister Michael Coteau says Progressive Conservative Leader Doug Ford is "lying" about his previous remarks on a facility for autistic young people in Toronto.

Ford had responded Sunday to a [Liberal attack ad](#) that quotes him saying in 2014 that a group home for autistic youth had "ruined" a community he represented as a city councillor.

Ford suggested over the weekend that was a lie — but refused to actually deny saying what was reported at the time.

Coteau said Monday he was "baffled" by Ford's response.

"It was very clear, if you look at the media records out there, that he did make that comment. I think that for him to now stand up and say he didn't say it when he did actually say the original comments — he actually stood by his word — just baffles me," Coteau said. "Doug Ford is completely lying on this issue.

"He says that he stands here for the little guy or the people that folks often forget about, but yet he says that he would not live in a neighbourhood with young, autistic youth. To me, that just discredits everything he says stands for," he said.

Coteau added that Ford's response seemed reminiscent of the U.S. president.

"There's a very serious comparison between their two tactics, and it's to say one thing one day and then deny you said it the other day. I think that's unfit for anyone who wants to be premier or an elected official here in Ontario."

On Sunday, Ford suggested the Liberals were spreading falsehoods about him.

"I'll make Kathleen Wynne a deal today," he said. "If Kathleen Wynne stops telling lies about me, I will stop telling the truth about Kathleen Wynne. "

When asked if he was asserting that he never made those comments about the group home, he skirted the question, responding, "My friends, you're going to hear a lot of lies, desperate lies from Kathleen Wynne, and we're going to make sure we hold her accountable."

Ford's comments about the autistic youth were [initially reported by the Etobicoke Guardian](#). He has [previously defended his remarks](#).

Ford spokesperson Melissa Lantsman said Ford "has a strong record of supporting the autism community."

"He helped the Reena Foundation raise hundreds of thousands of dollars and when he was at City Hall he fought for the MukiBaum Centre to gain access to parkland beside their facility,"

she said in an email to QP Briefing Monday. "Kathleen Wynne is the one who cut autistic children's life-changing therapy and forced parents of children with autism to protest on the front lawn of Queen's Park."

Monique Taylor, NDP critic for persons with disabilities as well as children and youth services, said her party has a comprehensive autism support strategy, which is included in the [election platform](#) unveiled Monday.

"I'm concerned that he just doesn't get it, that he has no plan to help families who are living with autism, or other vulnerable Ontarians," Taylor said.

"His plan to cut billions of dollars from services that families depend on and will hurt every single Ontarian."

Ford has said he will cut up to \$6 billion in "inefficiencies" from the government budget, with no resultant loss in public sector jobs.

Ontario is home to more than 40,000 children and youth on the autism spectrum, according to the government.

6). NDP promises subsidized child care, new taxes on the rich platform

By: Jessica Smith Cross

Ontario NDP Leader Andrea Horwath released her 2018 election platform Monday, banking on the idea that a growing populist sentiment in Ontario will mean voters are eager to ask the wealthy to pay more.

The platform includes a tax increase on corporate profits and an income tax increase for high earners, as well as a new luxury car tax and a housing speculation tax.

"Let's ask those at the very top to pay a bit more," Horwath said in a speech Monday. "Let's ask those who can spend 90 grand on a car to pay a bit more. It's the right thing to do."

"This is the progressive change that Ontario needs."

The NDP platform recaps promises the party has already made, including a public dental and prescription drugs plan for workers, increased health spending and a plan to buy back control of Hydro One while reducing hydro rates.

The marquee new promise is \$12-a-day child care, achieved by offering subsidies to families with kids in non-profit and public daycares, on a means-tested sliding scale. The party says families with \$40,000 annual income or less would get free daycare. Other families would receive a subsidy on a sliding scale, with the wealthiest families paying the full cost of child care. The NDP hasn't worked out the exact grid, but says it would mean the average cost for families making \$40,000 and up would be \$12 a day. According to the party, 70 per cent of families will pay nothing, or \$12-a-day or less.

The NDP is also promising to build 200,000 non-profit child-care spaces over four years and to give wage increases to early-childhood educators who work at them.

The child-care plan would begin with toddlers and infants in 2019-20 and include pre-schoolers as of 2020-21. At that point, it would cost \$2.97 billion a year and increase from there.

To pay for its promises, the party is proposing to increase a slew of taxes. The personal income tax rate on income over \$220,000 would increase by one percentage point and the rate on earnings over \$300,000 would increase by two points — and those changes would add more than \$600 million a year to government coffers, beginning in 2018-19. (Note, those increases are based on the income tax rates in Ontario prior to the Liberal government's proposed changes in the 2018 budget, which would eliminate the income surtax and tweak the

tax brackets.)

There would be a surcharge of 3 per cent on vehicles that cost more than \$90,000, bringing in about \$12 million a year.

The NDP is also promising to phase in a return of Ontario's basic corporate income tax to 13 per cent and close a "loophole" it says allows larger corporations to qualify for a health tax exemption meant for small businesses, bringing in more than \$2 billion a year by 2021-22

The party is also proposing to implement a real estate speculation tax in the Greater Golden Horseshoe, which would apply a tax of \$20 per \$1,000 of assessed value of homes owned by real estate speculators, modelled after a similar tax in British Columbia.

It would also bring in a uniform Business Education Tax rate, which would bring in additional revenue to the province.

Overall, the combined impact of additional taxes proposed by the NDP would total more than \$5 billion a year in 2021-22 and increase annually.

However, the NDP platform also includes substantial new spending and anticipates a deficit of more than \$3.3 billion in 2018-19, rising to more than \$5.2 billion in 2020-21, before beginning to fall. By way of comparison, the Liberal budget released in March projected a \$6-billion deficit before reserve in 2018-19, which would shrink to \$5.8 billion in 2021-22 before a return to balance in 2024-25.

The NDP is not planning to adopt most of the new spending announced in the government's 2018 budget and will not proceed with the Grits' planned seniors' healthy home program and the high-speed rail project. The NDP would also commit less new spending to mental health care.

Other promises in the platform include:

- increasing hospital funding by 5.3 per cent a year
- opening 2,000 new hospital beds
- building 40,000 new long-term care beds, 15,000 in the next five years
- setting a minimum standard for time of hands-on care for long-term care residents
- eliminating wait times for home care and palliative care
- creating a ministry of mental health and addictions
- hiring 2,200 new mental health care workers
- increasing funding for children's mental health
- re-writing the education formula
- capping kindergarten classes at 26 students
- ending EQAO testing
- converting student loans to grants
- wiping out student loan interest that is still owed, or already paid
- build 65,000 units of affordable housing
- banning "pink taxes" that make products for women more expensive than those for men
- reducing auto insurance costs by 15 per cent and ending geographical discrimination on auto insurance rates
- expanding mobile crisis teams that pair mental health workers with police
- banning carding
- increasing corrections staffing
- clearing court backlogs
- paying 50 per cent of operating funding for municipal transit services
- building all-day two-way GO to Kitchener—Waterloo and Toronto and between Niagara and Toronto
- building Hamilton's LRT and Toronto's Relief Line
- increasing mandatory paid vacation time from two weeks to three
- allowing card-based union certification and first-contract arbitration
- increasing the minimum wage to \$15 and then peg it to rise with inflation
- meeting the Liberal promise to spend \$180 billion on infrastructure, but with using P3s

- spending \$1 billion bringing broadband to rural and northern Ontario
- spending \$100 million on natural gas expansion
- introducing a new MPP code of conduct
- striking an electoral reform commission
- working with First Nations to sign a government-to-government accord
- implementing the recommendations of the Truth and Reconciliation Commission

Hydro plan

The platform promises to cut Hydro bills by 30 per cent, but it's unclear how the NDP would accomplish that.

Back in February of 2017, the party proposed a plan that it said would deliver up to 17 per cent savings on average residential bills, and as much 32 per cent savings for rural residential bills — but since then, the hydro file has changed significantly.

The bulk of the savings for most customers were to come from removing the HST from residential bills. Since then, Liberal government has removed the provincial portion of the HST via a rebate. The NDP would also seek to remove the federal portion of the HST, another five per cent, but that would be contingent on co-operation with the federal government.

The NDP says it would lower rates for rural customers further, by flattening delivery fees, with the cost of that change offset by lowering fees Ontario Power Generation pays the provincial government. Another part of the NDP's hydro plan was to lower bills by about 3.2 per cent and order Hydro One to use a \$6.2-billion tax benefit to subsidize that company's customer's bills. Hydro One is fighting an Ontario Energy Board decision to pass on a portion of those savings to customers.

Some, but not all, customers would see their bills lowered by the NDP's plan to end time-of-use electricity pricing.

Since the NDP released that plan, the Liberal government has implemented the Fair Hydro Plan, which has lowered bills by 25 per cent on average, accomplished through the HST rebate and a borrowing scheme that is keeping rates artificially low now and for the next several years — until the cost of that debt and interest will be added to bills, resulting in higher electricity costs between 2028 and 2045.

The NDP has vowed to cancel the borrowing scheme, which will result in higher bills in the short term.

Over the long term, the NDP proposes to lower bills by taking costs out of the electricity system and capping private profit margins in the electricity sector. The NDP promises to reverse the sell-off of Hydro One by committing all dividends from the province's remaining shares to re-buying Hydro One shares, which it argues will drive down prices in time.

Former budget officer weighs in on platform costing

The Ontario NDP has taken a page from the Progressive Conservatives, and approached Kevin Page — the former federal parliamentary budget officer — and asked him to evaluate the fiscal assumptions contained in their platform. Page is now the head of the Institute of Fiscal Studies and Democracy (IFSD), a non-partisan, non-profit think tank affiliated with the University of Ottawa, and has offered to evaluate the platforms of the major parties in the Ontario election.

When the Tories released Patrick Brown's People's Guarantee platform last November, they included a quote from Page on the platform in the document itself. Since then, the PCs have abandoned their old platform and the promise to cost the promises made by Leader Doug Ford.

The NDP, meanwhile, has released a letter from Page signing off on the reasonableness of the costing of Horwath's platform. Page writes that the numbers are based on the provincial government's 2018 budget and he has examined the material new revenue and expense changes — of \$1 billion or more over four years — and found each "appears reasonable."

He also took the time to expound on the importance costed platforms play to democracy — something he also included in his letter concerning the PCs' defunct platform.

"Election platforms are an important element of the fiscal ecosystem as they frame a party's political commitments and fiscal plans," he wrote in both letters. "In this context, IFSD believes that assessing the reasonableness of the estimates of the fiscal plans contained in election platforms is an important public good."

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