QP Briefing: June 27, 2017

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Articles

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1). The Funding Portal – Week of June 19

By: Sabrina Nanji

Who got funding from the government last week?

Funding for the week of June 19, 2017 under Canadian federal and provincial grants and business incentive programs reached $768 million, up from $179.5 million during the previous week.

Top Sector. Community & Nonprofit is the top sector this week, attracting $679.4 million, 88 per cent of total incentives.

Top Region. B.C. is the top province this week, securing $355.2 million, accounting for 46 per cent of total national disbursements this week.

Top Recipients in Ontario.

- **38 school renovation or building projects across Ontario receive $255 million from the Province.**
- **The Cities of Brantford and Hamilton receive $25.9 million from the Canada-Ontario Clean Water and Wastewater Fund for 20 projects.**
- **Ottawa-based Ranovus Corp. receives $5.5 million from SDTC to explore ways to reduce the amount of electricity required for companies to store information in the cloud.**

Sectors.

https://fundingportal.com/blog/wp-content/uploads/2017/06/chart-1.png

Provinces.

https://fundingportal.com/blog/wp-content/uploads/2017/06/chart.png

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2). Seen: Wynne slams new softwood lumber penalties

By: Geoff Zochodne

Premier Kathleen Wynne is not amused by the Trump administration's crackdown on Canadian and Ontarian lumber companies.

U.S. Commerce Secretary Wilbur Ross announced on Monday that Canadian softwood imports would be hit with additional tariffs after his department determined the wood was being sold at up to 7.72 per cent less than fair value.

"We are frustrated that the U.S. Department of Commerce has decided to impose additional unjustified duties on Ontario's softwood lumber producers," Wynne and Natural Resources and Forestry Minister Kathryn McGarry said in a joint statement released on Tuesday. "Ontario and Canadian softwood companies export their products at fair market prices, and these 'anti-dumping' duties are protectionism – plain and simple."

According to the government, Ontario's forestry industry is worth $15.5 billion to the province's economy and helps employ approximately 172,000 people. Wynne and McGarry said the province will keep working with its chief negotiator, former federal international trade minister Jim Peterson, to provide relief for softwood lumber producers.

"We know that fair and open trade is the best outcome for people and businesses on both sides of the border," they added. "We will continue to fight against this 'Buy American' mentality that is driving up the price of lumber across the border and continually pricing middle-class Americans out of home ownership."

In addition to duties that were slapped on Canadian softwood imports in April, the range of the penalty rates is from 30.88 per cent to 17.41 per cent, the U.S. Commerce Department said.

The department added that U.S. softwood lumber imports for Canada totalled an estimated $5.66 billion last year.

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3). Investors ask questions about housing and NAFTA impacts on Ontario economy

By: Geoff Zochodne

The head of the Crown agency that borrows money on behalf of the province says Ontario's international investors have asked questions about Toronto's housing market and the looming renegotiation of the North American Free Trade Agreement.

Gadi Mayman, chief executive officer of the Ontario Financing Authority, said his organization's outreach for the first quarter of the 2017-18 fiscal year was aimed at European bond buyers, who made inquiries about possible pitfalls for the province's economy.

"While there were many questions from investors about the Toronto housing market, and the potential impact of NAFTA renegotiations on the Ontario economy, our reception has been very favourable, and Ontario bonds remain in strong demand," Mayman said in an update released on Monday. "In fact, we've seen many of the investors we met with come through with orders for our international deals."

The Toronto-area housing market was enough of a concern for the Ontario government that the Liberals announced a 16-point affordability plan in April, including a 15 per cent tax on foreign buyers making real estate purchases in the Greater Golden Horseshoe region.

Since the Liberals introduced their Fair Housing Plan, the real estate market has shown signs of calming. According to the Toronto Real Estate Board, the average selling price of a home in May was $863,910, down from $919,614 in April. The number of sales reported fell as well, to 10,196 in May from 11,594 in April.

But Ontario's Financial Accountability Office has flagged concerns about the damage a housing market correction could do to the province's bottom line. The independent budget watchdog warned in February that declining housing prices and market activity could reduce land transfer tax, harmonized sales tax and personal income and corporations tax revenues to the tune of about $1.2 billion in 2017.

NAFTA and free trade have also cast a big cloud over Ontario in recent months, with Premier Kathleen Wynne spending time meeting with sub-national leaders to try to protect the province's interests. During a trip to Georgia last week, Wynne repeated that her Cabinet has approved proposed legislation that would allow Ontario to fire back against Buy American policies.

Kathleen Wynne @Kathleen_Wynne

Continuing to stand up for Ontario workers & businesses during this crucial time. Talked free trade with Kentucky @GovMattBevin.

1:18 PM - 27 Jun 2017

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Mayman said there had been investor meetings in London and “road shows” – a presentation given to potential bond buyers – in Switzerland, France and the Netherlands. There was also a trip to Panama earlier this month to meet with central banks. In addition, Finance Minister Charles Sousa led road shows in Frankfurt and London, Mayman noted.

As of June 22, Mayman said the OFA had issued $12 billion in debt, just shy of half of the $26.4 billion the province will borrow this fiscal year. That includes borrowings in the British pound and Swiss franc markets. According to the OFA, Ontario’s net debt will hit nearly $312 billion in 2017-18, up from $302 billion in 2016-17.

“In recognition of the success we are having in international markets, we are modifying downwards our forecast of funding at least 75 per cent of our long-term borrowing in the Canadian dollar market,” Mayman said. “Currently, we forecast ending the year with about two-thirds of our funding done in Canadian dollars. We will regularly update this forecast to ensure that our funding is done in the most cost-effective manner over the long term, while being responsive to investor demand.”

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4). Deadline nixed for Ontario public sector employers to post new executive pay packages

By: Geoff Zochodne

Ontario’s colleges, hospitals and universities will technically have until the end of time to update their pay packages for executives – or, perhaps, until after the next provincial election.

However, those executive salaries will remain frozen until the broader public sector (BPS) organizations post new compensation frameworks that meet the government's approval, the Liberals say. The new pay packages must also consider “the financial priorities” of the government of the day, according to a recently published regulation.

As reported earlier this month, Ontario Treasury Board President Liz Sandals sent a memo to the board chairs of a wide swath of broader public sector employers, outlining the government’s changes to the rules for executive compensation at the province's agencies, colleges, hospitals, school boards and universities. The reforms came after some bad press over proposed pay-range hikes for execs at Ontario Power Generation and Metrolinx, as well as possible salary increases for college management the government deemed were too excessive.

Sandals’s memo says employers will have until Sept. 29, 2017, to submit their proposed executive pay packages for government review. But the amending regulation, which was published in the June 24 Ontario Gazette, also strikes out the old Sept. 5, 2017, deadline for the public sector organizations to post compensation programs on their website.

Until June 7, the regulation stated: "The compensation framework shall be effective with respect to a designated employer as of the date the employer first posts a compensation program on its website under subsection 4(3), which shall be no later than September 5, 2017." It currently says: "The compensation framework shall be effective with respect to a designated employer as of the date the employer first posts a compensation program on its website under subsection 4(3)." The subsection mentioned only sets out that the pay guidelines be posted on the employer's website and include the posting date.

A spokesperson for Sandals said the broader public sector agencies “will continue to have their salaries frozen until they post a compliant compensation program.”

“The government continues to work with BPS organizations as they develop compliant compensation programs,” Matt Ostergard added in an email. “We expect organizations will take their time to develop sound proposals that ensure our goals of careful management of public dollars and the need for BPS entities to recruit and retain talented executives are met.”

But the New Democrats questioned the timing of the move.

“Kathleen Wynne and her Liberals are quietly changing the executive compensation rules to delete the deadline for posting public sector executive compensation hikes," NDP MPP Peter Tabuns said in a statement to QP Briefing. "This change is a cause for concern – particularly in the hands of Kathleen Wynne, who has a track record of helping herself and the Liberal Party, and her well-paid executive friends – all at the expense of everyday Ontarians."

"I don’t blame people for asking if this latest move – eliminating the deadline – is a ploy to ensure salary changes can stay hidden until after the election. I think it’s a question that Wynne needs to answer," added Tabuns, the MPP for Toronto-Danforth.

Under the Liberal government's new framework for executives in the broader public sector, which came into force last September, salary and performance bonuses for certain senior managers are capped. Those caps are set by comparing the pay of an agency’s executives with those of other organizations and establishing the new limits at less than the 50th percentile of those benchmarks. OPG and Metrolinx have already had salary ranges approved that are greater than what some C-suite execs are currently being paid.

The updated executive compensation regulation allows public sector employers to increase their pay caps once a year, but those hikes can't be higher than either public sector wage trends or the average increase offered to the organization's non-executive managers. The regulation also requires an employer to calculate its total executive compensation "envelope" and that the organizations must set a maximum annual rate of increase for that envelope. There is also the requirement that a Cabinet minister approve the rate of increase, in addition to signing off on the other businesses and agencies that the public sector employers are using to compare themselves in determining what their senior management should be paid.

As well, the new regulation gives the public sector groups additional, political considerations. In setting a single maximum rate of increase, and in addition to considering recent compensation trends in the public sector and how hard it is to lure talented executives, the regulation also requires the organizations to consider “the financial priorities and the compensation priorities of the Government of Ontario, as indicated in the Speech from the Throne, the Budget, the Economic Outlook and Fiscal Review, and the public documents of the Crown in right of Ontario, the Cabinet, the Treasury Board and the Management Board of Cabinet."

The University of Windsor, St. Joseph's General Hospital Elliott Lake and Manitoulin Health Centre are the only universities and hospitals "that have posted compliant frameworks," Ostergard said.

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5). Cabinet searching for commissioner to lead Wettlaufer inquiry

By: Christopher Reynolds

Premier Kathleen Wynne and her cabinet ministers are on the lookout for a commissioner who can lead the inquiry into the Elizabeth Wettlaufer case.

The public inquiry, announced on June 26, will look into the how the former nurse — sentenced Monday to life in prison for the murder of eight elderly nursing home residents — was able to act with such lethal impunity.

The scope of the independent investigation will largely be determined by the office of Attorney General Yasir Naqvi, Health Minister Eric Hoskins said: "It will be a process that's undertaken predominantly through his ministry."

Hoskins did not say whether the inquiry would go beyond the Wettlaufer case to scrutinize broader practices or regulations at hospitals, the College of Nurses of Ontario, or the health ministry.

Both the self-regulatory nursing body and the ministry have come under fire for a perceived lack of oversight and transparency. Wettlaufer was fired from a Woodstock, Ont., nursing home in 2014 for a medication error, but continued to work as a registered nurse for two-and-a-half more years, the Toronto Star reported in February.

"We determine the scope and appoint the commissioner, but it really is up to the commissioner to determine the work involved to answer that question . . . How was this allowed to happen . . . and what steps can we put in place to prevent it from ever happening again?" Hoskins said before a cabinet meeting at Queen's Park.

The scope and the commissioner, who Naqvi said would likely be a judge, will be vetted by cabinet and ultimately be set via order in council.

“We have already started the work in determining who should be the commissioner for the inquiry,” Naqvi told reporters Tuesday. “We’re working very closely with the Ministry of Health and Long-Term Care in determining the terms of reference.

“Our commitment to the families, to the communities and to the province is that we will keep them informed as we are working on this process in establishing the commission and getting this inquiry up and running,” he added.

The Wettlaufer inquiry was not on cabinet’s agenda Tuesday, Hoskins told QP Briefing.

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6). Sousa toasts Beer Store sending suds to your door

By: Christopher Reynolds

Finance Minister Charles Sousa seemed lukewarm, like an English ale, on The Beer Store’s new same-day delivery service, but defended the quasi-monopoly as good for small brewers.

“We’ll see how consumers take to it, if in fact they want to proceed – I’m sure some will,” Sousa said of Beer Xpress, unveiled on Tuesday by the chain. “Here in Ontario, we’re unique in providing much greater support for our craft brew. … It’s proven to be very positive for our craft breweries.”

As part of the Liberal government's shakeup of alcohol retail in Ontario, The Beer Store conceded 20-per-cent shelf space in 2015 to craft brewery products in its retail warehouses.

“We’re also looking at The Beer Store as being the recycler of all of the products. There’s an advantage of having that efficiency in the system,” Sousa added, noting its extensive recycling system for bottles and cans.

Health Minister Eric Hoskins, meanwhile, stressed moderation.

“There are risks associated with alcohol consumption as there are with other actions or activities that one might choose to take in life. So it’s important that people make informed decisions with that regard,” he told QP Briefing. “You know, everything in moderation.”

Hoskins compared the freshly brewed delivery service to the LCBO’s same-day delivery, rolled out last summer: “I’m not aware of any problems being identified with that.”

With Beer Xpress, a two-four is now just a click away. The Beer Store popped the cap on the same-day service on Tuesday with a pair of pilot projects in Scarborough and Ottawa – just in time for Canada Day.

The chain aims to deliver to your doorstep within two hours of any online order via the Beer Xpress website, an e-commerce service that drags the 90-year-old private consortium into the 21st century.

“Beer Xpress is part of The Beer Store’s commitment to the province of Ontario to modernize and improve the customer experience within its retail network,” the company stated in a release on Tuesday.

Sousa avoided a direct response to questions about the possibility of breaking up The Beer Store’s monopoly on selling 12- and 24-packs of beer. The chain, while touting its ownership “by 30 Ontario-based brewers,” is largely owned by three international brewing megaliths: Anheuser-Busch InBev, Molson Coors and Sapporo Breweries.

The LCBO said in March it was evaluating a pilot project that was test-driving the sale of 12-packs in the provincially owned liquor stores.

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7). 10 notable cases from the Ontario ombudsman’s annual report

By: Sabrina Nanji

Ontario ombudsman Paul Dubé on Tuesday released his annual report into the 21,328 complaints his office received in 2016-17 — his first full term with an expanded mandate that now covers municipalities and school boards.

Dubé now oversees more than 1,000 public-sector bodies in the province, so QP Briefing thought it worthwhile to highlight some of the more notable cases dealt with over the past year.

Family Responsibility Office crowned most-complained-about organization, again

With the exception of province's jails, the Family Responsibility Office (FRO) — which has the often complicated task of collecting and enforcing court-ordered child- and spousal-support payments — is consistently the most notorious organization, receiving 1,036 complaints in fiscal 2016-17. It placed first in the ombudsman’s previous annual report as well.

The report points to one “egregious” case in which the FRO garnished almost $143,000 from a man’s pension for support payments to his ex-wife — who had died nearly 13 years earlier. Even after the Social Services Ministry was notified, it forwarded more than $50,000 from the husband’s pension into his deceased wife’s defunct bank account. He was eventually refunded $90,000, after prodding from the ombudsman.

Dube acknowledged the government is in the beginning stages of a three-year plan to address problems at the FRO. He pointed to “new leadership” and “new processes” in place that have contributed to faster turnaround for resolutions.

Overall, Dube said he senses a growing “thirst for accountability” from government, and the citizens that hold them responsible.

Government organization complaints, ranked

Jails far outflank other institutions when it comes to complaints, rounding out at 3,998 cases in 2016-17, followed by the FRO. This trend carries over from last year. In third place is the Ontario Disability Support Program with 862 grievances, followed by the Workplace Safety and Insurance Board with 492. The Social Justice Tribunals Ontario and Developmental Services Programs each gained 238 and 216 complaints respectively.

“Ghost” driver’s licences still haunt

Duplicate or “ghost” driver’s licences still remain an issue despite the Transportation Ministry’s (MTO) plan to introduce a new system after concerns were raised in 2012 that convicted drunk drivers could still be on the road because of a system malfunction.

The problem is due to a glitch with merging and matching information from police and the courts that shows someone’s licence has been suspended following an impaired- or dangerous-driving conviction. The duplicate record that’s generated does not always carry that information over.

One man experienced that first-hand earlier this year. He was pulled over by police and charged with driving with a suspended licence because his ghost record showed it was invalid for more than a decade. The records were merged and he was given the green light to hit the road again on the condition he pass a test normally designed for nascent drivers. MTO eventually revised its request for the test when the ombudsman got involved.

MTO parks driver for nearly a year

Dubé’s report highlights another “egregious” case of a man who lost his job because the Ministry of Transportation erroneously suspended his licence for 315 days for failing to provide his medical information despite not having a health condition. The ministry restored his licence and compensated him for financial hardship endured during the year he was sans licence.

Among the 475 complaints to the MTO, 211 had to do with processes around driver's licences in general, while 116 were related specifically to medical reviews. Forty-four complaints were made about vehicle licensing and 34 about Metrolinx.

Meanwhile, Dubé is investigating if there's a "systemic problem" with the way MTO informs drivers their licence has been suspended or reinstated after not paying fines, in the wake of complaints and media reports that many drivers, unaware their licence is invalid, continue to drive illegally for years. It will focus on administrative processes and monitoring systems.

Mail fail

MTO was also called out for faulty correspondence after several drivers griped about licence suspensions, renewals and other notices not being delivered on time or at all. Five per cent of correspondence, or 550 envelopes, get returned each week and approximately 52 per cent contain notices of suspension.

The government says it's working to address the problem.

"(T)hey immediately implemented short- and long-term corrective measures, including a manual audit of returned mail, and system changes that will flag drivers whose mailing addresses are different from their street addresses," and beefed up training for ServiceOntario employees, Dubé's report notes.

Mysterious municipal meetings

Forty-three per cent of closed-door municipal meetings that were reviewed by the ombudsman occurred illegally, the report stated. Of the 42 meetings held by 41 different councils investigated, 18 were found to have violated the Municipal Act – a 13 per cent increase compared with the same period last year. In all, Dubé's office received 109 complaints specifically about in-camera meetings.

Before calling it a summer, Ontario MPPs passed Bill 68, the Modernizing Ontario's Municipal Legislation Act, which will allow municipalities to close more meetings to the public in additional circumstances, such as when discussing "trade secrets" or confidential information from another government body. It would also require councils adopt codes of conduct and hire their own integrity commissioners, which Dubé said could address some general complaints (discussed below).

Toronto, Ottawa, Hamilton top would-be offenders

Of Ontario's 444 municipalities, Toronto is the most complained about, with 305 grievances heard in the past year. Ottawa came in second with 123, Hamilton received 86, London garnered 77 and Sudbury got 64. In all, 2,667 general complaints were made about 328 towns.

Dubé received a grand total of 2,667 complaints about municipalities, nearly 20 per cent of which had to do with local councils, with some coming from municipal staff and elected officials themselves.

For example, a man who was called names by a councillor in an email complained to the city and, unsatisfied with the mayor's suggestion the pair meet privately for a solution, reached out to the city clerk, but that only prompted another "disparaging" email from the councillor. The town in question, which isn't named in the report, eventually agreed to beef up its sensitivity training.

Hydro One throwback, rage over electricity rates

People are still turning to Dubé to vent frustration about Hydro One, even though the former Crown utility was nixed from his oversight when the government partially privatized it. Still, 470 complaints were made to Dubé's office last year, the bulk of which were referred to the office of the Hydro One ombudsman, formerly held by Fiona Crean, who quietly resigned earlier this year.

The last public watchdog to investigate Hydro One complaints, about massive billing errors, was André Marin in 2015.

Dubé does preside over municipal hydro utilities and billing was the biggest beef people reported in fiscal 2016-17. That includes one woman who had been overcharged for electricity for two years "at rates much higher than her actual level of consumption." The company passed the buck to the landlord until the ombudsman intervened and the woman was eventually refunded.

For all the public furor swirling around increasing hydro rates in recent months, just 55 out of 120 complaints to the Energy Ministry were about the cost of electricity and natural gas. Ten people have filed grievances about the Ontario Electricity Support Program since its inception in January 2016, mostly pertaining to service delays and questions about eligibility. Those problems are handled by the Ontario Energy Board.

Busing

Busing was the touchiest of subjects for school boards, due in large part to the chaos that ensued in Toronto last fall when thousands of students were left stranded or experienced delays because of a shortage of drivers. Dubé has launched an investigation and the findings are expected in August, before the school year.

Complaints about the other ombudsman

More than 600 complaints were received about hospitals, Community Care Access Centres and long-term care homes, but were referred to the patient ombudsperson, former PC MPP and leadership contender Christine Elliot, who took over management last summer. The patient ombudsperson’s office itself received complaints — 16 in the first nine months of its opening, mostly about delayed responses or disagreements over decisions.

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