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QP BRIEFING

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1). Ontario small business corporate income tax cut announce

By: Jessica Smith Cross

The Ontario government has announced it's cutting the small business tax rate to 3.5 per cent from 4.5 per cent, prorated as of Jan. 1.

Finance Minister Charles Sousa announced the tax change, which amounts a 22 per cent decrease, in the fall economic statement Tuesday.

The economic update forecasts Ontario's real GDP growth at 2.8 per cent in 2017, higher than the 2.3 per cent forecast in the 2017-18 budget. Annual government revenue is now projected to rise to $158.2 billion as of 2019-20, from $140.7 billion last year (2016-17), an average annual growth rate of 4 per cent.

News of the tax break dribbled out before the tabling of the economic update, as the government has long-promised to take some kind of action to ease the small business burden of the increasing minimum wage, which is set to rise to $14 an hour on Jan. 1, 2018 and to $15 an hour on January 1, 2019.

The rate cut will cost the government $30 million in lost revenue this fiscal year, $90 million next year and $150 million in 2019-20.

The government is also winding down the apprenticeship training tax credit, saving a total of $170 million over those three years, while planning to implement a new graduated apprenticeship grant for employers. That will provide employers with grants as apprentices complete their levels of training: $2,500 for levels one and two, $3,500 for level three and $4,700 for completion of their certification, with those amounts boosted by $500 for women, Indigenous peoples, francophones, people with disabilities, newcomers and visible minorities.

It will be available to the 125 trades that are currently eligible for the existing apprenticeship tax credit, plus hairstylists, cooks, horticultural and landscape technician, bakers and patissiers and appliance service technicians.

The government also announced it will spend $124 million over three years, beginning next year, on hiring and retaining young workers. Small businesses with fewer than 100 employees will receive $1,000 for hiring a young worker and another $1,000 for retaining that worker for six months. Another program for youth with employment barriers, called Youth Job Connection, will mean employers will receive $1,000 for retaining the worker three months and a further $1,000 payable after six months.

It comes as the federal government is also cutting its small business corporate income tax rate, from 10.5 per cent to 10 per cent as of January 1, 2018 and to 9 per cent as of January 1, 2019.

The government used the fall economic update to trumpet recent policy measures, including $140 million in-year spending on hospital beds, transitional care beds and home care, to help the system cope with the coming flu season.

PC Finance Critic Vic Fedeli dismissed the economic statement as a “pre-election Hail Mary pass” from a government that’s “desperate to cling to power.”

He cited criticism from Auditor General Bonnie Lysyk that the debt associated with its Fair Hydro Plan — in the $2.5 billion range this year alone — should be reflected on its books.

Fedeli also cited the Financial Accountability Office’s criticism that the government’s future debt reduction targets are based on “unlikely assumptions.”

NDP Finance Critic John Vanthoff said the government hasn’t done enough to make Ontario fairer over its 14 years in power, citing long waits for long-term care homes and precarious working conditions for many employees.

Vanthoff targeted declining government revenues from Hydro One, now that the government has sold off a majority of shares, from $1.8 billion in 2014-15 to a projected $617 million this fiscal year. The NDP’s platform includes buying back control of Hydro One.

The Canadian Federation of Independent Business (CFIB) released a statement saying the tax cut and other measures won't go far enough offset the effect impact of the minimum wage hike and labour law changes will have on businesses.

"Announced on their own, today’s Fall Economic Statement initiatives would have been welcome news for small business. In fact, CFIB has long lobbied for reduction in small business taxation, incentives to hire youth, and enhancing apprenticeship training. However, the thousands of business owners across the province will be assessing today’s measures against a very tough backdrop: A massive minimum wage hike and drastic labour reforms in less than two months’ time. This is in addition to incoming increases to CPP and EI premiums, and cap & trade and hydro costs," said Vice President Plamen Petkov in a written statement.

The minimum wage hike and labour reforms "will put a crushing burden on Ontario’s small businesses and their ability to remain competitive in a global market. As important as the initiatives announced today are, they won’t offset the real impact of this legislation on Ontario’s jobs and the economy," it said.

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2). Advanced education minister won't 'get into hypotheticals'

By: Christopher Reynolds

With voting underway on management's latest offer to end the longest college faculty strike in modern Ontario history, Advanced Education Minister Deb Matthews says she's "disappointed" in both sides, but wouldn't entertain "hypotheticals" on what to do if the job action continues past Thursday, when the voting ends.

"I am extremely disappointed that the two sides have failed to reach an agreement," Matthews told reporters Tuesday. "I'm not going to get into hypotheticals today. Obviously, we are very, very concerned about the students. They've been caught in the middle of this, it's gone on way too long and we have to let the process unfold ... I'm not prepared to talk about any contingency plans after that."

Matthews said that the government had asked colleges to create a dedicated fund to support students facing barriers — financial and otherwise.

NDP advanced education critic Peggy Sattler asked Matthews in question period why she hasn't directed colleges to go back to the negotiating room to hash out an agreement.

"The college strike has entered uncharted territory in the history of college labour relations," Sattler said. "The risk of losing a semester is very, very real for students. Students are worried that they will have to repay OSAP for education they did not receive."

The College Employer Council, representing all 24 public colleges, triggered the vote last week following the breakdown of talks after four days, which in turn came on the heels of weeks without dialogue.

The conflict largely revolves around whether to hand effective control over what gets taught in the classroom to faculty, by having them work in consultation with an institution's chief academic officer rather than report in an academically subordinate role to that officer – currently the case.

The offer now hanging in the balance would give part-time faculty the same seniority as full-time faculty when applying for full-time jobs, double the rate at which part-time faculty move through the pay grid and agree to a joint task force on precarious work, staffing and governance.

"We're facing a fourth week with no resolution in sight. And we have 500,000 students out. So that's why we said, look, we've got to end this," said College Employer Council CEO Don Sinclair last week.

J.P. Hornick, chair of the faculty bargaining team for the Ontario Public Service Employees Union (OPSEU), denounced the vote option and said the only issue still in dispute is a "no-cost item" about faculty control.

"Rather than continue to bargain, the colleges have called a vote that, in itself, could easily keep faculty and students out of their classrooms for another two weeks," Hornick said in a release last week.

Under the Colleges Collective Bargaining Act, an employer can make one request in each round of bargaining that a vote be held on its latest offer.

All 12,000 faculty members can cast their ballot on the revised deal, which was rejected at the bargaining table by OPSEU.

A simple majority in favour of the colleges' offer would bring instructors back to the lecture hall. There is no threshold required for voter turnout, according to the council, which accused the union of having "stonewalled" the bargaining process.

Here are some of the colleges' key proposals for a new agreement:

- 7.75-per-cent salary increase over four years
- New full-time faculty salary maximum of $115,378
- New part-time faculty maximum of $154.26 per hour
- Colleges must give preference to creating full-time jobs over part-time and sessional jobs
- Partial-load faculty must have the same rights as full-time faculty to apply for new full-time positions
- Every college will institute a policy that cements academic freedom as a fundamental commitment.

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3). Ontario schools in need of $15.9 billion in repairs, an ana

By: Christopher Reynolds

Sarah Dueck, a Grade 11 student in Toronto, has endured a lot in the classroom — including the challenges of the room itself.

"Through these 12 years, I've experienced freezing cold classrooms, leaky ceilings and gross washrooms where one of six stalls actually had a locking door," she said.

The past six months were the worst. "Inside the building, the temperature went up above 35 C. In addition to this, the school roof was being tarred, so we had to keep the windows closed due to the fumes from the tar, and so there was no ventilation within our schools other than a few fans in the halls."

The dilemma is not unique to Dueck's building. Crumbling Ontario schools are collectively staring down a repair backlog of $15.9 billion, nearly triple the amount from 15 years ago, according to a report based on education ministry data.

Of 4,636 schools across the province, 346 were identified as too far gone to repair and in need of replacement, says economist Hugh Mackenzie, who was commissioned by the non-profit Campaign for Public Education.

His report says funding formulas, low standards and hard choices for individual schools have led to deteriorating conditions.

The 20-year-old formula that determines funding for day-to-day operations and maintenance is based largely on physical size — $5.20 a square foot — which "bore no relationship to actual costs across the province," Mackenzie said.

Meanwhile, school boards in a cash bind have to choose between fixing infrastructure and protecting programs. Mackenzie said they've tended to shore up programs rather than leaky ceilings or flimsy fences — which in one case led to an elementary school student breaking her wrist, according to Krista Wylie, co-founder of the Fix Our Schools campaign.

Wylie said the government's announcement in June 2016 to boost annual funding by $1.1 billion to tackle broken boilers, patchy roofs and other repair problems was "a step in the right direction," but is "not even stemming the tide to ... reduce that backlog" after decades of "gross, chronic underfunding."

Mackenzie highlighted school "utilization rates" — a school's student capacity — as another misguided "preoccupation" of the ministry.

Toronto District School Board trustee Chris Glover agrees. "If we're talking about a small town where there's only one school, then we shouldn't be looking at capacity rating as the driver for closing that school; we should be looking at how far are those kids going to have to be bused, what will the economic impact be on the small town," Glover said.

Annual maintenance spending is "far below accepted standards of adequacy," Mackenzie said. That funding standard, one of six recommendations in the report, should sit somewhere between two per cent and four per cent of estimated school replacement cost, he said. Current maintenance funding — $357 million in 2015-16 — falls far short of that ideal, sitting at 0.6 per cent of the total replacement value of Ontario schools — $56.9 billion — according to Mackenzie.

Education Minister Mitzie Hunter took issue with his insistence that current funding models are "chasing a moving target."

She responded that renewed investment will allow Ontario's 72 school boards "to reduce their backlog needs and their ongoing repair needs." She pointed to 820 schools and more than 800 "substantial renovations and expansions" completed since 2003, as well as $16 billion-plus pledged to school infrastructure over the next decade.

Hunter also addressed the "education development charge" — cash gleaned from developers by the Toronto Catholic board. She noted the charge is "really designed to purchase land for schools and not for repairs and expansions."

Glover called on Hunter to let Toronto's public board take a cut from developers too to help it pay for maintenance, renovations and school construction, stressing the uneven rules around the development charge. Catholic schools can levy $1,500 for every residential unit built, and $1.07 per square foot for commercial units. "The public schools get nothing," Glover said. "All those cranes that we see around the skyline of Toronto, are generating no revenue to repair or build or buy land for the schools of the children of the people who are going to be living in those buildings."

Mackenzie, who specializes in public finance, projects that the repair backlog will balloon to roughly $17 billion by 2019, when the current cycle of urgent renewal funding ends.

Mackenzie laid out several recommendations for the government, including:

- Build new schools in growing population centres and mandate local education development charges to offset some of that cost.
- Revise the basic formula for school operations and maintenance needs to reflect actual costs, meaning a funding increase of 8.7 per cent, or a $165-million annual boost, bringing it in line with the North American average for school operations and maintenance spending.
- Establish an "explicit and quantifiable standard" of infrastructure repair.
- NDP Leader Andrea Horwath said the $15.9-billion backlog has harmed student learning.

"In the summer, that number means kids are in the classrooms sweating in their seats because schools can't afford air conditioning on hot days. In the winter, which is upon us, it means a second-grader, for example, trying to focus on her math test while fumbling with her winter gloves and parka because the heat is broken yet again at the school," she said in Question Period Tuesday morning.

"We have to do better for our children in this province."

Glover held out some hope: "It's an election year, and governments tend to listen during election years, and opposition parties also listen during election years."

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4). Progressive Conservatives vow to push back $15-an-hour m

By: Jessica Smith Cross

The Ontario Progressive Conservatives clarified the party's stance on the planned minimum wage increase Tuesday, promising to phase it in over four years, which would push back the final implementation to 2022.

The Liberal government has promised to raise the minimum wage to $14 an hour on Jan. 1, 2018, followed by $15 an hour on Jan. 1, 2019, followed by increases tied to inflation.

On Tuesday, in their response to the government's fall economic update, the PCs announced that if they take the reigns in the June 2018 election, they will slow down the second phase of the wage increase, increasing the minimum wage by $0.25 a year until it reaches $15 in 2022.

The PCs have been criticizing the wage hike as "too fast, too soon," but this was the first promise of a concrete alternative from the party.

"Middle-class wages have stagnated while the cost of everything from groceries to gas has gone up," said PC Labour Critic John Yakabuski. "This government has had 14 years to fix wages, but instead are choosing to be reckless in an election year."

Yakabuski said the Liberals' wage hike would severely damage Ontario's competitiveness and lead to job losses.

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5). Here's what Ontario officials are hoping to see from the Na

By: David Hains

For years, Canadian housing advocates have asked for a National Housing Strategy, and have often cited the fact that Canada is the only G8 country that lacks one.

As soon as next week, that could change, as multiple housing policy observers expect the federal government to unveil its much-awaited National Housing Strategy on Nov. 22, coinciding with National Housing Day.

The announcement will be welcomed by many provinces, municipalities and agencies across the country, some of which have long argued that the federal government needs to step up on the file.

The broad strokes of the National Housing Strategy were announced in the spring budget, including an additional $11.2 billion commitment over 10 years. But that plan was high-level and lacked the details policy wonks love so much. Among the questions that housing observers want answered are the timeline for funds to be available (that is, whether the money will be backloaded), how the funding formula will affect Ontario, and what it means for social housing in particular.

QP Briefing reached out to politicians and advocates to hear what they would like to see in a prospective National Housing Strategy.

Housing Minister Peter Milczyn

"I'm hoping to see Ontario get its fair share," said Milczyn, who added that he thinks a per-capita formula would be reasonable, and would help ensure Ontario's needs are met.

"It also depends on the nature of the program," he added, explaining that some issues, like homelessness, affect provinces like Ontario more than others.

Milczyn said he wants to see the plan accomplish a few things: that it supports building new affordable housing, provides support for existing stock, and that there will be subsequent agreements on homelessness and the Indigenous housing strategy.

"I think the breadth of the strategy is what's important," in lieu of a single priority, he added.

The minister was positive about the anticipated strategy overall, as it signifies a federal policy shift, where the higher order of government has been mostly absent on the file for more than two decades.

"We're happy that the federal government is getting back to supporting affordable housing in a significant way."

NDP Leader Andrea Horwath

Horwath immediately identified social housing as a priority issue for the party, and reiterated her support for the province to fund one-third of the social housing backlog, a significant issue for Toronto's deteriorating housing stock.

"We've already made a commitment as a party that when we form government next year we will be at the plate with the one-third-one-third-one-third funding model to get rid of the repair backlog in social housing," adding that she recently met with the mayors of Toronto and London to reiterate the NDP commitment to the policy.

Horwath also indicated that she'll be looking beyond cities to see what the National Housing Strategy provides for Ontario's reserves and rural communities.

"We know that housing on reserves in this province is in very bad shape. We have people living in units where there's mould growing from the basement all the way up the walls. We know that there are communities facing 10, 15 people in a single house because there's not enough housing...there's a lot of work to be done."

The NDP Leader also said that she doesn't want to see the funding backloaded, as that means promises might be deferred or forgotten.

"We'd like to see some of this funding come sooner rather than later."

Toronto Mayor John Tory

Along with transit, housing is one of the top two issues for the mayor of Ontario's largest city. The city faces an affordability crisis with skyrocketing housing prices forcing people outside of the downtown core—and sometimes out of the city—to seek available rental apartments or to purchase homes at a reasonable price. Beyond this, the Ontario capital also faces imminent challenges with Toronto Community Housing, the second largest social housing provider in North America. The agency faces a $2.7 billion capital repair backlog that could see up to 7,500 units condemned. The agency also faces a record-long waiting list for units, a symptom of the city's affordable housing needs.

Tory's spokesperson Don Peat emailed the following:

“The Big City Mayors' Caucus submitted revised housing principles in late September to inform the national housing strategy. Mayor Tory, along with the mayors of Canada's other big cities, is looking for a national housing strategy that will dedicate urgent funding to social housing repairs, prioritize the development of new affordable and social housing construction, and provide a path forward to ensure long-term sustainability for Canada's social and affordable housing system.”

Greg Suttor, senior researcher, Wellesley Institute

"We're a little concerned that the federal government will announce a little less," and not fulfill their original funding promise, says Suttor, who wrote the 2016 book Still Renovating: A History of Canadian Social Housing Policy.

Beyond the total dollars committed, Suttor says he'll also pay attention to when the dollars arrive. "We want confirmation on when the ramping up of that money occurs," cautioning that if it's back-loaded in the second half of the 10-year time frame that will make it more difficult to respond to the most immediate housing challenges.

He adds that whatever the timeline for funds is, the plan will help housing agencies across the country map out their policies, because fixing or building housing isn't the only challenge. "It's a fiscal planning problem too," he says, explaining why financial certainty offers a boost.

Suttor also points out that the funding formula matters a lot for Ontario. He outlines four ways that the National Housing Strategy could allocate its funds: based on growth, based on housing needs, relative to the amount of existing social housing, and a per-capita basis. He argues that Ontario is best-served by a combination of per-capita funding and social housing funding relative to the amount of existing units.

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6). Health Minister fills in some of the gaps in recent health-c

By: Jessica Smith Cross

The health-care policy announcements have been coming fast and furiously this fall, with Minister Eric Hoskins announcing the creation of a new home-care agency, a major hospital development project in Brampton and funding for 2,000 new hospital and transitional care beds across the province.

All three announcements have come with marked lack of details in some areas — and that's sparked criticism from the opposition parties that they're political in nature.

Hoskins addressed one part of that criticism head-on for the first time Tuesday, offering a blanket denial to the Progressive Conservative party's theory that the new home-care organization the government is setting up is shrouded in secrecy and being created in order to please the Service Employees International Union (SEIU), which is bankrolling attack ads against PC Leader Patrick Brown through the third-party advertising group Working Ontario Women.

"No, I think they've got their own reasons for trying to make this something that it's not," Hoskins said. "I've described what it's going to do. We know what kind of organization it is. There are multiple models around North America and around the world that are doing the same thing, through the same mechanism."

Hoskins said the new home-care organization stems from a recommendation from an expert group in a 2015 report to set up "self-directed" models of home care, where patients and their families can arrange home care on their own, with funding from the government.

The new organization, called Personal Support Services Ontario (PSSO), will assist a small fraction of high-needs home-care patients, Hoskins said, by taking care of administrative tasks such as filing taxes, negotiating contracts and ensuring compliance with employment standards, while still allowing patients to direct the care they need from the personal support workers employed by the new organization.

Still, many of the details of the new organization aren't available, including how much it will cost, how many personal support workers it will hire, and when it will be up and running. It is meant to start this coming spring in three or four different local health integration networks (LHINs) — possibly the busy Toronto Central, Hamilton Niagara Haldimand Brant, Champlain and North East — but that has not yet been set in stone, according to a statement from Hoskins' office.

Hoskins said the organization exists as an entity and has hired a board, but it does not yet have a CEO. "They'll be able to give it shape as we go forward."

He said it will be a "lean" organization that will only serve a minority of home-care patients. It was set up separately from the LHINs, which now co-ordinate home care in Ontario, because that is how it has worked well in other jurisdictions, he said.

Hospital overcrowding

Meanwhile, Hoskins announced that the province has approved stage two of the Peel Memorial Hospital project last week, following a barrage of negative news stories about overcrowding in the associated Brampton Civic Hospital. The announcement didn't including a number of beds, cost figures or a timeline for the project.

On Tuesday, Hoskins offered a few more details of the phase two plan: it will include "well in excess of 100 beds" for complex continuing care and rehabilitation services. The cost will be somewhere in the hundreds of millions of dollars.

"I can't be more specific than that because it has yet to go to tender and I'm always reluctant to give an amount, because it kind of gives an unfair advantage to those contractors who might decide to bid," he said.

Hoskins denied the timing of the announcement was politically motivated.

"This approval was granted quite some time ago," he said. "I wish things were as easy, in government, that would be record speed if I were to be able to get approval, including funding approval, for the phase two expansion."

Hoskins said the timing of the announcement was determined because it could be paired with another announcement about allocating more beds at Brampton Civic Hospital.

Last month, the ministry of health announced the creation of 2,000 new hospital and transitional care beds this year, but about 500 of them were not allocated to a specific facility at the time of the announcement. The health minister announced last week that Brampton Civic would receive 37 beds — up from six — but couldn't provide an update on the remainder of the unallocated beds, other than to say they will be allocated before the end of the calendar year.

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