Moyer, Jenna (TBS)

From:	Jancik, Mike (TBS)
Sent:	February-28-17 8:11 AM
To:	EJS (TBS)
Subject:	Fw: Globe

Good piece in Globe

Sent from my BlackBerry 10 smartphone on the Rogers network.

A formula for smoothing rising Ontario hydro bills

(*GLOBE AND MAIL, By GUY HOLBURN, ADAM FREMETH, MARGARET LOUDERMILK, BRANDON SCHAUFELE*)

Public angst about rising electricity bills in Ontario has intensified recently as the cost of new investment in generation capacity becomes clear. Over the past decade, the government has contracted for more than 20,000 megawatts of generation capacity, including natural gas and refurbished nuclear plants as well as renewables, contributing to a near doubling of regulated electricity rates for residential consumers.

There is a policy solution that is economically rational, equitable to consumers and simple to implement. The government could smooth the costs of contracted generation capacity over a longer period of time than is currently planned, reducing consumer bills in the short to medium term in return for slightly higher bills in the long term.

The economic rationale for this smoothing policy is that the useful productive lives of contracted generation assets are in many cases longer than the durations of the contracts. For instance, wind-power contracts are structured for 20 years, even though wind turbines may be expected to operate for 30 years or longer, assuming periodic maintenance and refurbishment is undertaken. Natural-gas-generation contracts are generally for 20-year periods, though in the United States, many gas plants continue to operate beyond 40 years. Under 20-year contracts generator capital costs are amortized too quickly relative to their useful life, leading to higher annual capital charges than would be the case if the amortization period was extended to the full life span.

The amount consumers pay today could thus be reduced by stretching capital amortization periods to match the expected productive lives of the assets. In this way, the costs of generation charged to households would more closely reflect the true economic costs of the assets.

There are two broad approaches for the government to accomplish this in Ontario.

First, the government could offer generators with existing contracts the opportunity to bid for new contracts that would supersede their current ones, stipulating that (a) the time horizon for a new contract must extend beyond the current one, and (b) the new purchase price for electricity over the duration of the new contract must be lower than the original contracted rate. If the generator and government reach an agreement on new terms, the new contract would replace the original one. Otherwise, the original contract would remain in force.

From the generator's perspective, this provides an opportunity to lengthen the time horizon of financial returns on their investment, and to increase today's expected net present value of the project. From the government's perspective, generation costs would be smoothed over a longer period of time as determined by individual generators on a caseby-case basis, lowering average electricity bills in the short to medium term. Importantly, since the government need not accept all new generator contract proposals (due to the possibility that future demand for electricity will decrease), this process would create bidding competition between generators – competitive pressures that could lead to lower average power-purchase rates in new long-term contracts.

An alternative approach is for the government to subsidize in the short to medium term a portion of annual contracted payments under original contractual terms, and to reduce hydro bills by the corresponding amount.

The subsidy each year would equal the difference in annual amortization currently charged (based on the contract duration) and the annual amortization amount calculated using the productive life of the asset. Interest rates on government debt (which would fund the short-term subsidy) are currently at historic lows, making this a relatively cost-effective strategy.

In both approaches, the quid pro quo is that consumers would pay more for electricity in the future to reflect the longer amortization period, specifically during the years beyond the end of the original contract and up to the useful life of the generation assets.

What's the bottom line? Calculations completed by the Ivey Energy Policy and Management Centre estimate the potential savings could be large. Preliminary modelling, relying on publicly available data and a host of simplifying assumptions, suggests that a smoothing policy could reduce contracted generation charges by up to $1.7-billion in 2018, equivalent to 8 per cent of total electricity system costs. The magnitude of this annual reduction diminishes gradually over time, and after 2030 bills are forecast to be slightly higher for several years than they would have been without smoothing.

While financial engineering is not a long-term policy solution for ensuring an efficient and reliable generation sector, it would ease the transition for households and businesses in the province over the coming decade.

Guy Holburn is Suncor chairman in Energy Policy and director, Ivey Energy Policy and Management Centre; Adam Fremeth is assistant professor, Ivey Business School; Margaret Loudermilk is research director, Ivey Energy Policy and Management Centre; Brandon Schaufele is assistant professor, Ivey Business School.

Moyer, Jenna (TBS)

From:	Cairns, Alan (TBS)
Sent:	April-27-17 5:32 PM
To:	Cairns, Alan (TBS)
Subject:	MINISTER SOUSA'S REMARKS AND AVAIL ON 2017 BUDGET
Attachments:	Apr. 27 - Minister Sousa's Remarks and Avail on 2017 Budget.doc

FYI -

From: Lepage, Guy (CAB)
Sent: April-27-17 5:17 PM
To: @CAB-QPscrums; @CAB-Budget Fin Team
Cc: @CAB-Issues
Subject: MINISTER SOUSA'S REMARKS AND AVAIL ON 2017 BUDGET

MINISTER SOUSA'S REMARKS AND AVAIL ON 2017 BUDGET
April 27, 2017

Location:
MacDonald Block, Ontario Room.

Speaker:
Minister Sousa

Media Attendance:
Print – 13 plus
TV – 10 plus
Radio – 4 plus

Media Outlets:
Jones – CP; Smith Cross – CP; Benzie – Star; Ferguson – Star; Rushowy – Star; Cohn – Star; Csanady– Post; Justin (unidentified) – Globe; Jeffords – Sun; Zochodne – QP; Nanji– QP Briefing; Cruickshank – iPolitics; Smith – QP Today; Crawley - CBC Radio/TV; Lamoureux - Radio Canada TV; Brule - Radio Canada/CJBC; Newstalk 1010; 680 News; Carter – Global; Global; Bliss - CTV Ontario; Rath - CHCH Television; Tumelty - City TV; Mulligan – City; Wu – Fairchild TV; Fortin-Gauthier – TFO; Morissette – TFO; Lagogianes – CP24; Wong – CP24; Platt – Citizen; Many other unidentified reporters

Statement by Minister Sousa:
Thank you all for suffering in lockup. You all seem pretty cheery – I can tell by the laughter. There you go. The 2017 Ontario budget is a balanced budget. It's the result of the hard work of the people of Ontario. It's the result of the Liberal plan to make strategic investments, managing our expenses, growing the economy. Our plan is working. We're making the largest infrastructure investment in the province's history - $190 billion over thirteen years. The budget – this budget is fiscally responsible. We're not raising personal taxes or corporate taxes. Our debt to GDP is improving. And, this budget is socially progressive. We're increasing health care funding and building new hospitals. We're increasing education funding and building new schools. We're helping families access more children – more child care, and lowering everyday costs. We're expanding universal pharmacare; and providing free prescription medicine to our children and youth – the first of its kind in Canada. Balancing the books has never been an end in itself. Balancing, however, allows us to make these important new investments, investments that will have real meaningful impacts on people's lives. We have much to be proud of: a strong competitive leading economy; a society built on tolerance, respect, diversity and inclusion. But while we look to the past with pride, today is also a day to look forward to the future with confidence. This balanced budget writes a new chapter for the people of Ontario. And with that, I'm happy to take your questions.

Media Questions:

Q. Smith Cross: Hi Minister, a lot of this spending isn't scheduled to flow right away or until after the 2018 election. Is your message to voters if they don't vote for the Liberals they won't get any of these nice things?

No, our message to the people of Ontario is that we together have balanced the budget, have taken the precautions to stimulate growth, and now we're taking the necessary steps going forward with things that matter to us, like more health care. I've travelled the province, and everywhere I went during my pre-budget consultation, was "invest more in health care, build more hospitals, provide us some more supports." We're doing that in this budget. Students want a good start in life, and they want to be able to have the most opportunities when they move forward into the next step in getting a job, and we're doing that by increasing supports in education and in post-secondary and in training, and in providing them with internships. And lastly, we want to be competitive long-term, this is not …these decisions that we're making today are not based on election cycles, they are based on long-term benefit for the people of Ontario and when you're looking at supporting our children with universal pharmacare with no deductibles, and no co–payments, for their benefit, we're speaking to them and for our future.

Q. Smith Cross: And a follow-up question, how much of this medium and longer-term funding is at risk from increased protectionism from the U.S.?

So, we recognize that 28 states rely on Ontario as either a first or second marketplace. We are a prominent supporter of trade and of free trade with not just the United States but around the world. We're investing an additional $50 million in investments for our global office activities and we recognize that importance and we'll continue to do so. In the end, our global strategy as well as ensuring that we have a balanced budget gives us protection and flexibility to do more and that's what we are doing.

Q. Benzie: I'm just wondering why the signature program in the budget is the new pharmacare for 24 and under? Why didn't you have it as a universal program for all ages?

So we recognize that expanding universal health care, this is OHIP+. It's about ensuring that we provide for more of our citizens and more of our people and what better place to start than those most vulnerable at a young age, for those 24 and under. We're expanding it to all of the Ontario drug plan, 4,400 medicines, complex issues, cancer treatment, the things that make it really tough on young families who then can't afford those very payments. And it is essential, I think, for us to consider what has also been happening over the last number of years by the Minister of Health and this government trying to advocate for a national strategy on this issue. What we've done here today, starting in January of 2018, is enabling and ensuring that all provinces consider, alongside the federal government, to do something more nationally. And I'm just very proud of our cabinet and our Premier in looking at this in this progressive way.

Q. Benzie: So is this just, I mean presuming you don't get a national pharmacare program, is this just the first step so that if its 24 now and you guys get re-elected and can still manage to find more money that it might be a 30-year threshold or the threshold would rise until it's universal?

So the step that we're taking obviously makes it essential for us to look at – or we're encouraging the federal government to look at it in a national scope to accommodate all levels, but of course we now do pharmacare for seniors as well over 65, and now all of our young children will now have that benefit. And it is something that will provide great benefit for many in the future as well. Especially families, you know too many workplace institutions don't offer benefits to the extent that we do. Too many young people are starting on contract and don't have these kinds of benefits. Now they will. And I know first-hand from – my family it means a lot and we're fortunate in order to be able to afford and have plans to subsidize but going forward many won' – today we're changing that.

Q. Justin, Globe: One thing I noticed in here is you're expecting the land transfer tax to keep going up pretty rapidly. Most of the taxes are expected to keep increasing over the next year, so you're obviously you're expecting the economy to do well. Are you also expecting the housing market to keep growing and those house prices to keep going up?

So our revenue numbers and projections are based on economists and their projections and their views. Certainly they'd look at historic activity that we've done and we've surpassed year over year those expectations. While they made projections and predictions, we use them, average them, and actually taper them down even more. We also build prudence into our systems and into our plan to accommodate for any shock that may occur. But again, coming to balance gives us some of that flexibility and we've tapered our projections more so than what's been done by independent economists. And –

Q. Unidentified: – the big headlining part of this budget – one of them I guess – is the increase in health spending. So you're looking at an extra billion and a half dollars in health spending. It's about a three-per-cent increase. That's – that's just a tad slower than GDP – sorry, inflation and population growth. Is that enough to make up for a couple of years of austerity?

That's eleven and a half billion dollars more in health care funding. That is – and of that is about a seven-billion-dollar booster shot that I have been talking about for the last couple of weeks. That is a tremendous infusion of supports for more hospitals, more front-line care, more home care, more support for caregivers. It's a huge impact on our health care funding. We've actually increased operating funding as well for hospitals, and bottom line is we're building new hospitals, especially in those growing communities. It'll be a substantive injection of support for health care.

Q. Bliss: Minister, you're $311 billion in debt. You're paying $12 billion a year in interest. So why are you spending like there's no tomorrow?

So debt is being managed – and it's first step to managing debt is coming to balance. And we're balancing our books. We're balancing this year. We're balancing next year and the year after that. Debt is also a function of our gross domestic product. Ontario is one of the largest economies in the world, and certainly as a subnational jurisdiction we're huge at $800 billion. Our debt to GDP is improving as we proceed forward. And our interest on debt, as you've alluded to, is actually much lower today than it's been in years. During the Harris days it was at 15-16 per cent. Today it's around 8.4, 8.9 per cent. And we've locked in those rates over long periods of time to minimize volatility and risk. So what debt means though – because now every amount borrowed, 100 per cent of that, goes to building new hospitals, building new schools, building more transit. And the question then becomes what's the priority? Do you cut those aspects, or do you continue to support and stimulate our growth? And continue to provide for future generations with a more competitive and functioning economy. We've chosen to do that while still managing debt and lowering and improving our debt-to-equity – our debt-to-GDP.

Q. Bliss: And on another question, one of the highlights in the budget is that you're going to now publicly fund the abortion pill. Are you trying to bait the far right in the conservative party with that?

You know, we're trying to provide women with choice and with a safe choice. And that's it.

Q. Crawley: Hi minister, you talked about this tremendous infusion for the health care system. But how exactly is this gonna solve the huge overcrowding problems that we have within the health care system in particular beause there's nothing in here for long-term care beds, which is one of the causes of the backups in the, actually in the hospital system?

So were increasing and encourage support of 30,000 more long-term beds. It's quite a few vacancies (inaudible) still. We're investing $583 million more in operating supports for hospitals to, to manage through some of these issues. And, again, we're investing substantive amount of dollars in operating, and in capital funding. We're also expanding supports for health care. Just, just in new capital for health care over the next nine to ten years – it's $9 billion, on top of the $11.5 billion that we're providing.

Q: Crawley: Sounds like an awful lot of figures, but not an actual answer to the question.

Well, $11.5 billion more in operating to support our hospitals and to support care on the front lines. Nine billion dollars more to support capital in construction of new hospitals. 30,000 more beds are being encouraged through the system. We're providing help and home care for seniors so they can have care when they need it, when they need it, where they need it. Oftentimes, they prefer it at home to – we're providing more supports for that too.

Q: Crawley: So, so that wasn't really a proper follow-up. So here's, here's my other question. One of the things I noticed is that you guys used to always like to spout statistics about how things have changed since 2003, you know, to drawing comparisons to the, to the Mike Harris era. What I noticed throughout this budget – you've got a lot of comparisons to things you've done since 2013. Why are you using that as your comparison stick now?

Cause I've – and our government – this has been my fifth budget that I've had the privilege of delivering. I guess six, cause I get – had to do, had the privilege of doing one twice. But since 2013, with my first budget – and this is our, our fifth - and, and I – I, I manage and we as a, as a team – this – in our caucus with Premier Wynne, we've been at this since 2013 to come to balance we said we would work with Ontarians to do so. We've been dedicated and disciplined – managing our expenses, growing the economy. And we're balancing the books. And that is what we're measuring.

Q: Carter: Minister, thank you. Minister, congratulations on balance the book, but why not decide to go after the debt? It has almost doubled since the last recession. If times are good, why aren't we paying that down, just in case times are bad again and were gonna have to go into further in (inaudible)?

So, as we balance the books, we're taking fiscally responsible measures to get, have flexibility. This last year, we've exceeded our target substantively – we we're aiming for $4.3; we're down to $1.5. Going forward, we put, built prudence into our system as well. And we've made some choices – definitely. We've chosen to support pharmacare for children. We've chosen to support more supports for hospitals for our seniors and those in need. We're supporting our young people greater hospital – greater education and more schools. And we are supporting many through some of our social programs. But, the majority of the debt – all of it, in fact – when it comes to borrowing, goes to capital. And that capital is dedicated to transit and roads, bridges, and some of these infrastructure measures. Question then becomes, which ones do you cut? We feel it's important to invest in these initiatives.

Q: Carter: If I may, one more. You talk about a balanced budget, but yet your Fair Hydro Plan creates $2.5 billion worth of debt each and every year – with an additional potential $2.5 billion in interest debt. That's not on the government books. Can you explain to people of the province why that isn't?

So, we removed $2.5 billion off of ratepayers to the taxpayers to provide some of the social programs to, to force delivery charges and distribution methods – especially in the north, where they we're excessively high. And they're now benefiting, or will benefit from 60, 40 per cent reductions. And, as you know, we've invested heavily in, a, in tremendous amount of assets. We've invested over $50 billion in new assets, new power, green power – all across the province. And we have great integrity. All of that is now being born by today's ratepayer – but they're gonna have huge benefit for tomorrow as well. So, we've refinanced that component, or we will refinance it. And there'll be $2.5 billion every year thereafter. So, $25 billion in 10 years will be extended to get repaid by the ratepayer.

Q: Carter: And I won't, I won't belabour the point. But the 17 per cent that you are promising in cuts, that cost is not in your budget.

So a 25 per cent improvement from last year that we're now going to be giving, on average, to every Ontarian –

Q. Carter: (inaudible)

- so we're going to provide that 25 per cent going forward for the benefit of ratepayers and every Ontarian and that will be refinanced over a period of 10 years, as we said, to provide, because that benefit, that asset still exists, still provides value. Clean. We have like 96 per cent of electricity in this province has no emissions and its continued to provide greater quality of life, greater integrity and greater competitiveness for the province. Those are important investments and I am proud of those investments to enable us now to be ahead of other states and other provinces who are going to have to make them. Make no mistake, there is, there is need by other areas to make those investments, we're now getting a step up on them and we are going to be able to provide for that refinancing, at lower rates today, for the benefit of the future.

Q. Csanady: Hi Minister, you're plan has the province perfectly in balance for this fiscal year and the next two but, the Financial Accountability Officer, as well as external economists, have warned that you can't possibly maintain the current levels of spending growth, even maintain balance, without new revenue streams, so what happens after that two-year period?

Well, every year we've been told that we wouldn't be able to achieve our targets. Every single year. And every year, every single year, we exceed our targets and we surpass expectations. And we build prudence into our projections to enable us to have some of that flexibility. We're doing so as we proceed forward. But the key here is we have deliberately invested in our economy. While others were promoting and suggesting we do across the board cuts to try to avoid a deficit, or at least minimize that deficit, that would have put our economy and our recovery in harm's way. More importantly, it would have been putting people, families, and children in harm's way. We invested in them. By investing in them we're creating and bolstering our economy. We got over 700,000 net new jobs and over 100,000 annual new jobs as a result of the investments we made.

Q. Csanady: But you don't give yourself a lot of wiggle room for the next two years, what happens if there is a big shift, do we just immediately go back into deficit?

As I said, every time there are challenges in our economy it's the responsibility of the finance minister and our team and the premier to make those decisions. And every year we have responded to those challenges and overcome them and we'll continue to do so. We have managed our spending, we've taken the necessary steps to control spending in the early year portions of our mandate and we're managing a budget and are balanced because of the growth we've been able to achieve in our economy, going forward, we always have that option available to us. But again as I say, we've built prudence into the system as we proceed forward.

Q. Mulligan: Minister, forgive me for being sceptical, but you balanced the books, half a billion plus so far for pharmacare, no new taxes, it sounds too good to be true and when it does, it usually is. So is this just a shell game of numbers to make it look far rosier than it actually is?

So it's really not that complicated. It's revenue less expenses gives you the number, in our case we're balancing consecutively over three years, we're bolstering our revenues from some of the investments we made to grow our economy, we're controlling our expenses and then appropriating some of those expenses into things that matter to the people of Ontario, those are built into our plan and we've done it to the extent that we continue to balance. We've been very deliberate by doing so.

Q. Mulligan: So when it comes to the health care spending, I know it's a 3.3 per cent increase, is it going to be enough to stop the images that my news station did repeatedly this winter of people who are in hospital waiting in hallways, lying in closets, hoping for a bed in a proper room, is this going to be enough to stop that, because that's not going to be a good image just before an election.
Again, this is about the people of Ontario and that's our priority and what we have found, certainly during the last flu season, it was tough, there were a lot of demands on our system and the capacity was an issue. We're increasing capacity, providing more supports for operating in the hospitals, as well as the community centres, as well as the community hubs I should say, as well as in transforming the way we deliver services on the front line to people, we are actually building 5 additional hospitals, many of them right now will provide for some of those stresses in the system.

Q. Nanji: Hi Minister, I'm wondering if you're hoping a balanced budget will be enough to woo voters back to the Liberal camp?

We've always said we would balance this year. We always said we would take the necessary precautions to work for the interests of the people of Ontario; our priority is working for them. And they have worked too. Make no mistake; this balanced budget exists because hardworking Ontarians have stepped up to do what's necessary. The majority of the jobs that we have are primarily the private sector, primarily high paying and full time. So work we're doing here for health care and in education and in infrastructure, the work we've done to try to provide for their support has always been done in a balanced approach without putting them at risk. That's our priority and frankly we're trying to work for them and the Premier has been a champion in progressive measures, but as well as in fiscal measures. No others have I seen, and to the questions before, we have been able to come to balance while not sacrificing the things that matter, in fact we're investing more in those matters.

Q. Nanji: So, because you used 2013 as a marker, I'm wondering if this is a resume of sorts and your last budget.

This is a reflection on the province of Ontario, definitely. It's a reflection on the people of Ontario who have stepped up and have delivered. And it's a reflection on our government listening to their priorities and delivering on those priorities. As I said, they want more investments in health care, and we've continually being doing so and we're providing even more now; and they want more investment in education and schools to enable their young people and their students, even those in career changes also want some support. We've included that in this budget. And we're not letting up when it comes to infrastructure spending and supports to make us modern and competitive. Another part of this budget is embracing the new economy. We are leading in many respects on AI, on artificial intelligence, on quantum, on other matters, on a diversified economy, and that diversified economy is enabling Ontario to weather those economic shocks. And if it wasn't for that, we would have some of the difficulty that they experience on some other parts of Canada.

Q. Nanji: But, is this the last time that you'll be the person that has your name tacked on to all these cool measures?

I'm here, I'm working and I'm fighting for the province of Ontario and for the people of Ontario, as is the Premier of Ontario.

Q. McGrath: Minister, the 2014, '15 and '16 budgets all included major new transit plans or major new money. The 2017 budget includes relatively small new sum and no new transit plan. Is the government getting out of the transit business for a while?

We're increasing supports for transit. We have made deliberate –some, you know, I think we've increased our funding overall.

Q. McGrath: The $1 billion dollars is from federal money.

Yeah and we're putting additional supports, $84 billion over the next 10 years just in transit.

Q. McGrath: But there's no – no commitment to a firm new project here unlike there has been in previous years. So what do you say to a city like London, who are still in the planning process but they're planning on provincial money coming down the pipe, that there's no room here for them yet.

There will be room because we're putting, and this is province-wide and certainly we've already dedicated some funding for some of the urban centres that have gotten to that point. But we've made it clear to London and others that they'll be getting support as well, we're just getting through the process.

Q. Kelly, Globe and Mail: On the new OHIP-Plus Program, I'm wondering why, considering the fact that there are all kinds of other priorities in health, and that there are lots of children, teens, and 20 somethings who currently enjoy coverage under private health-care plans through their parents, etc. Why you decided to do this as a blanket program for everyone rather than either means testing or excluding people who have other ways to pay for this? Can you afford this?

Well, we can afford it and that's why – and I've put it in our budget and I've – and we're managing fiscally to afford to do so. Keep in mind that even with those that may have plans, and many do not, they still have co-pay deductibles and that's still an expensive option for them, especially if the child has chronic illnesses and requires daily medication. But going forward, we felt that you don't put a price on our kids and we want everybody to have the same, you know, the same benefit. It's a universal program. We're expanding universal health care by including our children.

Q. CHCH: We're taking about weekday GO service between Hamilton and Niagara. Will this be all-day service or will it be similar to what Hamilton is already experiencing with the Hunter street and Jane street stations, were it's just a couple of trains in the morning and then in the afternoon and that's it?

Well, as the – I did a 25-year long-term report recently, talking about the demographic changes here in our communities, here in Southern Ontario, as well as what's happening in the North. And as the demands are forever more prevalent, we must keep up. And in this budget we're investing more to maintain and keep up and it'll apply to transit and those demands and those communities. You know, we want to foster interconnection and greater opportunity for the people that live in Ontario. That is a competitive advantage. We also want goods to get to market quickly. We want to relieve some of that congestion in our roads and in our rail system. We also want people and families to get to and from work more safely and more quickly. All of that is part of our deliberations and the work we're doing will include obviously that interconnection – and throughout the corridor.

Q. CHCH: I think the frustration too in Hamilton is just the limited amount of GO trains even to Toronto and part of that was there's a delay in negotiations between the owners of the rail – railways (inaudible). How are the negotiations going?

Those discussions are – are going well. We do have issues to overcome and we do have expansion on those rail lines still to deal with. We have freight that has to be offloaded. We're making those adjustments and we'll get to where we need to be. In the end, we all work for the people of Ontario, and they're our bosses. So – and they're also, and also are the bosses of the rail lines.

Q. Simon, Advisors Edge: Thank you. So in the budget you talk about creating a best-interest duty for financial advisors and other financial service professionals. How serious are you about doing this and are you willing to move ahead (inaudible) other regulators who are also looking at this at the same time?

So we have been – and I have commissioned the report to look at modernizing our financial services as well as financial planners. We had those two reports that have come out. The issue of standard best-interest duty is something that is actually around the world. Many of them apply and we recognize that there's some – some apprehension by some with regards to what will that mean to hidden fees and so forth by financial planners and advisors. We're working with them. We're taking the necessary steps to protect consumers in the end. It's all about consumer protection and investor protection. And I'm very proud of the steps that we have already taken. With FSCO, we're coming forward with a new financial service regulator authority. We're moving some of the responsibilities to the Ontario Securities Commission, which will be temporary because we're also moving to a national regulator, a cooperative securities regulator which myself and Mike Dion established back in 2013 and we now have a number of provinces and territories involved with this. We're looking forward to move that yardstick even more to include some standardization as well as understanding of – of what a financial advisor is, right? Their actual professional designations.

Q. Simon: Thank you. And though there's a whole suite of financial service regulation that you're working on under FSRA and so forth. Do you hope to get all of these done soon? How soon? Like before the next election, can you say?

Yeah, those things are underway right now and we're providing the necessary regulatory and legislative authorities to move forward and it's something that in – for example, a cooperative securities regulator may require more time because we're trying to encourage the timetables of other governments that are going through elections even now. But it is my desire to see it go through quickly before the next election.

Q. Platt: Hi Minister. I'm just wondering first of all why the cost of the pharmacare program is not written into the budget or the press materials? Are you still unsure over what that's going to cost?

It's going to cost around $465 million and that's the estimate that we put into – that's (inaudible) the estimate I put into my fiscal plan.

Q. Platt: Okay, it's not – why is it not written into the budget though? It just seems weird.

It's – it's in our budget and it's in our plan. It may not have been in – in the document pages. Listen, that document is like 296 pages long. We're trying to cut it down from the previous ones so you guys would have more time to – to ask questions. But listen, you can't put everything into the document. And in this case it's built into the plan.

Q. Platt: I just – can I – I just also wanted to – could you confirm when you allow cities to put in a hotel tax, that – they would also be able to capture Airbnb rentals in that tax?

So that will be up to the respective municipalities to institute and to apply. As you know, the city of Toronto is requesting it and they'll be proceeding and will provide some of those privileges as well as many others now that they have. But again, that'll be up to the cities and municipalities to determine.

Q. Laura, CBC: Minister, there have been a number of concerns recently about the wait times in the emergency rooms with the Auditor General finding last year that the average wait time for getting a bed in the ER is about 37 hours. So I'm wondering why there's no specific funding in the budget to address that?

So there is $1.3 billion over the next three years to address reducing wait times. We're going to be reducing - $245 million alone over three years to see a specialist for example. There's $85 million over three years to – to provide for new and community care services. That will reduce wait times. We get $890 million over three years for key surgeries: hips, knees, and so forth. And $74 million over three years for faster mental health supports. All of that will help reduce wait times, relieve some of the stresses on emergency rooms. As you know, there's also auxiliary supports in community hubs, care hubs that are being established to ease the pressure on emergency rooms. And they're monitored. Ontario monitors wait times – sorry Allison – and it is – it is rated as one of the – you know, I mean, we rate ourselves against other jurisdictions and (inaudible) we're doing well. We want to do better though.

Q. Boyle: Hi Minister, one of the main reasons for the hospital overcrowding is the high ALC rates in terms of (inaudible) care. Does the budget do anything to address that?

The question is ALC beds and are we addressing it in the budget, recognizing that that is a stress in our system. And as I said, we're putting eleven and a half billion dollars over the next three years, part of that is to address capacity within those hospitals. We're increasing operating funding immediately to support some of those very issues. The other part of ALC is to try to provide additional long-term beds, and we have 30,000 that we're trying to encourage redevelop in this budget, and we're also looking at more home care opportunities, services, so that people can choose to stay at home because that's where, preferably where they wish to be.

Q. Emily (inaudible), hello. Minister, the Toronto Community Housing is expected to close a thousand units by the end of 2018 because of a massive repair backlog, and without increased financial support those numbers are expected to climb. As part of the province's commitment to keeping people in affordable housing, can you say why new and sustained funding hasn't been committed to repairing that specific issue?

So we are working – as you know, the federal government's come out with $11 billion over ten years across Canada. We have instituted two billion over three years since 2016 to support social and affordable housing; $500 million right now on top of that for retrofits and supports, and another $100 million that we're providing in surplus lands to provide for more social housing similar to what we just did in – in what was in the Pan-Am village, that kind of initiative, providing some more room, some more supply. We're (inaudible) closely to continue to do so.

Q. Cindy, Global: Hi Minister, good afternoon. This question is about OHIP Plus, and I'm wondering why should a millionaire's child have their drugs covered by taxpayers?

We look at a child and we look at universal health care in this province and in this country and universal health care applies to everybody equally and we're expanding that, and by expanding universal health care it applies to everybody. And if somebody, regardless of their income, is in need of support they'll receive that support.

Q. Cindy: But is it fair for a billionaire's child to have their drugs covered by taxpayers at a time when you're desperately trying to save money and balance the books for years to come?

You want an income test and we're not doing that when it comes to our children and with pharmacare, all of them are going to receive the supports they need when they need it and if its complex cases and those most in need they'll receive it and they're not going to have to mortgage their houses to do it, and certainly those that might be more affluent they'll have access to health care like they do today like everybody else does. It's one of the things I think us as Canadians and Ontarians value most. And it should apply to our children.

Q. Thomas Saras: Thank you. First of all allow me to express my feelings. This is a beautiful act and in my long life of serving the people it's one of the very few times that I feel very good for the people of Ontario. Minister, I found that besides everything else, you are giving only 2per cent to the people with disabilities again this year. Which means they receive $750 a month allowance and you give them 2 per cent which means $15 and they have to live with $765, is that okay with the policy of the government? I mean this is the people we're supposed to support most and then we are coming down and we give them only 2 per cent.

We are providing an additional $100M for dementia care and, as you know, for caregivers we're increasing a tax credit for their benefit as well. And we know that many are the ones that care for their loved ones, and be it a child or be it a parent, we know how important that is, that's why we're supplying $200M more for that as well. We're increasing some of our food allowances and supports for those in long-term care facilities, in fact, we're doing away with four ward beds to provide more privacy and frankly more respect for them as well. So there's always more to be done, we're doing as much as we can right now. $11.5 billion in total for health care, some of it will apply for the benefit of our seniors and our disabled, we have supports for mental health, we have greater supports for disability programs in those community centres as well, and respite care, all of it which applies and matters to people, and we're doing our best so that those caregivers don't feel isolated or also having to pay for more.

Q. Thomas Saras: My next question is about housing. When I came to this country, some decades back, the price of house was from $8,000 to $25,000, the government was giving to the first buyers $2,000, for the first time buyers. Today the houses are $1 million and you're giving, according to whatever you say here, you are giving $8,000. The young generation, how they can they buy a house, a million dollars, and the government is going to support them with only $8,000?

So our First Time Homebuyers Rebate, I guess I have to to correct you, I don't want to, but it's not $8,000, it's actually $4,000. But, I appreciate your concern. We all want young families to get into the market, to find homes that are affordable, to build up some equity. And we've, taking, taken a number of steps in our housing plan to try to support that. And – the thing is, this is also a reflection of Ontario's strength. I mean, our economy is strong; we're growing; we're attracting people from all over the world to come here to establish roots, to invest and build, and create jobs. That demand has been huge. And it's been creating a, a lot of pressure on increasing housing prices. The stock, the supply is one other thing that we've been trying to do to move into the system to help alleviate that. But, there's a number of things that we're doing to try to make it fair for our young people and our young families to benefit too.

Q: Jeff (Globe): Minister, to Toronto Community Housing. You mentioned $500 million set for retrofits, but that's over a period of years, across the province, for a variety of special programs. Why aren't you stepping up and stopping this absurdity in Toronto, which is that they're closing public housing units, as they have this huge waiting list. You know very well the number they want from you – I think it's $800 million over a period of years. Equal participation from the feds. Why don't you step up and fix it? It's a problem that Queen's Park created 20 years ago – why don't you step up and, and solve it for the people in this province – many of whom are the most vulnerable.

And we wanna support Toronto. We have continuously supported Toronto, and all municipalities across the province. We have stepped up with more supports for affordable housing over the years and we've already said that we'll match the degree of capital funding for a, a, for the work that's being done by the federal government. But at the same time, we're stepping up with over $2 billion dollars in three years for affordable housing, which more than matches what's being done by the feds. But we'll always do so. We have surplus properties that we've already designated for that very purpose. That's $100 million more right there.

Q: Jeff: So your saying, TCH is fixed? You're, you're, you're gonna put the $800 million in that you, you're being asked to put in by the mayor. I'm sure he's brought it up with you 100 times. That's happening? I don't see it in the budget.

We're actually doing quite a bit for Toronto. Ah, in, in a number of fronts where they can provide for greater revenues and greater support systems. But, when it comes to affordable housing, we are working with the, the cities. We're working those growing demands, those growing cities that are here in Toronto and as well as in the Peel region and the surrounding area. We're, we're taking steps to support affordable housing.

Q. Jones: Thanks minister.

Great, thank you everybody. Don't be gentle on the rest of them please.

N.B.: Comments captured are not verbatim quotes

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MINISTER SOUSA'S REMARKS AND AVAIL ON 2017 BUDGET

April 27, 2017

Location:

MacDonald Block, Ontario Room.

Speaker:

Minister Sousa

Media Attendance:

Print – 13 plus	TV – 10 plus	Radio – 4 plus

Media Outlets:

Jones – CP; Smith Cross – CP; Benzie – Star; Ferguson – Star; Rushowy – Star; Cohn – Star; Csanady– Post; Justin (unidentified) – Globe; Jeffords – Sun; Zochodne – QP; Nanji– QP Briefing; Cruickshank – iPolitics; Smith – QP Today; Crawley - CBC Radio/TV; Lamoureux - Radio Canada TV; Brule - Radio Canada/CJBC; Newstalk 1010; 680 News; Carter – Global; Global; Bliss - CTV Ontario; Rath - CHCH Television; Tumelty - City TV; Mulligan – City; Wu – Fairchild TV; Fortin-Gauthier – TFO; Morissette – TFO; Lagogianes – CP24; Wong – CP24; Platt – Citizen; Many other unidentified reporters

Statement by Minister Sousa:

Minister Sousa: Thank you all for suffering in lockup. You all seem pretty cheery – I can tell by the laughter. There you go. The 2017 Ontario budget is a balanced budget. It's the result of the hard work of the people of Ontario. It's the result of the Liberal plan to make strategic investments, managing our expenses, growing the economy. Our plan is working. We're making the largest infrastructure investment in the province's history - $190 billion over thirteen years. The budget – this budget is fiscally responsible. We're not raising personal taxes or corporate taxes. Our debt to GDP is improving. And, this budget is socially progressive. We're increasing health care funding and building new hospitals. We're increasing education funding and building new schools. We're helping families access more children – more child care, and lowering everyday costs. We're expanding universal pharmacare; and providing free prescription medicine to our children and youth – the first of its kind in Canada. Balancing the books has never been an end in itself. Balancing, however, allows us to make these important new investments, investments that will have real meaningful impacts on people's lives. We have much to be proud of: a strong competitive leading economy; a society built on tolerance, respect, diversity and inclusion. But while we look to the past with pride, today is also a day to look forward to the future with confidence. This balanced budget writes a new chapter for the people of Ontario. And with that, I'm happy to take your questions.

Media Questions:

Q. Smith Cross: Hi Minister, a lot of this spending isn't scheduled to flow right away or until after the 2018 election. Is your message to voters if they don't vote for the Liberals they won't get any of these nice things?	No, our message to the people of Ontario is that we together have balanced the budget, have taken the precautions to stimulate growth, and now we're taking the necessary steps going forward with things that matter to us, like more health care. I've travelled the province, and everywhere I went during my pre-budget consultation, was "invest more in health care, build more hospitals, provide us some more supports." We're doing that in this budget. Students want a good start in life, and they want to be able to have the most opportunities when they move forward into the next step in getting a job, and we're doing that by increasing supports in education and in post-secondary and in training, and in providing them with internships. And lastly, we want to be competitive

	long-term, this is not …these decisions that we're making today are not based on election cycles, they are based on long-term benefit for the people of Ontario and when you're looking at supporting our children with universal pharmacare with no deductibles, and no co–payments, for their benefit, we're speaking to them and for our future.
Q. Smith Cross: And a follow-up question, how much of this medium and longer-term funding is at risk from increased protectionism from the U.S.?	So, we recognize that 28 states rely on Ontario as either a first or second marketplace. We are a prominent supporter of trade and of free trade with not just the United States but around the world. We're investing an additional $50 million in investments for our global office activities and we recognize that importance and we'll continue to do so. In the end, our global strategy as well as ensuring that we have a balanced budget gives us protection and flexibility to do more and that's what we are doing.
Q. Benzie: I'm just wondering why the signature program in the budget is the new pharmacare for 24 and under? Why didn't you have it as a universal program for all ages?	So we recognize that expanding universal health care, this is OHIP+. It's about ensuring that we provide for more of our citizens and more of our people and what better place to start than those most vulnerable at a young age, for those 24 and under. We're expanding it to all of the Ontario drug plan, 4,400 medicines, complex issues, cancer treatment, the things that make it really tough on young families who then can't afford those very payments. And it is essential, I think, for us to consider what has also been happening over the last number of years by the Minister of Health and this government trying to advocate for a national strategy on this issue. What we've done here today, starting in January of 2018, is enabling and ensuring that all provinces consider, alongside the federal government, to do something more nationally. And I'm just very proud of our cabinet and our Premier in looking at this in this progressive way.
Q. Benzie: So is this just, I mean presuming you don't get a national pharmacare program, is this just the first step so that if its 24 now and you guys get re-elected and can still manage to find more money that it might be a 30-year threshold or the threshold would rise until it's universal?	So the step that we're taking obviously makes it essential for us to look at – or we're encouraging the federal government to look at it in a national scope to accommodate all levels, but of course we now do pharmacare for seniors as well over 65, and now all of our young children will now have that benefit. And it is something that will provide great benefit for many in the future as well. Especially families, you know too many workplace institutions don't offer benefits to the extent that we do. Too many young people are starting on contract and don't have these kinds of benefits. Now they will. And I know first-hand from – my family it means a lot and we're fortunate in order to be able to afford and have plans to subsidize but going forward many won' – today we're changing that.
Q. Justin, Globe: One thing I noticed in here is you're expecting the land transfer tax to	So our revenue numbers and projections are based on economists and their projections and their views.

keep going up pretty rapidly. Most of the taxes are expected to keep increasing over the next year, so you're obviously you're expecting the economy to do well. Are you also expecting the housing market to keep growing and those house prices to keep going up?	Certainly they'd look at historic activity that we've done and we've surpassed year over year those expectations. While they made projections and predictions, we use them, average them, and actually taper them down even more. We also build prudence into our systems and into our plan to accommodate for any shock that may occur. But again, coming to balance gives us some of that flexibility and we've tapered our projections more so than what's been done by independent economists. And –
Q. Unidentified: – the big headlining part of this budget – one of them I guess – is the increase in health spending. So you're looking at an extra billion and a half dollars in health spending. It's about a three-per-cent increase. That's – that's just a tad slower than GDP – sorry, inflation and population growth. Is that enough to make up for a couple of years of austerity?	That's eleven and a half billion dollars more in health care funding. That is – and of that is about a seven-billion-dollar booster shot that I have been talking about for the last couple of weeks. That is a tremendous infusion of supports for more hospitals, more front-line care, more home care, more support for caregivers. It's a huge impact on our health care funding. We've actually increased operating funding as well for hospitals, and bottom line is we're building new hospitals, especially in those growing communities. It'll be a substantive injection of support for health care.
Q. Bliss: Minister, you're $311 billion in debt. You're paying $12 billion a year in interest. So why are you spending like there's no tomorrow?	So debt is being managed – and it's first step to managing debt is coming to balance. And we're balancing our books. We're balancing this year. We're balancing next year and the year after that. Debt is also a function of our gross domestic product. Ontario is one of the largest economies in the world, and certainly as a subnational jurisdiction we're huge at $800 billion. Our debt to GDP is improving as we proceed forward. And our interest on debt, as you've alluded to, is actually much lower today than it's been in years. During the Harris days it was at 15-16 per cent. Today it's around 8.4, 8.9 per cent. And we've locked in those rates over long periods of time to minimize volatility and risk. So what debt means though – because now every amount borrowed, 100 per cent of that, goes to building new hospitals, building new schools, building more transit. And the question then becomes what's the priority? Do you cut those aspects, or do you continue to support and stimulate our growth? And continue to provide for future generations with a more competitive and functioning economy. We've chosen to do that while still managing debt and lowering and improving our debt-to-equity – our debt-to-GDP.
Q. Bliss: And on another question, one of the highlights in the budget is that you're going to now publicly fund the abortion pill. Are you trying to bait the far right in the conservative party with that?	You know, we're trying to provide women with choice and with a safe choice. And that's it.
Q. Crawley: Hi minister, you talked about this tremendous infusion for the health care system. But how exactly is this gonna solve	So were increasing and encourage support of 30,000 more long-term beds. It's quite a few vacancies (inaudible) still. We're investing $583 million more in

the huge overcrowding problems that we have within the health care system in particular beause there's nothing in here for long-term care beds, which is one of the causes of the backups in the, actually in the hospital system?	operating supports for hospitals to, to manage through some of these issues. And, again, we're investing substantive amount of dollars in operating, and in capital funding. We're also expanding supports for health care. Just, just in new capital for health care over the next nine to ten years – it's $9 billion, on top of the $11.5 billion that we're providing.
Q: Crawley: Sounds like an awful lot of figures, but not an actual answer to the question.	Well, $11.5 billion more in operating to support our hospitals and to support care on the front lines. Nine billion dollars more to support capital in construction of new hospitals. 30,000 more beds are being encouraged through the system. We're providing help and home care for seniors so they can have care when they need it, when they need it, where they need it. Oftentimes, they prefer it at home to – we're providing more supports for that too.
Q: Crawley: So, so that wasn't really a proper follow-up. So here's, here's my other question. One of the things I noticed is that you guys used to always like to spout statistics about how things have changed since 2003, you know, to drawing comparisons to the, to the Mike Harris era. What I noticed throughout this budget – you've got a lot of comparisons to things you've done since 2013. Why are you using that as your comparison stick now?	Cause I've – and our government – this has been my fifth budget that I've had the privilege of delivering. I guess six, cause I get – had to do, had the privilege of doing one twice. But since 2013, with my first budget – and this is our, our fifth - and, and I – I, I manage and we as a, as a team – this – in our caucus with Premier Wynne, we've been at this since 2013 to come to balance we said we would work with Ontarians to do so. We've been dedicated and disciplined – managing our expenses, growing the economy. And we're balancing the books. And that is what we're measuring.
Q: Carter: Minister, thank you. Minister, congratulations on balance the book, but why not decide to go after the debt? It has almost doubled since the last recession. If times are good, why aren't we paying that down, just in case times are bad again and were gonna have to go into further in (inaudible)?	So, as we balance the books, we're taking fiscally responsible measures to get, have flexibility. This last year, we've exceeded our target substantively – we we're aiming for $4.3; we're down to $1.5. Going forward, we put, built prudence into our system as well. And we've made some choices – definitely. We've chosen to support pharmacare for children. We've chosen to support more supports for hospitals for our seniors and those in need. We're supporting our young people greater hospital – greater education and more schools. And we are supporting many through some of our social programs. But, the majority of the debt – all of it, in fact – when it comes to borrowing, goes to capital. And that capital is dedicated to transit and roads, bridges, and some of these infrastructure measures. Question then becomes, which ones do you cut? We feel it's important to invest in these initiatives.
Q: Carter: If I may, one more. You talk about a balanced budget, but yet your Fair Hydro Plan creates $2.5 billion worth of debt each and every year – with an additional potential $2.5 billion in interest debt. That's not on the government books. Can you explain to people of the province why that	So, we removed $2.5 billion off of ratepayers to the taxpayers to provide some of the social programs to, to force delivery charges and distribution methods – especially in the north, where they we're excessively high. And they're now benefiting, or will benefit from 60, 40 per cent reductions. And, as you know, we've invested heavily in, a, in tremendous amount of assets. We've

isn't?	invested over $50 billion in new assets, new power, green power – all across the province. And we have great integrity. All of that is now being born by today's ratepayer – but they're gonna have huge benefit for tomorrow as well. So, we've refinanced that component, or we will refinance it. And there'll be $2.5 billion every year thereafter. So, $25 billion in 10 years will be extended to get repaid by the ratepayer.
Q: Carter: And I won't, I won't belabour the point. But the 17 per cent that you are promising in cuts, that cost is not in your budget.	So a 25 per cent improvement from last year that we're now going to be giving, on average, to every Ontarian –
Q. Carter: (inaudible)	- so we're going to provide that 25 per cent going forward for the benefit of ratepayers and every Ontarian and that will be refinanced over a period of 10 years, as we said, to provide, because that benefit, that asset still exists, still provides value. Clean. We have like 96 per cent of electricity in this province has no emissions and its continued to provide greater quality of life, greater integrity and greater competitiveness for the province. Those are important investments and I am proud of those investments to enable us now to be ahead of other states and other provinces who are going to have to make them. Make no mistake, there is, there is need by other areas to make those investments, we're now getting a step up on them and we are going to be able to provide for that refinancing, at lower rates today, for the benefit of the future.
Q. Csanady: Hi Minister, you're plan has the province perfectly in balance for this fiscal year and the next two but, the Financial Accountability Officer, as well as external economists, have warned that you can't possibly maintain the current levels of spending growth, even maintain balance, without new revenue streams, so what happens after that two-year period?	Well, every year we've been told that we wouldn't be able to achieve our targets. Every single year. And every year, every single year, we exceed our targets and we surpass expectations. And we build prudence into our projections to enable us to have some of that flexibility. We're doing so as we proceed forward. But the key here is we have deliberately invested in our economy. While others were promoting and suggesting we do across the board cuts to try to avoid a deficit, or at least minimize that deficit, that would have put our economy and our recovery in harm's way. More importantly, it would have been putting people, families, and children in harm's way. We invested in them. By investing in them we're creating and bolstering our economy. We got over 700,000 net new jobs and over 100,000 annual new jobs as a result of the investments we made.
Q. Csanady: But you don't give yourself a lot of wiggle room for the next two years, what happens if there is a big shift, do we just immediately go back into deficit?	As I said, every time there are challenges in our economy it's the responsibility of the finance minister and our team and the premier to make those decisions. And every year we have responded to those challenges and overcome them and we'll continue to do so. We have managed our spending, we've taken the necessary steps to control spending in the early year portions of our mandate and

	we're managing a budget and are balanced because of the growth we've been able to achieve in our economy, going forward, we always have that option available to us. But again as I say, we've built prudence into the system as we proceed forward.
Q. Mulligan: Minister, forgive me for being sceptical, but you balanced the books, half a billion plus so far for pharmacare, no new taxes, it sounds too good to be true and when it does, it usually is. So is this just a shell game of numbers to make it look far rosier than it actually is?	So it's really not that complicated. It's revenue less expenses gives you the number, in our case we're balancing consecutively over three years, we're bolstering our revenues from some of the investments we made to grow our economy, we're controlling our expenses and then appropriating some of those expenses into things that matter to the people of Ontario, those are built into our plan and we've done it to the extent that we continue to balance. We've been very deliberate by doing so.
Q. Mulligan: So when it comes to the health care spending, I know it's a 3.3 per cent increase, is it going to be enough to stop the images that my news station did repeatedly this winter of people who are in hospital waiting in hallways, lying in closets, hoping for a bed in a proper room, is this going to be enough to stop that, because that's not going to be a good image just before an election.	Again, this is about the people of Ontario and that's our priority and what we have found, certainly during the last flu season, it was tough, there were a lot of demands on our system and the capacity was an issue. We're increasing capacity, providing more supports for operating in the hospitals, as well as the community centres, as well as the community hubs I should say, as well as in transforming the way we deliver services on the front line to people, we are actually building 5 additional hospitals, many of them right now will provide for some of those stresses in the system.
Q. Nanji: Hi Minister, I'm wondering if you're hoping a balanced budget will be enough to woo voters back to the Liberal camp?	We've always said we would balance this year. We always said we would take the necessary precautions to work for the interests of the people of Ontario; our priority is working for them. And they have worked too. Make no mistake; this balanced budget exists because hardworking Ontarians have stepped up to do what's necessary. The majority of the jobs that we have are primarily the private sector, primarily high paying and full time. So work we're doing here for health care and in education and in infrastructure, the work we've done to try to provide for their support has always been done in a balanced approach without putting them at risk. That's our priority and frankly we're trying to work for them and the Premier has been a champion in progressive measures, but as well as in fiscal measures. No others have I seen, and to the questions before, we have been able to come to balance while not sacrificing the things that matter, in fact we're investing more in those matters.
Q. Nanji: So, because you used 2013 as a marker, I'm wondering if this is a resume of sorts and your last budget.	This is a reflection on the province of Ontario, definitely. It's a reflection on the people of Ontario who have stepped up and have delivered. And it's a reflection on our government listening to their priorities and delivering on those priorities. As I said, they want more investments in health care, and we've continually being doing so and we're providing even more now; and they want more

	investment in education and schools to enable their young people and their students, even those in career changes also want some support. We've included that in this budget. And we're not letting up when it comes to infrastructure spending and supports to make us modern and competitive. Another part of this budget is embracing the new economy. We are leading in many respects on AI, on artificial intelligence, on quantum, on other matters, on a diversified economy, and that diversified economy is enabling Ontario to weather those economic shocks. And if it wasn't for that, we would have some of the difficulty that they experience on some other parts of Canada.
Q. Nanji: But, is this the last time that you'll be the person that has your name tacked on to all these cool measures?	I'm here, I'm working and I'm fighting for the province of Ontario and for the people of Ontario, as is the Premier of Ontario.
Q. McGrath: Minister, the 2014, '15 and '16 budgets all included major new transit plans or major new money. The 2017 budget includes relatively small new sum and no new transit plan. Is the government getting out of the transit business for a while?	We're increasing supports for transit. We have made deliberate –some, you know, I think we've increased our funding overall.
Q. McGrath: The $1 billion dollars is from federal money.	Yeah and we're putting additional supports, $84 billion over the next 10 years just in transit.
Q. McGrath: But there's no – no commitment to a firm new project here unlike there has been in previous years. So what do you say to a city like London, who are still in the planning process but they're planning on provincial money coming down the pipe, that there's no room here for them yet.	There will be room because we're putting, and this is province-wide and certainly we've already dedicated some funding for some of the urban centres that have gotten to that point. But we've made it clear to London and others that they'll be getting support as well, we're just getting through the process.
Q. Kelly, Globe and Mail: On the new OHIP-Plus Program, I'm wondering why, considering the fact that there are all kinds of other priorities in health, and that there are lots of children, teens, and 20 somethings who currently enjoy coverage under private health-care plans through their parents, etc. Why you decided to do this as a blanket program for everyone rather than either means testing or excluding people who have other ways to pay for this? Can you afford this?	Well, we can afford it and that's why – and I've put it in our budget and I've – and we're managing fiscally to afford to do so. Keep in mind that even with those that may have plans, and many do not, they still have co-pay deductibles and that's still an expensive option for them, especially if the child has chronic illnesses and requires daily medication. But going forward, we felt that you don't put a price on our kids and we want everybody to have the same, you know, the same benefit. It's a universal program. We're expanding universal health care by including our children.
Q. CHCH: We're taking about weekday GO service between Hamilton and Niagara. Will this be all-day service or will it be similar to what Hamilton is already experiencing with the Hunter street and Jane street stations, were it's just a couple of trains in the	Well, as the – I did a 25-year long-term report recently, talking about the demographic changes here in our communities, here in Southern Ontario, as well as what's happening in the North. And as the demands are forever more prevalent, we must keep up. And in this budget we're investing more to maintain and keep up and it'll

morning and then in the afternoon and that's it?	apply to transit and those demands and those communities. You know, we want to foster interconnection and greater opportunity for the people that live in Ontario. That is a competitive advantage. We also want goods to get to market quickly. We want to relieve some of that congestion in our roads and in our rail system. We also want people and families to get to and from work more safely and more quickly. All of that is part of our deliberations and the work we're doing will include obviously that interconnection – and throughout the corridor.
Q. CHCH: I think the frustration too in Hamilton is just the limited amount of GO trains even to Toronto and part of that was there's a delay in negotiations between the owners of the rail – railways (inaudible). How are the negotiations going?	Those discussions are – are going well. We do have issues to overcome and we do have expansion on those rail lines still to deal with. We have freight that has to be offloaded. We're making those adjustments and we'll get to where we need to be. In the end, we all work for the people of Ontario, and they're our bosses. So – and they're also, and also are the bosses of the rail lines.
Q. Simon, Advisors Edge: Thank you. So in the budget you talk about creating a best-interest duty for financial advisors and other financial service professionals. How serious are you about doing this and are you willing to move ahead (inaudible) other regulators who are also looking at this at the same time?	So we have been – and I have commissioned the report to look at modernizing our financial services as well as financial planners. We had those two reports that have come out. The issue of standard best-interest duty is something that is actually around the world. Many of them apply and we recognize that there's some – some apprehension by some with regards to what will that mean to hidden fees and so forth by financial planners and advisors. We're working with them. We're taking the necessary steps to protect consumers in the end. It's all about consumer protection and investor protection. And I'm very proud of the steps that we have already taken. With FSCO, we're coming forward with a new financial service regulator authority. We're moving some of the responsibilities to the Ontario Securities Commission, which will be temporary because we're also moving to a national regulator, a cooperative securities regulator which myself and Mike Dion established back in 2013 and we now have a number of provinces and territories involved with this. We're looking forward to move that yardstick even more to include some standardization as well as understanding of – of what a financial advisor is, right? Their actual professional designations.
Q. Simon: Thank you. And though there's a whole suite of financial service regulation that you're working on under FSRA and so forth. Do you hope to get all of these done soon? How soon? Like before the next election, can you say?	Yeah, those things are underway right now and we're providing the necessary regulatory and legislative authorities to move forward and it's something that in – for example, a cooperative securities regulator may require more time because we're trying to encourage the timetables of other governments that are going through elections even now. But it is my desire to see it go through quickly before the next election.
Q. Platt: Hi Minister. I'm just wondering first of all why the cost of the pharmacare	It's going to cost around $465 million and that's the estimate that we put into – that's (inaudible) the estimate

program is not written into the budget or the press materials? Are you still unsure over what that's going to cost?	I put into my fiscal plan.
Q. Platt: Okay, it's not – why is it not written into the budget though? It just seems weird.	It's – it's in our budget and it's in our plan. It may not have been in – in the document pages. Listen, that document is like 296 pages long. We're trying to cut it down from the previous ones so you guys would have more time to – to ask questions. But listen, you can't put everything into the document. And in this case it's built into the plan.
Q. Platt: I just – can I – I just also wanted to – could you confirm when you allow cities to put in a hotel tax, that – they would also be able to capture Airbnb rentals in that tax?	So that will be up to the respective municipalities to institute and to apply. As you know, the city of Toronto is requesting it and they'll be proceeding and will provide some of those privileges as well as many others now that they have. But again, that'll be up to the cities and municipalities to determine.
Q. Laura, CBC: Minister, there have been a number of concerns recently about the wait times in the emergency rooms with the Auditor General finding last year that the average wait time for getting a bed in the ER is about 37 hours. So I'm wondering why there's no specific funding in the budget to address that?	So there is $1.3 billion over the next three years to address reducing wait times. We're going to be reducing - $245 million alone over three years to see a specialist for example. There's $85 million over three years to – to provide for new and community care services. That will reduce wait times. We get $890 million over three years for key surgeries: hips, knees, and so forth. And $74 million over three years for faster mental health supports. All of that will help reduce wait times, relieve some of the stresses on emergency rooms. As you know, there's also auxiliary supports in community hubs, care hubs that are being established to ease the pressure on emergency rooms. And they're monitored. Ontario monitors wait times – sorry Allison – and it is – it is rated as one of the – you know, I mean, we rate ourselves against other jurisdictions and (inaudible) we're doing well. We want to do better though.
Q. Boyle: Hi Minister, one of the main reasons for the hospital overcrowding is the high ALC rates in terms of (inaudible) care. Does the budget do anything to address that?	The question is ALC beds and are we addressing it in the budget, recognizing that that is a stress in our system. And as I said, we're putting eleven and a half billion dollars over the next three years, part of that is to address capacity within those hospitals. We're increasing operating funding immediately to support some of those very issues. The other part of ALC is to try to provide additional long-term beds, and we have 30,000 that we're trying to encourage redevelop in this budget, and we're also looking at more home care opportunities, services, so that people can choose to stay at home because that's where, preferably where they wish to be.
Q. Emily (inaudible), hello. Minister, the Toronto Community Housing is expected to close a thousand units by the end of 2018 because of a massive repair backlog, and without increased financial support those numbers are expected to climb. As part of	So we are working – as you know, the federal government's come out with $11 billion over ten years across Canada. We have instituted two billion over three years since 2016 to support social and affordable housing; $500 million right now on top of that for retrofits and supports, and another $100 million that we're

the province's commitment to keeping people in affordable housing, can you say why new and sustained funding hasn't been committed to repairing that specific issue?	providing in surplus lands to provide for more social housing similar to what we just did in – in what was in the Pan-Am village, that kind of initiative, providing some more room, some more supply. We're (inaudible) closely to continue to do so.
Q. Cindy, Global: Hi Minister, good afternoon. This question is about OHIP Plus, and I'm wondering why should a millionaire's child have their drugs covered by taxpayers?	We look at a child and we look at universal health care in this province and in this country and universal health care applies to everybody equally and we're expanding that, and by expanding universal health care it applies to everybody. And if somebody, regardless of their income, is in need of support they'll receive that support.
Q. Cindy: But is it fair for a billionaire's child to have their drugs covered by taxpayers at a time when you're desperately trying to save money and balance the books for years to come?	You want an income test and we're not doing that when it comes to our children and with pharmacare, all of them are going to receive the supports they need when they need it and if its complex cases and those most in need they'll receive it and they're not going to have to mortgage their houses to do it, and certainly those that might be more affluent they'll have access to health care like they do today like everybody else does. It's one of the things I think us as Canadians and Ontarians value most. And it should apply to our children.
Q. Thomas Saras: Thank you. First of all allow me to express my feelings. This is a beautiful act and in my long life of serving the people it's one of the very few times that I feel very good for the people of Ontario. Minister, I found that besides everything else, you are giving only 2per cent to the people with disabilities again this year. Which means they receive $750 a month allowance and you give them 2 per cent which means $15 and they have to live with $765, is that okay with the policy of the government? I mean this is the people we're supposed to support most and then we are coming down and we give them only 2 per cent.	We are providing an additional $100M for dementia care and, as you know, for caregivers we're increasing a tax credit for their benefit as well. And we know that many are the ones that care for their loved ones, and be it a child or be it a parent, we know how important that is, that's why we're supplying $200M more for that as well. We're increasing some of our food allowances and supports for those in long-term care facilities, in fact, we're doing away with four ward beds to provide more privacy and frankly more respect for them as well. So there's always more to be done, we're doing as much as we can right now. $11.5 billion in total for health care, some of it will apply for the benefit of our seniors and our disabled, we have supports for mental health, we have greater supports for disability programs in those community centres as well, and respite care, all of it which applies and matters to people, and we're doing our best so that those caregivers don't feel isolated or also having to pay for more.
Q. Thomas Saras: My next question is about housing. When I came to this country, some decades back, the price of house was from $8,000 to $25,000, the government was giving to the first buyers $2,000, for the first time buyers. Today the houses are $1 million and you're giving, according to whatever you say here, you are giving $8,000. The young generation, how they can they buy a house, a million dollars, and	So our First Time Homebuyers Rebate, I guess I have to to correct you, I don't want to, but it's not $8,000, it's actually $4,000. But, I appreciate your concern. We all want young families to get into the market, to find homes that are affordable, to build up some equity. And we've, taking, taken a number of steps in our housing plan to try to support that. And – the thing is, this is also a reflection of Ontario's strength. I mean, our economy is strong; we're growing; we're attracting people from all over the world to come here to establish roots, to invest and build,

the government is going to support them with only $8,000?	and create jobs. That demand has been huge. And it's been creating a, a lot of pressure on increasing housing prices. The stock, the supply is one other thing that we've been trying to do to move into the system to help alleviate that. But, there's a number of things that we're doing to try to make it fair for our young people and our young families to benefit too.
Q: Jeff (Globe): Minister, to Toronto Community Housing. You mentioned $500 million set for retrofits, but that's over a period of years, across the province, for a variety of special programs. Why aren't you stepping up and stopping this absurdity in Toronto, which is that they're closing public housing units, as they have this huge waiting list. You know very well the number they want from you – I think it's $800 million over a period of years. Equal participation from the feds. Why don't you step up and fix it? It's a problem that Queen's Park created 20 years ago – why don't you step up and, and solve it for the people in this province – many of whom are the most vulnerable.	And we wanna support Toronto. We have continuously supported Toronto, and all municipalities across the province. We have stepped up with more supports for affordable housing over the years and we've already said that we'll match the degree of capital funding for a, a, for the work that's being done by the federal government. But at the same time, we're stepping up with over $2 billion dollars in three years for affordable housing, which more than matches what's being done by the feds. But we'll always do so. We have surplus properties that we've already designated for that very purpose. That's $100 million more right there.
Q: Jeff: So your saying, TCH is fixed? You're, you're, you're gonna put the $800 million in that you, you're being asked to put in by the mayor. I'm sure he's brought it up with you 100 times. That's happening? I don't see it in the budget.	We're actually doing quite a bit for Toronto. Ah, in, in a number of fronts where they can provide for greater revenues and greater support systems. But, when it comes to affordable housing, we are working with the, the cities. We're working those growing demands, those growing cities that are here in Toronto and as well as in the Peel region and the surrounding area. We're, we're taking steps to support affordable housing.
Q. Jones: Thanks minister.	Great, thank you everybody. Don't be gentle on the rest of them please.
N.B.: Comments captured are not verbatim quotes	

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Moyer, Jenna (TBS)

From:	Ostergard, Matt (TBS)
Sent:	May-11-17 12:56 PM
To:	EJS (TBS)
Cc:	Gallant, Gabrielle (TBS); Prins, Sebastian (TBS)
Subject:	FYI - Toronto Star: Electricity prices to soar after four years, says secret Liberal cabinet document

Electricity prices to soar after four years, says secret Liberal cabinet document

The average Ontario hydro bill will jump almost $10 a month in 2022 and soar to $195 by 2027 under the Liberal government's hydro plan, according to a leaked cabinet document obtained by the Progressive Conservatives.

By ROB FERGUSON
Queen's Park Bureau
Thu., May 11, 2017

The average hydro bill will jump almost $10 a month in 2022 and soar to $195 by 2027 under the Liberal government's hydro plan, according to a leaked cabinet document obtained by the Progressive Conservatives.

It was provided to the Star as Energy Minister Glenn Thibeault prepares to unveil legislation Thursday to enact a promised 25 per cent cut to skyrocketing electricity costs, keeping increases to 2 per cent annually until 2021.

But that's when the breathing room for ratepayers ends for the better part of a decade, suggests the document.

Average monthly bills will rise 6.5 per cent a year from 2022 to 2027 and are forecast to jump 10.5 per cent the year after when they will hit $195. That's up from $123 this year with the promised cut, lowering bills from an average $158 in 2016.

Rate increases, however, are minimal after 2028, falling slightly the next year and hovering around the 1 per cent mark from there until they are projected to fall 9.3 per cent in 2048, when the average monthly bill is expected to be $210.

Conservative sources say they obtained the information, called Global Adjustment (GA) Smoothing with the subtitle Confidential Cabinet Document from a "whistleblower" after Thibeault's rate cut plan was presented to cabinet in early March. There is no date on the document, which has not been verified by the government.

Conservatives charged Thursday that the Liberal plan is all about boosting the Liberals' re-election chances in the June 2018 provincial election as Premier Kathleen Wynne struggles in the polls.

Thibeault maintained the Liberal plan is the best option for Ontarians, who have seen hydro bills double in the last decade as the electricity system was upgraded to become more reliable and phase out heavily polluting coal-fired generation stations.

"We're worrying about families now. We're worried about small businesses now," Thibeault said in the Legislature as he was peppered with questions by the Conservatives.

The minister, who took over the portfolio last June, slammed PC Leader Patrick Brown for stalling the release of his own plan for hydro rates.

“What’s the position of the official opposition when it comes to their plan?” Thibeault said, noting it has been 70 days since Brown said he would reveal one soon.

“We’re still waiting for anything credible.”

The Conservatives are holding a policy convention in Toronto in November.

NDP Leader Andrea Horwath revealed her hydro policy, which she said would result in rate cuts of up to 30 per cent, several days before the government came out with its 25 per cent plan.

Under the government scheme, 8 per cent came off hydro bills on January 1 with instant rebates of the provincial portion of the HST, with another 17 per cent to come this summer.

That will cost an extra $25 billion in interest charges over the next 30 years, by amortizing the costs of recent electricity system improvements over a longer period of time.

Premier Kathleen Wynne has compared that to a homeowner extending a mortgage term to get lower monthly payments.

The cabinet document also shows financing for the global adjustment portion of hydro bills — which covers the fixed costs of running Ontario’s power generation fleet and conservation programs — structured to fall sharply for the next nine years then reverse to sharp jumps of over 20 per cent from 2028 to 2047.

Conservatives said that amounts to a “comeback” of the controversial hydro debt retirement charge eliminated in the last couple of years.

Cabinet Document posted here: https://www.scribd.com/book/348049791/Cabinet-document

Moyer, Jenna (TBS)

From:	Prins, Sebastian (TBS)
Sent:	May-25-17 9:00 AM
To:	EJS (TBS)
Cc:	@TBS-L-O-Minister's_Office
Subject:	Issues Summary – May 25 2017

Morning Minister,

An FYI this morning, on (1) the Global Adjustment, stemming from the FAO's report, and from the AG's testimony in committee. Non-Responsive .

Sebastian.

1. Global Adjustment & Fair Hydro Plan

Summary:
Widespread media coverage of the Financial Accountability Officer's Fair Hydro Plan report, with articles in the Toronto Star, Toronto Sun, Globe & Mail, CBC, CFTO and QP Briefing.

The Toronto Star reports that FAO Stephen LeClair has found that over the next three decades Ontarians will pay $21 billion for hydro despite the Fair Hydro Plan which lowers electricity costs by 25 per cent. Mr. LeClair's report says the plan will cost $45 billion over 29 years while saving ratepayers $24 billion for a $21 billion net expense. The Toronto Sun's Lorrie Goldstein is critical of the Fair Hydro Plan, saying it turns budgeting on its head and 'sticks future generations of Ontarians with the cost of paying for our electricity today.'

While the media coverage is light, in addition to the FAO, a few sources have clipped the Auditor General, stemming from her witness testimony in Committee, and subsequent media scrum afterwards. QP Briefing reports that 'another spat is brewing' with the Auditor General over the hydro relief plan. AG Lysyk told a legislative committee yesterday that the government is setting a "dangerous precedent" by keeping the cost of borrowing off of the province's financial statements, which she says defies good public sector accounting practice. CTV Toronto's story about the FAO report clipped AG Lysyk as saying the plan is confusing and is raising alarm bells, "I think this would set a significant risky precedent for public sector accounting in Canada."

Key Messaging (MOF):
- Our credit rating agencies, like DBRS, have indicated that they perceive the change as credit neutral
- In a release yesterday, DBRS stated "Provided the debt continues to be fully supported by the electricity rate base, DBRS will treat it as self-supported and exclude it from the calculation of tax-supported debt."
- Further, they said, " The Province has the ability to absorb the fiscal impact of the proposed policy changes, while still restoring budgetary balance in 2017–2018."

Key Messaging (ENE):
- Over the last few weeks our government has been working very closely with the Financial Accountability Officer to provide information and analysis on our proposed Fair Hydro Plan - and today, we welcome his final report. If passed, our government's plan will bring significant and sustained relief on electricity bills for Ontario families starting this summer.

- It's important to remember that the FAO's projection of electricity costs reflects a point-in-time estimate that demonstrates how we can ensure greater fairness and affordability in the short and medium term. Later this summer, our government will release the next Long-Term Energy Plan (LTEP), which will take additional costs out of the system and address affordability over the long-term.
- We've always said that the proposed Fair Hydro Plan will cost more over the long-term, but it will share the costs of our investments more fairly over a longer period of time, and lower bills by 25% on average starting this summer. The FAO's analysis shows cost projections of $21 billion over 29 years for our plan, which is in line with earlier estimates.
- We also note that the FAO has considered some outlier scenarios, such as increased interest rates and borrowing the full balance of funds required. These are extremely unlikely, and do not factor in government action being taken to reduce electricity system costs, electricity market renewal, or technological developments.
- The FAO report confirms the foundation of the Fair Hydro Plan - a cut in electricity rates by 25% on average for all residential consumers and as many as half a million small businesses and farms across the province. What's more: rate increases will be held to the rate of inflation for four years; while low-income Ontarians and those living in eligible rural and Northern communities would see savings of up to 40 to 50%.
- Families in the province have asked for real and immediate relief on their electricity bills and that's why we are working to deliver the largest rate reduction in Ontario's history if the legislation passes.
- We thank the FAO for this report, and look forward to releasing our Long Term Energy Plan later this summer.

Non-Responsive

Articles

Hydro rate cuts will cost province; Watchdog Stephen LeClair says price of Liberal subsidy could balloon over decades (Toronto Star)

Thu May 25 2017
Page: A8
Section: News
Byline: Robert Benzie Toronto Star

Short-term gain on your hydro bill could translate into long-term fiscal pain.

The Liberal government's Fair Hydro Plan, which lowers electricity bills by 25 per cent, will ultimately zap Ontarians to the tune of $21 billion over the next three decades, the province's budget watchdog has found. In a 15-page report released Wednesday, financial accountability officer Stephen LeClair said the scheme will cost the province $45 billion over the next 29 years while saving ratepayers $24 billion for a $21-billion net expense. But LeClair warned his estimates are only applicable if "the province is able to achieve and maintain a balanced budget over 29 years." The cost of the subsidy could balloon to between $69 billion and $93 billion if the government has to borrow to pay for it.

Finance Minister Charles Sousa balanced the books last month after nine years of deficits. The average monthly hydro bill of $156 per household will drop to $123 once the 25-per-cent cut takes effect next month.

Recent public opinion polls suggest that Premier Kathleen Wynne's Liberals appear to be benefiting from the forthcoming lower electricity prices, as two recent surveys show they are closing the gap with the front-running Progressive Conservatives.

Both the Tories and Andrea Horwath's New Democrats oppose the Liberals' rate-cutting measure.

LeClair acknowledged it will keep homeowner's electricity costs lower than they would have been over the next decade, although they will be slightly more expensive after 2027.

"Although eligible electricity ratepayers are projected to achieve overall savings of $24 billion, the savings is not distributed evenly over time," the independent legislative officer wrote.

"From 2017 to 2027, electricity costs are projected to be lower under the (Fair Hydro Plan) compared to the status quo (for a total savings of $33 billion), while after 2027, electricity costs are projected to be higher under the FHP compared to the status quo (for a total cost of $9 billion)," he continued.

"This results in net savings of $24 billion over 29 years."

The budget officer questioned why the government is bankrolling the cut through its electricity utility Ontario Power Generation, which keeps the debt off the province's books, but could mean an additional $4 billion in interest costs.

Auditor general Bonnie Lysyk said she will also be doing a separate report on the hydro rate scheme later this year.

As is LeClair, Lysyk is concerned about the way the government is funding the cut.

"The government will do what the government will do; my job is to opine on whether the actions taken - the transactions recorded - are in accordance with public sector accounting standards," she told reporters at Queen's Park.

Last Thursday, Energy Minister Glenn Thibeault introduced legislation for the plan, promising it would spread the costs of big-ticket electricity-system improvements in the past decade over a longer period of time. Thibeault likened it to "refinancing a mortgage" to have lower payments now, while acknowledging there will be additional interest payments over the longer term.

"We've always said that the proposed Fair Hydro Plan will cost more over the long-term, but it will share the costs of our investments more fairly over a longer period of time, and lower bills, by 25 per cent on average, starting this summer," the minister said Thursday.

"It's important to remember that the FAO's projection of electricity costs reflects a point-in-time estimate that demonstrates how we can ensure greater fairness and affordability in the short and medium term," he said. "Later this summer, our government will release the next Long-Term Energy Plan, which will take additional costs out of the system and address affordability over the long-term."

Thibeault insisted any rate increases would be held at the rate of inflation - about 2 per cent - over the next four years.

However, a leaked cabinet document obtained by the Tories - and dismissed by the Liberals as an early draft of the plan - said rates would rise steeply, starting with 6.5 per cent in 2022 and topping out at 10.5 per cent in 2028, when average monthly bills would be $215.

"Kathleen Wynne's unfair hydro plan is a sham. The government's own numbers confirm it and independent experts confirm it. Rates are going up. Period," PC Leader Patrick Brown said in a statement.

"It's time for Kathleen Wynne to stop covering up the truth: under her plan, our hydro bills will go up. Everything will cost more. This will have a devastating impact on household budgets and the economy."

NDP MPP Peter Tabuns (Toronto Danforth) said "the impact is greater than we feared" of subsidizing ratepayers.

Illustration:
• The Fair Hydro Plan will cost taxpayers $21 billion over the next 30 years, said watchdog Stephen LeClair.
• Richard J. Brennan/Toronto Star file photo

Edition: ONT
Length: 737 words

Tone: Negative
Ad Value: $25,896
Circulation: 361,323

Wynne's hydro cuts will raise costs long-term: report; Financial Accountability Office warns bills could soar even more if the province can't keep its budget balanced (The Globe and Mail)

Thu May 25 2017
Page: A10
Section: News
Byline: JUSTIN GIOVANNETTI

Ontarians will pay higher electricity bills for almost three decades as part of the government's plan to reduce power rates in the short term, according to a report from the province's Financial Accountability Office.

Premier Kathleen Wynne's proposal to cut hydro rates by 25 per cent this year while capping increases to the rate of inflation for the next four years will save consumers $24-billion. But it will cost the province $45-billion over the next 29 years, according to an assessment released on Wednesday morning by the financial watchdog.

Ms. Wynne's popularity has plummeted over the past year as hydro bills have soared and become a political liability for her long-governing Liberals ahead of next year's general election.

The Premier's Fair Hydro Plan would slash energy bills before the election and keep them low for much of the next government's mandate. However, to lower bills in the short term, the government would need to increase them in later years to pay off the debt needed to finance the plan.

Ontario taxpayers will repay $21-billion more by 2045 than they will save on their bills, according to the FAO. The watchdog warned that the financing costs for the plan could increase rapidly in future years if interest rates change or if the government can't balance its budget over the next three decades. If Ontario were to fall into deficit and borrow additional funds to finance the plan, the eventual cost could increase to as much as $93-billion.

"We've always said that the proposed Fair Hydro Plan will cost more over the long term, but it will share the costs of our investments more fairly over a longer period of time and lower bills by 25 per cent on average starting this summer," Energy Minister Glenn Thibeault's office said in a written statement.

The Energy Minister added that the FAO report took into account a possible increase in interest rates and the need to borrow all the money for the plan, scenarios he called "extremely unlikely." And he said government moves to lower costs in the electric power system, perhaps utilizing technological developments, were not included.

The opposition Progressive Conservatives dismissed the government's hydro plan as a quick fix before the election that will do little to fix the long-term problems facing Ontario's power system. "It's fantasy land," PC energy critic Todd Smith said.

"It's all about the next election."

After the 25-per-cent rebate, which could come as soon as this summer, the average monthly bill is expected to drop from $164 to $123.

Bills should remain relatively low until 2021 under the plan.

Rates are then expected to increase 6.8 per cent a year from 2021 to 2027. The FAO estimated that the average monthly bill will increase to $213 by 2028. To repay the cost of the rebate plan, the average consumer will pay thousands in additional costs - about $22 a month from 2028 to 2045.

"The impact is greater than we had feared," New Democrat Peter Tabuns told reporters on Wednesday. He said Ontarians will turn against the plan when they learn that their bills will be higher for decades after just a few years of relief.

"What the Liberals brought forward is not sustainable and will be hugely problematic for ratepayers for decades to come," he said.

The billions of dollars in extra debt needed to lower rates will not appear on the government's books but will instead be raised by Ontario Power Generation (OPG), the Crown corporation responsible for generating about half the province's electricity.

The debt needed to finance the plan should peak at $26.2-billion in 2027, according to the FAO.

The province will provide 45 per cent of the financing, with the rest raised from banks and other investors by OPG. If the province raised the full amount and did not involve OPG, $4-billion would be saved in lower interest costs, the FAO said.

Edition: Ontario
Length: 633 words

Tone: Negative
Ad Value: $15,688
Circulation: 309,154

Auditor General and Liberals at odds over accounting of hydro relief plan (QP Briefing)

24.05.2017 Sabrina Nanji 0

Another accounting spat is brewing between the Liberals and the Auditor General, this time, over the government's hydro relief plan.

On Wednesday, Auditor General **Bonnie Lysyk** told MPPs on the legislative committee studying Bill 132, the Fair Hydro Plan Act, that the Liberals are setting a "dangerous precedent" by keeping the cost of borrowing off of the province's financial statements, which she said defies good public sector accounting practice.

"There are a lot of people investing a lot of time and money to set this up [and] structure it in such a way that it doesn't affect the bottom line," Lysyk said.

The AG testified at the standing committee on justice policy on the same day Financial Accountability Officer **Stephen LeClair** reported the Liberals' Fair Hydro Plan, featuring an additional 17 per cent hydro rate reduction, will cost $45 billion over three decades to save ratepayers $24 billion – a $21-

billion cost of borrowing for Ontarians, assuming an average interest rate of 5 per cent and that future budgets remain balanced.

LeClair said refinancing the electricity system involves “a complicated accounting structure” that will increase Ontario’s gross debt by about $26 billion by 2027-28, but does not impact the province’s net debt, which is estimated at nearly $312 billion for 2017-18. That's because the plan creates a regulatory asset through Ontario Power Generation Trust – a new entity that would cover the cost of borrowing for the next 10 years, after which ratepayers will start seeing the charge on their bills.

Per the FAO, the OPG Trust would finance 55 per cent of the cost, while the province finances 45 per cent. The Independent Electricity System Operator (IESO) would establish a regulatory asset to account for future repayments, which would be purchased and controlled wholly by the trust.

If the refinancing structure – something the government has likened to extending the terms of a mortgage – does not meet public sector accounting standards, LeClair said the province’s annual deficit could take a $26-billion hit over the next 11 years, but improve by the same amount over the following 18.

It did not pass Lysyk’s accounting test.

“[The government] plans to record anticipated revenue as an asset to offset borrowing in its consolidated financial statements,” she said.

“As we know, accounting deals with past transactions, not future ones. So, to anticipate that private-sector electricity generators will reduce their costs in the future and to use legislation to make this potential future benefit an asset is also not allowed under Canadian public-sector accounting standards," Lysyk said.

To earn her unqualified opinion, “the difference between the amounts paid to power producers and the amounts collected from consumers would show up eventually as an impact on the bottom line of the government’s financial statements.” That’s the difference between what the IESO pays energy producers for the electricity they generate and the actual market value, otherwise known as the global adjustment charge.

But an audit prepared by KPMG for the IESO concluded the regulatory asset can be established based on U.S. accounting standards, and that it should not be counted on its bottom line after being transferred to the OPG Trust, “as IESO no longer has rights or future economic benefits associated with the asset.”

“The variance account created by Bill 132 is subject to rate regulation by the [Ontario Energy Board] and the variance account will be established with the right to collect funds against the variance amount in the future. In these circumstances, the IESO is able to establish a regulatory asset,” KPMG's audit reads.

KPMG also said public sector accounting standards don’t provide specific guidance on rate regulated accounting, but allows the government to apply other frameworks, like the U.S. Generally Accepted Accounting Principles.

Meanwhile, Bill 132 is due back to the house for third reading next week and is expected to pass before MPPs break for summer.

It would not be the first time Lysyk has given a qualified opinion – she would not sign off on last year's financial statements because of an accounting clash over two of the province's co-sponsored pension fund surpluses.

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FAO Says Ontario's Fair Hydro Plan Will Cost $45 Billion Over Three Decades	
Source: **CFTO**	May 24, 2017 6:10 PM (8)

Anchor 1: But first we turn now to the Ontario government's plan to cut your hydro bill.

Anchor 2: Might save you money now, but not one, but two financial watchdogs say it will cost us billions in the long run. CTV's Colin D'Mello joins us at Queen's Park. Long-term pain for short-term gains.

Reporter: Well nothing in life comes for free, Ken, and now we're being told by the financial accountability officer that cheaper hydro bills today is going to end up costing the province $45 billion in the long run. And the auditor general as well is questioning the accounting methods behind it.

Reporter: It's being suggested as a master class in creative accounting. The Liberal government promised you a 25 per cent discount on your hydro bill, but the math behind it has left even accountants confounded.

Bonnie Lysyk, Ontario's Auditor General: It is a very confusing design.

Reporter: To pay for the discount the government will have to go into debt, but according to Auditor General Bonnie Lysyk the **Wynne** government doesn't want that, and the plan it came up with is raising alarm bells.

Lysyk: I think this would set a significant risky precedent for public sector accounting in Canada.

Reporter: In order to cut your hydro bill, the government is turning to an American accounting method by taking all of the money you're going to spend on electricity in the future and counting it as an asset that exists today. The province then borrows money against that asset to pay for the loss of income from the hydro discount. It's a head spinner, yes, but essentially the auditor general says the deal looks debt-free when it's really not.

Lysyk: It does produce that magic where the impact of that transaction doesn't appear on the bottom line of any organization in the public sector.

Reporter: The complex plan has left the opposition fuming.

Todd Smith, PC Energy Critic: It's astonishing, really, and it's completely unacceptable that we're mortgaging our kids' future.

Reporter: But the Energy Minister says the accounting is sound.

Glenn Thibeault, Ontario Energy Minister: Many, many accounting firms – KPMG, for example – reviewed the accounting principles and have stated very clearly that they are fine with these principles.

Reporter: The auditor general, however, is definitely not. And the financial accountability officer also says the province is going to be walking a very tight rope. If there is an interest rate hike or if the province can't balance its budget over the next 30 years, then we're potentially looking at paying back $93 billion, all for cheaper hydro rates now.

Fair Hydro Plan to Cost Ontarians an Additional $21 Billion

Source: CBC	May 24, 2017 6: 36 PM (20)

Anchor: The provincial government's new hydro plan is supposed to cut your electricity bill by 25 percent from the peak last year. Well, the province's fiscal watchdog now reporting on how that plan will end up costing us all much, much more. The bottom line, an extra $21 billion. Our Queen's Park reporter Mike Crawley will join me in just a moment to talk about the official fallout, but first he does the math for us.

Reporter: Trying to understand costs in the hydro system can make your head spin. So I'm going to try and break it down for you nice and simply. The average hydro bill in this province hit $158 a month at the end of last year under what the Liberals call their Fair Hydro Plan. The average bill drops to $123 a month this summer. How? It's not because building gas-fired power stations or refurbishing nuclear plants is getting any cheaper. It's actually because the province will borrow money to subsidize your hydro bills in the short term. We'll all have to pay that back eventually, with interest. Ontario's independent fiscal watchdog, Steven Leclair, did the math. He says the refinancing will save electricity customers about $18.4 billion off their bills over the coming decade, but after 2027, paying off the debt will cost about $39 billion. The difference, $21 billion extra on the hydro bills of the future.

Peter Tabuns, NDP Energy Critic: What the Liberals have brought forward is not going to be sustainable and will be hugely problematic for ratepayers for decades to come.

Todd Smith, PC Energy Critic: It doesn't fix the problem with the high cost of electricity, actually. It just kicks it down the road for our kids and our grandkids.

Reporter: But our kids and grandkids aren't voting in next year's election. By that time, the average hydro bill will be lower than it's been in years. It will climb only slowly until 2021 and then it is projected to start jumping, exceeding $200 a month in a decade.

Anchor: Mike's done the math for us and joins us live in studio. What do voters care more about? What they're paying now or that it could be significantly more in a decade?

Reporter: Certainly **Kathleen Wynne** and the Liberals are banking on people caring about what's happening with hydro bills right now. In fact, that's why they've put all of this emphasis on trying to bring down bills, because they were absolutely hurting in the polls because bills were so high. You can guarantee though that the opposition parties are going to keep bringing up at every possible opportunity the fact that we're going to be paying a lot more down the road and if you look at voters, think back a few years. It was actually told to them that bills were going to rise really highly and they didn't punish the Liberals, because of the fact that the bills were going to go up in the future. So it's quite possible that this gamble could pay off for **Kathleen Wynne**.

Anchor: But when you look at the bill right now, you go, oh, my gosh, it's high.

Reporter: And when you look at them this summer, you might think, okay, they've gone down a little bit and when you cast your ballot next election, are you going to say, oh, I'll have to pay so much more in the future. I don't know. I think for a lot of voters, it's the immediate thing that really matters.

FAO Says Fair Hydro Plan Will Ultimately Cost $21 Billion	
Source: **Global**	May 24, 2017 6:04 PM (16)

Anchor: The cost of lowering hydro rates in Ontario will come with a price tag of $21 billion if and only if things go according to plan. That is according to an independent financial watchdog at Queen's Park. Now Global News has documented the hardships of people in this province struggling to pay spiking hydro rates. Some have resorted to living without power because they can't pay their bills. Others have had to choose between heat or food. And it is those kinds of stories the Liberals say have spurred them into action. And that action is a major change in how and who pays for hydro. Now I'm going to warn you, this is complicated and full of a lot of big numbers. And as a journalist, you know I'm terrible at math, but this is important to understand because it's going to impact you and your kids. So you with me? Here's how the plan breaks down.

Anchor: The Fair Hydro Plan, or FHP, includes an 8 per cent HST rebate as well as electricity refinancing and more relief programs. It all cost $45 billion over 29 years. Now what do we get what that? Well electricity ratepayers will save $24 billion over the same period, but to put that another way, the FHP will eventually cost all of us $21 billion. So the headline again is that we are spending $45 billion to save $24 billion.

[TV Clip]: What have you done? What the hell have you done? What have you done to her? What are you talking about?

Anchor: Okay that is the show 24, and if Jack Bauer could stop screaming at me for a moment you will learn that that $24 billion in savings is not going to be spread out equally because you and I get the goods and our kids get the bill. This year the average electricity bill is projected to decrease by 25 per cent, and for the next four years, it will only grow at the rate of inflation. But starting in 2021, that bill goes up an average of 6.8 per cent a year for six years. And then, comes the year 2028. We finally have jet packs? Will Google Chrome be implanted in our frontal lobes? Who knows in the future what will come true? But I can tell you what will come due and that's $18.4 billion in deferred electricity costs, hydro cost that you and I will not be paying now. And add to that $21 billion in interest. Future ratepayers will be paying extra for 20 years. You might wonder if in 2028 anyone will think that this hydro plan is fair.

Now remember at the beginning when we mentioned the "if" in all of this? The financial accountability officer who authored the report says his projection will only be true if Ontario's budgets remain balanced for the next 30 years. Otherwise, things will be much worse. And for perspective, the Liberal government tabled a balanced budget this year for the first time since

2008. So on one hand this plan provides immediate relief from high prices, and let's be clear, there are people in this province any debt help now. On the other, there is a big price tag for future generations to make that happen. Depending on your perspective, this is either prudent and progressive or you’re Jack Bauer:

[TV Clip]: What do you want me to do? I told you there’s nothing I can do! What do you want from me?

Unidentified 1: I just want to know you feel something!

Unidentified 2 [clip end]: I can’t!

Wynne hydro plan just Liberal snake oil (Toronto Sun)

Thu May 25 2017
Page: A8
Section: News
Byline: Lorriegoldstein
Source: Toronto Sun

If we fall for Premier Kathleen Wynne's "just get me through the 2018 election Fair Hydro Plan," we'll fall for anything.

Because the Liberal government scheme, analyzed in a report released Wednesday by Ontario Financial Accountability Officer Stephen LeClair, bears a striking resemblance to snake oil.

That is "a product or policy of little real worth or value that is promoted as the solution to a problem."

Snake oil is my characterization of Wynne's plan, not LeClair's.

But the independent financial watchdog's clear-eyed assessment of what Wynne is doing shows why Ontarians should be alarmed by this looming financial disaster.

Wynne is promoting her Fair Hydro Plan as a solution to high electricity rates for Ontario consumers. (Rates caused in large part by the green energy blunders of her government and that of her Liberal predecessor, Dalton McGuinty.)

In reality, it's a prescription for short-term gain at the expense of longterm pain.

That's because at the end of its 29-year lifespan, Ontarians will not only have paid tens of billions of dollars more for electricity than they would have without Wynne's scheme, but will be left with worthless, or near-worthless electricity-generating systems operating at the very end of their lifespans.

The Liberals compare Wynne's plan to lowering your mortgage payments today by extending the amortization period.

But, with a house, you end up with an appreciable asset you can live in, or sell for profit.

Wynne's Fair Hydro Plan is more properly compared to taking out an extended car loan, at the end of which the car has little or no resale value.

That's because wind turbines, solar panels and natural gas plants have limited lifespans and will be worn out and out of date three decades from now, overtaken by better technologies.

The political advantage for Wynne is that her plan lowers consumers'electricity bills now, by 25%, and artificially holds rate increases to no more than inflation for four years.

In other words, beyond next year's election and for most of Wynne's second term as premier, if she wins another majority.

But after that, hydro premiums skyrocket at a rate of 6.8% annually from 2021 to '27 and, post-2027, at a rate 4% higher than they would have without Wynne's plan, even if she maintains the 8% HST hydro rebate she introduced Jan. 1.

Wynne's plan turns responsible budgeting on its head.

Rather than paying our way as we go, it sticks future generations of Ontarians with the cost of paying for our electricity today, while making no provision for their needs in the future.

It amounts to today's parents forwarding the bill for their hydro to their children and grandchildren.

It's another example of Wynne using public money irresponsibly in a desperate bid to win re-election.

It's similar to her government spending millions of dollars of public money for political advertisements Auditor General Bonnie Lysyk has described as inappropriately self-serving and partisan.

The only reason the ads aren't illegal is that Wynne changed the law passed by McGuinty, against the advice of the auditor general, who, like LeClair, is an independent officer of the Legislature.

Heaven only knows where Wynne will raid the public purse next in her bid to get herself re-elected.
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Edition: Final
Story Type: Column
Length: 532 words

Tone: Negative
Ad Value: $2,671
Circulation: 171,076

Shock To The System; Plan to cut hydro rates could cost as much as $93B: FAO (Toronto Sun)

Thu May 25 2017
Page: A8
Section: News
Byline: Antonella Artuso
Source: Toronto Sun

Premier Kathleen Wynne's plan to cut hydro bills by 25% comes with an electrifying price tag.

A review by Ontario Financial Accountability Officer Stephen LeClair says the minimum cost is $45 billion, but that number could soar to anywhere between $69 billion and $93 billion if the Fair Hydro Plan is financed with borrowed money.

In the best-case scenario, which requires the Ontario government to maintain a balanced budget over the next three decades, the plan costs $45 billion.

Once the 25% break on bills is factored in, Ontarians will pay a total of at least $21 billion more than they would have without the rate reduction.

Energy Minister Glenn Thibeault said in a statement Wednesday that the plan means hydro customers will soon see relief from high bills.

"We've always said that the proposed Fair Hydro Plan will cost more over the long-term, but it will share the costs of our investments more fairly over a longer period of time, and lower bills by 25% on average, starting this summer," Thibeault said. "The FAO's analysis shows cost projections of $21 billion over 29 years for our plan, which is in line with earlier estimates."

Wynne's government announced the bold hydro plan after bills soared, leaving many ratepayers complaining that the cost was so high that it was getting difficult to pay for other priorities like food and rent.

The Wynne plan calls for an HST rebate, refinancing of electricity assets and the rejigging of hydro relief programs.

Ontario ratepayers would see about $24 billion shaved from their bills between 2017 and '45, the FAO report says.

Under the plan, hydro rates decrease 25% on average this year, followed by four years of relatively low increases capped at inflation.

Wynne's plan would cut the average eligible ratepayer's monthly bill to $123.30 from the current $164 in 2017, a savings of $41.

In Year 5 of the plan, bills start to rise again to help cover the cost of the plan.

"They'll be going up 7% a year until about Year 10, and then after that they'll be about 12% higher than they otherwise would have been," NDP Energy Critic Peter Tabuns said. "Not even future generations - people who are ratepayers right now are going to get hit hard starting five years from now and they'll be hit hard for decades, quite literally."

MPP Todd Smith, the energy critic for the Progressive Conservatives, called the Liberal plan "fantasy land."

Predicated on balanced budgets and low interest rates, it's a quick election fix for a Wynne government facing voters in 2018, he said.

"I think a lot of people are seeing through this for what it is; this is Kathleen Wynne's re-election plan," Smith said.

The FAO report noted significant financial risks in the plan because it's based on the premise that the Ontario government can "achieve and maintain a balanced budget over 29 years." Since 1990, the Ontario budget has been balanced seven times - four times under the PCs and three under the Liberals.

The FAO also questioned the government's intention to borrow more than half of the money it needs through an Ontario Power Generation Trust, which it says comes with an increased borrowing cost of $4 billion.

Illustration:
• / (See hardcopy for photo)
• Stan Behal, Toronto Sun / NDP Energy Critic Peter Tabuns comments at Queen's Park yesterday on the new report on Kathleen Wynne's energy plan.
• / LECLAIR Big risk

Edition: Final
Story Type: News
Length: 515 words

Tone: Neutral
Ad Value: $6,803
Circulation: 171,076

Liberals' hydro plan to cost Ontarians $21 billion, watchdog says (QP Briefing)

24.05.2017 Christopher Reynolds 0

Guzzling on the cheap today means a costly hangover tomorrow.

The Liberal government's hydro plan, while saving ratepayers an average of 25 per cent on their electricity bills in the short-term, will leave Ontarians with a $21-billion headache over three decades, according to the province's budget watchdog.

In a report released Wednesday, Financial Accountability Officer **Stephen LeClair** said that Premier **Kathleen Wynne**'s "Fair Hydro Plan" will cost $45 billion over 29 years, but save ratepayers $24 billion, resulting in a net $21-billion cost.

It's a precarious figure. The projection presumes the government will balance its books every year and that interest rates will remain low. The financial accountability office has forecasted budget deficits until at least 2020, although the Liberals foresee only black ink. Interest rates on potential loans down the line may creep upward in a thriving economy.

Should either of those two factors change, Ontario could wind up more than doubling its costs, LeClair said. If lower electricity rates spark higher consumption or if generation and delivery costs rise, for example, the government might be forced to borrow more, meaning a bigger debt and more interest.

"If the province is required to fund the FHP [Fair Hydro Plan] through debt, then the cost to the province could increase to between $69 billion and $93 billion," the Financial Accountability Office stated in a release.

Energy Minister **Glenn Thibeault** countered that these "outlier scenarios … are extremely unlikely."

Surveys show the hydro plan has helped buoy the Liberals' flagging prospects ahead of next year's election following plummeting poll numbers amid fast-rising electricity rates.

If Bill 132, the Fair Hydro Act, passes next week, consumers will see their rates tethered to inflation for the next four years, inching up about 2 per cent annually.

But, starting in 2021, the FAO projects electricity bills will shoot up 6.8 per cent each year through to 2027 — higher than leaked Liberal cabinet documents suggested. Rates would climb back up to current levels in 2026, levelling out to about 4 per cent higher than they would have otherwise between 2027 and 2045, according to LeClair.

The average monthly hydro bill now sits at $156 per household. With the 25-per-cent rate cut it would fall to $123. The slash is slated to take full effect by July 1, pending passage in the house.

The hydro plan's refinancing component will take an $18.4-billion load off of electricity costs that ratepayers would otherwise bear. Ratepayers, spared that repayment and $21 billion in accumulated interest for a decade, would then begin to pay down both in 2028, ultimately forking over $39.4 billion over 17 years.

"The electricity cost refinancing initiative does not 'smooth out' the cost of electricity," the report states, contradicting a previous statement from the energy minister.

Thibeault said the government has always acknowledged the plan's higher long-term costs, adding that the fresh assessment was in line with the government's projections. "It's important to remember that the FAO's projection of electricity costs reflects a point-in-time estimate that demonstrates how we can ensure greater fairness and affordability in the short and medium term."

LeClair recommended the government get assurance from the auditor general that the "complicated accounting structure" for refinancing electricity costs — a move that will provide for more than half of the projected savings to ratepayers — meets public sector accounting standards.

Auditor General **Bonnie Lysyk** told *QP Brieifing* on Wednesday that "the transaction as proposed is legislated accounting and does not meet public sector accounting standards."

Progressive Conservative energy critic **Todd Smith** called the overall plan a "quick fix" that achieves "very short-term satisfaction … for long-term pain."

"It's fantasyland," he told reporters Wednesday. "It's not just unfair for those of us who pay the bills now, but it's unfair for the next generation, and quite possibly the next generation to come."

PC Leader **Patrick Brown** dubbed the "unfair hydro plan" a "sham" that would have "a devastating impact on household budgets and the economy."

NDP energy critic **Peter Tabuns** brushed off concerns about a popularity boost for the Grits. "There's no question that people feel real hunger for some relief, but they don't like the idea that they're going to get hit real hard in a very short period of time."

He compared the plan to taking out loans to pay the rent. "We're just pushing the costs down the road by a few years. And ultimately we're going to have to pay them all back, plus interest. That isn't a good deal."

Thibeault highlighted his party's upcoming Long-Term Energy Plan, set to be unveiled this summer, to take more costs "out of the system."

He got no sympathy from Green Party Leader **Mike Schreiner**. “The Liberals' hydro shell game is the most expensive band-aid in Ontario's history,” he said in a statement.

Ontario gets good omen from latest cap-and-trade auction (QP Briefing)

24.05.2017 Geoff Zochodne 0

The cap-and-trade market run by California and Quebec — which Ontario intends to join in 2018 — is showing signs of life again.

Results from the May 16 cap-and-trade auction held by California and Quebec were released Wednesday, showing the two jurisdictions sold all of the 75.3 million carbon credits for 2017 that they had put on the block earlier this month. Another 2.1 million cap-and-trade allowances for 2020 were sold as well, about 22 per cent of the available permits in the May auction.

The California-Quebec carbon market has now held 11 auctions since 2014, but it has been on a roller-coaster ride over the past year, with results ranging from as little as 11 per cent of available permits being sold to as much as 88 per cent. The weak results have cost the two jurisdictions millions of dollars in revenue that would have been earmarked for methods of mitigating climate change.

Ontario had been keeping an eye on the California-Quebec market, as it plans on linking its own cap-and-trade system with those two in 2018. Cap and trade is a carbon pricing system that aims to curb climate change and reduce greenhouse gas pollution by forcing businesses to buy permits for their emissions, giving them an incentive to reduce those emissions.

Cap and trade began in Ontario in January, and the province held its first-ever cap-and-trade auction in March, which was a near sellout. All of the 25.3 million carbon credits for the 2017 vintage year were sold, and another 812,000 allowances for 2020, about 26 per cent of those available, were also purchased.

Ontario's March auction earned the province about $472 million in proceeds that will pay for a variety of greenhouse gas-reducing measures. The Liberal government initially estimated the carbon-pricing system would yield between $1.8 billion and $1.9 billion in annual proceeds, but reduced that figure in the 2017 budget to approximately $1.4 billion a year, starting in 2018-19.

Environment Minister **Glen Murray** has said the $1.9-billion projection was predicated on every quarterly auction selling out, so the government is leaving itself some wiggle room with its projections.

However, a proposal has popped up in the California Senate that could hike the minimum price for a carbon allowance, which would force Ontario and Quebec to increase their price to keep all three systems linked. Murray has shrugged off the threat, saying it is just one of several ideas that will considered during the state’s brokered budget process.

The Liberal government is relying on cap and trade to fund up to $8.3 billion in GHG-reducing programs, such as rebates for the purchase of electric cars. The ceiling on Ontario's carbon emissions will also be lowered by about four per cent every year, helping the government with its goal of lowering the province's emissions to 15 per cent below 1990 levels by 2020.

Will high-speed rail be worth it for Ontario? (Toronto Star)

Thu May 25 2017
Page: A9
Section: News
Byline: **Martin Regg Cohn**

High-speed rail has taken a U-turn in Ontario. For decades, all roads - or at least routes - led to Montreal. Driven by the perennial national unity debate, premiers preened for annual photo-ops while promising to bind Ontario and Quebec not just economically, but politically.

Yet high-speed rail remained stuck on a slow train that never left the station.

Now, the destination is in another direction - with westward stops in Guelph, Kitchener-Waterloo and London.

Why the turnaround? And why did the Quebec quest reach a dead end?

Today, the politics are more provincial than national, and the economics are more practical than aspirational.

Premier Kathleen Wynne dreams, no doubt, of harvesting more votes by proclaiming Ontario's biggest-ever infrastructure project - a sleek high-speed train with all the bells and whistles - as her $20-billion legacy. But southwestern Ontario is hardly fertile territory for her governing Liberals, and she's unlikely to be in office to drive the last spike eight to 14 years from now.

A better explanation for the new direction is the belated recognition that a fast train to Montreal isn't as smooth as it sounds. At least not at that price.

If you build it, they may not come. Or pay.

The trip between Canada's two biggest cities has always been driven by the promise of business travellers and tourists paying top dollar for a short trip. But the problem with occasional travellers is that they come and go - without coming back often enough to build a business around it.

Consider the painful fiasco of the Union Pearson Express to Toronto's airport.

A train that targeted an exclusive business market didn't generate much high-end traffic in the end, or the high revenues to pay for it. Only when UP opened up to everyone along the route - transforming it from a business and ruling class train to a people's class commute - did the seats finally get filled and the cash begin to flow (though still too slowly).

This is not a columnist's customary second-guessing, merely second thoughts. I'd long supported an airport rail link here, having regularly ridden the Hong Kong Airport Express when I lived there (also a 22-minute ride downtown). Just as I'd always supported the idea of a high-speed link to Montreal - or anywhere.

One trip on the Maglev train from Shanghai's airport at the warp speed of 432 km/h takes the breath away, even if the terminus in suburban Pudong is in the middle of nowhere. But no amount of love and affection for train technology (vintage or vector) will keep a dreamy journey from crashing down to earth on faulty economics.

Without the ridership and revenue bases, any train is baseless. It's not clear that North American distances, densities or propensities among riders would have sustained customer demand here until recently. The appeal of this proposed route - if the economics can be made to work - is that it connects 7 million people along a population corridor that accounts for 60 per cent of Ontario's economy.

Phase one would link downtown Toronto to Pearson Airport and the high-tech hub of Kitchener-Waterloo at speeds of up to 250 km/h, ending in London. The latter destination seems more of a stretch (and happens to be the home of deputy premier Deb Matthews, whose riding is increasingly encircled by New Democrat MPPs), but there may be an argument for a southwestern Ontario nexus that draws in that economically depressed population centre.

Phase two leads from London to Windsor, but may never get off the ground. A report to Wynne by former federal transport minister David Collenette concedes that ridership and revenue remain unproven on that stretch, relying instead on "socio-economic and regional development grounds" for a future extension.

A Windsor terminus sounds more political than economical, destined to be deferred from one election campaign to the next. Just as the perennial route to Quebec kept going in circles.

High-speed rail has been a long journey, more prosaic than romantic. Instead of passengers gliding to Montreal for a getaway, think of commuters hitching a 48-minute ride from Kitchener-Waterloo to the GTA as part of their daily grind.

Customers in a hurry, heading from home to work and back again. Who keep coming back.

Martin Regg Cohn's political column appears Tuesday, Thursday and Saturday. mcohn@thestar.ca, Twitter: @reggcohn

Illustration:
• Premier Kathleen Wynne is hopeful the high-speed train will be her legacy.
• Dave Chidley/THE CANADIAN PRESS file photo

Edition: ONT
Length: 723 words

Tone: Negative
Ad Value: $25,112
Circulation: 361,323

Ontario's hydro plan terrible public policy

- **The Belleville Intelligencer**
- **Thu May 25 2017**

- **Page:** A6
- **Section:** Opinion
- **Byline:** David **Reevely**

- **Source:** The Belleville Intelligencer

The jiggery-pokery the Ontario Liberals are using to cut hydro bills will eventually cost us almost twice as much as it saves, the budget watchdog reported Wednesday.

This is the “Fair Hydro Plan,” the Liberals’answer to the constant drumbeat of “hydro, hydro, hydro” from the opposition. It cuts electricity prices by 25 per cent for residential and small commercial customers now, and the future is the future’s problem.

The metaphor the government is using is that it’s refinancing the mortgage on the electricity system, extending the payments on long-term energy contracts to lower prices now. Refinancing isn’t free, though, and the financial accountability officer Stephen LeClair and his staff say it’ll save us $24 billion on our hydro bills now but cost us $45 billion in the end.

That money will go to lenders, who’ll put up the money to cover the costs of the energy contracts as signed and then accept our extra payments over a decade or so. The whole thing will be managed through the government-owned Ontario Power Generation utility, which keeps it off the province’s books.

The provincial government will also forgo about $1.5 billion a year in sales taxes on electricity, the report says, leaving the money in Ontarians’ pockets. Assuming the government never runs a deficit that forces it to borrow, there’s no net cost to that. That’s an iffy assumption, obviously.

By 2027, the budget officer figures, electricity prices will be four per cent higher than they would otherwise.

What makes the plan “fair,” Wynne said, is that it makes future Ontarians pay more and today’s Ontarians pay less. What was unfair before, in Wynne’s formulation, was today’s Ontarians were having to pay too big a share of the costs of modernizing the power system when tomorrow’s Ontarians will also benefit.

Energy Minister Glenn Thibeault responded to LeClair’s report by acknowledging it’s accurate but there’ll be a plan released this summer that lowers long-term expenses by reducing the amount of electricity we expect to buy. There’s evidence Ontario won’t need as much power as the operative plan calls for.

What would actually be fair would be to go back in time and make the Ontarians of the 1970s, ‘80s and ‘90s pay a little bit more for electricity to keep the system in goodrepair. Power, in the glory days, was unsustainably cheap.

Yes, part of what we’re paying for now is ill-considered green-energy contracts. Part of it is from ditching dirty coal generation, which was a wiser decision but not a free one.

A lot of what we’re paying for is simply dragging Ontario Hydro back from the brink of collapse. Decades of self-indulgence achieved that decrepitude and decades of selfdiscipline are the only way to undo it.

The Fair Hydro Plan is the Liberals’declaration that we’re not quite up to the self-discipline they thought we were. The Fair Hydro Plan addresses a big political problemfor the governing party but it’s terrible public policy. It exemplifies the attitude that got us into trouble in the first place.

The opposition parties have no meaningful alternatives.

Progressive Conservative Leader Patrick Brown promises to review generating contracts to look for loopholes, as if the Liberals hadn’t thought of that. NDP Leader Andrea Horwath says an NDP government would buy back Hydro One, the sale of which has basically nothing to do with electricity prices. Each party’s plan has other elements but at most they amount to fiddling the decimals.

So Ontario’s electricity prices are high and in complaining about them with Trumpian vapidity, the opposition parties have stampeded the government into buying temporary relief by making them much higher than they’d have to be if we just gutted the next few years out.

Well done, everybody.

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- **Length:** 622 words
- **Tone:** Neutral
- **Reach:** 9723

Pay less now, pay more later; Plan to cut hydro bills will cost Ontarians $21B over 30 years: Watchdogs

- **The Belleville Intelligencer**
- **Thu May 25 2017**

- **Page:** B6
- **Section:** Ontario News
- **Byline:** **Allison Jones**
- **Source:** The Canadian Press

Ontarians will be paying a net $21 billion over the next three decades to get shortterm savings under the Liberal government's hydro plan, which is designed to make the province's bottom line look better, two watchdogs said Wednesday.

Both the financial accountability officer and the auditor general weighed in on the plan to lower hydro rates, which have roughly doubled over the last decade.

A report from the budget watchdog found the government will spend $45 billion over the life of its hydro plan to save people $24 billion on their bills over the next approximately 30 years.

The $45 billion, however, is mostly the cost of funding an eightper-cent rebate that took effect in January and assumes balanced budgets. If the government has to fund that rebate through debt, the cost could soar up to $93 billion, the report said.

Premier Kathleen Wynne promised to cut hydro bills after anger over rising costs helped send her approval ratings to record lows. Under the government's plan, Ontarians will see lowered hydro bills for the next 10 years, but then higher costs for the following 20 years.

Legislation to cut electricity bills by 17 per cent on average - on top of the eight-per-cent rebate - is currently before the House.

The hydro plan will lower timeof-use rates by removing from bills a portion of the global adjustment, a charge consumers pay for abovemarket rates to power producers. For the next 10 years, a new entity overseen by Ontario Power Generation will take on debt to pay that difference.

That means there will be no impact on Ontario's net debt - currently at about $312 billion - or annual surplus/deficit, said Auditor General Bonnie Lysyk. The auditor told a committee studying the hydro legislation Wednesday that it "sets a dangerousprecedent."

"There are a lot of people investing a lot of time and money to set this up, structured in such a way that it doesn't affect bottom line," she said.

Energy Minister Glenn Thibeault has said OPG has expertise in managing hydro-related debt.

The OPG Trust is financing 55 per cent of that borrowing, with the province financing the rest. But the OPG Trust borrows at an average rate of 5.4 per cent, compared to the province's 4.5 per cent, the FAO noted. So if the government took on all of the refinancing, ratepayers could save $4 billion, the FAO concluded.

NDP critic Peter Tabuns called the financing structure "puzzling."

"It may make provincial debt look better because it's been moved off (the government books), but that can be the only advantage. It's going to cost us a lot of money."

- **Length:** 427 words
- **Tone:** Negative
- **Reach:** 9723
- **Illustration:** Darren Calabrese, The Canadian Press / A hydro tower is shown in Toronto. The Ontario government's plan to lower hydro rates, which have roughly doubled over the last decade, is expected to cost taxpayers $21 billion over the next 30 years, according to the province's budget watchdog.;

Hundreds of Ontario public-sector workers report they've experienced violence on the job (QP Briefing)

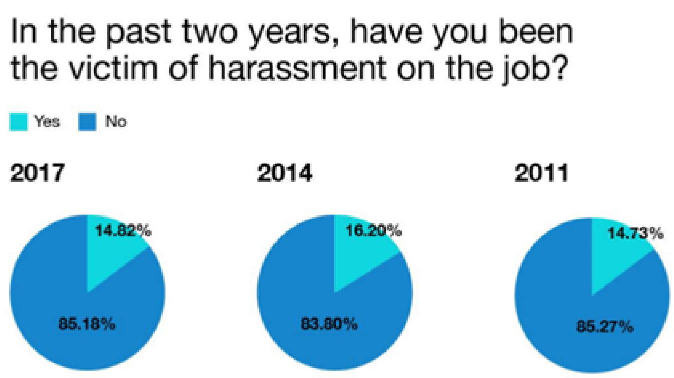
24.05.2017 Geoff Zochodne 0

More than 1,000 Ontario public-sector employees may have encountered violence on the job, a recently published workplace survey suggests.

The results of the 2017 Ontario Public Service employee survey were announced earlier this month on the webpage of Cabinet Secretary **Steve Orsini**, the province's top civil servant.

More than 34,000 workers are said to have responded to the now-annual survey, which was conducted from February 22 to March 8 of this year.

One sentence from the results states that: "In both 2017 and 2014, 3% of respondents said they had experienced violence on the job."



Violence

- In both 2017 and 2014, **3%** of respondents said they had experienced violence on the job.

Three per cent of 34,000 is 1,020. According to the government, more than 60,000 people work in a wide variety of roles in the ministries, agencies and Crown corporations that make up the Ontario Public Service. Three per cent of that workforce would be approximately 1,800.

A spokesperson for Treasury Board president **Liz Sandals** said the government is "working hard to create and maintain safe workplaces for all OPS employees."

"Ontario Public Service has a formal process to report and address issues of workplace violence available to all employees, and provide support to those who need it," said **Gabrielle Gallant** in an email.

Gallant added that the survey was open to employees who work in corrections and enforcement, and that those who said they'd faced workplace violence could provide additional feedback.

"Of those respondents who chose to tell us more about their experience, almost half (47.1 percent) indicated the violence was from an individual for whom the employee had a custodial responsibility – for instance, an inmate, offender, detainee or patient," said Gallant.

Overall, 14.82 per cent of those surveyed in 2017 reported they had been "a victim of harassment on the job," while 85.18 per cent said they had not. This was an improvement over the 2014 survey, which found that 16.2 per cent of respondents said they had been harassed.

Discrimination was down in the 2017 survey as well, with 12.56 per cent saying they had felt its effects. In 2014, that number stood at 14.25 per cent. In 2011, it was 17.64 per cent.

Overall, the survey reported stronger feelings of engagement and inclusion among bureaucrats.The message posted to Orsini's webpage said the "survey results confirm that we are heading in the right direction."

"However, you have also told us loud and clear that there is still much more we can do," adds the May 9 message. "Your feedback will help us assess our strengths and identify opportunities to further improve our workplace as we shape the OPS for the future."

Diversity improved in the 2017 survey, as 22.6 per cent of respondents considered themselves to be a visible minority, up from about 20 per cent in 2014.

Job satisfaction also increased, to 63.6 per cent in 2017 from 59.6 per cent in 2014.

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