QP BRIEFING

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1). HAPPENING: COUNCILLORS AND SCHOOL BOARD TRUSTEES GETTING PREGNANCY LEAVE

By: Geoff Zochodne

A bill making a raft of changes to the province's municipal laws is through the legislature, ensuring city and town councillors and school board trustees will be entitled to up to five months of pregnancy or parental leave.

Bill 68, the Modernizing Ontario's Municipal Legislation Act, passed third reading and received Royal Assent Tuesday at Queen's Park. The bill makes a number of tweaks to municipal-related laws, such as the Municipal Act and the City of Toronto Act.

The bill allows for up to five months of pregnancy or parental leave for councillors and school board trustees. It also requires the province's 444 municipalities to have a code of conduct for their councils and boards, as well as to ensure they have the services of an integrity commissioner to police those rules.

Other changes that will be implemented under Bill 68:

- Requiring municipal councils and planning boards to consider climate change and reducing greenhouse gas emissions in their work;
- Following the 2018 municipal election, regional municipalities must review the size of their lower-tier municipalities (e.g. Peel Region seeing if the City of Brampton has too many councillors); this would happen every eight years;
- A council can close its meeting to the public if it is to discuss confidential information provided by another level of government or a Crown agency, as well as to talk about trade secrets or negotiation tactics; this raised eyebrows in the offices of the information and privacy commissioner and the province's ombudsman;
- Making municipal councillors file a written statement if they disclose a pecuniary interest in a matter that's being discussed at a meeting, and barring that councillor from influencing decisions or recommendations on that matter.
- Hiking donation limits to municipal council candidates to $1,200 from $750

2). Ontario budget watchdog forecasts deficits on the fiscal horizon

By: Sabrina Nanji

Clouds are gathering on the fiscal horizon, Ontario's budget watchdog forecast Wednesday.

Financial Accountability Officer Stephen LeClair's latest report says a balanced budget is "within the government's reach in 2017-18" – owed in part to strong growth in tax revenues (personal income, corporate and land transfer tax gains), as well as a $3-billion, one-time cash injection (such as Hydro One share sales, cap-and-trade proceeds, and federal infrastructure transfers).

But over the next five years, the province's financial standing gets a little less rosy, according to LeClair, who projects a "steady deterioration in the budget deficit" based on more moderate revenue and higher expenses.

By 2021-22, the annual deficit could hit $6.5 billion and the net debt – expected to balloon to nearly $312 billion this year – could swell to approximately $392 billion, per the independent officer's spring economic outlook.

"It is unlikely that the government will balance the budget without significant policy adjustments to raise revenue or lower expense," LeClair said in his report.

But Premier Kathleen Wynne, who just saw her government's $141-billion budget pass in the legislature, maintained the province will stay in the black, as it is now, until 2020.

"We are on track to keep the budget balanced over the next number of years … We're committed to balancing the budget through 2020," Wynne told reporters at an echo announcement for the forthcoming $15-minimum wage.

Wynne's own budget projects higher expenses and more revenue over the next three years, but LeClair points to two significant risks that could tamp down Ontario's economic growth.

The first is U.S. President Donald Trump's move to renegotiate the terms of NAFTA and the adoption of protectionist trade measures, such as "Buy America" policies south of the border, which could discourage investment and rein in exports.

On home turf, the hot housing market continues to pose the "largest risk" to the economy, the report said, citing less affordability and higher household debt loads. The land transfer tax the government collects on real estate transactions is also expected to add more than $3.1 billion to its coffers this year.

"A sharp correction in housing prices could reverberate beyond the housing market and lead to broader, economy-wide impacts," LeClair said.

The FAO provided two calculations because the government and auditor general don't agree on whether the surplus for two of the province's jointly-sponsored pension plans should be counted as assets on the bottom line, since the province does not have unilateral access.

The auditor general's figures, coupled with capital spending and ongoing deficits, could see the net debt jump $76 billion over the next five years, to $392 billion. By 2022, Ontario could be forking out nearly $14 billion a year in interest to pay down the debt.

“On this basis, the FAO projects Ontario’s net debt-to-GDP ratio will edge above 40 per cent by 2020-21, well above the government’s interim target of 35 per cent by 2023-24,” the FAO said. The government had set that target for itself in Budget 2017, with the eventual goal of a 27-per-cent ratio by 2029-30.

(Using the government’s accounting treatment for the pension assets, the net debt would soar by $62 billion to roughly $365 billion by 2022.)

The FAO’s numbers doused the opposition benches in gasoline – both opposition parties have been fired up over the state of the province's finances and the privatization of Hydro One.

The New Democrats – who have promised to buy back Hydro One shares if elected in 2018 – cautioned the Liberals may put other public assets on the chopping block to achieve balance.

“Right after the election, Ontario’s debt will grow. One-time revenues from the sell-off of Hydro One will be gone as will the dividend benefit for Ontarians. This FAO report confirms that, once again, Ontarians can’t trust what this Liberal government is saying,” said NDP finance critic John Vanthof, in a statement.

The Tories – who have charged the Liberals are “cooking the books” to be able to tout a balanced budget ahead of the next election – see tax hikes and cuts to services in their crystal ball.

“Ontario families will be saddled with huge costs after the election and for decades to come. Every scheme this government comes up with is never about making life affordable in Ontario. It’s about Kathleen Wynne’s re-election in 2018,” said Tory finance critic Vic Fedeli.

Wynne defended the sale of public assets that morning.

“When I came into office in 2013, we were still confronting a very large deficit in this province, we committed to balancing the budget in 2017-18,” Wynne said. “The people of Ontario know we made difficult decisions in order to do that.”

3). *The summer of savings? Liberals pass hydro relief bill*

By: Geoff Zochodne

Summertime and the savings are easy – especially if you have a majority of seats in the legislature.

The Liberal government's Fair Hydro Act passed third reading Wednesday morning at Queen's Park. The vote on the bill was 53-41, with the Grits voting in favour and the NDP and PCs against.

The legislation outlines how the Liberals will provide electricity customers with an average 25-per-cent cut on their hydro bills by this summer, relying on a complex borrowing scheme, as well as rebates and increased assistance programs that the province's budget watchdog has warned will cost $45 billion over 29 years.

Energy Minister Glenn Thibeault said the way the Fair Hydro Act was written requires the Ontario Energy Board, which sets electricity rates, to implement the plan within 15 days of the bill receiving Royal Assent (it already lowered time-of-use rates by 17 per cent effective May 1, with some of those savings attributed to the forthcoming passage of the Fair Hydro Act). The lieutenant-governor is expected to sign the bill into law by Thursday, Thibeault said, which would mean ratepayers would start getting charged 25 per cent less by Canada Day.

"By July 1, it'll happen," Thibeault told QP Briefing.

NDP energy critic Peter Tabuns said the Liberals' hydro relief legislation, and the sale of just over 50 per cent of Hydro One to outside investors, works out to a "one-two hit" to Ontarians.

"I actually think that what they have done will damage this province for decades to come," said Tabuns.

The Liberals' Fair Hydro Plan is a three-pronged attempt to cut electricity costs, aiming for an average reduction of 25 per cent, with rate increases over the next four years pegged to inflation. The Financial Accountability Office, however, projects that bills will jump by an average of 6.8 per cent after that until the end of 2027.

The first part of the hydro relief plan is an already announced 8-per-cent rebate on bills, which has been in effect since the start of 2017. The second portion is paying for programs that assist low-income and rural electricity customers with tax dollars, instead of making ratepayers foot the bill for the measures. The programs will also be enhanced. Those two parts of the plan will cost an estimated $5.5 billion over three years.

The third prong of the Fair Hydro Plan is the "refinancing" of the global adjustment charge all electricity customers pay, which is a fee that now makes up the bulk of the cost of generating power. This will be done by cutting rates for customers and then covering the shortfall by paying power producing companies with borrowed money.

According to the Financial Accountability Office, the set-up goes like this: Ontario borrows $1.1 billion from the debt markets and invests it into Ontario Power Generation, which turns around and uses the money to create the OPG Trust. OPG borrows $200 million from the debt markets and puts that into the trust, which borrows another $1.2 billion itself, for a total of $2.5 billion in annual debt.

Meanwhile, the Independent Electricity System Operator, which runs the province's power grid and market, takes in $2.5 billion less from ratepayers. It creates a "regulatory asset" worth that $2.5 billion. OPG Trust buys that asset, turning it into an investment.

The investment asset is labelled thusly because there will be interest payments made on the pile of debt – about $25 billion or so that will be borrowed over 10 years by OPG, OPG Trust, and the province – by electricity customers. This will be called the "clean energy adjustment," and consumers will start forking it over about a decade from now.

One of the changes made to the Fair Hydro Act during committee hearings was to add a passage that allows for the Superior Court of Justice to order that the IESO or OPG follow the law and possibly compensate its creditors. Another section allows a creditor to file an application with the court if the IESO or OPG isn't following the law.

"For us, it's making sure that we can get the people to invest to actually help us finance this over the term that we've put out there," said Thibeault.

While Premier Kathleen Wynne has admitted the hydro plan will cost more than the status quo would have, the FAO estimates ratepayers will have to pay help back the principle plus another $21 billion in interest.

"From 2028 until 2045, the repayment of electricity cost refinancing will add approximately $22 per month to the average eligible ratepayer bill resulting in bills that are an average of 4% higher under the FHP than the status quo despite the HST rebate," said the budget watchdog.

4). *French language commissioner says Ontario's francophone services still inadequate*

By: Christopher Reynolds

The province's language watchdog says Ontarians need better French-language service in spheres involving the most up-close-and-personal interactions with the state – health care, justice and children's aid.

In a 95-page report released Tuesday, French Language Services Commissioner François Boileau highlighted major improvements in the 10 years since he took on the newly created role, but also laid out major gaps facing francophones across the province.

In health care, much of it boils down to a lack of information in French and a dearth of bilingual doctors, a problem Boileau underscored in 2009.

"Eight years later, the situation is virtually unchanged. Francophones still do not know what door to knock on to get access to health services in French," the independent legislative officer's report states.

"For example, it takes just one mouse click to find an English-speaking speech disorder specialist on the website of the College of Audiologists and Speech-Language Pathologists of Ontario, but you need plenty of patience to find a French-speaking one."

Boileau is pushing solutions that are "pragmatic … not dogmatic." He suggested online lists or apps to identify where the public can get service in French, medical translators or bilingual nurses and phone evaluations with doctors.

"New technologies can permit us to do many tricks," Boileau said in an interview.

The province's six French-language planning entities, created in 2009, should collaborate more fully with Ontario's Local Health Integration Networks (LHIN) on integrated health services, he added.

Meanwhile, agencies designated as offering French-language health services "are unable to honour the commitments associated with designation, to the point that they simply ignore them, without consequences," according to the report. To rectify that, Boileau called for streamlining the process of "designating" organizations while installing accountability mechanisms to make sure they follow through on French service.

In the realm of justice, a pilot project for "seamless access to justice" at the Ottawa Courthouse offers a concrete model.

"When people come in the courthouse in Ottawa they are greeted, even by security staff, in both official languages. And that sends the right signal," Boileau said from his office on Bay street, near a tableau of the C'est l'temps movement, which fought for Franco-Ontarians' right to French legal service in the mid-1970s.

Throughout the pilot, which ended in November 2016, Franco-Ontarians were guaranteed access to French service at the counter and in the courtroom facing French-speaking judges.

Boileau recommended the Attorney General of Ontario “apply this model promptly in other parts of Ontario.”

In areas with tiny francophone minorities, a toll-free number or video conferences with French-speaking staff or judges in Ottawa might be considered, he suggested.

Boileau zeroed in on a flaw he sees in the Supporting Children, Youth and Families Act, poised to pass this week.

Wording in the bill “suggests that French-language services would be provided at the discretion of the Children’s Aid Societies and not on the basis of what francophone families need,” the report states.

Boileau says his position remains “very clear” and “unchanged” from suggestions during the clause-by-clause: the agencies should make French services available not just “when appropriate” – as the Bill 89 states – but “in all cases involving French-speaking children or parents without exception, whether they are in an area designated under the French Language Services Act or not,” the report reads.

Under that act, communities are “designated” – and thus offered full French-language service across all 28 ministries – if francophones comprise more than 10 per cent of the population, with at least 5,000 francophone residents.

The report, dubbed “Taking A Stand,” offers 10 recommendations in total.