Daily Media Note - May 24, 2017

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Good afternoon Premier,

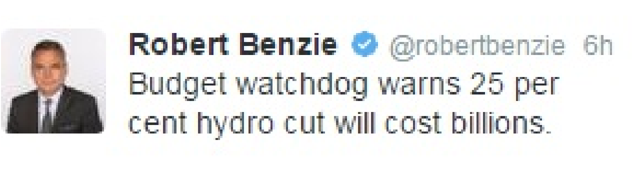
We have four items to update you on today:

- FAO report
- Tory's flyers
- Opioid action strategy
- French and Chinese Media Update

FAO report

The main story for the gallery today was the financial accountability officer (FAO) report released this morning. There has been some confusion at Queen's Park as Stephen LeClair had to cancel his press conference. Gallery members were also a bit upset that Minister Thibeault was not at Queen's Park today to react to the report but only sent a statement.

That of course didn't stop the gallery to widely file on the issue. Media reports that the Fair Hydro Plan will cost $45 Billion to the province over the next 29 years while saving ratepayers $24 billion.



Stories insist that those figures are applicable in case of balanced budgets. Otherwise, if the province has to borrow to finance the plan, costs could soar up to $93 billion. Stories also recall that the government pledged back in March that rate increases will be held to inflation for the next four years, and complete today that the FAO projects an average 6.8 raise per year until 2028.

In a scrum after her appearance before a legislative committee today, Auditor General Bonnie Lysyk said her office has looked at Bill 132, stating that "basically at the end of the day there are parts of that that do not meet public sector accounting standards in the way the transaction is being structured.” She said that if the transaction continues to be designed the way it is currently designed, when it came time for her to give her opinion on the province’s financial statements, she would “likely qualify the government's financial statements, both its balance sheet and statement of operations.”

Robert Benzie's story is the most political. He reports that the average monthly hydro bill is now $156 per household and the 25-per-cent rate-cut will lower the average this year to $123. He also writes that 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.

The Toronto Sun highlights that the $45B figure presented in the report is the best-case scenario.

Ottawa Citizen’s David Reevely filed a story titled “Ontario's hydro plan will cost $21 billion more than it saves — it's terrible public policy” in which he denounces that our plan will eventually cost almost twice as much as it saves.

Allison moved a story on the CP wire. We have included it below for your reference:

Liberal hydro plan to cost $45B and save electricity ratepayers $24B: watchdog

Ontarians will be paying a net $21 billion over the next three decades to get short-term 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 that 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 eight-per-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 in the province after widespread 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 will then pay 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 and has to pass before the summer break begins June 1 if relief is to be delivered under the timeline the Liberals promised.

The hydro plan will lower time-of-use rates by removing from bills a portion of the global adjustment, a charge consumers pay for above-market 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 dangerous precedent."

``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.

In light of those potential savings, NDP critic Peter Tabuns called the government's financing structure ``puzzling."

``Why it's being set up in the special purpose vehicle, this little subsidiary of OPG is hard to understand," he said. ``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."

The Liberals have said after the initial cut to bills this year, rate increases will be held to inflation for the next four years.

After that, the average bill will rise about 6.8 per cent a year until 2028, the FAO projected.

At that point, ratepayers will have to start paying back debt that will be accumulated in order to finance lower rates for the first decade. From then on, bills will be about four per cent higher than they would have been without the Liberal plan, Financial Accountability Officer Stephen LeClair said.

The cost of paying back that debt with interest _ which the government has said will be up to $28 billion _ will go back onto ratepayers' bills for about 20 years starting in 2028 as a ``Clean Energy Adjustment."

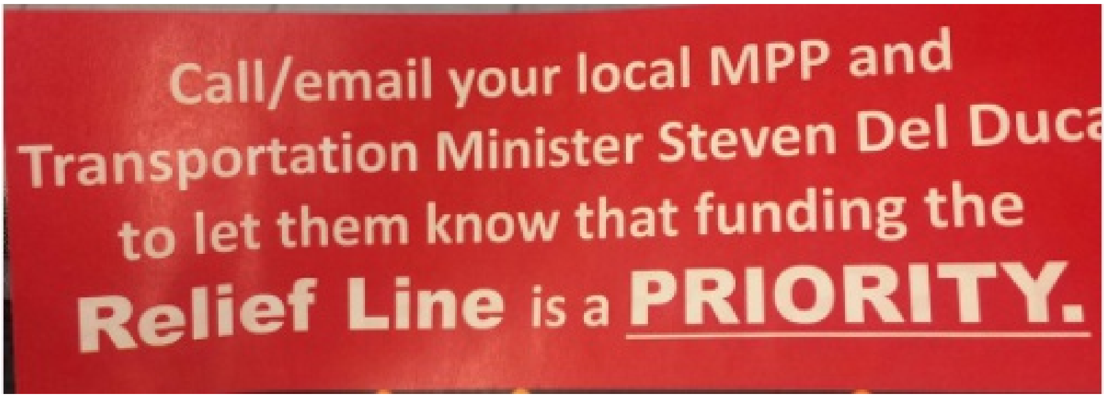
The FAO estimated the cost of interest on that debt will be $21 billion, assuming a five-per-cent weighted average interest rate. If that rises to six per cent, ratepayers will end up paying $30 billion, LeClair projected.

Electricity bills in the province have roughly doubled in the last decade, due in part to green energy initiatives, and the government has said the goal of its hydro plan is to better spread out those costs.

``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," Thibeault said in a statement.

The FAO's $21-billion projection is in line with the government's estimates, Thibeault said, dismissing the FAO's ``outlier scenarios" as extremely unlikely.

Tory's flyers

Toronto media covered Mayor Tory handing out flyers in Pape Station urging commuters to contact their local MPPs and Transportation Minister Steven Del Duca "to let them know that funding for the relief line is a priority.” 

Speaking to reporters, Tory was asked whether handing out pamphlets to the public was an indication that discussions with the province have broken down.

Toronto Star’s Ben Spurr filed a story reporting on this move from the mayor. CP24 was carrying live the media availability that followed the distribution of flyers.

The story reports that Minister Del Duca responded to Tory’s media event with an emailed statement in which he claimed the Liberal government “has invested more in transit in Toronto than any other government in the province’s history.”

“We have single-handedly invested more than 70 per cent of the funding for rapid transit projects in Toronto that have recently been completed, are under construction or will soon be underway,” he said.

The statement cited more than $10 billion of investments in Toronto LRT projects, the Scarborough subway extension, the Spadina subway extension, and the Union Pearson Express.

The email also noted that starting in 2019 the Liberals plan to increase transit funding to Toronto by doubling the city’s share of gas tax proceeds.

“We’ve proven time and time again that we remain steadfast in our commitment to Toronto transit,” Del Duca said.

At today’s council meeting, councillors are expected to vote on a report to advance planning for the first phase of the relief line

Opioid action strategy

Globe and Mail’s Justin Giovannetti was interested today in the release of opioid numbers:

He reports, along with Canadian Press gallery reporter Jessica Smith Cross that Ontario has launched a new data tool on opioid.

CP24 also reports on the latest numbers released and the new data tool.

We have included the CP story below for your reference:

Ontario launches online tool making opioid data public

The Canadian Press

Ontario has launched a website that makes opioid-related data available to health-care workers and the public.

The tool, which comes after the province has been criticized over a lack of up-to-date data on opioids, provides access to verified information on opioid-related emergency department visits, hospitalizations and deaths in Ontario for 2003 to 2016.

Health Minister Eric Hoskins says 412 people died as a result of opioid overdoses in the first six months of 2016, compared with 371 during the same time period in 2015 _ an 11 per cent increase.

For the same six-month time period from 2014 to 2015, there was a 13 per cent increase in opioid-related deaths.

Hoskins says these statistics show that taking action on the issue is "crucially important" and says accurate data is key to combating the third-leading cause of accidental death in the province.

Hoskins says the new opioid-tracking website will help health-care workers and policy makers better understand the scope and scale of the opioid problem.

This CP story has been widely picked up by news channel networks (City TV, CP24, CBC News).

French and Chinese Media Update

French

TFO filled a story reporting that hydro rates will rise fast after 2021. Radio-Canada reports the plan cost $45 Billion.
TFO reports that the number of opioids-related death has increased by 11% for the first months of 2016. Radio-Canada filed a story on Great Lakes protection reporting that President Trump sent a letter to the Congress to officially cancel the Great Lakes protection program.

Chinese

The Changing Work Place Review was widely covered with detailed translation from files of the Star or CP. As its Canadian top Story, Ming Pao highlighted in its heading that the future of some 2.2 million jobs looks grim. One third of the 6.6 million work force is on the line because of the advance in innovation and technology. Among the recommendations in the report is a five day unpaid personal emergency leave a year.

FYI – CBC News reports the City of Brockville is losing its largest industrial employer, a "significant" part of its economy and nearly 500 well-paid manufacturing positions, said Mayor David Henderson, as Procter & Gamble announced today the closure of the Ontario plant. **The plant will close permanently in late 2020 or early 2021 and move production to a West Virginia mega-plant.**

FYI – CBC News reports Ontario's government watchdog is launching an investigation into how drivers are having their licences suspended without even knowing it. Ontario Ombudsman Paul Dubé announced Wednesday a probe into how the province communicates licence suspensions and reinstatements to drivers who are suspended for unpaid fines.
FYI – Alison Jones moved a story on the CP wire to report the latest Quebec-California cap-and-trade auction sold out of its current allowances, a stark improvement from the previous one in which only 18 per cent of its offerings sold. Ontario, which started a cap-and-trade program this year, will hold its second auction on June 6.
FYI - Islamic State group-linked militants swept through a southern Philippine city, beheading a police chief, burning buildings, seizing a Catholic priest and his worshippers and raising the black flag of IS,

authorities said Wednesday. President Rodrigo Duterte, who had declared martial law across the southern third of the nation, warned he may expand it nationwide.At least 21 people have died in the fighting, officials said.

FYI – The Canadian Press reports British security forces raided an apartment building Wednesday in central Manchester as they investigated a network of people allegedly behind the city's concert bombing. Hundreds of soldiers were sent to secure key sites across the country, including Buckingham Palace and Parliament.

As always, let us know if you have any questions.

Kate, Jenn, Gurvinder and Ronan

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