QP Briefing: May 23, 2017

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QP BRIEFING

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Articles

1). The Funding Portal – Week of May 15

By: Sabrina Nanji

Who got funding from the government the past week?

Funding for the week of May 15, 2017 under Canadian federal and provincial grants and business incentive programs reached $165.5 million, down from $209.8 million during the previous week.

Top Sector. Community & Nonprofit is the top sector this week, attracting $115.3 million, 70 per cent of total incentives.

Top Region. Ontario is the top province this week, securing $58.1 million, accounting for 35 per cent of total national disbursements this week.

Top Recipients in Ontario.

Grandview Children's Centre receives $31 million from Ontario to build new treatment space. Ontario is providing a total of $10.8 million in support of 77 researchers at 17 research

institutions across the province.
Ontario is investing $22 million annually in special education supports through the new Northern Supports Initiative.

Sectors.

https://fundingportal.com/blog/wp-content/uploads/2017/05/image-17.png

Provinces.

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2). NDP candidate calls into committee hearing to air hydro co

By: Christopher Reynolds

The legislature may be the natural home of political grandstanding, but committee hearings can serve as soap boxes too.

On Tuesday, the NDP candidate in an upcoming byelection turned the proceedings of the justice committee into a platform for politicking. In a rare move for a committee hearing, Joe Krmpotich, would-be MPP for Sault Ste. Marie — a longtime Liberal bastion where a byelection will be held June 1 — used Tuesday's meeting to register his opposition to the government's hydro plan.

"[T]he families and businesses at home in Sault Ste. Marie can't handle any more hydro hikes," said the city councillor. "We've been pushed to a tipping point and it's got to stop."

Krmpotich, who is also a self-described "third-generation steelworker" and union co-ordinator in the Soo, restoked fears around legislation that could trade short-term rate cuts for long-term hikes.

"It's going to cause all our hydro bills to soar," he told the committee via teleconference Tuesday morning, referencing local residents he said would be forced to choose between bill payments and groceries.

The Fair Hydro Act, which passed second reading last week, aims to lower electricity bills by 25 per cent on average this year for residential ratepayers, as well as for small businesses and farms.

The first chunk of that 25-per-cent plunge was an 8-per-cent instant rebate equal to the provincial portion of the HST, which fell into place in January. An additional 9-per-cent slash was ordered by the Ontario Energy Board — which sets time-of-use electricity prices — for May 1. The last 8 per cent would take effect by July 1, if the legislation passes.

As with the Liberal budget bill, the hydro legislation fell subject to a procedural manoeuvre by the government aimed at cutting back the hours allotted for debate and committee study and ramming through major legislation before the house breaks for summer on June 1. The procedural push came as NDP Leader Andrea Horwath was unsuccessful in extending the spring sitting by one week to "make sure the bill got the kind of scrutiny and public input it deserves." The Liberals later moved to hold committee hearings during this week's constituency break.

Todd Smith, the Progressive Conservative energy critic, has called the hydro legislation "rushed."

The hydro plan, unveiled in March, would see the government shell out an extra $25 billion in interest over 30 years to cover a short-term reduction in the "global adjustment" charge that ratepayers currently bear.

Consumers would eventually shoulder the interest on that debt, with annual payments of up to $1.4 billion, according to the government. They're effectively interest-free until at least the mid

2020s, Energy Minister Glenn Thibeault has said.

Two weeks ago, the Tories sent out leaked Liberal cabinet documents that appear to show how the average monthly electricity bill would dip to $123 in 2017, but rise past officially projected levels by 2026 to $200-plus by 2028 — an extra $22 per month — and $231 in 2047.

“The government isn’t being honest with the people of Ontario when it comes to the price of electricity,” said PC energy critic Todd Smith at the time.

The Grits are “moving the yardstick” to future generations, he added Tuesday in committee.

PC Leader Patrick Brown has not revealed a policy on hydro rate reduction, pledging to propose one before the election on June 7, 2018.

Vince Brescia, president and CEO of the Ontario Energy Association, said the bulk of Ontario’s energy costs are fixed, making price-cutting tougher.

“Given fixed costs, your options are limited. There are no magic solutions,” he told the committee.

“There was a large hue and cry for quick action from the government on bills ... I think quick action was demanded,” he said, calling the future rate-recovery plan a “defensible option.”

Brescia added that amortizing the cost of new investments in nuclear, natural gas, wind and solar projects over 30 years seemed preferable to the “Herculean task” of renegotiating contracts with energy producers: “A process like that could take years ... [and] a lot of lawyers.”

Premier Kathleen Wynne has conceded her party’s hydro plan will cost more down the line, but says consumers needed relief now.

The New Democrats have pledged to cut rates between 18 per cent and 30 per cent through a range of measures, such as buying back shares of Hydro One.

Fred Hahn, president of the Ontario branch of the Canadian Union of Public Employees, denounced the partial privatization of the transmission utility, first announced in 2015.

“The market isn’t going to be interested in you and I. The market is going to be interested in profit. And that’s okay for some things, but not for things as essential as the electricity system,” Hahn said Tuesday.

CUPE is suing the government for allegedly wrongfully exercising its authority. The union seeks to stop the gradual privatization of the utility.

The government has sold off just over 50 per cent of the Crown corporation, which transmits electricity throughout the province, to private investors, with the eventual goal of 60 per cent divestment.

Last December, then-minister of community safety and corrections David Orazietti stepped down from his 13-year role as MPP for Sault Ste. Marie, citing personal reasons. Orazietti carried the riding in four successive elections, winning by 55 per cent or more each time, with the NDP never garnering less than one-third of the vote each time.

The Liberal candidate in the June 1 byelection is Debbie Amaroso, a former mayor of Sault Ste. Marie. The Tories are running city councillor Ross Romano.

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3). Debt from Liberals’ hydro plan will be hot commodity, comr

By: Geoff Zochodne

Bay Street will be eager to buy a piece of the Liberal government’s plan to cut costs for Ontario’s weary electricity customers, a legislative committee heard Tuesday.

Investors will be able to do so because the hydro plan involves taking on approximately $28 billion in debt from the bond market and otherwise that will help pay for the Grits' efforts to lower electricity bills by an average of 25 per cent. Electricity customers would pay back the investors lending the money through monthly hydro bills, beginning about a decade from now; the government claims interest payments wouldn't top $1.4 billion in any given year.

While the rest of the legislature has the week off, committee hearings on Bill 132, the Liberal government's Fair Hydro Act, began Tuesday at Queen's Park. The justice committee's afternoon session included testimony from several organizations that will be used to implement the Grits' plan to reduce costs to electricity customers, outlined in Bill 132, such as the Independent Electricity System Operator and Ontario Power Generation.

IESO's role under the legislation would be similar to its current function, said agency CEO Bruce Campbell. The non-profit IESO manages the province's power grid and electricity market, collecting cash from the local distribution companies and paying the power-producing companies. The IESO settled approximately $17 billion in financial transactions last year, Campbell told the committee.

Campbell also said the hydro plan would reduce the amount of money the local utilities could collect, because of the lower payments being made by customers, therefore reducing the amount of money the IESO receives and would be able to pay the generators. The IESO would then set up a "variance" account that would track the "shortfall," Campbell explained.

The IESO would pay back the generators with money that OPG would borrow using a special entity. When its debt gets big enough, OPG's holding company would start paying for the monthly shortfall by issuing bonds and other forms of borrowed money, hitting up the capital markets three to five times a year, according to the company's CEO.

Jeff Lyash said OPG, which generates about 50 per cent of Ontario's electricity, has brought in credit agencies and investment banks to gauge interest in buying Fair Hydro Plan debt.

"The financing entity established by OPG would purchase these investment assets from the IESO using a short-term debt instrument, warehousing the debt until the balance is large enough to take to the capital markets," Lyash told the committee. "With the right structure, we believe there will be substantial appetite for this type of investment."

The foray onto the capital markets wouldn't be the first time for Premier Kathleen Wynne's government. The Liberals have sold more than half of Hydro One, the province's largest electricity transmission company, on the stock market.

Bill 132 would allow Ontario Power Generation to become the government's "bank," as Lyash has put it. Consumers would get a 25-per-cent discount on their rates, but OPG would borrow approximately $28 billion over 10 years that would go to pay power companies the money they would have received from their customers. OPG and the government say the company is ideal for the task because of its experience in borrowing money for major projects.

The debt from the Fair Hydro Plan wouldn't show up on the books of the province or OPG – just the "entity."

"If the legislation is passed, OPG would create a financial entity, which will be ring-fenced from our regular operations," said Lyash. "The financial entity would finance costs related to the Fair Hydro adjustment and spread their recovery over a period of time through 2047."

The Liberal government has called this a refinancing of the province's global adjustment charge. The global adjustment is a fee all electricity customers pay that represents the difference between the market price of electricity and the price guaranteed to power producers. It covers the cost of conservation programs as well. Ontario's auditor general has predicted that customers will pay about $133 billion in global adjustment fees from 2015 to 2032.

Customers would start paying interest on the debt built up under the hydro plan about 10 years from now, a $1.4-billion cost the government has termed the "clean energy adjustment," but that the opposition has taken to calling a new "debt retirement charge." The debt retirement charge is used to pay off debt left behind by the now-defunct Ontario Hydro. Residential customers don't pay it anymore, but businesses must pay the fee until next March.

The other parts of the Fair Hydro Plan include the 8-per-cent discount customers have received since January and the upload of social assistance programs from hydro bills to tax bills. Those programs, such as one for low-income customers, are being enhanced as well.

The legislation would force the Ontario Energy Board, which regulates the electricity industry, to reduce rates to an extent that electricity customers would receive a 25-per-cent discount on their bill, starting on July 1.

How long those costs will stay down was called into question by a document the Progressive Conservatives say was leaked to them, showing that prices will spike up again next decade. The province's Financial Accountability Officer will weigh in on the government's hydro plan on Wednesday morning with a new report.

Lyash also said there is a section of the bill outlines what guarantees the government may make. The legislation allows cabinet to order the energy and finance ministers " to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest."

Other witnesses at the committee were far less technical about the Liberal government's hydro plan.

"It's going to kill us," said former NDP MPP Rosario Marchese.

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4). Wynne: Changing Workplaces recommendations will be addr

By: Sabrina Nanji

Ontario is moving post-haste to update provincial labour laws based on recommendations from a much-anticipated, two-year review that publicly dropped on Tuesday.

Premier Kathleen Wynne said she will address the 173 recommendations made in the sweeping 419-page final report of the Changing Workplaces review – aimed at addressing unpredictable or temporary work – in the "very near future."

"We will be moving forward very soon to address the challenges of the precarious workplace," Wynne told reporters in Sudbury. "People are finding it harder to find full-time work where they are paid at a living wage ... That is what is driving this ... We want to build a society where people can earn a living, look after their families, look after themselves and be contributing members of their community."

Asked if she will, as recommended, consolidate the two pieces of legislation up for review – the Labour Relations Act and Employment Standards Act – into one Workplace Rights Act, Wynne said: "Stay tuned."

Labour Minister Kevin Flynn said the plan of action is coming "within the next week." Until then, the government's direction is hazy.

The final recommendations come after months of consultation with organized labour and business groups, and a 300-page interim report from special advisers C. Michael Mitchell and John C. Murray – two labour law experts enlisted to head up the Changing Workplaces review. Their goal was to address the precarious nature of part-time and temporary work, which as of 2014 has left roughly 30 to 32 per cent of Ontarians in a vulnerable spot, the advisers found.

"We have heard from many people that they are no longer able to count on full-time, secure work to provide for themselves and their families. Many people work multiple jobs, on contract or in unstable positions with unreliable hours or pay," Flynn said in a statement.

"What is clear to me, and to our government, after reading the report, is that responsible change can ensure that every hard-working person in our province has the chance to reach their full potential," he said.

The New Democrats, who have previously accused the government of stalling on the release of the report, urged Wynne not to let the report "gather dust on the shelves."

"Ontarians expect immediate improvements that will better the lives of workers, not more stretch goals from Premier Wynne," said NDP employment critic Catherine Fife, in a release.

Here are the report's highlights:

Personal emergency leave for all

Employers of all sizes should provide seven days of unpaid personal emergency leave each year – something that's currently available to workers at companies that hire at least 50 employees. Personal emergency leave can be used for urgent illness or injury, or to care for a loved one who has experienced the same. It can also be used by survivors of domestic violence – something the NDP has been angling for.

In addition to those seven days, three days of bereavement leave should be carved out of guaranteed personal emergency leave provisions, the report says.

However, there are no recommendations for paid sick days. The advisers say mandating sick leave would be a "beneficial" protection but expanding emergency leave was the "more important first step." That said, employers would be obligated to pay for any costs associated with getting a doctor's note, should it require one for absent employees. Family medical leave would also be extended to 26 weeks in a 52-week period, up from 8 weeks in a 26-week period.

Expanding employee protections, reviewing current exemptions

Farmers, dentists, architects, domestic workers, legal or medical professionals, land surveyors, hunters and trappers should be allowed collective bargaining rights under the Labour Relations Act, which governs employer-employee relations.

Two groups currently exempt from the Employment Standards Act – which sets out basic working conditions in Ontario – should be brought in under the new legislation. The report says interns should no longer be exempt because of the "abuse that is apparent by some employers" and that neither should Crown employees, who are partially excluded from basic employment standards, "due to the lack of an apparent rationale for [the exclusion's] continuance."

The other estimated 85 exemptions under the Employment Standards Act should be reviewed "expeditiously" within each sector.

The current "patchwork" of exemptions disproportionately impacts those most vulnerable, including recent immigrants and young workers, the advisers said.

Just 23 per cent of minimum wage earners are fully covered by basic employment conditions, and only 29 per cent of low-income employees are fully covered by overtime provisions, compared with 70 per cent of middle and higher-income earners.

Dependent contractors should also be included in the legal definition of "employee" and the government should make widespread, and illegal misclassification of employees as independent contractors – thereby not entitled to overtime or statutory holiday pay provisions – a "priority enforcement" issue.

Secret-ballot unionization still the order of business, with some caveats

The report does not recommend doing away with the two-step process for union certification, which is something organized labour had wanted and business groups opposed. To unionize, workers would still have to sign a certain threshold of union membership cards, and then cast a secret ballot to certify the bargaining unit.

The advisers say the vote protects employees' freedom of choice and secrecy, but in cases where the employer is found to have acted in a way that may taint the results, that could result in card-based certification (that is, unionization without a vote) or access to first contract arbitration (third-party imposition of the very first collective agreement should negotiations fail).

“Most employers understand that employers who engage in unlawful conduct should not be rewarded with the defeat of a union,” the report reads. “Unions should favour a system where employee free choice is maximized and unlawful employer interference is effectively remedied. Employers should support the preservation of the secret ballot, legitimate free speech and open discussion of the issues by unions and employees.”

Whistleblower protection

Workers are being encouraged to point out workplace violations. Mitchell and Murray recommend beefing up protection for whistleblowers and employees whose employers have violated their rights. That also includes temporary foreign workers – the province should come up with a procedure alongside Ottawa for addressing alleged unjust dismissal or reprisals for temporary foreign workers, the advisers recommend.

The labour ministry should also set up a hotline for tips about scofflaw employers, and spur a “culture of compliance” by publishing a list of worker advocacy groups and lawyers who do pro bono work for alleged violations.

Equal pay for equal work

Part-time and temporary workers should get equal pay for performing work comparable to their full-time counterparts, and the advisers recommend that this happen after six months.

Tough fines for scofflaw employers

In addition to tightening up enforcement measures, the province should be able to impose stricter fines for violations of the Employment Standards Act. Fines for violations under the Provincial Offences Act should be $1,000, up from $295, with various financial penalties for notices of contravention increasing as well.

The increase is meant “to underscore the importance of compliance and to make the sum payable more than just another cost of doing business,” the report reads.

Enforcement

It’s not only legislation that should get a makeover – the labour ministry should be more proactive when it comes to enforcing employment rules, and “must move closer to becoming a more traditional law enforcement agency and less an agency involved in customer service that also performs some enforcement activities.”

That will require additional funding and staff, as well as better data collection, the advisers said.

“A change in emphasis – to become more of a law enforcement agency – accompanied by legislative change should help create a culture of compliance in Ontario workplaces and help the MOL to carry out its mission more effectively,” the report reads.

Minimum wage

Though it was not part of their scope, the advisers recommended the minimum wage for servers, currently $9.90 per hour, and the student minimum wage for those under 18, $10.70 per hour, be phased out over three years.

Ontario’s minimum wage has been tied to inflation and is schedule to rise to $11.60 per hour in October, but the government is also reportedly considering hiking the base wage to $15, something organized labour, worker advocates and the New Democrats have long rallied for.

Future work

As politicians go, so goes policy – so the advisers recommend an independent review of the consolidated legislation every five to seven years. The advisers also want a “Workplace Forum” that would host organized labour, businesses and worker advocates at regular meetings.

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