Saturday Media Scan: Hydro Rate Reduction Plan - April 21, 2018

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Saturday Media Scan: April 21, 2018

MEDIA SCAN:HYDRO RATE REDUCTION PLAN

April 21, 2018

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Print Coverage

The Globe and Mail: Ontario kept billions of borrowed money off its balance sheet. Here's how ;As Ontarians head to the polls, voters have to make sense of two competing versions of the province's books: the Auditor-General's and the Kathleen Wynne government's. Matthew McClearn investigates how creative accounting made their math so different; A12; 2018.04.21

ID: GAM.20180421.nwnanwontarioaccounting **PUBLICATION:** The Globe and Mail **EDITION:** Ontario **DATE:** 2018.04.21**SECTION:** News **PAGE:** A12 **BYLINE:** By Matthew McClearn**WORD COUNT:** 4199 **DATELINE:** TORONTO

Ontario kept billions of borrowed money off its balance sheet. Here's how ;As Ontarians head to the polls, voters have to make sense of two competing versions of the province's books: the Auditor-General's and the Kathleen Wynne government's. Matthew McClearn investigates how creative accounting made their math so different

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Staff

In March last year, Kim Marshall I called and left a message for Bonnie Lysyk, Ontario's Auditor-General. Ms. Marshall was the chief financial officer of the Independent Electricity System Operator (IESO), the agency that manages the province's electrical system and acts as an intermediary between power generators and consumers. The IESO had just made a big change to its accounting practices, and Ms. Marshall said she wanted to give the Auditor-General a "heads up."

Ms. Lysyk was already well aware of the change. She and her staff had found the IESO's latest financial statements online. Poring over them in their downtown Toronto office, they found a terse footnote describing the new accounting policy.

"And my staff go, 'What the heck is this?' " Ms. Lysyk told The Globe and Mail. "You're not supposed to do this."

Ms. Lysyk believed the IESO's new practice – a method known as rate-regulated accounting – violated government accounting standards. What she didn't know was that it represented a radical departure in how the government of Premier Kathleen Wynne – not just the IESO – planned to disclose its future borrowing activities to the public.

Earlier that month, the government had announced significant reductions in electricity rates, what it dubbed the Fair Hydro Plan. A decade of investing in greener power sources, such as wind and solar, and the shuttering of cheaper but dirtier coal-fired power plants had resulted in soaring hydro bills – a serious political liability for Ms. Wynne, who had accepted personal responsibility for fixing the problem.

But charging Ontarians less for electricity than it cost to produce meant the province would have to borrow billions of dollars to cover the shortfall.

"In order for that to not show up on the bottom line, they created creative accounting to take it off the government's statements," Ms. Lysyk said.

Using that new accounting, the government declared it had balanced the province's books for the fiscal year ended Mar. 31, 2018, just months before a general election. But Ms. Lysyk said that was not true.

And the Financial Accountability Office, the body responsible for providing the legislative assembly with independent analysis and advice on Ontario's finances, agreed: In December, it forecast that the province would actually rack up a deficit of $4-billion – a discrepancy that will grow markedly as the government's off-balance-sheet borrowing continues.

Ms. Lysyk said she's worried that the Wynne government's success in concealing its borrowing will encourage more aggressive bookkeeping, both in Ontario and in other provinces.

"If you get away with doing something that's inappropriate accounting, the next time you'll do it again and you'll do it again," she said. "Pretty soon they won't have any numbers that will have any integrity behind them."

Ontario had been racking up large deficits every year since the 2008-09 recession and already owed more than $300-billion – almost $22,000 for every person in the province. Bond rating agencies had downgraded its credit rating. That, too, had become a serious political liability.

Even before Ms. Wynne became Premier in 2013, Ontario's Liberals promised a return to balanced budgets. In his April, 2017, budget speech, Finance Minister Charles Sousa boasted that her government had finally done it. "And next year and the year after we're projecting it to be balanced, too," he declared. "And the people of Ontario can count on it."

It was made possible by a team led by the Ministry of Energy that also included senior officials from the Ministry of Finance, Treasury Board Secretariat, the Provincial Controller, Ontario Power Generation and the IESO. Between December, 2016, and May, 2017, they devised a novel approach that would allow the government to have its cake and eat it, too.

"THE GOVERNMENT IS MAKING UP ITS OWN ACCOUNTING RULES"

As with most businesses, utilities record consumers' outstanding balances as assets, typically as "accounts receivable." The IESO's new practice, rate-regulated accounting, is akin to accounts receivable on steroids. The underlying idea is that heavily regulated industries, such as power generation, which are unable to set their own prices, should have a means of deferring costs, such as building a new power plant. Rate-regulated accounting allows utilities to place such costs in special accounts to carry them forward into future years, provided their regulator gives them the right to recover those costs through future bills.

Such rights can be recorded as assets – even though no electricity has been generated, used or billed for.

The main criticism of the practice is that it can produce books bearing little resemblance to reality. When BC Hydro adopted it, that province's auditor-general objected strongly, warning in a special report that "if overused, rate-regulated deferrals can mask the true costs of doing business, distort the financial condition of an enterprise and place undue burdens on future taxpayers."

And what happens if the utility can't collect? "On a number of occasions," explained Michael Ferguson, the Auditor-General of Canada, "there has [later] come a realization that, in fact, the organization will not be able to charge those rates. And, therefore, there have been fairly large amounts of some regulatory assets that have been written off."

Recording expenses as assets is perfectly legal in certain contexts, but the practice has been controversial in the private sector. In their book Easy Prey Investors, forensic accountants Al Rosen and Mark Rosen write that recording "fake assets" on corporate balance sheets is one of the "most common financial scams of the past 50 years."

If the accounting concept is elusive, the IESO's motives for adopting it are even murkier.

In fact, the IESO decided against adopting rate-regulated accounting when it was formed in 2015 – a decision supported by its auditor, KPMG. And earlier this year, Ms. Marshall told the province's public accounts committee that in February, 2017, she presented financial statements prepared in the usual way to her audit committee. The following month, though, she produced a fresh set of financial statements using rateregulated accounting.

The official explanation is that in mid-January, 2017, at one of the earliest meetings to discuss the Fair Hydro Plan, Ontario Controller Cindy Veinot ordered Ms. Marshall to "take a closer look" at adopting rate-regulated accounting because she didn't think the IESO's existing policies were appropriate.

The government has repeatedly stated that Ms. Veinot's request was completely unrelated to the Fair

Hydro Plan. Deputy energy minister Serge Imbrogno asserted that “the important thing is that the changes that the IESO made
reflected its existing business” and not the Fair Hydro Plan, which had not been announced yet. Peter Gregg, who was appointed IESO president and CEO in April, 2017, said the management team simply asked itself: “Is this the right thing to do?” Since Canada’s public sector accounting standards make no mention of rate-regulated accounting, the IESO turned to private-sector standards in the United States known as generally accepted accounting principles, which permit the practice.
The official story overlooks two crucial details. First, while the IESO was changing its accounting policy, Mr. Imbrogno, Ms. Marshall, Ms. Veinot and other senior officials were already part of the team devising the Fair Hydro Plan.
Enacted last June, the Fair Hydro Plan Act put IESO’s new policy to immediate use, instructing the IESO to create a “regulatory asset” on its books. This “asset” reflected the agency’s right to recover the costs it was about to incur paying for hydro discounts from future consumers, over a 30-year period.
Tim Beauchamp, a member of the auditor-general’s advisory panel and a former director of the Public Sector Accounting Board, said the entire accounting structure of the Fair Hydro Plan depended on the IESO’s ability to call this right an asset. “Without [the IESO], it doesn’t work,” he said.
The second detail is that, as an agency of the Province of Ontario, the IESO’s finances are consolidated into the province’s public accounts. With the provincial controller’s encouragement, the agency’s management had effectively adopted a new accounting policy on behalf of the entire province.
With those new rules in place, the Fair Hydro Plan could proceed.
Ontario Power Generation, which operates the province’s fleet of nuclear and hydroelectric stations, has assigned four of its employees to manage the Fair Hydro Trust, a special-purpose entity created in December. OPG’s financial results will actually get a boost because it will earn interest and management fees from the trust. And OPG doesn’t need to worry if the trust blows up financially, because the trust “is structured to be bankruptcy remote and ring fenced from OPG.”
Even so, OPG appears to be the only arm of government that has expressed reservations about its role in the Fair Hydro Plan. “OPG’s reputation could potentially be adversely impacted through its involvement as the Financial Services Manager under the Fair Hydro Act,” the company warned in its 2017 annual report.
The Fair Hydro Plan’s complexity comes at a cost. Had the province borrowed directly, the interest costs likely would total tens of billions of dollars over the plan’s duration. But using information and assumptions supplied by the government, the Financial Accountability Office (FAO) calculated the additional interest costs at $4-billion over 30 years. Said Ms. Lysyk: “We’re talking $4-billion more than needed, to get an accounting result.”
Alexandre Laurin, the C.D.
Howe Institute’s research director, said he’d never before encountered such a convoluted arrangement in the public sphere.
To him, the use of related party transactions between multiple entities resembles tax-avoidance schemes in the private sector.
“The same accountants that are advising the government are advising the private sector to build other types of complex accounting structures,” he told The Globe. “How crazy is this, really?” FAO officials had immediate concerns. “It looked like there was at least a very novel new approach being taken to a large amount of planned borrowing and repayment,” chief financial analyst Jeffrey Novak said.
Meanwhile, the auditor-general’s office scrambled to find out what had happened. Ms. Lysyk demanded tens of thousands of pages of briefings and e-mails created by the Fair Hydro Plan’s architects.
She began meeting with the senior officials responsible and their advisers, including KPMG.
Months later, she concluded that the IESO’s accounting change was no mere coincidence: The government had instructed the Fair Hydro Plan’s architects that the rate reductions must not cause a reported increase in the province’s deficit and net debt.
Other options were rejected on that basis.
Energy Minister Glenn Thibeault categorically denied accusations that the Fair Hydro Plan was an election ploy. And he justified the new accounting practice that made it possible by telling the provinces’s estimates committee last October that because electricity ratepayers, not taxpayers, would be required to repay the debt and interest costs associated with the Fair Hydro Plan, the associated costs did not belong on the province’s books.
In order to weigh the AuditorGeneral’s allegations against the government’s position, The Globe sought the same documents Ms. Lysyk used in preparing her reports. Her office is not subject to the province’s Freedom of Information and Protection of Privacy Act, so The Globe requested them from the departments that originally produced them.
In responses to the requests, all the departments anticipated that large volumes of records would fall under exemptions in the act.
The Treasury Board Secretariat, for example, said that of the 1,500 or so relevant pages in the possession of its deputy minister, just 169 would be released. Citing the large number of records involved, the Ministry of Energy estimated The Globe would be charged $112,000 in fees, half of that up front.
So The Globe issued narrower requests and also asked that the Information and Privacy Commission mediate some of them.

At publication time, The Globe had received no documents.
"DON'T TELL THE AUDITOR-GENERAL WHAT WE'RE DOING" What is clear is that, in devising the Fair Hydro Plan, the government relied heavily on consultants, including three of the world's "Big Four" accounting firms: KPMG, Deloitte and Ernst & Young. It also hired Blakes, a law firm. According to the AuditorGeneral, the government paid these advisers a total of $2-million for their services. In a statement, the Treasury Board Secretariat emphasized that work was part of the government's efforts to "ensure due diligence was completed."
Their opinions and advice carried the day. Sophie Kiwala, a Liberal MPP and member of the estimates committee, said on Oct. 24: "Our plan has been approved by the peers of the Auditor-General at some of Canada's top accounting firms, including Ernst & Young, KPMG and Deloitte."
KPMG's team, composed of more than half a dozen of the firm's partners, was led by Michel Picard. In one 32-page document provided to The Globe by the government, KPMG itemized and refuted the Auditor-General's objections to the new accounting practice. "The concerns expressed by the AGO result from a difference of opinion in the application of professional judgment," KPMG spokesperson Lisa Papas told The Globe in a statement. As the auditor of IESO's books, the firm also signed off on the application of these new accounting standards, just as it had under the IESO's previous accounting methods. "We would like to emphasize that the standards provide a choice," the firm said in a statement. "There has always been the ability to choose between two alternatives."
In the past three years, KPMG earned between $86,000 and $92,000 in annual fees for auditing IESO's books. Last year, it earned $652,000 for its advice on the new accounting policy.
Did KPMG's dual role as auditor and consultant represent a conflict of interest? "You might say that their ability to be impartial and effective auditors had become compromised," said Randy Hillier, a Conservative MPP who sits on the public accounts committee. "Why would you not [sign off] when you're getting such a significant bundle of cash?" Ms. Lysyk told the same committee that firms should not be advocating for particular accounting treatments on a client's behalf while auditing the client's books.
Forensic accountant Al Rosen said that, generally speaking, it's not difficult to hire consultants to provide favourable accounting opinions in Canada, in part because standards are so elastic.
"You can go to any of the public accounting firms and get them to render an opinion on whatever you want," he said. "The ethics have gone all to hell."
KPMG and the IESO denied any impropriety. "It is very common for auditors to provide advisory services to help their clients understand the application of complex accounting matters," KPMG said in a statement.
Should the Auditor-General have been consulted?
On Jan. 11, 2017, as Ms. Lysyk's office prepared to audit Ontario's public accounts, it sent a letter to KPMG asking if there would be any accounting policy changes at the IESO. KPMG did not respond. There was a follow-up phone call, but KPMG did not call back. In Ms. Lysyk's opinion, KPMG had a professional obligation to respond.
She also felt that the Ministry of Finance and the Treasury Board should have told her earlier. "You do assume when you're the external auditor for anybody that you're kept in the loop," she said.
"That's the relationship, it should be open and transparent."
She said the e-mails reviewed by her office confirm that the architects of the Fair Hydro Plan expected her office to object to the IESO's proposed accounting changes – and that their silence had been deliberate.
"All the stuff said, 'Don't tell the Auditor-General what we're doing.' " Helen Angus, the deputy minister of the Treasury Board Secretariat, resisted that allegation before the public accounts committee. "I don't think we secondguessed the Auditor-General on her opinion," she said.
KPMG agreed that it had a professional obligation to respond to the Auditor-General's requests, but it said it discharged that duty by answering her inquiries in the months after the publication of the IESO's statements.
And the IESO's senior management saw no need whatsoever to consult the Auditor-General. Mr. Gregg, the CEO, said his obligation was to satisfy his own board of directors and its audit committee.
And Ms. Marshall told MPPs in February: "We would speak to the Auditor-General once we had come to a conclusion on our own."
So what did those "approvals" from the big accounting firms actually mean? In a statement to The Globe, KPMG emphasized it had no formal role in selecting or approving Ontario's accounting policies. Nor did Deloitte. Ernst & Young declined to answer questions about its work.
The Auditor General's office, on the other hand, is the only body responsible by law for opining on whether the province's financial statements have been prepared according to appropriate accounting standards.
And if the government did not stand down, Ms. Lysyk warned, she would issue a qualified opinion on Ontario's books.
Other auditors-general confirmed that is not something they do lightly.
"It's one of the most serious things we can do … to say we don't believe this set of financial statements has been fairly stated," said Mr. Ferguson, Canada's AuditorGeneral.
Ms. Lysyk said she received letters from all the other auditorsgeneral in Canada supporting her position. Although she declined to release those letters to The Globe, Mr. Ferguson confirmed that wrote such a letter.
So did Carol Bellringer, B.C.'s Auditor-General. "It's inconsistent with the framework that is in place for the

public sector," she said. "If British Columbia decided to set up a regulatory account within its provincial accounts, we would say, 'No, you can't do that.' " Others also rallied to Ms. Lysyk's defence. In a report published in December, the FAO adopted her recommended accounting policy and warned that the government's approach "reduced the transparency and reliability of Ontario's fiscal plan."

But Ms. Wynne's government seemed untroubled by Ms. Lysyk's warnings. She had already issued a qualified opinion on a separate issue – the government's accounting for the assets of two pension funds, a matter of billions of dollars – but the government shrugged that off, too.

Deputy finance minister Scott Thompson signed the statement of responsibility on last year's public accounts, with which the government accepts responsibility for the statements' integrity and avows that they conform with public sector accounting standards. So did Ms. Veinot, the controller, and Ms. Angus, deputy minister of the Treasury Board. In theory, these signatures conferred substantial obligations upon these officials – even as the Auditor-General was warning them that the province was using improper accounting. (None of them granted The Globe an interview.)

The last line of defence was the legislature. The public accounts committee is charged with reviewing the Auditor-General's reports and making recommendations to the Legislative Assembly.

When it convened in February to discuss the Auditor-General's concerns, Mr. Hillier, the Tory MPP, flagged the issue as unusual.

"This committee has a track record of being non-partisan to a large extent," he said – suggesting, though, that neutrality might be difficult when it came to the politically charged Fair Hydro Plan.

Indeed, the committee's questioning split along party lines. Mr. Hillier and NDP MPP John Vanthof hammered the officials involved in creating the financial and accounting structure, demanding justification for the additional interest costs.

Liberal MPP Liz Sandals, by contrast, asked no questions about the Fair Hydro Plan. Instead, she voiced her support for rate-regulated accounting and defended the IESO's decision to not consult the Auditor-General. She used much of her allotted time to ask Mr. Thompson to comment on the balanced budget. He responded that the government was "in a very solid position to balance this fiscal year."

AN ERA OF COOKED BOOKS?

Last month, the government published the 2018 Pre-Election Report on the state of the province's finances. The requirement to produce that report was first introduced in 2004, by the government of Dalton McGuinty. Published in the lead-up to the 2007 election, then-finance minister Greg Sorbara presented it as an antidote to the Conservatives' alleged accounting shenanigans.

"The previous government's approach to balancing the budget was to count on phantom revenues like asset sales which they knew would not materialize," Mr. Sorbara said in a statement. "It is essential that the real state of the province's finances be known before and not after an election."

With Ontarians heading to the polls on June 7, they are confronted by two conflicting accounts about the state of their province's current and future indebtedness.

At press time, the Auditor-General's office was rushing to prepare her opinion on the Pre-Election Report. She is likely to issue another qualified opinion.

The Fair Hydro Plan triggered a breakdown of trust. Previously, the Auditor-General relied on KPMG to audit the IESO's books.

Not any more: This year, she conducted her own special audit. "We couldn't risk that something else is going to pop up on this," Ms. Lysyk said.

It did not go well. Ms. Lysyk said she was "professionally unable" to provide an audit opinion because management refused to sign certain documents.

"They basically treated, I think, my audit team like we were subservient to KPMG," she told the public accounts committee.

"When a board or management in any other province recognizes that an AG's office has issues with their accounting, they would have handled it differently."

Both the IESO and KPMG said they co-operated fully at all times.

Ms. Marshall will step down as the IESO's CFO at the end of this month. (No replacement has been named.) But the battle over the integrity of Ontario's financial statements rages on. In March, Ms. Lysyk warned the public accounts committee that the government risked receiving its firstever "adverse" opinion – essentially a disclaimer that the financial statements should not be trusted.

One year after the unveiling of the Fair Hydro Plan, the irony is that the alleged raison d'être for the accounting practice that made it possible has suddenly vanished: Mr. Sousa, the finance minister, has revealed that Ontarians can no longer count on balanced budgets; he has forecast deficits of more than $6-billion for each of the following three years as the government ramps up spending on health care, child care, social assistance and postsecondary education.

The government now forecasts its next balanced budget won't arrive until 2024-25. In a recent report examining Ontario's finances, the C.D. Howe Institute concluded: "While the government may claim to have balanced the budget for 2017/18, the mediumand long-term fiscal outlook for Ontario is dire." BY THE NUMBERS Financial projections for Ontario appear to vary between those of the governing Liberals and the province's Auditor-General.

ELECTRIFYING THE BOOKS

Last year, the Fair Hydro Plan lowered electricity rates for Ontario consumers by 25% and held increases

to the rate of inflation for four years. The government must borrow billions of dollars to pay for most of it.
The Auditor-General of Ontario says the government is using “bogus” accounting to keep that debt off its books.
Here’s a simplified illustration of how it works:
FOLLOWING THE MONEY
1 Ontarians pay discounted hydro rates to local distribution companies, which remit that money to the Independent Electricity System Operator (IESO), which manages Ontario’s electrical system.
2 The IESO owes more to generators than it receives from ratepayers, causing a shortfall.
Using new accounting policies, the IESO calls this shortfall a “regulated asset.” (The Auditor-General prefers the term “nonexistent asset.”)
3 The IESO adds interest charges, fees and other expenses incurred by other government bodies to the “regulatory asset,” then sells it to the Fair Hydro Trust, a specialpurpose entity the government created in December.
4 The trust receives the asset, which under its own policies must be called an “intangible asset.”
Meanwhile, the trust borrows 51% of the money needed to pay for the “asset” from investors.
5 Ontario Power Generation (OPG), which controls the trust, raises another 5%.
6 The province borrows the remaining 44%.
7 The province forwards its borrowings to OPG as an “equity injection.” This “investment” offsets the borrowing on its books.
8 OPG lends the money it borrowed, plus the government’s contributrion, to the trust. Now the trust has enough money.
9 The trust pays the IESO for the “asset.”
10 The IESO pays generators.
11 Future ratepayers will pay back all that borrowed money, plus interest costs, management fees and other expenses, through “Clean Energy Adjustment” charges on their electricity bills.

Toronto Sun: Statement From Ontario Pc Leader Doug Ford; A7; 2018.04.21

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Statement From Ontario Pc Leader Doug Ford

I wanted to address the inappropriate comments that Kathleen Wynne's Campaign Chair made about me today.
I always say that I have thick skin.
I have been called names before, but what bothers me the most is that he is insulting the people of Ontario that want to move this province forward. He is insulting my supporters which consist of PC, Liberal and NDP supporters.
We knew this was going to be a dirty campaign, but I'm going to take the high road.
This whole campaign, I haven't done any name calling. I will hold Kathleen Wynne accountable for her record, but we are going to move forward on this campaign in a positive fashion.
She wants to distract from her record, but I am going to continue speaking about what people care about in Ontario: lowering taxes, making sure we reduce hydro rates, getting rid of the carbon tax, and creating great paying jobs.
That's what we are going to focus on, what the people need to move this province forward.

Toronto Sun: Potty Mouth Grit; Liberal can't resist calling Ford 'a bit of a d--'; A7; 2018.04.21

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Potty Mouth Grit; Liberal can't resist calling Ford 'a bit of a d--'

For anyone who hasn't figured out Kathleen Wynne's campaign strategy, it's this simple - fear and smear. Whip up fear Ford doesn't care about average people. That he'll give "polluters a free pass." Misrepresent his campaign promises. Heck, makes things up out of whole cloth. Say he'll cut 40,000 nurses and teachers, base that ridiculous speculation from a university professor, but put that in your attack ad anyway.

Compare him to Donald Trump. Call him a "bully." Say he "traffics in smears and lies."

Even call him a "dick." That's what Wynne's campaign co-hair, David Herle, said Friday during a TV panel discussion on CP24.

Herle was asked about the popularity of Rob Ford, the late mayor and Doug Ford's brother, and whether Herle thought people liked and trusted Doug.

"No, I think people liked Rob Ford, and I think people think Doug Ford's a bit of a dick, to be honest," he said.

Ford, for his part, didn't rise to the bait. He called the comment "inappropriate" said he has a "thick skin," knew this was "going to be a dirty campaign" but plans to hold Wynne accountable for her record.

Herle, a key Liberal strategist and owner of the Gandalf Group, later said in a statement he regretted using the term and apologized "without qualification."

Though even then couldn't resist hurling a back-handed smear at Ford, suggesting the Ontario PC leader "has a long history of using derogatory and insulting terms to refer to a wide range of people with whom he disagrees."

Although Wynne said the comment wasn't an "appropriate choice of words," she has no plans to discipline or turf Herle from her campaign and fair enough. Things get heated in political campaigns.

But demonizing Ford is about the only card the Liberals have left to play.

It's difficult to campaign on sound fiscal management when you've doubled spending, drove up debt 125% to more than $300 million and just weeks before the election watched Moody's debt-rating agency downgrade Ontario's financial outlook to "negative" from "stable" because you plan to run six more years of deficits.

It's difficult to defend a track record of scandal, police investigations, a gas plant cover-up conviction against a former Premier's office chief of staff, numerous auditor and watchdog reports accusing you of wasting billions and cooking the books, outrageously high electricity and auto insurance rates and a current Premier who's the most unpopular leader in the country.

Not to mention the province is in a mess, especially health care which is in crisis and plagued by bed shortages, wait times and conflict between the province and doctors, nurses and hospitals.
All of this explains why Wynne has been desperately trying to buy votes with the public's own money - free tuition, free prescription meds, hydro rate cuts.
She's trailing badly in the polls, the public overwhelmingly wants a change in government and she's backed into a corner.
Plus the thought of handing over control of $150 billion annually in government spending to someone who doesn't share your farleft ideology, who thinks running the province on a credit card is a bad idea, that government should respect the dollars it collects from taxpayers and use them as efficiently as possible to provide services people need, not services you think they should have, well, that must just rankle.
Hence the Trump card.
Hence the "dick" comment.
Almost sounds like bullying, and certainly isn't the type of thing a tolerant, progressive Liberal ought to say.
On the other hand, given the staggering mismanagement of Ontario's finances, health care and other public services, "a bit of a dick" is exactly what this province needs. jawallace@postmedia.com

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Toronto Sun: Wynne backed into a corner; A17; 2018.04.21

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BYLINE: Johnsnobelen
SOURCE: Toronto Sun
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Wynne backed into a corner

The great Canadian folksinger Valdy penned the line "I'd rather be lucky than smart when it comes to affairs of the heart."
I can attest to the veracity of that statement.
Valdy could have said the same about politics. Smart is good. Lucky is better.
I have wondered for the past few weeks if Doug Ford would find the luck he needs to win the Ontario election.
Ford is obviously smart enough. He won the Ontario PC leadership, against some heavy odds, with a combination of hard work and smart tactics.
But winning the general election is a different kettle of fish.
Ford faces some tough headwinds.
He is a first time leader.
First-time leaders do not have an enviable track record in Ontario politics.
He became leader of a divided party just week ahead of an election. Winning campaigns usually spend a year or more planning, preparing and building a team.
The Ford team is literally being assembled as he campaigns across the province.
He is facing an opponent, Kathleen Wynne, who is a skilled campaigner. She has spent four years preparing for this contest.
The public service unions who depend on her government's largess will eagerly support her with an army of volunteers and endless anti-Ford ads.
Her campaign team, fueled by years of fundraising so brazen the Wynne government was embarrassed

into change the rules, is seasoned and ready.
She can, and will, spend, promise and say whatever it takes to win.
Facing a massive disadvantage in organization and funding, Ford has moved decisively.
He consolidated his leadership by going out of his way to embrace the other leadership candidates.
He encouraged his caucus to carry the fight in Queen's Park while he began the long journey to meet the people of Ontario.
The folks I know who are close to the campaign are impressed with Ford's energy and political acumen.
More than a few have commented on his ability to empathize with people from all walks of life and his genuine interest in people.
He has proven to be unconventional and smart. Those are good things.
This week, we found out he is also lucky.
On the heels of a downgrade from credit rating firm Moody's Investment Service in Ontario's fiscal outlook, a serious rebuke of the Wynne government's fiscal management, Wynne attacked Ford.
She compared him to U.S.
President Donald Trump. She attacked his credibility. She said Ford "believes in an ugly, vicious brand of politics that trafficks in smears and lies."
Heck, she called him a bully.
Wynne went so far as to announce that this would be a vicious, personal campaign.
It was a gift the Ford campaign couldn't have dreamed up in a hundred cold-pizza fuelled strategy sessions.
Wynne is backed into a corner.
Ontario's fiscal mess is a result of 15 years of profligate Liberal spending.
Her personal credibility has been rocked by half-hearted attempts to cover up the cost of failed policy.
Think artificial hydro rates and minimum wage spikes.
Ontarians aren't stupid.
They know the province is heading in the wrong direction.
They know desperation when they see it.
Four years ago, Wynne's brand was all about trust. She was going to unify Ontarians and solve problems by working together.
Today, she is reduced to being a political attack dog. Going off brand this early in an election campaign is a serious mistake.
Until now, Ford has been smart. This week, he got lucky.
Snobelen was a cabinet minister in the Conservative government of Ontario premier Mike Harris from 1995 to 2002

Stratford Beacon-Herald: Less red tape for farmers; A10; 2018.04.21

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ILLUSTRATION: Tom Morrison, Postmedia News / Ontario Progressive Conservative leader Doug Ford speaks to a crowd at Nooyen Farms in Blenheim on Friday.;
WORD COUNT: 437

Less red tape for farmers

Ontario Progressive Conservative Leader Doug Ford vowed to cut red tape when talking to farmers during his pre-election blitz of Southwestern Ontario Friday.
Ford spoke to crowd mostly made up of farmers during an afternoon stop at Nooyen Farms, near Blenheim, Ont.
"You're responsible farmers," he told the crowd. "You want the best for the farming community. You don't need some politician bureaucrat coming down and telling you what to do."
The former Toronto city councillor said there "might be a couple things" the government would still have to work out with farmers, but his priority remained getting rid of red tape and regulations.
Ford met with John Nooyen, who owns the farm with his brother Dan, before speaking to the crowd, and Nooyen said he liked what he heard.
"There's too much red tape," Nooyensaid. "I believe we're stewards of the land, so farmers don't want to pollute. We don't want to do anything like that. We want to be trusted."
Nooyen, who works with seed corn, said he hoped a PC government would take another look at regulations for the neonicotinoid pesticide, which some studies show poses a risk to bee populations.
"They didn't take a scientific approach, the Liberal government, on the neonicotinoid approach and just slapped that on us," he said.
"Now it's costing us to get a specialist to come and check the soil, make sure we're using that responsibly. We know whether not to use or to use it."
Chatham-Kent-Essex MPP Rick Nicholls said there will still be regulations in the agricultural sector, but the government needs to listen to the concerns of farmers.
"Agriculture in this area is probably the biggest industry going, and we need to protect it the best way we can," he said.
Ford also slammed Premier Kathleen Wynne for appointing herself the minister of agriculture in 2013, saying he would choose an MPP with a farming background to lead that file.
"She's never planted a tomato plant in her life and she believes she's going to be the minister of agriculture," he said. "I can't stand politicians that sit there in the hall of Queen's Park and try to tell farmers how to run their farm or doctors how to run the healthcare system and so on."
The PC leader reaffirmed previous promises to fire the CEO of Hydro One, eliminate the carbon tax and lower hydro prices.
Nooyen said electricity prices are another concern for his operation.
"All these barns are on 100-percent hydro. We're talking thousands of dollars a month in hydro bills where it was hundreds before. It's just become crazy," he said.

Daily Observer (Pembroke): Carbon pricing, political pricing; Doug Ford gets away with a promise to repeal carbon pricing because of a confused electorate; A5; 2018.04.21

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Carbon pricing, political pricing; Doug Ford gets away with a promise to repeal carbon pricing

because of a confused electorate

Memo to Doug Ford: Carbon pricing works Despite mounting evidence that carbon pricing works, there are still pockets of political opposition to putting a price on carbon to fight climate change.
Witness the recent policy machinations within the Ontario Progressive Conservative party. Former leader Patrick Brown advanced a revenue-neutral carbon tax that would help pay for a progressive package of income tax reform, lower hydro rates and investments in mental health.
The newly elected PC leader, Doug Ford, promises to repeal Ontario's carbon tax (it's actually a cap-and-trade program).
Abandoning this program would mean losing billions of dollars in auction proceeds that are being re-invested in new anti-climate-change technology and projects. He also says climate change is a non-issue.
Ford should read the latest report from Canada's Ecofiscal Commission titled Clearing the Air: How Carbon Pricing Helps Canada Fight Climate Change. It makes the key point that carbon pricing can support both a clean economy and a prosperous economy. It doesn't have to be either/or, as Ford suggests.
"(Carbon pricing) achieves these goals by changing incentives and unleashing market forces," the report says. "It lets businesses and individuals identify the best ways to reduce their (greenhouse gas) emissions and at a time and place best for them."
Ford is right that fighting climate change is not at the top of voters'list of pressing issues. But it's not as far from the top as he suggests.
A 2018 Abacus Data survey of perceptions of carbon pricing in Canada found a large majority of Canadians want a transition to a low-carbon economy, but with care to manage impacts. Seventy-five per cent say action on climate change should be a priority. Sixty per cent want governments to take more action.
While support for carbon pricing has increased since 2015, there is still widespread confusion.
Fewer than half of Canadians feel familiar with carbon pricing.
This allows politicians like Ford in Ontario and Progressive Conservative Leader Jason Kenny in Alberta to troll for votes in a sea of misunderstanding with their simplistic, anti-carbon pricing slogans.
The Ecofiscal Commission acknowledges that governments and the commission have to do a better job of explaining how carbon pricing works. There are two basic approaches to carbon pricing: A carbon tax sets a price on carbon directly. It is applied to specific fuels like gasoline based on how many greenhouse gases (GHG) are emitted when burned.
A cap-and-trade system begins with government putting a cap on the allowable level of GHG emissions. It then allocates permits among major emitters.
Businesses are allowed to trade permits among themselves. The supply and demand for permits determines the price of carbon.
There is strong evidence grounded in solid economics and policy experiences that carbon pricing works: California introduced a capand-trade program in 2012.
Emissions are falling in the state and are scheduled to fall faster as the program ramps up. California is on track to reduce its GHG emissions to 1990 levels by 2020. The cap-and-trade program has not hindered the state's economic growth.
British Columbia was the first jurisdiction in North America to implement a carbon tax in 2008. B.C.'s GHG emissions would have been between five and 15 per cent higher without the tax. There was only a slight impact on B.C.'s economy.
The United Kingdom has combined the two systems.
Emissions have fallen sharply in recent years while the U.K.'s economy has grown at a comparable rate to the European Union's economy.
Ford may be surprised to hear who supports putting a price on carbon.
Inventor and entrepreneur Elon Musk says, "The fundamental problem is the rules today incent people to create carbon... So what can we do? Whenever you have the opportunity, talk to your politicians; ask them to enact a carbon tax."
When Steve Williams, the CEO of Suncor Energy, Canada's largest oil producer, speaks, Ford should listen. Williams acknowledges climate change is happening and says, "We think a broadbased carbon price is the answer."
Jim Yong Kim, president of the World Bank, says the world's priority must be to get prices right on all forms of energy to support low-carbon growth. "Achieving a predictable price on carbon that accurately reflects real environmental costs is key to delivering emission reductions at scale."
The proceeds from Ontario's cap-and-trade permit auction program - from April 2017 to March 2018 - are a staggering $2.4 billion. That money must go into the Ontario Greenhouse Reduction Account and must be invested in projects that reduce GHG emissions.
The Ontario electorate needs to know if they elect Doug Ford we will lose billions in funding for new technologies and eco-jobs that combine to directly fight climate change. R. Michael Warren is a former corporate director, Ontario deputy minister, TTC chief general manager and Canada Post CEO.
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[HL: Campaign gets weird before it starts By Thomas Walkom THIS year's Ontario election campaign is]

HL: Campaign gets weird before it starts
By Thomas Walkom
THIS year's Ontario election campaign is weird. It began as a referendum on Liberal Premier Kathleen Wynne. It is fast becoming a referendum on Progressive Conservative would-be premier Doug Ford.
In effect, Wynne and New Democratic Party leader Andrea Horwath are vying with one another as to who can be the best anti-Ford.
Usually, incumbent governments run on their records and opposition parties run against them. But in this campaign, even Wynne is running against much of her own record.
She spent the last four years cutting back the growth in health-care spending so her government could balance the province's books. Now, she has effectively admitted that this was a massive mistake and is promising billions in new health-care spending and a return to fiscal deficits.
The old Kathleen Wynne privatized Hydro One, in part to reduce the size of government. The new Kathleen Wynne likes nothing better than big government. She has implemented limited pharmacare and is promising limited child care and denticare.
Initially, this was a strategy designed simply to attract left-leaning voters from the NDP. But with polls consistently showing Ford in the lead, it has morphed into a strategy aimed directly at the PC chief.
Wynne has accused Ford of wanting to take a bulldozer to the province.
"This election will come down to the clearest, starkest choice in this province's history," she told a business audience late last month. "It's a choice between care and cuts."
That sentiment was echoed by Horwath this week, who warned voters that simply replacing Wynne with Ford would be going "from bad to worse."
In their efforts to portray themselves as the best alternative to Ford, Wynne and Horwath are plowing much of the same ground.
Both promise some form of rudimentary denticare.
The NDP would introduce a limited version of universal pharmacare. The Liberals have already brought in full pharmacare for those under 25 and are promising to eliminate the drug co-payments and user fees now charged to seniors.
The NDP would bring in universal child care paid for, in part, by user fees geared to income. The Liberals, too, have a daycare plan. It would be free but would cover only those children 21/2 years and older - and then only until they reach junior kindergarten.
The Liberals have introduced a plan to lower electricity bills, in part by engaging in a financial sleight of hand. The NDP would eliminate the sleight of hand but reduce electricity bills, too, through methods that are not entirely explained and, in its just-released platform, not at all costed.
So far, the centrepiece of Ford's electricity plan is his promise to fire the head of Hydro One, on the grounds that he makes too much money. Because of contractual obligations, this would cost more than it saved. But unlike the NDP and Liberal hydro plans, it has the virtue of being easily understood.
Indeed, one of the difficulties the anti-Fords face is that the PC leader has been deliberately vague about what he might do. In particular, he has been coy about where his promised $6 billion in spending cuts will come from.
But when he does pronounce, he is clear - as in his promise this week to eliminate the provincial income tax for those making minimum wage.

This particular pledge may not be that meaningful. Once the usual deductions are taken into account, many low-wage workers are already exempt from paying income tax.

But politically, it is an inspired move. It signals that while Ford is opposed to raising the minimum wage, he is not opposed to minimum-wage workers.

It is also brutally simple.

And as his two rivals spar over which detailed and fully costed party platform is best able to take him on, it may prove disturbingly effective.

Thomas Walkom writes for the Toronto Star. Email him at twalkom@thestar.ca.