

Queen's Park Today – Daily Report October 18, 2017

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Quotation of the day

“The accounting proposed by the government is wrong ... the government's proposal is to treat [the cost of refinancing the Global Adjustment] as an asset. That's like you treating your credit card debt as an asset in your own books. Does that sound right to you?”

Auditor General Bonnie Lysyk says the government is blowing off accounting standards to keep the cost of the Fair Hydro Plan off its balance sheet

Today at Queen's Park

On the schedule

MPPs will convene at 9:00 a.m. to continue second reading debate on **Bill 148**, Fair Workplaces, Better Jobs Act. The labour legislation mandates an increase in the minimum wage, wage fairness between contract workers and full-time employees and rules on when employers can change employees' shift schedules.

Bill 160, Strengthening Quality and Accountability for Patients Act, is scheduled to be debated at second reading in the afternoon. This will be the fourth day of debate on the bill.

Debates and proceedings

The House convened at 9:00 a.m. to begin second reading debate on **Bill 166**, Strengthening Protections for Ontario Consumers Act.

Bill 163, Protecting a Woman's Right to Access Abortion Services Act, was voted on at second reading after question period. It passed with Liberal, PC and NDP support. Independent MPP **Jack MacLaren** opposed (Ayes 85; Nays 1).

Notable pro-life members, PC **Sam Oosterhoff** and Liberal **Joe Dickson** were not in the House for the vote.

Bill 152, Representation Statute Law Amendment Act, was reported back from committee. A time allocation motion requires the bill, which creates two new northern ridings, to pass third reading by the end of this week.

Two private members' bills were introduced:

- Liberal MPP **Arthur Potts** introduced **Bill 167**, Fairness in Consumer Reporting Act. Potts' bill would require consumer reporting agencies to provide free credit reports to consumers within two days of a request.
- Liberal MPP **Cristina Martins** introduced **Bill 168**, Putting Your Best Foot Forward Act. Martins' bill would make it illegal for employers to require their staff to wear high heels.

Bill 160, Strengthening Quality and Accountability for Patients Act, was debated during the afternoon session.

In the park

The Canadian Automobile Association will hold an MPP lobbying day and noon-hour reception.

AMAPCEO has an afternoon reception scheduled for MPPs. The Chicken Farmers' of Ontario has an evening reception on the roster.

Topics of conversation

- Sidewalk Labs, a Google subsidiary, has been [selected](#) as Waterfront Toronto's corporate partner for its eastern waterfront redevelopment. The 325 acres of land will be redeveloped to host Google's Canadian headquarters as well as a "progressive, innovative community" that include mixed-use housing and office spaces.
- The province will release its long-term energy plan on October 26.
- Premier **Kathleen Wynne** released a [statement](#) in support of keeping Canada's supply management alive within NAFTA. Wynne said the proposal to dismantle the supply management system for dairy, eggs and poultry within the next 10 years is "simply a non-starter."
 - Wynne spent the past eight months rallying for free and open borders between NAFTA countries but, as with most Canadian politicians, a [threat](#) to supply management brought out her protectionist side.

- Former chair secretary **Peter Wallace** took the [witness stand](#) in the gas plants trial on Monday and Tuesday. Wallace said he never would have given **David Livingston** access to the password that allowed government emails to be deleted if he had thought it would be shared with an outsider like **Laura Miller's** partner **Peter Faist**. (Faist was paid \$10,000 by the Ontario Liberal Party to delete emails related to the gas plants scandal).
 - In 2014, Wallace told the committee investigating the gas plants he thought it was "[stupid](#)" when **David Livingston** suggested deleting emails, but didn't take the remarks seriously. He also said he regretted giving Livingston the password.
- The Conference Board of Canada projects Toronto's economy will grow 3.7 per cent in 2017 and 2.5 per cent in 2018.
 - Growth in Hamilton is forecast to reach 2.9 per cent this year and growth in Ottawa should hit 2.5 per cent.
- NDP leader **Andrea Horwath** attended Fort Erie Racetrack's final race of the season on Tuesday. Horwath is advocating for the government to step in and end Woodbine Entertainment's "unfair stabling policy" limits the frequency horses can race at Fort Erie. NDP MPP **Wayne Gates** has said in the past that this policy is designed to kill the Fort Erie Racetrack.

Today's events



October 18 at 8:10 a.m. — Toronto

The premier's business advisor and former TD Bank CEO **Ed Clark** will deliver a speech at the Fairmont Royal York on how Ontario is working to bring Amazon's HQ2 to the province. The sold out event will be [webcast](#) on the Canadian Club's website.



October 18 at 8:40 a.m. — Toronto

Deputy Premier **Deb Matthews**, Economic Development Minister **Brad Duguid** and Research, Innovation and Science Minister **Reza Moridi** will hold a news conference following **Ed Clark's** speech at the Fairmont Royal York.



October 18 at 10:30 a.m. — Toronto

Premier **Kathleen Wynne** will attend question period.



October 18 at 12 p.m. — Toronto

Premier **Kathleen Wynne** will hold a cabinet meeting at Queen's Park.

**October 18 at 6 a.m. — Online**

Dr. Andrew Pipe, co-chair of the Smoke-Free Ontario Strategy's expert committee and **Robert Schwartz**, director of the Ontario Tobacco Research Unit at the University of Toronto, will hold a news conference on the tobacco control [report](#) that was released on Monday.

**October 18 at 8:30 p.m. — Toronto**

Premier **Kathleen Wynne** and Prime Minister **Justin Trudeau** will deliver remarks at the Keren Hayesod UIA International Leadership Reunion closing dinner at the ROM.

**October 18 – 19 — Woodstock and London**

Justice Eileen Gillese will hold community meetings to give affected communities information about her inquiry into the Wettlaufer murders.

Funding announcements

- The **Poverty Reduction Strategy** announced \$250,000 for Food4Kids Hamilton Halton Niagara. The organization's Weekends Without Hunger program delivers food to low-income students' homes on the weekend.
 - The funding is part of the Poverty Reduction Strategy's \$4.5 million in funding for programs related to food insecurity.

Auditor general report

Auditor General **Bonnie Lysyk** released her [special report](#) on the government's accounting treatment of the Fair Hydro Plan on Tuesday morning.

Lysyk said the Liberal government has not recorded "the true financial impact of its energy rate reduction plan." Instead, it is hiding the cost of refinancing the Global Adjustment (GA) from its budget and financial statements. Lysyk said **Bill 132**, the Fair Hydro Act, was designed to allow the government to create "needlessly complex" accounting rules, obfuscate the financial impacts of its borrowing plan, and avoid showing a budget deficit or an increase in net debt.

A stern Lysyk said she is required to "speak out" when the government is not presenting financial information "fairly." She characterized the government's move as "bigger than an accounting dispute."

Lysyk does not oppose the government's policy of refinancing the GA, but is critical of it designing legislation that "keeps off the books the full impact of the policy decision."

Fair Hydro Plan costs

The Fair Hydro Plan puts taxpayers on the hook for \$21 billion in borrowing costs and accumulated interest in order to lower electricity users bills' by 16 per cent until 2027. This figure includes \$4 billion in extra interest costs that result from the Fair Hydro Plan's accounting structure, which puts OPG in charge of borrowing to refinance the costs of electricity infrastructure, instead of the government. OPG borrows at market rates, so it must pay a higher interest rate than the province would pay, a cost the AG called "needless."

Energy Minister **Glenn Thibeault** — who opened by saying the "government of Ontario does not agree with the assertions and conclusions in this report" — said OPG is best equipped to handle the financing because it currently manages \$20 billion in nuclear funds and has extensive experience with regulatory deferral. He also said it's appropriate for ratepayer assets to be separate from the government.

OPG's GA trust is in the process of being rated by credit ratings agencies, which could lower its interest rate on the refinancing debt, potentially reducing the \$4 billion impact of borrowing on ratepayers.

Thibeault and Treasury Board President **Liz Sandals** defended the GA refinancing as good policy that is "appropriate for its intended purpose."

Deputy Minister of Energy **Serge Imbrogno** told the Standing Committee on Estimates later Tuesday afternoon that, since the ministry had updated its debt numbers from \$28 billion to \$20 billion, the AG's \$4 billion figure was also off by upwards of \$2 billion.

Accounting treatment

Lysyk railed against the government's accounting treatment, saying the government cannot claim it is using Canadian Public Sector Accounting Standards when it is actually using its own "inappropriate legislated accounting."

She said the government appears poised to accept a "qualified" or "adverse" audit opinion from her office, a move that would not be acceptable in the private sector.

Ministry of Finance officials said it is sometimes necessary for governments to refer to other public sector accounting standards, such as U.S. standards — which it did in this case — when Canadian standards do not provide directions for a specific problem. Sandals said, because Ontario is Canada's biggest province, it needs to act more like U.S. states that also operate with IESOs.

Thibeault said the rate-regulated accounting structure the government is using is "well-established and well-recognized."

Internal documents

Based on emails she obtained during her research, Lysyk determined the government gave officials and private-sector advisers instructions to ensure “the accounting treatment for the 16 per cent rate reduction should not affect the fiscal plan.”

Thibeault denied this was part of the government’s mandate. In a statement, he said the goals of the government’s policy were to create the most efficient GA refinancing system and to “ensure that the deferred costs are borne by the rate-base, as the beneficiaries of the electricity system, and not the tax-base.”

According to Lysyk, more-than-one design option was rejected because it would have resulted in an increase to the province’s deficit or debt. She also reviewed emails from senior energy officials that warned the design of the program would result in higher costs for Ontarians. The government spent \$2 million on external private-sector advisers during the design process.

Lysyk also reported that the Ministry of Energy signed a \$500,000 contract with a law firm to provide search services and to compile emails before providing them to the AG’s office, but they have not yet been released. Thibeault said they are coming.

Responses

- PC leader **Patrick Brown** said the “Unfair” Hydro Plan is a re-election ploy that was “drafted to benefit the Wynne Liberals, not the people of Ontario.” Brown said if the Liberals are re-elected, electricity rates will only continue to soar.
- NDP Energy critic **Peter Tabuns** said the government is just trying to make it look like it’s not running a deficit. “That’s the heart of all of this. They can spend as much time as they want talking about different accountants they hired. In the end, it’s \$4 billion more that we are spending that we don’t have to pay.”
- CUPE president **Fred Hahn** said in a statement that the AG report reveals the “fiscal and moral bankruptcy” of the Liberal government’s Fair Hydro Plan.

Question period

Tuesday’s question period coincided with the release of the AG report, leaving MPPs with little option but to repeat questions from Monday’s session.

When PC leader **Patrick Brown** and NDP MPP **Peter Tabuns** tried to ask about the report about halfway through question period, Energy Minister **Glenn Thibeault** said he would not discuss it until members of the legislature and the media received technical briefings from the AG and the Ministry of Energy later that day.

PC lead-off**Air quality**

- PC leader **Patrick Brown** asked about the government's promise to fund a study on air quality in Sudbury. He called for a timeline and clear commitment from the premier.
- Premier **Kathleen Wynne** said she is committed to starting immediately.

College faculty

- He also asked about the ongoing college faculty strike. Brown said when the Liberals last campaigned, they promised no more labour disruptions: "They promised us labour peace. You promised that students would be in the classroom."
- Wynne said, "Part of publicly funded education is the reality that we have labour unions." She said she will do everything she can to get the parties back to the table, but will not undermine the collective bargaining process.

The PCs also asked about manufacturing job losses and violence in mental health facilities.

NDP lead-off**Hospital overcrowding**

- NDP MPP **France Gélinas** said she learned Peterborough regional hospital is opening up 24 unfunded beds to try to keep up with the number of people needing hospital care.
 - According to Gélinas these beds will be funded with reserve funding that is meant for infrastructure.
- Health and Long-Term Care Minister **Dr. Eric Hoskins** said Peterborough's hospital received a \$9.4 million funding boost this year, which represents a 4.3 per cent increase in their operating budget.

Sears pensioners

- NDP MPP **Jennifer French** asked what the province is going to do to protect Sears' pensioners that are being left with a shortfall of \$260 million. She called on any revenue from liquidation sales to be used to fund pensions, not executive bonuses, and for the government to introduce legislation that gives rights to pensioners.
- Premier **Kathleen Wynne** said her heart goes out to the families who are affected, but noted that the "nature of work is changing."
 - Finance Minister **Charles Sousa** said he is looking at "making reforms that provide even greater support for pensioners going forward." Sousa said 80 – 90 per cent of Sears employees will receive their full pension.
- The Canadian Federation of Pensioners is calling on Sousa to divert savings from his [proposed changes](#) to pension solvency funding into the province's Pension Benefits Guarantee Fund as a way of saving employers with direct benefit pension plans \$1.4 billion annually.