TBS Morning News Media Watch for Thursday, May-25-17

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TREASURY BOARD:

Hydro rate cuts will cost province; Watchdog Stephen LeClair says price of Liberal subsidy could balloon over decades (Toronto Star)

Thu May 25 2017
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Section: News
Byline: Robert Benzie Toronto Star

Short-term gain on your hydro bill could translate into long-term fiscal pain.

The Liberal government's Fair Hydro Plan, which lowers electricity bills by 25 per cent, will ultimately zap Ontarians to the tune of $21 billion over the next three decades, the province's budget watchdog has found. In a 15-page report released Wednesday, financial accountability officer Stephen LeClair said the scheme will cost the province $45 billion over the next 29 years while saving ratepayers $24 billion for a $21-billion net expense. But LeClair warned his estimates are only applicable if "the province is able to achieve and maintain a balanced budget over 29 years." The cost of the subsidy could balloon to between $69 billion and $93 billion if the government has to borrow to pay for it.

Finance Minister Charles Sousa balanced the books last month after nine years of deficits. The average monthly hydro bill of $156 per household will drop to $123 once the 25-per-cent cut takes effect next month.

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.

Both the Tories and Andrea Horwath's New Democrats oppose the Liberals' rate-cutting measure.

LeClair acknowledged it will keep homeowner's electricity costs lower than they would have been over the next decade, although they will be slightly more expensive after 2027.

"Although eligible electricity ratepayers are projected to achieve overall savings of $24 billion, the savings is not distributed evenly over time," the independent legislative officer wrote.

"From 2017 to 2027, electricity costs are projected to be lower under the (Fair Hydro Plan) compared to the status quo (for a total savings of $33 billion), while after 2027, electricity costs are projected to be higher under the FHP compared to the status quo (for a total cost of $9 billion)," he continued.

"This results in net savings of $24 billion over 29 years."

The budget officer questioned why the government is bankrolling the cut through its electricity utility Ontario Power Generation, which keeps the debt off the province's books, but could mean an additional $4 billion in interest costs.

Auditor general Bonnie Lysyk said she will also be doing a separate report on the hydro rate scheme later this year.

As is LeClair, Lysyk is concerned about the way the government is funding the cut.

"The government will do what the government will do; my job is to opine on whether the actions taken - the transactions recorded - are in accordance with public sector accounting standards," she told reporters at Queen's Park.

Last Thursday, Energy Minister Glenn Thibeault introduced legislation for the plan, promising it would spread the costs of big-ticket electricity-system improvements in the past decade over a longer period of time. Thibeault likened it to "refinancing a mortgage" to have lower payments now, while acknowledging there will be additional interest payments over the longer term.

"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," the minister said Thursday.

"It's important to remember that the FAO's projection of electricity costs reflects a point-in-time estimate that demonstrates how we can ensure greater fairness and affordability in the short and medium term," he said. "Later this summer, our government will release the next Long-Term Energy Plan, which will take additional costs out of the system and address affordability over the long-term."

Thibeault insisted any rate increases would be held at the rate of inflation - about 2 per cent - over the next four years.

However, a leaked cabinet document obtained by the Tories - and dismissed by the Liberals as an early draft of the plan - said rates would rise steeply, starting with 6.5 per cent in 2022 and topping out at 10.5 per cent in 2028, when average monthly bills would be $215.

"Kathleen Wynne's unfair hydro plan is a sham. The government's own numbers confirm it and independent experts confirm it. Rates are going up. Period," PC Leader Patrick Brown said in a statement.

"It's time for Kathleen Wynne to stop covering up the truth: under her plan, our hydro bills will go up. Everything will cost more. This will have a devastating impact on household budgets and the economy."

NDP MPP Peter Tabuns (Toronto Danforth) said "the impact is greater than we feared" of subsidizing ratepayers.

Illustration:
• The Fair Hydro Plan will cost taxpayers $21 billion over the next 30 years, said watchdog Stephen LeClair.
• Richard J. Brennan/Toronto Star file photo

Edition: ONT
Length: 737 words

Tone: Negative
Ad Value: $25,896
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Wynne's hydro cuts will raise costs long-term: report; Financial Accountability Office warns bills could soar even more if the province can't keep its budget balanced (The Globe and Mail)

Thu May 25 2017
Page: A10
Section: News
Byline: JUSTIN GIOVANNETTI

Ontarians will pay higher electricity bills for almost three decades as part of the government's plan to reduce power rates in the short term, according to a report from the province's Financial Accountability Office.

Premier Kathleen Wynne's proposal to cut hydro rates by 25 per cent this year while capping increases to the rate of inflation for the next four years will save consumers $24-billion. But it will cost the province $45-billion over the next 29 years, according to an assessment released on Wednesday morning by the financial watchdog.

Ms. Wynne's popularity has plummeted over the past year as hydro bills have soared and become a political liability for her long-governing Liberals ahead of next year's general election.

The Premier's Fair Hydro Plan would slash energy bills before the election and keep them low for much of the next government's mandate. However, to lower bills in the short term, the government would need to increase them in later years to pay off the debt needed to finance the plan.

Ontario taxpayers will repay $21-billion more by 2045 than they will save on their bills, according to the FAO. The watchdog warned that the financing costs for the plan could increase rapidly in future years if interest rates change or if the government can't balance its budget over the next three decades. If Ontario were to fall into deficit and borrow additional funds to finance the plan, the eventual cost could increase to as much as $93-billion.

"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," Energy Minister Glenn Thibeault's office said in a written statement.

The Energy Minister added that the FAO report took into account a possible increase in interest rates and the need to borrow all the money for the plan, scenarios he called "extremely unlikely." And he said government moves to lower costs in the electric power system, perhaps utilizing technological developments, were not included.

The opposition Progressive Conservatives dismissed the government's hydro plan as a quick fix before the election that will do little to fix the long-term problems facing Ontario's power system. "It's fantasy land," PC energy critic Todd Smith said.

"It's all about the next election."

After the 25-per-cent rebate, which could come as soon as this summer, the average monthly bill is expected to drop from $164 to $123.

Bills should remain relatively low until 2021 under the plan.

Rates are then expected to increase 6.8 per cent a year from 2021 to 2027. The FAO estimated that the average monthly bill will increase to $213 by 2028. To repay the cost of the rebate plan, the average consumer will pay thousands in additional costs - about $22 a month from 2028 to 2045.

"The impact is greater than we had feared," New Democrat Peter Tabuns told reporters on Wednesday. He said Ontarians will turn against the plan when they learn that their bills will be higher for decades after just a few years of relief.

"What the Liberals brought forward is not sustainable and will be hugely problematic for ratepayers for decades to come," he said.

The billions of dollars in extra debt needed to lower rates will not appear on the government's books but will instead be raised by Ontario Power Generation (OPG), the Crown corporation responsible for generating about half the province's electricity.

The debt needed to finance the plan should peak at $26.2-billion in 2027, according to the FAO.

The province will provide 45 per cent of the financing, with the rest raised from banks and other investors by OPG. If the province raised the full amount and did not involve OPG, $4-billion would be saved in lower interest costs, the FAO said.

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Auditor General and Liberals at odds over accounting of hydro relief plan (QP Briefing)

24.05.2017 Sabrina Nanji 0

Another accounting spat is brewing between the Liberals and the Auditor General, this time, over the government's hydro relief plan.

On Wednesday, Auditor General **Bonnie Lysyk** told MPPs on the legislative committee studying Bill 132, the Fair Hydro Plan Act, that the Liberals are setting a "dangerous precedent" by keeping the cost of borrowing off of the province's financial statements, which she said defies good public sector accounting practice.

"There are a lot of people investing a lot of time and money to set this up [and] structure it in such a way that it doesn't affect the bottom line," Lysyk said.

The AG testified at the standing committee on justice policy on the same day Financial Accountability Officer **Stephen LeClair** reported the Liberals' Fair Hydro Plan, featuring an additional 17 per cent hydro rate reduction, will cost $45 billion over three decades to save ratepayers $24 billion – a $21-billion cost of borrowing for Ontarians, assuming an average interest rate of 5 per cent and that future budgets remain balanced.

LeClair said refinancing the electricity system involves "a complicated accounting structure" that will increase Ontario's gross debt by about $26 billion by 2027-28, but does not impact the province's net debt, which is estimated at nearly $312 billion for 2017-18. That's because the plan creates a regulatory asset through Ontario Power Generation Trust – a new entity that would cover the cost of borrowing for the next 10 years, after which ratepayers will start seeing the charge on their bills.

Per the FAO, the OPG Trust would finance 55 per cent of the cost, while the province finances 45 per cent. The Independent Electricity System Operator (IESO) would establish a regulatory asset to account for future repayments, which would be purchased and controlled wholly by the trust.

If the refinancing structure – something the government has likened to extending the terms of a mortgage – does not meet public sector accounting standards, LeClair said the province's annual deficit could take a $26-billion hit over the next 11 years, but improve by the same amount over the following 18.

It did not pass Lysyk's accounting test.

"[The government] plans to record anticipated revenue as an asset to offset borrowing in its consolidated financial statements," she said.

"As we know, accounting deals with past transactions, not future ones. So, to anticipate that private-sector electricity generators will reduce their costs in the future and to use legislation to make this potential future benefit an asset is also not allowed under Canadian public-sector accounting standards," Lysyk said.

To earn her unqualified opinion, "the difference between the amounts paid to power producers and the amounts collected from consumers would show up eventually as an impact on the bottom line of the government's financial statements." That's the difference between what the IESO pays energy producers for the electricity they generate and the actual market value, otherwise known as the global adjustment charge.

But an audit prepared by KPMG for the IESO concluded the regulatory asset can be established based on U.S. accounting standards, and that it should not be counted on its bottom line after being transferred to the OPG Trust, "as IESO no longer has rights or future economic benefits associated with the asset."

"The variance account created by Bill 132 is subject to rate regulation by the [Ontario Energy Board] and the variance account will be established with the right to collect funds against the variance amount in the future. In these circumstances, the IESO is able to establish a regulatory asset," KPMG's audit reads.

KPMG also said public sector accounting standards don't provide specific guidance on rate regulated accounting, but allows the government to apply other frameworks, like the U.S. Generally Accepted Accounting Principles.

Meanwhile, Bill 132 is due back to the house for third reading next week and is expected to pass before MPPs break for summer.

It would not be the first time Lysyk has given a qualified opinion – she would not sign off on last year's financial statements because of an accounting clash over two of the province's co-sponsored pension fund surpluses.

To contact the reporter on this story:
snanji@qpbriefing.com
416-212-5789
Twitter: @sabrinananji

FAO Says Ontario's Fair Hydro Plan Will Cost $45 Billion Over Three Decades	
Source: CFTO	May 24, 2017 6:10 PM (8)

Anchor 1: But first we turn now to the Ontario government's plan to cut your hydro bill.

Anchor 2: Might save you money now, but not one, but two financial watchdogs say it will cost us billions in the long run. CTV's Colin D'Mello joins us at Queen’s Park. Long-term pain for short-term gains.

Reporter: Well nothing in life comes for free, Ken, and now we're being told by the financial accountability officer that cheaper hydro bills today is going to end up costing the province $45 billion in the long run. And the auditor general as well is questioning the accounting methods behind it.

Reporter: It's being suggested as a master class in creative accounting. The Liberal government promised you a 25 per cent discount on your hydro bill, but the math behind it has left even accountants confounded.

Bonnie Lysyk, Ontario’s Auditor General: It is a very confusing design.

Reporter: To pay for the discount the government will have to go into debt, but according to Auditor General Bonnie Lysyk the **Wynne** government doesn't want that, and the plan it came up with is raising alarm bells.

Lysyk: I think this would set a significant risky precedent for public sector accounting in Canada.

Reporter: In order to cut your hydro bill, the government is turning to an American accounting method by taking all of the money you’re going to spend on electricity in the future and counting it as an asset that exists today. The province then borrows money against that asset to pay for the loss of income from the hydro discount. It's a head spinner, yes, but essentially the auditor general says the deal looks debt-free when it's really not.

Lysyk: It does produce that magic where the impact of that transaction doesn't appear on the bottom line of any organization in the public sector.

Reporter: The complex plan has left the opposition fuming.

Todd Smith, PC Energy Critic: It's astonishing, really, and it's completely unacceptable that we're mortgaging our kids' future.

Reporter: But the Energy Minister says the accounting is sound.

Glenn Thibeault, Ontario Energy Minister: Many, many accounting firms – KPMG, for example – reviewed the accounting principles and have stated very clearly that they are fine with these principles.

Reporter: The auditor general, however, is definitely not. And the financial accountability officer also says the province is going to be walking a very tight rope. If there is an interest rate hike or if the province can't balance its budget over the next 30 years, then we're potentially looking at paying back $93 billion, all for cheaper hydro rates now.

Fair Hydro Plan to Cost Ontarians an Additional $21 Billion	
Source: CBC	May 24, 2017 6: 36 PM (20)

Anchor: The provincial government's new hydro plan is supposed to cut your electricity bill by 25 percent from the peak last year. Well, the province's fiscal watchdog now reporting on how that plan will end up costing us all much, much more. The bottom line, an extra $21 billion. Our Queen’s Park reporter Mike Crawley will join me in just a moment to talk about the official fallout, but first he does the math for us.

Reporter: Trying to understand costs in the hydro system can make your head spin. So I’m going to try and break it down for you nice and simply. The average hydro bill in this province hit $158 a month at the end of last year under what the Liberals call their Fair Hydro Plan. The average bill drops to $123 a month this summer. How? It's not because building gas-fired power stations or refurbishing nuclear plants is getting any cheaper. It's actually because the province will borrow money to subsidize your hydro bills in the short term. We'll all have to pay that back eventually, with interest. Ontario's independent fiscal watchdog, Steven Leclair, did the math. He says the refinancing will save electricity customers about $18.4 billion off their bills over the coming decade, but after 2027, paying off the debt will cost about $39 billion. The difference, $21 billion extra on the hydro bills of the future.

Peter Tabuns, NDP Energy Critic: What the Liberals have brought forward is not going to be sustainable and will be hugely problematic for ratepayers for decades to come.

Todd Smith, PC Energy Critic: It doesn't fix the problem with the high cost of electricity, actually. It just kicks it down the road for our kids and our grandkids.

Reporter: But our kids and grandkids aren't voting in next year's election. By that time, the average hydro bill will be lower than it's been in years. It will climb only slowly until 2021 and then it is projected to start jumping, exceeding $200 a month in a decade.

Anchor: Mike's done the math for us and joins us live in studio. What do voters care more about? What they're paying now or that it could be significantly more in a decade?

Reporter: Certainly **Kathleen Wynne** and the Liberals are banking on people caring about what's happening with hydro bills right now. In fact, that's why they've put all of this emphasis on trying to bring down bills, because they were absolutely hurting in the polls because bills were so high. You can guarantee though that the opposition parties are going to keep bringing up at every possible opportunity the fact that we're going to be paying a lot more down the road and if you look at voters, think back a few years. It was actually told to them that bills were going to rise really highly and they didn't punish the Liberals, because of the fact that the bills were going to go up in the future. So it's quite possible that this gamble could pay off for **Kathleen Wynne**.

Anchor: But when you look at the bill right now, you go, oh, my gosh, it's high.

Reporter: And when you look at them this summer, you might think, okay, they've gone down a little bit and when you cast your ballot next election, are you going to say, oh, I'll have to pay so much more in the future. I don't know. I think for a lot of voters, it's the immediate thing that really matters.

FAO Says Fair Hydro Plan Will Ultimately Cost $21 Billion	
Source: Global	May 24, 2017 6:04 PM (16)

Anchor: The cost of lowering hydro rates in Ontario will come with a price tag of $21 billion if and only if things go according to plan. That is according to an independent financial watchdog at Queen's Park. Now Global News has documented the hardships of people in this province struggling to pay spiking hydro rates. Some have resorted to living without power because they can't pay their bills. Others have had to choose between heat or food. And it is those kinds of stories the Liberals say have spurred them into action. And that action is a major change in how and who pays for hydro. Now I'm going to warn you, this is complicated and full of a lot of big numbers. And as a journalist, you know I'm terrible at math, but this is important to understand because it's going to impact you and your kids. So you with me? Here's how the plan breaks down.

Anchor: The Fair Hydro Plan, or FHP, includes an 8 per cent HST rebate as well as electricity refinancing and more relief programs. It all cost $45 billion over 29 years. Now what do we get what that? Well electricity ratepayers will save $24 billion over the same period, but to put that another way, the FHP will eventually cost all of us $21 billion. So the headline again is that we are spending $45 billion to save $24 billion.

[TV Clip]: What have you done? What the hell have you done? What have you done to her? What are you talking about?

Anchor: Okay that is the show 24, and if Jack Bauer could stop screaming at me for a moment you will learn that that $24 billion in savings is not going to be spread out equally because you and I get the goods and our kids get the bill. This year the average electricity bill is projected to decrease by 25 per cent, and for the next four years, it will only grow at the rate of inflation. But starting in 2021, that bill goes up an average of 6.8 per cent a year for six years. And then, comes the year 2028. We finally have jet packs? Will Google Chrome be implanted in our frontal lobes? Who knows in the future what will come true? But I can tell you what will come due and that's $18.4 billion in deferred electricity costs, hydro cost that you and I will not be paying now. And add to that $21 billion in interest. Future ratepayers will be paying extra for 20 years. You might wonder if in 2028 anyone will think that this hydro plan is fair.

Now remember at the beginning when we mentioned the “if” in all of this? The financial accountability officer who authored the report says his projection will only be true if Ontario's budgets remain balanced for the next 30 years. Otherwise, things will be much worse. And for perspective, the Liberal government tabled a balanced budget this year for the first time since 2008. So on one hand this plan provides immediate relief from high prices, and let's be clear, there are people in this province any debt help now. On the other, there is a big price tag for future generations to make that happen. Depending on your perspective, this is either prudent and progressive or you’re Jack Bauer:

[TV Clip]: What do you want me to do? I told you there’s nothing I can do! What do you want from me?

Unidentified 1: I just want to know you feel something!

Unidentified 2 [clip end]: I can’t!

Wynne hydro plan just Liberal snake oil (Toronto Sun)

Thu May 25 2017
Page: A8
Section: News
Byline: Lorriegoldstein
Source: Toronto Sun

If we fall for Premier Kathleen Wynne's "just get me through the 2018 election Fair Hydro Plan," we'll fall for anything.

Because the Liberal government scheme, analyzed in a report released Wednesday by Ontario Financial Accountability Officer Stephen LeClair, bears a striking resemblance to snake oil.

That is "a product or policy of little real worth or value that is promoted as the solution to a problem."

Snake oil is my characterization of Wynne's plan, not LeClair's.

But the independent financial watchdog's clear-eyed assessment of what Wynne is doing shows why Ontarians should be alarmed by this looming financial disaster.

Wynne is promoting her Fair Hydro Plan as a solution to high electricity rates for Ontario consumers. (Rates caused in large part by the green energy blunders of her government and that of her Liberal predecessor, Dalton McGuinty.)

In reality, it's a prescription for short-term gain at the expense of longterm pain.

That's because at the end of its 29-year lifespan, Ontarians will not only have paid tens of billions of dollars more for electricity than they would have without Wynne's scheme, but will be left with worthless, or near-worthless electricity-generating systems operating at the very end of their lifespans.

The Liberals compare Wynne's plan to lowering your mortgage payments today by extending the amortization period.

But, with a house, you end up with an appreciable asset you can live in, or sell for profit.

Wynne's Fair Hydro Plan is more properly compared to taking out an extended car loan, at the end of which the car has little or no resale value.

That's because wind turbines, solar panels and natural gas plants have limited lifespans and will be worn out and out of date three decades from now, overtaken by better technologies.

The political advantage for Wynne is that her plan lowers consumers'electricity bills now, by 25%, and artificially holds rate increases to no more than inflation for four years.

In other words, beyond next year's election and for most of Wynne's second term as premier, if she wins another majority.

But after that, hydro premiums skyrocket at a rate of 6.8% annually from 2021 to '27 and, post-2027, at a rate 4% higher than they would have without Wynne's plan, even if she maintains the 8% HST hydro rebate she introduced Jan. 1.

Wynne's plan turns responsible budgeting on its head.

Rather than paying our way as we go, it sticks future generations of Ontarians with the cost of paying for our electricity today, while making no provision for their needs in the future.

It amounts to today's parents forwarding the bill for their hydro to their children and grandchildren.

It's another example of Wynne using public money irresponsibly in a desperate bid to win re-election.

It's similar to her government spending millions of dollars of public money for political advertisements Auditor General Bonnie Lysyk has described as inappropriately self-serving and partisan.

The only reason the ads aren't illegal is that Wynne changed the law passed by McGuinty, against the advice of the auditor general, who, like LeClair, is an independent officer of the Legislature.

Heaven only knows where Wynne will raid the public purse next in her bid to get herself re-elected. lgoldstein@postmedia.com @sunlorrie

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Story Type: Column
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Shock To The System; Plan to cut hydro rates could cost as much as $93B: FAO (Toronto Sun)

Thu May 25 2017
Page: A8
Section: News
Byline: Antonella Artuso
Source: Toronto Sun

Premier Kathleen Wynne's plan to cut hydro bills by 25% comes with an electrifying price tag.

A review by Ontario Financial Accountability Officer Stephen LeClair says the minimum cost is $45 billion, but that number could soar to anywhere between $69 billion and $93 billion if the Fair Hydro Plan is financed with borrowed money.

In the best-case scenario, which requires the Ontario government to maintain a balanced budget over the next three decades, the plan costs $45 billion.

Once the 25% break on bills is factored in, Ontarians will pay a total of at least $21 billion more than they would have without the rate reduction.

Energy Minister Glenn Thibeault said in a statement Wednesday that the plan means hydro customers will soon see relief from high bills.

"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% on average, starting this summer," Thibeault said. "The FAO's analysis shows cost projections of $21 billion over 29 years for our plan, which is in line with earlier estimates."

Wynne's government announced the bold hydro plan after bills soared, leaving many ratepayers complaining that the cost was so high that it was getting difficult to pay for other priorities like food and rent.

The Wynne plan calls for an HST rebate, refinancing of electricity assets and the rejigging of hydro relief programs.

Ontario ratepayers would see about $24 billion shaved from their bills between 2017 and '45, the FAO report says.

Under the plan, hydro rates decrease 25% on average this year, followed by four years of relatively low increases capped at inflation.

Wynne's plan would cut the average eligible ratepayer's monthly bill to $123.30 from the current $164 in 2017, a savings of $41.

In Year 5 of the plan, bills start to rise again to help cover the cost of the plan.

"They'll be going up 7% a year until about Year 10, and then after that they'll be about 12% higher than they otherwise would have been," NDP Energy Critic Peter Tabuns said. "Not even future generations - people who are ratepayers right now are going to get hit hard starting five years from now and they'll be hit hard for decades, quite literally."

MPP Todd Smith, the energy critic for the Progressive Conservatives, called the Liberal plan "fantasy land."

Predicated on balanced budgets and low interest rates, it's a quick election fix for a Wynne government facing voters in 2018, he said.

"I think a lot of people are seeing through this for what it is; this is Kathleen Wynne's re-election plan," Smith said.

The FAO report noted significant financial risks in the plan because it's based on the premise that the Ontario government can "achieve and maintain a balanced budget over 29 years." Since 1990, the Ontario budget has been balanced seven times - four times under the PCs and three under the Liberals.

The FAO also questioned the government's intention to borrow more than half of the money it needs through an Ontario Power Generation Trust, which it says comes with an increased borrowing cost of $4 billion.

Illustration:
• / (See hardcopy for photo)
• Stan Behal, Toronto Sun / NDP Energy Critic Peter Tabuns comments at Queen's Park yesterday on the new report on Kathleen Wynne's energy plan.
• / LECLAIR Big risk

Edition: Final
Story Type: News
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Liberals' hydro plan to cost Ontarians $21 billion, watchdog says (QP Briefing)

24.05.2017 Christopher Reynolds 0

Guzzling on the cheap today means a costly hangover tomorrow.

The Liberal government's hydro plan, while saving ratepayers an average of 25 per cent on their electricity bills in the short-term, will leave Ontarians with a $21-billion headache over three decades, according to the province's budget watchdog.

In a report released Wednesday, Financial Accountability Officer **Stephen LeClair** said that Premier **Kathleen Wynne**'s "Fair Hydro Plan" will cost $45 billion over 29 years, but save ratepayers $24 billion, resulting in a net $21-billion cost.

It's a precarious figure. The projection presumes the government will balance its books every year and that interest rates will remain low. The financial accountability office has forecasted budget deficits until at least 2020, although the Liberals foresee only black ink. Interest rates on potential loans down the line may creep upward in a thriving economy.

Should either of those two factors change, Ontario could wind up more than doubling its costs, LeClair said. If lower electricity rates spark higher consumption or if generation and delivery costs rise, for example, the government might be forced to borrow more, meaning a bigger debt and more interest.

"If the province is required to fund the FHP [Fair Hydro Plan] through debt, then the cost to the province could increase to between $69 billion and $93 billion," the Financial Accountability Office stated in a release.

Energy Minister **Glenn Thibeault** countered that these "outlier scenarios … are extremely unlikely."

Surveys show the hydro plan has helped buoy the Liberals' flagging prospects ahead of next year's election following plummeting poll numbers amid fast-rising electricity rates.

If Bill 132, the Fair Hydro Act, passes next week, consumers will see their rates tethered to inflation for the next four years, inching up about 2 per cent annually.

But, starting in 2021, the FAO projects electricity bills will shoot up 6.8 per cent each year through to 2027 — higher than leaked Liberal cabinet documents suggested. Rates would climb back up to current levels in 2026, levelling out to about 4 per cent higher than they would have otherwise between 2027 and 2045, according to LeClair.

The average monthly hydro bill now sits at $156 per household. With the 25-per-cent rate cut it would fall to $123. The slash is slated to take full effect by July 1, pending passage in the house.

The hydro plan’s refinancing component will take an $18.4-billion load off of electricity costs that ratepayers would otherwise bear. Ratepayers, spared that repayment and $21 billion in accumulated interest for a decade, would then begin to pay down both in 2028, ultimately forking over $39.4 billion over 17 years.

“The electricity cost refinancing initiative does not ‘smooth out’ the cost of electricity,” the report states, contradicting a previous statement from the energy minister.

Thibeault said the government has always acknowledged the plan’s higher long-term costs, adding that the fresh assessment was in line with the government’s projections. “It’s important to remember that the FAO’s projection of electricity costs reflects a point-in-time estimate that demonstrates how we can ensure greater fairness and affordability in the short and medium term.”

LeClair recommended the government get assurance from the auditor general that the “complicated accounting structure” for refinancing electricity costs — a move that will provide for more than half of the projected savings to ratepayers — meets public sector accounting standards.

Auditor General **Bonnie Lysyk** told *QP Brieifing* on Wednesday that “the transaction as proposed is legislated accounting and does not meet public sector accounting standards.”

Progressive Conservative energy critic **Todd Smith** called the overall plan a “quick fix” that achieves “very short-term satisfaction … for long-term pain.”

“It’s fantasyland,” he told reporters Wednesday. “It’s not just unfair for those of us who pay the bills now, but it’s unfair for the next generation, and quite possibly the next generation to come.”

PC Leader **Patrick Brown** dubbed the “unfair hydro plan” a “sham” that would have “a devastating impact on household budgets and the economy.”

NDP energy critic **Peter Tabuns** brushed off concerns about a popularity boost for the Grits. “There’s no question that people feel real hunger for some relief, but they don’t like the idea that they’re going to get hit real hard in a very short period of time.”

He compared the plan to taking out loans to pay the rent. “We’re just pushing the costs down the road by a few years. And ultimately we’re going to have to pay them all back, plus interest. That isn’t a good deal.”

Thibeault highlighted his party’s upcoming Long-Term Energy Plan, set to be unveiled this summer, to take more costs “out of the system.”

He got no sympathy from Green Party Leader **Mike Schreiner**. “The Liberals' hydro shell game is the most expensive band-aid in Ontario's history,” he said in a statement.

Ontario gets good omen from latest cap-and-trade auction (QP Briefing)

24.05.2017 Geoff Zochodne 0

The cap-and-trade market run by California and Quebec — which Ontario intends to join in 2018 — is showing signs of life again.

Results from the May 16 cap-and-trade auction held by California and Quebec were released Wednesday, showing the two jurisdictions sold all of the 75.3 million carbon credits for 2017 that they had put on the block earlier this month. Another 2.1 million cap-and-trade allowances for 2020 were sold as well, about 22 per cent of the available permits in the May auction.

The California-Quebec carbon market has now held 11 auctions since 2014, but it has been on a roller-coaster ride over the past year, with results ranging from as little as 11 per cent of available permits being sold to as much as 88 per cent. The weak results have cost the two jurisdictions millions of dollars in revenue that would have been earmarked for methods of mitigating climate change.

Ontario had been keeping an eye on the California-Quebec market, as it plans on linking its own cap-and-trade system with those two in 2018. Cap and trade is a carbon pricing system that aims to curb climate change and reduce greenhouse gas pollution by forcing businesses to buy permits for their emissions, giving them an incentive to reduce those emissions.

Cap and trade began in Ontario in January, and the province held its first-ever cap-and-trade auction in March, which was a near sellout. All of the 25.3 million carbon credits for the 2017 vintage year were sold, and another 812,000 allowances for 2020, about 26 per cent of those available, were also purchased.

Ontario's March auction earned the province about $472 million in proceeds that will pay for a variety of greenhouse gas-reducing measures. The Liberal government initially estimated the carbon-pricing system would yield between $1.8 billion and $1.9 billion in annual proceeds, but reduced that figure in the 2017 budget to approximately $1.4 billion a year, starting in 2018-19.

Environment Minister **Glen Murray** has said the $1.9-billion projection was predicated on every quarterly auction selling out, so the government is leaving itself some wiggle room with its projections.

However, a proposal has popped up in the California Senate that could hike the minimum price for a carbon allowance, which would force Ontario and Quebec to increase their price to keep all three systems linked. Murray has shrugged off the threat, saying it is just one of several ideas that will considered during the state’s brokered budget process.

The Liberal government is relying on cap and trade to fund up to $8.3 billion in GHG-reducing programs, such as rebates for the purchase of electric cars. The ceiling on Ontario's carbon emissions will also be lowered by about four per cent every year, helping the government with its goal of lowering the province's emissions to 15 per cent below 1990 levels by 2020.

Will high-speed rail be worth it for Ontario? (Toronto Star)

Thu May 25 2017
Page: A9
Section: News
Byline: **Martin Regg Cohn**

High-speed rail has taken a U-turn in Ontario. For decades, all roads - or at least routes - led to Montreal. Driven by the perennial national unity debate, premiers preened for annual photo-ops while promising to bind Ontario and Quebec not just economically, but politically.

Yet high-speed rail remained stuck on a slow train that never left the station.

Now, the destination is in another direction - with westward stops in Guelph, Kitchener-Waterloo and London.

Why the turnaround? And why did the Quebec quest reach a dead end?

Today, the politics are more provincial than national, and the economics are more practical than aspirational.

Premier Kathleen Wynne dreams, no doubt, of harvesting more votes by proclaiming Ontario's biggest-ever infrastructure project - a sleek high-speed train with all the bells and whistles - as her $20-billion legacy. But southwestern Ontario is hardly fertile territory for her governing Liberals, and she's unlikely to be in office to drive the last spike eight to 14 years from now.

A better explanation for the new direction is the belated recognition that a fast train to Montreal isn't as smooth as it sounds. At least not at that price.

If you build it, they may not come. Or pay.

The trip between Canada's two biggest cities has always been driven by the promise of business travellers and tourists paying top dollar for a short trip. But the problem with occasional travellers is that they come and go - without coming back often enough to build a business around it.

Consider the painful fiasco of the Union Pearson Express to Toronto's airport.

A train that targeted an exclusive business market didn't generate much high-end traffic in the end, or the high revenues to pay for it. Only when UP opened up to everyone along the route - transforming it from a business and ruling class train to a people's class commute - did the seats finally get filled and the cash begin to flow (though still too slowly).

This is not a columnist's customary second-guessing, merely second thoughts. I'd long supported an airport rail link here, having regularly ridden the Hong Kong Airport Express when I lived there (also a 22-minute ride downtown). Just as I'd always supported the idea of a high-speed link to Montreal - or anywhere.

One trip on the Maglev train from Shanghai's airport at the warp speed of 432 km/h takes the breath away, even if the terminus in suburban Pudong is in the middle of nowhere. But no amount of love and affection for train technology (vintage or vector) will keep a dreamy journey from crashing down to earth on faulty economics.

Without the ridership and revenue bases, any train is baseless. It's not clear that North American distances, densities or propensities among riders would have sustained customer demand here until recently. The appeal of this proposed route - if the economics can be made to work - is that it connects 7 million people along a population corridor that accounts for 60 per cent of Ontario's economy.

Phase one would link downtown Toronto to Pearson Airport and the high-tech hub of Kitchener-Waterloo at speeds of up to 250 km/h, ending in London. The latter destination seems more of a stretch (and happens to be the home of deputy premier Deb Matthews, whose riding is increasingly encircled by New Democrat MPPs), but there may be an argument for a southwestern Ontario nexus that draws in that economically depressed population centre.

Phase two leads from London to Windsor, but may never get off the ground. A report to Wynne by former federal transport minister David Collenette concedes that ridership and revenue remain unproven on that stretch, relying instead on "socio-economic and regional development grounds" for a future extension.

A Windsor terminus sounds more political than economical, destined to be deferred from one election campaign to the next. Just as the perennial route to Quebec kept going in circles.

High-speed rail has been a long journey, more prosaic than romantic. Instead of passengers gliding to Montreal for a getaway, think of commuters hitching a 48-minute ride from Kitchener-Waterloo to the GTA as part of their daily grind.

Customers in a hurry, heading from home to work and back again. Who keep coming back.

Martin Regg Cohn's political column appears Tuesday, Thursday and Saturday.
mcohn@thestar.ca, Twitter: @reggcohn

Illustration:
• Premier Kathleen Wynne is hopeful the high-speed train will be her legacy.
• Dave Chidley/THE CANADIAN PRESS file photo

Edition: ONT
Length: 723 words

Tone: Negative
Ad Value: $25,112
Circulation: 361,323

Metrolinx to appeal Bombardier ruling; Agency asks court to clarify decision to preserve contract (Toronto Star)

Thu May 25 2017
Page: A2
Section: News
Byline: The Canadian Press

Metrolinx has filed an appeal questioning the decision of an Ontario judge last month that preserved the transit agency's contract with Bombardier Transportation.

The notice of appeal deepens the legal dispute between the Ontario transit agency and Bombardier over the company's ability to fulfil train orders in Toronto, where gridlock has become an increasing frustration for hundreds of thousands of commuters.

In April, a judge ruled that Metrolinx can't cancel a $770-million contract with Bombardier without first going through dispute resolution. Metrolinx earlier this month also turned to a French manufacturer for light-rail vehicles as a backup plan if Bombardier fails to deliver the contracted transit projects. Ontario has reached a $528-million agreement to buy 61 light-rail vehicles from Alstom in case Bombardier is found to be in default at the end of a court-ordered dispute resolution process.

In an email Wednesday, a Metrolinx spokesperson confirmed the transit agency filed the notice of appeal before the Friday deadline. The point of the appeal is to seek court clarification over the amount of time Bombardier has to fix problems with its vehicles.

"Metrolinx is preserving our right to seek clarification of the decision principally as it relates to the permitted cure periods," spokesperson Anne Marie Aikins said in a statement. "At the same time, we will continue with the dispute resolution process with Bombardier."

In a statement Wednesday, Bombardier said it is "deeply concerned" about the effect Metrolinx's legal actions will have on transit users and taxpayers.

Edition: ONT
Length: 245 words

Tone: Negative
Ad Value: $5,601
Circulation: 361,323

Council moves ahead with relief line plan; Project still unfunded as Mayor John Tory reiterates call for province to help pay for subway, estimated to cost $6.8B (Toronto Star)

Thu May 25 2017
Page: GT1
Section: Greater Toronto
Byline: Ben Spurr Toronto Star

City council has voted to move ahead with planning work for the relief line subway, although it remains unclear who will pay to build the vital but as-yet-unfunded transit project.

In a vote of 42-1, councillors endorsed a city report that gave the green light for city and TTC staff to advance the design of the first phase of the relief line, which the TTC has identified as Toronto's most pressing transit priority.

In a council speech, Mayor John Tory called the vote "a big step forward" for the city's transit plans. However, he reiterated calls for the province to help pay for the subway, which is estimated to cost $6.8 billion and has no firm funding commitment from any level of government.

Tory acknowledged Queen's Park has invested in Toronto transit in the past, but urged them not to turn off the tap now.

"As much as we may be grateful, we've moved on.

"And we're looking to secure funding for that next wave of transit projects that's going to help us keep this city livable, build this city, accommodate the people that are coming here let alone the people who are already here, and that is led by the relief line," he said.

Earlier in the day, Tory took his case directly to transit riders by handing out flyers at Pape station that urged commuters to contact their local MPPs and Transportation Minster Steven Del Duca "to let them know that funding for the relief line is a priority."

The flyers included contact information for Del Duca, who is also the Liberal MPP for the riding of Vaughan.

Del Duca responded with a statement in which he claimed the Liberal government has already "invested more in transit in Toronto than any other government in the province's history."

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

It also noted that the Liberals plan to increase transit funding to Toronto by doubling the city's share of gas tax proceeds by 2021. Queen's Park has also allocated $150 million for relief line planning.

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

As part of the relief line report, councillors also voted Wednesday to proceed with design work for an extension of the TTC's Line 1 (Yonge-University-Spadina) subway north to Richmond Hill Centre.

The five-stop, 7.4-kilometre Yonge North extension would add passengers to already overcrowded Line 1, and it has long been the city's position that the relief line must be in place before it goes ahead. That's because the relief line would divert riders from Line 1 by connecting the eastern arm of Line 2 (Bloor-Danforth) at Pape with the downtown core. Experts say it must be completed by 2031, which is when Line 1 is expected to reach capacity.

Earlier this month, Mayor Tory stoked controversy when he joined with mayors in York Region to advocate as a bloc for provincial funding for both the Yonge North extension and the relief line and for both projects to go ahead at the same time.

Most of the Yonge North extension would be outside Toronto's borders, and city planners have never ranked it within the city's top 10 transit priorities. But Tory defended the alliance Wednesday, saying that banding together with politicians in the 905 to push for both projects strengthened the city's position.

"(York Region politicians are) going to be supportive of a relief line. When was the last time you heard of them being supportive of a transit project in Toronto? I think that's welcome news," he said.

Councillor Josh Matlow (Ward 22, St. Paul's) moved a motion that would have halted planning for the Yonge North extension. Although the city has stipulated that the province and York Region will reimburse the TTC for any work done on the project, the councillor argued that putting Toronto's transit agency to work on the project would only distract from the relief line.

"We have a decision to make today. Do we focus on a key priority that all the evidence and all the experts and all of our staff say is a priority?" Matlow asked, accusing the mayor of "playing games" with transit projects.

"Please, focus on the relief line. Let's get this done."

Matlow's motion failed, on a vote of 6 to 37.

The first phase of the relief line would have eight stops and be 7.5 kilometres long. Although there are no firm funding commitments for it yet, the federal government has signalled it is willing to pay up to 40 per cent of the cost of new transit projects. Tory said Wednesday he was examining a "range of options" that the city could use to pay for its share.

As part of the report Wednesday, council also approved a new route for the line that would see it run beneath Carlaw Ave. instead of Pape Ave. south of Gerrard St. E. TTC staff plan to report back in 2019 with a refined cost, design and delivery schedule.

In an effort to ensure the Yonge North project doesn't unduly sap Toronto transit resources, councillors also voted for motions stipulating the city wouldn't allow the extension to go ahead unless the relief line "has been fully funded with a firm schedule for completion" and to negotiate "satisfactory cost-sharing agreements" with the province and York Region on the operating costs of the extension, which have not yet been finalized.

Edition: ONT
Length: 909 words

Tone: Neutral
Ad Value: $18,753
Circulation: 361,323

Mayor Tory Urges The Province To Commit To Funding A Downtown Relief Line	
Source: City TV	May 24, 2017 6:11 PM (5)

Reporter: Mayor John Tory continuing to put pressure on the province today for funding for a downtown relief line. The Mayor met with the TTC Staff and subway riders at Pape Station this morning, handing out flyers that urge commuters to call their MPPs about the relief line. Tory says, despite receiving money from the province for planning and design, he's yet to receive a funding commitment from the Liberals to build the subway.

John Tory, Toronto Mayor: I am not asking for a blank cheque. I am asking for a commitment that the province of Ontario will provide its fair share of the cost of building the relief line – actually building it so that we know we can make our plans certain that the line will be properly funded. The amount obviously will follow when the work has been done to actually figure out what the total costs will be but I think right now they're not prepared to even commit to the fact they will help pay to build this line and that leaves property taxpayers in the lurch even though the federal government is at the table.

Reporter: Tory says without funding from the provincial government the downtown relief line will not be built. The downtown relief line also dominating much of the debate at city council today. The discussion was supposed to surround the proposed route for the line which would run under Carlaw, south of Gerrard. Councillors were divided over the plan to build the line at the same time as the Yonge North Subway Extension which would expand the Line One from Finch Station to Richmond Hill.

Councillor Paula Fletcher, Toronto-Danforth: Yonge line won't be built – it can't be built without the relief line. So it's just a really solid alliance that we don't usually have between the city of Toronto and our municipal partners in the 905.

Councillor Josh Matlow, St. Paul’s: Just decide that the Yonge North Extension is somehow equal as a priority to the relief line is just not factually true. And I just don't believe that Toronto's successful when it keeps making politically based transit decisions.

Unidentified: Connecting the suburbs, in my opinion, is the best, the most important thing that can happen to the rest of the city. We have to embrace our municipalities around us.

Reporter: Regardless of how the downtown relief line gets built, it has to be in place by 2031. If not, the TTC Says the transit hub at Bloor-Yonge Station will be overrun by passengers. The Mayor used today's meeting to call out council for contributing to congestion by failing to build transit for years.

Mayor Tory: I asked to be brought these maps that I’ve seen before and they make me weep when I see them. New York. This is Paris. London. I mean look at them compared to what we have today. And we are – we have – we took decades off building transit. We took decades off. We've created a nightmare of congestion both our roads, which is not healthy for anybody. It's not good for anybody. It's know not good for people, the environment, families or anybody else. And frankly, we've created a nightmare in large parts of our transit as well.

Adrian: A short time ago council did vote in favour of the route for the downtown relief line. They also passed a motion which says the North Yonge Line will not be built unless funding for a downtown relief line is first secured.

City taps water bucks; Feds, Ontario, city pump $38M into keeping water out of basements, sewage out of Thames (London Free Press)

Thu May 25 2017
Page: A3
Section: News
Byline: Patrick Maloney
Source: The London Free Press

A $38-million investment announced Wednesday aims to keep water out of London basements and human waste out of the Thames River.

The cash, from Ottawa, Queen's Park and city hall, will go to largely unseen infrastructure - sewers and water treatment tools, for example - that controls and protects the local water system.

"It's not glamorous stuff, but it's important stuff," London West MP Kate young said.

The funding is split 50/20/20, with 50 per cent ($18 million) coming from Ottawa and 20 per cent ($9 million) each from the province and city. City hall's share is to be drawn from existing capital b udgets.

The money will go to several improvements, including: Increasing sewer system capacity to prevent basement flooding and effluent spilling into the Thames River.

Separating sewer lines to cut the amount of storm water going to treatment plants.

Improving storm water retention ponds to reduce flooding and erosion.

Upgrading parts of Greenway and Pottersburg pollution control plants to cut energy costs.

The city is in the midst of a $40-million expansion of the Greenway plant to serve large developments planned for southwest London. That work, unrelated to Wednesday's announcement, is slated to be done by late 2018.

Overflow of human waste into the Thames is a long-standing issue, particularly for local environmentalists. It's been linked to the huge growth of life-killing algae in Lake Erie, into which the river flows.

As an example: in the first three months of 2016, heavy rains o verwhelmed the system and sent 59,473 cubic metres of raw sewage - enough to fill 60 Olympic-sized swimming pools - into the river.

Wednesday's funding "increases our quality of life (and) improves our natural environment," Mayor Matt Brown said.

"Our infrastructure is the backbone of our community."

Millions more in federal funding was sprinkled Wednesday on dozens of water and sewer projects across the region, in communities including Lucan, St. Thomas, Strathroy and Oxford County. pmaloney@postmedia.com twitter.com/PatatLFPress

Illustration:
• Derek Ruttan, The London Free Press / MP Peter Fragiskatos, left, MPP Deb Matthews and Mayor Matt Brown flank MP Kate Young during Wednesday's announcement of $36 million in federal, provincial and municipal funding for a raft of projects to protect and improve water quality, at the Greenway Pollution Control Centre in London.

Edition: Final
Story Type: News
Length: 319 words

Tone: Negative
Ad Value: $2,892
Circulation: 70,995

Some Local Water And Sewer Infrastructure Projects Receiving Government Funding	
Source: CKWS	May 24, 2017 6: 21 PM (11)

Anchor: Several local water and sewer infrastructure projects are receiving a major cash infusion. The projects, covering Belleville and Prince Edward County and Bancroft, will get millions from the provincial and federal governments. Belleville's share is 3.3 million, to separate storm water and sanitary sewer lines. In Napanee, the sewage treatment plant will receive much-needed upgrades and in the County, more than 600,000 will be spent on storm drainage.

Neil Ellis, MP, Bay of Quinte: It's part of the federal outwork, the (sp.?) is to get sustainable funds to municipalities to fix the wastewater and water plants, not only key infrastructure in the city to make a city run, but also helps the environment.

The challenge for Hydro One investors (The Globe and Mail)

Thu May 25 2017
Page: B12
Section: Globe Investor
Byline: GORDON PAPE

Investors and governments rarely make good partners.

That's because they have divergent interests. Investors want to make a profit, pure and simple.

If they didn't, they would simply hide their money under the mattress.

Governments, on the other hand, want to raise money for spending, budget balancing or debt reduction. Their main interest in investors is using them to increase cash flow, either by selling them something or finding ways to tax their profits more effectively.

These differing objectives explain why partnering up with governments can be risky. You never know what politicians are going to do.

We saw another example of that this month. After the markets closed on May 8, the Ontario government announced it had sold off another chunk of Hydro One. The province said a group of underwriters led by Royal Bank of Canada and Canadian Imperial Bank of Commerce to purchase 120 million shares of the company at a price of $23.25, raising $2.8-billion in the process. It was a bought deal, meaning the underwriting syndicate assumed the responsibility of reselling the shares to the public.

The arrangement turned out to be a windfall for the government but a nightmare for the underwriters, according to a Globe and Mail story. Investors, both retail and institutional, sat on their hands, leaving the banks with an unsold inventory reportedly worth as much as $1.4-billion.

The Globe reported on Friday that the underwriters had priced the remaining shares at $22.60 in an effort to move them out. The stock closed on Thursday at $22.90 but bounced up to $23.16 on Friday on volume of almost 6.5 million shares, suggesting the discount strategy had met with some success. (The stock normally trades between 300,000 and 400,000 shares a day.)

Investors who owned Hydro One when the new sale was announced saw the price drop from $24.03 to as low as $22.93 on the morning of May 9, with almost 5.5 million shares changing hands that day. At that point investors were bailing out faster than the underwriters could feed new product into the market.

This is not to say that Hydro One is a bad stock. It is Ontario's largest electricity transmission and distribution company. Hydro One has more than 1.3 million customers, $25-billion in assets and revenues of more than $6.5billion. It owns and operates 30,000 kilometres of high-voltage transmission lines and a huge low-voltage distribution network.

Prior to the latest offering, the company announced a 5-percent increase in its dividend, to 22 cents a quarter (88 cents a year). At the current trading price, the yield is a safe 3.8 per cent.

However, first-quarter results suggest that investors will have to be content with cash flow for the foreseeable future. A significant gain in the share price looks improbable in the light of less than stellar results, even without the stock overhang.

Revenue for the first quarter was down slightly from the same period last year, at $1.66-billion.

Net income was off 19.7 per cent to $167-million (28 cents a share) compared with $208-million (35 cents a share) in the same quarter a year ago. Management blamed the underperformance on the mild winter in Ontario, which reduced energy demand.

If global warming continues to accelerate, we should expect this to happen more often in the future (although increased air conditioning demand in the summer may bridge the gap).

After the latest issue, the Ontario government holds slightly less than half the outstanding stock. That amounts to almost 300 million shares. The province is unlikely to dump more into the market any time soon, and the underwriters will be extremely wary as a result of what has just happened.

But the risk of a cash-starved future government divesting more shares and driving down the price once again should be a concern for anyone considering this stock. It's a solid source of steady income but when it comes to capital gains potential, look elsewhere.

Gordon Pape is editor and publisher of the Internet Wealth Builder and Income Investor newsletters.

For more information and details on how to subscribe, go to buildingwealth.ca.

Hydro One (H)

Close: $23.43, down 2C/

Edition: Ontario
Length: 667 words

Tone: Neutral
Ad Value: $15,156
Circulation: 309,154

Owners cash out as buyers face remorse; Government intervention, Home Capital's near-collapse have changed perceptions (Toronto Star)

Thu May 25 2017
Page: B2
Section: Business
Byline: Kim Chipman Bloomberg

Toronto's hot housing market has entered a new phase: jittery.

After a double whammy of government intervention and the near-collapse of Home Capital Group Inc., sellers are rushing to list their homes to avoid missing out on the recent price gains. The new dynamic has buyers rethinking purchases and sellers asking why they aren't attracting the bidding wars their neighbours saw just a few weeks ago in Canada's largest city.

"We are seeing people who paid those crazy prices over the last few months walking away from their deposits," said Carissa Turnbull, a Royal LePage broker in the Toronto suburb of Oakville, who didn't get a single visitor to an open house on the weekend. Home Capital may be achieving what so many policy measures failed to do: cool down a housing market that soared as much as 33 per cent in March from a year earlier. The run on deposits at the Toronto-based mortgage lender has sparked concerns about contagion, and comes on top of a new Ontario tax on foreign buyers and federal government moves last year that make it harder to get a mortgage.

"Definitely a perception change occurred from Home Capital," said Shubha Dasgupta, owner of Toronto-based mortgage brokerage Capital Lending Centre. "It's had a certain impact, but how to quantify that impact is yet to be determined."

Early data from the Toronto Real Estate Board confirms the shift in sentiment. Listings soared 47 per cent in the first two weeks of the month from the same period a year earlier, while unit sales dropped 16 per cent. Full-month data will be released in early June.

A couple months ago, amid robust demand, it was common for sellers to price their homes on the low side to spur bidding wars. Such tactics won't work now, according to Century 21 Millennium Inc. brokerage owner Joanne Evans.

"The frenzy is over - it's over," said Evans, who focuses on Toronto suburbs such as Brampton. "Sanity is returning to the marketplace."

Recent competition for homes had some prospective buyers so desperate they were buying properties "sight unseen," said Shawn Zigelstein, a Toronto-area agent with Royal LePage Your Community Realty. Others made offers without an inspection.

In February, home-inspection firm Carson Dunlop saw a 34-per-cent drop in volume. Business has improved since then, with the first two weeks of this month putting the Toronto-based company on track to be unchanged from May 2016, according to founder Alan Carson.

The average selling price in the Toronto area was $890,284 through May 14, up 17 per cent from a year earlier, yet down 3.3 per cent from April. The annual price gain is down from 25 per cent in April. Toronto has seen yearly price growth every month since May 2009. The last time the city saw gains of less than 10 per cent was in December 2015.

Brokers say some owners are taking their homes off the market because they were seeking the same high offers that were spreading across the region as recently as six weeks ago.

"In less than one week, we went from having 40 or 50 people coming to an open house to now, when you are lucky to get five people," said Case Feenstra, an agent at Royal LePage Real Estate Services Loretta Phinney in Mississauga, Ontario.

Toronto real estate lawyer Mark Weisleder said some clients want out of transactions.

"They are nervous whether they bought right at the top and prices may come down," he said.

Illustration:
• The average selling price in the Toronto area was $890,284 through May 14, up 17 per cent from a year earlier, yet down 3.3 per cent from April.
• Nathan Denette/The Canadian Press File Photo

Edition: ONT

Length: 566 words

Tone: Neutral
Ad Value: $22,676
Circulation: 361,323

Home Capital draws $250 million more from emergency line of credit; Company has $350M left from $2B loan by Healthcare of Ontario Pension Plan (Toronto Star)

Thu May 25 2017
Page: B2
Section: Business
Byline: The Canadian Press

Home Capital Group says it has drawn down a further $250 million this week from its emergency line of credit to repay deposit notes due Wednesday.

That leaves the Toronto-based mortgage company with $350 million left from a $2-billion line of credit provided by the Healthcare of Ontario Pension Plan late last month.

The pension plan provided the loan after Home Capital's customers began to drain their high-interest savings accounts.

The flood of deposit withdrawals followed allegations filed against Home Capital in April.

Home Capital has denied accusations that it misled investors in statements and comments issued by senior executives, including two former CEOs and a third man who was the lender's chief financial officer at the time.

Illustration:
• A flurry of account withdrawals led Home Capital to seek the loan in April.
• John Bazemore/The Associated Press file photo

Edition: ONT
Length: 116 words

Tone: Negative
Ad Value: $14,504
Circulation: 361,323

Bank of Canada shows 'hawkish tilt'; Central bank's upbeat tone seen as first

step toward possible rate hike next year amid firm economy (The Globe and Mail)

Thu May 25 2017
Page: B1
Section: Report on Business
Byline: BARRIE McKENNA
Dateline: OTTAWA

The Bank of Canada is creeping closer to its first rate hike in nearly seven years as it weighs the clashing forces of anemic inflation and a surprise burst of economic growth.

The central bank opted Wednesday to keep its key overnight interest rate unchanged at 0.5 per cent - the 15th consecutive time it has done so since July, 2015.

But the generally upbeat tone of the accompanying statement suggests Bank of Canada Governor Stephen Poloz and his central bank colleagues may be moving closer to eventually pushing rates higher.

"The main message is that the bank now clearly sees the balance leaning more to the side of raising rates, rather than cutting them," Bank of Montreal chief economist Douglas Porter said in a research note.

Mr. Porter added that he doesn't expect a rate hike from the central bank until the second quarter of next year.

The statement shows signs of a "soft hawkish tilt," Laurentian Bank Securities chief economist Sebastien Lavoie said.

The five-paragraph statement was mostly optimistic about prospects for the economy. The bank said the global economy is gaining traction and there are signs business investment may be poised to pick up now that the hit from the oil price collapse has largely passed. It also highlighted the healthy labour market, which is sustaining consumer spending and the housing market.

"Growth will gradually strengthen and broaden over the projection horizon," the bank said.

The Canadian economy is on track to grow an annual rate of up to 4.7 per cent in the first quarter.

That's significantly stronger than the 3.8 per cent the bank forecast just last month. But the Bank of Canada cautioned there will likely be "some moderation" in the April-to-June quarter.

"The Bank of Canada sees an economic boom in all the wrong places," CIBC economist Avery Shenfeld said in a research note.

"It wants an economy less levered to housing, and more reliant on exports."

The surprisingly strong GDP growth isn't yet leading to more inflation, which has been pushed below the bank's 2-per-cent target in recent months. At least some of the price weakness may be temporary, caused by "intense retail competition" in the grocery sector, according to the bank.

All three of the bank's core inflation measures remain below the bank's 2-per-cent target - reflecting "ongoing excess capacity in the economy," according to the statement.

The bank also acknowledged the hot Ontario and B.C. housing markets, noting that recent government efforts to stop speculation and riskyborrowing "have yet to have a substantial cooling effect," even though they are contributing to "more sustainable debt profiles" among borrowers.

The fact that the bank highlighted the markets' failure to cool suggests the Bank of Canada might eventually use higher interest rates to dampen things, economists said.

"If the retail market does not soften, the central bank may decide to complement macroprudential measures with rate hikes in an attempt at restraining the rampant housing market," according to National Bank of Canada economists Paul-Andre Pinsonnault and Krishen Rangasamy. That would be a sharp change in policy for the bank.

In the past, Mr. Poloz has said a rate hike isn't the right tool to tame what is largely a regional housing problem. But the bank remains concerned about U.S. policy changes, including rising protectionism, renegotiation of the North American free-trade deal and deep tax cuts that could make Canada less competitive.

Edition: Ontario
Length: 566 words

Tone: Negative
Ad Value: $13,844
Circulation: 309,154

What the BoC didn't say speaks volumes (The Globe and Mail)

Thu May 25 2017

Page: B1
Section: Report on Business
Byline: DAVID PARKINSON

There's just one obstacle left in the road to the Bank of Canada's first interest-rate increase since 2010, but it's the biggest one of all: the gaping hole where inflation is supposed to be.

The central bank's latest rate announcement issued Wednesday, as tame as it appeared on the surface (highlighted, if you can call it that, with the decision to hold the key rate unchanged for the 15th straight time), struck a notably upbeat tone for those well-attuned to the subtleties of central-bank-speak. While it was far from unqualified enthusiasm for Canada's economic recovery, the brief statement quietly turned some of the bank's most persistent frowns upside down.

Most notably, the BoC declared the economy's long adjustment to the 2014 oil price collapse "largely completed."

The declaration on oil prices brushes away the last vestiges of a painful economic transition that tainted the bank's outlook for 21/2 years. Business investment, whose slump had strangled economic growth, is now "encouraging."

The housing sector was described not as a regional danger, but rather as a source of increasingly broad-based strength supported by a strong job market. Government policy measures aimed at the housing market, while not yet having much of a cooling effect, are nevertheless "contributing to more sustainable debt profiles," which has always been the more important part of the housing equation for the central bank.

Yes, the bank continued to worry about export growth, calling it "subdued" and blaming Canada's "ongoing competitiveness challenges." But with exports up a strong 7 per cent annualized in the first quarter, with a lower Canadian dollar, and with stronger projected U.S. and global growth on the horizon, this one note of negativity sounds a bit misplaced. (Perhaps the competitiveness concerns more reflect the bank's worries about the uncertainties of protectionist U.S. trade policy than they do about the generally positive trend in the export data.)

A couple of the biggest turns toward the positive came in things that the rate announcement, conspicuously, did not say.

In its previous statement, in midApril, the bank said it was "too early to conclude that the economy is on a sustainable growth path" that glass-half-empty skepticism has been expunged from the latest statement. The bank also dropped its practice, in each of the previous four rate statements, of specifically contrasting the near-full-capacity U.S. economy and the "material slack" in the Canadian economy.

It can be dangerous to read too much into the words that aren't there, but one inference from all this is that the Bank of Canada, albeit tentatively, is clearing the route to an eventual rate increase. It appears more confident that the impressive growth of the past three quarters is part of a sustainable trend. It sounds more sure that the economy is absorbing its excess capacity - a key to eventual rate increases.

But it's probably no accident that the Bank of Canada moved its discussion on inflation to the top of the rate statement, up from near the bottom of the April announcement. With other factors moving aside, this is the key obstacle blocking the view to a rate hike.

Remember that the Bank of Canada uses an inflation target (2 per cent annually) as its formal guide to setting rate policy; that's because inflation has, historically, served as a fairly reliable barometer to a hot economy in need of higher rates to cool its jets. Ultimately, an inflation rate pressing up against the target will be what triggers a rate increase. But despite the increasingly positive economic signals, inflation isn't following; indeed, it has actually been drifting further away from the target.

The bank figures at least some of the weakness in inflation is temporary - it says "intense retail competition" has been depressing food prices. Still, the central bank's three gauges of core inflation - which each aim, in different ways, to eliminate this sort of temporary noise and hone in on the underlying inflationary pressures in the broader economy - are averaging just 1.4 per cent, very much at odds with the otherwise brighter economic picture.

At the root of the inflation malaise is a stubborn lack of wage growth in the economy.

Despite continued solid employment growth, weekly wages have barely moved over the past year, according to Statistics Canada's April labour force survey. Wages showed little momentum in the first quarter, despite what looks to have been one of the strongest quarters of economic growth in years. (The first-quarter gross domestic product figures will be released next week.)

To the Bank of Canada, this lack of wage growth is much more than a curiosity or a nuisance; it's a smoking gun for the "ongoing excess capacity in the economy."

That's probably the most important phrase in this otherwise quite-positive rate announcement. As long as wages remain stuck in neutral, it's unlikely the bank will be convinced that inflation is sustainably headed for its 2-per-cent target - and just as unlikely that the brighter economy will translate into a rate hike.

Edition: Ontario
Length: 830 words

Tone: Negative

Ad Value: $18,750
Circulation: 309,154

Procter & Gamble Closing Its Large Manufacturing Plant In Brockville	
Source: CKWS	May 24, 2017 6: 09 PM (4)

Anchor: Some tough economic news for Brockville today. Procter & Gamble is closing its large manufacturing plant, putting nearly 500 people out of work over the next three years. The facility that makes Bounce and Swiffer products is relocating to a new plant in West Virginia. Employees were told of the news this morning. Procter and Gamble has been a major employer in the city for nearly 40 years. Paul Soucy reports.

Reporter: Five days a week, nearly 500 people make their way to Brockville's Procter & Gamble facility, however this morning's trip to work was unlike any other and one they won't soon forget. Company officials made the trip north to inform staff at the Brockville facility that it will be closing in 2021.

Dave Henderson, Brockville Mayor: We're apprehensive about every multinational because you know, if the numbers go the wrong way, or the numbers could be better somewhere else, at the flick of a switch and they're gone.

Reporter: The decision was made following a study of the company's North American supply chain that spans several years. The US based company says the transition will be complete by early 2020 and the Brockville site will close permanently by 2021, leaving a big hole in the city's manufacturing industry. P&G has been a fixture of Brockville for nearly four decades.

Jeff Leroy, Company Spokesperson, Procter & Gamble: I'll tell you that announcing this far in advance is very unusual. And it's one of the things that more are aligned with what I would call our PVPs. Our purpose, values and principles of the company, and once the decision was made, it was important for us to tell the employees because they're a part of this journey too.

Reporter: Brockville is also working with the company to provide assistance to the affected employees who don't know yet when they will be out of work. The recently established St. Lawrence corridor economic development commission will also play a significant role in actively marketing the industrial site to other employers in a bid to bring jobs back to the city. Staff at a nearby facility in Belleville will not have to worry about their positions. Representatives from Procter & Gamble say that facility makes a completely different set of products, one that will not be created at the new facility in West Virginia.

HR & COMPENSATION:

Hundreds of Ontario public-sector workers report they've experienced violence on the job (QP Briefing)

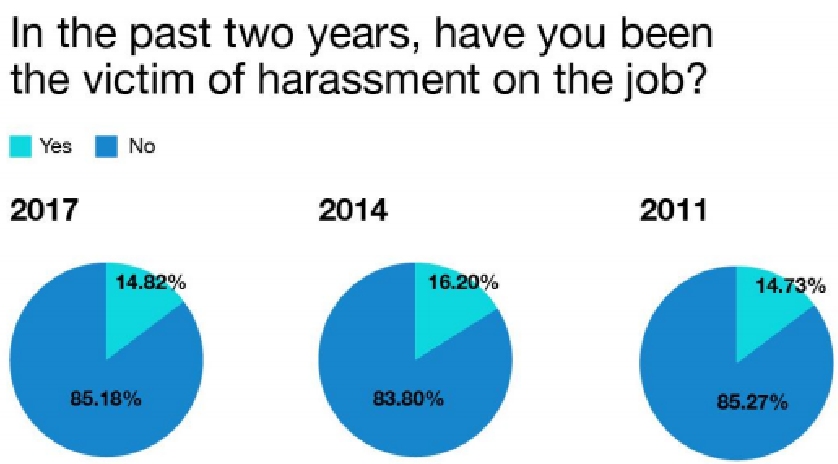
24.05.2017 Geoff Zochodne 0

More than 1,000 Ontario public-sector employees may have encountered violence on the job, a recently published workplace survey suggests.

The results of the 2017 Ontario Public Service employee survey were announced earlier this month on the webpage of Cabinet Secretary **Steve Orsini**, the province's top civil servant.

More than 34,000 workers are said to have responded to the now-annual survey, which was conducted from February 22 to March 8 of this year.

One sentence from the results states that: "In both 2017 and 2014, 3% of respondents said they had experienced violence on the job."



Violence

- In both 2017 and 2014, **3%** of respondents said they had experienced violence on the job.

Three per cent of 34,000 is 1,020. According to the government, more than 60,000 people work in a wide variety of roles in the ministries, agencies and Crown corporations that make up the Ontario Public Service. Three per cent of that workforce would be approximately 1,800.

A spokesperson for Treasury Board president **Liz Sandals** said the government is "working hard to create and maintain safe workplaces for all OPS employees."

"Ontario Public Service has a formal process to report and address issues of workplace violence available to all employees, and provide support to those who need it," said **Gabrielle Gallant** in an email.

Gallant added that the survey was open to employees who work in corrections and enforcement, and that those who said they'd faced workplace violence could provide additional feedback.

"Of those respondents who chose to tell us more about their experience, almost half (47.1 percent) indicated the violence was from an individual for whom the employee had a custodial responsibility – for instance, an inmate, offender, detainee or patient," said Gallant.

Overall, 14.82 per cent of those surveyed in 2017 reported they had been "a victim of harassment on the job," while 85.18 per cent said they had not. This was an improvement over the 2014 survey, which found that 16.2 per cent of respondents said they had been harassed.

Discrimination was down in the 2017 survey as well, with 12.56 per cent saying they had felt its effects. In 2014, that number stood at 14.25 per cent. In 2011, it was 17.64 per cent.

Overall, the survey reported stronger feelings of engagement and inclusion among bureaucrats.The message posted to Orsini's webpage said the "survey results confirm that we are heading in the right direction."

"However, you have also told us loud and clear that there is still much more we can do," adds the May 9 message. "Your feedback will help us assess our strengths and identify opportunities to further improve our workplace as we shape the OPS for the future."

Diversity improved in the 2017 survey, as 22.6 per cent of respondents considered themselves to be a visible minority, up from about 20 per cent in 2014.

Job satisfaction also increased, to 63.6 per cent in 2017 from 59.6 per cent in 2014.

To contact the reporter on this story:
gzochodne@qpbriefing.com
416-212-5913

Pressure mounts as Ontario readies response to Changing Workplaces review (QP Briefing)

24.05.2017 Sabrina Nanji 0

Pressure is building on the Ontario government as it readies its response to a sweeping review of labour laws after two years of studying how to tackle the increasingly precarious nature of employment.

Reaction to Tuesday's 419-page final Changing Workplaces report and its 173 recommendations has, perhaps unsurprisingly, been split into two major camps – organized labour and worker advocacy groups, and business and employer organizations.

But the huffing and puffing might be all for naught because the government has not indicated if it will implement any recommendations, which are aimed at extending legal protections to a wider range of workers, expanding unpaid personal emergency leave and vacation leave, and eventually doing away with the minimum wage for students and servers.

What Ontario decides to do with the final report from the special advisers, **C. Michael Mitchell** and **John C. Murray**, will be shared "within the next week," according to Labour Minister **Kevin Flynn**, who received the report several weeks ago. When asked by reporters in Sudbury Tuesday if and when new legislation would be coming, Premier **Kathleen Wynne** only said, "Stay tuned."

Although the timeline is unclear, there is a possibility the government's version of a Workplace Rights Act – new legislation to combine the *Labour Relations Act* and *Employment Standards Act* as recommended in the report – could come next week, the last sitting week before the house rises for the summer.

In the meantime, business and labour groups are being a bit more vocal with what they think the Premier's course of action should be.

The Ontario Chamber of Commerce has long called for the government to do an economic impact analysis and warned of "unintended consequences" `

The OCC has also come out against removing certain occupational exemptions that allows employers not to pay certain benefits, such as overtime or statutory holiday pay. They have also called for better education and enforcement – something Changing Workplaces also recommends.

"These standards come at a cost to employers, and consumers, and will impact our economic health and the ability of employers to create jobs. The Government of Ontario should not proceed to invoke changes until they can fully identify the scale of the impact," the OCC said in a release.

The Canadian Federation of Business is backing up the chamber, saying small businesses face an added risk because they do not usually have the financial resources to take on further regulatory costs associated with some of the recommendations.

Both employer groups were pleased that the advisers want to maintain a secret-ballot vote when it comes to unionizing.

“We are concerned, however, that several of the recommendations could significantly increase the cost of doing business in Ontario and impact the ability of small firms to create jobs and grow,” said **Plamen Petkov**, CFIB Ontario’s vice-president, in a release.

At one point, employers had to be prodded into providing more robust responses to public consultation hosted by the special advisers. It prompted a draft of a 300-page interim report that laid out several options for how to update the law, and was never part of the initial mandate but a means to engage businesses.

Unions and worker advocacy groups on the other hand say the province is poised to make meaningful change for the betterment of workers, depending on how far it chooses to go.

The Ontario Federation of Labour said the report was a “missed opportunity” because it did not suggest a return to card-based certification or allow automatic access to first contract arbitration. The report recommended keeping the secret ballot vote required to certify a union, and would only allow automatic access to first contract arbitration if the employer acted in bad faith during negotiations for the very first collective agreement.

The OFL has been urging people to call up their MPPs before legislation is tabled and push for mandatory paid sick leave and improvements to vacation time.

“Without significant, meaningful and progressive action, Ontarians will continue to slip into poverty, while employers take advantage of workers who don’t have other options,” OFL president **Chris Buckley** said in a release.

Fred Hahn, president of the Canadian Union of Public Employees, said the final report missed some key asks.

“What happened to the major reforms that workers have been calling for with a virtually unanimous voice? What happened to card-based certification, anti-scab legislation, access to first contract arbitration and recognition of successor rights, they’re nowhere to be found. What happened to paid sick days for all workers?” Hahn said Wednesday in a release.

Hahn said it’s not too late for the government to include those goodies in legislation, otherwise unionization will be “out-of-reach” for those struggling with temporary or unpredictable work with little or no protection or standardized working conditions.

That was echoed by the Elementary Teachers' Federation of Ontario Wednesday, which wants the government's legislation to include all 173 recommendations, plus the omissions pointed out by organized labour.

"Otherwise, the province will fail to move forward and make changes to labour law to ensure that workplaces provide fairness for all workers," said ETFO president **Sam Hammond** in a release.

To contact the reporter on this story:
snanji@qpbriefing.com
416-212-5789
Twitter: @sabrinananji

Female CEOs earn big pay, but remain a rarity; Just 6 per cent of of the top-paid chief executives in the U.S. last year were women, barely increased from 5 per cent the year before (The Globe and Mail)

Thu May 25 2017
Page: B7
Section: Report on Business
Byline: JOSEPH PISANI
Dateline: NEW YORK

Female chief executives earned big bucks last year, but there's still very few of them running the world's largest companies.

The median pay for a female CEO was $13.1-million (U.S.) last year, up 9 per cent from 2015, according to an analysis by executive data firm Equilar and the Associated Press.

By comparison, male CEOs earned $11.4-million, also up 9 per cent.

But the number of women in CEO roles has barely budged.

Just 6 per cent of the top-paid CEOs in the United States last year were women, according to the Equilar and AP analysis, a slight increase from about 5 per cent in 2015 and 2014.

The highest-paid woman was Virginia Rometty of International Business Machines Corp., bumping out Yahoo's Marissa Mayer from the top spot.

Ms. Rometty earned $32.3-million last year from the technology company, a 63-per-cent jump from the year before, mainly due to $12.1-million in stockoption awards she didn't receive in 2015.

Ms. Mayer earned $27.4-million last year, making her the second-highest-paid woman. But she may be out of a job after Yahoo Inc. completes the sale of its websites and e-mail services to Verizon Communications Inc.

in June. She's not expected to join Verizon, and Yahoo has said Ms. Mayer will receive a $23-million severance package if she departs.

Third on the list was Indra Nooyi of PepsiCo Inc., the maker of Mountain Dew soda and Lay's potato chips. She earned $25.2-million, up 13 per cent from 2015. She was followed by Mary Barra, the CEO of auto maker General Motors Co., who earned $22.4-million.

On the bottom of the list was Susan Story of American Water Works Co., the utility company, who earned $4.1-million.

To calculate pay, Equilar added salary, bonus, perks, stock awards, stock-option awards and other types of compensation.

Equilar only looked at companies in the Standard & Poor's 500 index that filed proxy statements with federal regulators between Jan. 1 and May 1. And it only included CEOs that have been in their roles for at least two years in order to exclude sign-on bonuses. Of the 346 CEOs in that group, just 21 were women.

The only black woman on the list, Xerox's Ursula Burns, left the CEO role in January after the document management company split in two. Ms. Burns, who earned $13.1-million as CEO last year, retired as chairman of Xerox Corp.'s board this week.

Gracia Martore, who earned $8.5-million last year, announced earlier this month that she will retire as CEO of Tegna Inc., the TV station owner and operator. Her replacement is a man.

Experts say companies need to do more to get women into CEO roles.

Janice Ellig, the co-CEO of executive search firm Chadick Ellig, says "unconscious bias" in the workplace is keeping women from getting opportunities that will put them on track to for top roles.

Companies need to "start recognizing that gender inequality exists," says Ms. Ellig, who is also chairperson of the Women's Forum of New York.

"If you don't recognize a problem, you can't solve a problem," she says.

Edition: Ontario
Length: 496 words

Tone: Neutral
Ad Value: $12,781
Circulation: 309,154

Lost leaders: How poverty erodes professional development (The Globe and Mail)

Thu May 25 2017
Page: B4
Section: Report on Business
Byline: JULIAN BARLING, JULIE WEATHERHEAD

Poverty is like a parasite - it infects our society and saps our collective energy. Growing up in poverty prevents children from achieving their full potential, which means we, as a society, miss out on their unique perspectives, skills and talents. While that is a shame at any level, it is a special loss at the leadership level, where fresh thinking and differing experiences can lead to the type of revolutionary ideas that bring about profound change.

The effects of childhood poverty are felt into adulthood, affecting work experiences and job opportunities. As research has shown, children exposed to poverty are more likely to experience poorer parent-child relationships, more family disruption, family and community violence, and an inferior quality of education. Even their physical environment is worse, with poor children exposed to less physical space, poorer living conditions and nutrition. Exacerbating all of this is that mobility out of poverty is rare. Even for those who manage to escape poverty, many of the harmful effects remain.

Two studies recently investigated the link between childhood poverty and later leadership behaviours. In 2015, Professors Jennifer Kish-Gephart and Joanna Tochman Campbell found that for different developmental reasons, chief executive officers who had grown up either very rich or very poor were more likely to engage in more strategic risk-taking. In 2016, Professors Sean Martin, Stephane Cote and Todd Woodruff showed that higher levels of parental income were associated with narcissism as an adult, which had a negative effect on leadership effectiveness.

Expanding on these studies, we used data from 4,536 children in the nationally representative U.S.-based National Longitudinal Study of Youth to see whether growing up in poverty affects whether people will emerge as organizational leaders and why.

After controlling for age (because older participants would have had more time to emerge as leaders), we found that children who had grown up in poverty were disproportionately less likely to be in leadership positions in their organizations than those who had grown up in higher socioeconomic status households.

Our results, published in the Journal of Applied Psychology, also explain how this happened. Children raised in poverty had less access to the institutional (high-quality schools) and personal resources (a sense of personal mastery, the belief that people can influence their future) that would typically help them succeed in leadership competitions. Poor-quality schooling and lower personal mastery decreased the likelihood that participants found themselves in a leadership position. Importantly, gender mattered. The effect of personal mastery on leader emergence was only significant for males; females derived no benefit from higher levels of personal mastery in assuming a leadership position.

Ensuring that all children can aspire to leadership roles, and that neither poverty nor gender are barriers to leadership emergence, are worthy goals consistent with the tenets of a just society. Reducing the extent to which the poor are disproportionately led by the rich will reduce the gaping inequality that pervades organizations and societies. Business schools have a role to play in creating these changes. Most low-income people are or will be members of organizations, and achieving these goals would increase and diversify the available talent pool for organizations. Breaking the long-standing silence by management scholars on issues of poverty will help strengthen organizations and society.

Governments also have a role. Societal solutions are already available, but are in need of resources and political courage - affordable housing, a guaranteed basic income, investment in higher-quality secondary and postsecondary education, and support for social programs that foster people's sense of personal mastery. Governments have always played a primary role in investing in the physical infrastructure of our country, but it is now time for governments to develop our human infrastructure - one that allows all children equal opportunities to rise to positions of organizational and societal leadership. Only then can we claim a fair and equal society.

Julian Barling is the Borden Chair of Leadership at the Smith School of Business, and author of The Science of Leadership: Lessons from Research for Organizational Leaders. Julie Weatherhead is a doctoral student at Smith School of Business.

Edition: Ontario
Length: 676 words

Tone: Negative
Ad Value: $15,656
Circulation: 309,154

Frustration uncorked; LCBO workers protest against privatization and excess of casual work positions (Daily Observer (Pembroke)

Thu May 25 2017
Page: A1 / Front
Section: News
Byline: Sean Chase

Source: Daily Observer (Pembroke)

Employees of the Liquor Control Board of Ontario (LCBO) continued to wage their battle against privatization and the excess of casual work positions within the organization during an information picket Wednesday in Pembroke.

Members of the Ontario Public Service Employees Union (**OPSEU**) held up signs and handed pamphlets to customers outside the new LCBO outlet on Pembroke Street East.

The current contract for LCBO employees expired on March 31. It was extended until a new one is signed. Late last month, LCBO workers voted 93 per cent in favour of striking if the negotiations break down. **OPSEU** represents 7,500 LCBO staff.

The union contends that the LCBO is trying to cut costs by increasing the number of casual workers, and scheduling them for short shifts. **OPSEU** estimates 84 per cent of all retail workers are in temporary positions with no guaranteed hours.

"There are people who are working casuals that have been working for 20 years and they are still not being promised the hours," said union spokesman Mat Royer adding it's not right to leave people in a 'casual'position for years working short shifts, seven days a week.

Last year, the Liberal government legalized the sale of alcohol in certain grocery stores. The province plans to allow the sale of alcohol in up to 450 stores across the province. The total number of outlets in Ontario now selling alcohol is 206. **OPSEU** is decrying the move as privatization, in keeping with the Liberals'other policies, such as selling the government's shares of Hydro One.

"This is something the people of Ontario paid for, that their parents and grandparents paid for and the government is slowly selling this away piece by piece," Royer added.

OPSEU estimates that LCBO generates $2 billion in profits. As an example, in 2016 LCBO profits were enough to pay for more than 13,000 kilometres of highway surfacing. Two months of profits cover the costs for a year of home care for 113,000 seniors.

Under the Liberal plan, introducing LCBO outlets to boxstores like Walmart will mean a loss of those profits.

"We have this cash cow," said Royer. "That $2 billion that goes directly to our roads, directly to our schools. It's our business so why would we get rid of something that brings in so much money."

Royer added that while most people think it will be convenient to have liquor and beer products available in grocery stores, however, their opinion changes when they learn that it will mean a loss of jobs and money that is being funnelled into the economy. SChase@postmedia.com

Illustration:
• Sean Chase, Daily Observer / Members of **OPSEU**, (left to right) Laura Latimer, Theresa Graham, Jeff Scobie, Dianne Perry, Paula Sossi and Mat Royer, stage an information picket outside the Pembroke LCBO Wednesday. The union is arguing against the privatization of liquor sales in the province.

Edition: Final
Story Type: News
Length: 418 words

Tone: Neutral
Ad Value: $537 Circulation: 6,045

I&IT:

Wannacry exposes wider security shortcomings (Cyprus Mail)

Thu May 25 2017, 9:06am ET
Byline: Cyprus Mail

By Jack Stubbs Russia's postal service was hit by Wannacry ransomware last week and some of its computers are still down, three employees in Moscow said, the latest sign of weaknesses that have made the country a major victim of the global extortion campaign.

Wannacry compromised the post office's automated queue management system, infecting touch-screen terminals which run on the outdated Windows XP operating system, one of the workers said. Terminals were still blank in some parts of Moscow this week but it was not clear exactly how many branches had been affected.

A spokesman for Russian Post, a state-owned monopoly, said no computers were infected, but some terminals were temporarily switched off as a precaution.

"The virus attack did not touch Russian Post, all systems are working and stable," he said. Other institutions in Russia have said they were infected by the virus, highlighting Moscow's readiness to show it too is a frequent victim of cyber crime in the face of allegations from the United States and Europe of state-sponsored hacking.

The Interior Ministry, mobile operator MegaFon and state rail monopoly Russian Railways all reported infections, with employees locked out of their computers and the creators of the virus demanding ransoms of $300 to $600.

The Russian central bank said on Friday the virus had also compromised some Russian banks in isolated cases. That the infected post office terminals ran on Windows XP - which Microsoft stopped supporting in 2014 - points to the widespread use of outdated software in Russia, which experts say left the country disproportionately vulnerable to the attack.

Of 300,000 computers infected worldwide, 20 percent were in Russia, according to an initial estimate by cybersecurity researchers last week. Globally, few ransoms have been paid after many victims found they could restore their systems from backups.

The post office outages also illustrate what investigators say is a common misconception about Wannacry: infected computers are more likely to be part of antiquated systems not deemed important enough to update with the latest security patches, rather than machines integral to the company's core business.

"Many companies in Russia use outdated unpatched systems and older anti-**malware** solutions," said Nikolay Grebennikov, vice president for R&D at data protection company Acronis. "In big companies upgrades are hard to perform and avoided because of budget and scale." SCRUTINY Russia's relationship to cyber crime is under intense scrutiny after U.S. intelligence officials allegedthat Russian hackers had tried to help Republican Donald Trump win the U.S. presidency by hacking Democratic Party servers.

Moscow has denied the allegations. Investigators are yet to track down Wannacry's criminal authors, saying they likely used a hacking tool built by the U.S. National Security Agency (NSA) and leaked online in April. It has not previously been reported that the Russian postal service, which employs more than 350,000 people, had been hit by the virus.

"The head guys rang on Thursday and said we had to turn off the terminals immediately. They said this extortion virus had infected them," a worker at a branch in northwest Moscow said, declining to be identified discussing internal company matters.

"They rang again yesterday and said we could turn them back on. We did that, but you can see they still don't work."

Employees at a second post office confirmed the electronic queuing system was broken but said they did not know why. Two sources at Russian Railways said the company had suffered a "huge" cyber attack and a small number of computers were infected without damaging any important files. The extent of the damage had been limited, one of the sources said, because a lot of computers were turned off at the end of the working week.

"We were lucky it was a Friday night," he said. Megafon, which is Russia's second biggest mobile operator, declined to comment on how the virus had got into its system. It said the virus had caused a temporary outage of its customer support services.

"Our sales points suffered worst of all because Windows, which had the exploited vulnerability, is more widely used in retail," a company statement said. COMPUTER PIRACY The frequent use of pirated software in Russia also helped spread the Wannacry infection, investigators said, as unlicensed products do not receive security updates.

Reuters has found no evidence any of Russian companies infected with the Wannacry virus were using unlicensed software. But computer piracy is a long-standing issue for technology companies in Russia, one which has as become increasingly acute as the country's economic slump and falling earnings make licensed products prohibitively expensive.

Data compiled by the BSA Software Alliance trade group shows 64 percent of software products in Russia were pirated in 2015 - a black market industry worth $1.3 billion - compared to a global average of 39 percent.

"Piracy is still wide spread in Russia, especially if we are talking about home users," Grebennikov said. "This is because of poverty. If an operating system costs say 500 roubles, people would buy it." Microsoft's Windows 10 operating system currently costs around 8,000 roubles ($140.92) in Russia, around a fifth of the average monthly wage of 39,000 roubles. Online, the same product can be illegally downloaded for free. The post Wannacry exposes wider security shortcomings appeared first on Cyprus Mail.

Delivered by Newstex
Story Type: Custom
Length: 866 words

Tone: Negative

FYI:

Ontario jails to be overhauled, minister says; New vision is announced on the heels of a watchdog's blueprint for reform of solitary confinement rules (The Globe and Mail)

Thu May 25 2017
Page: A6
Section: News
Byline: PATRICK WHITE

The minister in charge of Ontario's jails said she's determined to make the province an international model for humane correctional practices - further indication her government intends to follow a watchdog's blueprint for reforming solitary confinement.

Marie-France Lalonde, Minister of Community Safety and Correctional Services, articulated her vision following months of troubling media and watchdog reports that have described a disorderly ministry whose 26 institutions routinely flout internal rules and regulations.

Two weeks ago, independent corrections adviser Howard Sapers released a report focusing on the thousands of men and women who are locked in solitary confinement every year in the province. He concluded that most of them "simply should not be there" and that segregation had become a default method for dealing with mentally ill prisoners in the province.

Ms. Lalonde told The Globe in an interview at Queen's Park that she considers the Sapers report "fair" and pledged to tackle each of his 63 recommendations, including those that would require a major reorganization of how provincial prisons operate.

"Every one of those recommendations is important," she said. "As minister, I'm not shying away from addressing every one of them."

She refused to say whether addressing the recommendations would be analogous to implementing them, or how much the effort is expected to cost.

The Sapers report came about as the ministry scrambled to contain the fallout from media reports concerning an inmate named Adam Capay. As revelations piled up about the Lac Seul First Nations man's deterioration last fall in a solitary confinement cell at Thunder Bay Jail, the government sought to squelch the controversy by announcing a review of inmate segregation practices. A similar tactic succeeded in temporarily silencing some critics two years previous, but led to few changes.

This time, however, the province sent a different signal. By appointing Mr. Sapers, the federal corrections ombudsman with a long history of butting heads with Correctional Service Canada brass over his reform-minded recommendations, the government knew it would soon face a reckoning of its own design.

So, when Mr. Sapers announced the bruising results of his 90-day investigation into Ontario's segregation practices on May 4, Ms. Lalonde embraced solitary confinement reform. She praised Mr. Sapers's work and said she would introduce new legislation this fall to reflect his recommendations - an ambitious timeline considering current laws have gone largely untouched since the nineties.

In addition, she pledged to replace troubled prisons in Thunder Bay and Ottawa and establish independent adjudicators and correctional facilities to oversee solitary confinement cases - a measure that prison agencies around the world, including Correctional Service Canada, have sought to avoid.

The Ottawa-Orleans MPP would not commit to imposing the controversial 15-day caps on solitary confinement placements that Mr. Sapers recommended - a proposal in line with the UN's Mandela Rules, which lay down guidelines for international prison systems.

Still, if she can follow through on the rhetoric, it would amount to a sea change in national prison practices.

When asked where Ontario will stand in terms of progressive correctional systems worldwide once the overhaul is complete, Ms. Lalonde said it will be "a leader. I think we want to lead in a direction where everyone will line up to be a correctional officer because of the recognition will be there, and individuals who have the misfortune of coming into our justice system, we'll give them an ability to go back to a society that will provide a fairer chance to reintegrate. It's not going to be easy. It's not going to be overnight."

Her stand that offenders need rehabilitation rather than retribution, comes from previous work experience. "My socialwork career tells me that individuals are born and raised and then, due to socio-economic [factors], things happen to them," she said. "But if you give them an opportunity, I think they will want to do the right thing in reinserting into society and being honourable citizens."

Over the immediate term, she said she wants prisoners to have greater access to books, televisions, radios, playing cards and fresh air - and said that she realizes many people will see folly in such beliefs.

"I'm not naive," she said. "I know there are those individuals, they chose the path and unfortunately that's the situation."

Some inmates are too dangerous to be housed among peers, something no amount of education or hand-holding will change. Others carry criminal charges, usually sexual in nature, that make them the target of violence by other inmates.

"But when you go inside and you talk, the message I'm hearing even from our correctional officers is that they feel strongly that most of those people when they leave want to change their path," Ms. Lalonde said.

"I do believe the vast majority, if we support them, they'll move forward. That's our goal, to ensure they're not coming back."

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