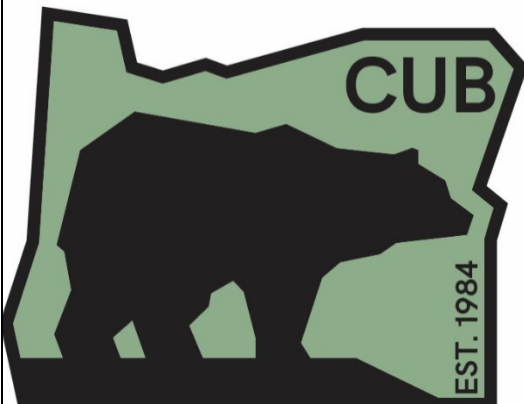


**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON  
UM 1897**

In the Matter of )  
 )  
HYDRO ONE LIMITED, )  
 )  
Application for Authorization to Exercise )  
Substantial Influence over Policies and )  
Actions of AVISTA CORPORATION. )  
\_\_\_\_\_ )

**REPLY TESTIMONY  
OF THE  
OREGON CITIZENS' UTILITY BOARD**

February 12th, 2018



## **Table of Contents**

<b>Introduction</b>	2
Background of Hydro One	4
<b>Risks</b>	7
Political Risk	7
North American Free Trade Agreement Risk	14
Post-Transaction Corporate Structure	17
Double Leverage Holding Company	19
Why Avista	24
<b>Benefits</b>	27
<b>Exhibits</b>	
CUB/101 – Qualification of Bob Jenks and William Gehrke	
CUB/102 – Majority Oppose Hydro One Sale: Government Poll	
CUB/103 – How Privatized Power Haunts Ontario Politics	
CUB/104 – The Ontario NDP’s Plan to Cut Hydro Prices	
CUB/105 – People’s Guarantee	
CUB/106 – Transaction Overview - Highly Confidential	
CUB/107 – Toronto Star News Article	

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON  
UM 1897**

In the Matter of	)	
	)	
HYDRO ONE LIMITED,	)	REPLY TESTIMONY
	)	OF THE
Application for Authorization to Exercise	)	OREGON CITIZENS'
Substantial Influence over the Policies and	)	UTILITY BOARD
Actions of AVISTA CORPORATION.	)	
	)	
	)	

---

**Introduction**

1     **Q. Please state your name, occupation, and business address.**

2     A.     My name is Bob Jenks; I am the Executive Director of the Oregon Citizens'  
3             Utility Board (CUB). My name is William Gehrke; I am an Economist employed  
4             by the Oregon Citizens' Utility Board (CUB). Our business address is 610 SW  
5             Broadway, Ste. 400 Portland, Oregon 97205. Our witness qualification statements  
6             are found in Exhibit 101.

7     **Q. What is the subject of the UM 1874 docket?**

8     A.     The docket regards Hydro One's application to acquire Avista. Avista is currently  
9             an investor owned utility based out of Spokane, Washington. Hydro One Limited is  
10            an electric distribution and transmission company based in Toronto, Canada.

11    **Q. What Oregon statute applies to Hydro One's application to acquire Avista?**

12    A.     Hydro One's application to acquire Avista must receive approval by the Public  
13             Utility Commission (PUC or Commission) pursuant to ORS 757.511. In addition to

1 providing information on a number of factors outlined in the statute, Hydro One  
2 also bears the burden of proving that “approval of the application will serve the  
3 public utility’s customers and is in the public interest...”<sup>1</sup>

4 **Q. How does the Commission determine whether approval of Hydro One’s**  
5 **application would serve Avista’s customers and is in the public interest?**

6 **A.** The Commission applies a two-part test for determining the public interest under  
7 ORS 757.511. First, the Commission must determine whether the proposed  
8 transaction will provide a net benefit to customers.<sup>2</sup> Second, the Commission must  
9 find the transaction will not cause harm to Oregon citizens as a whole.<sup>3</sup> For both  
10 steps of the analysis, the Commission must “examine the risks and benefits of the  
11 proposed transaction, considering the total set of concerns in each individual  
12 case.”<sup>4</sup>

13 **Q. What is the purpose of your testimony?**

14 **A.** First, we will provide a historical overview of Hydro One. Then, we will address  
15 risks related to the proposed Avista acquisition. Finally, we will weigh the potential  
16 benefits presented in this initial application.

17 **Q. Does this transaction provide a net benefit to Oregonian customers?**

18 **A.** No. The Citizens’ Utility Board opposes this application based on the potential  
19 risks it poses to Avista’s customers. This Hydro One transaction is long on risks  
20 and short on protections and benefits to Avista’s customers. Besides its

---

<sup>1</sup> ORS 757.511 (4)(a).

<sup>2</sup> *In the Matter of a Legal Standard for Approval of Mergers*, Docket No. UM 1011, Order 01-775 at 11-12 (Sept. 4, 2001). *See also in the Matter of Northwest Natural Gas Company Application for Approval to Create a Holding Company*, Docket No. UM 1804, Order 17-526 at 12 (Dec. 28, 2017).

<sup>3</sup> *Id.*

<sup>4</sup> *Northwest Natural Holding Company Application*, Docket No. UM 1804, Order 17-526 at 12.



1 insignificant rate credit proposal, Hydro One has been unable to conclusively provide  
2 benefits to Oregonian customers.

### **Background of Hydro One**

3 **Q. Who is Hydro One Limited?**

4 A. Hydro One is the primary distribution and electricity transmission utility for the  
5 Canadian province of Ontario. Ontario is the largest Canadian province by  
6 population. Forty percent of Canadians live in Ontario. The provincial  
7 government of Ontario is the primary investor in Hydro One. The utility  
8 manages the distribution and transmission of electricity in Ontario. Hydro One  
9 does not manage electricity generation in the region.

10 **Q. Please provide a historical background of the electricity industry in**  
11 **Ontario.**

12 A. Hydro One is a direct successor to Ontario Hydro. Ontario Hydro was an  
13 Ontarian utility that managed the generation and transmission of electricity in the  
14 province. Ontario Hydro was a crown agency. Crown agencies are a Canadian  
15 term for a state-owned company. The province of Ontario controlled Ontario  
16 Hydro. For example, the head of Ontario Hydro served at the leisure of the Ontario  
17 government.

18 Ontario Hydro was originally established to manage Ontario's hydro electric  
19 resources such as Niagara Falls. After building up its hydro resource base, Ontario  
20 Hydro moved to constructing nuclear and coal powered generation. Ontario Hydro  
21 was a fully integrated electricity utility and a local institution.

1 In 1998, the Legislative Assembly of Ontario passed the Electricity Act of 1998,  
2 which divided Ontario Hydro into several subsidiary companies. Two of the major  
3 companies resulting from the division of Ontario Hydro were Ontario Power  
4 Generation and Hydro One. Ontario Power Generation (OPG) is a crown agency  
5 responsible for operating a majority of Ontario's power generation resources. OPG  
6 primarily operates several dozen hydroelectric power stations and two nuclear  
7 power plants.

8 Starting in 2015, the Ontario Government privatized Hydro One. The privatization  
9 of Hydro One was unpopular with the public. Two-thirds of Ontarians opposed the  
10 privatization of Hydro One. Nonetheless, the sale of Hydro One continued. The  
11 initial public offering for Hydro One was the largest IPO in the history of Canada.  
12 The funds generated by this IPO were used to fund infrastructure projects and pay  
13 down the remaining stranded Ontario Hydro debt.<sup>5</sup>

14 **Q. Who is the principle investor in Hydro One?**

15 **A.** The largest investor in Hydro One is the province of Ontario. As of February 7th,  
16 2018, the province of Ontario owns 47.4% of Hydro One Limited. The Province of  
17 Ontario owns the largest share of Voting Securities in Hydro One.

18 **Q. How is Hydro One's board of directors influenced by the provincial**  
19 **government of Ontario?**

20 **A.** The Province of Ontario operates as a major shareholder of Hydro One. Hydro  
21 One's board of directors ("BOD") provides oversight for the company. The

---

<sup>5</sup> UM 1897- Hydro One's Response to Staff DR 32.

1 executive team is responsible for the day to day operation of Hydro One. Hydro  
2 One's BOD represents all the shareholder's interests and serves as advisers to the  
3 executive team.

4 **Q. How is Hydro One's executive team influenced by the provincial**  
5 **government of Ontario?**

6 **A.** Hydro One has been asked about how the government of Ontario exerts influence  
7 over Hydro One's Board of Directors and executive team. Hydro One gave a  
8 detailed answer about the relationship between Hydro One's Board of Directors.  
9 However, Hydro One did not respond to how Hydro One's executive team was  
10 influenced by the provincial government. CUB is unable to determine the exact  
11 relationship between the executive team and the government of Ontario. On July  
12 17, 2017, a meeting was held between Hydro One and Glenn Thibeault, Ontario's  
13 Minister of Energy regarding the proposed acquisition. On July 25, 2017, a meeting  
14 was held about the Avista acquisition with the then leader of the Opposition and  
15 Ontario Progressive Conservative leader Patrick Brown.

///

///

///

///

///

///

///

///

**Political Risk**

1     **Q. What is the public opinion of Ontarians about the privatization of Hydro**  
2     **One?**

3     **A.** Ontarians are largely against the privatization of Hydro One. The government's  
4     internal polling indicated seventy three percent of Ontarian's believe Hydro One  
5     should be owned by Ontario. (See Exhibit 102). More recent polling has indicated  
6     eighty-four percent of Ontarian's oppose the privatization of Hydro One (See  
7     Exhibit 103). The Legislative Assembly of Ontario privatized Hydro One without  
8     public input. The privatization of Hydro One is controversial in Ontario and many  
9     associate rising electricity costs in Ontario with the private ownership of Hydro  
10    One. Hydro One is a major political issue. (See exhibits 104 and 105 which detail  
11    the party platforms of two major Ontario Political parties with regards to Hydro  
12    One).

13    **Q. What is the Legislative Assembly of Ontario?**

14    **A.** The Legislative Assembly of Ontario is the legislature of Ontario. The Legislative  
15    Assembly of Ontario uses a Westminster-style parliamentary government structure.  
16    Legislatures are known as members of provincial parliament (MPP). The head of  
17    the government is known as the Premier of Ontario. The Premier is selected from  
18    the Legislative Assembly.

19    It is easier for the Legislative Assembly of Ontario to pass legislation than  
20    American state governments, because the executive branch is formed with support

1 from the Legislature. Unlike American Governors, the Premier of Ontario is  
2 selected based upon majority support in the legislature.

3 **Q. What are the major political parties in the Legislative Assembly of**  
4 **Ontario?**

5 **A.** There are three major political parties in Ontario: the Ontario Liberal Party, the  
6 Progressive Conservative Party of Ontario, and the New Democratic Party. Before  
7 2003, the Progressive Conservative Party controlled the Legislative Assembly. The  
8 Ontario Liberal Party has maintained control of the Legislative Assembly of  
9 Ontario since 2003.

10 **Q. How would a change in legislative control effect the management of Hydro**  
11 **One?**

12 **A.** To answer this question, CUB has assessed a wide variety of political outcomes.  
13 Due to the structure of the Ontario government, the laws regarding Hydro One can  
14 change in one election cycle. It is extremely difficult to predict which political  
15 party will win an election. Once a party gains a majority in Ontario, the majority  
16 government will be able to quickly pass new legislation. The possible impact of  
17 each political party control will be addressed below to help answer this question.

18 **Q. How would Ontario Liberal Party control of the Legislative Assembly of**  
19 **Ontario effect the operation of Hydro One?**

20 **A.** The Legislative Assembly of Ontario has been controlled by the Ontario Liberal  
21 Party since 2003. CUB expects that under the Liberal Party Hydro One will  
22 continue to operate as a public-private corporation. There will be little changes in  
23 the day to day operation of Hydro One, if the Liberal party remains in power.

**Q. How would Ontario Progressive Conservatives control of the Legislative Assembly of Ontario effect the operation of Hydro One?**

**A.** The Ontario Progressive Conservatives were the first political party that attempted to privatize Ontario Hydro. CUB expects that the Ontario Progressives would continue to support Hydro One operating as a public-private corporation. As a shareholder of Hydro One, the Ontario government receives a share of Hydro One's profits. The Ontario Progressive Conservatives have proposed transferring Ontario's annual dividend to Ontario ratepayers. Once Avista is a wholly owned subsidiary of Hydro One, Avista's profits will flow thorough to Ontario ratepayers. It would be politically popular in Ontario to flow thorough Hydro One's foreign profits to Ontario's ratepayers. This could potentially create a situation where Avista would be under pressure to seek higher rates to subsidize Ontarian energy bills. If elected, the Progressive Conservatives have promised a twelve percent reduction in Hydro bills. Like many campaign promises, it remains to be seen how the Progressive Conservatives would decrease rates for Ontarians.

**Q. How would New Democratic Party control of the Legislative Assembly of Ontario effect the operation of Hydro One?**

**A.** The New Democratic Party does not support the current ownership structure of Hydro One. The New Democratic Party has stated that it will return Hydro One to public ownership and control. This would make Hydro One a crown corporation solely owned by Ontario. The New Democratic Party has tied rising energy bills in Ontario to private ownership and management.

**Q. What are the risks to Avista customers if Hydro One is re-nationalized?**

1     **A.** If Hydro One is re-nationalized, Avista would be an asset owned by a foreign  
2     country. [REDACTED]

3     [REDACTED]  
4     [REDACTED]  
5     [REDACTED]  
6     [REDACTED]  
7     [REDACTED]  
8     [REDACTED]

9     **Q. Why would Ontario sell Avista?**

10    **A.** During a recession, governments borrow money to spur domestic production. It is  
11    not uncommon for governments to run a large spending deficit after a recession.  
12    The recession in Canada was not severe as the American recession. The recession  
13    only lasted seven months from November 2008 to May 2009. Since the  
14    Great Recession, Ontario's level of public debt has almost doubled. Another  
15    indicator of government debt is the debt-to-GDP ratio. GDP is the gross domestic  
16    product which is a measure of the output of a country. Debt-to-GDP ratio is a ratio  
17    between the government's debts to gross domestic product.

///

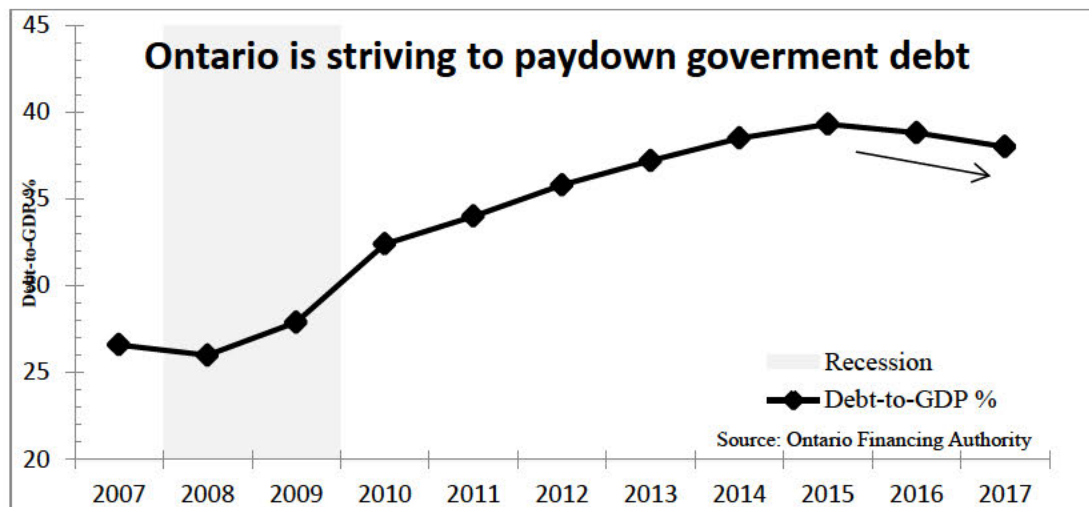
///

///

///

///

///



Typically, governments pay down government debt during economic expansion periods. Ontario has begun paying off its accumulated government debt. The Ontario Ministry of Finance projects that Ontario debt-to-GDP will return to pre-2008 recession levels in 2029. Additionally, raising interest rates in Canada will increase the governments cost of borrowing. A key assumption of Ontario's debt reduction program is Ontario's economy will continue to expand. If economic growth slows or the cost of borrowing increases, Ontario would have to sell assets, raise taxes, or cut government spending to reduce its debt. Instead of raising taxes or cutting government spending, CUB envisions a future where the province of Ontario could sell either all its shares in Hydro One or sells Avista.

**Q.** What are the issues with short term ownership of a utility?

**A.** Once a parent company decides it is going to sell a utility, the utility has every incentive to stop making long term investments. While waiting to sell the company, the utility becomes a disinterested manager. There will be considerable desire to extract short term value from the utility before selling the company. The current



1 utility model encourages long term investments. Short-term owners could impact  
2 the safety and reliability of the utility system. A short-term owner could cause harm  
3 to Oregonians and threaten the safety of Avista's customers.

4 **Q. Are you aware of any energy scandals involving the Ontario Legislature**  
5 **and the Liberal Party?**

6 **A.** Yes. In 2005, the Ontario Power Generation decommissioned the Lakeview coal  
7 power plant. To replace this coal power plant, two natural gas power plants were  
8 due to be constructed in Mississauga and Oakville, Ontario. Mississauga and  
9 Oakville residents were against the construction of natural gas power plants in their  
10 backyard. During the construction of the power plants, the Legislative Assembly of  
11 Ontario was having a general election. Hence, the construction of the two natural  
12 gas power plants became an election issue.

13 The Liberal controlled Ontario government canceled the construction of two gas  
14 power plants not due to need but due to election concerns. The areas around  
15 Mississauga and Oakville were considered key election districts. To gain political  
16 support, the Liberal government relocated the two natural gas power plants to  
17 another location. The two power plants were partially constructed when the move  
18 was announced. According to the Office of Auditor General of Ontario, the total  
19 cost for relocating the unused and unfinished power plants was 950 Million  
20 Canadian dollars.

21 The Government cancelled the power plants without considering the monetary  
22 impact to Ontarian ratepayers. This power plant fiasco also led to the resignation of

1 Ontario Premier Dalton McGuinty. In the wake of this scandal, a government  
2 corruption investigation was conducted at Premier Dalton McGuinty's office.  
3 Several of McGuinty's staff are currently on trial for their role in deleting records  
4 and emails related to the closure of the Oakville and Mississauga plants. There is  
5 evidence of corruption and/or negligence in the handling of the power plants  
6 closures.

7 CUB is concerned about the role of politics in energy policy in Ontario. The  
8 construction of power plants should be based on need, not on its impact on political  
9 election outcomes. The public ownership of Hydro One introduces political  
10 uncertainty into the day-to-day operations of Avista. Avista's customers do not  
11 participate in Ontario elections; however, they may be adversely affected by the  
12 Ontario government's decisions.

///

///

///

///

///

///

///

///

///

///

**NAFTA Risks**

1     **Q. What is the North American Trade Agreement?**

2     **A.** The North American Free Trade Agreement (NAFTA) is a trade agreement  
3       between Canada, Mexico, and the United States. NAFTA is meant to create a free  
4       trade zone between the three North American countries.<sup>6</sup> NAFTA has been in  
5       effect since 1994. The goal of this trade agreement was to limit barriers to trade and  
6       investment between Canada, Mexico, and the United States of America.<sup>7</sup>

7     **Q. What has Hydro One said about NAFTA?**

8     **A.** Hydro One did not address NAFTA in its testimony. CUB asked Hydro One  
9       “whether Hydro One has considered the potential impact of the North American  
10      Free Trade Agreement on Avista and the Oregon Public Utility Commission’s  
11      jurisdiction post-merger and provide all documents related to subject.”<sup>8</sup> Hydro One  
12      stated in response that “the North American Free Trade Agreement was not  
13      considered to be of relevance to this transaction because Avista will continue to  
14      operate as a standalone utility in Oregon and the Oregon Public Utility  
15      Commission’s jurisdiction over Avista post-merger will remain unchanged.”<sup>9</sup>

16    **Q. How could NAFTA apply to the Hydro One/Avista transaction?**

17    **A.** Despite Hydro One’s assertion, CUB remains concerned that NAFTA could be  
18      invoked by Hydro One investors and undermines the PUC’s regulatory authority  
19      over Avista. NAFTA’s Chapter Eleven applied to “measures adopted or  
20      maintained” in the United States that relate to Canadian investors and their

---

<sup>6</sup> NAFTA Art. 102.

<sup>7</sup> *Id.*

<sup>8</sup> UM 1897 – Hydro One Response to CUB DR 10.

<sup>9</sup> *Id.*

1 investments within the U.S.<sup>10</sup> Hydro One is a Canadian investor that seeks to own  
2 Avista, an investment located within the United States.<sup>11</sup> Accordingly, Hydro One  
3 investors could claim investment rights under NAFTA's Chapter Eleven.

4 **Q. What is NAFTA's Chapter Eleven?**

5 **A.** NAFTA's Chapter Eleven entitles foreign investors to raise claims of  
6 noncompliance with NAFTA investment rules through a private arbitration  
7 tribunal. A foreign investor, such as Hydro One Limited, may raise any number of  
8 challenges under Chapter Eleven. This includes the claim that the foreign investors  
9 have been denied "fair and equitable treatment" in accordance with international  
10 law.<sup>12</sup> Recently, foreign investors invoked this provision to seek compensation for  
11 U.S. regulatory changes that upset the investors' expectations of a stable and  
12 predictable regulatory environment.<sup>13</sup> CUB is concerned, based on this precedence,  
13 a Hydro One investor could similarly challenge regulatory changes that impact  
14 Avista under Chapter Eleven. Given the significant shifts taking place in the utility  
15 business model, as well as potential carbon regulation, there may be ample  
16 regulatory changes for which Avista's Canadian investors could claim Chapter  
17 Eleven relief.

---

<sup>10</sup> See NAFTA Art. 1101 ("[t]his Chapter applies to measures adopted or maintained by a Party relating to: (a) investors of another Party; (b) investments of investors of another Party in the territory of the Party..."). See also Art. NAFTA 1139 (defining 'investment of an investor of a Party' as "an investment owned or controlled directly or indirectly by an investor of such Party").

<sup>11</sup> *Application for Authority to Exercise Influence over Utility (Hydro One Limited/Avista)*, Docket No. UM 1897, at p. 3 (Sept. 14, 2017).

<sup>12</sup> NAFTA Ar. 1105(1).

<sup>13</sup> See TransCanada's Chapter 11 Request for Arbitration, (June 24, 2016), publicly available at: <http://www.italaw.com/sites/default/files/case-documents/italaw7407.pdf> (in which TransCanada sought compensation through Chapter 11 for the Obama Administration's rejection of the Keystone XL pipeline permit based on climate policy).

1     **Q. How does NAFTA’s Chapter Eleven undermine the PUC’s ability to**  
2     **regulate?**

3     **A.** Chapter Eleven “establishes a mechanism for the settlement of investment  
4     disputes... before an impartial tribunal.”<sup>14</sup> Under Chapter Eleven, Hydro One could  
5     pursue a case against a NAFTA party government using NAFTA’s Investor-State  
6     Dispute Settlement mechanism (“ISDS”). The ISDS mechanism allows investors to  
7     pursue their case through a private arbitration tribunal that is entirely outside of the  
8     nation’s court system. Arbitration proceeding are not open to the public and do not  
9     otherwise provide public participation opportunities.<sup>15</sup> In doing so, the Canadian  
10    investor is able to bypass OPUC jurisdiction and submit to an international  
11    arbitration forum.

///

///

///

///

///

///

///

///

///

///

///

---

<sup>14</sup> NAFTA Art, 1115.

<sup>15</sup> *Id.* at 1121.

**Post-Transaction Corporate Structure**

- 1     **Q. What will be Hydro One's post-merger corporate structure?**
- 2     **A.** After the merger, Avista Corporation will be an indirect wholly-owned subsidiary
- 3         of Hydro One. The chart below is a reproduction of the chart produced by Hydro
- 4         One.



- 1 [REDACTED]
- 2 [REDACTED]
- 3 [REDACTED]
- 4 [REDACTED]
- 5 [REDACTED]
- 6 [REDACTED]
- 7 [REDACTED]
- 8 [REDACTED]
- 9 [REDACTED]
- 10 [REDACTED]
- 11 [REDACTED]
- 12 [REDACTED]
- 13 [REDACTED]
- 14 [REDACTED]
- 15 [REDACTED]
- 16 [REDACTED]
- 17 [REDACTED]
- 18 [REDACTED]

///

///

///

///

///

**Double Leverage Holding Company**

1       **Q. Does the Financing of this acquisition create risks for customers?**

2       A. CUB is concerned with the double leverage financing used within the holding  
3       company structure. Hydro One is financing this with approximately 30% equity  
4       and 70% debt. Double leverage financing means using debt to finance an equity  
5       purchase.

6       **Q. What is the risk of double leverage?**

7       A. Equity and debt have different attributes. When debt at the holding company is  
8       used to finance the purchase of a utility's equity, it can reduce the value of equity.  
9       Avista's current capital structure is 49.59% equity and 50.41% debt<sup>16</sup>. This is  
10      typical of a utility. In our experience equity's portion of a capital structure is  
11      usually close to 50/50. Equity is more expensive than debt. Currently Avista's  
12      return on equity in Oregon is 9.4%<sup>17</sup>. The interest on Avista's debt is  
13      approximately 5.4%<sup>18</sup>. While equity is more expensive, it has an important role  
14      in keeping a utility stable. Utility earnings can be affected by a variety of events  
15      from major plant outages to storm damage. But no matter the circumstances, debt  
16      payments must be made. However, dividends to shareholders can go up and down  
17      to account for annual variations in it business. Equity is like a shock absorber.  
18      Not making debt payments in full can result in default, whereas reducing dividend  
19      payments to equity holders does not.

---

<sup>16</sup> Avista/300 Thies/Page 6.

<sup>17</sup> OPUC Order No 17-344, page 2.

<sup>18</sup> OPUC Order No. 17-344, page 2.



1 But a double leverage structure means that equity is backed up with debt, so the  
2 Holding Company needs the dividends (equity returns) to make its debt payments.  
3 This reduces the ability of the equity to act as a shock absorber. So, customers are  
4 paying the higher equity cost but losing one of the primary benefits of equity.

5 **Q. Why would a merger be financed by double leverage?**

6 **A.** It creates a vehicle to finance the premium – which is significant in this case.  
7 Customers are paying the Holding Company a 9.4 percent return on equity, and  
8 the Holding Company is using that return to finance debt, retaining the difference  
9 as an additional return. The spread between the cost of debt at the holding  
10 company and the return on equity from the utility is kept as retained earnings at  
11 the Holding Company. The returns are then used to pay the premium. Debt and  
12 Equity are also taxed differently, creating additional tax benefits.

13 **Q. What are the double leverage tax benefits?**

14 **A.** Debt and Equity are treated differently for tax purposes. Return on equity is  
15 taxable income, while debt provides a tax deduction. Assuming a federal tax rate  
16 of 21%, to pay the utility's shareholders a 9.4% after-tax return, customers pay a  
17 pretax amount of 11.9%.<sup>19</sup> And the interest on the debt is subtracted from the  
18 Holding Company income (the equity payment by customers). So, the actual  
19 spread is not the difference between the ROE paid by customers and the interest  
20 rate on the debt at the holding company. The actual spread is the difference  
21 between the grossed-up ROE and the interest on debt, after subtracting the  
22 deduction of the interest payment.

---

<sup>19</sup> 9.4% represents 79% of the cost if the tax is 21% of the cost. 9.4 divided by 79% equals 11.9%.

1 But these tax benefits of double leverage can be recognized by the PUC and  
2 imputed back to customers to prevent customers from paying phantom taxes.  
3 There is precedent for this, and it is clearly anticipated in Oregon utility tax law.

4 **Q. What are Phantom Taxes?**

5 **A.** Phantom taxes are payments customers pay to meet the tax obligation of the  
6 utility, but they are not actually paid to the government. Phantom taxes first  
7 became an issue for the Oregon PUC during the Enron-PGE era. Enron filed  
8 taxes on a consolidated basis, meaning it filed one return for all of the companies  
9 it owned. Enron was skilled at minimizing its taxes. The result was PGE's  
10 Oregon customers were paying PGE's theoretical tax liabilities, but the federal  
11 government did not receive these tax payments. Instead, the tax payments went to  
12 Enron, and Enron found ways to offset the tax payments in its consolidated tax  
13 filings. Enron then converted PGE's tax payments to additional earnings.

14 In reaction to Enron, the 2005 Oregon legislature passed SB 408, requiring that  
15 customers only be charged for the actual amount of taxes attributable to the utility  
16 and paid to the government. The law required an annual true-up. However, SB  
17 408 had unintended consequences. When a utility had lower than expected  
18 earnings, it had lower taxes and would have provided customers a refund for the  
19 difference between taxes forecast in rates and taxes paid. At the same time, if a  
20 utility had higher than normal earnings, then it would pay additional taxes and  
21 customers would be given a surcharge. Refunding money in bad years and  
22 surcharging customers in good years was not politically popular. The legislature

1 passed SB 967, which amended SB 408. SB 967 got rid of the annual true up. SB  
2 967 requires the PUC to appropriately consider the holding company tax  
3 obligations when establishing the level of taxes in rates.

4 **Q. How have holding company tax benefits been dealt with by the Oregon**  
5 **Commission?**

6 **A.** There is a precedent for imputing the tax benefits at the Holding Company down  
7 to the utility. When Scottish Power owned PacifiCorp, Scottish Power had a  
8 double leverage holding company, similar to what Hydro One is proposing. CUB  
9 proposed adjusting the taxes in rates, in order to recognize the double leverage tax  
10 benefits associated with the interest deduction at the Holding Company. The  
11 Commission adopted CUB's approach, citing SB 408 which had recently passed.  
12 PacifiCorp challenged that decision and the Commission reaffirmed it, noting the  
13 Commission had broad discretion in setting taxes, and CUB's proposal had been  
14 made before SB 408. The Commission would have accepted our adjustment  
15 without SB 408, in order to correct the mismatch between the taxes being charged  
16 to customers and the taxes being paid to the government by the Holding  
17 Company.<sup>20</sup>

18 **Q. Does Hydro One intend to keep these tax saving?**

19 **A.** This is unclear. [REDACTED]  
20 [REDACTED]  
21 [REDACTED]  
22 [REDACTED]

---

<sup>20</sup> OPUC Order No. 06-379, page 7.

<sup>21</sup> See Exhibit 106 (HC).

1  
2  
3  
4  
5  
  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20

[REDACTED]

This is a debt heavy purchase. Avista's will need to achieve adequate returns from its equity component to serve its debt. Avista's financial model is assuming a stream of income, which U.S. regulators will claim and provide to customers. The outcome is U.S. regulators will put more pressure on Avista to produce additional earnings, and the only earnings source is Avista's customers. In addition, losing an expected revenue stream could affect credit ratings and the increase the cost of borrowing.

**Q. Do you have other concerns with this debt heavy financial structure?**  
**A.** Yes. Avista will be owned by a debt encumbered Holding Company, and this creates significant risk to Avista customers. But the risk could grow significantly.

[REDACTED]

---

<sup>22</sup> See Exhibit 106 (HC).  
<sup>23</sup> See Exhibit 106 (HC).

**Why Avista?**

**Q. What is each company's motivation for the proposed transaction?**

**A.**

[REDACTED]

[REDACTED]

[REDACTED] Avista agreed to this transaction because Hydro One is offering a twenty-four percent premium to Avista's last sale price of \$42.74 per share on July 18, 2017.<sup>24</sup> This premium provides significant value to shareholders. [REDACTED]

[REDACTED]

[REDACTED]

**Q. What criteria did Hydro One use to select an acquisition target?**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]<sup>25</sup>

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

---

<sup>24</sup> *Application for Authority to Exercise Influence over Utility (Hydro One Limited/Avista)*, Docket No. UM 1897, at p. 9 (Sept. 14, 2017).

<sup>25</sup> UM 1897 – Hydro One's Response to Staff DR 48 Attachment C.

1	[REDACTED]
2	[REDACTED]
3	[REDACTED]
4	[REDACTED]
5	[REDACTED]
6	[REDACTED]
7	[REDACTED]
8	[REDACTED]
9	[REDACTED]
10	[REDACTED]
11	[REDACTED]
12	[REDACTED]
13	[REDACTED]
14	[REDACTED]
15	[REDACTED]
16	[REDACTED]
17	[REDACTED]
18	[REDACTED]
19	[REDACTED]
20	[REDACTED]
21	[REDACTED]
22	[REDACTED]
23	[REDACTED]

1 [REDACTED] (See exhibit  
2 107)

3 **Q. Are there significant synergies in a natural gas and electricity utility?**

4 **A.** Yes. In Idaho and Washington, Avista provides power and natural gas to  
5 customers. In this setup, there are significant synergies, such as energy efficiency  
6 and customer billing costs. The utility is indifferent between the customer using  
7 natural gas or electricity. Energy efficiency measures impact the entire energy  
8 system. Since Avista manages both the natural gas and electricity system, the utility  
9 is indifferent to whether energy efficiency programs impact the summer-peak or the  
10 winter-peak. Also, the combined utility is able to send heating and electricity bills  
11 at the same time, which lowers total billing cost. However, the synergies do not  
12 apply to Oregonian customers, because Avista does not sell electricity to Oregon  
13 customers.

14 **Q. What experience does Hydro One have operating a natural gas system?**

15 **A.** Hydro One is an electric distribution and transmission utility. Hydro One does not  
16 have any experience operating a natural gas system. Hydro One only has some  
17 executives that have operated a natural gas system.<sup>26</sup> The experience of a few  
18 executives does not change the overall performance of single company. CUB fails  
19 to see the benefit of Hydro One's management to natural gas customers in Oregon.

///

///

///

///

---

<sup>26</sup> UM 1897 – Hydro One's Response to Staff DR 126.

**Benefits**

1     **Q. What are the benefits presented in the Hydro One/Avista Filling?**

2     **A.** The following are benefits presented to customers: benefits of scale and rate  
3         credits. CUB will first answer questions related to benefits of scale. Then, CUB  
4         will address the rate credit proposed by Hydro One.

5     **Q. What benefits of scale will Avista customers in Oregon archive from this**  
6         **transaction?**

7     **A.** Hydro One has stated in discovery that it expects most synergies between Hydro  
8         One's existing operations and Avista's transmission and distribution areas.  
9         Therefore, many of the synergies will not apply to Avista's natural gas customers.

10     [REDACTED]

11     [REDACTED]

12     [REDACTED]

13     [REDACTED]

14     [REDACTED]

15     [REDACTED]

16     [REDACTED]

17     [REDACTED]

18     [REDACTED]

19     [REDACTED]

20     [REDACTED]

21     [REDACTED]

22     [REDACTED]



1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]  
7 [REDACTED]  
8 [REDACTED]  
9 [REDACTED]  
10 [REDACTED]  
11 [REDACTED]  
12 [REDACTED]

13 **Q. What rate credits are proposed to Avista Customers?**

14 **A.** Avista has proposed a total of 31.50 million United States dollars in rate credit for  
15 Avista Customers.<sup>28</sup> 22 million United States dollars of rate credit are offsetable  
16 through costs savings of the Hydro One and Avista Merger.

17 **Q. Why are rate credits offered in this case?**

18 **A.** Rate credits are a clear way to determine benefits that will offset the risk of a  
19 transaction. Rate credits enable applicants to guarantee the benefit of an  
20 acquisition. These rate credits provide a floor on customer benefits. CUB has raised  
21 several risks resulting from this transaction: NAFTA, Political risk and Double

---

<sup>27</sup> That is equal to 207 USD assuming a 1 CAD to 0.80 USD currency rate.

<sup>28</sup> *Application for Authority to Exercise Influence over Utility (Hydro One Limited/Avista)*, Docket No. UM 1897, at p. 10 (Sept. 14, 2017).

1       Leverage Tax Structure. The amount of rate credits ensures that Oregon customers  
2       are made whole and compensated for the additional risks presented by the  
3       acquisition.

4       **Q. What do you think about the rate credit offered in this case?**

5       **A.** Oregon Avista customers are due to receive \$244,515 dollars based on Factor 7  
6       methodology. <sup>29</sup> This rate credit does add up too much of a benefit for Avista  
7       customers in Oregon, especially when compared to risks described above.

8       **Q. Does this conclude your testimony?**

9       **A.** Yes.

---

<sup>29</sup> UM 1897 –Avista/ Exhibit No. 702.

## WITNESS QUALIFICATION STATEMENT

**NAME:** Bob Jenks

**EMPLOYER:** Oregon Citizens' Utility Board

**TITLE:** Executive Director

**ADDRESS:** 610 SW Broadway, Suite 400  
Portland, OR 97205

**EDUCATION:** Bachelor of Science, Economics  
Willamette University, Salem, OR

**EXPERIENCE:** Provided testimony or comments in a variety of OPUC dockets, including UE 88, UE 92, UM 903, UM 918, UE 102, UP 168, UT 125, UT 141, UE 115, UE 116, UE 137, UE 139, UE 161, UE 165, UE 167, UE 170, UE 172, UE 173, UE 207, UE 208, UE 210, UE 233, UE 246, UE 283, UG 152, UM 995, UM 1050, UM 1071, UM 1147, UM 1121, UM 1206, UM 1209, UM 1355, UM 1635, UM 1633, and UM 1654. Participated in the development of a variety of Least Cost Plans and PUC Settlement Conferences. Provided testimony to Oregon Legislative Committees on consumer issues relating to energy and telecommunications. Lobbied the Oregon Congressional delegation on behalf of CUB and the National Association of State Utility Consumer Advocates.

Between 1982 and 1991, worked for the Oregon State Public Interest Research Group, the Massachusetts Public Interest Research Group, and the Fund for Public Interest Research on a variety of public policy issues.

**MEMBERSHIP:** National Association of State Utility Consumer Advocates  
Board of Directors, OSPIRG Citizen Lobby  
Telecommunications Policy Committee, Consumer Federation of America  
Electricity Policy Committee, Consumer Federation of America  
Board of Directors (Public Interest Representative), NEEA

## WITNESS QUALIFICATION STATEMENT

**NAME:** William Gehrke

**EMPLOYER:** Oregon Citizens' Utility Board

**TITLE:** Economist

**ADDRESS:** 610 SW Broadway, Suite 400  
Portland, OR 97205

**EDUCATION:** Master of Science, Applied Economics  
Florida State University, Tallahassee, FL

Bachelor of Science, Economics  
Florida State University, Tallahassee, FL

**EXPERIENCE:** Provided testimony or comments in LC 68. Worked as an Economist for the Florida Department of Revenue. Worked as Utility Analyst at the Florida Public Service Commission, providing advice on rate cases and load forecasting.

## **Majority oppose Hydro One sale: government poll**

Ontario Liberals find support for selling beer in grocery stores

By Mike Crawley, [CBC News](#) Posted: Jul 30, 2015 3:19 PM ET Last Updated: Jul 30, 2015 3:19 PM ET

The provincial government's own polling suggests that most Ontarians oppose the sale of Hydro One, and fear it will push up the price of electricity.

Premier Kathleen Wynne's staff released the polling data to Queen's Park reporters on Thursday.

The documents show the government conducted extensive polling about people's views of three major Crown corporations — the LCBO, Hydro One and Ontario Power Generation — as it was reviewing privatization last fall.

Of 1,202 Ontarians polled in October, 73 per cent said Hydro One should definitely or probably be owned by the province, and 75 per cent said the same of OPG. Only 56 per cent said the LCBO should definitely or probably be owned by the government.

This spring, after the government announced it will sell off most of Hydro One, only 7 per cent of those polled said they "strongly support" the plan, 28 per cent said they somewhat support it, 19 per cent were somewhat opposed and 39 per cent strongly opposed.

Asked about the impact of the sale, 62 per cent said they think it will have a "somewhat negative" or "very negative" impact on the cost of electricity.

Wynne's Liberal government is promising to put the proceeds of the Hydro One sale toward building new infrastructure, such as roads and transit. About six in 10 of those polled said they believe the sale would have a positive impact on infrastructure and public transit.

The spring poll also asked about the plan to allow beer sales in grocery stores.

The move was seen as "good news" by 66 per cent of those polled.

The polling was done by the firm Pollara. Government officials have not yet replied to a question about how much the polling cost.

---

## Explore CBC

<a href="#">CBC Home</a>	<a href="#">Music</a>	<a href="#">Documentaries</a>
<a href="#">TV</a>	<a href="#">Life</a>	<a href="#">Comedy</a>
<a href="#">Radio</a>	<a href="#">Arts</a>	<a href="#">Books</a>
<a href="#">News</a>	<a href="#">Kids</a>	<a href="#">Parents</a>
<a href="#">Sports</a>	<a href="#">Local</a>	<a href="#">Indigenous</a>

---

## Stay Connected

<a href="#">Apps</a>	<a href="#">RSS</a>	<a href="#">Podcasts</a>
----------------------	---------------------	--------------------------

---

## Services and Information

<a href="#">Corporate Info</a>	<a href="#">Reuse &amp; Permission</a>	<a href="#">CBC Shop</a>
<a href="#">Public Appearances</a>	<a href="#">Terms of Use</a>	<a href="#">Help</a>
<a href="#">Commercial Services</a>	<a href="#">Privacy Policy</a>	<a href="#">Contact Us</a>

Analysis

## How privatized power haunts Ontario politics

Many voters blame high electricity bills on privatizing Hydro One, which could spell disaster for Liberals

By Mike Crawley, [CBC News](#) Posted: Dec 09, 2017 6:00 AM ET Last Updated: Dec 09, 2017 6:00 AM ET

Ontarians are being reminded once again that the private companies involved in the electricity system are by no means motivated to keep people's hydro bills low.

This reminder comes from a story first [exposed](#) by CBC News, then [detailed](#) by the auditor general, about power plants "gaming the system" for some \$260 million in costs they weren't entitled to.

The auditor revealed that some of the power plant companies expensed such things as scuba gear and car washes. While those made up only a fraction of the overbillings, they are the kinds of tangible things that enrage people; things they remember when they vote.

- [Scuba gear, car washes among expenses claimed by Ontario power companies](#)
- [Investigation reveals power company 'gamed' \\$100M from electricity system](#)

Is privatization the only reason why the average hydro bill in Ontario has doubled since the Liberals took office in 2003? Probably not.

But people sure believe privatization is having an impact, as shown in [this poll](#) by Angus Reid Institute. At election time, voter perception is reality and the Ontario Liberals have overseen more privatization of the province's hydro system than any other political party.

That could all add up to big trouble for Premier Kathleen Wynne's attempt to win re-election on June 7.

While the PC government of Mike Harris set the stage for privatization by dismantling the former Ontario Hydro into separate Crown agencies for generating, transmission and system management, it's the Liberals who really embraced giving private corporations the chance to profit from electricity.

First, as part of efforts to phase out coal-fired generation and make the system less vulnerable to blackouts, the province commissioned a series of new natural gas power plants. Private companies got a big piece of that action, with generous long-term generation contracts. Also, everyone in Ontario knows that cancelling two of those plants (which were to be operated by the private sector) cost the province about \$1.1 billion.

- [Patrick Brown's PCs won't reverse Hydro One sale, platform reveals](#)
- [Andrea Horwath's NDP would buy back Hydro One shares, costing billions](#)

Then, the Liberals introduced their Green Energy Program, paying premium rates to wind and solar power producers. While it was derided by many on the conservative side of the spectrum as an expensive and ill-conceived sop to environmentalists, private corporations sure didn't see it that way. For-profit companies jumped on what they considered a lucrative chance to cash in on Dalton McGuinty's green energy dream.

And finally, the Wynne government sold off a majority stake in publicly-owned Hydro One. It means Hydro One's salaries are no longer disclosed on the Sunshine List, its practices can't be scrutinized by the province's ombudsman, and its books aren't open to the auditor general.

The Angus Reid poll mentioned earlier showed 82 per cent of those surveyed opposed the sale of shares in Hydro One, a result consistent with the [government's own polls](#). The pollsters also found 76 per cent believe selling Hydro One will drive up the price of electricity.

Wynne has said repeatedly that privatizing Hydro One has nothing to do with



the size of your power bill. She may be correct, but that almost certainly doesn't matter when it comes to the election.

Even if Ontarians are wrong in believing the Hydro One sale is to blame for electricity costs, they will not likely be shaken in that belief, and they will take it with them to the ballot box in less than six months.

- [Government's own polling shows deep opposition to selling Hydro One](#)
- [Liberals' move to cut hydro bills by 25 per cent hides true cost, auditor says](#)

In the 2003 election, many voters believed (rightly or wrongly) that the Harris government's dismantling of Ontario Hydro was at least partly to blame for the big blackout that August. Those voters helped send the PCs packing.

In 2011, many voters believed (rightly or wrongly) that wind farms were being shoved down the throats of rural communities and driving up their hydro bills. Those voters helped bust the Liberals down to a minority.

In 2018, voters will have their first chance to let Kathleen Wynne know what they think of her privatization of Hydro One. Stay tuned.

- Follow Mike Crawley on twitter [@CBCQueensPark](#)

---

## Explore CBC

CBC Home	Music	Documentaries
TV	Life	Comedy
Radio	Arts	Books
News	Kids	Parents
Sports	Local	Indigenous

---

## Stay Connected

[Apps](#)

[RSS](#)

[Podcasts](#)

---

## Services and Information

[Corporate Info](#)

[Reuse & Permission](#)

[CBC Shop](#)

[Public Appearances](#)

[Terms of Use](#)


[Help](#)

[Commercial Services](#)

[Privacy Policy](#)

[Contact Us](#)

---

**CBC**  **Radio-Canada**

©2018 CBC/Radio-Canada. All rights reserved

---

Pay Less. Own More.



**The Ontario NDP's**

**Plan to Cut Hydro Prices**

**ONTARIO**  
**NDP**  **NDP**

# Introduction

Hydro bills in Ontario are too high. It is hurting families, businesses, the public and non-governmental sector and organizations across Ontario. New Democrats have a plan to reduce hydro bills by as much as 30 per cent which is based on the fact that the only way to deliver real, long-term reductions in bills is to fix the system itself.

This plan is based on increasing public ownership of transmission and generation, moving away from expensive and inflexible private contracts, eliminating costs which come from oversupply, and protecting reliability and renewable energy. The end goal is a timely and responsible restoration of public ownership and management of the hydro system.

For over 100 years, affordable, public electricity helped build Ontario into an economic powerhouse and a province whose opportunity attracted people from across Canada and the world. This has allowed each successive generation to build new opportunities. However, since Conservative and Liberal governments privatized Ontario's hydro system, the system has come to include healthy profit margins for private and foreign companies but high costs for Ontario businesses and families.

An NDP government will take the landmark step of returning Hydro One to public ownership and oversight. The goal is to bring Hydro One back to public ownership within four years, which will be fully financed through existing dividends over a period of eight years or less.<sup>1</sup> Ten years after beginning this process, a publicly owned Hydro One will increase provincial revenues by a total of \$1.6 billion; 20 years later it would translate into \$4.3 billion in additional revenues; and, 30 years later it would put over \$7 billion<sup>2</sup> back into serving the people of Ontario.

New Democrats have identified a series of immediate steps as well as substantial changes to the system which will bring down hydro bills by 20 to 30 per cent.

A series of immediate steps will **deliver up to 17 per cent savings on average residential bills, and as much 32 per cent savings for rural residential bills**. People with steady usage during the day could see additional savings from the elimination of Time of Use (TOU) pricing, so that an urban senior, using electricity through the day, could see immediate savings reaching 30 per cent. Businesses, depending on their size will see initial savings from eliminating TOU pricing, and will see savings targeted at 20 per cent through addressing systemic issues such as oversupply and privatization.

---

<sup>1</sup> Based on increasing Ontario's ownership of Hydro One from 70% to 100%

<sup>2</sup> Value of dividends lost to privatization: 30% of \$700 million dividend (\$210 million) and additional revenues from PIL-based tax structure (\$60 million) over six, 16, and 26 years

In addition to a series of immediate steps, an NDP government will address long-term systemic issues by working together with an independent panel of energy experts and planners, businesses, labour, watchdogs, public administrators, and consumer and environmental advocates.

Savings can be created based **on moving away from inflexible expensive private contracts and toward reliable and affordable public ownership; dealing with an oversupplied system so Ontario ratepayers aren't subsidizing electricity sold to our neighbours; and putting ratepayers at the centre of the hydro system.**

**Reducing bills by as much as 30 per cent is an ambitious but realistic goal.**

## ***Affordable Hydro – Fixing the system***

### **First government bill - Hydro for Ontarians**

The first bill tabled by an NDP government would return Hydro One to provincial ownership and control.

A first government bill will:

- Begin the process of returning Hydro One to public ownership and control, ensuring it serves the public interest;
- Direct the hydro system to provide reliable low-cost, environmentally responsible power for all Ontarians instead of profits for private companies;
- Re-establish independent, transparent, public oversight of Hydro One, including from the Auditor General, Financial Accountability Officer, Information and Privacy Commissioner, Ombudsman, Integrity Commissioner and French Language Services Commissioner;
- Protect hydro assets so future governments can never again sell off Hydro One without the permission of the public through a referendum; and
- Establish an expert advisory panel tasked with providing advice for the responsible, expedient return of Hydro One to public ownership and control.

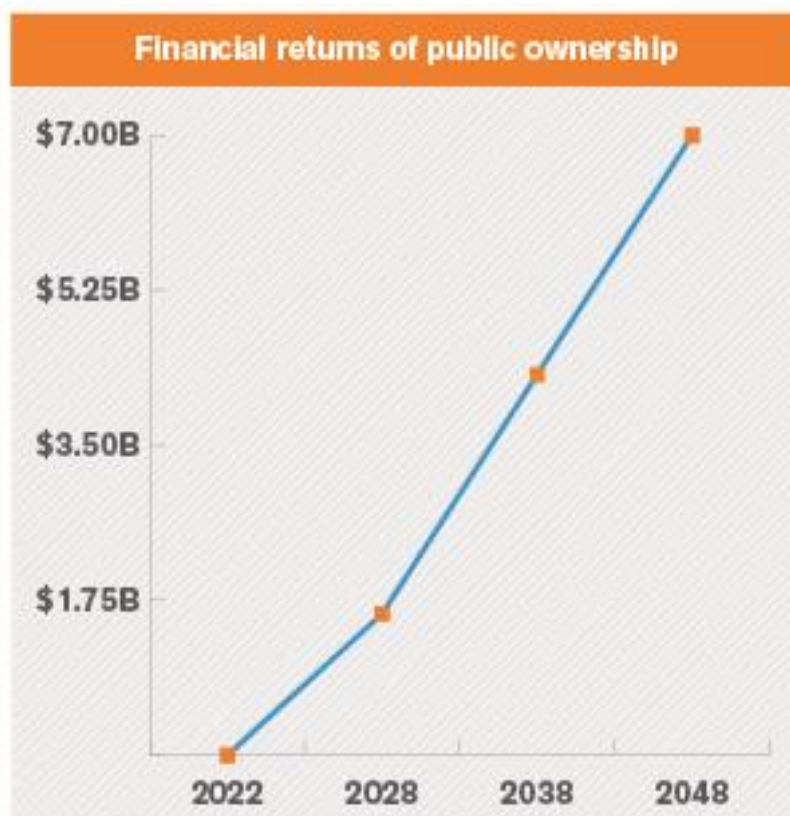
As of February 2017, 30 per cent of Hydro One has been sold and the February 2017 market price is \$24 per share. Assuming a reasonable 10 per cent variable in price, the cost of repurchasing privatized shares will be between \$3.3 billion and \$4.1 billion. Financed by the province's share of its profit from Hydro One, this will be fully repaid in no more than eight years<sup>3</sup> and no rate increase would be required to finance the return

---

<sup>3</sup> Assuming 70% of a \$700-million dividend.

of Hydro One to public ownership. Upon returning it to public ownership, reinstituting its previous PIL-based<sup>4</sup> tax structure would increase provincial tax revenues by recapturing the federal corporate tax payments from Hydro One by an estimated \$60 million annually.<sup>5</sup>

Assuming the company was publically owned within four years, 10 years after starting this process, Ontario would have \$1.6 billion more from dividends and PILs to invest in Ontarians than if the current structure had been maintained; 20 years later that would translate into \$4.3 billion in additional revenues; 30 years later it would put over \$7 billion back into serving the people of Ontario.<sup>6</sup>



Cumulative Financial Impact

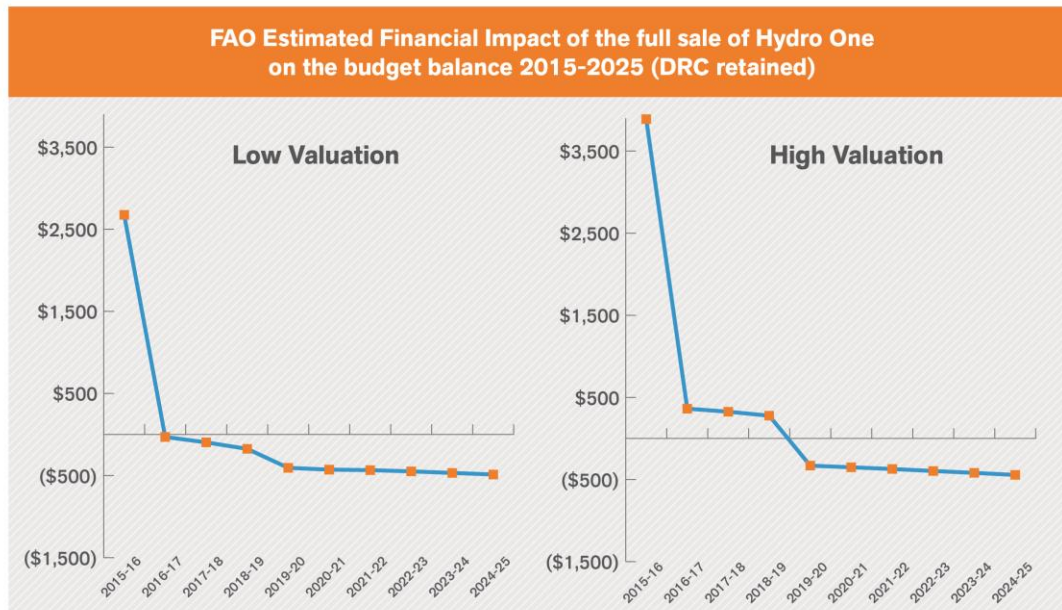
<sup>4</sup> As a public entity Hydro One was not subject to corporate taxes. Instead it made Payments-in-Lieu to the Province of Ontario equivalent to combined federal and provincial taxes if it were subject to corporate tax. As a private entity, it pays taxes to the provincial and federal governments.

<sup>5</sup> Pg 16 <http://www.fao-on.org/web/default/files/publications/FAO%20Hydro%20One%20EN.pdf>

<sup>6</sup> 2017 dollars, not accounting for inflation.



By investing in a public system the province can generate long-term revenues and benefits for people and businesses across Ontario. Through public ownership of Hydro One, Ontario can reverse what Ontario's Financial Accountability Officer calls "an ongoing negative impact on budget balance from foregone net income and payments-in-lieu of taxes from Hydro One."<sup>7</sup>



### Annual Financial Impact

(Source: Figure 3:1 Financial Accountability Office Report: An Assessment of the Financial Impact of the Partial Sale of Hydro One)

In the interim, the province, as the majority shareholder, would seek lower overall transmission and delivery rates, greater public accountability and transparency, and lower executive compensation. Hydro One currently has the lowest efficiency ranking according to the annual scorecard produced by the Ontario Energy Board, and Ontarians deserve better.

## Immediate Actions

### Fixing unfair delivery costs

According to Ontario Energy Board data, rural Hydro One customers pay delivery costs that are significantly higher than urban customers. That unfairness is compounded by

<sup>7</sup> Ibid. Pg 4

the fact that many people paying higher delivery costs are the same people without access to natural gas for heating, and are forced to use electric heat. An NDP government will change the system so rural and seasonal Hydro One distribution customers pay the same delivery costs as current Hydro One urban customers, as well as ensuring people and businesses pay delivery only for power they use.

These costs would be offset by reducing Ontario Power Generation's (OPG) water rental rates. These are fees currently paid by OPG to the province for water flowing through dams.

Savings: Rural Hydro One customers will save approximately 15 per cent. Urban customers would not see increases.

### **Ending mandatory Time of Use**

Time-of-use pricing (TOU) was meant to incentivize people and businesses to shift their consumption to "off-peak" hours. The promise was that TOU pricing would shift demand and help businesses and people save money by using electricity at off-peak times. Data shows it is not working.

The government planned TOU to shift 308 MW in residential consumption; data shows a province-wide residential peak demand reduction of only 55 MW. Instead, there are more effective ways to reduce peak demand, such as Peaksaver Plus or industrial conservation programs.<sup>8</sup>

As noted by an independent report prepared for the IESO, "General service class [non-residential] customers show little evidence of load shifting behavior and are less responsive to the TOU prices than residential customers."<sup>9</sup>

Anecdotally, TOU billing is a source of stress for Ontarians, especially those who are unable to shift their use to off-peak times such as seniors living at home, people at home during the day caring for children, or people with specific needs that cannot be shifted to off-peak hours.

Ending mandatory time-of-use will take significant stress off families and save money for people unable to shift demand to off-peak hours.

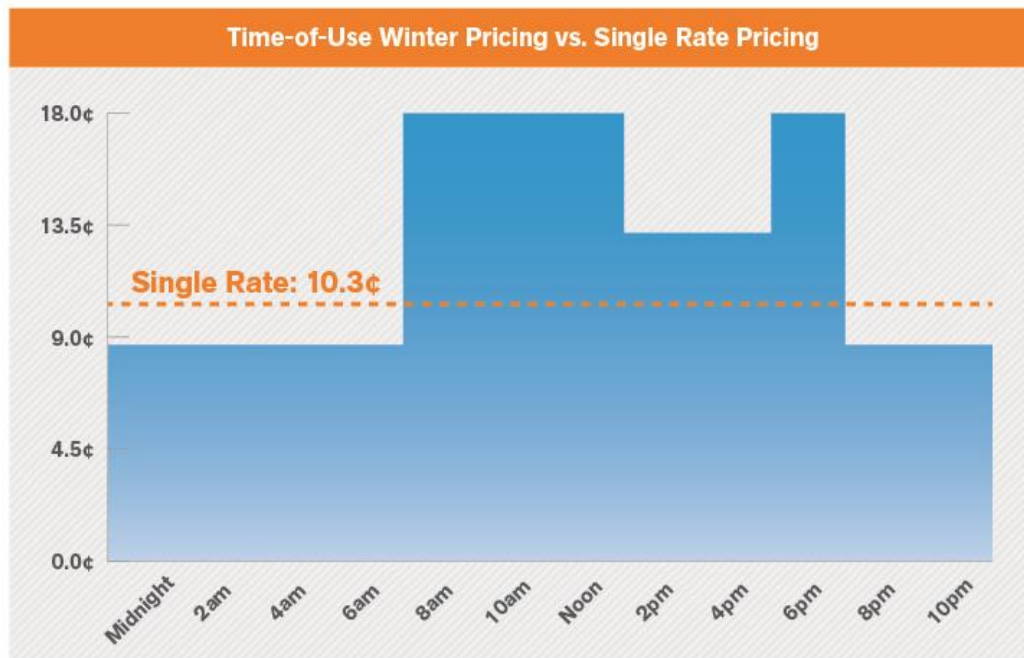
Ontario would eliminate peak prices, and move to the lowest fixed rate. Based on current OEB rates, this is 10.3 cents kW/h

---

<sup>8</sup> [http://docs.assets.eco.on.ca/reports/energy/2015-2016/ECO lets get serious report Appendix B.pdf](http://docs.assets.eco.on.ca/reports/energy/2015-2016/ECO_lets_get_serious_report_Appendix_B.pdf) p 176

<sup>9</sup> Pp iv <http://www.ieso.ca/Documents/reports/Final-Analysis-of-Ontarios-Full-Scale-Roll-Out-of-TOU-Rates.pdf>





For example a senior unable to move consumption off peak because they are at home during the day, their home-help service helps with laundry and dishes during a day visit, consuming 50 per cent of their electricity during peak and mid-peak hours, would see 10 per cent savings based on eliminating TOU prices.<sup>10</sup>

Small businesses on TOU would also realize savings which would be based on their usage.

### Capping private profit margins

When the Ontario Energy Board (OEB) approves rate increases for privatized companies it builds in a profit margin. It allows a company to increase rates to cover costs for new investments that include their cost of borrowing plus a 5.5 per cent return on equity.<sup>11</sup> In contrast, Manitoba's regulator allows its public hydro utility to increase rates to cover their cost of borrowing, plus three per cent.<sup>12</sup>

An NDP government would direct the OEB to cap private profit margins at cost plus three per cent.

<sup>10</sup> OEB rate calculator – Comparison of first-Tiered price vs 50% off-peak, 25% mid-peak, 25% peak

<sup>11</sup> [http://www.ontarioenergyboard.ca/oeb/Documents/EB-2009-0084/CostofCapital\\_Report\\_20091211.pdf](http://www.ontarioenergyboard.ca/oeb/Documents/EB-2009-0084/CostofCapital_Report_20091211.pdf)

<sup>12</sup> [http://www.pub.gov.mb.ca/nfat/pdf/economic\\_evaluation\\_harper.pdf](http://www.pub.gov.mb.ca/nfat/pdf/economic_evaluation_harper.pdf)

## **Bringing real oversight to electricity prices**

An NDP government will give the OEB a renewed mandate to stand up for the public and push for lower bills.

In 2015, the Auditor General reported specifically that the OEB was often unable to meet its mandate to protect consumers because:

- The OEB is not authorized to review government ministry policy plans;
- It does not have the ability to review 65 per cent of generation; and
- It was not permitted to review the sell-off of Hydro One.<sup>13</sup>

Perhaps most troubling is that the auditor confirmed that claims made in OEB applications were inaccurate. While in testimony before committees, the chair of the OEB has acknowledged that it doesn't verify or audit documentation submitted to the board.<sup>14</sup>

An NDP government will expand the role of the Ontario Energy Board and, as recommended by the Auditor, give it the mandate to more effectively protect consumers. The OEB will have seats reserved for ratepayers as well as members with expertise in consumer advocacy.

The Ontario Energy Board's guiding principle will be: is this the best deal for affordable, reliable, and environmentally responsible power, and is it best for ratepayers?

## **Using tax benefits to help ratepayers**

When the Liberal government began the process of privatizing Hydro One, they provided the company with a one-time \$2.6-billion tax benefit.<sup>15</sup> This benefit should be used to subsidize bills for all Hydro One customers as the company is transitioned back to public ownership. Over a four-year period, this would result in \$650 million per year in rate subsidies – a drop of about 3.2 per cent on each power bill in Ontario.

In 2016, Ontario Power Generation paid nearly \$330 million to the province for water flowing through their dams. New Democrats would reduce OPG's water rental rates in order to offset costs from eliminating rural delivery rates.

Savings: Potential 3.2 per cent savings

---

<sup>13</sup> [http://www.auditor.on.ca/en/content/annualreports/arreports/en15/2015AR\\_en\\_final.pdf](http://www.auditor.on.ca/en/content/annualreports/arreports/en15/2015AR_en_final.pdf)

<sup>14</sup> [Committee Documents: Standing Committee on Public Accounts - 2016-Mar-23 - 2015 Annual Report, Auditor General: Ministry of Energy, Hydro One, Ontario Energy Board](#)

<sup>15</sup> Pg 20 <http://www.fao-on.org/web/default/files/publications/FAO%20Hydro%20One%20EN.pdf>

## HST

Prior to 2010, electricity had no provincial sales tax, but in 2010, the Liberal government of Dalton McGuinty and Kathleen Wynne negotiated with the federal Conservative government to add eight per cent to bills with the HST. In 2016, the government agreed to an HST rebate. An NDP government would permanently remove the provincial portion of the HST.

An NDP government would enter into negotiations with the federal government to remove the federal portion of the HST from hydro bills.

Savings: eight per cent permanent savings, five per cent potential new savings.

*These initial steps will create savings reaching as much as 17 per cent<sup>16</sup> for residential customers. Rural customers could see savings reaching 32 per cent. Urban customers who had been unable to shift demand could see savings reaching 30 per cent. Small business consumers currently on TOU prices would see savings based on their usage patterns. Large consumers would see greater savings as the government begins to address systemic issues.*

## Fixing the system

New Democrats will work with an independent panel of energy experts and planners, businesses, labour, watchdogs, public power administrators, and consumer and environmental advocates to create systemic changes that will allow the government to meet or exceed the goal of 20 to 30 per cent in permanent savings in a way that's responsible and reflects the reality of Ontario's electricity needs.

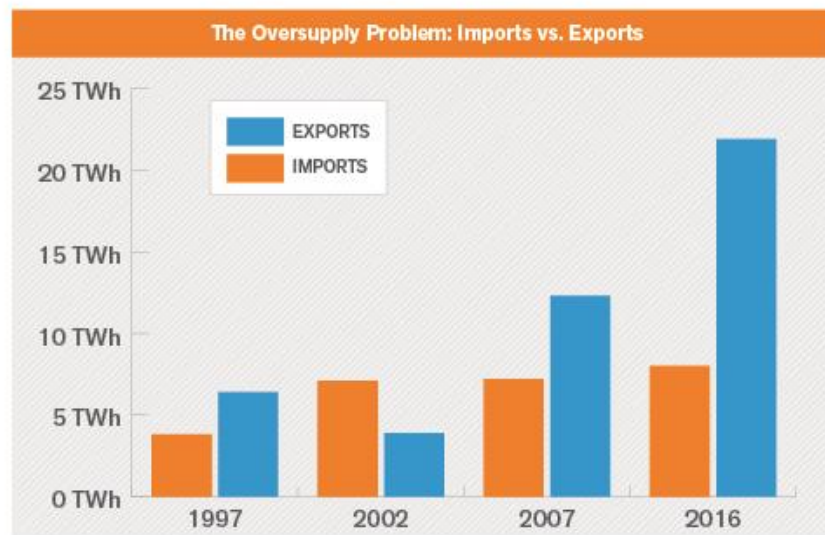
Some of the areas that the panel will be asked to examine are:

### Fixing the oversupply problem

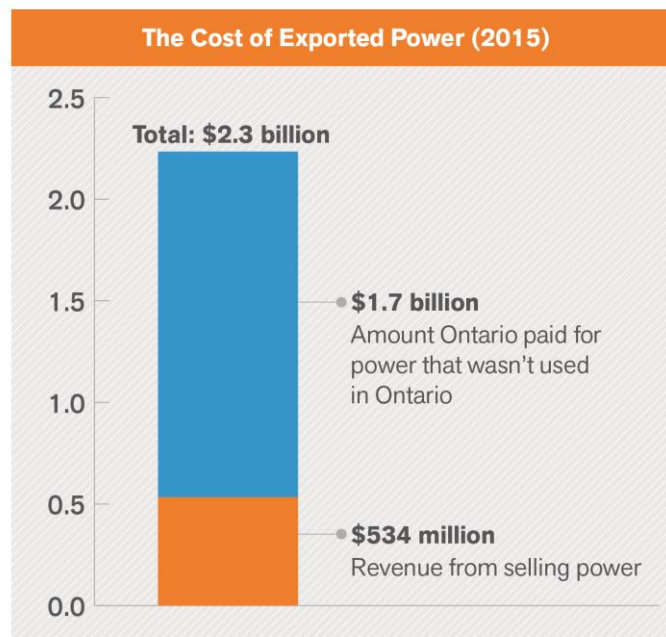
In 1997, Ontario imported 3.8 TWh of electricity and exported 6.4 TWh. In 2015, Ontario imported 5.8 TWh and exported 22.6 TWh. Imports increased by 52 per cent, while exports have increased 289 per cent.

---

<sup>16</sup> Minimum of a permanent 8% HST reduction, and potentially also including 5% federal HST reduction, a 3.2% reduction from Hydro One's deferred asset tax benefit, and a conservative estimate of 0.8% savings through capping private profits, a more robust OEB and minimal TOU savings (17%). Customers paying rural delivery rates would see an additional 15% from lowered delivery rates.



Exported power sold at spot prices which are below the costs of generating the power in the first place costs Ontario ratepayers. In 2015, Ontario's neighbours were able to buy Ontario's exported electricity at 20 per cent of the cost to produce energy, leaving Ontario ratepayers paying 80 per cent of the cost for electricity that was sold outside the province. 22.6 TWh generated at a cost of 10.14 cents/kWh and exported at a cost of 2.36 cents/kWh means that Ontario sold electricity that cost \$2.3 billion to produce for \$534 million, leaving Ontario ratepayers to pay the \$1.7 billion loss.



Ontario has shifted from being a net importer to a net exporter because it has more power than it needs.

Ontarians are paying for more electricity than it needs because of inflexible and expensive private contracts. An excess of power paid for at contract prices which are above market prices, is a large part of what constitutes the Global Adjustment. Industrial consumers pay this as a line item while residential consumers pay for it in their electricity charges. Reducing oversupply, and moving away from expensive and inflexible private contracts will help to reduce the Global Adjustment.

The Auditor General noted that

“From 2009 to 2014, Ontario’s electricity supply on average exceeded the peak demand and operating reserve by over 3,600 MW per year; when allowing for greater planning reserve, Ontario still has a surplus of about 2,500 MW per year on average.” And that “...[a]lthough surplus generation is projected to decrease, between the years 2021 and 2032 surplus generation would still be about 2.8 million MWh on average per year, after taking into consideration the shutdown of Pickering and the refurbishment of Darlington and Bruce nuclear units.”<sup>17</sup>

A key part of addressing oversupply will include an independent, fact-based evaluation of when to take Pickering offline and begin creating jobs for the decommissioning of the plant. Once timelines are confirmed, an NDP government would explore doubling the number of immediate decommissioning jobs by proceeding with the International Atomic Energy Agency’s preferred “direct decommissioning” model for Pickering, protecting skilled nuclear industry jobs in Durham region.<sup>18</sup>

It is important to recognize that as Ontario makes further strides in implementing the policy objectives of “conservation first” impacts on demand will be real and must be taken into account.

An NDP government will bring accountability to planning so that Ontario has the power it needs, and Ontarians are not paying for guaranteed profits on power that nobody needs.

### **Discontinuing, renegotiating, and cancelling bad contracts**

For 20 years, successive Liberal and Conservative governments have signed long-term private contracts that are making investors wealthy, and leaving Ontarians paying for electricity that cannot be used.

The end goal is to responsibly return Ontario’s generation system to public ownership and management.

---

<sup>17</sup> <http://www.auditor.on.ca/en/content/annualreports/arreports/en15/3.05en15.pdf>

<sup>18</sup> Pg 3-4 <http://www.cleanairalliance.org/wp-content/uploads/2016/03/decomfinal.pdf>

Approximately 550 MW of Non-Utility Generator gas contracts, which are broadly acknowledged to be expensive and often paid to sit idle, will expire between 2017 and 2022.<sup>19</sup> These contracts can lapse without cost.

The independent panel will conduct a cost-benefit analysis for cancelling the most egregious existing contracts. For those private contracts not up for renewal, the government will enter aggressive negotiations for better terms until the expiry of the contract.

There are also questions about the costs to refurbish the Bruce and Darlington reactors. Given the history of nuclear cost-overruns, these need greater public scrutiny and a clear examination of alternatives. The NDP government will ask the independent panel to provide public reporting about the cost, reliability and environmental impacts of refurbishments versus alternatives before making final decisions.

### **Importing affordable renewable electricity when needed**

Although Ontario currently has (and pays for) more electricity than can be used, there may be times when the economy needs more power than the province has for limited periods of time.

System data shows significant import capacity from Quebec, Manitoba and the United States.<sup>20</sup> This includes significant renewable capacity. The Auditor General reported in 2015 that Ontario has consistently preferred building new capacity in the province over lower-cost imported power.

The panel will be directed to examine how imported, affordable, renewable power that meets the province's planning needs can be imported effectively.

### **Leveraging public power**

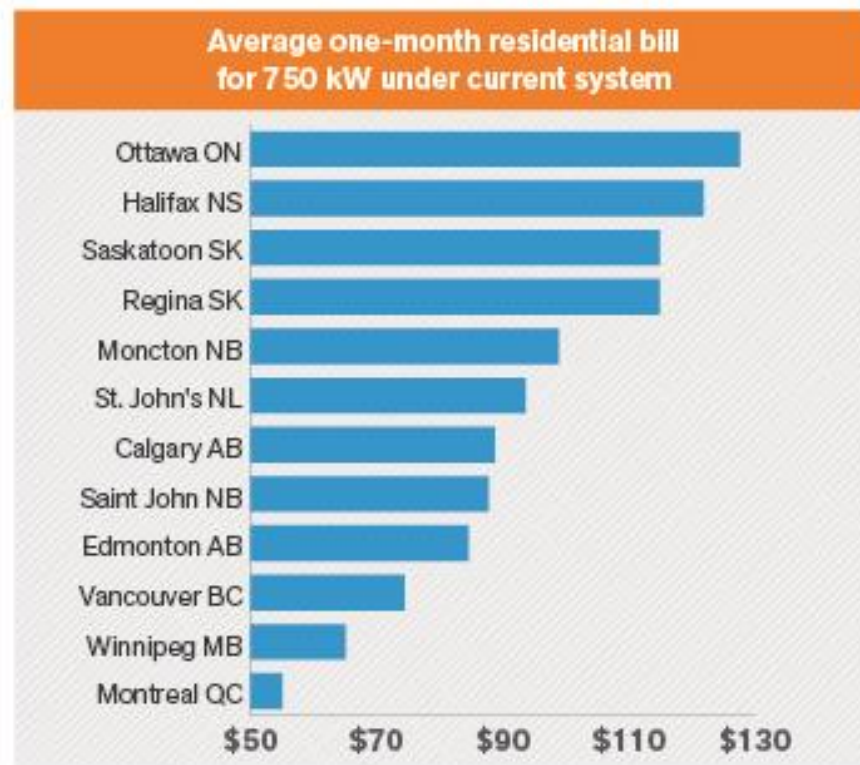
Public power is essential to a clean, reliable, affordable electricity system, which meets regional and provincial needs.

Data shows that publically owned utilities provide power at lower cost and with greater reliability. Ontarians can look to Manitoba and Quebec to see how public generators are able to build and operate generation at lower costs, regardless of type, than private operations in Ontario.

---

<sup>19</sup> <http://www.ieso.ca/Documents/consult/sac/SAC-20151001-NUG.pdf>

<sup>20</sup> <http://www.ieso.ca/Documents/IntertieReport-20141014.pdf>



(Source: Manitoba Hydro Rate Comparison)

Public power has four key benefits:

- Its shareholders are the people of Ontario, meaning that any profits come back to Ontarians;
- It serves the public interest instead of shareholders, meaning that the province can change contract terms and projects without being sued for lost profits;
- When private companies borrow money to build a generating project, they borrow at market rates, while public companies can access the lowest-cost financing in Ontario; and
- Public power is a powerful public policy tool that can be used to stimulate economic growth, job creation, or help families manage costs.

Increasing public generation and transmission will be the backbone of electricity under an NDP government.

There are options to lower costs across the board for public power which can reduce bills. These can include reducing reliance on duplicated services, such as smart meter data collection, lowering Ontario Power Generation's water rental costs, and capping executive salaries.

### **Additional Priorities**

An NDP government will also focus on further mechanisms to support low-income Ontarians with the cost of hydro, as well as taking action to improve sustainability in the energy sector and across the economy. These will be part of upcoming announcements.



# PEOPLE'S



75%

MY VISION FOR 2018

WHY THE **LIBERALS MUST GO** ONCE AND FOR ALL

# Patrick Brown





# PEOPLE'S GUARANTEE



4 | **PEOPLE'S GUARANTEE**  
5 Guarantees that Work  
for Ontario

5 | **WHAT IS THE  
PEOPLE'S GUARANTEE**  
Patrick Brown explains  
it all

6 | **FOREWORD**  
Time for change that  
works for you

7 | **HIGHLIGHTS**  
Ten, count them,  
Ten Major Initiatives

8 | **CHANGE THAT WORKS  
FOR FAMILIES**  
You work hard, so will we

10 | **CHANGE THAT WORKS  
FOR HYDRO CUSTOMERS**  
Your Hydro bill shouldn't  
shock you

12 | **CHANGE THAT WORKS  
FOR TAXPAYERS**  
Taxes that work for you,  
not the other way around

14 | **CHANGE THAT WORKS  
FOR HEALTHCARE**  
Our prescription for a  
healthier Ontario

16 | **CHANGE THAT GETS  
ONTARIO WORKING**  
Set your alarm clock,  
Ontario is back on the job

18 | **CHANGE THAT WORKS  
FOR TRANSIT USERS**  
The public is on board

20 | **CHANGE THAT WORKS  
FOR DRIVERS**  
Stop seeing Red on  
the roads of Ontario

22 | **CHANGE THAT WORKS  
FOR EDUCATION**  
Straight As, all the way

24 | **CHANGE THAT WORKS  
FOR THE ENVIRONMENT**  
Environment... Yes PCs  
care about it

26 | **CHANGE THAT MAKES  
GOVERNMENT  
ACCOUNTABLE**  
Spring Cleaning in 2018

28 | **THE FINE PRINT**  
All you ever wanted  
to know





22.5% lower income taxes for the middle class

.

75% refund for child care expenses

.

12% more off your hydro bill

.

Largest mental health commitment  
in Canadian provincial history

.

First-ever *Trust, Integrity, and Accountability Act*

---

Patrick Brown, Leader, Ontario PCs



# What is the People's Guarantee?

First, it's a recognition  
of the need for change.

Change that works for  
you and your family.  
Change that works for  
the economy. Change  
that works for healthcare.  
Change that restores  
trust and integrity.

Second, it's a guarantee  
of accountability to

If they are not enacted in  
the first mandate of an  
Ontario PC government,  
I will not seek a second.

I'm signing my name to  
it and so is the Ontario  
PC candidate in your  
community.

Finally, it is an expression  
of our profound belief  
that Ontario is great  
because its people are  
great: generous, compas-  
sionate, hard-working,  
creative, and above all,  
striving to make a better  
life for themselves and  
their families.

It is a plan for a better



*Patrick Brown*



# FOREWORD

It used to be that if you worked hard, spent wisely, and saved diligently you could get ahead and build a better future for your children. That's no longer true in Kathleen Wynne's Ontario. For many Ontarians, the best they can manage to do is just keep their heads above water. For many more, they are falling behind. And things are only getting worse.

While the economy has grown, middle-class workers in Ontario haven't had a real raise since 2003. For 15 years, middle class wages have stagnated under the Liberals, while friends of Kathleen Wynne and the Ontario Liberal Party have grown rich.

Worse still, the average income in Ontario has fallen below the national average for the first time ever. Simply put: under the Liberals, you are now poorer than the average Canadian.

And Kathleen Wynne has betrayed the trust Ontarians had put in her.

To reward her donors and friends, Kathleen Wynne sold public assets like Hydro One and drove up the cost of living for families, seniors, and businesses.

Kathleen Wynne gave us some of the highest hydro rates in

North America. If re-elected, the Liberals will raise rates again. Why? Because they've made long-term, high-cost deals to reward their donors and friends.

Under Kathleen Wynne, Liberal political corruption has flourished.

They sell access to cabinet ministers and strong-arm companies doing business with the province to make donations to the Liberal Party. They reward those donors with expensive contracts. They have been the subject of multiple police investigations and even faced criminal charges for their behavior.

After 15 years under the Liberals and Kathleen Wynne, you work harder, pay more, and get less.

Patrick Brown is a different kind of Progressive Conservative. A "Pragmatic Progressive Conservative," he believes in equal opportunity for all Ontarians so that all may enjoy the highest possible standards of living, health, and education, while we protect the most vulnerable in our communities.

His People's Guarantee is a plan to rebuild the economy and provide the right conditions for real job growth. His plan will

encourage businesses to grow again, hire again, stay in Ontario or come back to Ontario.

It is a plan to make life more affordable for everyone.

Patrick Brown and the Ontario PCs promise to treat you with the respect you deserve, beginning with respect for your hard-earned money. They'll stop the waste of billions of dollars that could instead be going towards helping the most vulnerable in our society. They'll close the door on scandal and political corruption.

The People's Guarantee will bring cost-of-living relief to families who have struggled so much just to make ends meet.

The People's Guarantee will preserve our province's natural beauty and the environment for future generations. It recognizes that climate change is a threat that must be taken seriously, but in a way that is not a cash grab for government and that will not burden consumers.

The People's Guarantee is for people like you: the strivers, the doers, the battlers -- those who are trying to get ahead in life, but find Kathleen Wynne and the Liberals doing everything possible to get in their way.





**FAMILIES**



**TRANSIT  
USERS**



**HYDRO  
CUSTOMERS**



**DRIVERS**



**TAXPAYERS**



**EDUCATION**



**HEALTHCARE**



**ENVIRONMENT**



**JOBS**



**ACCOUNTABILITY**



A woman wearing a brown knit hat and a dark jacket is smiling in a snowy environment. Overlaid on the image is a circular graphic containing the text "FAMILIES THAT WORKS" repeated several times in a circular arrangement.



Strong families make strong communities. That's certainly been Ontario's story. Our families are at the heart of what makes our province strong, dynamic, and good.

Yet, while Ontario families are working harder than ever to build a better future for their children, they don't feel like they're getting ahead. The bills keep adding up, taxes keep going up, and the burdens on parents and families keep growing.

We must do better to support and strengthen Ontario's families. We must do better so parents can give their children a better future.

Patrick Brown and the Ontario PCs will make life easier for hard-working families. We will reduce the burden on our families and help them secure a brighter future for their kids. That change begins with a new, generous childcare benefit, more affordable childcare options, and significant tax relief including arts and sports activities for children.

# PATRICK BROWN AND THE ONTARIO PCs WILL:

1. INTRODUCE A NEW ONTARIO CHILD CARE REFUND TO PAY UP TO 75% OF A FAMILY'S CHILDCARE EXPENSES, OR UP TO \$6,750 PER CHILD
2. BUILD 100,000 LICENSED CHILDCARE SPACES FOR INFANTS, TODDLERS AND PRESCHOOL CHILDREN
3. PROVIDE FUNDING FOR ALL CHILDREN WITH AUTISM
4. BRING BACK A CHILDREN'S ARTS AND BUSINESS TAX CREDIT
5. PROVIDE \$124 MILLION FOR RECREATIONAL STRUCTURES TO PROMOTE PHYSICAL ACTIVITY AND HEALTHY LIVING
6. DOUBLE THE CHILD REGISTRY TAX CREDIT





PATRICK BROWN AND THE ONTARIO PCS WILL:

**LOWER  
THE AVERAGE  
HYDRO BILL BY  
AN ADDITIONAL  
12%**

# CHANGE THAT WORKS FOR HYDRO CUSTOMERS

PATRICK BROWN AND THE ONTARIO PCS WILL:

**REMOVE THE  
SMART METER  
CHARGE FROM YOUR  
BILL IMMEDIATELY  
SO YOU STOP PAYING  
TO CLEAN UP THE  
LIBERALS' HYDRO  
MISTAKES**

PATRICK BROWN AND THE ONTARIO PCS WILL:

**REBATE THE  
GOVERNMENT'S  
PORTION OF  
HYDRO ONE'S  
DIVIDEND DIRECTLY  
TO RATEPAYERS  
ON THEIR  
HYDRO BILLS**


PATRICK BROWN AND THE ONTARIO PCS WILL:

**SCRAP THE  
GREEN ENERGY  
ACT (ALSO  
KNOWN AS  
THE "BAD  
CONTRACTS  
ACT")**

PATRICK BROWN AND THE ONTARIO PCS WILL:

**REIN IN  
EXORBITANT  
EXECUTIVE  
SALARIES AT  
HYDRO ONE AND  
ONTARIO POWER  
GENERATION**





Few issues exemplify the failures of the Liberals more than hydro prices. Fourteen years of Liberal mismanagement, recklessness, and politically-driven decisions have left families, seniors, and business owners paying more. A lot more. Our hydro rates have tripled since the Liberals took office. We now have the fastest-rising electricity prices in North America, and the highest rates in Canada.

This cannot go on. The average Ontario family has already seen their annual hydro bill go up by \$1,000 since the Liberals took office. Household budgets have been squeezed and families across the province have been set back.

Ontario families need relief. But instead, the Liberals have offered a “needlessly complex” scheme that, according to the Auditor General, will add billions of dollars in future costs. Worse still, the government’s own internal documents show that if Kathleen Wynne is re-elected, after the election, electricity rates will skyrocket to the highest rates yet.<sup>1</sup>



We need to do better on hydro. Ontario families need a hydro bill they can afford. Ontario businesses need to be able to keep the lights on.

Patrick Brown and the Ontario PCs will provide hard-working families and businesses with urgent hydro relief.

<sup>1</sup> Rob Ferguson, “Electricity prices to soar after four years, says secret Liberal cabinet document,” Toronto Star, May 11, 2017, <https://www.thestar.com/news/queenspark/2017/05/11/electricity-prices-to-soar-after-four-years-says-secret-liberal-cabinet-document.html>.



# CHANGE THAT WORKS FOR TAXPAYERS

PATRICK BROWN AND THE ONTARIO PCs WILL:

REDUCE INCOME  
TAXES FOR THE  
MIDDLE CLASS  
TAX BRACKET  
BY 22.5%

REDUCE INCOME  
TAXES FOR  
THE FIRST TAX  
BRACKET BY 10%

INCREASE THE  
ONTARIO SALES  
TAX CREDIT BY  
\$100 A PERSON



# Ontario taxpayers

understand that taxes are a necessary part of life. They understand that taxes help us pay for schools, hospitals, police, and other essential services.

But they shake their head when our tax dollars are squandered on cronyism or wasted on **Liberal insiders**. They shake their head when Ontario's tax burden climbs to one of among the highest in North America. They shake their head when they see more and more come off their paycheques and they have nothing to show for it but a middling economy, declining public services, and ballooning government debt.

We know how hard Ontarians work for their money. **You shouldn't be paying more than you need to.** You shouldn't be putting in a full day of work only to wonder where more and more of your paycheque is going. **You deserve a government that is working for you** and respects your hard-earned dollars.



# HEALTHCARE

**CHANGE THAT WORKS FOR**



# PATRICK BROWN AND THE ONTARIO PCs WILL:



*Commit \$1.9 billion to build a comprehensive mental-health system, which is the largest mental-health commitment in Canadian provincial history*



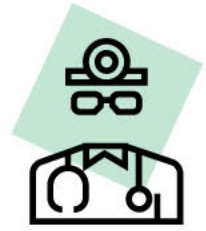
*Reduce hospital and emergency room wait times*



*Create a dental program for low-income seniors*



*Build 15,000 new long-term care beds in five years and 30,000 over 10 years*



*Treat doctors with respect by always consulting them on future reforms to the healthcare system, as well as protecting their conscience rights*

Ontario families and seniors expect a healthcare system that can be relied upon in times of need. That's what it's there for.

Yet, while our universal, public healthcare system is the source of great pride for Ontarians, over the past 15 years we have seen hospital capacity pushed to its limit. The result is unprecedented overcrowding and wait times. We have experienced the longest wait times in Ontario's history.

Ontarians are increasingly feeling less confident that the healthcare system will be there for them in their time of need.

This is a province-wide crisis that has been years in the making. Frontline staff are stretched impossibly thin, working with limited resources. Far too often we hear stories of patients receiving "hallway health-care." Many could have been treated elsewhere in our healthcare system – had the care been available.

Your health is too important not to be taken seriously. Ontario families deserve to know that their loved ones will be able to get the care they need when they need it.

Patrick Brown and the Ontario PCs will act to reduce emergency room and hospital

wait times in Ontario's healthcare system. A key part of this plan will support other areas of healthcare so that emergency rooms can once again be used for emergencies. As a start, we will make the largest investment in mental health in Ontario's history. We will also honour commitments made by the province, including the pharmacare program (OHIP+), which provides free medication to youth aged 24 and under. We will invest in the frontlines, increase access to services, enhance coverage for our seniors, and work collaboratively with those who know best - our healthcare professionals - to achieve our goal.



**PATRICK BROWN AND  
THE ONTARIO PCs WILL:**

**REDUCE THE SMALL BUSINESS  
TAX RATE BY AN ADDITIONAL  
28.5%**

**PATRICK BROWN AND  
THE ONTARIO PCs WILL:**

**CREATE A TAX HOLIDAY AND  
LOCAL INFRASTRUCTURE FUND  
TO ATTRACT AND CREATE JOBS**

**PATRICK BROWN AND  
THE ONTARIO PCs WILL:**

**PENALIZE COMPANIES  
WHO TAKE ADVANTAGE OF  
GOVERNMENT PROGRAMS  
THEN LEAVE ONTARIO OR FAIL  
TO MEET THEIR COMMITMENTS**

**PATRICK BROWN AND  
THE ONTARIO PCs WILL:**

**DOUBLE THE LOANS FOR  
TOOLS PROGRAM AND  
IMPROVE ACCESS TO  
APPRENTICESHIPS**

**PATRICK BROWN AND  
THE ONTARIO PCs WILL:**

**WORK TO CREATE A  
COMPETITIVE AND STABLE  
ELECTRICITY SYSTEM FOR  
BUSINESSES.**

**PATRICK BROWN AND  
THE ONTARIO PCs WILL:**

**REDUCE RED TAPE BY  
ELIMINATING TWO REGULATIONS  
FOR EVERY NEW REGULATION  
INTRODUCED**



Ontario taxpayers want to work and contribute to their families and communities. They understand that work is not just about the paycheque. It's also about making a difference and seeing your accomplishments. People don't want handouts. They want opportunities.

# CHANGE

Yet under the Liberals, there have been fewer opportunities for work to earn a paycheque and make a difference. Ontario's job creation record is among the lowest in the country. Nearly half of our urban areas have fewer jobs than they did in 2008.

# THAT GETS

The economic and social costs aren't just reflected in high unemployment or low labour force participation. It's a burden on families, on communities, and on individuals.

# ONTARIO

We need to get Ontario working again. We need to restore the province as a place of opportunity. We need to make it a place where people can contribute and make a difference.

# WORKING

Patrick Brown and the Ontario PCs will help get Ontarians back to work. We will enact an ambitious plan of tax relief, strategic investments, red tape reduction, and a greater focus on apprenticeships and trades to help businesses invest, hire, and grow.

CHANGE THAT WORKS  
FOR TRANSIT USERS



Ontarians rely on public transit to get to work, see family and friends, and live their lives. Yet, after 15 years of broken Liberal promises, they are still waking up at the crack of dawn just to beat highway traffic. Commute times have gotten worse under Kathleen Wynne and the Ontario Liberals.

Commuters in the Greater Toronto Area now spend an average of one hour and 20 minutes per round trip getting to and from work. That's 24 minutes longer than in Los Angeles, 12 minutes longer than New York, and 32 minutes longer than in Barcelona. This is time spent away from family and the people you love. This can take its toll on our health and well-being.

This is unacceptable. Ontario shouldn't be known for the longest or most unreliable commutes. It's time to take decisive action to improve Ontario's public transit so that you can get home to your family faster.

Endless political delays and red tape prevent the necessary transit investments from being made.

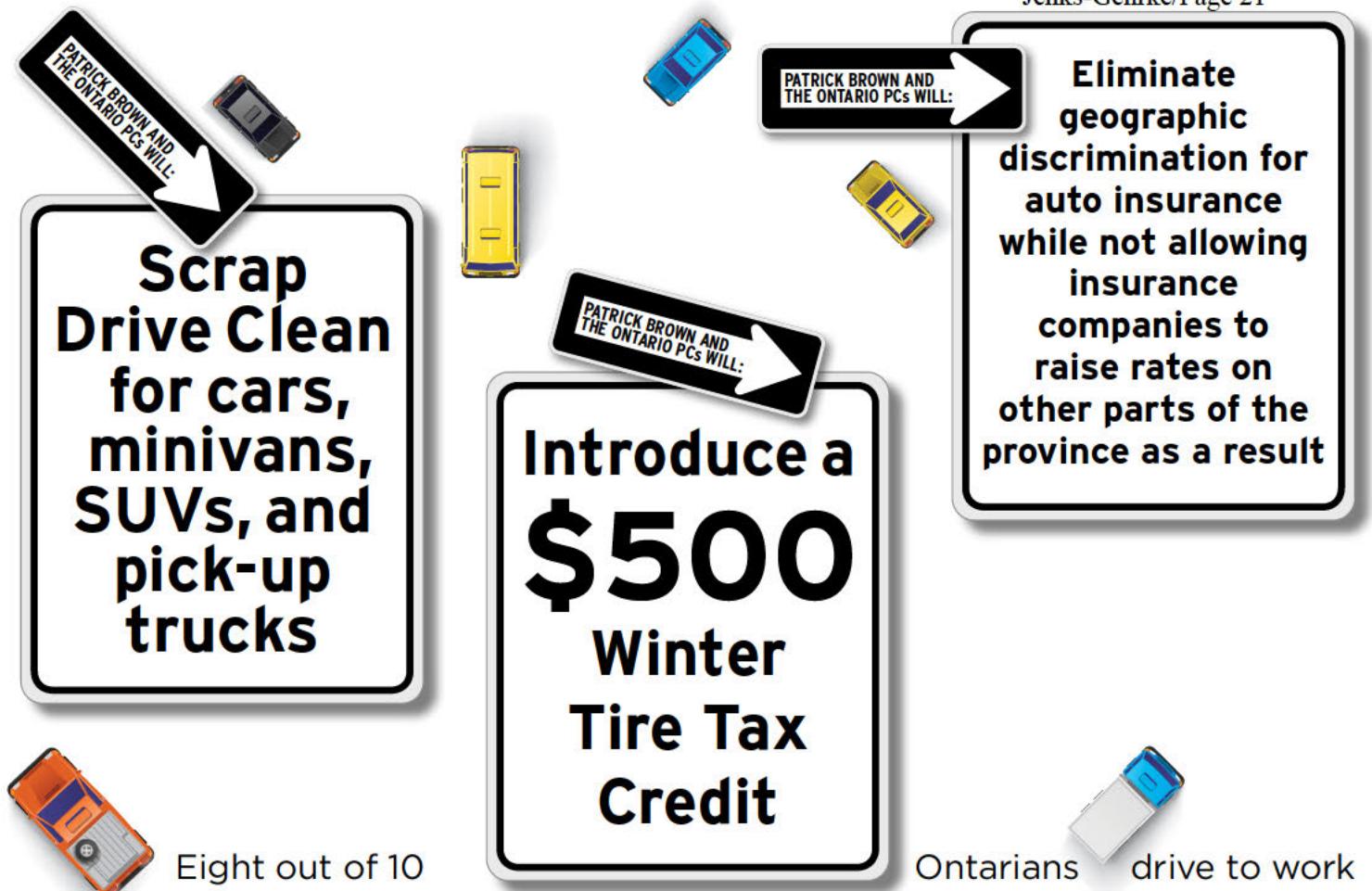
Patrick Brown and the Ontario PCs will make major investments in public transit to help commuters get home.





# CHANGE THAT WORKS FOR DRIVERS





Eight out of 10 Ontarians drive to work each morning. Drivers in our province face the longest commute times in the country. It's become a fact of life for millions of Ontarians.

Getting to and from work can impose a financial burden in the form of wear-and-tear on our vehicles or higher insurance payments. Getting to and from work can pose safety risks in the winter time. Getting to and from work can take us away from our family and friends.

The Liberals regularly ignore those who commute by car, truck, or van. They only seem to care about the growing yet still small share of the population who take public transit – even though it's not an option for people in rural or remote communities or those in the cities who need their vehicles for work or to drive their children around.

These Ontarians need a government who will care about them and the costs and burdens associated with driving to work each and every day. Patrick Brown and the Ontario PCs will make it easier for those who drive to work. We will provide tax relief to offset the costs of purchasing winter tires and cap higher insurance fees based on where you live. We will respect the choices that people make and help where we can to make life easier for you and your family.





PATRICK BROWN AND  
THE ONTARIO PCs WILL:  
Impose a  
moratorium  
on all school  
closures



PATRICK BROWN AND  
THE ONTARIO PCs WILL:  
Continue the  
expansion of the  
financial literacy  
pilot program  
into all secondary  
schools




# EDUCATION

Good education is the great equalizer. It can help to make Ontario a place where every child – irrespective of circumstance or backgrounds – can dare to dream big. Parents therefore know a strong public education system is key to their children's future. They expect and deserve first-rate education for their children. Ontario's education system has areas for improvement.







PATRICK BROWN AND  
THE ONTARIO PCs WILL:

Take concrete  
steps to  
get math  
scores back  
on track



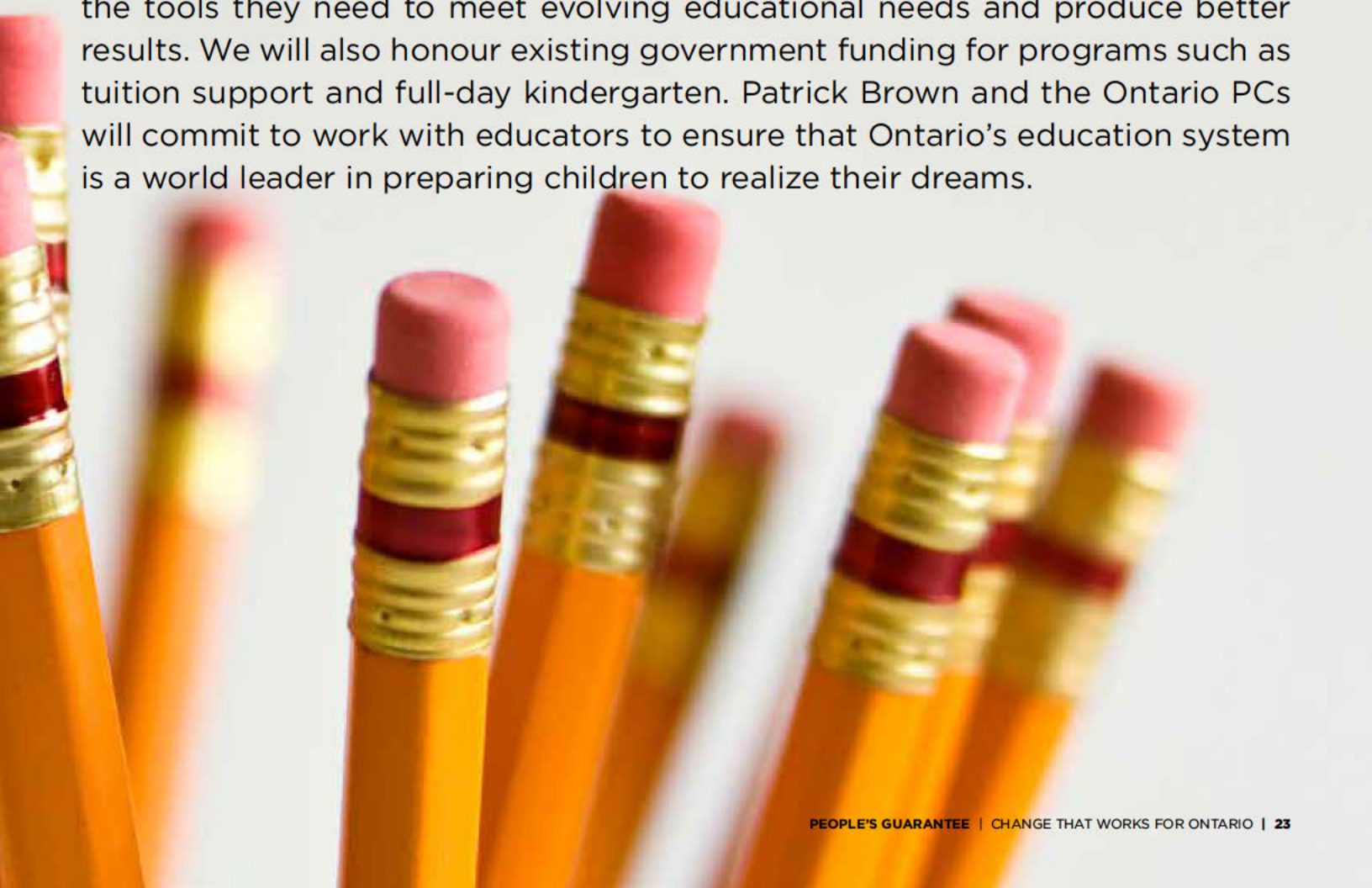
WORKS

PATRICK BROWN AND  
THE ONTARIO PCs WILL:  
Appoint a task force  
of former teaching  
professionals to learn  
from the province's  
best teachers to best  
inform future  
curriculum updates



FOR

# ATION



One example: only 50% of grade six students met the provincial math standard in 2016. We need to ensure that our education professionals and schools have the tools they need to meet evolving educational needs and produce better results. We will also honour existing government funding for programs such as tuition support and full-day kindergarten. Patrick Brown and the Ontario PCs will commit to work with educators to ensure that Ontario's education system is a world leader in preparing children to realize their dreams.





# CHANGE ENVIRO



Ontarians believe in preserving our province's environment and natural beauty. They understand that we must make choices now to protect it for future generations.

But while they agree that climate change is a threat that must be taken seriously, they expect that government actions will not amount to a tax grab that only further burdens Ontario families. The Liberal government's cap-and-trade scheme will ship 466 million taxpayer dollars to California businesses.

Patrick Brown and the Ontario PCs will protect our environment without making life unaffordable for families. We will act to protect our environment and reduce greenhouse gas emissions, while respecting taxpayers and protecting our economy.

PATRICK  
BROWN AND  
THE ONTARIO  
PCs WILL:

COMMIT \$50 MILLION  
FOR INITIATIVES THAT  
SUPPORT CLEANING UP  
OUR GREAT LAKES

TAKE ACTION AGAINST  
SEWAGE DUMPING  
INTO ONTARIO'S  
LAKES AND RIVERS

INVEST \$20 MILLION  
TO HELP OUR CITIES,  
SUBURBS, AND  
TOWNS UPGRADE  
THEIR LOCAL PARKS

CANCEL THE LIBERAL  
SLUSH FUND KNOWN  
AS THE CLIMATE  
CHANGE ACTION PLAN,  
DISMANTLE CAP-AND-  
TRADE, WITHDRAW  
FROM THE WESTERN  
CLIMATE INITIATIVE  
(WCI), AND OPT IN  
TO THE FEDERAL  
CARBON PRICE  
BACKSTOP



**THAT WORKS FOR THE  
ONNMENT**



## PATRICK BROWN AND THE ONTARIO PCs WILL:

Introduce the first ever *Trust, Integrity, and Accountability Act*



Establish clear performance targets for Ministers



Close lobbying and fundraising loopholes



Return the Auditor General's oversight of government advertising



# Change



Ontario families expect and deserve a government that's accountable, honest, and respectful of taxpayers. This is a sacred trust. No compromise.

That's not what Kathleen Wynne and her Liberal government have delivered. Entitlement has flourished. Insiders have gotten richer. They have failed taxpayers.

This isn't mere rhetoric. It's a fact. The Liberals sell access to Cabinet Ministers and strong-arm companies that work with the government to donate to the Liberal Party. The Liberals reward donors with expensive contracts. The list goes on and on. While Liberal insiders get rich, Ontario families work harder, pay more, and get less.

Kathleen Wynne and the Liberals can't be trusted to put the interests of the province ahead of their own. After 15 years in power, they'll never change.

Patrick Brown and the Ontario PCs will bring fair, honest, and good governance to the province. We will clean up government and put hardworking families first. We will do this by enacting historic new accountability legislation to bring trust and integrity back to the Ontario government.

**that makes government accountable**

# THE THE PR

PRINT  
PRINT  
PRINT

<b>1. Change that works for Families .....</b>	<b>31</b>
<b>2. Change that works for Taxpayers .....</b>	<b>35</b>
<b>3. Change that works for Hydro Customers .....</b>	<b>36</b>
<b>4. Change that works for Healthcare .....</b>	<b>40</b>
<b>5. Change that gets Ontario Working .....</b>	<b>46</b>
<b>6. Change that works for Transit Users .....</b>	<b>52</b>
<b>7. Change that works for Drivers .....</b>	<b>55</b>
<b>8. Change that works for Rural and Small Town Ontario .....</b>	<b>56</b>
<b>9. Change that works for Northern Ontario .....</b>	<b>59</b>
<b>10. Change that makes Government Accountable .....</b>	<b>63</b>
<b>11. Change that Improves Justice in Ontario .....</b>	<b>65</b>
<b>12. Change that works for Education .....</b>	<b>70</b>
<b>13. Change that works for the Environment .....</b>	<b>72</b>
<b>14. Change that works for Fiscal Transparency .....</b>	<b>74</b>
<b>PC Fiscal Plan .....</b>	<b>76</b>
<b>Footnotes for PC Fiscal Plan .....</b>	<b>77</b>

## 1. Change that works for Families

The high cost of child care in Ontario is a huge challenge for parents. This is on top of their existing money worries. Making child care more affordable should be a priority for the next government.

Patrick Brown and the Ontario PCs will deliver relief to families who need help with their child care bills, especially middle and lower-income households. We will do this by supplementing the current federal Child Care Expense Deduction (CCED) with a new Ontario Child Care Refund. This new refund will cover 75% of eligible costs for lower-income households, with that percentage of coverage declining as household income grows. For families where each parent earns more than \$200,000 a year, they will receive the same amount of money as they currently do from the federal government, with no additional assistance from the province.

There are currently two major flaws with the current federal CCED:

- First, the federal CCED only reduces your taxes owing, meaning your benefit is limited by the amount of tax you pay
- Second, the federal CCED is deducted off the taxes of the lower income spouse

Both problems significantly affect lower-income households. Richer families receive the full benefit while those who really need it are left to cover their own costs.

The new Ontario Child Care Refund fixes these problems and ensures that the benefits are received by those who need them most. Here's how:

- The new Ontario Child Care Refund is a refundable tax credit. That means if the credit you are entitled to is more than your taxes owing, you will still receive the full benefit. No lower income families will lose out on the help they are entitled to
- The new Ontario Child Care Refund is based on household income, not the lower-income spouse's income. That way the system is fairer. No more

discriminating against families where one spouse is a part-time worker or earns less than their partner

- The new Ontario Child Care Refund will have the same eligibility requirements as the existing federal CCED, meaning the costs associated with public or private child care, babysitters, before and after-school programs, or live-in caregivers such as nannies are eligible so long as they allow the parents to work
- Most importantly, the new Ontario Child Care Refund will be more generous than the federal government's current program, covering up to 75% of eligible child care costs. Those eligible costs are \$9,000 per child under the age of six, \$5,000 per child between the ages of six and 15, and \$11,000 per child 15 or under if that child has a severe mental or physical disability
- For families with larger refunds, this money will be delivered monthly by cheque instead of at the end of the year when your taxes are due

Here are some examples of how families will benefit:

- A mom who earns under \$35,000 annually and has a child under six will be eligible for a total refund of \$6,750
- A family earning \$55,000 annually with two children under the age of six will be eligible for \$10,800
- A family earning \$100,000 annually with two children between the ages of six and 15 will be eligible for a total of \$5,700

***Patrick Brown and the Ontario PCs will introduce a new Ontario Child Care Refund to pay up to 75 % of a family's child care expenses, or up to \$6,750 per child.***

.....  
2 Based on PC Party Policy Resolution R7 and based on PC Party Policy Resolution R74.  
.....

3 Ashley Csanady, "Over 16,000 children on Ontario wait lists for autism services: More kids are waiting than are getting support," National Post, November 3, 2015, <http://www.nationalpost.com/m/wp/blog.html?b=news.nationalpost.com%2Fnews%2Fcanada%2Fcanadian-politics%2Fover-16000-children-on-ontario-wait-lists-for-autism-services-some-families-are-waiting-years-for-help>.  
.....



Funding for childcare costs can only be effective if a family is able to find affordable care for their child. There is no monopoly on a good idea, and this is one area where the Liberal government has gotten it right by committing to build 100,000 licensed child care spaces to help families get the child care they need.<sup>2</sup>

***Patrick Brown and the Ontario PCs are committed to building 100,000 licensed spaces for infants, toddlers and preschool children.***

It was a sad day for the province when the Liberal government attempted to arbitrarily set an age limit for autism funding, unfairly targeting thousands of our province's children with autism and their families. The government engaged in this malicious attack - with Liberal MPPs even calling the police on a mother of a child with autism - at a time when the province's waitlist for autism therapy had grown to as large as 16,000 children.<sup>3</sup> Patrick Brown and the Ontario PC caucus fought hard to get the Liberal government to reverse its decision, which the Liberals eventually did reluctantly. This callous treatment of families with autism should not and will not happen again.<sup>4</sup>

***Patrick Brown and the Ontario PCs will provide funding for all children with autism.***

Making life easier for families includes helping them out with day-to-day expenses that are becoming harder and harder to pay for. This includes child care, but it also includes access to children's after-school programs such as sports and arts classes. Only 21% of children in grades seven through 12 are getting the minimum recommended daily level of physical activity,<sup>5</sup> largely because one-third of children in the country do not enroll in any sort of organized sport due to costs.<sup>6</sup> Despite this overwhelming evidence, the Ontario Liberals cancelled the provincial tax credit for children's fitness and arts programs. By doing so, the Wynne Liberals made it more expensive to put your children in hockey camp or dance classes - making life that much more unaffordable.<sup>7</sup>

<sup>4</sup> Based on PC Party Policy Resolution R16.

<sup>5</sup> Public Health Ontario, "Addressing Obesity in Children and Youth: Evidence to Guide Action for Ontario" (2013), [https://www.publichealthontario.ca/en/eRepository/Addressing\\_Obesity\\_Children\\_Youth\\_Sept\\_2013.pdf](https://www.publichealthontario.ca/en/eRepository/Addressing_Obesity_Children_Youth_Sept_2013.pdf).

<sup>6</sup> Canadian Imperial Bank of Commerce, "CIBC - KidSport: Report Helping Our Kids Get Off the Sidelines" (July 2014), [http://www.kidsportcanada.ca/site/assets/files/10418/cibc\\_kidsport\\_report\\_july\\_2014\\_final.pdf](http://www.kidsportcanada.ca/site/assets/files/10418/cibc_kidsport_report_july_2014_final.pdf).

***Patrick Brown and the Ontario PCs will bring back a Children's Arts and Fitness Tax Credit.***

To show the province is serious about physical fitness and healthy living, the government should set aside money to go towards local recreational infrastructure projects. These include skating rinks, swimming pools, football fields, cricket pitches, and parks. The funding should be used for both new builds and upgrading existing recreational infrastructure. As a result, more Ontarians can experience the preventative health benefits of proper physical fitness.

***Patrick Brown and the Ontario PCs will provide \$124 million for recreational infrastructure to promote physical activity and healthy living.***

A family in Ontario is more than just spouses, parents and children; it also commonly includes grandparents and other seniors in need of help from their loved ones. As many as 2.6 million Ontarians provide unpaid care for their family members, friends and neighbours.<sup>8</sup> When Ontario families make sacrifices to look after loved ones, they also bear the financial burden associated with that care. These caregivers save the country's health and community-care system as much as \$31 billion annually.<sup>9</sup> To make life more affordable for families and to recognize these important cost savings being borne by families, the province should do more to help.<sup>10</sup>

***Patrick Brown and the Ontario PCs will double the Caregiver Tax Credit.***

Even though the province is building 100,000 new child care spaces, they will not necessarily be located in the most convenient locations for children and parents, such as elementary schools.

<sup>7</sup> Based on PC Party Policy Resolution R74 and R108.

<sup>8</sup> Ontario Caregiver Coalition, "OCC's Advocacy Priorities," <http://www.ontariocaregivercoalition.ca/the-work-we-do.html>.

<sup>9</sup> Ibid.

<sup>10</sup> Based on PC Party Policy Resolution R74, R111, and R118.



The province is currently building approximately 65 schools which are scheduled to open in the next two years,<sup>11</sup> but they have not necessarily included daycare spaces or before and after-school facilities in every one of these new buildings. For example, Kemptville Public School opened in September of 2017 without childcare facilities. Now, that school must retroactively apply for approval for needed child care spaces. The government should get this right from the start.<sup>12</sup>

***Patrick Brown and the Ontario PCs will mandate that all new elementary schools must include some form of childcare spaces, be that all day or before- and after-school care facilities.***

When the private sector wants to create child care spaces to help alleviate the burden and provide a needed service to families, they are commonly hit with costly red tape and delays. Building a child care centre to provide needed spaces should not be a bureaucratic process. The Ministry of Education should focus on approving these centres as quickly as possible, without compromising on safety standards for children.<sup>13</sup>

***Patrick Brown and the Ontario PCs will drastically cut the time for approvals for new child care spaces under the Child Care and Early Years Act without reducing standards.***

The challenges facing families in Ontario extend beyond childcare spaces. For many families, finding an affordable place to live can be a challenge. This is especially true for younger families looking to purchase their first home – be it a detached residential building or a condominium.

Though the province took steps to help reduce housing prices, the Liberal government did not go far enough to increase housing supply. New builds in the GTA have decreased substantially over the past decade. In 2006, the 905 area saw well over 20,000 new builds a year. Now, the area sees barely 15,000.<sup>14</sup> This lack of supply increases prices. In the GTA, the number of housing listings in January 2017 was half of what was available just a year prior.<sup>15</sup> With a lack of availability in the GTA, families are forced to consider relocating further and further away, which in turn drives up the cost of housing in places like St. Catharines and Barrie.<sup>16</sup> More needs to be done to increase housing supply so that prices return to affordable levels and stay there.

Early in the Liberal government's tenure, they doubled various timelines within the Planning Act, allowing municipalities to delay the approval of permits for new housing supply. Housing starts dropped shortly thereafter. The province needs to increase supply immediately, which can be done by reducing the red tape delays created by these extensions.<sup>17</sup>

***Patrick Brown and the Ontario PCs will reverse the timeline extensions made in the Planning Act in order to reduce permitting delays and increase the amount of housing supply in Ontario.***

This would build on successful examples like the King and Victoria Transit Hub proposal in Kitchener-Waterloo. Though it will be easier to operationalize air rights for transit stations that have not yet been built, the province should pursue the ability to develop above existing stations as well.<sup>18</sup>

11 Government of Ontario, "Building Ontario: Education and child care," <https://www.ontario.ca/page/building-ontario-education-and-child-care>.

12 Based on PC Party Policy Resolution R7.

13 Based on PC Party Policy Resolution R7.

14 Ryerson University, Centre for Urban Research and Land Development, "GTA 905/416 Charts: New Housing Starts (2006-2015)", March 4, 2016, [http://www.ryerson.ca/content/dam/cur/pdfs/905416Charts/GTA%20905\\_416\\_HousingStarts%20\(2006-2015\)\\_2016.03.04.pdf](http://www.ryerson.ca/content/dam/cur/pdfs/905416Charts/GTA%20905_416_HousingStarts%20(2006-2015)_2016.03.04.pdf).

15 Toronto Real Estate Board, "Market Watch: January, 2017," [http://www.trebhome.com/market\\_news/market\\_watch/2017/mw1701.pdf](http://www.trebhome.com/market_news/market_watch/2017/mw1701.pdf).

16 Joe Castaldo, "Why every housing bubble looks like the new normal," Maclean's, May 31, 2017, <http://www.macleans.ca/economy/why-every-housing-bubble-looks-like-the-new-normal/>.

17 Based on PC Party Policy Resolution R84.

18 Based on PC Party Policy Resolution R87.

***Patrick Brown and the Ontario PCs will sell air rights above GO and provincial transit stations to increase both the stock of housing and use of our transit system.***

The province's real estate portfolio contains more than just air rights. In fact, Ontario has a vast portfolio ranging from vacant lands to underutilized parking lots and even land escheated to the province in wills. The province could sell this land to create housing supply or make it available to municipalities to build more affordable housing. This land would not include land in the green-belt, which will not be developed under a Patrick Brown government, or land currently owned by the province that is used by entities like hospitals and schools.<sup>19</sup>

***Patrick Brown and the Ontario PCs will review the province's real estate portfolio to increase housing supply or municipally led affordable housing.***

The Liberal government has directly reduced housing supply through restrictive municipal growth plans that do not take local desires or realities into account. Innisfil is forced to build condominiums while Toronto is permitted to have detached subdivisions right beside major transit stations. The province should work with municipalities to get the planning process right from day one. By having adequate municipal input into provincial growth plans, coupled with regular zoning updates, usage of appeal bodies like the Ontario Municipal Board will become less common.<sup>20</sup>

***Patrick Brown and the Ontario PCs will ensure a proper planning process that gives municipalities proper input into their growth plans and encourages regular zoning updates.***

19 Based on PC Party Policy Resolution R86.

20 Based on PC Party Policy Resolution R11 and R88.

Finding an affordable place to live is about more than just being able to purchase your own home or condominium. Many families, especially younger ones, choose to rent instead. However, rental vacancy rates in Ontario are declining rapidly. Toronto's vacancy rate – the per centage of rental units available to rent at any given time – is as low as 1%, while in cities like Barrie the rate is as low as 1.3%.<sup>21</sup> Fewer people are choosing to become landlords, partly because of massive delays with adjudicative bodies like the Landlord and Tenant Board. It can take months – and even years – for tenants to get problem landlords to fix issues in their unit or for landlords to evict problem tenants who refuse to pay their rent.<sup>22</sup>

***Patrick Brown and the Ontario PCs will initiate a review of the Residential Tenancies Act with a focus on reducing delays with hearings to encourage more rental supply and better protect tenants.***

Not all Ontario families can afford to purchase their own home or rent at full market price. Affordable housing is a pressing issue that needs leadership from all levels of government. Yet, the province forces our municipal social housing providers to participate in inefficient natural gas and insurance purchasing through a provincial agency called the Housing Services Corporation (HSC). This practice should end and, if it does, the City of Toronto alone estimates it could save over \$6 million a year by purchasing these services on their own without being fined by the province – money that could be reinvested into needed social housing repairs.<sup>23</sup>

***Patrick Brown and the Ontario PCs will end the forced monopoly that is the HSC and allow municipalities to opt out, without penalty, if they choose to do so.***

21 Shannon Martin, "Why Toronto's condo rental market is described as 'ridiculous'," CBCNews, February 28, 2017, <http://www.cbc.ca/news/canada/toronto/why-toronto-s-condo-rental-market-is-described-as-ridiculous-1.4000329>; Aileen Doyle and Adam Ward, "Barrie among the most expensive places in Canada to rent an apartment: report," CTVNews, March 15, 2017, <http://barrie.ctvnews.ca/barrie-among-the-most-expensive-places-in-canada-to-rent-an-apartment-report-1.3326498>.

22 Based on PC Party Policy Resolution R61 and R85.

23 Based on PC Party Policy Resolution R86.

## 2. Change that works for Taxpayers

Ontario has lost its traditional above-average income status in Canada. In the 1990s, Ontario's average income was 10% above the national average, but in 2012, incomes in Ontario fell below the national average for the first time ever.<sup>24</sup>

Between 2005 and 2015, Ontario families saw the slowest rate of income growth of any province in Canada. Ontario's median household after-tax income rose by 5.9% in those years, despite growth of 11.3% for Canada as a whole.<sup>25</sup> Over that same period, employment income for Ontario workers actually declined by 2.3%.<sup>26</sup>

Life is unaffordable in Ontario. Ontario families are working harder, paying more, and getting less than in any other province in the country. That's why the government needs to do more to alleviate the tax burden on the middle class.

Over the course of the mandate, Patrick Brown and the Ontario PCs will cut personal income taxes for the middle-class tax bracket by 22.5%.<sup>27</sup>

In 2018 and 2019, personal income taxes for the second income tax bracket will be cut by 10%; in 2020, they will be cut by 15%; in 2021, they will be cut by 20%; and in 2022, they will be cut by 22.5%.

***Patrick Brown and the Ontario PCs will reduce the income tax rate for the middle class by 22.5%.***

Over the course of the mandate, Patrick Brown and the Ontario PCs will cut personal income taxes for the first income tax bracket by 10%. In 2020, personal income taxes for the first income tax bracket will be cut by 2.5%; in 2021, they will be cut by 5%; in 2022, they will be cut by 10%.<sup>28</sup>

24 Ben Eisen and Charles Lammam, "Ontario's fall statement—if this plan is 'working,' what does failure look like," Fraser Institute, November 15, 2016, <https://www.fraserinstitute.org/article/ontarios-fall-statement-if-this-plan-is-working-what-does-failure-look-like>.

25 Statistics Canada, "Income Highlight Tables, 2016 Census," <http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/hlt-fst/inc-rev/Table.cfm?Lang=Eng&T=101&S=99&O=A>.

26 "Blog: Ontario Economic Update October 2017: Lowest median income growth in Canada – what gives?" Institute for Competitiveness & Prosperity, October 4, 2017, <https://www.competeprospers.ca/blog/ontario-economic-update-lowest-median-income-growth-in-canada-what-gives>.

***Patrick Brown and the Ontario PCs will reduce the income tax rate for the first bracket by 10%.***

Patrick Brown and the Ontario PCs will increase the Ontario Sales Tax Credit by \$100 per adult and \$100 per child in order to provide relief to Ontario's low-income residents. To deliver immediate relief to the low-income individuals who have been the biggest victims of Kathleen Wynne's policies, this increase to the Sales Tax Credit will start in 2018, following the election.<sup>29</sup>

***Patrick Brown and the Ontario PCs will increase the Ontario Sales Tax Credit by \$100 a person.***

Together, the reduction in tax rates and the increase in the refundable Sales Tax Credit mean every family in Ontario will see financial relief. The lowest income households will get back six times more in the Sales Tax Credit than they currently pay in tax – because even if you pay little or no tax, you still receive this credit. Households earning \$100,000 or less will see, on average, at least a 25% benefit.

Families earning between \$100,000 and \$200,000 will see on average a 20% reduction in their tax owing, while families with incomes above \$200,000 will see on average a 7% reduction in tax owing.

Similar to the Ontario Child Care Refund, low and middle income families benefit the most from cutting the bottom two tax rates and increasing the Ontario Sales Tax Credit.

27 The middle class tax bracket is considered the second tax bracket of \$42,960-\$85,923 and based on PC Party Policy Resolution R74.

28 The first income tax bracket is the \$0-\$42,960 tax bracket and based on PC Party Policy Resolution R74.

29 Based on PC Party Policy Resolution R74.

30 Note that the rebate is approximately 11.7% and rounded to 12%. The total is also using the average monthly bill of \$123 for 2018, which can be found in the 2017 long-term energy plan (page 28) – Government of Ontario, "Ontario's Long-Term Energy Plan 2017: Delivering Fairness and Choice," [https://files.ontario.ca/books/ltep2017\\_o.pdf](https://files.ontario.ca/books/ltep2017_o.pdf).

31 Adrian Morrow, "Budget watchdog warns Hydro One sale will deepen Ontario's debt," Globe and Mail, October 29, 2015, <https://beta.theglobeandmail.com/news/national/hydro-one-sale-to-hurt-not-help-ontarios-bottom-line-report/article27026080/>.

32 Ibid.

33 Star Editorial Board, "Ontario ratepayers should share in gains of Hydro One: Editorial," Toronto Star, July 21, 2017, <https://www.thestar.com/opinion/editorials/2017/07/21/ontario-ratepayers-should-share-in-gains-of-hydro-one-editorial.html>.

34 N Based on PC Party Policy Resolution R57.

### 3. Change that works for Hydro Customers

Rebating the Hydro One dividend, moving conservation funding to the tax base, putting a moratorium on new contracts, and aggressively re-negotiating or cancelling pre-notice to proceed contracts where feasible, will save the average Ontario family, small business owner, and farmer an additional 12% on their hydro bill over and above the existing 25% reduction from the Fair Hydro Plan.<sup>30</sup>

***Patrick Brown and the Ontario PCs will lower the average hydro bill by an additional 12 per cent.***

When Kathleen Wynne made the decision to sell more than half of Hydro One, she used the one-time price to artificially balance the budget in a dishonest and cynical attempt to ensure her political survival.<sup>31</sup> Hydro One used to earn the province about \$750 million a year through the annual dividends. But, this has now been cut in half.<sup>32</sup> The sale of Hydro One was a reckless decision that sacrificed the province's long-term fiscal health, forfeited control over the utility's decisions, and – without consultation – robbed the Ontario people of an asset that was rightfully theirs. Attempting to right this wrong by buying back the sold shares of Hydro One – like the NDP are proposing – would not actually reduce hydro rates and would cost the province as much as \$9 billion, which we can't afford.

As Patrick Brown and the Ontario PCs have repeatedly said, there is no monopoly on a good idea. The Toronto Star editorial board had just that – a good idea – when they suggested that the province should rebate the annual Hydro One dividend to ratepayers instead of using the money for government projects.<sup>33</sup> Patrick Brown and the Ontario PCs will rebate the remaining Hydro One annual dividend payable to the province – worth approximately \$350 million a year and growing – back to

households, farms, and small businesses through your hydro bill. Ontario's ratepayers are the true owners of Hydro One and they should receive the rewards of ownership – not the government. Patrick Brown and the Ontario PCs will not allow any further sale of Hydro One to private investors. Our hope is that by rebating the Hydro One dividend directly to ratepayers, future governments will find it impossible to sell the rest of Hydro One to private investors because they would have to justify making hydro bills more expensive to every homeowner in Ontario.<sup>34</sup>

This rebate will save the average Ontario household \$70 a year to start – or roughly 4.7% – and will grow over time.

***Patrick Brown and the Ontario PCs will rebate the government's portion of Hydro One's dividend directly to ratepayers on their hydro bills.***

Ontario charges ratepayers – through their hydro bills – a total of \$433 million a year to fund electricity conservation efforts in homes, such as switching to LED light bulbs and discounted basic retrofits.<sup>35</sup> These programs are often targeted towards families struggling to pay their electricity bills, making them more of a form of income support program than a pure electricity program. While these conservation programs are worthwhile, they should not be paid for through the electricity bills. Electricity conservation programs should be funded from general revenues to reflect the fact that they are not true energy costs.

The roughly \$433 million collected annually for these programs is paid for fairly evenly from the residential customer base and the commercial rate base.

<sup>35</sup> Office of the Auditor General, "2015 Annual Report" (December 2, 2015), <http://www.auditor.on.ca/en/content/annualreports/arreports/en15/3.05en15.pdf>. The document shows a \$400 million program cost in 2014 for conservation programs and an estimated \$2.6 billion in costs between 2015-2020, which is approximately \$433 million annually, see pg. 232. The 2015 total spend for conservation programs according to the IESO was \$432 million as seen here –

<sup>36</sup> "2015 Annual Verified Local Distribution Company Conservation & Demand Management Program Results Report" (November 21, 2016), [https://www.oeb.ca/oeb/\\_Documents/CDM/IESO\\_2015\\_LDC\\_CDM\\_Program\\_Results\\_Report.pdf](https://www.oeb.ca/oeb/_Documents/CDM/IESO_2015_LDC_CDM_Program_Results_Report.pdf).

<sup>37</sup> Based on PC Party Policy Resolution R74 and R80.

<sup>38</sup> Rob Ferguson and Robert Benzie, "Ontarians paid \$37 billion extra for electricity from 2006-14, says auditor general Bonnie Lysyk," Toronto Star, December 2, 2015, <https://www.thestar.com/news/queenspark/2015/12/02/ontario-consumers-likely-paying-billions-extra-for-hydro-one-decisions-auditor-general.html>.

<sup>39</sup> Shawn Jeffords, "Liberals left \$1.5 billion on the table: PCs," Toronto Sun, May 19, 2016, <http://torontosun.com/2016/05/19/liberals-left-15-billion-on-the-table-pcs/wcm/2af31c8a-c11a-4f46-b2b0-aaccaff84100>.



Moving this fund to the tax base instead of the rate base will lower both residential and commercial electricity rates by approximately \$215 million each.<sup>36</sup> For the average Ontario household, moving conservation funding to general revenues will reduce their bill by about \$43 a year, or roughly 2.9%.<sup>37</sup>

***Patrick Brown and the Ontario PCs will lower your hydro bill by moving conservation funding to the tax base.***

Under the Green Energy Act, Feed-in Tariff (FIT) contracts have led to exorbitant subsidies for generating power that is simply not needed or could have been generated in other less expensive ways. The Auditor General has publicly stated we overpaid by \$9.2 billion for renewable energy contracts.<sup>38</sup> These contract holders routinely miss operational deadlines or breach the terms of their contract. However, the Liberals refuse to exit these wasteful contracts even when they have the legal right to do so. For example, when Samsung missed two key deadlines in March of 2013, the Liberals renegotiated the deal instead of invoking the exit clauses they were legally entitled to use. Doing so would have saved Ontario ratepayers \$5.2 billion.<sup>39</sup> Patrick Brown and the Ontario PCs will use every legal and feasible opportunity to renegotiate or exit contracts at every contract breach, whether it be missed operational deadlines or permit violations.<sup>40</sup>

***Patrick Brown and the Ontario PCs will enforce every Green Energy Act contract to the letter, using any contract breaches as leverage to renegotiate or exit them whenever feasible and possible.***

Where there are savings to be found, we will find them. Any contract that is pre-notice to proceed – essentially pre-construction – normally carries only minor penalties for cancellation.

Where feasible, we will walk away from committed capacity contracts that have cancellation benefits – likely pre-notice to proceed contracts – that were struck under the Green Energy Act. According to the Ontario Society of Professional Engineers, this policy of using all feasible exit clauses could save Ontario ratepayers \$200 million a year.<sup>41</sup> When rebated back to residential consumers in the form of lower bills, that equals \$40 a year, or an additional savings of approximately 2.7%.<sup>42</sup>

***Patrick Brown and the Ontario PCs will reduce the average hydro bill by walking away from any committed capacity contracts that have cancellation benefits – mainly pre-notice to proceed contracts – in order to avoid already scheduled rate increases.***

Ontario has a massive oversupply of energy, leading the Liberals to waste \$1 billion worth of electricity in 2016 alone – enough to power 760,000 homes.<sup>43</sup> As a result, Ontario is forced to sell power at a loss to neighbouring jurisdictions or, even worse, pay people to take our power. Ratepayers in Ontario pay higher bills while our competitors get cheap power – from us. The Ontario Society of Professional Engineers has estimated that placing a moratorium on new energy contracts would save \$100 million annually immediately and as much as \$500 million annually by 2025.<sup>44</sup> If we rebate these savings back to residential consumers in the form of lower bills, they would see a reduction of \$20 a year, or roughly 1.4%.<sup>45</sup>

***Patrick Brown and the Ontario PCs will reduce the average hydro bill by putting an immediate moratorium on any new energy contracts in order to avoid already scheduled rate increases.***

40 Based on PC Party Policy Resolution R78.

41 Ontario Society of Professional Engineers, "Submission for Ontario's 2017 Long-Term Energy Plan" (December 16, 2016), [https://www.ospe.on.ca/public/documents/advocacy/submissions/OSPE\\_2017\\_LTEP\\_Submission.pdf](https://www.ospe.on.ca/public/documents/advocacy/submissions/OSPE_2017_LTEP_Submission.pdf).

42 Based on PC Party Policy Resolution R78.

43 Shawn Jeffords, "\$1B worth of energy wasted last year: engineers," Toronto Sun, June 29, 2017, <http://torontosun.com/2017/06/29/1b-worth-of-energy-wasted-last-year-engineers/wcm/41b1d73a-54e5-4d1d-b444-dfe2c0f4c04b>.

44 Ontario Society of Professional Engineers, "Submission for Ontario's 2017 Long-Term Energy Plan."

45 Based on PC Party Policy Resolution R77.

46 Mike Crawley, "Smart Meter installation cost Ontario nearly double original projection: AG," CBCNews, December 9, 2014, <http://www.cbc.ca/news/canada/toronto/smart-meter-installation-cost-ontario-nearly-double-original-projection-ag-1.2866207>



Ontario hydro bills include a charge to cover the cost of smart meters – the same smart meters that were nearly \$1 billion over budget according to the Auditor General.<sup>46</sup> This Smart Meter Charge is intended to pay for the province's data centre, although the Auditor General has stated that 812,000 of the 4.8 million homes with smart meters have not transmitted any data whatsoever. In addition, the Auditor General has pointed out that local distribution companies have been processing the data in their own centres for a fraction of the cost forecast for the Independent Electricity System Operator's (IESO) program.<sup>47</sup> Kathleen Wynne and the Liberals have promised that this monthly charge will come off bills in October 2018. Waiting until then is not good enough. This charge should come off immediately, bringing your bill down by another \$3.16.<sup>48</sup>

***Patrick Brown and the Ontario PCs will remove the Smart Meter Charge from your bill immediately, so you stop paying to clean up the Liberals' hydro mistakes.***

Executives at Ontario's provincially-owned power companies – Ontario Power Generation (OPG) and Hydro One – are some of the highest paid energy executives in Canada. For example, the CEO of Hydro Québec makes \$543,000 a year, whereas the CEO of Hydro One is eligible – with bonuses – to make over \$4 million a year.<sup>49</sup> The CEO of OPG was Ontario's highest paid government employee in 2016-17 at \$1.16 million.<sup>50</sup>

***Patrick Brown and the Ontario PCs will act to rein in exorbitant executive salaries at Hydro One and OPG.***

The CD Howe Institute has written that Green Energy Act policies have “had a dramatic impact on electricity costs in the province, but they have

generated very limited environmental benefits and have had a negligible-to-negative effect on economic growth and employment.”<sup>51</sup> This experiment has failed, period. It should be known as the Bad Contracts Act, not the Green Energy Act. But, the Liberals used this terrible policy to get \$1.3 million in donations from companies receiving contracts. It's time to repeal the Green Energy Act once and for all so no future political party can exploit Ontario ratepayers the way the Ontario Liberals have done.<sup>52</sup>

***Patrick Brown and the Ontario PCs will repeal the Green Energy Act, also known as the Bad Contracts Act.***

Further, the Green Energy Act started a dangerous precedent of removing local planning authority over renewable energy projects. Having green energy is certainly a good thing, but paying unaffordable rates for power we don't need, and forcing projects on unwilling host municipalities is wrong. In addition, the Liberals have refused to study the environmental impact of their decisions, such as death rate increases in bird and bat populations due to these projects.<sup>53</sup>

***Patrick Brown and the Ontario PCs will restore local planning authority over renewable energy projects and force wind project operators to track bat and bird deaths.***

Ontario's energy system is already one of the most expensive in North America, with the fastest rising rates on the continent and the highest rates in Canada.<sup>54</sup> How did we get here? One of the main reasons why Ontario's prices are out of control is that the energy planning decisions in Ontario are made by political staff instead of by the energy experts at the Independent Electricity System Operator (IESO).

47 Office of the Auditor General, “2014 Annual Report” (December 9, 2015), <http://www.auditor.on.ca/en/content/annualreports/arreports/en14/311en14.pdf>. See, pg. 369.

48 Based on PC Party Policy Resolution R82.

49 Government of Quebec, “Règlement sur la diffusion de l'information et sur la protection des renseignements personnels Titulaires d'un emploi supérieur à temps plein Données au 31 mars 2017 (année financière 2016-2017),” <http://www.acces.mce.gouv.qc.ca/salaires/titulaires/2017-salaires-tes.pdf>.

50 The Canadian Press, “Ontario Sunshine List: OPG CEO highest paid,” Toronto Sun, March 31, 2017, <http://www.torontosun.com/2017/03/31/ontario-sunshine-list-opg-ceo-highest-paid>; and, based on PC Party Policy Resolution R58.

51 Michael Trebilcock, “Sobering Lessons from Ontario's Green Energy Policies,” C.D. Howe Institute, August 15, 2017, <https://cdhowe.org/media-release/sobering-lessons-ontario%E2%80%99s-green-energy-policies>.

52 Based on PC Party Policy Resolution R31.

53 Based on PC Party Policy Resolution R36 and R40.

The IESO, through no fault of its own, no longer provides a check and balance function in the planning process. Instead, because of various Liberal reforms to the planning process such as the changes made in Bill 135 just last year, these agencies are simply implementing government direction instead of giving government its best advice on what should be done. However, given the Liberal track record, starting with expert input is not enough. Any future long-term energy plans must be brought before a legislative committee to be studied in depth, in public, and with the Minister of Energy and the expert staff at IESO and other core agencies required to explain their decisions.<sup>55</sup>

***Patrick Brown and the Ontario PCs will reform the energy planning system to make it expert led and more transparent than ever.***

When evaluating the energy planning system, the province should require that the IESO study a range of policy goals, but not force them on the system operator. Gathering the evidence needed to make decisions is key. Objectives could include evaluating the impacts of upcoming technologies such as net-metering, or simply studying ways to reduce the amount of hydroelectric power – our cleanest and most affordable source of power – now being spilled by the province.<sup>56</sup>

***Patrick Brown and the Ontario PCs will ask the IESO to study and report on potential options - rooted in evidence - to reduce the amount of hydroelectric power the province wastes annually.***

Not only should the energy planning system be transparent and expert-led, but the energy system should also be efficient and nimble to adapt to emerging technologies.

54 Brady Yaunch, "Ontario electricity rates fastest rising in North America," Toronto Sun, February 29, 2016, <http://torontosun.com/2016/02/29/ontario-electricity-rates-fastest-rising-in-north-america/wcm/bf4533b3-b805-4c98-b2cd-905df3a13bd9>; Taylor Jackson, Ashley Stedman, and Elmira Aliakbari, "Toronto has highest electricity bills among major Canadian cities," Fraser Institute, July 20, 2017, <https://www.fraserinstitute.org/article/toronto-has-highest-electricity-bills-among-major-canadian-cities>.

When the Ontario Energy Board regulates those in the sector, it can create a large administrative burden that drives up the cost of rate applications and makes it tough to provide the best service to customers. By improving the efficiency of the OEB, we can cut additional costs out of the system and enable a flexible regulator to embrace innovation instead of stifling it.<sup>57</sup>

***Patrick Brown and the Ontario PCs will reform the Ontario Energy Board to reduce red tape, drive costs out of the system, and create a flexible regulatory body.***

Having a regulator that can adapt to ever-changing technologies will be vital in the very near future. As the province move towards large system reforms that will save money, like market renewal and nuclear refurbishment, the regulator must be willing to adapt to these opportunities and challenges and the IESO must be tasked with advising on these goals.<sup>58</sup>

***Patrick Brown and the Ontario PCs will move forward with market renewal, keep Pickering Nuclear Generating Station open until 2024, and proceed with nuclear refurbishment in Ontario.***

The regulator should be both nimble and transparent. This transparency should extend to disclosing the impact carbon pricing has on your natural gas bill. After all, the tax is meant to encourage consumers to use less fuel. But if the true cost remains hidden, consumers remain unaware. In both California and Quebec, the other two jurisdictions that will link with Ontario through cap-and-trade in 2018, carbon pricing is listed as a separate line item on bills. This should be the case in Ontario.<sup>59</sup>

***Patrick Brown and the Ontario PCs will ensure carbon pricing is listed as a separate line item on natural gas bills.***

55 Based on PC Party Policy Resolution R30.

56 Based on PC Party Policy Resolution R79.

57 Based on PC Party Policy Resolution R30.

58 Based on PC Party Policy Resolution R30.

59 Based on PC Party Policy Resolution R59.

#### 4. Change that works for Healthcare

Patients suffering from mental health issues turn to our healthcare system for help; they need support from their government. In any given year, one in five Canadians experience a mental health or addiction problem, and 70% of mental health problems emerge during childhood or adolescence. By the time Canadians reach 40 years of age, one in two have – or have had – a mental illness. Mental illness is the leading cause of disability in Canada, and its economic burden is estimated at \$51 billion annually.<sup>60</sup> The Liberals acknowledge the lack of mental healthcare but they have failed to adequately invest in mental healthcare in Ontario. It's time that mental health issues get the same attention and prioritization as physical health. It's time for Ontario to replace fragmented mental health services with a comprehensive approach to help some of our most vulnerable citizens. The federal government made a 10-year, \$1.9 billion commitment to mental health in Ontario as part of their most recent health transfer agreement with the province.<sup>61</sup> Patrick Brown and the Ontario PCs will match that 10-year federal commitment, with the goal of creating a comprehensive mental health treatment system in Ontario – the largest commitment to mental health by any provincial government in Canadian history.<sup>62</sup>

Patrick Brown will make it his government's priority to devise a comprehensive mental health system that would include building on existing investments in mental health. The funding will be directed towards priorities that will include:

- Targeted investments into youth and children's mental health services across the province to reduce wait times for services, including funding for mental health support services at Ontario's college and university campuses

- Expanding the Crisis Outreach and Support Team (COAST) pilot project, which teams up plain clothes police officers and mental health workers to divert people in crisis away from repeated police contact<sup>63</sup>

- Investing in mental health services, including suicide prevention counselling. This will include services for Indigenous populations through a preventative mental health team that specifically deals with Indigenous and Northern communities, instead of sending crisis teams to places like Attawapiskat only after a crisis has occurred

- Topping up elementary and secondary school supports for services targeted at improving mental health and well-being, including funding awareness campaigns

- Reforming existing post-traumatic stress disorder (PTSD) legislation to presume PTSD diagnoses for trauma nurses are workplace related

- Investing in the Alzheimer Society of Canada's First Link program to help people diagnosed with dementia get the support and treatment they need<sup>64</sup>

- Addressing security issues at Waypoint Centre for Mental Healthcare<sup>65</sup>

- Investing in data collection regarding mental health, addictions, and treatment to identify and fill gaps in care

- Increasing the budgets of Ontario's designated psychiatric facilities to increase capacity and reduce wait times

60 Centre for Addiction and Mental Health, "Mental Illness and Addictions: Facts and Statistics," [http://www.camh.ca/en/hospital/about\\_camh/newsroom/for\\_reporters/Pages/addictionmentalhealthstatistics.aspx](http://www.camh.ca/en/hospital/about_camh/newsroom/for_reporters/Pages/addictionmentalhealthstatistics.aspx).

61 Health Canada, "Canada Reaches Health Funding Agreement with Ontario," Government of Canada, March 10, 2017, [https://www.canada.ca/en/health-canada/news/2017/03/canada\\_reaches\\_healthfundingagreementwithontario.html](https://www.canada.ca/en/health-canada/news/2017/03/canada_reaches_healthfundingagreementwithontario.html).

62 Based on PC Party Policy Resolution R115.

63 "Mental Health Helpline," <http://www.mentalhealthhelpline.ca/Directory/Program/5306>.

64 Alzheimer Society Canada, "First Link program," <http://www.alzheimer.ca/en/We-can-help/Resources/For-healthcare-professionals/first-link>, and based on PC Party Policy Resolution R107.

65 Chris Doucette, "Charges laid against maximum-security psychiatric hospital," Toronto Sun, March 22, 2017, <http://www.torontosun.com/2017/03/22/charges-laid-against-maximum-security-psychiatric-hospital>.

- Funding more in-house Behavioural Supports Ontario (BSO) teams in long-term care homes as well as more housing supports for those dealing with mental health issues<sup>66</sup>

***Patrick Brown and the Ontario PCs will commit \$1.9 billion to build a comprehensive mental health system, which is the largest mental health commitment in Canadian provincial history.***

A Canadian Institute for Health Information (CIHI) report released in early 2017 revealed that Ontario has some of the longest wait times for medical attention in emergency departments compared to 10 other industrialized countries studied. In fact, 24% of Ontario residents said the last time they attended an emergency room they waited for longer than four hours.<sup>67</sup>

A large part of this problem is a lack of preventative medicine in the healthcare system. In 2016, 44% of Ontario residents who visited an emergency room did so for a condition that they believed could have been treated in a clinic or a doctor's office, had alternative levels of care been available.<sup>68</sup>

Patrick Brown and the Ontario PCs will make proper investments in other parts of the healthcare system to alleviate the pressure on hospital emergency departments. By making these investments we can reduce the incidents of hallway medicine that are occurring across the province. Ontario's wait times would be unacceptable in other industrialized countries; they should be unacceptable here as well.<sup>69</sup>

***Patrick Brown and the Ontario PCs will reduce hospital and emergency room wait times.***

66 Ontario Long Term Care Association, "Building Better Long-Term Care" (2017), <http://www.oltca.com/OLTCA/Documents/Reports/2017OLTCABudgetSubmission.pdf>.

67 Canadian Institute for Health Information, "Commonwealth Fund Survey 2016," <https://www.cihi.ca/en/commonwealth-fund-survey-2016>. See, data table 10.

68 Ibid. See, data table 9.

69 Based on PC Party Policy Resolution R113.

Two-thirds of Ontario residents have dental insurance, but only one-third of older low-income seniors do.<sup>70</sup> Because thousands of seniors can't afford preventative dental care, minor problems become serious issues and seniors turn to emergency rooms for help. This increases emergency room wait times for everyone. The Ontario Oral Health Alliance suggests that there is an emergency room visit for dental related issues every nine minutes.<sup>71</sup> Emergency rooms are not the appropriate place to care for dental issues.

Creating a dental program for low-income seniors will go a long way to relieving these pressures and reducing hospital wait times. To facilitate this, the government should invest in two initiatives. First, the government should provide funding for dental capacity in Public Health Units, Community Health Centres and Aboriginal Health Access Centres. Second, the government should invest in new dental services in underserved areas. This includes working with the public and private sector and investing in mobile dental busses to help Ontario's seniors in more rural locations. Combined, these two investments could treat as many as 90,000-100,000 low-income seniors a year.<sup>72</sup>

***Patrick Brown and the Ontario PCs will create a dental program for low-income seniors.***

One of the main reasons for hospital overcrowding is the large number of Alternative Level of Care (ALC) patients – those whose conditions should not necessitate hospital stays, but remain in hospital because they do not have a more appropriate care provider available. The CEO of the Ontario Hospital Association said it clearly, "The root of today's capacity challenge is that far too many frail elderly patients can't get access to the care they really need outside of the hospital setting."<sup>73</sup>

70 Laleh Sadeghi, Heather Manson, and Carlos R. Quinonez, "Public Health Ontario: Report on Access to Dental Care and Oral Health Inequalities in Ontario" (July 2012), [https://www.publichealthontario.ca/en/eRepository/DentalOralHealthInequalitiesOntario\\_2012.pdf](https://www.publichealthontario.ca/en/eRepository/DentalOralHealthInequalitiesOntario_2012.pdf).

71 Briefing material provided by the Ontario Oral Health Alliance.

72 Ibid and based on PC Party Policy Resolution R103 and R116.



Hospitals are becoming overcrowded, patients are being treated in hallways and temporary patient rooms, and hospitals can't keep up.

These pressures stem from the lack of long-term care beds in the province, with more than 32,000 seniors on the waiting list for a long-term care bed in Ontario.<sup>74</sup> This will only get worse if action is not taken, as the province's seniors population is expected to almost double by 2041.<sup>75</sup> The government needs to take action now. Patrick Brown and the Ontario PCs will do just that.<sup>76</sup>

***Patrick Brown and the Ontario PCs will build 30,000 new long-term care beds over 10 years, including 15,000 new long-term care beds in the first five years.***

The Liberal government has attacked doctors at every waking moment, instead of recognizing the important role these men and women play in our healthcare system. The government should be working with doctors to provide the best patient care possible, not working against them. There should be an independent process for medically assisted dying that works effectively for patients, that is not punitive for providers, and that does not force participation of a provider where they are unwilling to participate. It's time to repair the province's relationship with doctors and treat them with the respect they deserve.<sup>77</sup>

***Patrick Brown and the Ontario PCs will treat doctors with respect by consulting them on future reforms to the healthcare system, as well as protecting their conscience rights.***

In addition, access to a family doctor is still a concern for many Ontarians, particularly in rural and Northern Ontario, while access to specialists is a concern across the province.

The government should do more to assess the current inadequacies and help solve these problems.<sup>78</sup>

***Patrick Brown and the Ontario PCs will appoint a task force to study access shortages to family doctors and specialists across the province.***

The province can do more to address the problems of mental healthcare and long wait times, but it can also do more when it comes to fighting addictions. According to the Ontario Drug Policy Research Network, more than two people each day are dying of opioid overdoses in Ontario.<sup>79</sup> The Liberal government recently took a good first step in appointing a task force to combat the spread of opioids. However, more can be done, such as banning pill presses used to make opioids unless used by a professional, such as a pharmacist. In addition, the province should ensure that local law enforcement and health officials are on the same page when it comes to interacting with people with addictions issues. To help facilitate co-operation and understanding, the province should mandate that a health representative is put on local police boards and that a police officer is appointed to local health boards. Lastly, an advertisement campaign about the dangers of opioids should be funded by the province using the newly committed dollars for mental health services.<sup>80</sup>

***Patrick Brown and the Ontario PCs will do more to combat the opioid crisis including banning pill presses for illegitimate uses, creating an ad campaign to increase awareness, and integrating health and justice planning boards to ensure proper coordination across government.***

<sup>73</sup> Theresa Boyle, "Ontario health system headed for 'crisis' with overcrowded hospitals," Toronto Star, September 11, 2017, <https://www.thestar.com/news/gta/2017/09/11/ontario-health-system-headed-for-crisis-with-overcrowded-hospitals.html>.

<sup>74</sup> Ontario Long Term Care Association, "About long-term care in Ontario: Facts and figures," <http://www.olca.com/olca/OLTCA/LongTermCare/OLTCA/Public/LongTermCare/FactsFigures.aspx>.

<sup>75</sup> Ontario Ministry of Finance, "Ontario Population Projects Update, 2016-2041," <https://www.fin.gov.on.ca/en/economy/demographics/projections/>.

<sup>76</sup> Based on PC Party Policy Resolution R102.

<sup>77</sup> Based on PC Party Policy Resolution R122.

<sup>78</sup> Based on PC Party Policy Resolution R105.

<sup>79</sup> Sheryl Ubelacker, "2 people in Ontario die of opioid overdoses every day," CBCNews, April 20, 2017, <http://www.cbc.ca/news/canada/toronto/ontario-opioid-deaths-1.4077099>.

<sup>80</sup> Based on PC Party Policy Resolution R115.

Treating patients in settings other than a hospital can reduce pressures on hospital budgets, allowing them to put more resources into reducing emergency room wait times and overcrowding. One example is take-home oral cancer drugs. Currently, the only treatment funded by the province is IV chemotherapy drugs. By funding take-home oral cancer drugs we can allow patients, if they choose, to receive treatment in the comfort of their own home and divert these patients away from hospitals, freeing up needed resources and space at the hospital level. This funding will be available for new diagnoses so that current patients can continue their existing treatments with no interruption. Doctors will only be able to prescribe this option in cases where the drug is as effective as or more effective than the current treatment and the patient agrees to this treatment method.<sup>81</sup>

***Patrick Brown and the Ontario PCs will fund take-home oral cancer drugs where they are equally or more effective for treatment to allow more cancer patients to receive treatment at home if they wish.***

Currently in Ontario, if a cancer patient chooses to participate in a clinical trial for a combination of drugs or innovative medicines, they may not be eligible for public funding of cancer treatments subsequent to their participation in the trial. That means men and women in Ontario with serious cancer diagnoses are faced with a choice everyday: rely on the current system and hope for the best, or try an innovative new treatment that may have life-saving potential, but would result in them being abandoned by the system if it doesn't work. In 2007, 12% of all cancer patients treated in Ontario's cancer centres were enrolled in treatment-based clinical trials.<sup>82</sup> If trial patients were eligible for other forms of publicly-funded treatment should their trial be unsuccessful, it would increase choice, encourage participation in clinical trials, help increase

pharmaceutical research and development in Ontario, and – most importantly – help save lives.<sup>83</sup>

***Patrick Brown and the Ontario PCs will allow patients participating in clinical trials to be eligible for publicly funded treatment following the end of their clinical trial.***

Ensuring the government does not block innovative treatments is one thing, but in order to have innovative or top-of-the-line care there must be access to the appropriate facility in the first place. When it comes to treating coronary artery disease – a leading cause of death in Canada – there are only 19 hospitals in Ontario that provide advanced cardiac services. These hospitals are located in Hamilton, Sault Ste. Marie, Sudbury, Newmarket, Windsor, Toronto, Kingston, Thunder Bay, London, Kitchener, Ottawa, Brampton, and St. Catharines. That means if you happen to live near one of these centres, you're more likely to survive a serious heart attack. The province recently acknowledged the need for a new service in Barrie, but there are still many areas of the province that do not have access to potentially life-saving services. For example, if you live in Timmins, the nearest centre is three-and-a-half hours away, or if you live in Kenora it's a five-and-half hour drive. Your chances of surviving a heart attack in Ontario shouldn't be related to where you live. The province should review the current gaps in care and fund the building of new centres to help improve services in those regions.<sup>84</sup>

***Patrick Brown and the Ontario PCs will build new cardiac care centres in underserved areas of the province.***

Physiotherapy services are another example of preventative treatments that can help keep people out of hospitals.

81 Based on PC Party Policy Resolution R109 and R121.

82 Access to Care, "Participation in Clinical Trials," <https://www.accesstocare.on.ca/cms/one.aspx?pageId=16477>.

83 Based on PC Party Policy Resolution R116.

84 Based on PC Party Policy Resolution R116.

However, in August of 2013, the Wynne Liberals delisted physiotherapy for seniors from OHIP, proposing to fund physiotherapy services through Community Care Access Centres (CCACs). Under the new system, the government cut funding by \$50 million a year. Now, any requests for one-on-one therapy must be vetted by bureaucrats. This forces seniors to attend group exercises, which can be inadequate, rather than receive individualized treatment. This lack of preventative services is leading to more accidents and weaker elderly individuals, who then injure more easily and visit emergency rooms more often. Investing in preventative services, such as physiotherapy treatment, will help improve the health of our seniors and meet the goal of reducing emergency room wait times.<sup>85</sup>

***Patrick Brown and the Ontario PCs will restore the \$50 million cut from seniors' preventative therapy services budget for services such as physiotherapy.***

The Wynne Liberals have continually neglected to improve accessibility in Ontario, evidenced by their lack of action on the Accessibility for Ontarians with Disabilities Act. One way they could help improve accessibility is by making improvements to the Assistive Devices Program (ADP). The ADP helps hundreds of thousands of Ontario seniors purchase devices such as mobility aids, hearing aids, diabetic equipment and home oxygen therapy. The program covers 75% of the cost of such devices, with patients covering the remainder. Ontario residents with lower incomes can rely on volunteer or charitable organizations such as Easter Seals Ontario,<sup>86</sup> March of Dimes Canada<sup>87</sup> or the War Amps to cover the remaining 25%. The government needs to step up to the plate and increase the portion it funds, so that patients with complex disabilities can have more money in their pockets and charitable organizations can help more individuals. In addition, the list of devices covered by ADP excludes

standard walking canes, sleep apnea or anti-stuttering devices which there may be reason to include in the program's eligibility. Finally, the program has suffered from serious administration delays with potential recipients waiting months just to be assessed for eligibility.<sup>88</sup>

***Patrick Brown and the Ontario PCs will undertake a review of the list of devices covered by the Assistive Devices Program, shorten administrative payment timelines, and increase the government's coverage to 80% of listed items.***

It is never too early to take physical fitness seriously. That's why, in addition to returning the Children's Arts and Fitness Tax Credit, Patrick Brown and the Ontario PCs will do more to combat childhood obesity. Nearly one-third of children and youth are overweight or obese in Ontario despite recent progress.<sup>89</sup> Screens and television are replacing physical activity. In 2014, the government initiated a pilot program of 60 minutes of daily exercise in public schools instead of the current 45 minute minimum requirement. This was the right step, but the province can do more. This worthwhile initiative deserves to be made mandatory for all schools. When implemented, Patrick Brown and the Ontario PCs will make sure that students' study and classroom time is not compromised, as is currently the case with the government's pilot program.<sup>90</sup>

***Patrick Brown and the Ontario PCs will extend the current pilot program of 60 minutes of daily exercise to all schools.***

Going to a Service Ontario location to renew health cards can be an annoying and time-consuming activity. Because of this hurdle, people in Ontario delay getting their card, causing issues later. The government should welcome the 21st century and, as is the case for driver's license renewals, health card renewals should be available online.<sup>91</sup>

<sup>85</sup> Based on PC Party Policy Resolution R103 and R116.

<sup>86</sup> Easter Seals Ontario, "The Cost of Equipment," <http://www.easterseals.org/how-you-can-help/government-relations/the-cost-of-equipment/>.

<sup>87</sup> March of Dimes Canada, "Assistive Devices Program," <https://www.marchofdimes.ca/EN/programs/adp/Pages/Adp.aspx>.

<sup>88</sup> Jonathan Sher, "Disabled left waiting for new wheelchairs," London Free Press, November 6, 2015, <http://www.lfpress.com/2015/11/05/disabled-left-waiting-for-new-wheelchairs>; and, based on PC Party Policy Resolution R16.

<sup>89</sup> Public Health Ontario, "Addressing Obesity in Children and Youth," <http://www.publichealthontario.ca/en/BrowseByTopic/HealthPromotion/Pages/Addressing-Obesity-in-Children-and-Youth.aspx>.

<sup>90</sup> Based on PC Party Policy Resolution R108 and R116.

<sup>91</sup> Based on PC Party Policy Resolution R45.

***Patrick Brown and the Ontario PCs will create an online portal for renewing health cards.***

Ontario has the highest number of contraband tobacco purchases in the country.<sup>92</sup> Whatever the province is doing to combat contraband tobacco is clearly not working. These cigarettes commonly end up in the hands of children, can be even more unsafe than traditionally regulated products, and often fund organized crime. Ultimately, anything that curbs smoking will deliver health results. That's why the government should increase powers to fight contraband tobacco, including allowing for proper search and seizure, and ensuring that all municipal police forces are integrated into the fight against contraband tobacco and sharing in the proceeds of crime revenues derived from that fight.<sup>93</sup>

***Patrick Brown and the Ontario PCs will expand the Provincial OPP Enforcement Team to combat contraband tobacco to include local police forces, and give those forces the necessary tools to fight contraband tobacco.***

There are approximately 100,000 Personal support workers (PSWs) in Ontario, with 34,000 working in the home and community-care sectors.<sup>94</sup> Despite the important role they play in delivering frontline care to patients, PSWs are not registered healthcare professionals. As a result, anyone can call themselves a PSW without proper background checks or insurance. The government has recognized this problem but insists on creating more bureaucracy to solve it. Instead, the government should allow the Ontario Personal Support Worker Association (OPSWA) to build on its already successful model and run, operate and maintain this central registry for PSWs instead of a government body.<sup>95</sup>

***Patrick Brown and the Ontario PCs will allow OPSWA to run the central registry for Personal Support Workers.***

In her 2015 report on Community Care Access Centres, the Auditor General identified that when those centres delivered homecare services directly, they spent almost 30 cents of every dollar on administration. When the government contracts out these services, that administration cost is only 13 cents of every dollar.<sup>96</sup> The Wynne Liberals are doubling down on a system that diverts homecare dollars into administration costs, rather than patient care.<sup>97</sup>

***Patrick Brown and the Ontario PCs will work with the home care sector to ensure resources go towards high quality patient care.***

Traditional Chinese Medicine is a practice that can alleviate painful conditions. However, to become a licensed practitioner of Traditional Chinese Medicine the province requires applicants to pass an exam that is only available in English and French and not in Chinese languages, which are commonly the preferred languages of practitioners and patients.<sup>98</sup>

***Patrick Brown and the Ontario PCs will commit to allowing Traditional Chinese Medicine licensing exams to be written in commonly accepted Chinese languages.***

By starting with the government's fiscal track, previous promises made by the government will be honoured. This includes the pharmacare program (OHIP+), which provides free medication to youth aged 24 and under. In addition, Patrick Brown and the Ontario PCs will review the province's drug programs, including ways to increase support for rare disease coverage.

<sup>92</sup> Michelle McQuigge, "Study suggests third of cigarettes sold in Ontario are contraband," CBCNews, January 23, 2017, <http://www.cbc.ca/news/canada/sudbury/contraband-cigarettes-ontario-1.3948898>.

<sup>93</sup> Based on PC Party Policy Resolution R116.

<sup>94</sup> Ontario Ministry of Health and Long-Term Care, "Ontario Increasing Wages for Personal Support Workers," June 22, 2015, [http://www.health.gov.on.ca/en/news/bulletin/2015/hb\\_20150622.aspx](http://www.health.gov.on.ca/en/news/bulletin/2015/hb_20150622.aspx).

<sup>95</sup> Based on PC Party Policy Resolution R117.

<sup>96</sup> Office of the Auditor General, "Community Care Access Centres – Financial Operations and Service Delivery" (September 2015), [http://www.auditor.on.ca/en/content/specialreports/specialreports/CCACs\\_en.pdf](http://www.auditor.on.ca/en/content/specialreports/specialreports/CCACs_en.pdf), see, pp. 29 and 30.

<sup>97</sup> Based on PC Party Policy Resolution R102.

<sup>98</sup> Based on PC Party Policy Resolution R117.

<sup>99</sup> B Ontario Chamber of Commerce, "Top 3 Obstacles to Small Business Success" (2016), <http://www.occ.ca/wp-content/uploads/2016/04/Top-Three-Obstacles-To-Small-Business-Success.pdf>.



***Patrick Brown and the Ontario PCs are committed to proper pharmacare support in Ontario, including continuing OHIP+ and investigating ways to increase support for rare disease coverage.***

Nurses, doctors, specialists, personal support workers and all of Ontario's other healthcare professionals each play an important role in working together to provide reliable, high-quality care in various settings throughout the healthcare system. In total, these new healthcare commitments will mean significant new spending to improve patient services, in addition to what is already budgeted by the current government.

***Patrick Brown and the Ontario PCs' healthcare promises will total an additional \$1.6 billion by the end of the mandate into frontline healthcare over and above what the Wynne Liberals have already committed.***

## **5. Change that gets Ontario Working**

Ontario's small businesses employ nearly three million Ontario workers, yet these businesses are struggling because of the increased cost of doing business.<sup>99</sup> Be it skyrocketing hydro rates, the rapid increase to the minimum wage, cap-and-trade, or red tape, small businesses need relief. The Canadian Federation of Independent Businesses showed that the cumulative burden of these policies is that "34 per cent of Ontario's small and medium-sized businesses would consider selling, closing or moving their business outside of Ontario."<sup>100</sup> The government recently announced it would drop the small business tax rate by a full point to offset the increases from the minimum wage. That's not enough. The province should do more to help small businesses,

rather than continually add to the burden, by reducing that tax rate by another full point, to a 2.5% corporate income tax rate for small businesses. In 2020, the full small business tax reduction will be implemented.<sup>101</sup>

***Patrick Brown and the Ontario PCs will reduce the small business tax rate by an additional 28.5%.***

The Wynne Liberals have spent the last decade giving grants and handouts to businesses that, according to the Auditor General, were on an invite only basis with no criteria for awarding the grants and no evidence that the province received value for money.<sup>102</sup> Many of these grants were given under suspicious conditions, with the Liberal Party raising at least \$400,000 in donations from companies that were awarded grants.<sup>103</sup> There is no measurement of whether these subsidies are working to create sustainable jobs, strengthen the economy or make the businesses more competitive. The selective nature of this program essentially lets government pick winners and losers, by intentionally giving certain companies a financial advantage over their competitors.

Tax holidays are employed in the United States as a way to attract foreign investment. To pitch new investment for Ontario, the province should improve the main grant vehicle – the Jobs and Prosperity Fund – to create a more transparent grant awarding process, allow tax holidays, and allow it to fund local infrastructure projects that create jobs. By making it easier for businesses to expand, open up shop, and get product to marketplace, the province will create more jobs.<sup>104</sup>

***Patrick Brown and the Ontario PCs will create a tax holiday and local infrastructure fund to attract and create jobs.***

<sup>99</sup> Canadian Federation of Independent Businesses, "34 per cent of businesses might sell, close or move due to Ontario's minimum wage hikes," July 21, 2017, <http://www.cfib-fcei.ca/english/article/9538-ontario-minimum-wage-survey-release.html>.

<sup>100</sup> Based on PC Party Policy Resolution R74 and R76.

<sup>102</sup> Adrian Morrow, "Ontario not tracking economic impact of corporate welfare: Auditor-General," *Globe and Mail*, December 2, 2015, <https://beta.theglobeandmail.com/report-on-business/economy/ontario-not-tracking-economic-impact-of-corporate-welfare-auditor-general/article27571299/?ref=http://www.theglobeandmail.com&>.

<sup>103</sup> Adrian Morrow, "Ontario Liberals raised at least \$400,000 from subsidized firms," *Globe and Mail*, April 19, 2016, <https://www.theglobeandmail.com/news/politics/ontario-liberals-have-raised-at-least-400000-from-companies-awarded-subsidies/article29674786/>.

<sup>104</sup> Based on PC Party Policy Resolution R76.

<sup>105</sup> "Industry downturn blamed for layoffs at Com Dev," *CTVNews*, August 31, 2017, <http://kitchener.ctvnews.ca/industry-downturn-blamed-for-layoffs-at-com-dev-1.3570636>; MPP McNaughton Statement on Layoffs at Honeywell Cambridge Facility," September 4, 2017, <http://montemcnaughtonmpp.ca/2017/09/04/layoffs-at-honeywell-cambridge/>.

Along with no true transparency with how grants are currently provided, there is also no true penalty system for businesses that received funding, but then abandon Ontario, lay off workers, or break the terms of the original agreement.<sup>105</sup> The Liberals have gone after the odd company (such as Navistar, which closed in Chatham-Kent despite receiving grants) to recover money that's already been spent and delivered in full. To no surprise, they have been unsuccessful.<sup>106</sup>

The province would be much better off if these programs included enforceable performance targets so that the beneficiaries could be held accountable. Companies will have to prove that they are on track to create the jobs and the investment they've promised in order to continue to receive these tax holidays or grants. If the companies cannot do so, they will not receive the support. Should they renege on their commitments, we will have clear, contractually obligated targets to ensure they pay every dollar back to the province.<sup>107</sup>

***Patrick Brown and the Ontario PCs will penalize companies who take advantage of government programs, then leave Ontario or fail to meet their commitments.***

To create jobs in Ontario and make it the most competitive place to do business, we must do more than offer financial incentives and tax relief – the province must deliver hydro relief for businesses by addressing the core root of the problem. The province has lost 350,000 manufacturing jobs in just over a decade, and the Ontario Chamber of Commerce has shown that one in 20 businesses in Ontario expect to close in the next five years (2016-2021) because of rising hydro rates.<sup>108</sup> Yet, when the Liberals put forward their hydro plan, they left out reductions for business – with the exception of the HST removal. Ontario's Class B industrial rate, the price for most medium sized businesses, is the

highest in Canada – and higher than many of our competitors to the South.<sup>109</sup> Our Class A rates for large businesses are not much better. The large and medium sized employers in Ontario that are left have either qualified for some version of a subsidy or have taken creative steps to get off the electricity grid by pursuing combined heat and power options, which are now being limited by the Liberal government.<sup>110</sup> These companies need more than just access to power, they need that power to be affordable, reliable, and they need any increases to the rate to be predictable.

Job creators in Ontario need a government that understands the challenges they face; a government that is willing to work with them to find solutions. The Ontario government needs to work with small, medium and large manufacturers and businesses to find a long-term stable solution. The province should explore all options, including: a single stable industrial rate, allowing manufacturers to access cheaper power when providing a direct economic benefit like an expansion, providing support for combined heat and power programs, or exploring fuel switching programs that allow for Ontario companies to purchase power at an affordable rate instead of sending it to competing jurisdictions at a loss.<sup>111</sup>

***Patrick Brown and the Ontario PCs will work to create a competitive and stable electricity system for businesses.***

Our job creators need relief on hydro and taxes, but they also need access to skilled workers. According to the Conference Board of Canada, Ontario is losing out on as much as \$24.3 billion in economic activity and \$3.7 billion in provincial tax revenues annually because employers cannot find people with the skills they need to innovate and grow in today's economy.<sup>112</sup>

106 Ellwood Shreve, "Province wants Navistar refund," Chatham Daily News, August 5, 2011, <http://www.chathamdailynews.ca/2011/08/05/province-wants-navistar-refund>.

107 Based on PC Party Policy Resolution R76.

108 Shreve, "Province wants Navistar refund."

109 Adam White, "AMPCO Blog: Ontario's Manufacturing Industry: Benchmarking Electricity Prices" (November 2015), <http://www.ampco.org/benchmarking-electricity-prices>.

110 "Ontario's Long-Term Energy Plan 2017," see, pg. 14.

111 Based on PC Party Policy Resolution R80 and R81.

112 Daniel Munro and James Stuckey, "The Need to Make Skills Work: The Cost of Ontario's Skills Gap," Conference Board of Canada, June 21, 2013, <http://www.conference-board.ca/e-library/abstract.aspx?did=5563>.

113 Government of Ontario, "Start an apprenticeship," <https://www.ontario.ca/page/start-apprenticeship#section-2>.

Working in the skilled trades, for example, requires apprenticeship programs that often run between two to five years.<sup>113</sup> During this time, apprentices can run into financial hardships paying for necessities like their own set of tools. Since 1998, the Loans for Tools program has been offering newly registered apprentices interest-free loans to help with the initial purchase of equipment and tools. This loan remains interest-free for the duration of the apprenticeship, plus for one additional year after the completion of the training program. The government should double the current Loans for Tools funding to ease the burden on an apprentice starting out in their career, and signal to the industry that the skilled trades are a priority.<sup>114</sup>

***Patrick Brown and the Ontario PCs will double the Loans for Tools program and improve access to apprenticeships.***

Though hydro rates are the primary concern of most businesses, the Wynne Liberal government has simultaneously attacked Ontario businesses and families with intrusive and economically destructive regulations. Ontario has 380,000 regulations; almost double that of some other provinces.<sup>115</sup> The province needs to get this under control, not just remove a few regulations every couple of years to claim progress. The government should focus on actually reducing the regulatory burden and delivering real results for Ontario's job creators.

After 15 years, the Liberals finally want to act by removing \$1.25 worth of regulatory impact for every \$1 they add on.<sup>116</sup> The government should do better. Whether it is restrictive regulations affecting the trucking industry or duplicative assessments across different levels of government, the government should take action to reduce red tape.<sup>117</sup>

***Patrick Brown and the Ontario PCs will reduce red tape by eliminating two regulations for every new regulation introduced***

In order to create jobs in Ontario, and make it the most competitive place to do business, we have to do more than offer financial incentives and cut red tape. The province must deliver immediate hydro relief for businesses. In addition to consultations to reform the system, removing conservation funding from the rate base will see businesses share in the benefits – with some \$215 million a year removed from the industrial rate base. As a result, for Ontario's medium or large sized businesses, this will mean an average reduction of \$4,300 a year – helping them remain competitive with nearby jurisdictions.<sup>118</sup>

***Patrick Brown and the Ontario PCs will lower hydro bills for businesses by moving conservation funding to the tax base.***

The Liberal government recently announced their intention to raise the minimum wage to \$14 an hour by January 1st, 2018 and again to \$15 an hour by January 1st, 2019 – up from the current wage of \$11.40 an hour. Ontarians deserve higher wages and the minimum wage should go to \$15 an hour. However, the government needs to raise the minimum wage in a responsible, measured way, so that businesses are not forced to lay off thousands of employees or close up shop. The highest minimum wage in the world is not effective if the worker does not have a job.

114 Based on PC Party Policy Resolution R9.

115 Robert Benzie, "Privatization czar Ed Clark urges a cut in red tape to boost business in Ontario," Toronto Star, November 12, 2015, <https://www.thestar.com/news/queenspark/2015/11/12/privatization-czar-ed-clark-urges-a-cut-in-red-tape-to-boost-business-in-ontario.html>.

116 Justin Giovannetti, "Ontario to cut red tape in broad strategy to help small businesses," Globe and Mail, May 19, 2017, <https://beta.theglobeandmail.com/news/national/ontario-to-cut-red-tape-in-broad-strategy-to-help-small-businesses/article35055733?ref=http://www.theglobeandmail.com&>.

117 Based on PC Party Policy Resolution R41, R42, R44, R46, R47, R48, R49, R51, R94, and R105.

118 According to the OEB, the province has approximately 50,000 class A businesses who would share the annual \$215 million savings, making it about \$4,300 on average. See, Ontario Energy Board, "2016 Yearbook of Electricity Distributors" (August 17, 2017), [https://www.oeb.ca/oeb/\\_Documents/RRR/2016\\_Yearbook\\_of\\_Electricity\\_Distributors.pdf](https://www.oeb.ca/oeb/_Documents/RRR/2016_Yearbook_of_Electricity_Distributors.pdf). [https://www.ic.gc.ca/eic/site/061.nsf/eng/h\\_03018.html#table1-1-1](https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03018.html#table1-1-1), esp. Table 1.1-1.

According to TD Bank, 90,000 jobs will be lost just because of the minimum wage increase.<sup>119</sup> Our government should not be intentionally putting tens of thousands of good jobs at risk – it’s too fast and it’s too soon. The government should take a more responsible approach to raising the minimum wage by phasing in the increase from \$14 an hour to \$15 an hour over four years, thereby raising the minimum wage by \$0.25 each year over the mandate.<sup>120</sup>

***Patrick Brown and the Ontario PCs will raise the minimum wage \$14 to \$15 an hour in a responsible manner, phasing it in over four years.***

Ontario prides itself on its diversity and multiculturalism. Immigration is key to maintaining population growth and filling skills gaps immediately. However, Foreign Credential Recognition continues to be a frustrating issue for many immigrants and employers in Ontario. The process to have professional credentials recognized in Ontario is complicated, costly and can be lengthy depending on the profession. Brain Gain 2015, a report by the Conference Board of Canada, found that the lack of proper credential recognition – mostly foreign credentials – resulted in lost earnings of between \$13.4 billion and \$17 billion nationwide.<sup>121</sup> Immigrants who face challenges with credential recognition are earning approximately \$20,000 less per year and are therefore contributing less in taxes.<sup>122</sup> Simply put, these immigrants are not able to contribute to Ontario’s economy to their full potential, costing both them and the province significantly.

Following on the Ontario Expert Roundtable on Immigration’s recommendations, the province should review the appeals process for Foreign Credential Recognition with a view to speeding up the process and recognizing more foreign credentials.<sup>123</sup> Further, the Ontario government should push

for national co-ordination on the issue through an annual First Ministers meeting on the subject. In terms of immigration, Patrick Brown and the Ontario PCs will be a more forceful and effective advocate for Ontario’s interests in discussions with the federal government. This includes ensuring the province takes back more control from the federal government over selecting immigrants through the Provincial Nominee Program in order to prioritize immigrants with experience in high demand careers, such as recruiting men and women in STEM (science, technology, engineering, and math).<sup>124</sup>

***Patrick Brown and the Ontario PCs will review and quicken the appeals processes for foreign credential recognition; demand an annual First Ministers Meeting on the subject; and take greater control over the Provincial Nominee Program.***

The province can do more to encourage students to get into the skilled trades. The province needs to prepare for the reality that a large percentage of the current population of elementary school students will end up in careers that don’t yet exist. At the same time many students are graduating from high school without experience in the area of trades and practical skills that are needed.<sup>125</sup> Currently, students are required to fulfill 40 hours of volunteer service to get a high school diploma. The province can encourage uptake in the skilled trades by allowing students experiential learning such as work in the skilled trades to count for up to half of their 40 hours of volunteer commitments.

Second, the province offers and promotes a number of skills and apprenticeship programs in Ontario high schools including the Specialist High Skills Major and the Ontario Youth Apprenticeship Program. These programs are important but are poorly integrated into the communities and job markets in which they operate.

119 Terry Haig, “TD Bank report warns of job losses if Ontario moves too fast on minimum wage hike,” Radio Canada International, September 27, 2017, <http://www.rcinet.ca/en/2017/09/27/td-bank-report-warns-of-job-losses-if-ontario-moves-too-fast-on-minimum-wage-hike/>.

120 Based on PC Party Policy Resolution R76.

121 Ibid.

122 Ibid.

123 Expert Roundtable on Immigration, “Expanding Our Routes to Success” (September 2012), [http://www.citizenship.gov.on.ca/english/keyinitiatives/imm\\_str/roundtable/roundtable.pdf](http://www.citizenship.gov.on.ca/english/keyinitiatives/imm_str/roundtable/roundtable.pdf).

124 Based on PC Party Policy Resolution R37, R38, R39, R99, and R100.

125 “Ontario needs innovative skills and apprenticeship training: study,” CTVNews, June 26, 2017, <http://www.ctvnews.ca/business/ontario-needs-innovative-skills-and-apprenticeship-training-study-1.3476304>.



Modernizing these programs with better community and labour force integration would improve post-high school employment and allow more employers to match jobs to skills. These programs can be regionally targeted towards employers in specific communities – such as coding in Waterloo or auto shop technicians in St. Catharines.

Third, there is a lack of coordination between the private sector, educational institutions and government when it comes to sharing labour market information with young students. Better labour market information is vital to help students determine which jobs will be in demand or what they pay so they can consider those fields. The government should make Ontario's job information portal more accessible, user friendly, and informative so that it does a better job of linking students with in-demand careers. Altogether, these reforms will help link education to employment and people to jobs.<sup>126</sup>

***Patrick Brown and the Ontario PCs will allow high school students to count work in the skilled trades for up to half of their volunteer commitment credit; modernize the promotion of trades to high school students; and fix the province's job information portal to better match students with careers of the future.***

When the Liberal government sold Hydro One to artificially balance their budget, they wanted to offset the negative announcements with positive press. So, they acted on alcohol reform – something long desired by many people in Ontario. In doing so, they signed a 10-year deal with the owners of the Beer Store to increase distribution to 450 grocery stores and to potentially expand 12 pack sales to 60 LCBO locations.

However, the Liberals have been slowly teasing out these licenses in order to have multiple announcements with positive media coverage, with just over 200 of the 450 licenses in place. Government should get these grocery licenses out the door as quickly as possible and put 12 packs in all 60 LCBO locations, as per the contract with the Beer Store.<sup>127</sup>

***Patrick Brown and the Ontario PCs will distribute the remaining grocery store licenses and 12 pack LCBO allotments immediately.***

Ontario's startup companies are coming up with great ideas and products on a daily basis. However, these companies can't get access to the talent they need to scale-up. These businesses commonly must sell their intellectual property at the development stage to larger businesses who then develop their products outside of Ontario. The province loses a job-creating, homemade success story, while the job creators themselves leave the province with their patents. The province should do more to help these companies grow right here at home. The province should target graduate tax credits to employees who work in firms that qualify for the current Ontario Scale Up Vouchers Program. This means any technology or innovation firm in Ontario that employs 20 or more people will qualify, if it is earning between \$1 to \$50 million in annual revenue and is either growing by 20 percent a year or has secured at least \$2 million in private sector investment in the past two years.<sup>128</sup> This would affect a small number of firms, but is a signal to them of the importance of keeping Canadian-trained talent in Canadian-owned high growth firms right here in Ontario.<sup>129</sup>

***Patrick Brown and the Ontario PCs will work with Canadian owned high growth firms to create a graduate tax credit for employees who work in those firms.***

---

<sup>126</sup> Based on PC Party Policy Resolution R3, R8 and R13.

---

<sup>127</sup> Based on PC Party Policy Resolution R23.

---

<sup>128</sup> Government of Ontario, "Ontario Scale-Up Vouchers Program," <https://www.ontarioscaleupprogram.ca/about-the-program/>.

---

<sup>129</sup> Based on PC Party Policy Resolution R74.

---

Job creators come in all shapes and sizes. Politicians can lose sight of the importance of Ontario's not-for-profit sector in creating rewarding jobs that provide essential support for many Ontarians, such as food banks and social services. However, employers of not-for-profits are commonly unable to offer pension plans to their employees due to cost and human resource pressures. In fact, it is quite common for not-for-profits to operate without formal human resources staff.<sup>130</sup> This lack of access to a proper pension is an impediment to recruiting and keeping people in these fields. Many workers leave the not-for-profit sector for more retirement security and better benefits. The government should reduce barriers for not-for-profit employers to offer pensions to their employees through existing multi-employer pension plans called Jointly Sponsored Pension Plans (JSPPs). Employee participation will be voluntary.<sup>131</sup>

***Patrick Brown and the Ontario PCs will reduce barriers for not-for-profit sector employees to have access to a decent pension by allowing these employers to join existing Jointly Sponsored Pension Plans.***

On the topic of pensions, the government should have been appalled at the treatment of members of the Sears pension plan when Sears declared bankruptcy. Instead, the Liberal government stood idly by. The Ontario government should do more by working with the federal government to find ways to ensure companies don't liquidate pension assets rather than paying pensions. For example, if an executive intentionally leaves a pension plan insolvent they could be held personally responsible and be fined.<sup>132</sup>

***Patrick Brown and the Ontario PCs will work with the federal government to protect the pensions of employees when their employer leaves the plan insolvent.***

Tourism in Ontario brings in as much as \$28 billion a year to the province, supporting nearly 360,000 jobs.<sup>133</sup> For some parts of Ontario – such as the North – tourism is a growing source of jobs and opportunity that has infinite potential. More can be done to coordinate and promote tourism in Ontario – with a special focus on the vast potential for tourism in the North. Our tourism sector can continue to grow, creating more jobs and making Ontario better overall.<sup>134</sup>

***Patrick Brown and the Ontario PCs will develop an integrated Ontario tourism strategy including more promotion of Ontario as a tourism destination and a focus on Northern Ontario tourism.***

Ontario's film and television industry is growing, but it is being held back from its full potential by delays surrounding tax-credit applications and processing. This reduces the overall effectiveness of the credit in attracting business investment here and it puts Ontario at a competitive disadvantage. Ontario can continue to be the prime destination for film and television production if the province gets this right.<sup>135</sup>

***Patrick Brown and the Ontario PCs will maintain the three existing media tax credits but streamline and modernize them to make Ontario a prime destination for film and television investment.***

130 Monina Febria, "Providing pensions for retention purposes: Sector-wide, multi-pronged approach makes most sense for non-profit sector," HRReporter, July 10, 2017, <http://theonn.ca/wp-content/uploads/2017/07/HR-Reporter.Providing-pensions-for-retention-purposes.2017.pdf>.

131 Based on PC Party Policy Resolution R21.

132 Based on PC Party Policy Resolution R21.

133 Ontario Chamber of Commerce, "Strategic Framework for Tourism in Ontario" (May 18, 2016), [http://www.occ.ca/wp-content/uploads/2013/05/OCC-Tourism-Submission\\_May2016.pdf](http://www.occ.ca/wp-content/uploads/2013/05/OCC-Tourism-Submission_May2016.pdf).

134 Based on PC Party Policy Resolution R138.

135 Based on PC Party Policy Resolution R76.

## 6. Change that works for Transit Users

The province has promised two-way, all-day GO train service – especially to places like our vital high-tech hub, Kitchener-Waterloo – but the province commonly delays and pushes back the target operation dates for these services. The province should fulfill its promise and should formally commit to complete major transit projects that are already under construction. These major transit projects include the Ottawa Light Rail Transit project's Phase 2, Hamilton's Light Rail Transit project, Kitchener-Waterloo's Light Rail Transit project, and the Finch West Light Rail Transit project.<sup>136</sup>

***Patrick Brown and the Ontario PCs will fulfill the existing commitments to two-way, all day GO train service and complete major transit projects already under construction, including those in Ottawa, Hamilton, and Kitchener-Waterloo.***

Toronto Mayor John Tory recently said: "I want to lead an administration with my colleagues that actually gets on with building this instead of endless debates. People are tired of endless debates. They've seen endless debates go on and the bottom line of that has been no transit." Patrick Brown and the Ontario PCs could not agree more. It's time to get subways built and get the province moving.<sup>137</sup>

Attempts to build subway infrastructure face considerable setbacks in the City of Toronto. The Scarborough Subway Extension is one example of subway development that has dragged on for years with still no 'shovels in the ground' despite the fact that Toronto city council has voted in favour of this project nine separate times. Despite the continuous efforts of the Mayor and subway supporters, opponents have waged a continuous effort to stop it.

The province has not held up its end of the bargain: it flip flopped on the Scarborough Subway commitment during the 2013 by-election in Scarborough-Guildwood and failed to commit necessary funding for the cost escalator associated with the project. Then there is the potential Sheppard subway extension from Don Mills station, which would close the loop with the Scarborough Town Centre. Discussions on this project were held, abandoned in favour of an LRT, and now, revived again due to speculation that a Sheppard LRT is no longer an option.<sup>138</sup> There are other subway projects the public has identified as important, such as the Relief Line and the Yonge Subway Extension to Richmond Hill. The time has come to move forward.

The combination of insufficient capital, antiquated municipal accounting rules, and a lack of political leadership at the provincial level means that the city will have to wait decades for these projects, and others, to get underway.<sup>139</sup> This is simply unacceptable for GTA residents, whose commute times are only getting worse.

It is time for the provincial government to stop making excuses and do what is necessary to get shovels in the ground and get subways built. The Scarborough Subway Extension should be built immediately. Projects like the Relief Line, the Yonge Extension to Richmond Hill, and extending the Sheppard Subway to close the loop with Scarborough should move ahead as prime candidates for development.<sup>140</sup>

***Patrick Brown and the Ontario PCs will commit an additional \$5 billion to build new subways in the Greater Toronto Area.***

<sup>136</sup> Based on PC Party Policy Resolution R91.

<sup>137</sup> Based on PC Party Policy Resolution R25 and R56.

<sup>138</sup> Ben Spurr, "Federal funding shuffle casts doubt on Sheppard LRT," Toronto Star, June 23, 2017, [https://www.thestar.com/news/city\\_hall/2017/06/23/federal-funding-for-finch-lrt-casts-doubt-on-sheppard-project.html](https://www.thestar.com/news/city_hall/2017/06/23/federal-funding-for-finch-lrt-casts-doubt-on-sheppard-project.html).

<sup>139</sup> "Tory wants Wynne to commit money to proposed downtown relief line," CBCNews, April 12, 2017, <http://www.cbc.ca/news/canada/toronto/downtown-relief-line-1.4066902>; Ben Spurr, "Mayor threatens to block subway extension unless province pays for relief line," Toronto Star, May 9, 2017, <https://www.thestar.com/news/gta/2017/05/09/mayor-john-tory-threatens-to-block-subway-extension-unless-province-pays-for-relief-line.html>.

<sup>140</sup> Based on PC Party Policy Resolution R25 and R56.

In order to leverage the power of the province's balance sheet in ways not fully available to municipal governments (for example, the province has greater ability to amortize the building of infrastructure) the province will assume responsibility for the capital costs of building and maintaining of Toronto's subway infrastructure, as we currently do with the Eglinton Crosstown LRT. By amortizing the costs over the life of the asset, the province can more easily afford to make a large commitment to get multiple subway projects built. The province can also pursue design-build-finance-maintain agreements with builders to complete new projects faster.<sup>141</sup>

***Patrick Brown and the Ontario PCs will provide help for commuters across the Greater Toronto Area by ensuring that the provincial government assumes responsibility for maintenance and investments in Toronto's subway infrastructure.***

In partnership with the Mayor of Toronto, Patrick Brown and the Ontario PCs will assume responsibility for the physical subway infrastructure – tunnels, tracks, and stations. This will allow the province to amortize subway investments and costs on the province's books over the life of the asset. The city would maintain complete control of day-to-day maintenance and operations. To ensure that the TTC remains the operator, operations of the subway system will be contracted back to the city in a similar fashion as the Eglinton Crosstown LRT agreement, and the City of Toronto will continue to own the fare box and all profits generated from it. To be clear, this will ensure the province does not and cannot profit from the subway system, but it does create a structure that takes advantage of the province's balance sheet to maximize provincial investments.<sup>142</sup>

.....  
141 Based on PC Party Policy Resolution R25 and R56.  
.....

142 Based on PC Party Policy Resolution R25 and R56.  
.....

Coordinated regional transit planning, as well as ensuring the City of Toronto gets new, long-awaited subways, will relieve commute times across the GTA and increase economic growth – while also reducing red tape and arbitrary delays.

To create more housing supply and economic activity near transit stations, the province will enter into discussions with the city about air rights over future subway stations that it builds.<sup>143</sup>

***Patrick Brown and the Ontario PCs will enter into discussions with the City of Toronto about air rights over future subway stations that it builds. These air rights should be used to increase housing supply, which in turn promotes housing affordability, and increases economic activity.***

The City of Toronto is currently responsible for nearly \$1 billion of the Scarborough Subway Extension. In addition, there is an outstanding cost escalator of more than \$200 million that the Wynne government has repeatedly refused to fund.<sup>144</sup>

***Patrick Brown and the Ontario PCs will assume responsibility for the city's share of the Scarborough Subway Extension, including the more than \$200 million cost escalator that the province has refused to fund, provided that the city makes a significant financial investment in extending the Eglinton Crosstown project to Scarborough's University of Toronto campus.***

.....  
143 Based on PC Party Policy Resolution R56 and R87.  
.....

144 Based on PC Party Policy Resolution R25 and R56.  
.....



The remaining funding from the new \$5 billion investment, combined with the province's increased capacity to finance capital projects through amortization, will be used to fund additional subway extensions. The projects that will be initially considered include the Relief Line, the Yonge Subway Line extension to Richmond Hill, and the Sheppard Subway extension which would close the loop with the Scarborough extension. In addition, the province will call on the federal government to match the new provincial subway funding commitment, instead of just making promises that they think the province cannot match. The federal government must also pay its fair share to support transit in Toronto.<sup>145</sup>

***Patrick Brown and the Ontario PCs will call on the Federal Government to match the new provincial subway funding commitment.***

Commuter transit involves more than just subways. Thousands of Ontario commuters take the GO train to and from work each day. Despite this, customer service levels on the GO train lines are not up to par. The government should focus on getting transit built, but it should also focus on making commuting a better experience. First, the province should ensure that all GO train services include free, reliable, consistent wireless internet for commuters.<sup>146</sup>

***Patrick Brown and the Ontario PCs will make Ontario's transit systems more customer friendly, starting with free, reliable, consistent WIFI on GO Trains.***

Because the Ontario government has an essential monopoly on commuter rail services, customer service is not the priority it should be. The province should focus on improving customer service by harmonizing fares wherever possible – including between the future SmartTrack project and the TTC – and allowing online ticket purchases for GO services, and by ensuring all facilities accept the same payment methods.<sup>147</sup>

***Patrick Brown and the Ontario PCs will make Ontario's transit systems more customer friendly, by harmonizing fares where possible, allowing for online ticket purchases for GO services, and by ensuring all facilities accept the same forms of payment.***

The High Speed Rail proposal through London to Windsor can shorten commute travel times from the GTA to Southwestern Ontario and help deliver new economic growth throughout the region. The province should complete the environmental assessment promised in order to move the project forward.<sup>148</sup>

***Patrick Brown and the Ontario PCs will fulfill the existing commitments to complete the environmental assessment for the Southwestern Ontario High Speed Rail project.***

145 Shawn Jeffords, "Toronto's \$4.8B transit assist from feds puts onus on province: Mayor Tory," Toronto Sun, July 6, 2017, <http://torontosun.com/2017/07/06/torontos-48b-transit-assist-from-feds-puts-onus-on-province-mayor-tory/wcm/9dd6a137-9ecb-4688-a318-0867e4163b69>; and, based on PC Party Policy Resolutions R25 and R56.

146 Based on PC Party Policy Resolution R29 and R90.

147 Based on PC Party Policy Resolution R29 and R90.

148 Based on PC Party Policy Resolution R30.

149 Ontario Ministry of Finance, "Drivers with Winter Tires Eligible for Insurance Discount," <https://news.ontario.ca/mof/en/2015/10/drivers-with-winter-tires-eligible-for-insurance-discount.html>.

150 Office of the Auditor General, "2012 Annual Report: Chapter 3, Section 3.04, Drive Clean Program," <http://www.auditor.on.ca/en/content/annualreports/arreports/en12/304en12.pdf>.

## 7. Change that works for Drivers

A vehicle with proper winter tires can stop 25% faster on snow and ice than a vehicle without winter tires, making it a desirable investment for drivers. In addition, the province recently created a mandatory insurance rate discount for drivers who purchase winter tires.<sup>149</sup>

The province should institute a \$500 tax credit to increase the incentive to purchase winter tires, which would encourage safer driving practices at a lower cost, while saving every Ontario driver money on their car insurance.

### *Patrick Brown and the Ontario PCs will introduce a \$500 Winter Tire Tax Credit.*

Drivers in the province have been punished by the Wynne government for too long. Drive Clean is a prime example. When Drive Clean was created, it served a purpose. There were too many dirty cars on the road and manufacturers weren't taking the problem of emissions seriously. However, the vehicle market has evolved since then and passenger cars are cleaner than ever. Instead of getting rid of the program, the Wynne Liberals use Drive Clean as a cash grab that creates repeated surpluses despite promises of revenue neutrality. In 2012, the Auditor General showed that 75% of the reduction in vehicle emissions had nothing to do with Drive Clean, but rather better industry standards.<sup>150</sup> In 2014, Global News showed a series of 14,825 vehicles that underwent Drive Clean testing, with 99.1% of the vehicles passing.<sup>151</sup> Drive Clean is an unnecessary financial and time burden on families and car owners who must take time out of their day to have their vehicle tested when it almost certainly will pass.

### *Patrick Brown and the Ontario PCs will scrap Drive Clean for cars, SUVs and minivans.*

151 Patrick Cain, "Exclusive: Newer cars almost never fail Drive Clean. Why keep testing them," Global News, May 5, 2014, <https://globalnews.ca/news/1186030/newer-model-cars-almost-never-fail-driveclean-government-data-shows/>.

152 David Marshall, "Fair Benefits Fairly Delivered: A Review of the Auto Insurance System in Ontario" (April 11, 2017), <https://www.fin.gov.on.ca/en/autoinsurance/fair-benefits.pdf>.

153 "Ontario vowed to cut auto insurance rates by 15 per cent by August. It's not looking good," National Post, July 16, 2015, <http://nationalpost.com/news/politics/ontario-vowed-to-cut-auto-insurance-rates-by-15-per-cent-by-august-its-not-looking-good>.

Ontario's auto insurance rates are the highest in Canada despite having some of the lowest levels of accidents and fatalities. A recent report, completed by Ontario's auto insurance advisor David Marshall, showed that the average auto insurance premium in Ontario is \$1,458, which is almost 55% higher than the average of all other Canadian jurisdictions.<sup>152</sup> In 2013, in an attempt to pass their budget while a minority government, the Wynne Liberals promised to reduce auto insurance rates by 15% by August 2015. Instead, they only achieved a 6.46% reduction in prices.<sup>153</sup> Two years later, they have failed to keep this promise and Ontario drivers still pay too much. Now, Kathleen Wynne has assured Ontario voters, who expected her to fulfill her promise, that it was never more than "a stretch goal."<sup>154</sup>

One of the reasons auto insurance rates are so high is because insurance companies are allowed to set rates based on where you live. As a result, drivers living in Brampton, Vaughan and Mississauga face the highest insurance rates in the province and the country.<sup>155</sup> This is wrong and should be fixed.

### *Patrick Brown and the PCs will eliminate geographic discrimination for auto insurance while not allowing insurance companies to raise rates on other parts of the province as a result.*

The Liberals have broken every promise they've made on auto insurance. They included a promise in three consecutive budgets to create an anti-fraud office to crack down on uninsured drivers and fraudsters in the system who drive up rates. Yet, the Liberals never fulfilled this promise. Insurance fraud and uninsured drivers are serious issues that the government should address.

154 "Wynne: Pledge to cut auto insurance 15 per cent a 'stretch goal'," CP24, January 18, 2017, <http://www.cp24.com/news/wynne-pledge-to-cut-auto-insurance-15-per-cent-a-stretch-goal-1.2742221>.

155 Jordan Chittley, "The 10 most expensive cities in Ontario for car insurance," Globe and Mail, October 21, 2016, <https://beta.theglobeandmail.com/globe-drive/news/trans-canada-highway/the-most-expensive-cities-in-ontario-for-car-insurance/article32470637/?ref=http://www.theglobeandmail.com&>.

***Patrick Brown and the PCs will crack down on insurance fraudsters and uninsured drivers.***

The Wynne Liberals have demonstrated a lack of accountability in the oversight of government-created agencies like the Ontario Tire Stewardship. The province had to call in auditors to review the organization's expenditures<sup>156</sup> after it was discovered the agency was using the money collected from taxes on your tire purchases to make political donations to the Liberal party.<sup>157</sup> The Wynne Liberals want to dine out on eco tax revenue generated by the Ontario Tire Stewardship until December 31, 2018. That's not good enough. These taxes should be eliminated immediately, and this agency should shut down as quickly as possible.

***Patrick Brown and the PCs will eliminate the eco taxes charged by the Ontario Tire Stewardship immediately and shut down this agency as soon as possible.***

The Liberals have done little for people who drive to work. They are willing to complete the environmental assessment for the High Speed Rail (HSR) project from Windsor to Toronto – a worthy endeavour – but are not willing to complete the GTA-West Highway Corridor environmental assessment. Both are important projects that would create more options for commuters and which the government should move forward to the next stage of the process.

***Patrick Brown and the PCs will complete the environmental assessment for the GTA-West Highway Corridor.***

The Wynne Liberals have raised the cost of vehicle and driver's registration fees year after year after year. Since Kathleen Wynne took power in 2013, her

government has raised license exam fees by 133% and raised vehicle sticker renewal fees by 33% – to \$120.<sup>158</sup> The government should not be looking to make it more expensive for families to pick up their children from sports or for hardworking people to get to their jobs.

***Patrick Brown and the Ontario PCs will freeze fees on driver's licenses and vehicle registration for two years and allow them to be renewed for longer periods of time to protect consumers from any potential future rate increases.***

**8. Change that works for Rural and Small Town Ontario**

It is unacceptable that so many rural communities lack high-speed broadband access and/or reliable cellular coverage. High-speed broadband access is universal in urban areas, but only 85% of rural communities have similar access. This puts rural communities at a disadvantage when it comes to competing for new businesses or even improving the quality of life for families. The Ontario Chamber of Commerce has highlighted that Canada ranks 33rd in the world when it comes to available speed, and its broadband shortcomings are weighing on the ability of suburban and rural small businesses to compete.<sup>159</sup>

When it comes to cellular service, a lack of proper infrastructure affects more than just the ability to communicate with friends and family. In times of emergency, calls cannot be completed or are routed to other parts of the province, or even to the United States, because of a lack of infrastructure in these rural areas. Proper access to cellular service can do more than just improve quality of life; it can help save lives.

<sup>156</sup> Moira Welsh and Robert Benzie, "Province to shut down Ontario Tire Stewardship by 2018," Toronto Star, February 24, 2017, <https://www.thestar.com/news/canada/2017/02/24/province-to-shut-down-ontario-tire-stewardship-by-2018.html>.

<sup>157</sup> Moira Welsh, "Ontario tire recycling fees fund boozy board dinners," Toronto Star, January 9, 2016, <https://www.thestar.com/news/canada/2016/01/09/ontario-tire-recycling-fees-fund-boozy-board-dinners.html>.

<sup>158</sup> "Liberals to hike fees for Ontario drivers once again on July 1st," Sault Online, June 22, 2017, <https://saultonline.com/2017/06/liberals-to-hike-fees-for-ontario-drivers-once-again-on-july-1st/>.

<sup>159</sup> Ontario Chamber of Commerce, "Top 3 Obstacles To Small Business Success."

<sup>160</sup> Based on PC Party Policy Resolution R131

<sup>161</sup> John Vellone and Jessica Ann Buchta, "Ontario Energy Board Decision Introduces Competitive Bidding for Natural Gas Franchises," Energy Regulation Quarterly, vol. 5, issue 1 (2017): <http://www.energyregulationquarterly.ca/articles/ontario-energy-board-decision-introduces-competitive-bidding-for-natural-gas-franchises#sthash.zKAYNoNK.fkDljYIU.dpbs>.

The government should use the up to \$100 million in savings from the natural gas policy to invest in these services for rural and Northern Ontario.<sup>160</sup>

***Patrick Brown and the Ontario PCs will make broadband and cellular infrastructure projects eligible under the Ontario Community Infrastructure Fund and put up to \$100 million towards funding these projects directly.***

The Ontario Energy Board (OEB) recently decided to prevent natural gas distributors from funding expansion projects in rural and Northern communities on their own.<sup>161</sup> Since the OEB did not let private capital build new natural gas networks, the Liberals had to subsidize expansion through a \$100 million Natural Gas Grant Program, just to pay for something the private sector was ready and willing to pay for.<sup>162</sup> In addition, the privately-run proposal could reach up to 70 communities and provide service to 38,000 new customers – compared to a small handful of towns under the Wynne government’s proposal.<sup>163</sup> As natural gas is a quarter of the cost of electricity, this will give these families, businesses and farmers a much-needed cost saving measure.<sup>164</sup>

***Patrick Brown and the Ontario PCs will enable privately funded natural gas expansion to expand access to more communities while saving the province up to \$100 million.***

In addition to increased natural gas, broadband and cellular infrastructure, rural and small town municipalities face challenges when it comes to dealing with infrastructure upgrades. We believe it is important to acknowledge that. The Wynne Liberal government decided that they didn’t care to help municipalities with necessary infrastructure upgrades when they slashed the Ontario Municipal

Partnership Fund (OMPF) by \$70 million a year since 2013.<sup>165</sup> Rural municipalities cannot simply raise property taxes every time they need money for infrastructure. The province needs to do its part and should restore funding from the OMPF over the course of the next mandate.

***Patrick Brown and the Ontario PCs will restore the \$70 million cut from the Ontario Municipal Partnership Fund.***

Some infrastructure projects are just too large for rural municipalities to complete on their own. Yet, when they look to the province for help, they’re commonly treated as an afterthought. To increase the options for rural infrastructure and to treat these municipalities with the respect they deserve the government should increase funding options and be more transparent about decisions for local infrastructure grants.

***Patrick Brown and the Ontario PCs will be more transparent by explaining why projects are denied under the Ontario Community Infrastructure Fund, and they will allow pooling of similar projects so smaller municipalities can benefit from P3 financing.***

A large part of rural and small town Ontario – and the province on the whole – is the agricultural sector, with more than 2.2 million Ontarians employed in the broader agriculture sector.<sup>166</sup> Current Ontario agriculture programs, such as the risk management program (RMP) and supply management are vital programs for the continued success of the agricultural sector. The RMP is an agricultural insurance program for farmers to receive funding when a particular commodity falls below a certain target price due to circumstances outside of a farmer’s control.

162 Infrastructure Ontario, “Natural Gas Grant Program,” <http://www.infrastructureontario.ca/NGGP/>.

163 Ontario Energy Board: Submissions of Union Gas Limited, June 20, 2016, see p. 2; Enbridge Gas Distribution Inc. Responses to Interrogatories of Energy Probe, see p. 2. Union Gas intends to reach 33 communities and 18,000 homes and businesses. Enbridge intends to reach 39 communities and 20,490 potential customers.

164 Based on PC Party Policy Resolution R127.

165 Association of Municipalities of Ontario, “The Ontario Municipal Partnership Fund,” <https://www.amo.on.ca/AMO-Content/Backgrounders/2017/OntarioMunicipalPartnershipFund.aspx>.

166 Ontario Ministry of Agriculture, Food, and Rural Affairs, “Statistical Summary of Ontario Agriculture,” [http://www.omafr.gov.on.ca/english/stats/agriculture\\_summary.htm](http://www.omafr.gov.on.ca/english/stats/agriculture_summary.htm).



The program is available for the cattle, grains and oilseed, hog, sheep and veal sectors. The RMP was created in 2011, but just over a year later the Liberals imposed a cap of \$100 million on the program. This is no way to protect farmers from unpredictable, large commodity price shifts.

The province needs to recognize the important role that farmers and the food processing sector play in Ontario. The Liberals have ignored the agricultural community – just one example is their inability to follow through on their promises of fulfilling local food targets in provincial institutions. It's time we had a government that cares about rural Ontario and farmers.<sup>167</sup>

***Patrick Brown and the Ontario PCs will increase the Risk Management Program cap by \$50 million and allow unused portions to rollover to the next year.***

The greenhouse industry in Ontario has been hard hit by Kathleen Wynne's policies. Story after story has surfaced of Ontario greenhouse operators – mainly located in Southwestern Ontario – choosing to move to the United States or at least expand operations in the U.S. rather than Ontario because of damaging policies. The owners of Mucci Farms in Kingsville expanded in Ohio because of electricity costs,<sup>168</sup> while NatureFresh in Leamington shifted its tomato production line to Ohio.<sup>169</sup> Despite the losses to this sector, the Liberal government insists on charging the full cost of cap and trade to greenhouses – even though they capture their emissions and use them to feed their plants. The province should simply admit that greenhouses don't fully release emissions from the gas they purchase and stop charging them the full carbon price.<sup>170</sup>

***Patrick Brown and the Ontario PCs will rebate 80% of the carbon price paid by greenhouses, which is standard practice in Alberta and British Columbia.***

The Liberals have shown time and time again that they do not treat rural Ontario with the respect it deserves. For example, they cancelled the Slots at Racetrack Program (SARP), which gave horse racing tracks access to the revenue generated by slot facilities located at their tracks. In doing so, they cost horse tracks hundreds of millions in annual revenue. Recently, internal government emails surfaced that showed the government knew that this decision was projected to cost 23,000 jobs and cause 27,000 horses to be put down.<sup>171</sup> Because of the cancellation, horse tracks were forced to reduce purses for racers, limit race days, and some shut down operations completely. The industry has been struggling ever since. The government later introduced an annual subsidy to try to right their wrongs, but the damage had been done.

It's time for a government that cares about horse racing in Ontario. The government should create a horse-racing scratch ticket and return every dollar made from it to local racetracks in order to better support the industry. Additionally, when bets are placed off-track (in parlours or via television) Woodbine Racetrack receives all of the proceeds, and only rebates a portion to local tracks who have lost local customers. The province should review this formula and ensure more money is being distributed fairly to local racetracks.<sup>172</sup>

***Patrick Brown and the Ontario PCs will get horse racing back on track by creating a horseracing scratch ticket and reviewing and fixing the sharing agreements between Woodbine and community tracks for off-track wagering revenue.***

<sup>167</sup> Based on PC Party Policy Resolution R125.

<sup>168</sup> "Hydro costs force Kingsville greenhouse to expand outside Ontario," CBCNews, November 28, 2016, <http://www.cbc.ca/news/canada/windsor/greenhouse-hydro-ontario-businesses-1.3870512>.

<sup>169</sup> Grace Macaluso, "Greenhouse grower shifts tomato product line to Ohio; puts Leamington expansion on hold," Windsor Star, July 5, 2016, <http://windsorstar.com/business/local-business/greenhouse-grower-shifts-tomato-product-line-to-ohio-puts-leamington-expansion-on-hold>.

<sup>170</sup> Based on PC Party Policy Resolution R30.

<sup>171</sup> "Liberal horse racing plan would result in "23,000 job losses and 27,000 dead horses," Sault Online, October 18, 2017, <https://saultonline.com/2017/10/liberal-horse-racing-plan-would-result-in-23000-job-losses-and-27000-dead-horses/>.

<sup>172</sup> Based on PC Party Policy Resolution R128.

Ontario hunters and anglers are pleased to pay their licensing fees to support wildlife conservation efforts. They understand better than anyone the importance of careful stewardship of our natural habitats and wildlife. But, the Liberals have turned hunting and fishing licenses into a cash grab to pay for their own irresponsible spending, using the money to buy and sell houses and pay for hotels and dentist appointments.<sup>173</sup> At the same time, a lack of proper conservation funding has led to declining moose populations, understocking of fish, and various other issues with hunting and fishing. This is unacceptable. These monies are meant to go into a special purpose account and be earmarked for conservation efforts and improving hunting and fishing in Ontario.<sup>174</sup>

***Patrick Brown and the Ontario PCs will ensure all hunting and fishing license fees are spent on wildlife conservation not irresponsible Liberal spending.***

Ontarians should have peace of mind when it comes to enjoying the property they have worked so hard to own. This is the foundation of a prosperous, healthy and free society.<sup>175</sup>

***Patrick Brown and the Ontario PCs will ensure that all ministries have respect for and understanding of the importance of protecting private property rights and each ministry will have to demonstrate a strong public need to encroach on private property rights.***

The Wynne Liberals are out of touch with the rural way of life. Government employees in Toronto often don't understand the deep-rooted issues and complexities facing the agricultural sector. Bureaucrats in Toronto shouldn't be exclusively responsible for making decisions about farming policy.

173 John Miner, "Southwestern Ontario group questions spending by Ministry of Natural Resources and Forestry," London Free Press, October 2, 2016, <http://www.lfpress.com/2016/10/01/southwestern-ontario-group-questions-spending-by-ministry-of-natural-resources-and-forestry>.

174 Based on PC Party Policy Resolution R97.

175 Based on PC Party Policy Resolution R24.

176 Robert Benzie, "Road to Ring of Fire mining development gets green light," Toronto Star, August 21, 2017, <https://www.thestar.com/news/queenspark/2017/08/21/road-to-ring-of-fire-mining-development-gets-green-light.html>.

Farmers and industry experts should play a key role in making the decisions that affect them the most. The government should create a permanent advisory panel made up of the Ministry of Agriculture, Food and Rural Affairs, the Premier's Office, other relevant ministries, and key stakeholders from both the farming and processing sides of the industry. This group will be tasked with leading consultations across the province and providing recommendations on everything from the location and need for a new Ontario Food Terminal, how to effectively reduce red tape in the agricultural sector, to increasing farming, specifically cattle farming, in Northern Ontario.

***Patrick Brown and the Ontario PCs will establish a special agricultural task force with direct access to the Minister of Agriculture and Premier's Office to advise the government on key policy decisions affecting the agricultural sector.***

## **9. Change that works for Northern Ontario**

Mining represents a major economic opportunity for Northern Ontario and the province. The Ring of Fire project is a great example. There is an estimated \$60 billion worth of mineral deposits in the Ring of Fire,<sup>176</sup> with the Ontario Chamber of Commerce estimating that the development in the Ring of Fire region can sustain 5,500 jobs annually and contribute almost \$2 billion in government revenues.<sup>177</sup> Yet, the Ontario Liberal government has put up roadblock after roadblock to obstruct these projects and the economic opportunities associated with them. The result is fewer jobs, less economic activity, and a missed opportunity for the region and our province. The Ring of Fire roads took the Liberals 10 years to promise, coincidentally coming months before a provincial election and just after the government lost a key by-election in Northern Ontario.

177 Ontario Chamber of Commerce, "Ring of Fire," <http://www.occ.ca/issue/ring-of-fire/>.

178 Based on PC Party Policy Resolution R92

179 Based on PC Party Policy Resolution R92

180 Ken S. Coates, "Sharing the Wealth: How resource revenue agreements can honour treaties, improve communities, and facilitate Canadian development," MacDonald Laurier Institute: Aboriginal Canada the Natural Resource Economy Series (January 2015), <http://www.macdonaldlaurier.ca/files/pdf/MLIresourcevenuesharingweb.pdf>

181 Based on PC Party Policy Resolution R95

The government should not play politics with the roads to the Ring of Fire.<sup>178</sup>

***Patrick Brown and the Ontario PCs will build the roads to the Ring of Fire.***

Mining in Ontario is about more than just the Ring of Fire. Take an initiative like Quebec's Plan Nord for example. In Quebec, the province has worked with industry to unlock the opportunities that can flow from mining development. Ontario should replicate the Quebec model by establishing a high-level government working group between mining proponents, key ministries, and the Premier's Office to work together and ensure there is a proper regulatory environment for mining investment and development. This high-level working group will focus on major mining projects, force government to be accountable for its actions, and have a clear mandate to remove roadblocks to development rather than create them.<sup>179</sup>

***Patrick Brown and the Ontario PCs will establish a special mining working group to help unlock Northern Ontario's mining opportunities.***

When new mining, forestry and aggregate developments are proposed, local communities and indigenous communities may be reluctant to support them without knowing how they would share in the benefits of the development. It is in the interest of both project proponents and the local communities that the provincial government plays a role in sharing resource revenue with these local municipalities and indigenous communities.

The province should take a portion of the provincial revenues collected from aggregate licenses, stumpage fees and the mining profits tax and redistribute them to local host municipalities or indigenous communities to help fund specific community

projects and improvements.<sup>180</sup> The provincial government should not be the only level of government to benefit from a resource development project. There will be no increases in fees to accommodate for this new revenue-resource sharing model. In addition, the government should evaluate proposals to share revenue with municipalities along the proposed haulage routes of these projects to help with any new infrastructure upgrades and costs that would come as a result of the new heavy usage.<sup>181</sup>

***Patrick Brown and the Ontario PCs will establish resource-revenue sharing agreements between the provincial government, Indigenous communities and local municipalities for future mining, forestry and aggregate projects.***

For too long, successive Ontario governments have crafted hunting regulations based on emotion rather than on appropriate wildlife management practices. For example, they have refused to make cormorants a hunt-eligible species despite large populations and the negative environmental consequences of that bird population.<sup>182</sup> While the spring black bear hunt has been reinstated, it was done only on a temporary pilot basis. The spring bear hunt should be permanently reinstated, with the proviso that municipalities in the North get the final say on allowing the hunt in their jurisdiction and that the population is effectively monitored.

Similarly, the Wynne Liberals have consistently and significantly reduced the number of moose tags issued,<sup>183</sup> as well as shortening the length of the moose-hunting season.<sup>184</sup> The government should consider the economic and cultural benefits of the moose hunt in its policies and employ cost-effective, evidence-based approaches to managing the moose population and habitat protection such as using drones to measure moose populations instead of expensive fly-overs.<sup>185</sup>

<sup>178</sup> "Let's talk about Cormorants," Simcoe.com, October 14, 2017, <https://www.simcoe.com/opinion-story/7588514-let-s-talk-about-cormorants/>.

<sup>179</sup> Ontario Ministry of Natural Resources and Forestry, "Ontario Reducing Moose Tags for 2014: Aerial Surveys Show Declines in Northern Ontario," April 16, 2014, <https://news.ontario.ca/mnr/en/2014/04/ontario-reducing-moose-tags-for-2014.html>; Ontario Ministry of Natural Resources and Forestry, "Ontario Changing Moose Hunting Season: Province Taking Steps to Sustain Moose Populations in Northern Ontario," April 14, 2015, <http://news.ontario.ca/mnr/en/2015/04/ontario-changing-moose-hunting-season.html>.

<sup>180</sup> Ontario Ministry of Natural Resources and Forestry, "Ontario Changing Moose Hunting Season: Province Taking Steps to Sustain Moose Populations in Northern Ontario"; Antonella Artuso, "Hunters upset at Ontario plan to shorten moose season," Toronto Sun, February 10, 2015, <http://www.torontosun.com/2015/02/10/hunters-upset-at-ontario-plan-to-shorten-moose-season>.

<sup>181</sup> Based on PC Party Policy Resolutions 53 and 30.

***Patrick Brown and the Ontario PCs will reinstate the spring bear hunt in full, subject to municipal consent and respect economic, cultural and species management concerns with respect to moose tags and moose hunting.***

There are few more clear examples of the Ontario Liberal government's disconnect from the needs, interests, and aspirations of Northern Ontario than the Far North Act. It was a piece of sweeping legislation that ignored Northern voices and has since hurt the region's economy and undermined its way of life by blocking any economic development in a region of 225,000 square kms - roughly the size of the United Kingdom. These harmful laws have stood in the way of economic development and job creation opportunities in Northern Ontario.<sup>186</sup>

***Patrick Brown and the Ontario PCs will repeal the Far North Act.***

It is just not enough to fix past Liberal mistakes in Northern Ontario, the government must also plan to take positive steps to support Northern economic development and opportunity in the future. Crown lands account for 87% of the land base in Ontario but the Ministry of Natural Resources has too often restricted access to these lands and the more than 2,000 lakes they hold.<sup>187</sup> This precludes hunting and angling opportunities and even simple things like hiking and general tourism. Quite simply, it stops local citizens from accessing their own Crown lands without the threat of heavy fines for "trespassing."<sup>188</sup>

Similarly, the Ontario Liberal government has closed forest access roads for recreational and civilian uses. This type of blanket prohibition is the result of people making the decisions do not understand the region, and do not bother to consult with people who do.

<sup>186</sup> Based on PC Party Policy Resolution R133.

<sup>187</sup> Government of Ontario, "Crown Land," <https://www.ontario.ca/page/crown-land>.

<sup>188</sup> Simon R. Guillet, "Time to speak up on public access to Crown lands," Sudbury Star, July 15, 2013, <http://www.thesudburystar.com/2013/07/15/time-to-speak-up-on-public-access-to-crown-lands>.

<sup>189</sup> Based on PC Party Policy Resolution R138.

The government should open up public access to these roads, which will support tourism, recreation, and the Northern way of life.<sup>189</sup>

***Patrick Brown and the Ontario PCs will unlock Crown lands for hunting, angling, and tourism; and explore ways to increase public access to resource access roads, including forest roads.***

Northern Ontario's economy is undergoing a positive transformation. It is a powerful story of economic diversification, entrepreneurship, innovation, and opportunity. But sadly, it is little thanks to the Ontario Liberal government. The Northern Ontario Heritage Fund is intended to grant \$100 million to dynamic projects for economic development in the region. This program is vitally important to Northern Ontario, especially as Northern businesses tend to face higher costs. Yet, the Liberals have consistently left about \$20 million a year unspent, letting these monies return to Queen's Park and disappear from the region.<sup>190</sup> This would be unacceptable elsewhere. Why is it acceptable for Northern Ontario? The government should provide the North with its fair share particularly as it goes through its process of transformation.

***Patrick Brown and the Ontario PCs will ensure the Northern Ontario Heritage Fund is fully allocated or rolled over to the next year; and index the Fund to inflation so it continues to grow and support economic development and opportunity in the North.***

Politicians from other parts of the province outnumber those representing Northern Ontario as they only have 13 of 124 seats, and those 13 seats are normally divided up among the three main parties. Northern interests are commonly ignored in favour of others -- or at least they have been in the Kathleen Wynne Liberal government. The government

<sup>190</sup> Treasury Board Secretariat, "Public Accounts of Ontario: Financial Statements of Government Organizations, Volume 2B, 2016-2017," [https://files.ontario.ca/vol\\_2b\\_english.pdf](https://files.ontario.ca/vol_2b_english.pdf), see pp. 1-29; Treasury Board Secretariat, "Public Accounts of Ontario: Financial Statements of Government Organizations, Volume 2B, 2015-2016," [https://files.ontario.ca/vol\\_2b\\_english\\_-\\_final\\_1\\_0.pdf](https://files.ontario.ca/vol_2b_english_-_final_1_0.pdf), see pp. 1-28.

<sup>191</sup> Based on PC Party Policy Resolution R133.



should do more to institutionalize the impact to Northern Ontario by decisions made at Queen's Park.<sup>191</sup>

***Patrick Brown and the Ontario PCs will ensure that the voice of Northern Ontario is brought to every decision made at Queen's Park by requiring every cabinet submission to include a Northern Ontario Assessment.***

The Liberal government is out of touch with Northern Ontario. A great example is the government's 148% hike to the aviation fuel tax.<sup>192</sup> Raising the fuel tax has made life harder and more expensive for Northern and remote fly-in communities who rely on airplanes to get everyday items to their communities. The government should have known that air cargo is a vital link for food, fuel, and supplies as well as medical transportation and evacuation. For some Northern communities, airports represent the only reliable, year-round mode of transportation and supplies. Even basic necessities have gone up in price as a result of this irresponsible tax hike. This hike must be reversed. Airports in smaller Northern communities can use relief from this tax to help reduce the cost of everyday goods, but airports in larger communities such as Thunder Bay, Sudbury, Sault Ste. Marie, Timmins, and North Bay can use relief from this tax to help attract new business development and connect Northern Ontario residents to the South. Northern outfitters and tourism companies can use this tax relief to reduce prices at hunting and fishing camps in remote Northern locations, thereby increasing their competitive advantage.<sup>193</sup>

***Patrick Brown and the Ontario PCs will reverse the 148% increase to the aviation fuel tax for all Northern airports - large and small.***

On a similar note, transit services in Northern Ontario have continually been made more expensive or cut altogether by the Liberals. In September 2012, the last Ontario Northland passenger train left Union Station for Cochrane.<sup>194</sup> The Northlander was the main passenger train service connecting Northern Ontario to Toronto, running from Toronto through North Bay to Cochrane with stops in between. Northerners were rightfully furious with the decision to cancel the train service and feared job losses, as well as the end of a relatively quick transportation option to and from Toronto for medical and other needs.<sup>195</sup> The government should begin the process of bringing back the Northlander. First, that means completing an assessment of what equipment needs to be purchased and what upgrades need to be made to restore the service. Then, it means providing annual funding to make the train a reality. The government should bring back the Ontario Northlander.<sup>196</sup>

***Patrick Brown and the Ontario PCs will bring back the Ontario Northlander by the end of their mandate.***

Ontario's forestry sector was hard hit by the last economic downturn. Though it has been recovering, the progress has been slow and steady. Now, with North American Free Trade Agreement (NAFTA) discussions underway, standing up for the forestry sector in Ontario is more important than ever. To help right here at home, the government should reduce barriers to forestry development that would allow the sector to realize its full potential of 26 million cubic meters of harvested timber a year. Addressing these barriers will allow the sector to grow, create jobs, and bring more economic development to the North. In addition, the provincial government must put some skin in the game and stand up for Ontario's forestry sector in the international arena.<sup>198</sup>

192 "Ontario raises aviation fuel tax to highest level in Canada," CISION, April 1, 2015, <http://www.newswire.ca/news-releases/ontario-raises-aviation-fuel-tax-to-highest-level-in-canada-517470611.html>.

193 Based on PC Party Policy Resolution R135.

194 Rob Ferguson, "Ontario Northlander train to make its last run Sept. 28," Toronto Star, August 16, 2012, [https://www.thestar.com/news/canada/2012/08/16/ontario\\_northlander\\_train\\_to\\_make\\_its\\_last\\_run\\_sept\\_28.html](https://www.thestar.com/news/canada/2012/08/16/ontario_northlander_train_to_make_its_last_run_sept_28.html).

195 Ibid.

196 Based on PC Party Policy Resolution R134.

197 Len Gillis, "Timmins mill urges support to preserve wood access," timminspress.com, <http://www.timminspress.com/2015/10/06/timmins-mill-urges-support-to-preserve-wood-access>.

198 Based on PC Party Policy Resolutions 93 and 96.

***Patrick Brown and the Ontario PCs will eliminate barriers preventing Ontario's forestry industry from flourishing; and will demand a seat at the international negotiating table on forestry issues to protect Ontario's vital forestry sector.***

The environmental contamination at Grassy Narrows First Nation requires immediate and ongoing attention. It is unacceptable that governments of all three political stripes have left this problem unaddressed for so long. The people in this community – and in the North more generally – deserve better. We must fix this wrong and promote lasting and meaningful reconciliation for the benefit of First Nations members and all Canadians.<sup>199</sup>

***Patrick Brown and the Ontario PCs will continue to fund the clean-up at Grassy Narrows.***

Access to healthcare services remains a challenge in parts of Northern Ontario. This can cause undue stress, long-distance travels, and health risks for Northerners. There are too few PET scanners – an important cancer screening device – in the North. Most are far away from Northern and remote communities. People in Northern Ontario rightly expect better access to healthcare services. There are now technological solutions that mean that where you live does not need to determine the timeliness or quality of your treatment, nor force you to travel great distance and be away from family. The province should invest in similar mobile PET scanning technology similar to that which has been adopted successfully in upper state New York, Northern Michigan, and Alaska. This mobile PET scanner could provide diagnostic treatment for up to 500 patients per year across six Northern Ontario sites.

***Patrick Brown and the Ontario PCs will invest in a mobile PET scanner for Northern Ontario.***

199 Based on PC Party Policy Resolution R18.

200 Based on PC Party Policy Resolution R20.

## **10. Change that makes Government Accountable**

During the Liberals 15-year reign, there have been five separate police investigations of the Liberal government. Two of those investigations resulted in criminal charges. And that's just what we've been made aware of; who knows what the government has been able to hide. It's time to clean up Queen's Park and restore accountability to the provincial government.<sup>200</sup>

***Patrick Brown and the Ontario PCs will introduce the First-ever Trust, Integrity, and Accountability Act.***

The Wynne Liberals have broken promise after promise in government, and have missed performance target after performance target – whether it is on infrastructure completion dates, a 15% reduction in auto insurance rates, or on implementing electronic health records in Ontario. In most circumstances, these broken promises are simply a failure to deliver. Voters deserve better.

The government needs to establish measurable performance benchmarks for each Minister directly related to a policy priority for that Minister. These performance targets will be set for a minimum of three years with future years showing improvements in the relevant benchmark, or progress toward a specific, measurable goal.<sup>201</sup>

***Patrick Brown and the Ontario PCs will establish clear performance targets for Ministers.***

In December 2016, MPPs voted unanimously to ban corporate and union donations to political parties, outlaw provincial parliamentarians and candidates from attending fundraisers, and lowered individual donation limits.

201 Based on PC Party Policy Resolution R20.

202 Martin Regg Cohn, "Escalating fundraising demands part of 'the system' at Queen's Park: Cohn," Toronto Star, March 29, 2016, <https://www.thestar.com/news/queen-spark/2016/03/29/escalating-fundraising-demands-part-of-the-system-at-queens-park-cohn.html>.

The Wynne Liberals were caught in a cash for access fundraising scandal and tried to limit the damage by reforming the law. However, that legislation did not address the issue of Ministers having their own fundraising targets for their party – a shady practice the Liberal government was caught tying directly to Ministerial portfolios<sup>202</sup> – and of Ministers currently being allowed to call stakeholders who do business with the government to solicit political donations.<sup>203</sup>

***Patrick Brown and the Ontario PCs will close fundraising loopholes, including banning Ministers ability to fundraise from stakeholders they do direct business with.***

In the 2015 budget, the Ontario Liberals removed the Auditor General's oversight of government advertisements. They restricted her powers to only a preliminary, non-binding review function instead of a final review function with full veto power – meaning the Auditor General can no longer block taxpayer-funded, partisan ads from hitting the airwaves. This has allowed various advertisements, like the blatantly partisan ads selling the “Fair Hydro Plan,” that are misleading and presume the passage of legislation.<sup>204</sup>

***Patrick Brown and the Ontario PCs will return the Auditor General's oversight over government advertising.***

There is currently a one-year lobbying ban for all Ministerial staff who leave Queen's Park to go to the private sector. However, that lobbying ban only applies to the Ministry in which a staffer worked (the Premier's Office has a wider ban). For example, if a staffer leaves the Ministry of Transportation, they can lobby any other Ministry. This leads to ethical lapses where former staff lobby a Ministry they worked closely with, but not directly for.

203 Based on PC Party Policy Resolution R20.

204 Based on PC Party Policy Resolution R20.

205 Shawn Jeffords, “Timing of Liberal staffer's Tesla job raises eyebrows,” Toronto Sun, February 23, 2017, <http://torontosun.com/2017/02/23/questions-after-murray-staffer-takes-post-with-tesla/wcm/5c7c018e-577c-47e2-810f-ddf3c111343>.

206 Based on PC Party Policy Resolution R20.

Even worse, it does nothing to prevent a “I’ll scratch your back, you scratch mine” system as staff can lobby for organizations they directly benefited while in office, so long as they don’t lobby their former boss.

One prominent example was the Minister of the Environment's Chief of Staff, Iain Myrans.<sup>205</sup> In the same month that the government reversed the changes to the electric-car subsidy program that increased the subsidy for electric car manufacturers such as Tesla, Myrans became a lobbyist for Tesla with the only restriction that he could not lobby the Ministry of the Environment.<sup>206</sup>

***Patrick Brown and the Ontario PCs will close lobbying loopholes by creating the “Tesla Rule” to prevent staff from lobbying for organizations they dealt with while in government.***

Officials from public agencies are attending private events to connect with and speak to government officials and politicians – on the public dime. A ‘private event’ would include, for example, a speech by Kathleen Wynne at the Empire Club in October 2015. It is commonplace for energy organizations wholly owned by the government (such as the IESO or Metrolinx) to either buy tables to speeches at venues like the Empire Club or to buy individual seats. As their operating costs are covered by the electricity ratepayer or taxpayer, these seats were funded by the people of Ontario so agency executives could hear their own Premier or Minister (their boss) speak at a function. Patrick Brown and the Ontario PCs will prevent public agencies from using taxpayer or ratepayer dollars for seats at these events. If a member of a public agency wishes to attend, they should pay for it personally, out of their pocket, not yours.<sup>207</sup>

207 Based on PC Party Policy Resolution R20.

208 Jacques Gallant, “How an ‘invented’ Supreme Court ruling has rocked the Canadian justice system,” Toronto Star, March 19, 2017, <https://www.thestar.com/news/gta/2017/03/19/how-an-invented-supreme-court-ruling-has-rocked-the-canadian-justice-system.html>.

209 Jacques Gallant, “Ontario Superior Court warns federal government it ‘desperately’ needs more judges,” Toronto Star, September 25, 2017, <https://www.thestar.com/news/gta/2017/09/25/ontario-superior-court-warns-federal-government-it-desperately-needs-more-judges.html>.

***Patrick Brown and the Ontario PCs will prevent public agencies and staff from expensing the cost to attend speeches given by Ontario Ministers.***

## **11. Change that Improves Justice in Ontario**

Few Supreme Court cases have rocked the administration of justice in Canada quite like the *R v. Jordan* case. The ruling mandated that trials in provincial court must not exceed 18 months, and not exceed 30 months for more serious crimes in the Superior Court.<sup>208</sup> These time limits have exposed flaws in Ontario's justice system, potentially letting hundreds of alleged murderers and rapists back into the community without ever facing a proper trial. The most obvious way to address these challenges is to appoint more judges to the Ontario courts. This is the role of the federal government which has, to its credit, said that they were prepared to add judges to the judicial system. Unfortunately, doing so has taken time and the appointments process is already too far behind.<sup>209</sup> While we pressure the federal government to act, the provincial government must do more to reduce delays.

The province needs to review policies that will decrease delays in the criminal justice system, or increase the speed of the civil justice system – thereby freeing up courtrooms for time-limited criminal hearings. Increasing the speed of the courts is a difficult task, and it is not a responsibility that should be taken lightly. Every change to the justice system has an equal and opposite reaction that can outweigh the benefits of the policy in the first place. Therefore, the province needs to effectively study its options before acting recklessly. Getting this right will make Ontario a safer place.<sup>210</sup>

***Patrick Brown and the Ontario PCs will crack down on justice delays by pushing the federal government to appoint more judges in Ontario; and examining potential policies such as increasing the use of paralegals, pursuing unified family courts, and expanding simplified procedure thresholds.***

Ontario's correctional workers, especially parole and probation officers, are voicing their concerns regarding excessive caseloads which leads to unsafe conditions and criminals breaking the terms of their probation. With only about 900 full-time parole and probation officers in the province and 43,000 cases at any given time, each officer is responsible for far too many cases at once. This not only affects their level of work-related stress, but also the ability of these officers to keep tabs on those they are responsible for monitoring.<sup>211</sup> Between 2015 and 2016 alone, there were 4,500 outstanding warrants related to probation and parole violations in the province. Ontario's probation and parole officers have the highest caseloads in the country, while the provincial government is in second-last place when it comes to funding-per-offender serving a community sentence.<sup>212</sup>

***Patrick Brown and the Ontario PCs will hire 100 new probation officers.***

Correctional officers have been treated woefully by the current government. Not only are there inadequate facilities, but an investigation into the Toronto South Detention Centre by Toronto Life magazine found that guards are routinely put in unsafe situations, largely stemming from inadequate staffing levels.<sup>213</sup> To help alleviate staffing burdens,

210 Based on PC Party Policy Resolution R64.

211 Carolyn Jarvis and Leslie Young, "Who's Watching? Ontario's probation system 'a joke,' say offenders," Global News, May 9, 2017, <http://globalnews.ca/news/3429225/ontarios-probation-system-a-joke-say-offenders/>.

212 "Tackling probation violations requires realistic funding: OPSEU," CISION, May 12, 2017, <http://www.newswire.ca/news-releases/tackling-probation-violations-requires-realistic-funding-opseu-622084223.html>.

213 Raizel Robin, "The \$1-Billion Hellhole," Toronto Life, February 15, 2017, <https://torontolife.com/city/inside-toronto-south-detention-centre-torontos-1-billion-hellhole/>.

214 Based on PC Party Policy Resolution R70.

215 "PM Trudeau Reaffirms Commitment to Community Heroes Benefit During IAFF Meeting," 919theBend, April 14, 2017, <http://919thebend.ca/news/1443170061/pm-trudeau-reaffirms-commitment-community-heroes-benefit-during-iaff-meeting>.



the province should quicken the timeline for investigations into wrongdoing to either charge or clear an officer's name when under investigation, and the province should commit to a full audit of the Toronto South Detention Centre.<sup>214</sup>

**Patrick Brown and the Ontario PCs will hire 200 new correctional officers on top of the province's commitment to hire 2000 new correctional officers; instruct the Auditor General to audit the Toronto South Detention Centre; and speed up investigative delays into staff conduct to get them back to work more quickly.**

When an officer or first responder is killed in the line of duty, it is a tragic shock to their community. More importantly, it is a devastating loss to the family. These first responders leave behind loved ones, who not only have lost a family member but also must worry about how to make ends meet. If a first responder pays the ultimate price while protecting their fellow Ontarians, the province has a duty to help support their family. Patrick Brown refused to toe the government line as a federal Member of Parliament, and voted with the opposition to support an initiative to create a federal heroes fund. That's because it's the right thing to do, and helping the families of our fallen heroes transcends partisan politics.<sup>215</sup> The provincial government should do its part to look after the families of those first responders who fall in the line of duty.

**Patrick Brown and the Ontario PCs will create a Provincial Heroes Fund modeled on the federal Community Heroes Fund.**

For years, Progressive Conservative MPP Laurie Scott has demanded that the Ontario government design and implement a plan to eliminate human trafficking in Ontario.<sup>216</sup>

In 2016, the province launched Ontario's Strategy to End Human Trafficking borrowing heavily from MPP Scott's *Saving the Girl Next Door Act*.<sup>217</sup> However, there is still more that can be done. First, the province should ensure that child abuse victims can be cross-examined in private by making use of closed-circuit television (CCTV), instead of in a traumatic courtroom setting where they may have to see their attacker again.<sup>218</sup> The province should also prioritize efforts to ensure courts allow child witnesses to have separate waiting rooms from the accused and work to increase CCTV technology in the few Ontario courthouses, like in Brockville, that still are missing this vital technology.

Second, the province will ensure that anyone convicted of human trafficking is added to Ontario's sex offender registry. Ontario's sex offender registry is for convicted, dangerous, high-risk sexual offenders and requires each offender to register with police in the jurisdiction where the offender will reside or is residing.<sup>219</sup> Third, the province should develop a provincial campaign to raise awareness of the issue.<sup>220</sup>

**Patrick Brown and the Ontario PCs will expand Ontario's Strategy to End Human Trafficking by ensuring child-abuse victims can testify via closed-circuit television; adding convicted human traffickers to Ontario's sex offender registry; and funding a public awareness campaign.**

Social Impact Bonds are an innovative way to fund community development projects and innovative new social programs while delivering taxpayer value. Social impact bonds require up front private sector investment in a social project over a three-to-five-year term. If the project delivers certain pre-negotiated results, like providing a cost saving to the Ontario government, the government will then fund the project and pay back the initial investment with interest.

216 Rob Ferguson, "PC MPP Laurie Scott blasts Wynne government for delay in tackling sex trafficking," *Toronto Star*, January 7, 2016, <https://www.thestar.com/news/canada/2016/01/07/pc-blasts-wynne-government-for-delay-in-tackling-sex-slavery.html>.

217 Ontario Ministry of Community and Social Services, "Ontario's Strategy to End Human Trafficking," <http://www.mcscs.gov.on.ca/en/mcscs/programs/humantrafficking/index.aspx>; Chad Ingram, "Scott pleased with human trafficking legislation," *Minden Times*, March 2, 2017, <http://www.mindentimes.ca/scott-pleased-with-human-trafficking-legislation>; Laurie Scott, Bill 158, *Saving the Girl Next Door Act*, 2016, [http://www.ontla.on.ca/web/bills/bills\\_detail.do?locale=en&Intranet=&BillID=3673](http://www.ontla.on.ca/web/bills/bills_detail.do?locale=en&Intranet=&BillID=3673).

218 Victims of Violence, "Research Library – Child Sexual Abuse: Children as Witnesses," <http://www.victimsofviolence.on.ca/research-library/child-sexual-abuse/#children-as-witnesses>.

219 Ontario Ministry of Community Safety & Correctional Services, "Policing Services: Ontario Sex Offender Registry," [https://www.mcscs.jus.gov.on.ca/english/police\\_serv/sor/sor.html](https://www.mcscs.jus.gov.on.ca/english/police_serv/sor/sor.html).

220 Based on PC Party Policy Resolution R65.

This program ensures that the province only funds programs that actually deliver value-for-money, while at the same time allowing for innovative new services for our most vulnerable.

Ontario began a Social Impact Bonds pilot project in 2014 with a call for ideas. Even though the government received 83 project ideas, the government has only shortlisted two of the projects and has proceeded with zero.<sup>221</sup> Social impact bonds have been much more common in the United Kingdom, the Netherlands and Australia where governments want to help our most vulnerable. The province should immediately shortlist established projects with a track record of success. This should include expansions of the BOOST Child and Youth Advocacy Centre, funding of the NEO Kids health hub in Sudbury, expansions of the APTUS Treatment Centre that provides services for adults with autism, and bring to Ontario the Sheldon Kennedy Child Advocacy Centre which provides services for children impacted by abuse. To demonstrate that these are worthwhile initiatives, the government should not only enable social impact bonds, but put skin in the game by providing provincial funding as well.<sup>222</sup>

***Patrick Brown and the Ontario PCs will expand the social impact bond program and invest \$45 million towards expanding the BOOST Child & Youth Advocacy Centre, the NEO Kids health hub in Sudbury, the APTUS Treatment Centre for adults with autism, and bringing the Sheldon Kennedy Child Advocacy Centre model to Ontario.***

When an accident occurs multiple parties can be held liable for the injuries to an individual. However, if one of these entities is a municipality, they often are forced to pay the full price of compensation even when they are only partly responsible -- simply because the court believes they have "bottomless pockets."

221 Government of Ontario, "Social Impact Bonds," <https://www.ontario.ca/page/social-impact-bonds>.

222 Based on PC Party Policy Resolutions 15 and 16.

223 Randy Pettapiece, "Municipalities need relief from joint and several liability: Pettapiece," March 9, 2016, <http://pettapiece.ca/2016/03/09/municipalities-need-relief-from-joint-and-several-liability-pettapiece-2/>.

This has led to countless cases where a municipality can be as little as 1% responsible for the accident, but is 100% liable for the full cost of the settlement.<sup>223</sup> This isn't the way the system was designed to work. It increases litigation costs for municipalities, leads to more frequent and higher payouts from municipalities, and results in higher insurance premiums. These factors ultimately increase property taxes. The Liberal government promised to fix this in the last election, only to break their promise once in government.<sup>224</sup>

***Patrick Brown and the Ontario PCs will fix joint and several liability issues - while still ensuring adequate protection for victims, in order to clarify that taxpayer funded entities can only be held jointly liable when they are truly responsible for negligence.***

When a first responder accidentally ingests bodily fluid from an individual in the line of duty, they can seek a warrant under the Mandatory Blood Testing Act to have that individual's blood tested for infectious diseases, such as HIV, if the individual chooses not to give a sample voluntarily. Various police associations have raised concerns including: the timelines for retrieval of a blood sample within the Act, who oversees the warrant process, the lack of a process for testing the blood of deceased people out-of-province people or people without a fixed address/ID, and the absence of real enforcement penalties for non-compliance with the Act or even the warrant.<sup>225</sup>

***Patrick Brown and the Ontario PCs will update and strengthen the Mandatory Blood Testing Act to protect first responders.***

224 Based on PC Party Policy Resolution R101.

225 Based on PC Party Policy Resolution R69.

226 "Firefighter safety threatened by floor joists," CBCNews, April 13, 2012, <http://www.cbc.ca/news/canada/windsor/firefighter-safety-threatened-by-floor-joists-1.1285808>.

227 Ibid.

228 Based on PC Party Policy Resolution R67.

Patrick Brown and the Ontario PCs have a proud history of supporting equal rights and opportunities for Ontarians, including ending all forms of discrimination against Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) Canadians. As Patrick Brown previously said, “It doesn’t matter who you love, where you’re from, or where you worship, you have a home in the Ontario PC Party. I was proud to be the first Ontario PC Party Leader to march in the Toronto Pride Parade, and since that time I have enjoyed sharing our Party’s inclusive message at Pride celebrations across the province.”

***Patrick Brown and the Ontario PCs will continue to ensure Ontario takes a leadership role in combatting all forms of discrimination, including against LGBTQ Canadians.***

When buildings are constructed with lightweight wooden or prefabricated wooden materials, called trusses or lightweight construction materials, they are more susceptible to quicker burn times in a fire. Wooden trusses or pre-fabricated floor joints, for example, can burn through in six minutes, compared to double that time for typical floor joints.<sup>226</sup> While there is nothing wrong with wooden buildings, firefighters need to know which buildings are constructed with these materials in advance of entering the building so that they can do so safely, avoiding unnecessary injury and the tragic loss of life such as occurred in Listowel, Ontario in 2011.<sup>227</sup> Buildings constructed with wooden trusses or lightweight construction materials should be identified using reflective stickers so that firefighters know the dangers before they enter. This would apply to commercial and industrial buildings as well as multi-family dwellings of three families or more.<sup>228</sup>

***Patrick Brown and the Ontario PCs will protect firefighters by identifying wooden truss or lightweight construction buildings.***

229 Gary Dimmock, “Inside the Ottawa jail’s shower cells: ‘Nothing short of disgusting,’” *Ottawa Citizen*, March 24, 2016, <http://ottawacitizen.com/news/local-news/0325-jail>.

230 “Correctional officer injured during hostage incident at Thunder Bay jail,” *CTVNews*, December 8, 2015, <http://www.ctvnews.ca/canada/correctional-officer-injured-during-hostage-incident-at-thunder-bay-jail-1.2691241>.

231 Andrew Seymour, “Updated: Ottawa to get new 725-bed jail. But what will it cost? And where will it go?” *Ottawa Citizen*, May 5, 2017, <http://ottawacitizen.com/news/local-news/ottawa-to-get-new-725-bed-jail-province-announces>.

The clear majority of financial advisors are looking to help their clients get ahead and make the most of their savings. However, there are some bad actors who are looking to take advantage of unsuspecting families and, more commonly, seniors. Government should do more to ensure our seniors are protected against financial abuses perpetrated by unscrupulous advisors. Moreover, financial advisors are not properly regulated. In fact, anyone can call themselves a financial advisor, leading to many instances of fraud and abuse of trust. A simple way to deter this practice and protect savers and investors, and especially seniors living off of their savings, is to regulate financial advisors so people can be sure they are dealing with a trusted professional who can be properly disciplined should they act in bad faith.

***Patrick Brown and the Ontario PCs will amend the law to allow regulators like IIROC to properly fine individuals who break the rules and finally regulate financial planners and advisors.***

Our provincial correctional facilities in Ottawa and Thunder Bay have become flashpoints for prisoner unrest and overcrowding. Both jails are in desperate need of repair. The Thunder Bay jail is more than 100 years old and the Ottawa jail is so overcrowded that prisoners are sleeping in shower cells.<sup>229</sup> These terrible conditions lead to prisoner unrest, riots and ultimately unsafe conditions for our province’s correctional workers. In Thunder Bay, one officer was taken hostage by a prisoner for 12 hours.<sup>230</sup> This must stop. Thankfully, the Liberal Government has committed to building new facilities in both cities. However, they have said it will be up to seven years before the facilities are completed.<sup>231</sup> The province must do better.<sup>232</sup>

***Patrick Brown and the Ontario PCs will accelerate the construction of new correctional facilities in Ottawa and Thunder Bay.***

232 Based on PC Party Policy Resolutions 70 and 71.

233 Chris Doucette, “Sharp rise in murders in Toronto in 2016,” *Toronto Sun*, December 27, 2016, <http://torontosun.com/2016/12/27/sharp-rise-in-murders-in-toronto-in-2016/wcm/8407a1dd-4250-494b-9d6d-2d2d8052d1a5>.

234 Ibid.

Gun violence in Ontario's major cities is a serious problem. In Toronto alone, there were 40 gun-related homicides in 2016 – the most in nearly a decade – with over 400 separate shooting incidents.<sup>233</sup> With this number of shootings, innocent bystanders are inevitably hit, devastating families and local communities. In two separate 2016 incidents, a pregnant woman was killed in a parking lot in Rexdale and a 61-year-old woman was killed in front of her grandchildren in Riverdale.<sup>234</sup> In Ottawa, there were 65 shootings in 2016, the second highest murder total in the last 30 years.<sup>235</sup> Just one year prior to this increase in violence, the Wynne Liberals cut funding for the anti-gun and anti-gang task forces in Ottawa and Toronto. While these programs were not perfect, their elimination has reduced the capacity of police to address gang activities in Ontario's largest cities. \$2.7 million is a small price to pay to protect families in Ontario from gun and gang violence.<sup>236</sup>

***Patrick Brown and the Ontario PCs will restore provincial funding levels for anti-gang and anti-gun task forces in Ottawa and Toronto.***

Proceeds of crime are forfeited to the province following criminal prosecution and civil asset forfeiture.<sup>237</sup> That money is often redistributed to local crime prevention initiatives. However, religious institutions have recently been subject to more and more acts of hate – like vandalism and racist graffiti. The province should direct a portion of these proceeds of crime to a neighbourhood crime prevention fund that will help protect communities at risk of discrimination similar to the Security Infrastructure Program delivered by the Federal Government.<sup>238</sup>

***Patrick Brown and the Ontario PCs will redirect some of this funding to create a Neighbourhood Crime Prevention Fund to help protect communities at risk.***

233 Joanne Laucius, "What is going on in Ottawa? 2016 shatters shooting record, approaches new homicide mark," Ottawa Citizen, December 12, 2016, <http://ottawacitizen.com/news/local-news/what-is-going-on-in-ottawa-2016-shatters-shooting-record-approaches-new-homicide-mark>.

236 Based on PC Party Policy Resolution R66.

237 Ministry of Community Safety and Correctional Services, "Proceeds of Crime Front-line Policing Grants," September 27, 2017, <https://news.ontario.ca/mcses/en/2017/09/proceeds-of-crime-front-line-policing-grants.html>.

238 Based on PC Party Policy Resolution R66.

In April 2017, the Mayor of Toronto called for the province to allow changes to Toronto Community Housing Corporation (TCHC)'s current eviction policies. Currently, a social housing provider can successfully evict a tenant for criminal activity, but those evicted for serious criminal behaviour are able to reapply for social-housing after their sentence is served and are bumped to the top of the wait list because of a technicality. This is unfair to the law-abiding citizens stuck on an ever growing wait list. The mayor has called for amendments to be made to the legislation to close this loophole. Social housing providers should be able to refuse to re-house a tenant who has been already evicted for criminal activity.<sup>239</sup>

***Patrick Brown and the Ontario PCs will grant social housing service providers the ability to permanently evict tenants involved in serious criminal activity.***

Currently, Ontario's laws permit first responders to rescue children who have been left in a hot car by a neglectful parent. However, if a first responder comes across a pet in the same situation, they are not legally protected if they take action to save the animal's life. This is an easy fix that government should enact immediately.

***Patrick Brown and the Ontario PCs will amend the law to allow first responders to save pets trapped in hot cars without fear of punishment.***

238 Based on PC Party Policy Resolution R68.

239 "Mayor wants to make it easier to evict criminals from TCHC," CityNews, April 19, 2017, <http://toronto.citynews.ca/2017/04/19/mayor-wants-make-easier-evict-criminals-tchc/>; and, based on PC Party Policy Resolution R67.

240 Based on PC Party Policy Resolution R2.

241 Andrea Gordon, "Pushing for financial literacy in the classroom," Toronto Star, November 1, 2016, <https://www.thestar.com/news/gta/2016/11/01/pushing-for-financial-literacy-in-the-classroom.html>.

242 Anna Sharraatt, "Curriculum changes aim to help high school students with financial literacy," Globe and Mail, April 11, 2017, <https://www.theglobeandmail.com/globe-investor/personal-finance/genymoney/curriculum-changes-aim-to-help-high-school-students-with-financial-literacy/article34670871/>.

243 Ontario Ministry of Education, "Preparing Students to Thrive in Ontario's Innovative Economy: Ontario Launches 29 Career Studies Pilot Projects Across Province," March 23, 2017, <https://news.ontario.ca/edu/en/2017/03/preparing-students-to-thrive-in-ontarios-innovative-economy.html>.

244 Based on PC Party Policy Resolution R6.

245 Ashley Csanaday, "Ontario's math scores started declining as kids took the new curriculum, according to EQAO data," National Post, September 5, 2016, <http://nationalpost.com/go/news/politics/ontarios-math-scores-started-declining-as-kids-took-the-new-curriculum-according-to-eqao-data/wcm/8ea53d14-34b8-48b4-ae0c-270d17ff87a?i10c.referrer=https%3A%2F%2Fwww.google.ca%2F>.



## 12. Change that works for Education

Urban and rural schools are closing all across Ontario without proper oversight or proper guidelines that take into account the local economic impact of the school closure. The Ontario PCs demanded that the government enact a moratorium on school closures until the Pupil Accommodation Review Guideline was reformed to include proper community consultation, including parents of the schools affected, local businesses and municipalities. After pressure from Patrick Brown and the Ontario PCs the Liberals finally agreed to place a moratorium on rural and Northern school closures. However, they have made no commitment to fix the review process and the moratorium does not apply to school closures in urban areas.<sup>240</sup>

### *Patrick Brown and the Ontario PCs will impose a moratorium on all school closures.*

Our education system needs to do a better job of teaching financial literacy. A 2012 Investor Education Fund survey found that only a quarter of students believed they made good spending decisions and that their school was teaching adequate financial literacy, but almost 70% wanted to learn about it.<sup>241</sup> A report from CIBC found that 82% of Canadians between ages 18 and 34 felt they lacked financial knowledge and investing confidence.<sup>242</sup> In March 2017, Ontario launched 29 career-studies pilot projects across the province. The pilot's goal is the development of innovative learning opportunities related to financial literacy, entrepreneurship skills, digital literacy, and career/life planning.<sup>243</sup> This is a very good start. This program should be expanded quickly so that Ontario can learn from it and implement financial literacy in every secondary school in Ontario.<sup>244</sup>

### *Patrick Brown and the Ontario PCs will continue the expansion of the financial literacy pilot program into all secondary schools.*

246 Graham Orpwood, Emily Sandford Brown, "Closing the Numeracy Gap: An Urgent Assignment for Ontario" (October 2015), [http://www.numeracygap.ca/assets/img/Closing\\_the\\_numeracy\\_gap\\_V4.pdf](http://www.numeracygap.ca/assets/img/Closing_the_numeracy_gap_V4.pdf).

247 Ibid

248 Ibid

249 Based on PC Party Policy Resolutions 5 and 6.

Math scores have been steadily declining since 2009 according to the Education Quality and Accountability Office (EQAO).<sup>245</sup> For many prospective students pursuing teacher's college, it has been five years since they took their last math course (often in grade 12). Moreover, teachers often have little formal training in math even though they are required to teach elementary math to students.<sup>246</sup> In one study, 80% of grade six teachers reported having no post-secondary math education, while 69% reported that they had not taken a primary or junior additional qualifications course in math.<sup>247</sup> The evidence shows that students score better when taught by skilled math teachers. One of the ways the province can create more skilled math teachers is by making every teacher's college course in the province contain a math component. It's a best practice that is already done at the University of Toronto, Trent University, Brock University, Queen's University, University of Ontario Institute of Technology, University of Ottawa and Lakehead University.<sup>248</sup> This policy works well for new teachers, but we can do more for the province's existing teachers as well. The province should work with school boards and teachers to set aside one Professional Development day per year for updating current teachers' math skills.<sup>249</sup>

### *Patrick Brown and the Ontario PCs will take concrete steps to get math scores back on track.*

Ontario has some of the best teachers in the world. Yet bureaucrats commonly oversee and write the updates to Ontario's curriculum. This is part of the reason for declining scores and quality of education – most notably in math, where only 50% of grade six students passed the EQAO math test, down from 57% four years ago.<sup>250</sup> The Liberal government has recently committed to reviewing the curriculum, but they will follow their age-old practice of relying on bureaucrats instead of teaching professionals.

250 Caroline Alphonso, "Half of Grade 6 students fail to meet Ontario standards," Globe and Mail, August 30, 2017, <https://beta.theglobeandmail.com/news/national/half-of-grade-6-students-fail-to-meet-ontario-math-standards/article36124763?ref=http://www.theglobeandmail.com&>.

251 Caroline Alphonso, "Ontario to target math, report cards in curriculum revamp," Globe and Mail, September 6, 2017, <https://beta.theglobeandmail.com/news/national/education/ontario-to-target-math-report-cards-in-curriculum-revamp/article36180050?ref=http://www.theglobeandmail.com&>.

252 Based on PC Party Policy Resolution R5.

Ontario needs to inform curriculum updates not only with data but by learning best teaching practices that have been tested and proven by teachers, not by politicians and bureaucrats at Queen's Park. Even Michael Fullan, former Liberal Premier Dalton McGuinty's long-time education adviser, acknowledged that the current government has it backwards when he said that in updating the province's math strategy we should be looking to the most successful schools and teachers and learning from them.<sup>251</sup> The province should appoint a group of former teaching professionals to learn from the best teachers in the province in each subject discipline. Teachers should be consulted and their methods observed to inform future curriculum updates. Nothing is a better indicator of future success than past success.<sup>252</sup>

***Patrick Brown and the Ontario PCs will appoint a task force of former teaching professionals to learn from the province's best teachers to best inform future curriculum updates.***

Driving past a stopped and signaling school bus is illegal and endangers student safety, yet this behaviour persists in Ontario. Pilot projects that equipped school buses with exterior cameras have shown one blow-by per bus every three days in Brantford, 2.5 blow-bys per bus every day in Mississauga, and as many as 500-700 blow-bys per week for all buses in Kitchener-Waterloo.<sup>253</sup> Driving past stopped school buses is a frequent occurrence and puts the safety of our children at serious risk. To crack down on drivers who drive by stopped school buses, the province should make camera systems on school buses mandatory for operators of public and private school bus services – not just pass enabling legislation that would allow it to occur. The province should work with private-sector providers to ensure that costs are offset against revenues from fines collected from law-breaking drivers.

253 Jessica Smith Cross, "Ontario debating school bus cameras to catch drivers who illegally pass stopped buses," Toronto Star, May 6, 2017, <https://www.thestar.com/news/canada/2017/05/06/ontario-debating-school-bus-cameras-to-catch-drivers-who-illegally-pass-stopped-buses.html>.

254 Michelle McQuigge, "Ontario family fights to have autistic son's service dog in classroom," Toronto Star, March 1, 2017, <https://www.thestar.com/news/canada/2017/03/01/waterloo-family-fights-to-have-autistic-sons-service-dog-in-classroom.html>.

If the Liberals were serious about this policy, they would have passed Ontario PC MPP Rick Nicholls' bill to do just this on any of the multiple opportunities they had to do so.

***Patrick Brown and the Ontario PCs will enhance student safety by making exterior school bus camera systems mandatory to prevent drivers from illegally driving by stopped and signaling school buses.***

In Ontario, some school boards have refused to allow children with autism to bring service animals, such as service dogs, to school.<sup>254</sup> That is because the current Blind Persons' Rights Act does not explicitly allow people with disabilities or autism to have service animals in public places. Amending the Blind Persons' Rights Act to allow for autistic individuals to bring their service animals, such as service dogs, to schools and other public places is the right thing to do.

***Patrick Brown and the Ontario PCs will study options, including amending the Blind Persons' Rights Act to expand the rights of people with disabilities and autism to bring service animals into schools and public places.***

The Elementary Teachers' Federation of Ontario and the Ontario English Catholic Teachers Association have both raised concerns about student behavioural issues in the classroom which lead to violence.<sup>255</sup> A key concern of both groups is that Special Education Funding under the Grant for Student Need (GSN) that supports students facing serious behavioural issues is not being spent on that priority by school boards. School boards should not be allowed to take money out of this envelope for other priorities.<sup>256</sup>

255 EFTO, "Defending Working & Learning Conditions: EFTO Issues Call to Action on Violence in Schools," <http://etfo.ca/defendingworkingconditions/etfotakesaction/pages/etfo%20issues%20call%20to%20action%20on%20violence%20in%20schools.aspx>, January 17, 2017; Ontario English Catholic Teachers Association, "Survey Results Show Violence in Schools on the Rise, Affecting Safety and Learning Conditions," June 27, 2017, <http://www.catholicteachers.ca/News-Events/News/2017/OECTA-Survey-on-Violence-in-Schools>.

256 Based on PC Party Policy Resolution R4.

***Patrick Brown and the Ontario PCs will envelope Special Education Funding to school boards and ensure that it is actually spent on special education services.***

Ontario is home to more than 600,000 Franco-phones — the largest population in Canada outside of Québec.<sup>257</sup> Despite this large presence, Ontario's Francophones often do not see their priorities reflected in provincial policy. Patrick Brown has taken a leadership role in championing Ontario's Francophones. This includes promoting the expansion of government service delivery in French in Ontario. He has also recognised the acute shortage of French teachers in Ontario. The province can address this by moving forward with the commitment to building a stand-alone Francophone university. Patrick Brown and the Ontario PCs have supported this initiative and called on Kathleen Wynne to stop delaying and just get it done.

***Patrick Brown and the Ontario PCs support building a stand-alone Francophone university in Ontario, and ensure it has the support it needs to train more French teachers in the province. They will also take further steps to promote government service delivery in French in the province.***

### **13. Change that works for the Environment**

Three times the Liberal Government has attempted to protect and restore the ecological health of the Great Lakes and create opportunities for individuals and community involvement. Each legislative attempt was fraught with concerns relating to conflicts with existing regulation, stripping local autonomy, increased bureaucracy, an ambiguous funding model, rural concerns, and an overall lack of respect for landowners. In short, there has been much talk but precious little action.

<sup>257</sup> Ontario Ministry of Advanced Education and Skills Development, "Province Creating First French-Language University in Ontario: Historic Milestone for French-Language Postsecondary Education," August 28, 2017, <https://news.ontario.ca/maesd/en/2017/8/province-creating-first-french-language-university-in-ontario.html>.

<sup>258</sup> Environment Canada, "Cleaning Up Lake Simcoe and South-eastern Georgian Bay," [http://www.ec.gc.ca/doc/eau-water/simcoe\\_e.html](http://www.ec.gc.ca/doc/eau-water/simcoe_e.html).

<sup>259</sup> "Toxic blue-green algae blooms form off Point Pelee," CBC News, July 27, 2015, <http://www.cbc.ca/news/canada/windsor/toxic-blue-green-algae-blooms-form-off-point-pelee-1.3169041>.

This is in striking contrast with the success of the federal government's Lake Simcoe Clean-up Fund established in 2007 and extended and expanded in 2012 when PC Leader Patrick Brown was a federal Member of Parliament for Barrie.<sup>258</sup> That fund reduced phosphorus levels in Lake Simcoe and paved the way for an effective model to clean up lakes in Ontario.

The Great Lakes provide drinking water for more than 80% of the people of this province and also support the movement of goods, fishing and tourism as well as other key sectors in Ontario. Through efforts similar to those used at Lake Simcoe, the province can provide targeted investment to combat issues such as blue-green algae blooms at Point Pelee which are affecting local tourism and ecological health,<sup>259</sup> or combatting phragmites, an invasive species that is destroying plants and natural habitats for wildlife in the Great Lakes basin.<sup>260</sup>

***Patrick Brown and the Ontario PCs will commit \$50 million for initiatives that support cleaning up our Great Lakes, as well as take action against sewage dumping into Ontario's lakes and rivers.***

Proper city planning builds adequate parkland into every urban and suburban community. However, with increasing population density, the wear and tear on these parks and their equipment can see conditions deteriorate beyond a municipality's control. For example, Ottawa alone must maintain 1,835 play structures, 478 sports fields and 284 ball diamonds in the city's public park portfolio, with more being added as the city grows.<sup>261</sup> Though it may only be a small commitment to start, the province should chip in to help beautify and upgrade these parks in the areas that need it most.

<sup>260</sup> Tina Knezevic, "Phragmites are Ontario's worst invasive plants — but the Phrag-busters are on the case," TVO, December 6, 2016, <https://tvo.org/article/current-affairs/climate-watch/phragmites-are-ontarios-worst-invasive-plants-but-the-phragbusters-are-on-the-case>; and, based on PC Party Policy Resolution R34.

<sup>261</sup> Jon Willing, "Two more park planners deployed to help clear Ottawa's project backlog," Ottawa Citizen, November 14, 2016, <http://ottawacitizen.com/news/local-news/two-more-park-planners-deployed-to-help-clear-ottawas-project-backlog>.

This will also help promote more children's physical activity. As part of the province's new \$124 million grant program for recreational infrastructure, a minimum of \$20 million will be dedicated to improving and upgrading local parks.

***Patrick Brown and the Ontario PCs will invest a minimum of \$20 million to help our cities, suburbs, and towns upgrade their local parks.***

The Liberals have implemented a cap-and-trade system that will link with Québec and California and have joined the Western Climate Initiative to make it all happen. Under cap-and-trade, Ontario businesses will be paying California businesses for their carbon allowances – sending up to \$466 million out of Ontario by 2020 for emissions reductions that happen in California or Québec rather than in Ontario.<sup>262</sup> Quite simply, cap-and-trade leaves Ontario with less money and more pollution.<sup>263</sup>

Even worse, the revenue the province generates through this scheme – some \$1.9 billion a year – is being used to fund existing and new Liberal pet projects through a slush fund called the Climate Change Action Plan. Taxpayers pay more and Liberals insiders benefit. That needs to change. This money should be staying in Ontario. One-time funding will be allocated to pay for wind down obligations made under the Liberal cap-and-trade slush fund. These might include binding commitments made for programs and to transfer payment partners.<sup>264</sup>

***Patrick Brown and the Ontario PCs will cancel the Liberal slush fund known as the Climate Change Action Plan, dismantle cap-and-trade, and withdraw from the Western Climate Initiative (WCI)***

In October 2016, Justin Trudeau and the federal government introduced a Pan Canadian Framework on Climate Change that made clear all provinces must have a form of carbon pricing in place by 2018.<sup>265</sup> Under Trudeau's plan, if a province does not impose a carbon price the federal government will do it. There is no cheating these federal rules; a provincial carbon price is mandatory and must be in line with Justin Trudeau's requirements or he will override provincial authority. Patrick Brown and the Ontario PCs believe it is unacceptable that under Wynne's cap-and-trade scheme, Ontario businesses will be paying California businesses for their carbon allowances – sending up to \$466 million out of Ontario by 2020.<sup>266</sup>

Even worse, Wynne's cap-and-trade scheme will not reduce emissions in Ontario as effectively as the federal benchmark will. EnviroEconomics' Dave Sawyer, a noted environmental economist, recently published a study showing that Ontario's cap-and-trade program will reduce roughly 18.5 megatons of carbon dioxide emissions over the course of the next four years whereas the federal backstop will reduce 29 megatons of carbon dioxide emissions in that time.<sup>267</sup> Under Patrick Brown and the Ontario PCs, emissions will be reduced further than under Kathleen Wynne. Ontario will be cleaner, healthier, and our environment will be better off.

Patrick Brown and the Ontario PCs also do not believe that it makes sense for there to be duplicative carbon prices in Ontario, which is the risk if a province imposes a carbon price that does not meet the federal standards. To avoid the risk of duplicative carbon taxes, while ensuring that any revenue from a carbon price stays in Ontario (currently not the case under cap-and-trade) Patrick Brown and the Ontario PCs will opt in to the federal carbon pricing benchmark, rather than directly impose one of its own.<sup>268</sup>

262 Office of the Auditor General of Ontario, "2016 Annual Report: Chapter 3, Section 3.02: Climate Change," [http://www.auditor.on.ca/en/content/annualreports/arreports/en16/v1\\_302en16.pdf](http://www.auditor.on.ca/en/content/annualreports/arreports/en16/v1_302en16.pdf). See, pg. 149.

263 Dave Sawyer, "Assessment of Alternative Policy Proposals for Ontario Carbon Pricing," EnviroEconomics, November 15, 2017, <https://www.cleanprosperity.ca/wp-content/uploads/2017/11/Overview-of-modelling.pdf>.

264 Based on PC Party Policy Resolution R35.

265 Government of Canada, "The Pan-Canadian Framework on Clean Growth and Climate Change," <https://www.canada.ca/en/services/environment/weather/climatechange/pan-canadian-framework.html>.

266 Office of the Auditor General of Ontario, "2016 Annual Report: Chapter 3, Section 3.02: Climate Change." See, pg. 149.

267 Sawyer, "Assessment of Alternative Policy Proposals for Ontario Carbon Pricing."

268 Government of Canada, "Technical paper: federal carbon pricing backstop," <https://www.canada.ca/en/services/environment/weather/climatechange/technical-paper-federal-carbon-pricing-backstop.html>; and, based on PC Party Resolution 35.



***Patrick Brown and the Ontario PCs will opt in to the federal carbon price backstop.***

The federal government has promised that it will “return direct revenues from the carbon price to the jurisdiction of origin,”<sup>269</sup> meaning the province will receive a transfer worth the equivalent of all carbon pricing paid for by Ontario citizens. That money should go back to Ontario families and businesses in the form of tax relief. To ensure that any political party keeps its word, the Auditor General will verify that every single dollar is returned.<sup>270</sup>

***Patrick Brown and the Ontario PCs will return 100% of carbon price revenue back to Ontario families and taxpayers in the form of corresponding tax relief, as verified by the Auditor General.***

In transitioning away from cap-and-trade and into a carbon pricing system, the government of Ontario should ensure that businesses are kept whole for credits purchased in good faith prior to the transition. Canada’s EcoFiscal Commission has recently written about key issues in the transition from cap-and-trade to the federal carbon pricing backstop.<sup>271</sup> They discuss how to transition from free allowances under cap-and-trade to the “Output Based Pricing System” under the federal backstop.<sup>272</sup> They also discuss issues around potential gaming of credits purchased under cap-and-trade.<sup>273</sup> They conclude that a “smooth transition from one system to the other is entirely feasible.”<sup>274</sup>

***Patrick Brown and the Ontario PCs will ensure businesses are not made worse off from the transition from cap-and-trade to a carbon price, so long as they act in good faith prior to the transition.***

269 Ibid.

270 Based on PC Party Resolution 35.

271 Dale Beugin, Blake Shaffer, and Trevor Tombe, “Blog: Smooth Transitions: Shifting from cap-and-trade to a carbon tax,” Canada’s EcoFiscal Commission. November 15, 2017, <https://ecofiscal.ca/2017/11/15/smooth-transitions-shifting-from-cap-and-trade-to-a-carbon-tax/>

272 Ibid

273 Ibid

274 Based on PC Party Resolution 35.

**14. Change that works for Fiscal Transparency**

Under the Wynne Liberals, Ontario is now the largest sub-national debtor in the world. Ontario’s debt is well over \$300 billion and growing. It has more than doubled since the Liberals took office.

The Liberals have wasted our tax dollars on everything from a bridge where the truss was put in upside down to staff to cancelling gas plants to eHealth to wasteful consulting contracts. The Wynne Liberals even paid consultants \$6.5 million to sell Ontera for \$6 million, and took a \$61 million loss on the sale.<sup>275</sup> The Auditor General found the Liberals paid more than \$1 billion to cancel gas-plants.<sup>276</sup> Taxpayers deserve value for money, and Ontarians deserve to see government spending go towards delivering services to those most in need, not on Liberal waste and entitlements.<sup>277</sup>

***Patrick Brown and the Ontario PCs will conduct a value-for-money audit to ensure government funds are not wasted, so that they can be available to those who need it most. The value-for-money audit is conservatively estimated to find waste of less than 2% of spending.***

The PC Fiscal Plan uses as its starting point the Government of Ontario’s most recent projected revenues and expenditures. Consequently, all Ontario PC promises are over and above existing government programs, commitments, and services that are already budgeted for. Therefore, existing government funding for programs such as tuition support, OHIP+ (which provides pharmacare assistance for children 24 and below) and full-day kindergarten are already fully funded within the PC Fiscal Plan.

275 “Ontario government paid \$6.5M to consultants over sale of agency it ended up selling for only \$6M,” National Post, September 29, 2015, <http://nationalpost.com/news/politics/ontario-took-a-61-million-loss-on-the-sale-of-telecommunications-company-ontera>.

276 Adrian Morrow and Karen Howlett, “Ontario Liberals’ gas-plant cancellations cost \$1-billion: auditor,” Globe and Mail, October 8, 2013, <https://beta.theglobeandmail.com/news/politics/ontario-liberals-gas-plant-cancellations-cost-1-billion-auditor/article14744879/?ref=http://www.theglobeandmail.com&>.

277 Based on PC Party Resolutions 20 and 74.

Because the Fiscal Plan in the 2017 Fall Economic Statement does not extend beyond 2019-20, revenue and expense assumptions for 2020-21 and 2021-22 were based on specific growth rate assumptions by the Financial Accountability Office of Ontario, Fiscal and Economic Outlook, Spring 2017. Prudence in the Fiscal Plan has been included by maintaining the 2017 Fall Economic Statement GDP projections and associated revenue forecasts, even though North American economic growth currently points to possible further increased growth rates.

The province now pays more interest on debt each year than it spends on post-secondary education, autism support for youths, community safety, or Indigenous people. Rising interest on the debt will continue to squeeze important programs Ontarians depend on. This simply can't continue. Job creators need to have confidence that the province has its fiscal house in order.

Any reserve funds not used will be applied in full to reduce debt obligations by an equivalent amount.<sup>278</sup>

***Patrick Brown and the Ontario PCs will create a debt repayment plan where budget surpluses go towards paying down the debt. We will commit more than \$1 billion towards debt repayment during our mandate.***

The federal government, under both Prime Ministers Justin Trudeau and Stephen Harper, release a fiscal track that is verified by independent experts such as the Auditor General. The federal government also publishes revenue and expense projections four years at a time, while Ontario publishes only two years at a time. Canadians may disagree about the policy choices their governments make, but with the federal government, they at least have confidence that the government isn't cooking the books. In Ontario, that confidence no longer exists.

The Auditor General has refused to sign off on the province's books multiple times under this Liberal government. Ontarians know more about the federal government's finances and fiscal projections than their own provincial finances.

At the same time, under Kathleen Wynne, Ontarians are suffering: higher taxes and fees, higher hydro bills, and higher prices for necessities such as housing and transit. Ontarians deserve a government that will be honest with them about its fiscal plan.<sup>279</sup>

***Patrick Brown and the Ontario PCs will restore the practice of publishing revenue and expense projections for four years at a time in the Budget; commission and publish an independent audit of the government's real fiscal picture; and run a modest deficit in the first year of its mandate to front-load its tax reductions and essential cost reduction measures, such as hydro relief, to provide immediate relief from Kathleen Wynne's policies.***

***Patrick Brown and the Ontario PCs will also return to balance in the second year of their mandate, and run surpluses to pay down the debt in the final two years.***

.....  
<sup>278</sup> Based on PC Party Resolutions 20 and 74.  
.....

<sup>279</sup> Based on PC Party Resolutions 20 and 74.  
.....

<b>PC Fiscal Plan</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21 (1)</b>	<b>2021-22 (1)</b>
	<b>M \$CAD</b>			
<b>Fall Economic Statement 2017 Revenue Assumption (1)</b>	<b>\$ 153,600</b>	<b>\$ 158,249</b>	<b>\$ 164,009</b>	<b>\$ 169,987</b>
<b>Net New Federal Carbon Price Revenue (2)</b>	-	320	1,360	2,405
<b>Ontario PC New Tax Reductions</b>				
Ontario Child Care Refund	(292)	(389)	(389)	(389)
Children's Arts and Fitness Tax Credit	(45)	(60)	(65)	(70)
Caregiver's Tax Credit	(26)	(35)	(35)	(35)
Reducing Middle Class Tax Rate by 22.5% and Bottom Rate by 10%	(849)	(1,369)	(2,315)	(3,270)
Enhancing Ontario Sales Tax Credit	(442)	(589)	(589)	(589)
Small Business Tax Rate Reduction	-	-	(150)	(150)
Canadian High-Tech Graduate Tax Credit	-	(1)	(2)	(3)
Winter Tire Tax Credit	(16)	(17)	(18)	(19)
Greenhouse Carbon Price Rebate	(11)	(15)	(15)	(15)
Aviation Fuel Tax Reduction for the North	(3)	(11)	(11)	(11)
<b>Subtotal: Ontario PC New Tax Reductions</b>	<b>(1,684)</b>	<b>(2,486)</b>	<b>(3,589)</b>	<b>(4,551)</b>
<b>PC Revenue Changes</b>	<b>(1,684)</b>	<b>(2,166)</b>	<b>(2,229)</b>	<b>(2,146)</b>
<b>Ontario PC Net Revenue</b>	<b>\$ 151,916</b>	<b>\$ 156,083</b>	<b>\$ 161,780</b>	<b>\$ 167,841</b>
<b>Fall Economic Statement 2017 Program Expense Assumptions (1)</b>	<b>\$ 140,400</b>	<b>\$ 144,151</b>	<b>\$ 149,344</b>	<b>\$ 154,744</b>
<b>Ontario PC New Program Expenses (3)</b>				
Recreational Infrastructure and Park Upgrades	10	10	52	52
Hydro One Dividend Rebate	88	375	400	425
Conservation Funding Rebate	108	433	433	433
Smart Meter Charge Elimination	15	-	-	-
Largest Mental Health Commitment in Canadian Provincial History	151	190	215	258
Dental Program for Low-Income Seniors	38	123	98	98
Take-Home Oral Cancer Drugs	14	28	28	28
New Long-Term Care Beds (4)	-	-	25	52
New Cardiac Care Centres	-	-	25	25
Investments in Senior's Preventative Care	50	50	50	50
Assistive Devices Program Increase	13	25	26	27
Doubling Loans for Tools Program	2	3	3	3
New Subways (5)	-	120	160	160
Funding Scarborough Subway Cost Escalator (6)	-	3	3	3
WIFI on GO Trains	13	13	20	20
Ontario Tire Stewardship Eco-Tax Elimination	23	-	-	-
GTA-West Highway Environmental Assessment	5	-	-	-
Ontario Municipal Partnership Fund Increase	-	25	50	70
Expanding Risk Management Program	-	25	50	50
Revenue-Resource Sharing Agreements	15	20	25	30
Northern Ontario Heritage Fund Increase	-	2	4	6
Northlander Environmental Assessment	5	-	-	-
Northlander Operating Costs	-	-	-	45
Northern Mobile PET Scanner	1	1	2	2
Hiring New Corrections and Probation Officers	27	27	30	30
Creating a Provincial Heroes Fund	10	10	10	10
Social Impact Bonds (Boost/Aptus/NEO/Sheldon Kennedy Investments)	-	15	15	15
Anti-Gang and Human Trafficking Investments	15	15	15	15
Great Lakes Clean-Up Fund	13	13	13	13
Liberal Cap-and-Trade Slush Fund Obligations (7)	1,500	-	-	-
Savings from Cancelling Liberal Cap-and-Trade Slush Fund	(475)	(1,900)	(1,900)	(1,900)
Savings from Value for Money Audit (8)	-	(1,100)	(2,200)	(2,800)
<b>Subtotal: Ontario PC New Program Expenses</b>	<b>1,639</b>	<b>(1,475)</b>	<b>(2,348)</b>	<b>(2,780)</b>
<b>PC Total Program Expenses</b>	<b>142,039</b>	<b>142,676</b>	<b>146,996</b>	<b>151,964</b>
<b>Interest on Debt</b>	<b>12,700</b>	<b>13,399</b>	<b>14,264</b>	<b>15,110</b>
<b>Total Expenses</b>	<b>\$ 154,739</b>	<b>\$ 156,075</b>	<b>\$ 161,259</b>	<b>\$ 167,075</b>
<b>Surplus or Reserve/(Deficit) (9)</b>	<b>\$ (2,823)</b>	<b>\$ 8</b>	<b>\$ 521</b>	<b>\$ 767</b>

Note: numbers may not add due to rounding.

## Footnotes for PC Fiscal Plan

(1) Because the fiscal plan in the 2017 Fall Economic Statement does not extend beyond 2019-20, revenue and expense assumptions for 2020-21 and 2021-22 were based on the growth rate assumptions by the Financial Accountability Office of Ontario, Fiscal and Economic Outlook, Spring 2017. Prudence in the fiscal plan has been included by maintaining the 2017 Fall Economic Statement GDP and associated revenue forecasts even though North American economic growth currently points to possible increased growth rates

(2) This represents the difference between projected revenue from Ontario's cap-and-trade program and projected revenue from Federal carbon pricing. For prudence we have assumed exit from cap-and-trade as of July 1, 2019 so 2019/20 revenues include a final three months of cap-and-trade revenue. If we can exit January 1, 2019, the new federal carbon price revenue would increase slightly. Given the potential volatility associated with cap-and-trade pricing, this approach will provide more certainty for families and businesses

(3) Note that the timing of expenses by program may vary for the following reasons: a) the start date of some programs may vary, depending upon the time required for proper implementation, or availability of funds; b) some programs may be phased in or escalate over time; c) some programs may involve one-time expenditures or capital expenditures which affect the timing of expenses



## Footnotes for PC Fiscal Plan

(4) Allocations are assumed to begin in 2019 and costs shown represent provincial funding obligations as beds come online

(5) This is an estimate of the amortization cost of GTA subways, consistent with current accounting treatment of the Eglinton Crosstown LRT. Final amortization costs will not be known until the provincial auditor reviews the assets in detail and determines final values and amortization

(6) This escalator is to cover \$220M in additional subway capital costs which will be amortized

(7) One-time funding is being allocated to pay for wind down obligations made under the Liberal cap-and-trade slush fund. These might include binding commitments made for programs and to transfer payment partners

(8) Savings and efficiencies from value for money audits are conservatively estimated at less than 2% of the provincial budget

(9) Any reserve funds not used will be applied in full to reduce debt obligations by an equivalent amount

“The fiscal estimates underlying the Ontario PC platform have been deemed reasonable by the non-partisan Institute of Fiscal Studies and Democracy, University of Ottawa.”  
([www.ifsd.ca](http://www.ifsd.ca))

**KEVIN PAGE**

PARLIAMENTARY BUDGET OFFICER FOR CANADA  
2008-2013



Exhibit 106 is highly confidential and will be provided to parties who have signed protective order 17-362.





This copy is for your personal non-commercial use only. To order presentation-ready copies of Toronto Star content for distribution to colleagues, clients or customers, or inquire about permissions/licensing, please go to: [www.TorontoStarReprints.com](http://www.TorontoStarReprints.com)

# Kathleen Wynne defends Hydro One purchase of U.S. utility that owns coal plant

Coal-burning plants are banned in Ontario and Wynne says now the province can take that influence elsewhere.



Smoke rises from the Colstrip Steam Electric Station, a coal burning power plant in

Colstrip, Mont. The plant is soon to be partly owned by Hydro One. (MATT BROWN / AP)

By **ROB FERGUSON** Queen's Park Bureau  
**ROBERT BENZIE** Queen's Park Bureau Chief  
Fri., July 21, 2017

Premier Kathleen Wynne is defending Hydro One's takeover of an American utility that owns a coal plant after years of Liberal boasting that Ontario has **banned** the plants to cut pollution and greenhouse gases.

She suggested the \$6.7-billion purchase of Avista, based in Washington state, heralds the spread of Ontario's clean-energy push beyond the province's borders.

"As you all know, Ontario has shut down all of the coal-fired generation in the province. Hydro One has made a business decision to acquire a . . . company that has a small minority share in a coal plant," Wynne said Friday in Ottawa.

"Let me just say this: you won't find another jurisdiction — pretty much around the world — that has gone as far in terms of renewable clean energy as Ontario so I see this as a real validation of our opportunity to take that influence elsewhere."

Avista owns a 15-per-cent-stake in two of the four units at the Colstrip plant in Montana — a major coal-mining state — and plans to use them for electricity production until 2035, said a spokesperson for the company that also operates hydroelectric dams, natural gas and biomass generating plants and wind turbines.

Colstrip is one of the top carbon-producing plants in the U.S. and has become a target of environmentalists and lawmakers in the fight against climate change.

The **Associated Press reported in January** that two older units at the plant, dating to the 1970s and not owned by Avista, will be closed by 2022 under an agreement with environmental groups.

Hydro One said in a statement Friday it will be "reviewing" Avista's assets when the purchase, slated to close in mid-2018, is complete.

But critics said Ontario, which sold a majority of shares in Hydro One to raise money for transportation infrastructure and now owns a 49 per cent stake, is taking a step backward with the deal.

New Democrat MPP Peter Tabuns blamed the Wynne government's "fire sale" of Hydro One, which he said now operates on a profit motive to please shareholders.

"No one should be surprised they're doing stuff contrary to what Ontario has been doing," said

Tabuns (Toronto-Danforth).

“It wouldn’t even be legal in Ontario,” he said of the Avista plant.

Colstrip supplies about 9 per cent of the electricity to Avista customers. The company, headquartered in Spokane, Wash., serves Washington, Oregon, Idaho, Montana and Alaska.

Ontario “is in the coal business again,” said Progressive Conservative MPP Todd Smith (Prince Edward-Hastings).

The Green Party said the deal undermines the government’s goal of reducing greenhouse gas emissions.

“This is a bad move for Ontario and for our planet . . . keep in mind Montana borders British Columbia, Alberta and Saskatchewan, and air doesn’t respect national boundaries,” said Jose Etcheverry, the Green candidate in Markham-Stouffville for next June’s provincial election.

“Hydro One has slapped us in the face by going shopping for a utility that owns one of the largest polluters in the U.S. northwest,” added Angela Bishoff of the Ontario Clean Air Alliance.

Wynne told reporters she talked with Hydro One chief executive Mayo Schmidt about the deal on Thursday, raising her concerns.

“I said: ‘You know, what about this?’ The fact is we have a coal-free electricity grid here in Ontario and . . . I expect that value system could be shared.”

“I know that Hydro One will be reviewing all of the operations once the transaction is completed. But we are leading the way in terms of reducing greenhouse gas emissions,” she added.

An article in [Scientific American last year](#) titled “Inside a Western Town That Refuses to Quit Coal” said the plant emits nearly 15 million tonnes of carbon dioxide a year, earning a spot among the top 20 carbon-producing power plants in the country.

The power plant is one of the largest employers in Colstrip and is located near a coal mine, which supplies it with fuel.

**Read more about:** [Kathleen Wynne](#), [Hydro One](#)