TRANSCRIPT – Peter Tabuns on AM 980 with Craig Needles – May 25, 2017

MPP: Peter Tabuns

Media: Craig Needles (AM 980)

[START TRANSCRIPT]

Needles: good morning, thank you very much for the time on the show today. I appreciate it.

Tabuns:
- My pleasure, Craig
- How are you doing?

Needles: I'm doing fine, thanks—yourself?

Tabuns:
- I'm well

Needles: good, good. Let's talk about this money situation.

Tabuns:
- Yup

Needles: there's a lot of cash that is essentially being kicked down the road. What we are finding out—at least 21 billion dollars, obviously the number could get higher depending on how things go. And debts and interests and all that stuff. Are you even remotely surprised? I know that you were talking about this as simply being a kick, kick-the-money-down-the-road plan the day it was announced?

Tabuns:
- Yeah, or kick the can down the road
- We, we always knew that the Liberals were going to take on very big debts to try and get through the next election—something that they wouldn't have to pay back, we would have to pay back
- I, I guess seeing in black and white what the Financial Accountability Officer had to say—the province's budget watchdog—was still a bit startling
- I mean, he, he says we'll incur a debt of 40 billion dollars we'll have to pay off over decades—really, just to make the bills look good for a few years around this election time
- That's an awful big burden to put on people
- And, frankly, it means our bills are going to be a lot higher when the, this grace period is over—they'll start soaring, they'll be going up almost 7 percent a year, just to pay back the debt, not even talking about any other things that will drive up hydro costs

- So I think people are, are getting presented with this very rosy picture by the Liberals, which is going to end up with them paying an awful lot of money—just an awful lot

Needles: and that's clearly going to be something that a lot of people look at and analyze and want to talk about. But for the average Ontarian, do you think they're going to be tempted by the fact that, 'hey, this saves me money in the short-term so why don't I just do it?'

Tabuns:

- Well, let's face facts
- The Liberals have a majority—they're going to pass this bill, right?

Needles: right.

Tabuns:

- So people are going to get a reduction for a few years
- I'm not sure that this is actually going to make them that much more friendly towards Kathleen Wynne and the Ontario Liberals
- They've been getting kicked in the shins now for quite a few years
- And when the Liberals say, 'we're going to stop kicking you in the shins'—well people are happy they're not getting kicked in the shins
- But that doesn't make them friendly towards the party that's been doing them wrong for a long time
- And I think as people—more and more people—know how big the debt hangover is going to be from this, and how much their bills are going to go up in a few years from now, I think they're going to be pretty unhappy
- They'll take the money today—I don't think there's any question
- Will they be unhappy about being stuck with a big bill later?—yeah
- For every dollar you get a reduction in over the next few years, you're going to have to pay back 2—and that's in the best-case scenario
- If, if interest rates go up, if the Liberals have miscalculated, we could be looking at costs in the 60- to 90-billion-dollar range, which is hard to think about, right?
- All I can say is a lot of money, it'll be on your hydro bill, it's going to be very tough

Needles: so what are you going to go to Ontarians with when we go to the polls next year. And you're saying, 'OK, their hydro plan is wrong, ours is better'. What are you going to be telling them?

Tabuns:

- Well, we've put together a hydro plan because we know people are being hit very hard
- We're going to make the elimination of the HST on hydro bills permanent
- We're going to change the tax law, not just have a – a – temporary payment of credit to people

- We're going to make time of use billing voluntary not mandatory
- And that's worth about a 10% reduction for most people
- And in rural areas, we're going to be using some of the cash in the system to reduce their delivery charges so that overall the people in the toughest spots will see reductions in the range of 30%
- That's without borrowing, that's without incurring this huge debt that will be hitting people's bills for the next two and a half decades
- And I think it's a much more practical plan
- And beyond all of that, we're going to start dealing with some of the structural issues
- Stop the privatization of the system
- Because right now we're funneling about a billion dollars a year in profit to private companies, quite a few of which are offshore
- We're in a situation where we have to guarantee profits for these companies that are connected to the system
- That's hard on us
- And we're going to actually look at reducing the amount of power generation in Ontario because we've got too many gas plants, they are going to have to go

Needles: And those things all make – all make sense on certain levels but I just look and think to myself are all these things possible, I know you are going to look at contracts, and things along those lines and I get that but you don't think-

Tabuns:
- Oh I see what you're saying
- There are quite a few contracts that are coming up the end of their term over the next two years
- And no we are not going to blow our brains out in legal fees or court costs
- If we see a contract where we're providing power that we don't need and legally and financially it makes sense to either renegotiate it or end it, we can do that
- But the big opportunity for us is there's an awful lot of power contracts that are going to be coming to the end of their term in the next two years
- And if we don't need them, we're just going to shut them down

Needles: And that seems to be the sensible way to do things, because as of right now we're still essentially paying other jurisdictions to take our hydro. Is that not correct?

Tabuns:
- That's right
- We have – in our hydro bills we're paying for $2-billion worth of power that we don't need
- And we sell it

- And sometimes we actually pay people to take it
- But we sell it to Quebec, New York, Michigan, for a few hundred million
- We're losing close to 2 billion dollars a year on this
- I mean, that's part of the reason we're looking at this Pickering Nuclear Power plant near Toronto
- That is producing about a-billion-dollars-worth of power a year
- We're supposed to be shut down in 2015
- It's been extended a bit
- It's going to cost half a billion dollars for us to keep it going
- I don't see why we're putting money into an old plant, come to the end of its lifespan
- That's producing power we don't need

Needles: And that all makes all the sense in the world as far as the power we don't need aspect of this. We don't want to have extra power that – I just wonder how we got this situation. And it's easy to say, well just mismanagement. Because clearly there has been some pretty massive mismanagement here. But how did it get this bad? How did we let our hydro system get into this level of trouble?

Tabuns:

- I think you have to go back to the Conservatives starting the privatization of the system
- Because once you're privatized the system, it's very hard to actually control it
- So they started – they broke up the old Ontario Hydro
- They, they leased off the Bruce Nuclear Power Plant
- The Liberals came into power in 2003 saying 'no, no, we'll bring the hydro system back under public control'
- Which they didn't—they then proceeded to sell off, or buy private power for all of their new power in Ontario
- Or virtually all their new power in Ontario
- And once you got the big players in Ontario pushing for their projects to be contracted in
- Once you've got them pushing for a level of power generation that makes them a lot of money, they become a powerful force in political policy and the political scene in Ontario
- They have a lot of influence at Queen's Park and they drive the policy, not the people of Ontario anymore

Needles: and that's frustrating, and obviously quite sad, just from the perspective –

Tabuns:

- -And it's expensive!
- Very expensive

Needles: And it’s expensive too. And the sad part about this is there are people who are having a tough time making ends meet, and a tough time paying bills and I get we want to do everything we can for them I just wonder if essentially the horse is out of the barn in this particular issue.

Tabuns:

- Well, a lot of damage has been done there is no question about it and its going to be hard to correct that damage
- And again, that’s why we put forward our plan, there are some things we can do very quickly about making time of use voluntary, that’s a 10 percent break for people
- There are things we can do in rural areas to buy down their delivery charges, that is something we can do fairly quickly
- But dealing with the larger structural issues, yeah you’re talking a number of years
- So we have to do what we can. That’s what people expect of us and the rest we are just going to have to apply ourselves over a period of time
- The damage didn’t happen in just 1 year, it didn’t happen in just 1 decision
- We have been seeing this privatization, this damage to the system going on for, what, 17 years now
- It doesn’t get reversed over night

Needles: No, it certainly wouldn’t. Well, I want to thank you so much Peter for coming on the program and talking about this with us, I appreciate the time and im sure we’ll chat with you about this again in the very near future

Tabuns:

- Craig, thank you very much, appreciate it
- Take care

[END TRANSCRIPT]