AM 980 Interview with Premier Wynne

Date:	March 3, 2017
Station:	CFPL Radio (London)
Length:	11 minutes
Speaker(s):	Premier Kathleen Wynne

AM980: Up first, Premier Kathleen Wynne. The Premier is defending her government's plan to cut higher rates by an average of 17 per cent, saying it might cost more over the long-term, but will be more fair. The reduction, which is on top of the 8 per cent rebate that took effect in January, has been achieved by refinancing already long-term power generation contracts over even longer terms. The plan ultimately cost ratepayers about $1.4 billion dollars a year in extra interest payments, but Wynne says it's fair because current ratepayers don't have to shoulder the burden of huge system costs for everyone before and after them. The Progressive Conservatives say the Liberals are robbing Peter to pay Paul; that both are Ontario taxpayers. While the NDP says it is long-term pain for short-term gain. Premier Kathleen Wynne joins us now to talk about this. Thanks for your time today.

PREMIER KATHLEEN WYNNE: It's a pleasure. Thanks.

AM980: I want to start with what you called the "elephant in the room" yesterday, which was the efforts to reduce hydro bills coming forward. Now having done this job for a couple of years, I've heard concerns from people inside and outside of London for a while. Why did it take your government so long to respond?

PREMIER WYNNE: Well, as I said yesterday, it's a good question. And, you know, I recognize that that this fundamental fix that we are, that we're making has been some time in coming. The reality is that we have tried a number of things. But even with the the 8 per cent reduction, the provincial portion of the HST coming off people's bills as of January, what I, what I heard from people was it wasn't enough, you know. We'd done some things last year. We did that. It's not enough. It needs to be more fundamental and that's why we're bringing in the 25 per cent, on average 25 per cent reduction on all residential bills, starting in the summer.

AM980: From last fall with the HST, which you mentioned, to now, what changed between then with...because even then people were saying it's a little late.

PREMIER WYNNE: Well, as I said, you know, we kept looking for, we kept looking for solutions. And we've looked at everything, you know. We've talked to academics, we've talked to experts from other other parts of the country and from the States. And we've we've looked at all of the options. That that took some time. But, as I said, we were trying within the last couple of years to find a solution that would help people. We didn't we didn't come up with a fundamental enough fix. That's what this is. And and so we'll move forward with it now as quickly as we can.

AM980: The relief is largely due to the refinancing of these power generation contracts, which were already long before this. Is there going to be any sort of review, in terms of how the government negotiates these contracts in the first place to ensure we just aren't paying such a premium?

PREMIER WYNNE: So the costs that...the investors that we've made, yes, part of it is the power generation contract. But a big part of it is also the rebuilding of the system. And, you know, I made it very clear yesterday that we believe that it was important to make the investments, you know, to build power lines and towers, and increase capacity at Niagara Falls, and build plants around the province, as we shut down the coal-fired plants. All of that upgrading needed to happen. And it had been, it had been decades. And this isn't, you know, it's not a partisan comment. But there had been Liberal, NDP, Conservative governments that hadn't made those investments over 30, 40 years. It needed to happen. But a 50 billion dollar investment, which is what we have made is...that's expensive to pay off, you know. And it takes time. And what we've done is, we've uploaded or we front-end loaded the majority of that that payoff of those, of those investments. And what, you know, what we realize now is that's not fair. That it should be shared over a longer period of time. And so we're going to spread those payments over a 30 year period, rather than the 20 year period because the assets are going to last that long or longer. And, you know, people who are young now they will benefit from those assets and that strong electricity system. So they will, they'll be asked to share in the payment of those.

AM980: The contract negotiation side of this though, were these good deals to begin with?

PREMIER WYNNE: Well, you know, we can go back and say we wish that those those contracts, some of them, hadn't been as as high as they were. But at the time, we were jump-starting an industry. We were shutting down the coal-fired plants. We were starting a renewable industry in Ontario, and there was job creation that went along with that. And so, yeah, with 20 20 hindsight what we should have done is, we should have spread the payment of those contracts over a longer time in the first place. That's that's where the challenge is. Now we're having to do that midway into the contract and that's that's a challenge because people have already seen their bills go up. And if I had it to do again, you know, if we could do it again we would have spread those costs over a longer period. We would have had them mortgage over a longer period in the first place.

AM980: Where does the buck stop on this?We've had multiple energy ministers over this time period. We've had two different premiers. Who ultimately is responsible for this?

PREMIER WYNNE: Well, I'm responsible for fixing it. And I take that responsibility. I mean we can have a conversation about whether previous governments, you know, should have should have made different decisions. That's probably not a helpful conversation for people who are looking at their electricity bills, right now. The reality is, in Ontario we have a clean, strong, reliable electricity grid. We didn't have that in 2003 when we came into office under the previous...my...under my predecessor. We have that now. It has to be paid for. Had we done this as a society over 40 years, rather than rather than over a decade, you know, that probably would have made sense. But that kind of 20 20 hindsight isn't actually helpful. We need people to have relief now. And that's why this 25 per cent reduction that will, you know, will stay in place. So we put a 25 per cent, on average, reduction in place in the summer and guaranteed only inflationary increases over at least four years. I mean that's the kind of relief that people have said they need.

AM980: I think the hindsight part is interesting though. We are about a year away from the next election as Ontarians prepare to decide who they want to vote for. In terms of that decision-making, should that be part of, 'well, if we have these contracts (inaudible)when we cast those votes again, how do we know that future contracts are going to be better than before.'

PREMIER WYNNE: Well, what people will know is that, and they will make their decisions, you know, this is, this is about giving people relief, as opposed to a strictly political decision. Obviously, there are always politics. I'm an elected official and there's always a political consideration. But the prime driver for me is making sure people have relief on their electricity bills. And people will, people will make their own decision. You know, this is a, this is a problem that was decades in the making. We have fixed the the first problem, which was a degraded electricity system. And now I'm fixing the electricity rates. And, you know, I hope that people will see relief on their electricity bills, not so that they will make a political decision, but so that they'll be able to feed their kids, pay their rent, and pay their electricity bills. That's that's what this is about.

AM980: There is short term relief. What's the long term cost?

PREMIER WYNNE: Well, there is, you know, as with a mortgage, it will take longer to pay off these investments and there is over 30 years. There's a there's a 25 billion cost...25 billion dollar cost. But that's that's when you're looking at a system that is worth billions of dollars and an investment that was $50 billion. That's the, that's the premium. If we were to turn around and rip up contracts, which is I know what some of the the Opposition Members have said, there would be billions more added to that bill. It would be an irresponsible thing to do. We looked at it, you know. I looked at it. It sounds like an appealing idea but it would cost even more. It would be very complicated. And people wouldn't see immediate relief because it would take a long time to renegotiate contracts. People need relief right now.

AM980: What sort of relief will there be for business?

PREMIER WYNNE: So business will see, depending on the size of the business, we're expanding what's called the Industrial Conservation Initiative, which gives business the opportunity to reduce their costs by about 30 per cent. So we're, we're including smaller businesses in that, in that program. Farms and small "mom and pop" businesses on main sttreet, they will see the 25 per cent reduction. And then sort of medium, larger businesses, they will see, they'll see a smaller reduction. But they will...everybody will see some reduction in their costs.

AM980: I don't know if you've seen some of the concern from the Canadian Vehicle Manufacturers Association this morning. They were saying that they feel these changes don't do enough to address some of the uncertainty related to prices that automakers are paying for hydro and that class A industrial electricity rates can be really high compared to other jurisdictions. Is that something to look at here?

PREMIER WYNNE: Well, and again, I know that our Minister of Economic Development and Growth will be working out...will be reaching out to the auto sector. He spends a lot of time working with those businesses. They're very important to us. And, as you know, there's been billions of dollars of investment from the auto sector over the last six months in Ontario. So we wil,l we will work with them. We're very cognizant of our competitive advantages. You know, we have we have a tax regime that's very competitive with the United States. We don't know exactly what's going to happen under the new president. And I'm calling governors. I have a memorandum of understanding with Rick Snyder in Michigan. So we're very very very much aware of the competitive necessity to keep our costs down. So we'll continue to work with those companies.

AM980: Premier Wynne, I certainly appreciate your time today. Thank you very much.

PREMIER WYNNE: Thanks very much. All the best.