

Evening Media Scan: Hydro Rate Reduction - October 31, 2017

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MEDIA SCAN: HYDRO RATE REDUCTION PLAN

October 31, 2017

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Morrisburg Leader: Jim McDonell: Improper accounting costs us \$4

October 31, 2017

<http://www.morrisburgleader.ca/2017/10/31/jim-mcdonell-improper-accounting-costs-us-4-billion/>

During October, energy continued to dominate the headlines at Queen's Park, with the government's Fair Hydro Plan facing intense and devastating scrutiny. The Auditor-General released a report which she prefaced with the statement that it is her duty to act as a steward of the public interest and to sound alarms when necessary. In the report, the independent officer stated in no uncertain terms that the government was using improper accounting techniques to keep the debt associated with the Fair Hydro Plan off the public books and make Ontario's overall debt, borrowing and deficits look better than they actually are. In a nutshell, the government plans to buy a temporary 25% overall relief on ratepayers' bills by borrowing enough money to cover the extra costs of system upgrades, golden salaries at Hydro One, overpaid green energy, and other expenses that would hit ratepayers before the next election, and instead spread those increases over the next three decades. Depending on interest rates, this will cost us anywhere between \$45 and \$93 billion in interest payments alone – a bad deal for the ratepayer and taxpayer of any political stripe.

There was a further kicker in the Auditor-General's analysis. The debt arising from the plan, according to the government's arrangements, will be placed in a separate accounting framework that will ensure it does not appear in the official provincial debt figures. According to the Auditor-General, the practice is "wrong", and if the government would use the standard borrowing practices which provide for a lower interest rate, and not this elaborate smoke screen to hide debt from the public, they would save taxpayers \$4 billion of extra debt servicing costs. Our energy system is a mess, and it is little wonder with schemes such as this.

New homeowners can look forward to dramatic changes in the provision of new home warranties and the regulation of residential builders. Advocates for reform of the TARION Warranty Corporation have demanded a review of new home warranties in Ontario for years. In 2015, the government asked Justice Cunningham to take a look at TARION. In his report, the Justice highlighted that the role of builder regulator and warranty provider should be split, and that warranties should be sold in a competitive market just as any other insurance product, subject to the same accountability and capital requirements. Other recommendations included independent adjudication of disputes between consumers and the warranty provider and a lighter burden of proof on a consumer wishing to initiate a warranty claim. Under today's rules, a homeowner must prove the cause of a defect in order to make a claim. With the changes in Bill 166, a consumer would only need to show the symptoms of the defect, and it will be up to the warranty provider to assess the facts. Bill 166 takes some of Justice Cunningham's recommendations into account, but much more needs to be done to ensure our greatest and most significant purchase is properly protected.

As we enter the third month of the fall session, we will debate bills on red tape reduction, medical professionals' disclosures, construction payments and more. I will continue advocating for meaningful changes to our province's direction to focus on growth and competitiveness.