TV Transcripts: Financial Accountability Office and Downtown Relief Line - May 24, 2017

From: "Ma, Cesue (CAB)" <cesue.ma@ontario.ca>
To: "@CAB-Trans CO" <cab-transco@msgov.gov.on.ca>, "@CAB-Trans PO" <cab-transpo@msgov.gov.on.ca>
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*As requested by Rebecca MacKenzie

Ontario's Financial Accountability Officer On the Fair Hydro Plan:

Global: FAO Says Fair Hydro Plan Will Ultimately Cost $21 Billion
Global: FAO Says Ontario's Fair Hydro Plan Will Cost $45 Billion Over 30 Years
CFTO: FAO Says Ontario's Fair Hydro Plan Will Cost $45 Billion Over Three Decades
City TV: The FAO Says The Fair Hydro Plan Will Cost $21 Billion
CJOH: The FAO Says Province's Fair Hydro Plan Costs More Than Expected
CHCH: Watchdogs Say Ontarians Will Pay $21 Billion Over 30 Years For Short Term Savings

Toronto Mayor John Tory On The Downtown Relief Line:

Global: Mayor Tory Calls For Provincial Funding Amid Debate Of Downtown Relief Line
CFTO: Mayor Tory Calls For More Provincial Funding For Downtown Relief Line
City TV: Mayor Tory Urges The Province To Commit To Funding A Downtown Relief Line

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

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

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

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

Anchor: Okay that is the show 24, and if Jack Bauer could stop screaming at me for a moment you will learn that that $24 billion in savings is not going to be spread out equally because you and I get the goods and our kids get the bill. This year the average electricity bill is projected to decrease by

25 per cent, and for the next four years, it will only grow at the rate of inflation. But starting in 2021, that bill goes up an average of 6.8 per cent a year for six years. And then, comes the year 2028. We finally have jet packs? Will Google Chrome be implanted in our frontal lobes? Who knows in the future what will come true? But I can tell you what will come due and that's $18.4 billion in deferred electricity costs, hydro cost that you and I will not be paying now. And add to that $21 billion in interest. Future ratepayers will be paying extra for 20 years. You might wonder if in 2028 anyone will think that this hydro plan is fair.

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

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

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

Unidentified 2 [clip end]: I can't!

Global: FAO Says Ontario's Fair Hydro Plan Will Cost $45 Billion Over 30 Years
Source: Global
May 24, 2017 6:42 PM (8)

Anchor: Skyrocketing hydro prices in Ontario and months of our reporting on it led the province to take action with what it calls the Fair Hydro Plan. But today Ontario's financial watchdog raised serious questions about the math behind the plan. The province intends to spend $45 billion over the next three decades in order to save taxpayers $24 billion on electricity bills in the short-term. Ontario's financial accountability officer says this will mean there will be a net cost of at least $21 billion to Ontarians and the cost could soar to $93 billion if the government funds it through deficits.

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

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

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

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

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

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

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

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

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

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

Reporter: The complex plan has left the opposition fuming.

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

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

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

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

City TV: The FAO Says The Fair Hydro Plan Will Cost $21 Billion
Source: City TV
May 24, 2017 6:09 PM (4)

Reporter: Richard Southern here live at 680 News. Two watchdog groups say, no matter how you add it up, the Liberal government relief plan for hydro rates will cost billions more than expected. If you ask the government, the 25 per cent rate reduction plan would cost as much as $28 billion. Not so, according to the Financial Accountability Office and the Auditor General. They claim the government will have to spend $45 billion to offer savings of $24 billion. That's a net loss of $21 billion. That assumes interest rates will stay low and the budget remains balanced.

Todd Smith, PC Energy Critic: The government isn't fixing anything. I think a lot of people are seeing through this for what it is. This is Kathleen Wynne's re-election plan. They're trying to take electricity off the table. They're not fixing the underlying problems. Actually when people start to understand their bills are going to rise by 6.5 per cent in five years' time and then as much as 12 per cent in ten years' time, that is going to hit people right across the face.

Peter Tabuns, NDP Energy Critic: There's no question people feel real hunger for some relief, but they don't like the idea that they're going to get hit hard in a very short period of time. People who are ratepayers right now are going to get hit hard starting five years from now, and they'll be hit hard for decades, quite literally.

Reporter: The first 8 per cent of the promised 25 per cent rate cut happened in January. The Liberals

have to pass the rest of their plan, a further 17 per cent slash, before June 1st. That's when Queen's Park breaks for the summer. You know this whole situation regarding hydro could only add to the debt in Ontario. Already, a heavily indebted province: The debt at $318 billion, about $22,000 for each Ontarian. The other factor here is although rates are lower or moving lower now, they will eventually rise almost 7 per cent by 2028. What does that say to industry? Will factories shy away from Ontario with rates starting to rise? The economic impacts of this hydro fiasco certainly wide ranging.

CJOH: The FAO Says Province's Fair Hydro Plan Costs More Than Expected
Source: CJOH
May 24, 2017 6:16 PM (11)

Anchor: The Ontario government's plan to cut hydro rates will cost the province $45 billion over the next 30 years. That $45 billion figure is from projections from Ontario's Financial Accountable Office. Premier Kathleen Wynne promised to cut rates by 25 per cent this year. Hydro increases will be capped to the rate of inflation over the next four years.

CHCH: Watchdogs Say Ontarians Will Pay $21 Billion Over 30 Years For Short Term Savings
Source: CHCH
May 24, 2017 6: 16 PM (10)

Anchor: Two government watchdogs say Ontarians will pay $21 billion over the next three decades to get short term savings under the Liberal government's hydro plan. Both the Financial Accountability Officer and the Auditor General weighed in on the government's plan to lower hydro rates which have roughly doubled over the last decade. Under the government's plan, Ontarians will see lowered hydro bills for the next 10 years but will then pay higher costs for the following 20 years.

Global: Mayor Tory Calls For Provincial Funding Amid Debate Of Downtown Relief Line
Source: Global
May 24, 2017 5:34 PM (3)

Anchor: City council is now considering a key piece of the city's future tonight. Namely, where to build the downtown relief line. Mark Carcasole is live at City Hall. Mark, how's it we're talking about location? Have we actually got any money for this thing?

Reporter: That is the big question, Alan, and the answer to that question right now is no. What today's eight and a half hour long debate on location, location, location highlighted is a battle between City Hall and Queen's Park just up the street and funding. And City Hall is essentially saying that while they are going ahead with planning, this thing might not come to together without that funding from the next level of government.

Reporter: Anyone who rides Line 1 on the subway will tell you being on a rush hour train is like being in a sardine can. The TTC says a downtown relief line that cuts south at Pape, loops down Carlaw, through downtown, and connects to Line 1 will be a necessity by 2031. It's approval of the path of that line that was up for debate at council Wednesday. But nothing can be built without the money. Mayor John Tory started his day at Pape Station to try to get that message out to the people.

John Tory, Mayor of Toronto: I am not asking for a blank check. I am asking for a commitment that the province of Ontario will provide its fair share of the cost of building the relief line.

Reporter: In a statement, Transportation Minister Steven Del Duca responds, "We've invested $150 million for relief line planning and design work, which is nearly three times the amount the city has committed. Despite these investments, we have yet to see the city actually confirm its own capital contributions on these projects."

Mayor Tory: We have to go back to square one thanks to the road tolls decision and decide how we're going to finance our share.

Reporter: Without provincial funding, the mayor says there's no way Toronto can build an almost $7 billion line.

Giorgio Mammoliti, Toronto City Councillor: All we do is pay for ventures for the bottom end of the city. And I'm sick and tired of it.

Reporter: On the council floor, the debate over alignment and the next phase of planning, as always, gets energized. Everyone's got an opinion.

Paula Fletcher, Toronto City Councillor: Just funding the City of Toronto. The province doesn't want to be seen ever as just looking after the City of Toronto.

Reporter: There was even a graph of some sort.

Unidentified: Is that a medical diagram?

Reporter: While city staff plot the course of the DRL, they're also working with officials in York Region on another unfunded line: The northern extension of the Yonge line, causing some to question the mayor's priorities.

Josh Matlow, Toronto City Councillor: I want people in York Region to eventually have subway connection. That would be great eventually. But they're not factually the priority before others that are still waiting for support from this council.

Reporter: The next phase of the relief line will come before council sometime in 2019.

Reporter: So we mentioned earlier there, Alan, that the downtown relief line the city hopes will be built by 2031. That's a long time away. So in the meantime Mayor John Tory has written a letter to Andy Byford, the CEO of the TTC, asking him to find creative solutions for how to relieve congestion on Line 1, on the yellow line on the TTC. He says he will leave it up to Byford as far as how to do that but one of the proposals he makes is possibly starting certain subway cars' trips somewhere within the line instead of the terminal stations to the very north of that U-shape, just a different way he says to possibly relieve some of the congestion during the rush hours. Whether it works or not remains to be seen.

CFTO: Mayor Tory Calls For More Provincial Funding For Downtown Relief Line
Source: CFTO
May 24, 2017 6:13 PM (10)

Anchor: The proposed downtown subway relief line got the green light at City Hall this afternoon.

Unidentified: The item as amended carries 42-1.

Anchor: Council voted in favour of moving on to the planning and design work stage of the $6.8 billion relief line along with the Yonge line extension into the 905, a plan that Mayor Tory says requires a further commitment from the province.

John Tory, Mayor of Toronto: I am asking for a commitment that the province of Ontario will

provide its fair share of the cost of building the relieve line, actually building it so that we know we can make our plans certain.

Anchor: The mayor enlisted the help of commuters this morning, handing out flyers that ask them to voice their concerns to Transportation Minister Steven Del Duca. The province has already earmarked money for planning the relief line, but it has not announced any further funding for the project.

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

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

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

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

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

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

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

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

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

Adrian: A short time ago council did vote in favour of the route for the downtown relief line. They

also passed a motion which says the North Yonge Line will not be built unless funding for a downtown relief line is first secured.