Briefing for March 29, 2017

Your morning briefing

29.03.2017 Geoff Zochodne 0

Headlines

Toronto city council has settled on its Scarborough subway plan. Well, probably. At any rate, council voted (again) to move forward with the one-stop, $3.5-billion expansion of the Bloor-Danforth line, because Scarborough needs subways. Pending future election results, of course.

Tarion's oversight of both home warranties and homebuilders is being broken up. Ontario Government and Consumer Services Minister **Tracy MacCharles** made the announcement yesterday, saying "Tarion's multiple roles and responsibilities can give rise to a perception of conflict of interest, and could result in an actual conflict or conflicts of interest." A new standalone regulator for homebuilders is on the way.

Bruce McCuaig has punched his ticket out of Metrolinx. It was announced yesterday that the CEO and presidentis leaving the transit agency on April 14, to take a job as an executive adviser for the new Canada Infrastructure Bank.

How to put this? Uh, let's just say that federal Conservative leadership candidate **Brad Trost** shant be marching in any Pride parades anytime soon. Indeed, his campaign spokesperson has declared Trost "is not a big fan of the gay lifestyle." OK, then.

Our stories from yesterday:

- **Liberals criticize embattled PC MPP Jack MacLaren for 'misogynist' comments**
- **Liberals defend Hydro One privatization as executive pay hits 'astronomical new highs'**
- **Queen's Park being pushed on conscience rights for doctor-assisted dying bill**
- **Heard: Everybody loves the Scarborough subway extension**

Steven Del Duca is Ontario's transportation minister. He is also the MPP for Vaughan. And never the twain shall meet? Well, a new GO station in Vaughan has the *Toronto Star* asking questions.

The wife of former Ontario attorney general **Chris Bentley** has been appointed to the bench, the *Toronto Sun*reports.

The province is chipping in $50 million over five years for a new artificial intelligence institute that will be affiliated with the University of Toronto, the *Star* reports. The federal government and a host of companies will provide funding as well. Creating our future robot overlords isn't cheap.

Four MPPs from both sides of the aisle are asking the Niagara Peninsula Conservation Authority to let the province's auditor general review the agency's books, according to the *Review*.

Wind power remains an unwelcome idea in Eastern Ontario (people remain wary in southwestern Ontario as well). A Kingston man, meanwhile, says Ontario's electricity prices have forced him to "live like a bat at nighttime," the *Whig-Standard* reports.

In the opinion pages:

- The *Toronto Sun* says the decision to keep the cost of cap and trade hidden on heating bills is hypocritical
- Matt Gurney says the latest gun scare really just calls for more education

Bills

Debate resumes on the motion for Second Reading of Bill 111, An Act to authorize the expenditure of certain amounts for the fiscal year ending March 31, 2017.

Debate resumes on the motion for Second Reading of Bill 65, An Act to amend the Highway Traffic Act in respect of speed limits in municipalities and other matters.

Committees

9:00 a.m.

The Standing Committee on Public Accounts will meet to consider Physician Billing (Section 3.11, 2016 Annual Report of the Office of the Auditor General of Ontario). Room 151.
The Standing Committee on Regulations and Private Bills will meet to consider Bill Pr59, An Act to revive 564539 Ontario Limited; and Bill Pr60, An Act to revive 1476283 Ontario Limited. Room No. 1.

1:00 p.m.

The Standing Committee on Justice Policy will meet to consider Bill 89, An Act to enact the Child, Youth and Family Services Act, 2016, to amend and repeal the Child and Family Services Act and to make related amendments to other Acts. Room 1.

Events

8:45 a.m.

Premier Wynne to make an announcement, alongside Ministers Hunter and Matthews. Bishop Marrocco Thomas Merton Catholic Secondary School and Regional Arts Centre, Auditorium, Entrance on the 3rd Floor, 1515 Bloor Street West, Toronto.

9:30 a.m.

Ontario PC Deputy Leader Sylvia Jones will hold a media availability to discuss government advertising. Queen's Park.

Liberals defend Hydro One privatization as executive pay hits 'astronomical new highs'

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The Liberal government is standing by its decision to sell off up to 60 per cent of Hydro One to investors – even after it was revealed the CEO of the now-privatized utility earned nearly $4.5 million last year, when public outrage over electricity prices was also reaching new highs.

The company published the information this week, ahead of its annual shareholder meeting in May. The information had previously been available via the province's "Sunshine List," but the government exempted Hydro One from the disclosure rules as part of the privatization process, allowing the utility to reveal the compensation of only a handful of execs.

The company's management information circular shows Hydro One president and CEO **Mayo Schmidt** earned $850,000 in salary in 2016, as well as $2,379,948 in shares, $1,170,000 in bonuses (that were more shares), $64,024 in pension money and $20,081 in other compensation. The 2016 compensation for Schmidt and four other executives topped $11 million, according to Hydro One's published figures.

Hydro One said in an email that the pay packages reflect the company's "need to attract and retain the highest level of expertise in a marketplace where we're competing for talent with large private-sector companies across the country." Hydro One also said that the majority of the CEO's compensation is based on meeting "aggressive and very specific performance targets" and that the company's new management has cut costs by more than what it is they're being paid.

But the compensation numbers were unveiled as voter discontent over hydro rates continues, and after the Liberal government had to put out fires sparked by proposed executive pay packages in the broader public sector.

Once word of the executive pay got out, Progressive Conservative energy critic **Todd Smith** said Hydro One compensation had "hit astronomical new highs," and that it was "a slap in the face" for which the Liberals were to blame.

"Both the cut-offs and the new sky-high salaries at Hydro One are a direct result of this government's actions," said Smith in a statement. "We now know why Hydro One salaries were removed from the Sunshine List. The government doesn't want the people of Ontario to know that their rates have helped create a new Millionaire's Club at Hydro One."

It had been previously projected that Schmidt would take home compensation in the neighbourhood of $4 million. In 2015, after his appointment in August and as the government was preparing to privatize Hydro One, Schmidt earned approximately $1.36 million in total compensation. In 2014, when Hydro One was still entirely in public hands, its CEO made $728,571 in compensation.

Energy Minister **Glenn Thibeault** said Tuesday it was on shareholders to keep an eye on the company's executive pay – even though Ontario still owns about 70 per cent of Hydro One. The Liberal government intends to whittle that stake down to about 40 per cent.

"It's a publicly traded company now and so the shareholders involved in this will have to judge where they see their CEO taking the company," said Thibeault at Queen's Park. "They are a better-run company since we've brought forward the IPO."

Hydro One, which runs almost all of Ontario's electricity transmission grid, is being sold off to private investors in chunks by the Liberal government. Thus far, about 30 per cent of the formerly public utility has been sold in stock offerings, in return for approximately $3.8 billion in proceeds. The most recent share sale was last spring.

Premier **Kathleen Wynne** has defended the stock offerings sales as necessary to fund infrastructure projects and pay down debt left over from the old Ontario Hydro. The Liberals have also rolled out a new "Fair Hydro Plan" they're counting on to reduce customer's electricity bills by an average total of 25 per cent, albeit including a previously announced 8-per-cent rebate.

But the Hydro One privatization has prompted some public backlash. Wynne, during a phone call earlier this month with a Sturgeon Falls ratepayer that media were invited to watch, was asked about the Hydro One CEO's $4-million pay package. The Premier responded that that was "the outer limit of what he would make."

Thibeault said Hydro One has stepped up its game in the customer service department, particularly in turning the power back on for customers who have been disconnected in the dead of winter. The Energy Minister also touted the government's hydro relief plan as proof that it was taking the electricity pains seriously.

"So people won't have to worry about … scraping by. We recognize that some people are having difficulty with their hydro bills," Thibeault said. "But when it comes to Hydro One, the Ontario Securities Commission now requires that they get their finances in order to publicly disclose all of those pieces."

Both the NDP and PCs called for an end to the Hydro One share sales during Tuesday's question period, after *The Canadian Press* had reported that internal government polling showed longstanding public opposition to privatizing the company.

The NDP have actually proposed buying back the utility's shares if they form government in 2018. The policy is part of a plan to reduce hydro bills that NDP Leader **Andrea Horwath** says all parties should support. To that end, on Tuesday, Horwath moved an opposition day motion in the legislature.

"The privatization of our hydro system began under the Progressive Conservatives and clearly the torch has been successfully passed to this Liberal government," Horwath said. "But overwhelmingly, the people of this province, an overwhelming majority of Ontarians have made it clear that they want a public hydro system."

"[Horwath's] proposal would either keep electricity bills at the same cost or increase them, and the issue she raises today, the broadening of the ownership of Hydro One, would not take one cent off one person's electricity bill in this province," responded Wynne in question period. "We made a very difficult decision around the broadening of the ownership of Hydro One in order to build the infrastructure that this province needs in every corner of the province, infrastructure that will allow people to move themselves, their families, their goods more quickly and will allow this economy to thrive."

Asked if the plan was still to sell Ontario's stake in Hydro One down to 40 per cent, Thibeault said "nothing's changed."