FW: OFHP - Print Media Coverage Round-Up

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Media Round-Up for today below.

From: Tharani, Alisha (TBS)
Sent: October 17, 2017 5:35 PM
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Cc: @TBS-L-Issues and Media; Ovenden, Erin (TBS); Jackson, Sarah (TBS)
Subject: OFHP - Print Media Coverage Round-Up

Hello,

A brief roundup of print media coverage on Ontario's Fair Hydro Plan today:

There were six articles in total. Coverage consistently cited the Auditor General's key themes, including highlighting the "needlessly complex" accounting structure, "improper accounting," and the "anticipated $4 billion more in interest payments than if the province had borrowed the funds directly."

Minister Sandals was specifically referenced in two articles:

- Allison Jones, Canadian Press: " Ontario government obscuring true cost of hydro bill cuts: Auditor General"
  - "Treasury Board President Liz Sandals said credit rating agencies are ranking the hydro debt in preparation for selling it. "That's the difference," she said. "Somebody actually wants to buy it, ergo it is an asset."

- David Reevely, Ottawa Citizen: "Hiding billions in hydro debt 'unacceptable,' Ontario's auditor general says"
  - "The usefulness of doing so was visible when Energy Minister Glenn Thibeault and Treasury Board President Liz Sandals responded to Lysyk's report. They think the $4-billion estimate for the extra cost of hiding the debt is too high. They argue the gap between the government's interest rate and Ontario Power Generation's might not be as big as the financial accountability office thinks."

On the point of audit opinions, there were two mentions in print coverage:

- David Reevely, Ottawa Citizen: "Hiding billions in hydro debt 'unacceptable,' Ontario's auditor general says"
  - What the Liberals have done "would be unacceptable in the private sector, and we maintain that this is also unacceptable in the public sector," Lysyk reported. **"If the consolidated financial statements are so unreliable that an adverse opinion is warranted, terms like 'balanced budget,' 'deficit,' 'asset' and 'net debt' will be meaningless**."

- QP Briefing, "Auditor General reports Fair Hydro Plan will cost unnecessary billions, obfuscate costs"

- "The government knew there was a high risk that it would receive a 'qualified' audit opinion on the Province's consolidated financial statements as a result of using legislation to create a regulatory asset, but it accepted this risk in order to avoid showing a deficit and an increase in net debt in its budgets and consolidated financial statements," she wrote."

Please see below for the full articles. We will continue to monitor and provide updates.

Best regards,
Alisha

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Auditor general blasts Kathleen Wynne's 'Fair Hydro Plan' (CBC)

By Mike Crawley, CBC News Posted: Oct 17, 2017 10:46 AM ET Last Updated: Oct 17, 2017 2:16 PM ET

The Wynne government created a "needlessly complex" scheme to pay for its hydro rate cuts without showing the costs on its own bottom line, Ontario's auditor general said in a critical report released Tuesday.

Auditor General Bonnie Lysyk investigated the financing of what the Ontario Liberals call the "Fair Hydro Plan." The plan has reduced the average household electricity bill in the province by 25 per cent from the peak in the summer of 2016.

Lysyk said the government is "improperly" accounting for the $26 billion in debt the province is taking on to cut hydro bills in the short term.

The $26 billion is being borrowed through Ontario Power Generation, so will not appear on the province's books. Electricity customers will pay off that debt through rate increases spread out over the next 30 years.

The government chose that financing scheme "to keep deficits and an increase in net debt from showing up on the Province's books," Lysyk said in the report, tabled Tuesday morning in the Legislature.

Anywhere else in Canada, you won't see this done. - Bonnie Lysyk, auditor general of Ontario

"The government created a needlessly complex accounting / financing structure for the electricity rate reduction in order to avoid showing a deficit or an increase in net debt," writes Lysyk.

The auditor says the plan could also result in Ontarians paying "up to $4 billion more than necessary" in interest. That's because OPG will be required to pay higher interest rates than the province would if the government took on the debt directly.

Lysyk told a news conference that the government is "wrong" in how it's accounting for the borrowing.

"Anywhere else in Canada, you won't see this done," she said. "The government's proposal is to treat that loss as an asset.

"That's like you treating your credit card debt as an asset in your books. Does that sound right to you?"

The hydro rate cuts will not last, Lysyk found. "From 2028 on, ratepayers will be charged more than the actual cost of the electricity being produced in order to pay back the borrowings," she said in the report.

"The improper accounting also inappropriately transfers long-term accountability for significantly higher electricity bills to future governments," writes Lysyk. "Future governments will have to explain to ratepayers why electricity rates charged in 2028 and beyond exceed the actual cost of electricity."

The Wynne government is already trying to dismiss all of the auditor's findings.
"The government of Ontario does not agree with the assertions and conclusions expressed in the report," said an official response issued together with the auditor's report.

Ontario's financial accountability officer has already described the scheme as a "complicated accounting structure" that will increase gross debt by approximately $26 billion by 2027-28, but not show any impact on the government's books.

Ontario Auditor General's report reveals "fiscal and moral bankruptcy" of Liberals' Fair Hydro Plan (CUPE via Marketwired)

Canadian Union of Public Employees (CUPE) - Ontario
October 17, 2017 14:35 ET

TORONTO, ONTARIO--(Marketwired - Oct. 17, 2017) - The Auditor General's report, tabled today in the Ontario legislature, paints a picture of a Liberal government that has consistently placed the needs and rights of Ontarians behind those of its corporate funders, says CUPE Ontario President Fred Hahn.

CUPE charges that by creating a system of accounting that deliberately obfuscates and hides the true cost of its "Fair Hydro Plan," the Wynne government has shown that it won't hesitate to make the province's citizens pay the price for the Liberals' reckless decision to privatize Hydro One.

"The Auditor General's report clearly shows how Ontario consumers will pay $4 billion more for their electricity because of the improper accounting behind the Liberals' Fair Hydro Plan," said Hahn. "And the government has devised this scheme even as it continues to shortchange our public services.

"When you think of what $4 billion could buy in terms of public services, then there can't be a more damning consequence of the Wynne government's irresponsible decision to sell Hydro One to private, profit-driven investors."

CUPE Ontario has previously characterized the government's Fair Hydro Plan as "a payday loan at an exorbitant interest rate."

According to a statement released by her office, Auditor General Bonnie Lysyk finds that "the accounting proposed by the government is wrong and if used would make the Province's budgets and future consolidated financial statements unreliable" but concludes, "there's still time to fix it, and we're encouraging the government to do so."
Hahn echoed the sentiment, but said that restoring Hydro One to full public control is the only long-term fix for the mess the Liberals have created in the province's electricity system.

"The people of Ontario deserve an electricity system that serves their interests, rather than one dedicated to shareholders' greed and a government's unprincipled ambitions," concluded Hahn.

Recent government polling by the Gandalf Group indicates that hydro mismanagement and tax increases to pay for the Fair Hydro Plan are of greatest concern to the public.

Ontario's 25-per-cent cut to hydro rate carries $4B pricetag: watchdog (Toronto Star)
By ROBERT BENZIE Queen's Park Bureau Chief
Tues., Oct. 17, 2017

Ontario's financial watchdog is sounding the alarm over the Liberal government's 25-per-cent cut in residential electricity rates.

Auditor general Bonnie Lysyk estimates the scheme, unveiled last May, could cost Ontarians an additional $4 billion in interest charges over the next 30 years.
In Lysyk's latest salvo against the provincial government in her ongoing accounting dispute with Queen's Park, she expressed outrage at how the hydro rebate will appear on the books.

"The accounting proposed by the government is wrong," said the auditor general, decrying the use of U.S. accounting standards that enable the Liberals to bankroll the rate cut through the new government-owned OPG Trust.

Because the trust will have to borrow money at a higher interest rate than the province pays, Lysyk estimated there will be an extra $4 billion in charges over 30 years for a total of $39.4 billion.

But that is not reflected on the provincial treasury's annual bottom line because electricity ratepayers, not taxpayers, will cover the tab.

"They had to come up with something that would not derail the government's promise to present balanced budgets for 2017-18 and the next few years," she said Tuesday.
Energy Minister Glenn Thibeault insisted "there was no fast one being pulled at all."
Thibeault noted the government wanted electricity subsidies to be charged to the rate base, not the tax base, and stressed the similar accounting practices used in Alberta, Texas, New York, Minnesota, and other jurisdictions.

"Electricity financing should remain within the electricity system," he said.
Facing a massive outcry over soaring hydro rates in many parts of the province, Premier Kathleen Wynne moved forward with generous rebates.

Last Jan. 1, Wynne removed the 8-per-cent provincial portion of the harmonized sales tax from electricity bills. That was followed by an additional 17-per-cent cut that took effect over the summer.

The government has justified borrowing money to pay ratepayers by likening it to refinancing a mortgage to enjoy lower payments over a longer time.

Thibeault, who will unveil Ontario's long-term energy plan on Oct. 26, said the hydro rate cut merely "smoothes the costs of those investments out over a longer period of time."

His comments came after Lysyk tabled a 53-page special report on the Liberals' plan.
Her concern echoes that of province's financial accountability officer who predicted, in May, it could cost the province $45 billion over the next 29 years by saving ratepayers $24 billion for a $21-billion net expense.

But a 56-page KPMG analysis prepared for the Independent Electricity System Operator (IESO) concluded the government's accounting was fine.

The government also rejected some of the base assumptions in Lysyk's report.
"Since 2003, nearly $70 billion has been invested in the electricity system, including more than $37 billion in electricity generation to ensure the system is clean and reliable," the Ministry of Energy said.

“The majority of the province’s electricity generators operate under 20-year contracts. Despite the report’s assertion that it is ‘not at all’ certain if these generating assets will be operating beyond their contract lives, third-party experts have confirmed that many of these generators will be able to continue to operate,” it said.

“This means that generating assets are expected to have ongoing, useful life and benefit future ratepayers by reducing the need to finance the development of new generating assets.”

As well, the province said the so-called “peak debt,” or the total borrowing costs, over the 30-year lifespan of the Fair Hydro Plan has been adjusted downward from $28 billion in March to around $20 billion.

Lysyk has been sparring with the government over accounting practices for more than a year.

The original actuarial dispute stemmed from a difference of opinion over whether the government should include, in its bottom line, its share of assets from the teachers’ and public servants’ pension funds it co-sponsors.

A government-appointed panel of accounting experts sided with Queen’s Park in determining the pension assets should be allowed to count toward the bottom line.
But Progressive Conservative Leader Patrick Brown accused the Liberals of using “shady accounting methods and cooking the books for politically motivated reasons.”
Brown said the hydro cut was a “re-election ploy” to help the Grits in the June 7, 2018 campaign.

NDP MPP Peter Tabuns (Toronto Danforth) said Lysyk has exposed “an Enron-style accounting scheme whose sole purpose is to hide this truth from the public.

“The auditor general has confirmed that Kathleen Wynne’s hydro borrowing scheme will cost Ontarians $40 billion, and that Kathleen Wynne will charge families $4 billion, just for the accounting tricks she’s using to cover up just how bad this plan is,” said Tabuns.

Reevely: Hiding billions in hydro debt 'unacceptable,' Ontario's auditor general says (Ottawa Citizen)

David Reevely
Published on: October 17, 2017 | Last Updated: October 17, 2017 3:53 PM EDT

Hiding billions of dollars the Ontario government is borrowing to lower electricity bills for a few years will cost hydro users an extra $4 billion, the province’s auditor general reported Tuesday morning.

Maybe worse, Bonnie Lysyk said in a special report on the Liberals’ “Fair Hydro Plan,” the tricks the government is using throw doubt on all the province’s books. The government, citizens, auditors and giant institutions that lend the province money are pretty much operating in a post-truth universe, where what the Liberals say is going on with Ontario’s finances has begun to drift from any previously understood shared reality.
What the Liberals have done “would be unacceptable in the private sector, and we maintain that this is also unacceptable in the public sector,” Lysyk reported. “If the consolidated financial statements are so unreliable that an adverse opinion is warranted, terms like ‘balanced budget,’ ‘deficit,’ ‘asset’ and ‘net debt’ will be meaningless.”

Here’s what’s happening.

Earlier this year, Premier Kathleen Wynne gave up defending the increases in the price of electricity since the Liberals took over in 2003. She and her cabinet put together a plan to cut bills that amounted to paying today’s costs with borrowed money and repaying it with interest later. It has already cut residential bills by an average of 25 per cent, beginning last summer. And it will increase them by a combined total of $21 billion over time, when all that interest has to be paid, according to a previous report by Ontario's financial accountability officer (whose job is specifically to run budget numbers independently of the government, and whose findings Lysyk used for her dollar figures). The argument they make is that the investment in cleaner and more reliable power will benefit us for a long time, so we should pay for it over more years — that's "fairer." This is debatable but not obviously ludicrous. That additional "fairness" is costing $17 billion in interest, spread out over years.

The Liberals really, really, really wanted to keep that debt off their books, so they could also go into the next election saying the provincial budget is balanced. Borrowing billions in an election year would get in the way. So they did some advanced financial engineering to put the debt on Ontario Power Generation instead. The Crown corporation is publicly owned but it doesn't get interest rates as good as the provincial government itself, so that's where the $4-billion premium comes in.

Her team looked at emails from the upper reaches of several government ministries, though the Ministry of Energy kept some back, Lysyk's report says.

"Hopefully they'll come to the conclusion that it can be financed by the province … rather than externally, as that would be a lot simpler and cheaper," she quotes one unnamed senior official, in an email.

Nope. OPG is borrowing the money on our behalf and then there's a complicated interplay of regulatory and financial manoeuvres to book money we're expecting hydro users to pay for electricity in the 2020s, '30s and '40s as assets that balance off the debt. The essence of the scheme is to say Ontarians are borrowing these billions of dollars as hydro ratepayers, not as voting citizens. Same people, different hats, different rules.

All of which is bull, Lysyk says. The point of accounting is to tell you how much money you have, how much you owe and how much you are owed. That's what the standards for Canadian public-sector accounting are supposed to achieve.

"These standards are there to ensure that the financial reporting of government policy decisions reflects common sense: borrowings are debt, unearned revenue is not an asset today and when your expenses exceed your revenues, you incur a deficit," Lysysk said Tuesday. Nobody has used electricity in 2025 yet, let alone 2040. You can't count guesstimates of use and prices 20 years down the line as an asset today.

The usefulness of doing so was visible when Energy Minister Glenn Thibeault and Treasury Board President Liz Sandals responded to Lysyk's report. They think the $4-billion estimate for the extra cost of hiding the debt is too high. They argue the gap between the government's interest rate and Ontario Power Generation's might not be as big as the financial accountability office thinks.

They could be right — we won't know for sure till the 2040s. So it's a bit weird to account for it as if it's a fait accompli.

The government even went shopping for different accounting standards it might use, Lysyk's report says, trying out rules used for private businesses in the United States because they seemed friendlier to what the Liberals wanted to do. Consulting firm Deloitte told the government this was OK, a position it repeated at the government's request on Tuesday after Lysyk released her report.

Maybe reasonable accountants can disagree about this. But the ground they're fighting over is whether the trick the Liberals used to keep the debt off the government books at a cost of billions of dollars is an acceptable trick, not whether they're keeping the debt off the government books or whether it's going to cost billions of dollars.
Which is just what you want from your government, right?

Ontario government obscuring true cost of hydro bill cuts: Auditor general (National Post, Global News)

By Allison Jones The Canadian Press

TORONTO – The way the Ontario Liberal government is cutting hydro bills by 25 per cent purposely obscures the true financial impact to avoid showing a deficit on the province's books, the auditor general said Tuesday.

Bonnie Lysyk estimated in a special report that the plan's total cost will be $39.4 billion over 30 years, but the accounting the government is using means Ontario's net debt and future deficits won't reflect that.

"It is clear to us that the government's intention in creating the accounting/financing design to handle the costs of the electricity rate reduction was to avoid affecting its fiscal plan," Lysyk wrote in her report.

The Liberals presented a balanced budget in the spring, a year ahead of the provincial election, and have promised to keep the books in balance through the next couple of years.

"The emails we examined made clear that the instruction to…officials by government was that there should be no impact on the fiscal plan from its policy decision," Lysyk said. "In other words, they had to come up with something that would not derail the government's promise to present balanced budgets for 2017-18 and the next few years."

The government doesn't agree with Lysyk's conclusions, saying their financing structure wasn't intended to avoid a deficit.

The hydro plan came after bills in the province roughly doubled in the last decade, and widespread anger helped send Premier Kathleen Wynne's approval ratings to record lows.

It lowers time-of-use rates by removing from bills a portion of the global adjustment – a charge consumers pay for above-market rates to power producers – for the next 10 years.

In the meantime, producers will continue being paid the same, so Ontario Power Generation has been tapped to oversee the debt used to pay that difference through a new entity called OPG Trust.

That financing structure will cost an extra $4 billion, both the auditor and the financial accountability officer have concluded, as the OPG Trust will have to borrow at a higher rate than the province itself would have. "In other words, to obscure the financial impact of the rate cuts on both the province's budgets and financial statements, the government plans to pay more than it has to," Lysyk said.

The cost of paying back the debt with interest will then go back onto ratepayers' bills for the following 20 years.

Lysyk estimated the cost will be $18.4 billion borrowed to cover the shortfall, and $21 billion in accumulated interest. The Liberals originally estimated the interest costs would be $25 billion, but have now revised that to $18.5 billion.

The end result of the "needlessly complex" financing structure is that the province's bottom line won't be affected, Lysyk said.

"Under the government's proposed accounting, you will not see that annual loss on any financial statements in Ontario," she said.

"The government's proposal is to treat that loss as an asset. That's like you treating your credit card debt as an asset in your books. Does that sound right to you?"

Treasury Board President Liz Sandals said credit rating agencies are ranking the hydro debt in preparation for selling it.

"That's the difference," she said. "Somebody actually wants to buy it, ergo it is an asset."

But Lysyk said it goes against Canadian public sector accounting standards, which say the interest expense and debt should be on the province's books.

The government said the financing is indeed in compliance with accounting standards. It decided the cost of cutting hydro bills should be borne by ratepayers and not taxpayers, which would have been the case if the province took on the debt rather than OPG Trust.
"The Fair Hydro Plan also keeps the cost of borrowing within the rate base, not the tax base, because that's the logical thing to do," Energy Minister Glenn Thibeault said. "Electricity financing should remain within the electricity system."

Third-party experts from KPMG, EY and Deloitte were consulted on the financing structure, Thibeault said.

This is the second accounting dispute between Lysyk and the Liberal government. She has said public sector pension surpluses should not be treated as a government asset, but the government disagreed and commissioned an expert panel that sided with it.

Breaking: Auditor General reports Fair Hydro Plan will cost unnecessary billions, obfuscate costs (QP Briefing)

17.10.2017
By Jessica Smith Cross and David Hains
Ontario's Auditor General is challenging the provincial government over its plan to lower electricity bills over the next decade through a complex borrowing scheme — throwing its balanced-budgets promise into doubt less than one year before an election.
Auditor **Bonnie Lysyk** released a report on the Fair Hydro Plan Tuesday morning that said it will "unnecessarily cost Ontarians billions of dollars" while its complex structure serves to "obfuscate" the financial impact of the plan.
The centrepiece of the Fair Hydro Plan is a complex scheme designed to allow the borrowing of funds — somewhere in the $20 billion range, according to estimates — that will be used to allow the government to keep electricity bills artificially low over the next decade, without the debt showing on the province's books. The debt is to be paid back by ratepayers over the following two decades.
It involves a partnership with Ontario Power Generation (OPG) and the Independent Electricity System Operator (IESO) to create a regulatory / investment asset ultimately controlled by a new body, within OPG, called OPG Trust.
"However, the government did not properly account for this debt impact from the electricity rate reduction in its 2017/18 budget and is not planning to account for it properly in its future consolidated financial statements," Lysyk wrote. "In essence, the government is making up its own accounting rules."
Lysyk wrote that, according to proper accounting standards, the debt should be accounted for in the government's annual budgets, starting this year.
"The government knew there was a high risk that it would receive a 'qualified' audit opinion on the Province's consolidated financial statements as a result of using legislation to create a regulatory asset, but it accepted this risk in order to avoid showing a deficit and an increase in net debt in its budgets and consolidated financial statements," she wrote.
"Accordingly, the 2017/18 budget does not, but should, include the impact for 16% of the costs of the Policy Decision to reduce electricity rates by 25%. The 16% reduction is estimated to cost an average of $2.5 billion per year (over 10.5 years) through to 2027."
Lysyk's report is relatively scathing for an auditor who, even in past conflicts with the government, has tended to use more measured language.
"When governments pass legislation to make their own accounting rules that serve to obfuscate the impact of their financial decisions, their financial statements become unreliable," she wrote.
"When organizational structures and transactions are designed to remove transparency and accountability, and unnecessarily cost Ontarians billions of dollars, the responsibility of an Auditor General is to apprise the Legislature and the public in accordance with the Auditor General's mandate. The situation just described will come to pass if the complex accounting/financing design of the Ontario Fair Hydro Act, 2017 (Fair Hydro Act) is implemented."
Lysyk wrote that the total borrowings to be repaid by ratepayers will be an estimated $39.4 billion, with $21

billion of it accumulated interest, an estimate based on a Financial Accountability Officer (FAO) report released last spring.
She wrote that the scheme will cost Ontarians $4 billion more in interest payments than if the province had borrowed the funds directly.
"This cost stems from the fact that OPG/OPG Trust must pay a higher interest rate on borrowings than the Province would if it were to borrow in the normal manner through the Ontario Financing Authority," Lysyk wrote, adding that senior government officials were aware of that when they plan was created.
However, she also observed that the actual extra cost — the "interest rate spread between OPG/ OPG Trust debt and Provincial debt" — "will depend on market conditions at the time of the debt issuance."
The FAO came to the same conclusion in its report and had warned in a spring report that if the scheme does not meet with public sector accounting standards, the borrowed funds would count toward the province's net debt, suggesting that MPPs consult with the Auditor General on the issue.
In a statement included in the Auditor General's report, the government disagreed with the conclusions, arguing that it does meet public sector accounting standards and that the borrowing costs will be much lower than those cited in the report.
The government also disagreed with Lysyk's assertion that the plan was structured with the motive of avoiding budget deficits.
"Despite the report's assertion that the government's intention was to avoid recording a deficit in the fiscal plan, the decisions made to implement [the refinancing plan] most effectively achieves the goals of the refinancing program and ensures that the deferred costs are borne by the rate-base, as the beneficiaries of the electricity system, and not the tax-base," the government statement says. "The accounting for this transaction will reflect the substance of this transaction."
But Lysyk cited senior government officials and staff who expressed doubts about the merits of the plan. They believed the elaborate financing scheme would result in higher costs, and that both the Canadian Public Sector Accounting Standards and the Auditor General would be unlikely to allow the financing scheme. "Hopefully [the government] will come to the conclusion that [the Fair Hydro Plan] can be financed by the province ... rather than externally, as that would be a lot simpler and cheaper" one senior official wrote in an email.
The Auditor General's conclusions were not unexpected. Last spring, she testified at the committee studying the legislation that the scheme did not meet accepted public sector reporting standards, and warned it set a dangerous precedent.
"Under this Bill, the government's policy decision to borrow money to subsidize electricity bills will not affect the Province's net debt or annual deficit. This legislated accounting is not in accordance with Canadian public-sector accounting standards. These standards are there to ensure that the financial reporting of government policy decisions reflects common sense: borrowings are debt; unearned revenue is not an asset today; and when your expenses exceed your revenues, you incur a deficit. Such common sense and the principle of substance over form should prevail in the financial reporting of government policy decisions."

Hydro rates killed jobs: Study; Soaring prices had negative impact on business (Toronto Sun)

Toronto Sun
Tue Oct 17 2017
Page: A8
Section: News
Byline: Antonella Artuso
Source: Postmedia Network

Soaring electricity prices resulted in 75,000 fewer manufacturing jobs for Ontarians since the recession, says a new report.
Rising Electricity Costs and Declining Employment in Ontario's Manufacturing Sector - a report prepared by Ross McKitrick and Elmira Aliakbari of the Fraser Institute - says the provincial government's hydro policies are to blame for the disproportionately high prices and lostjobs.
Competing jurisdictions, including neighbouring U.S. states, took a hit in the manufacturing sector following the 2008-09 recession, said McKitrick, a University of Guelph economics professor.
Global factors impacting employment in the manufacturing sector included the severe market downturn and technological advancements.
"But other regions bounced back, both in output and employment," added McKitrick. "Ontario just stayed stuck and in some ways continued to decline after 2008. So that means Ontario stands out in some way."

The report says that Ontario had some of the fastest rising hydro rates for small industrial consumers between 2010-16 - 50% in Ottawa and 48% in Toronto - compared to an average increase across Canada of 15%.

Rates for large industrial consumers of electricity also outpaced those in other provinces, even some of those Ontario firms that are partially sheltered from the full cost, McKitrick said.

The Fraser Institute noted the provincial Liberal government's Green Energy Act, and its guaranteed above-market prices for renewable energy such as wind-powered turbines, as a key driver for the rising prices.

The report says that since 2008, Ontario saw manufacturing employment decline by 116,435 jobs, and calculates that electricity prices and their negative impact on competitiveness were responsible for about two-thirds of the loss.

Manufacturing jobs tend to come with higher wages, and help boost people into the middle class, he said.

"The Ontario manufacturing sector accounts for 40% of the country's exports, and so that means it affects everybody because of the way it helps sustain our exchange rate and keep cost of living low," McKitrick said.

Ontario Economic Development Minister Brad Duguid said the province has created 800,000 net new jobs since the global recession and is experiencing the lowest unemployment rate in 17 years.

Meanwhile, Auditor General Bonnie Lysyk will release a special report Tuesday on the Kathleen Wynne government's Fair Hydro Plan, which seeks to lower bills for Ontarians by 25%.