Evening Media Scan: Hydro Rate Reduction - October 23, 2017

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MEDIA SCAN: HYDRO RATE REDUCTION PLAN

October 23, 2017

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Online Coverage

National Post: *Kelly McParland: Ontario's flailing Liberals resort t*
National Post
Mon Oct 23 2017
Section: Full Comment
Byline: Kelly McParland

Ontario's government has reason to be thankful for the media's recent obsession with the struggles of the federal finance minister: while it may involve ritual humiliation for a fellow Liberal, it has also provided a much-needed screen for the Ontario party's latest embarrassments.

Only a few months remain before the province is consumed by campaigning for next spring's election. It's a time Premier Kathleen Wynne's government would presumably like to spend building a case for yet another re-election. Instead, little new has emerged to lift the Liberals from the depths of unpopularity they've occupied for much of their latest mandate. Instead, they find themselves fighting newly emerging challenges, even as old ones remain unresolved.

Perhaps most representative of the core issue facing Wynne is the ongoing criminal trial against two former top Liberal aides, accused of deliberately destroying emails and documents related to a gas plant scandal that helped drive former premier Dalton McGuinty from office.

Legal counsel for former McGuinty chief of staff David Livingston spent much of last week((beta.theglobeandmail.com»)) trying to fend off testimony from Ontario's former top civil servant, Peter Wallace. Wallace testified that he had tried repeatedly to make clear to Livingston that the chief of staff had a legal responsibility to protect and hand over all material related to the case. Wallace testified that he emphasized, both orally and in writing, that Livingston had no option but to provide the documents demanded by a committee investigating McGuinty's billion-dollar decision to cancel two gas plants in mid-campaign.

Livingston, Wallace said, dismissed((www.thestar.com»)) his warnings as "political bullshit" and asked for the administrative password that would provide special access to computers in the premier's office. Soon after, a non-government IT expert - the spouse of Livingston's deputy - allegedly wiped clean computer hard drives in McGuinty's office. More than 630,000 files were deleted on 20 computers.

The trial continues, but however the eventual verdict goes, the testimony further adds to the notion that the 14-year-old Liberal government has become a cynical, self-serving political wrecking ball devoted to little more than self-preservation. The trial carries distinct echoes of Sen. Mike Duffy's successful argument that, in the absence of hard rules, politicians and their aides shouldn't be expected to let ethics or basic honesty get in the way.

While the Livingston trial was underway, Ontario's auditor-general released yet another scathing report((www.cbc.ca»)) on Liberal accounting practices. Bonnie Lysyk noted that Wynne's government borrowed $26 billion in new debt to finance its "Fair Hydro Plan," a subsidy scheme to cut the province's soaring hydro costs in the lead-up to the election. The government wants to claim that it has balanced the budget - a key promise it hopes will win votes - but needed to keep the $26 billion off the books to do so. Its remedy was to borrow through Ontario Power Generation, the provincial energy utility, which will have to pay off the money with higher rates down the road.

The debt remains, and will fall on the shoulders of the same taxpayers, but thanks to accounting rules won't have to be included on the bottom line come budget time. "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," said Lysyk. In addition, since OPG can't borrow at the same low rates as the government, Ontarians will face an additional $4 billion in borrowing charges.

The government dismissed the report, as it has done with numerous critical reports from the independent bodies that monitor its finances. Judging by the Liberals' history, none of the official bodies set up to act as nonpartisan monitors of government activity can be trusted to get things right. They fought an extended war with the former provincial ombudsman, Andre Marin. They have habitually ignored warnings from the Financial Accountability Office, which reported((www.thestar.com»)) last week that the Liberals can't hope to keep their budget promises without higher taxes or dramatically reduced spending. And they regularly wave off Lysyk's criticisms as accounting gobbledygook.

Though the Liberals may yet have campaign surprises up their sleeve, its approach so far has consisted largely of trying to smear opponents, or to trap them into undermining themselves. Opposition leader Patrick Brown avoided another snare when Progressive Conservatives joined Liberals and New Democrats in denouncing Quebec's new face-covering law. Foiled in that attempt, Wynne - who recently testified in yet another Liberal corruption trial - had her lawyers serve Brown with a libel notice after he suggested that the premier herself (and not just Liberal operatives) were on trial.

"You have refused to retract or apologize for those defamatory statements, and have made further defamatory statements about Premier Wynne," the premier's lawyer complained in a letter to Brown.

Politicians always look particularly vapid when they start suing one another for the nasty things they say. As part of their effort against Brown, Wynne's Liberals have been running television ads portraying him as a hardline social conservative out to rob women of their right to choose. While Brown voted in favour of a new study of abortion while serving as an MP in Stephen Harper's federal government, he says he was merely obeying the party line as expected of backbenchers, and is firmly pro-choice. That Liberals see fit to continue the misleading ads while launching libel suits over some standard-issue political rhetoric suggests a government desperate for something to lift it off the bottom.

National Post

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The Record. *EDITORIAL: Ontario's hydro shell game*
TheRecord.com
Mon Oct 23 2017
Section: Opinion

There are two things to remember as Ontario heads into a provincial election next year.

First, Kathleen Wynne's governing Liberals will swear they have - after heroic effort - erased deficits from Ontario budgets.

The books are balanced, they'll say, proudly patting themselves on the back.

The second thing to remember is that Ontario Auditor General Bonnie Lysyk - who's responsible for reviewing government accounts - insists the Liberal claim is garbage.

There is a budgetary deficit, but the government is hiding it with an elaborate hydro-accounting shell game, Lysyk said last week.

It will be up to voters to decide who's right - the Liberals or Lysyk.

But the public should closely examine this dispute.

It speaks volumes about the lengths to which the Liberals will go to sweep away messy controversies and cling to the power to which, after 14 years, they feel entitled.

Two of the biggest knocks against the Liberals are that they're reckless spendthrifts and that, thanks to

their mismanagement, electricity costs had more than doubled in Ontario to become the highest in Canada.

But the ever-resourceful Liberals discovered creative ways to handle both criticisms.

Earlier this year, Wynne announced her government was cutting electricity bills by 25 per cent.

That move was initially popular.

Then it became clear this short-term consumer gain will be paid for by long-term consumer pain.

Yes, hydro bills will be lower than they otherwise would have been in coming years.

But the government will borrow heavily to make up the difference between what consumers are paying and the true energy costs.

And later next decade, the cost of repaying the debt with interest will go back onto ratepayers' bills, which will consequently be higher for nearly 20 years.

For now, of course, Wynne's happily wearing the mantle of public saviour. And she's also papered over the deficit controversy.

The way she did this, the auditor says, was to treat the billions of dollars borrowed to finance the electricity rebate as an asset to be sold to investors, and not as a debt.

Neither this new debt nor the additional revenue siphoned from future hydro bills to cover it will turn up in the government's financial books.

The Liberals say this is all kosher.

The auditor general says it violates Canadian public sector accounting standards.

Lysyk also says those temporarily cheaper hydro bills will, over time, cost Ontarians $21 billion in accumulated interest. The unusual financing structure itself will cost an extra $4 billion.

Many Ontarians will gratefully enjoy their temporarily reduced hydro bills and not worry about a seemingly arcane dispute between the government and auditor.

But they should ask themselves whether they really feel better paying less for hydro today knowing they - and generations to come - will pay a lot more in future.

And they should ask themselves if Ontario's finances are truly in better shape because the government was able to technically keep off its books a debt they'll still have to repay.

A resounding "no" should answer both questions.

Wawa News* – *News from the Park – October 23rd

Oct 23, 2017 @ 08:15

https://wawa-news.com/index.php/2017/10/23/news-from-the-park-october-23rd/

Well, clearly I did not go to the same elementary and secondary schools that Kathleen Wynne and Energy Minister Glen Thibeault went to. For that matter, it's clear that Auditor General Bonnie Lysyk didn't go to the same school as Wynne and Thibeault either. And I get the funny feeling that, while Conservative Leader Patrick Brown probably didn't go to school with Wynne and Thibeault, he must have used the same math textbook. What makes me say this, you ask? I make this observation because only in the math textbook used by those three politicians does it explain how to make a $40 billion debt actually appear as an asset in one's accounting ledgers. A friend of mine said that she wishes she had studied math from Wynne's and Thibeault's books. That way with all the debt she's has accumulated she'd be a millionaire now. All I can say is thank heaven that Bonnie Lysyk paid attention in class and didn't use the Liberal math textbook. After studying the government's creative accounting she was able to see through the smoke and mirrors that were used.

You can't help but have heard how Auditor Lysyk revealed in her report that Kathleen Wynne has hatched a hydro scheme that will end up costing the people of Ontario an extra $4 billion dollars in interest charges. That's just not right. Because of ill-conceived Liberal energy strategies, hard-working families, seniors and small business operators can't afford to pay their hydro bills – where we happen to be the highest rates in all of Canada. As a result, all of Ontario is suffering.

In the Auditor General's damning report on the government, she pointed out that the Liberal's hydro scheme will cost Ontarians $40 billion, and part of the plan is to have families pay $4 billion extra for borrowing tricks to hide how bad the plan is. New Democrats have been ringing the alarm bell on this for months now, and Lysyk's report confirms our claims.

Would you make a cash advance on your MasterCard and pay high-interest rates just to pay down your debt on your Visa so you could have slightly lower minimum payments on that account? We all know what a horrendous nightmare such actions lead to down the road. Wynne and Thibeault told the Legislature that this is a legitimate strategy to use to make Ontarian's electrical bills more affordable…. At least for the time being while she is in office. And Thibeault added that the proof that it's okay to do this is that this has been the Liberal practice for years. This is not accounting genius at work, it's just political smoke and mirrors.

Suddenly some Ontarians are now throwing their hands up in despair believing Ontario will need to look to Patrick Brown and his Conservatives to straighten this mess out. They need to think again. Patrick Brown and the Conservatives have been dancing around this issue – like every other Conservative policy issue. But this week, Conservative MPP Todd Smith made it clear, in no uncertain terms, that a Conservative government would keep Ontario moving down the disastrous path laid out by Kathleen Wynne. When asked what Conservative policies are, Patrick Brown keeps telling Ontarians to just wait – they're coming. Their plans have always been to privatize Hydro One as well as Ontario Power Generation. Clearly, they don't have a better plan, so they will just willfully follow mindlessly along the path laid out by Wynne.

Kathleen Wynne's ongoing privatization of Hydro One has left Ontario hydro users facing another huge rate increase, at the same time as Hydro One executives and investors take home massive pay and profits. Last week, the Ontario Energy Board released a preliminary decision on Hydro One's transmission rate increase. The OEB gave Hydro One nearly everything it asked for, and we remain on track for a huge jump in transmission rates next year. Last year, the CEO of the privatized Hydro One collected six times the salary of the previous CEO. Does the Premier think ratepayers should feel grateful that the OEB trimmed back this sort of executive greed by a mere 3.5 percent? When will the premier finally admit that her private sector discipline means only more private profits for her private sector friends?

It doesn't have to be this way. Ontarians need a plan that will give them hope that things will get better. New Democrats have laid out a better way to lower hydro bill prices and keep them down. The NDP has a plan that will return Hydro One to public hands and to regain control over skyrocketing hydro prices. Our plan will put Ontario families first by lowering hydro bills permanently and eliminating unfair Time-of-Use billing practices. New Democrats understand what Ontario families are dealing with. And we know we can make life better. For further information on our plan visit our website at http://www.ontariondp.ca/hydro.