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CBC METRO MORNING INTERVIEW WITH ROB BENZIE

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Speaker(s): Rob Benzie, Queen's Park Bureau Chief for the Toronto Star

CBC: If you travel across this province and ask people what the biggest issue facing them and what they want raised during the next provincial election, pretty good chance that people will talk about hydro rates. Soaring hydro costs have been a real flashpoint for the Premier's government. They're hoping to change that. For weeks, the Liberals have been pledging to take action to cut hydro bills. We learned first about that when Mike Crawley was reporting on it a couple of weeks ago. Now, there is new information that apparently has been leaked to The Toronto Star suggesting that Liberals will cut hydro rates by something like 25 percent. Is that enough? Are we actually going to have an election fought over hydro? Robert Benzie, Queens Park Bureau Chief for the Toronto Star joins us. Mr. Benzie, good morning.

ROB BENZIE, TORONTO STAR: Good morning, Matt.

CBC: What have you learned about the Liberals idea on how to cut hydro rates?

BENZIE: Well this is a plan that's going to Cabinet today at noon. It hasn't been approved yet and we're not clear when it would actually be announced, but it might be as early as tomorrow. And it's basically refinancing your mortgage. The government has signed more than 27,000 different power generating contracts with independent producers. Everyone from a farmer with a turbine in his or her field to a gas fired power plant that generates electricity for us to be listening to the radio this morning in the city. These are thousands of contracts that are out there and they're done over a set period of time, mostly 20 years. The government's going to extend the length of those contracts, so they'll be smaller payments, lower payments over a longer period of time. It's like if you have a 15 year mortgage on your house and you want lower payments, you do it over 25 years. You pay longer, but you pay a more reasonable rate and the government believes it can do this because the infrastructure that it's financing lasts longer than 20 years. Gas plants can last 40 years, turbines 30 years. So, I think the thinking is that they're putting too much money upfront and people are noticing it on their bills. It's the global adjustment, that awful little line on your hydro bill that drives people crazy. This is a line that was added in 2005 to cover the \$50 billion cost of all of these different electrical contracts. So, I think it's something that they've been working on night and day for many months since Premier Kathleen flagged it for us last November.

CBC: As I mentioned, we have been reporting on this. Our colleague Mike Crawley was talking about what looked like an eight percent cut and then it looks like perhaps things have been added to this. How desperate are the Liberals to try and be shown to be offering some sort of relief to those who are being clobbered by these high hydro rates?

BENZIE: Well, I mean, and Mike wasn't incorrect. The eight percent for parts of the plan are worth eight percent. But, this 25 percent plan, Matt, it includes the existing eight percent cut that that kicked on the harmonized sales tax in January. But, the Liberals are very desperate. It's an election 66 weeks from tomorrow and they count every day at Queen's Park. They are very far behind in the polls, behind Progressive Conservative Leader Patrick Brown. Some of the public polls say that it's a 20 point range. I have heard internal polls that show it's closer to 10 points. Either way, they're behind. It – time is of the essence. Hydro has been a lightning rod. Even though here in the city it's not as big a deal, MPPs from all three parties tell me privately that they don't hear as much about hydro bills at the door for constituents. But, because the issue is so talked about in other parts of Ontario and is on the radio and is on television and is in the newspaper all the time, it's become that focal point for dissension in the ranks and people are mad at Kathleen Wynne. They can't figure out why they're mad at her, but they're mad. So, the hydro bill thing is the thing that they glom onto.

CBC: Is 25 percent enough to turn things around for them?

BENZIE: I was speaking to a pollster the other day who said that they could give you a free hydro for a year and the Liberals would still be in terrible trouble. He is [inaudible], so he would say that. But, I think that there are still quite a lot of time for the Liberals to possibly change leaders. I don't think that's going to happen personally, but I'm always wrong about these things, Matt, as you know. But if that happened, let's say they had a quickie leadership race and Kathleen Wynne isn't at the top of the ticket in June 2018, I think the Liberals could win an election again. They might win with her at the top. I don't know. But, the problem is if a person becomes a lightning rod, it's very difficult. I think both the New Democrats and the Tories have made a mistake in making hydro their be all end all because if the Liberals do manage to put out this fire with a 25 percent cut, it's going to be hard to talk to voters a year from now saying, "Oh yeah, you're hydro bill is so high," and people say, "Wait a minute. It's lower than it was." Wynne herself has become the [inaudible] in the lightning rod. I'm not, I don't personally think she is going to leave but who knows.

CBC: It's interesting that we had Andrea Horwath on the program yesterday. She talked about the plan to address hydro costs through looking at somewhere around the range of maybe 30 percent if all of the pieces fell into place and many of them rely on other levels of government, particularly the federal government, stepping in and taking the sales tax off hydro. But how does that plan, which she has presented yesterday, compared to what the Liberals are moving forward on?

BENZIE: It was very different. From Ms. Horwath's plan, which also included the eight percent existing, it was mostly about 17 percent there. I think there are a few people that they calculated wouldn't receive 30 percent, but they relied quite heavily on a five percent cut from the federal government, the federal Liberal government of Justin Trudeau, cutting the HST off of bills. I don't pretend to be a political expert, Matt, but I think if Kathleen Wynne's Liberals can't get Justin Trudeau's Liberals to cut fight the five percent federal share of the HST off of your hydro bills, I really doubt an NDP government would be able to do it. As far as I know, the Liberals here at Queen's Park

have not been able to convince Bill Morneau and Justin Trudeau to cut that five percent.

CBC: What about Patrick Brown? Progressive Conservatives have been hammering the Liberals on energy costs. What is his plan?

BENZIE: He doesn't have one yet or if he has one it's very secret. I think that that's quite deliberate. I'm not I'm not making light of Mr. Brown's coyness. I think that he's so far ahead in the polls that anything he says can and will be used against them. So, I think they're going to wait till they have a policy convention in November. I'm sure they will have some kind of electricity plan. We asked him yesterday what number he would like to see, he wouldn't even give us a rate number in reduction that he'd like.

CBC: You're just going to force his hand?

BENZIE: They don't have a plan.

CBC: Do you think this will force his hand?

BENZIE: Yeah, I'm sure it does because if this takes effect tomorrow, the "What would you do?" questions would kind of become relevant, right? He will have to answer those questions. I mean, to fair to Ms. Horwath, her party has put a plan out. It's 13 pages long. It's longer than their platform in the 2014 election. So, I think that the pressure will now be on Brown and the Tories, who are leading mostly for theoretical reasons. People want -- people appear to want to change, according to pollsters, but they don't really know why other than maybe they're sick of the Liberals after 14 years in power.

CBC: It's interesting. If you do, as I said earlier, if you travel across the province, the hydro rates are the thing that has driven people up the wall. You hear these horror stories of people and they don't know whether to pay for this or pay for the hydro. It is a real life issue.

BENZIE: I think, yeah, it's and it's one of those of tangible pocketbook issues. The thing is other -- your cable bill has gone up; your phone bill has gone up, if you still have a landline; your cell phone bill has gone up, all of these other things have gone up but you can't really vote out Rogers or Bell or any of these companies. You can, however, vote on the government and the government has a role in electricity rates and electricity prices. So I think that that's it's become such a lightning rod and I think one of Wynne's greatest problems has been that she has been so focused on sort of big picture issues that maybe some of the more mundane kitchen table issues, pocketbook issues, have fallen by the wayside. I think they realize that. That's why they're working on this plan, which is, you know, a very dramatic move on their part.

CBC: More to be unveiled I'm sure in the days and weeks ahead. In the meantime, thank you.

BENZIE: Thanks, Matt.

CBC: Robert Benzie, Queens Park Bureau Chief for the Toronto Star.