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**Subject**: MEDIA EVENT: MINISTERS' PRE-CABINET SCRUMS

**Attachments**: Oct. 18 - Ministers' Pre-Cabinet Scrums.doc

**Energy content highlighted**

**MEDIA EVENT: MINISTERS' PRE-CABINET SCRUMS**

Oct. 18, 2017

**Location:**

Outside Legislative Chambers

**Speakers:**

Minister Thibeault; Minister Matthews; Minister Hoskins; Minister McMahon; NDP Leader Horwath; MPP Smith

**Media Attendance:**

Print – 5

TV – 2

Radio – 2

**Media Outlets:**

Jones – CP; Benzie – Star; Rushowy – Star; Artuso – Sun; Smith Cross – QP Briefing; Crawley - CBC Radio/TV; Lamoureux - Radio Canada TV; Brule - Radio Canada/CJBC; Bliss - CTV Ontario; Rath - CHCH Television

**Media Questions:**

**Questions for Minister Thibeault**

Q. Smith Cross: Minister, about that $4 billion, can you give us the interest rates that were projected from your latest report – both what the province could get and what OPG could get?

Okay, so the $4 billion that's been used quite a bit is a point in time estimate that was used by the FAO. And at that time, he used a five per cent interest rate that could be…that could possibly be used by the OPG. We know, and one of the reasons why we've asked the OPG to be the financial manager of this program is we know that they can get better interest rates. Just last week, for example, they put out a bond issuance and their bond issuance got about 3.33 per cent interest. So we know that this number that is being bandied about right now is going to be lower and that's why we've asked OPG to be our financial services manager on this piece because we know that they have the experience to do this.

Q. Smith Cross: Are you really predicting that they are going to get that rate over the next 30 years?

Again, what we've been saying all along is we know there will be variance in this, in the Fair Hydro Plan. We've been talking about how we are taking this over 30 year financing. We've always been very clear that we've said this was going to cost more and it's going to take longer to pay off, but it was the right thing to do. But at the end of the day, we know that OPG can and will find ways of making costs lower.

Q. Lamoureux: We're talking to some people who are saying that they are seeing the 25 per cent reduction on their bills, but they are saying…they feel that it is a [Speaking French] poisoned chalice. [Speaking English] So they feel that they are going to have to pay way more and they are not sure they want to trust you. [Speaking French] Can you respond in French?

[Speaking French] In French? I am working on my French every week. Right now, the price has been reduced by 25 per cent. And for the next four years, the fees will not be increased…[Speaking in English] We are holding it to the cost of inflation. [Speaking in French] But after that, the government will try to take the cost out of the system. [Speaking in English] Pull the cost out of the system. So next week, and I know I said October 26th, and that is the day we will continue to move on the long-term energy plan, it is going to show how we are moving forward on, you know, talking about costs in the long-term.

Q. Lamoureux: So is it a [Speaking French] "poisoned chalice?"

[Speaking English] Absolutely not. The 25% reduction that we brought forward is immediate relief. We have got four years were we are holding the cost to inflation. And then we are going to continue to find ways to pull the costs out of the system, I know I have used the term "market renewable" before. By 2020, that can take about $5.2 billion form the system over 10 years. We have shown, again and again, since e2010 when we lost our long-term energy plan, that we can take costs out of the system. We have always had our rates come in lower, and we are going to continue to show ways to do that.

Q. Lamoureux: And what do you say to people who don't really see a difference or see such a little difference that it's not, it's not worth it or it doesn't make a difference in their budget?

So, you know, for every household, they've a 25 per cent reduction. For those that are in the rural parts of our province, they'll see a between a 40 and a 50 per cent reduction. I was in Atikokan earlier, before the fall and late summer, and when I met with the folks in Atikokan, for example, they haven't seen the full cycle yet, but they also saw a 34 per cent reduction. We are going to continue to find ways to pull costs out of the system. We know that we can do more and that's part of my mandate, is to continue to keep the system clean, reliable and find other ways to continue to make it as affordable as possible.

Q. Brule: (Inaudible) have access to all the emails (inaudible)?

As I said, we provided 13,000 emails out of 145,000 that were identified that could be possibly related to her request. This came from 2 million. So, you know, we're talking…when I talked with the deputy, the bureaucrats and everyone involved, we're talking a couple of weeks, is what we are hoping. But, you know, we're making sure that every document that she's asked for that she gets. And that's why, you know, we're doing our due diligence.

Q. Smith Cross: The Opposition would like you to make those emails public. Are you prepared to do that?

A lot of those emails may have confidentially sensitive materials in that. And so, right now, we are making sure that they are given to the auditor as requested.

Q. Artuso: Was it your staff that the auditor was talking about that raised concerns about a deal, that red-flagged some of the possible costs of the deal?

I can't make an assumption as to which staff she was using, bureaucracy and government staff in the same instance. What I can say is we did look at other options. We did look at other ways of trying to see how we could reduce the overall cost, which was, as I said, a 25 per cent reduction, which we ended up doing in the Fair Hydro Plan. But they didn't, they didn't make sense. Actually going through all of the contracts, like the Opposition have talked about, would take so long. We are talking about thousands and thousands of contracts that would have to be renegotiated. So, you know, this was the most immediate way of providing relief that meets accounting standards. And I know what we keep talking about is the accounting dispute that once again we are having with the auditor general, but, you know, we have our provincial controller. We have all of our bureaucrats. We have, you know, KPMG, E&Y, Deloitte, all of them have told us that the accounting standards that we've brought forward match our past history and match what others have done, and to ensure that we can make the system work.

Q. Artuso: You are saying that if you followed the path that the auditor general is recommending, you would not have been able to deliver the 25 per cent relief (inaudible)?

Well, what she is talking about is, from my understanding, is that we should have put this onto the debt of the province. And that was her major concern with this. But we've never done that before. And when you are looking at how we build our electricity system, we've spent $70 billion rebuilding the system. That $70 billion has been OPG building hydroelectric dams or, you know, the nuclear (inaudible), there's many things that we've been doing. If we were to put that onto the tax base, that continues to see that number grow. That's never been the way that we've done it. So the rate regulatory process that we've been using in the past is the way that we resolve this to continue to move forward. We've done everything that we could to make sure that we're going to continue to keep this as transparent as possible. Now that OPG is taking this to market, they are going to have OSC regulations that they'll need to meet, making everything as transparent. So if people want to see that information, it will be there.

Q. Artuso: So you're taking to market, I take it, that the future revenue stream, right, the ability of future hydro ratepayers to pay these bills. Why are you so confident they can afford them in the future?

Sure, so…can you rephrase that question for me?

Q. Artuso: What is OPG taking to market? Is it not the future revenue stream of hydro ratepayers paying bills in the future?

So OPG is taking forward the regulatory assets, the generating stations, all of those things that we've put out there before that will bring forward revenue. These are the contracts that have been signed. We've talked about these contracts that have been signed in the past. These are 20-year contracts. We are now saying that we are extending the rate of this or the length of this to 30 years. Yes, we've said it's going to cost more; we've said that all along. Yes, it's going to take longer to pay off, but at the end of the day this is fairer for Ontarians because the life of these assets are going to be much longer than 20 years. And so, you know, hydroelectric dams, for example, OPG has been financing some of those for 90 years, right. So, you know, we're making sure that we're actually finding ways to reduce costs on the bills for families, meeting accounting standards, and making sure that we meet the assets' life by paying for it over that time.

Q. Crawley: (Inaudible) energy plan (inaudible) is it going to show the average bill (inaudible)

Our wonderful curve.

Q. Crawley: Is it going to show a significant difference (inaudible) that curve? Are bills going to be a little less high than we thought they were going to be?

So when we introduced the 2010 long-term energy plan, it had…it showed its curve on where it thought the rate was going. The 2013 long-term energy plan, when it came out it showed that we had made reductions as a government and pulled costs out of the system. And then the rate that was lower…the rate that was presented in 2013 was lower than in 2010. And so, you know, next week we are probably coming forward with a very similar type of curve that will show ways that we can continue to pull costs out of the system.

Q. Crawley: But we are still going to see pretty…there's going to be significant increases in people's hydro bills in the decade to come.

So we're talking about holding it for the next four years, which is almost that half of that decade to the cost of inflation. And then in 2020, we're also starting to take out costs out of the system just with market renewal. And that's talking about the next 10 years taking 5.2 billion out of the GA. So we're continuing to find ways to not make it as what was talked about in previous months by our friends in Opposition that it's going to be this huge spike. We've done everything in our power to make sure that we make this curve as flat as possible.

Q. Crawley: So there's not going to be a huge spike come 2020? We're not going to see bills really go higher?

So when we talk in 2020, we are talking about still being within the four years of holding it to the cost of inflation.

Q. Crawley: 2021, after the inflation; once your inflation commitment is done.

So we'll have all of that information available next week when we launch the long-term energy plan.

Q. Bliss: Will the non-contract renewals be reflected in the graph line?

Well, and that's part of the thing that's important for us to recognize.

Q. Bliss: Because you might not want to telegraph to these companies (inaudible) the contract.

Well, but, you know, but a lot of the payments for this have already been done. A lot of the major costs for this have already been done. So we're working with making sure we can get the best possible deal for ratepayers at that time. And that's about, you know, when I say taking the cost out of the system that's about having these existing assets now bid into the market, different than the way that the system is set up today. The way we're doing market renewal is actually rebuilding our foundation to change our system to allow us, the ratepayer, to get the best possible deal. That also allows, for example, I'm going to use a gas plant, the gas plant would then be able to say, 'okay, I know two days ahead of time that I'm going to be needed to provide X amount of megawatts into the market.' By then doing so, they can actually get the cheapest price for fuel and know what type of staffing contingent they need to have in place. By doing that, they can reduce their costs which means the overall cost to the ISO at that point will be even lower. So we're rebuilding the foundation, and that's the great thing about market renewal, when I say it's one way of taking costs out of the system, that's a perfect example of it.

Q. Bliss: That doesn't give them long term stability. You might not need the gas plants?

Can you rephrase who won't need the stability? The ratepayer or?

Q. Bliss: I'm talking about the other side. Are you going to be dropping bombs in these people saying, 'look, we don't need you anymore; we're pulling you out of the system.'

So look at the IESO's Ontario planning outlook. We're actually going to be needing more electricity in the future, right? So we're electrifying our cars, we're putting incentives to actually do that. Everyone recognizes we have to do our part for climate change. So everyone is going to have to play in an important role in this, and at the same time we're losing three thousand megawatts of power in Pickering, which is going to be closed down in 2024. So, you know, all of these generators have paid for these assets. They know, we know, third party experts have said these assets are going to last longer than 20 years, so let's use them. So they will actually then generate continuous revenue from these assets that no longer have contracts but can still generate revenue.

Q. Smith Cross: I just wanted to take you back to the question I asked at the beginning; yesterday, in the technical briefing, we were told that the interest rates that you guys forecasted had gone down from 5 per cent to 4.5 per cent. This is based on the report by a third party company, whose name I can't remember. Would you give us the rates provided by that company? Both the rates that the Ontario Financing Authority is projected to be able to get and the rates that the OPG can get on its own. Would you make those public?

I believe the (inaudible) report was provided yesterday. I'm not 100 per cent sure, but if not I can find all of that information out for you. But when it talks about what we're doing when we're pulling [end of recording].

**Questions for Minister Matthews:**

So I'm going to talk about our plan for advertising during the campaign. What I can tell you is right now I think this ad strikes the right chord. It was the ad actually that the premier insisted that we create because she really wants the focus to be on the people who are facing challenges and who benefit from initiatives that could be at stake if somebody else gets elected.

Q. Jones: How do you think the new restrictions on third parties are going to change the campaign this time? Of course, they weren't subject to any spending restrictions in the past so we saw them spend quite a bit of money to advertise. How is the playing field going to be a little different this time? Yeah, I mean, we're, we're really trying to sort of make the whole -- that whole thing fair and more transparent and, you know, I look I look at what's happened in the states where there's unlimited ads being run and have – people don't even want to turn the television on because the ads are so harsh and frequent. So, you know, I think we struck the right balance. So we'll see how it goes.

Q. Benzie: On this ad that you're airing now with the Premier in it, is that a risky strategy given her own very low public opinion, or public approval rating according to the public opinion polls. I mean she's front and center in the ad and a lot of people thought you guys should be running on the Liberal brand and not on the Kathleen Wynne brand.

Yeah, I think it's an unusual strategy. I think it's an approach that, that is different but, as I say this was, this was the ad that the Premier really wanted to run. The focus – our focus should be on who we are and what our values are, why we're here and on the people we have a responsibility to serve.

Q. Benzie: So it's not, you know, contaminating the Liberal brand by having Kathleen Wynne's face in the ad?

No, no she's our greatest asset. She is our greatest asset. And so we're very proud of her. We're proud of what she cares about. We're proud of what she does.

Q. Smith Cross: If memory serves the six month pre writ spending restriction, there's one that applies to parties as well? So given that there's that restriction and given that the Liberals have less in the bank than the Tories does that help you to have the sort of same spending restriction six months out?

I'm not quite sure I'm following the question.

Q. Crawley: You actually can't advertise right? Isn't there a ban, like, sorry, the parties, the government, you guys can [inaudible]?

During the campaign, yeah, but there's a government cut off too.

Q. Crawley: Right, but isn't there, isn't there a, basically a real narrow restriction starting November 9th, or whatever it is, just before the writ's going to be dropped on what the parties can advertise about

Yes.

Q. Smith Cross: Yes, I just mean...

Between now and then?

Q. Smith Cross: In that six month period, since you're all subject to the same spending restrictions does that benefit you given the Tories have more in the bank and if there was no restriction they could spend a lot more?

I don't know, you know, I think I think it's a fair rule and certainly the Tories are spending a lot now leading up to that point at which their won't be any advertising.  Ok, thank you.

**Questions for Minister Hoskins**

Q. Brule: [Inaudible] Do you think there is a connection between [Inaudible]?

Well, first of all, I appreciate the hard work that the expert panel has done and I appreciate the report. We're looking at the recommendations and looking forward to building on the success that Ontario has seen in reducing the rate of smoking, particularly among children and youth. So there's a lot of work to do. The Ministry obviously has read the recommendations and I think their feasibility is under analysis.

Q. Rath: Minister, isn't your plan to bring legalized marijuana into the province and only sell the most harmful form of it, the stuff you have to smoke, and not sell anything else, isn't it hypocritical? Have you considered that you are trying to stop people from smoking other things, like smoking tobacco?

My job as Health Minister is to make Ontarians, particularly children and youth and their parents, aware of the risks associated with recreational cannabis. And we plan on doing that through education and awareness. And I think establishing the minimum age at 19, which is consistent with the minimum age for the consumption of alcohol, also a substance that can have harmful side effects if used improperly. We're taking the same approach of harm reduction. I think it needs to be an informed decision by individuals with regards to any dangers associated with the most harm.

Q. Rath: But you're only allowing the sale of the most harmful type of cannabis.

We're responding to federal legislation. And initially looking at recreational cannabis in it's the form- which is smoked. But that doesn't mean that the work is not ongoing with regards to other forms. With the July timetable being before us, we felt it was incumbent upon us in the first instance to address recreational smoking cannabis.

Q. Artuso: Do you think that the tobacco taxes should be raised? Do you think the federal government has it right in terms of cannabis taxation?

Both those issues are probably more appropriately asked to the minister of finance or the federal government. With regards to cigarettes and tobacco, again, we're looking at the recommendations of the expert panel. That is part of the recommendation. But with regards to cannabis and the federal proposal for an excise tax that is really I think a matter for the minister of finance and I am sure he would be happy to address it.

**Questions for Minister McMahon:**

[Inaudible] [Speaking French] I was a big fan of The Tragically Hip

Q. Brule: [Speaking French] Yes, and you had even mentioned it as well. But, before the minister of Agriculture, the Premier said that Canada is not the same today as it was before. What do you think their presence changed?

[Speaking French] We are all feeling the loss of Gordon Downey. It is a huge loss for Canadian culture. We lost an important friend. I think Gord Downey was a friend to everyone, especially in the last year, showing his courage battling cancer. It was him who announced and celebrated the end of his life. It is very hard to discuss something like this with the world. He shared his life and death with the world. This kind of courage touches everyone, especially in the way he shared his spirit with the world. It is not easy to be an artist, it is a long and sometimes difficult journey. But he shared his life- for his entire life, with Canada. And I think that it is also courageous. He was a voice for the First Nations community. He sent a clear message to the rest of Canada, that their lives and their story is important and should never be forgotten. And he did this through film, music, and his courage. So, this is a huge loss for Canada. And I am thinking about him today, because I saw the Tragically Hip for the first time in 2002, Queen Elizabeth was here. We had a great celebration in the [Inaudible} and he gave a concert with his friends. And after the concert, I managed to get Gord's autograph, because my husband did not attend, was a huge fan. So Gord Downey gave his autograph, and he talked about my spouse in a touching and sweet way.

**Questions for NDP Leader Horwath**

Q. Artuso: You were talking about it today. The government says that essentially this is something that should rest with the ratepayers, that it's wrong to put it on the backs of the taxpayers. Why are they wrong?

Well what's wrong is that the government chose to undertake an accounting trick to hide the cost of this scheme to the tune of four billion dollars of extra costs and so here we have yet again, this feels like deja vu all over again, we have a government that's making decisions in the electricity file to help protect their own political well-being as opposed to do what's right for the people of Ontario. It would have cost 4 billion dollars less in terms of interest costs had they funded it a different way and that's what the Auditor-General is saying and on top of that she's saying that the Wynne government knew very well, that she has e-mails showing that top bureaucrats were very aware that this is a problem and that they were sounding the alarm bells. So here we have yet again an energy, energy scandal where the Liberals are looking after their own hides as opposed to the people of Ontario. And where once again there are emails implied and that's why I asked the Premier today, put those, make those emails, emails public, show us exactly what advice you had from your bureaucrats around this wrongheaded scheme. Four billion dollars is a lot of money. If you recall, the last, you know, energy scandal they only admitted to 40 million dollars of the cost of the moving of the energy plant, right, the gas plants and that ended up costing us 1.1 billion dollars. This is four times more for a Premier that said she was going to be different. It's no wonder people are so disappointed with Kathleen Wynne.

Q. Bliss: What's the scandal here?

The scandal here is people are paying four billion dollars more than they should be paying. That money is going to go on to the cost of our electricity bills. I mean we already are paying exorbitant costs for our electricity. Families have had an increase of 300% over the last decade. Now, to prevent the Liberals from having to wear a deficit, really of four billion dollars, they're instead going to take it on the hydro bills. That's – the difference in cost is four billion, we're paying four billion dollars extra so that the government can try to look better in the eyes of the people of Ontario. I mean it's extremely disappointing and once again shows that the Wynne government will go to any lengths to to spend public money or to cost the public dollars to protect their own political interest but when it comes to saving for people, when it comes to making sure people are the ones that are at the top of the agenda, that their hydro rates are taken care of, that's secondary to Kathleen Wynne's political purposes.

**Questions for MPP Smith:**

Q. Bliss: So the Minister is not going to resign. None of the ministers are going to. Coming out of this we've had some time for the auditor's report to sink in. What are your main concerns about it? Is it that we might not be able to believe future numbers on debt and deficit or is it the $4 billion dollars? Because that's over 30 years.

All of the above and the continued, I guess, hiding of documents from the auditor general's office is a concern as well. I mean, we didn't think that the previous minister of energy was going to resign over the gas plant scandal, but ultimately that happened. Now we almost have a replay of that occurring again here where the ministry of energy is withholding documents that it should be turning over to the auditor general. Of course, the $4 billion in extra costs is a huge concern, and that's a huge concern because Cabinet knew when they were making the decision about hiding the cost of this borrowing scheme over at OPG, that was going to be the end result. Billions of dollars more on the backs of electricity customers in Ontario. Yet they chose to do it anyway, which shows a complete disrespect for electricity customers in Ontario.

Q. Bliss: And ignoring the concerns of their own staff. What's the point of having an educated bureaucracy if the government is not going to listen to you?

Right, and I think we're seeing that government is more interested in the politics than in good policy and that's been the staple for Kathleen Wynne and it's been the staple for Dalton McGuinty as premier of ontario. Both of them are far more interested in politics than they are in actual good policy. And as a result we have an electricity sector that's in chaos and we have the fastest rising electricity costs in North America.

Q. Bliss: It's a complex issue. How do you think the electorate is going to respond to this? Will it sink in enough for them to take a stand and say, 'I'm really pissed off?' Or is it just too complex and just goes over their heads?

It is complex, and it was made complex on purpose by this government, and the auditor said so yesterday. But I think if people understand the actual unfairness of this energy reduction scheme that the Liberals have brought in they hate it because they realize that after the next election electricity prices soar to record highs. And there's nothing in this plan that actually takes costs out of this system. Meaning that there's nothing in here that's actually reducing the actual cost of electricity. When we roll out our plan, there will be items in there that are going to reduce the actual cost of electricity. This government wanted the quick fix, and it's going to cost electricity customers Billions of dollars more than it had to.

Q. Smith Cross: [Inaudible] What is the government doing in 2018 about structure (inaudible) about the Ontario Power Generation or the OPG trust and the way that it's borrowing the money? Will you change what they've done or will you continue what they will have set in motion by then?

What we're going to do is actually take costs out of the system.

Q. Smith Cross: Sorry I mean from the borrowing perspective.

From the borrowing perspective. So what we'll do is actually leave this in place until we can actually start to remove costs from the system. So the government hasn't been interested in removing the costs from the system, it's only been interested in borrowing billions of dollars and, you know, accumulating billions more dollars in interest costs. So until we can actually start to physically reduce the cost of electricity in Ontario, and we know there are ways to do that, we're going to do that and then we'll end this Fair Hydro Plan when it makes sense to do so.

Q. Smith Cross: How long to you expect that to take?

Yeah, I mean, one of our resolutions that we're talking about is putting a moratorium on all new development in the energy saving sector until we get a lay of the landscape. So I can't answer that, it could be a couple weeks, it could be a couple months, it could be a couple of years. But we are going to go in there and look at everything that this government has messed up over the last 14 years on the energy file and get it right and start to actually take costs out of the system.

Q. Smith Cross: Would you tweak it anyway so that the government is borrowing all of the money rather than OPG trust to get a better rate?

We're going to do what's in the best interest of every electricity customer in Ontario, so right now what people are paying is an artificial bill. They're not paying for the actual cost of electricity. A large portion of their electricity bill is being buried over at Ontario Power Generation and we know we're paying far too much interest on it as a result of what the AG told us yesterday, and as a result of all of the other documents that we've received and analysis from the Financial Accountability Officer. Even that leaked Cabinet document that came to my office in April/May this year. So we know that the way that the Liberals designed this scheme was purely for political reasons to take electricity off the table and it's going to cost us billions at the end of the day.

Q: Would you change the accounting so that it would show up (inaudible)

We haven't looked at that yet, but I mean the Fair Hydro Plan is going to stay in place until we can actually get into that office and figure out what we need to do to take costs out of the system and reduce the cost of electricity in Ontario.

N.B.: Comments captured are not verbatim quotes

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