



## NEWS RELEASE

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# Arnott zaps Liberal hydro policies for skyrocketing rates

(Queen's Park) – Skyrocketing hydro rates are becoming a serious hardship for many Ontario families—and it's about to get even worse, warns Wellington-Halton Hills MPP Ted Arnott.

“Residential electricity prices are expected to rise by 46 percent over the next five years, an average annual rate of about 7.9 percent,” Mr. Arnott told the Ontario Legislature, referencing the McGuinty government's own projections.

The Progressive Conservative caucus has established that rates have gone up 75 percent since the McGuinty government took office in 2003. In light of these numbers, Mr. Arnott later ridiculed the Liberals' so-called “Ontario Clean Energy Benefit,” which commits to a 10-percent rate cut. “After such massive increases, and all their broken promises, who will believe hydro rates are actually going down?”

In his remarks in the Legislature, Mr. Arnott read from an email he received from a single mother unable to afford to heat her home: “I'm really concerned about how much I have to subtract from my grocery bill in order to keep the house warm and my son from getting sick.... I don't know where to turn but I'm sure hoping you can help.”

The email also referenced the HST, which has already added 8 percent to her hydro bill.

“In our area alone, there are thousands of families who already can't afford their hydro bills,” Mr. Arnott later said. “It's a major problem and, when this government's even bigger increases kick in, it's only going to get worse.”

For months, PC Leader Tim Hudak has been taking on the McGuinty government over the rising cost of hydro. He has pointed to the HST, the so-called smart meters, the government's expensive energy experiments and sweetheart Samsung deal as the major causes of the rate increases that Ontario families are now facing.

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### Attached: Ontario Hansard

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HELPING ONTARIO FAMILIES AND  
MANAGING RESPONSIBLY ACT, 2010 /  
LOI DE 2010 SUR L'AIDE  
AUX FAMILLES ONTARIENNES  
ET LA GESTION RESPONSABLE

**The Acting Speaker (Ms. Cheri DiNovo):** Further debate?

**Mr. Ted Arnott:** I'm pleased to have this opportunity to speak to Bill 135, An Act respecting financial and Budget measures and other matters, which stands in the name of the Honourable Dwight Duncan, Minister of Finance. It received first reading in this House on November 18, and here we are debating second reading of this bill, which amounts, really, to a budget bill. Of course, it flows from the economic statement that was read into the House by the Minister of Finance a couple of weeks ago.

Our caucus has a lot to say about this issue. Of course, generally speaking, the budgetary policy of the government is bankrupt. But at the same time, this bill is its best effort to try to address some of the issues that have arisen in the last seven years. We continue to scrutinize it very carefully.

Our caucus is prepared to acknowledge that this is another in a string of omnibus bills that the McGuinty government has introduced. Many of the amendments are highly technical and warrant greater scrutiny. The amendments divert attention from the real issue, namely, that the fall economic statement is further proof of the McGuinty government's fiscal mismanagement. Expert economists have judged Dalton McGuinty as the worst fiscal manager amongst all the other Premiers in the country, and Ontario's real per capita GDP has declined by 8% since 2000. Meanwhile, the McGuinty Liberals spend \$2.1 million more per hour than they collect in revenue—and we would add that we don't believe that people can trust that the McGuinty government won't use provisions of this bill to raise taxes even further.

The government has used this bill to talk about a promised 10% reduction in hydro bills, and they call it the Ontario Clean Energy Benefit Act. This is intended to offset to some degree the significant increases in hydro bills, and the government would want us to believe that they are responding to the concerns of the people of Ontario. I'd like to read an email that I received from someone who lives in my area. I received it on November 15 and it reads as follows:

"I'm probably sending this out to deaf ears, or to someone who might not care but it's worth a try.

"I'm a single mother and work very hard for everything I bring to the table. I ask for no handouts and am proud that I can raise my son on my own. I do have a very tight budget, and having electric heat puts a real strain on my son and I, especially in the winter months that are upon us.... Question: Do I keep my son's tummy full or do I keep him warm, you tell me because HST is going to affect my hydro bill big this year. I'm really concerned about how much I have to subtract from my grocery bill in order to keep the house warm and my son from getting sick.... I don't know where to turn but I'm sure hoping you can help."

We talk about people who might be out there in our communities who have to choose between whether or not they're going to pay their hydro bill or whether or not they're going to go to the

grocery store. Here is a constituent who, unsolicited, expressed that very view to me. That should be something that concerns all of us.

In terms of the response to this bill, I want to point out some of the editorial comments that have appeared in the press in recent days about Bill 135 and some of the provisions in it. This is an article by Randall Denley of the Ottawa Citizen. In his article, which appeared on November 20, he indicated, "The Premier is living in a fantasy world where we pay alternative energy producers unrealistic prices for the power they generate, then pretend it's not pushing up our bills.

"By shifting costs from power users to taxpayers, McGuinty is really just taking the money from your left pocket instead of your right. This clumsy attempt to mollify those concerned about high power bills will cost \$6.4 billion over five years. You'll pay all that later, with interest. And the Liberals think this will make us vote for them next year.

"The government would have us believe that the gambit is affordable because the provincial deficit will be only \$18.7 billion, \$1 billion less than a previous estimate. Surely McGuinty and Finance Minister Dwight Duncan must realize that a somewhat smaller deficit doesn't generate new money to spend....

"If McGuinty manages his own finances the way he manages this province's, expect to see him at the soup kitchen soon."

Another article which appeared in the National Post—and it's an editorial—I think bears repeating in this place. This is from November 19:

"Ontario's economic update is in—and the provincial Liberals' desperation level is clearly up. In advance of the update, provincial Finance Minister Dwight Duncan had already leaked the Liberals' plan to cut hydro bills by 10% for five years by using \$1 billion in borrowed money. That populist sop would be ill-advised under any circumstances, but especially so given Ontario's projected 2010 deficit of \$18.7 billion.

"In 2003, Premier Dalton McGuinty declared: 'I won't lower your taxes, but I won't raise them either.' Well, he kept the first promise; but as for the second—not so much. In 2004, he subjected Ontarians to an annual health tax of up to \$900 per family. Over the next few years, he increased various licensing fees, including those for cars, boats, hunting and fishing. In 2009, he instituted upfront 'recycling fees' on a host of items, and in 2010 attempted to bring the second wave of his 'eco tax' (which he had to withdraw amid howls of protest.) And of course, he also introduced the Ontario HST, which has been calculated to cost the average family in the province an extra \$480 a year.

"And now there's the hydro bait-and-switch, which will be paid for by future taxpayers. If Mr. McGuinty thinks this short-sighted stunt will put the province's opposition Tories in a corner, he is wrong: Paying for this rate cut with borrowed money fools nobody."

Obviously, the editorial writer had a good understanding of the government's policy, because the writer is right on.

I would also make reference to an article which appeared, again, in the National Post on November 20. This is written by Lawrence Solomon, who in the past has been the executive director of Energy Probe; I believe he still is. He called this plan a rebate scheme. He says:

"The rebate scheme—which is sure to dampen public revulsion at the way the power system is being managed—is especially impressive in how expertly the government has disguised its

activities. To read the press reports, the government is deftly rejigging its provincial borrowing and fast-forwarding revenues from a long-term land registry contract to finance the rebate during a five-year transition period to a cleaner energy infrastructure. Sweep aside these sleight-of-hand explanations and the reality is actually much simpler: The provincial government is in reality providing voters with a five-year break on their HST while rapidly escalating the power prices that all consumers face. Because the province and the municipalities overwhelmingly own the power system, they are making off like bandits as power consumers get squeezed.”

He continues, “Large industrial electricity consumers are also losers. Because these companies don’t vote, the Liberals would have drawn no political benefit in applying the Ontario clean energy benefit to them. To the contrary, by collecting the HST from them, the Liberals are obtaining the cash they need to top up the rebate from 8% to 10%. In effect, the Liberal government is merely transferring the HST rebate that the large industrial consumers aren’t getting to the pot of money going to the smaller consumers that can vote—residential consumers, small businessmen, and farmers.

“Of course, under the Ontario scheme, all consumers become losers. Rates, by the government’s own accounting, will be climbing another 46% over the next five years, and then rates will jolt up another 10% as the Ontario clean energy benefit expires. By then, the new power system may also have expired. It took Ontario Hydro, running as a government-owned non-profit, 90 years to go bankrupt. Hydro’s government-owned for-profit successors will be far quicker at reaching bankruptcy.”

Strong words which continue to undermine the credibility of the government with respect to its hydro policy.

## **1630**

Obviously, from our perspective in opposition, we are seriously concerned about this particular bill and about the government’s budgetary policy generally, as well as its management of the hydro system. As we know, in the seven years that the McGuinty government has been in power, we have seen dramatic increases in hydro rates. Hydro rates have increased approximately 75%, and we know from the government’s own document, its 2010 economic update, that they predict—and this is their very own document—that residential electricity prices are expected to rise by 46% over the next five years, an average annual rate of about 7.9%.

At the same time, we know that many of the factors that are driving these increases continue unabated under this government. This is one of the significant reasons, I believe, why the government has experienced a significant decline in its popular support in recent months, going back to approximately May of this year, where we now see, according to the public opinion pollsters, that if an election were held today, this government would face a resounding defeat.

I want to go back a few years to, actually, about seven years ago, when the government was newly elected and many of the members on the government side who are still here were newly elected in the Legislature. There was a great deal of heady optimism with the new Liberal government. They believed that they had been elected with a strong mandate to reinvest in public services. Certainly it was difficult, from our perspective in opposition, to contest that basic point, although we did our job in opposition in those days.

At the same time, I had an opportunity to bring forward a private member’s resolution in December 2003. I chose to bring forward an idea that I’d had for some time, asking that the government of Ontario commit itself to a 25-year debt retirement plan, articulating five-year interim targets, such

that the province of Ontario would be free from its debt in the fiscal year 2029-30. I outlined the reasons why I thought that the government should make debt retirement a higher priority. I believe very strongly, based on a very simple economic proposition, that during good economic times governments should seek to pay down debt as a high priority. If governments did this during good economic times, they would be in a stronger financial position if there was an economic downturn down the road.

I actually quoted from my very first speech in the Legislature, my maiden speech which I gave in the Legislature, again, about 20 years ago this very month. I said at that time, 20 years ago, "We in Wellington understand the economic value of hard work and the social value of personal responsibility. From this understanding stems a serious concern when our government refuses to live within its means, when our government grows until it begins to inhibit overall economic growth, when even excessive taxation does not prevent the expansion of government debt." That was my maiden speech, 20 years ago. I would still suggest that over the 20 years that I've been here, I have tried to bring forward ideas and suggestions that were entirely consistent with those value statements that I made when I was first elected here.

I would continue to build on that argument to suggest that the government should make debt retirement a high priority. We had support from a significant number of interested groups: the Canadian Taxpayers Federation, chambers of commerce, the Canadian Federation of Independent Business and others. I cited examples of other provinces across the country that had committed themselves to long-term debt reduction plans, including the province of Manitoba, which at the time was governed by the New Democrats. They were making debt repayment a high priority. I went on and on and on and called upon the new government to try to make debt repayment a high priority.

Unfortunately, the new government didn't think that was a good idea. They believed they had come into office and they were going to spend. They were going to open the vault and spend and tax like there was no tomorrow. There was absolutely no interest in what I was saying at that time. There was no support. The government members, every single one of them who were here, voted against it, in spite of the fact that the New Democrats, if I'm not mistaken, were somewhat supportive.

I pointed out in that speech the Liberal government's campaign document that they had used in their 2003 election. Some of the Liberals who are here today campaigned on it and were elected on it. Some of them might remember it. In their campaign platform, which they called at the time Achieving Our Potential, they made reference to debt reduction. They said:

"We will make sure the debt goes in one direction only: down.

"We will not add to the provincial debt. We will pay down the debt as conditions allow, with all surpluses going directly to debt" repayment.

Unfortunately, as we know, that commitment was not kept. In fact, next year, if the current spending patterns hold, the Liberals are on track to double the debt from the level it was when they took office in 2003. What a shocking record of fiscal incompetence and profligacy.

This is the message that we're sending to our children and our grandchildren: that government cannot live within its means; that the government isn't interested in living within its means. The government will just add billions and billions of dollars of debt onto future generations and force them to pay higher taxes, because this generation is incapable of or is unwilling to live within its means. I find that to be totally unacceptable, and I would hope that the members opposite will give some pause to consider some of what I've said today, because we should all be concerned about the future generations and the financial legacy that we're going to be leaving those generations.

Quite frankly, they're going to look back upon this time, and if future generations learn that the debt doubled during the period of 2003 and 2011-12, I think they're going to rightly draw the conclusion that this government was bereft of any willingness to live within its means and of any fiscal discipline. They will quite rightly point back to this government as a government that did not provide the kind of leadership that they deserved.

We know also from this 2010 economic statement that despite four quarters of consecutive economic growth, the Liberals have only reduced the deficit by some 3%, not 25%, as they claim.

They have not reduced discretionary spending by even one penny.

Revenue is up \$789 million, the vast majority of which is corporate revenue. It is obviously good news that companies are making a little more money but, at the same time, it is troubling because of the way the government is managing it.

The expenses are down \$246 million, and we understand that's a result of lower interest on the debt, explained by lower-than-projected interest rates and a lower borrowing requirement because of the Teranet revenue and the lower deficit.

Under Premier McGuinty, program expenditure has increased by 80%, compared to a 60% increase in total revenue. We also see that, in terms of comparative economic data, the Ontario 2010 deficit is projected to be \$18.7 billion. We note that the deficits of every other province combined will total a fraction of this: only \$12.4 billion. Therefore, Ontario's 2010 deficit is \$6.3 billion greater than that of the other provinces combined—a shocking statistic. By comparison, the 2010 deficit for Quebec is \$4.5 billion, and in British Columbia, it is \$1.4 billion.

I think it's also important to point out the unemployment rate in the province of Ontario, which is also too high and very troubling. Ontario's unemployment rate is 8.6%, which is higher than the national average of Canada, which is 7.9%, higher than Russia, higher than South Korea, higher than Argentina, higher than Brazil, higher than Mexico and many others.

We know that unemployment is bad for an economy because it's a wasted resource, and a healthy economy allocates resources efficiently. But on the micro-level, persistently high unemployment acts as a drag on consumer spending, which in turn affects the entire economy. Typically, in a healthy economy, we would argue that consumer spending accounts for the vast majority of economic activity.

It would seem that the Premier blames Ontario's job situation on the global economic downturn, yet Ontario's unemployment rate has surpassed Canada's national average every single month since January 2007, which is almost two full years before the financial crisis.

Even prior to the economic crisis and collapse, Ontario had a net loss of 208,300 manufacturing jobs. In effect, Ontario has acted as a millstone on Canada's wealth creation for the last three and a half years. Ontario lost a net 141,600 jobs last year, and last summer Ontario's unemployment rate hit a 16-year high. We also know that under this government, Ontario has lost 295,000 manufacturing jobs in total, a 28% decline.

## **1640**

The Liberals have claimed that the introduction of the HST will create 103,000 net new manufacturing jobs within 10 years. We have yet to see them.

Since 2005, Ontario's population has grown by about 500,000 people. That means that the provincial economy must add at least 100,000 jobs a year, on average, just to keep up with immigration and population growth. Dalton McGuinty's current annual average is approximately 61,000, considerably less than what is needed just to keep up.

These are some of the facts and some of the reasons why our party is strongly opposed to this government's budgetary policy.