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des débats
(Hansard)**

Tuesday 4 June 2002

Mardi 4 juin 2002

Speaker
Honourable Gary Carr

Président
L'honorable Gary Carr

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LEGISLATIVE ASSEMBLY
OF ONTARIO

Tuesday 4 June 2002

ASSEMBLÉE LÉGISLATIVE
DE L'ONTARIO

Mardi 4 juin 2002

The House met at 1845.

SPEAKER'S RULING

The Acting Speaker (Mr Michael A. Brown):

Earlier today, the member for Niagara Centre, Mr Kormos, rose on a point of order respecting the orderliness of Bill 58, An Act to amend certain statutes in relation to the energy sector. His submissions on this point refer to the sub judice rule making reference to a current notice of appeal before the courts respecting Hydro One. He also argued that the bill could be ruled out of order due to its omnibus nature. The government House leader, Mr Stockwell, also made a submission on these points. Let me start with that which was put last, namely the omnibus argument.

As members will know, omnibus bills have been subject to procedural scrutiny in many parliamentary jurisdictions, as governments have increasingly used them as vehicles for submitting related proposals for the consideration of the House. However, to date, I know of no Speaker in any jurisdiction who has on his own or her own initiative ruled a bill out of order because of its omnibus nature. While it is possible to envision a circumstance where a Speaker might find no alternative but to break with that practice, it is my opinion that this would only occur if that Speaker were faced with a piece of legislation that has gone beyond what has to date been procedurally acceptable.

Given the previous examples of omnibus bills considered by this House and the fact that upon careful consideration of the bill I cannot find that its parts are so disparate as to have no tangible connection, I find I am unable to rule Bill 58 out of order on the basis of its omnibus nature.

The member for Niagara Centre also made submissions respecting the applicability of standing order 23(g), the assembly sub judice rule. The member for Niagara Centre noted that a 1966 ruling by a former Speaker of this House indicated that the sub judice rule can apply to civil proceedings. The government House leader stated otherwise.

Let me clarify that point. Sub judice, according to Beauséjour, has been applied consistently in criminal cases, but there is no settled practice in relation to civil cases. This does not mean it can never be applied in a civil case, but Beauséjour goes on to say that the House would never allow "the sub judice convention to stand in

the way of its consideration of a matter vital to the public interest or to the effective operation of the House."

On the point of the applicability of the rule to a bill, let me refer to the following ruling of Speaker Hipel, which can be found on page 22 of our Journals for January 29, 1937:

"Instances of the passing of bills affecting particular actions or other proceedings before the courts are not uncommon in the history of this Legislature....

"In my opinion, it is clear that ... Erskine May ... goes no further than to state that during the course of a debate, members should not refer to matters awaiting the adjudication of a court of law, such matters being sub judice. It is not intended to interfere with the right of legislative bodies to alter existing laws, even though such alteration may affect a matter before the courts.

"I hold that it would be a stultification of the powers of this assembly to rule that an act may not be introduced to remedy a condition in an act and to make clear the will of the assembly even though the act to be remedied is under consideration by a court of law.

"Accordingly, it is my ruling that an act may be introduced and considered by the assembly, notwithstanding that such act may interfere with actions pending before the courts."

Let me add that since our sub judice rule was created in 1970 and then amended to its current form in 1978, its invocation has become infrequent. I appreciate the member for Niagara Centre may find this situation unfortunate, but he and other members should remember that the less frequently the rule is invoked, the greater the vindication of the single most important parliamentary privilege members of this House enjoy, namely the right to free speech.

I find that Bill 58 is in order. In closing, I thank the member for Niagara Centre for his thoughtful submissions.

ORDERS OF THE DAY

RELIABLE ENERGY AND CONSUMER
PROTECTION ACT, 2002

LOI DE 2002 SUR LA FIABILITÉ
DE L'ÉNERGIE ET LA PROTECTION
DES CONSOMMATEURS

Mr Stockwell moved second reading of the following bill:

Bill 58, An act to amend certain statutes in relation to the energy sector / Projet de loi 58, Loi modifiant certaines lois en ce qui concerne le secteur de l'énergie.

Hon Chris Stockwell (Minister of Environment and Energy, Government House Leader): First, may I say that was an excellent ruling, not just—

The Acting Speaker (Mr Michael A. Brown): Order.

1850

Hon Mr Stockwell: I'm sorry, I didn't move the actual name of the bill. I apologize. I was so excited to give you such a commentary.

I move second reading of Bill 58, An act to amend certain statutes in relation to the energy sector.

The Acting Speaker: Mr Stockwell has moved Bill 58.

Hon Mr Stockwell: I just want to comment on the ruling. It was an excellent ruling, not just for the fact that it bore out the position that we took, but, holy smokes, Speaker Hipel, 1937. You had to break out the dust-covered one to get that one, I can imagine. And "stultification"; that's a new one. I've got to put that word in my thesaurus. I'm sure if before today someone had accused someone of stultifying something, it would have been ruled out of order by previous Speakers.

Mr Speaker, I want to tip my hat to you and the clerks for obviously doing some good work in a very short period of time, considering the point of order was brought up only a few short hours ago.

Today we are starting off debate on Bill 58. It's an act that allows the government to dispose of its assets as it sees fit. It also goes about trying to protect consumer interests with respect to electricity salesmen, trying to strengthen the position of the Ontario Energy Board and the IMO as well, and so on and so forth.

Let me start out by saying Justice Gans ruled that this particular approach taken by the government on the IPO with respect to Hydro One was not acceptable; against the law, I guess. I want to go on the record as saying I find it rather curious that a justice, a judge, in this province could come to the conclusion that he came to.

Why do I find it curious? I believe in certain inherent rights, as a Canadian and as an Ontarian. I suppose the inherent right that I believe in that's probably one of the top 10 is that if you have property, you own something, you have the right to sell it.

What Justice Gans ruled basically was exactly the opposite to that. He suggested that unless you pass legislation directly saying that you are going to sell something that you own, you can't in fact sell it, which brings us to the question of why we're appealing the decision. This has always caused me some concern, when the opposition stands up and asks, "Why are you appealing Justice Gans's decision?" because I know them to be learned, intelligent—well, most of them to be learned, intelligent people. I know them to understand basic, fundamental rights and basic, fundamental beliefs that I think if they were in government they would accept.

I suppose, to kick it off, if you don't agree with our position with respect to the decision by Justice Gans, I can only then believe that you agree with Justice Gans. That causes me great concern, because how could a government, say, dispose of a road abutment, a simple road abutment? We all know about those. They are all in our ridings, you know, where they buy up parcels of land to expand roads. Sometimes they end up with road abutments, small parcels of land, sometimes highway-locked that only certain farmers or communities or parks can be used for. The government every day—and I know there are at least two across the floor who sat on the executive council, the good member for Pembroke and the member for Hamilton. You know as an executive council representative that you often sell property—road abutments, parcels of land—all the time you sell this property, at every cabinet meeting. According to Justice Gans, if you believe what his ruling said, you don't have the right to sell that; you can't dispose of that as a public asset, as the government who owns that in the name of the taxpayers.

If you allow Justice Gans's ruling to stand, any future government is going to be faced with the unbelievable predicament that every time they want to dispose of an asset they'll have to go and draft legislation and pass it through the House that would allow them to dispose of that asset, which is patently absurd. Talk about an omnibus bill. I'm afraid my friend Kormos would be doing backflips when that bill came in. When you try to dispose of public assets like road abutments, transferring deeds of ownership to municipalities—

Mr Joseph Spina (Brampton Centre): Lab testing for water.

Hon Mr Stockwell: Any of those things would have to be approved through the Legislature. So this is my concern with respect to Justice Gans. I don't think he really thought through this decision, and his decision was flawed—in fact, seriously flawed.

We as a government, then, have a decision to take. We have to decide whether to appeal this seriously flawed decision or we bring forward legislation to remedy that particular decision. The situation we're caught in is that we couldn't possibly bring forward legislation to remedy every possible instance of selling some government asset. It couldn't be drafted. The bill would be voluminous and probably out of order. Even as an ex-Speaker, I would probably say it's out of order because it would cover the gambit of every single operation that this government finds itself involved in. So we had to appeal the decision.

But in the meantime we want to make a decision on Hydro One. Whether we create a non-profit, an income trust, an IPO or a strategic sale, we were stopped from doing that by Justice Gans, who said, "Even though you own the asset, you can't actually dispose of the asset." So that's why we had to take the two-pronged approach.

The arguments put forward by the opposition saying, "You're appealing and you're also passing legislation"—let's be clear. We know this legislation will be appealed by our union friends, CUPE and others. Even if they lose

in Ontario—I think it's the Superior Court, or wherever in Ontario it's at—they'll appeal it to the Supreme Court of Canada. So we know we're into a two-year fight. That's why we need to draft legislation and bring it into this House in order to deal with the concerns we have with respect to Hydro.

Before I go through the purpose clauses of this bill, I think we should spend just a brief moment talking about the compensation of Hydro One executives. I want to say to you I was very, very, very disappointed with my friends opposite and their rather liberal—no pun completely intended—interpretation of the pay to the boss at the OPG. Let me explain to the watchers today that, as the CEO of OPG, Ron Osborne makes \$1.6 million. He has another component within his contract that is called a long-term bonus benefit. That particular amount of money is accrued over the years. That accrual amount came to \$587,000, spread out over three years. That amount is applied to his income of \$1.6 million, so he's paid about \$1.8 million. My friends opposite, Phillips and I think Conway, McGuinty and others, were arguing that somehow he was paid \$2.3 million. The lump sum payment is applied in one year but it's accrued over a three-year period. The income is derived over a three-year period on bonuses. That's how the money comes.

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If you want to ask Mr Osborne, whom I released to the press today to respond to these questions, his response was clear. This bonus was generated over a three-year period. It was paid out in one year, there's no doubt about that, but the bonus accrued over three years. His position is, "Next year I will not get any bonus. I will get no money"—the long-term bonus; not the short-term but the long-term bonus that we are talking about. So his position is, "I will not get any money next year on the long-term bonus." That's right from the horse's mouth. He said that next year his income will fall back to the \$1.6 million.

Mr David Christopherson (Hamilton West): Starvation wages.

Hon Mr Stockwell: I say to my friend opposite, you had the maharishi running Hydro: Maurice Strong making a million dollars and buying rainforest land in Costa Rica and distribution companies in Chile. So I'm not really sure you should be commenting with respect to how much they're being paid.

It's also at the 50th percentile of the range of senior executives who run companies this large. To be fair, it's a private sector company. He competes. He sells Hydro.

Mr Sean G. Conway (Renfrew-Nipissing-Pembroke): The documents are wrong then.

Hon Mr Stockwell: I don't know what you're reading, but if you send it over I'll be happy to explain it to you.

The Acting Speaker: Through the Speaker, please.

Hon Mr Stockwell: Through the Speaker, if you send it over I'll be happy to explain it to you. Obviously he doesn't want to send it over.

Mr Conway: I'll send it over.

Hon Mr Stockwell: Then let's get a page. If you can bring—thanks very much. He's going to send it over. I'll give it back to you. If he wants to quote numbers, I'll be—there you go. You see, every time you ask the Liberals to send something over, they don't want to send it over.

Mr Conway: Be careful.

Hon Mr Stockwell: No, I'm not. Send it over.

Mr Conway: Be careful.

Hon Mr Stockwell: Send it over.

Mr Conway: We've had to extract some things from you lately but I never thought we'd have to—

Hon Mr Stockwell: Send it over.

The Acting Speaker: We're not going to do this.

Interjection.

The Acting Speaker: Sounds like a duet to me. So the member from Renfrew will refrain from helping in the duet and we will go back to a solo. Minister.

Hon Mr Stockwell: I appreciate that. I've learned from the other side. They often make these allegations; when you ask them to pony up the facts they refuse to do so. If you notice a sense of frustration, yes, I am frustrated. I get comments on this side of the House where I ask them to send over the information and they refuse to send it over. Not long ago the member for Timiskaming was making an allegation that I compromised myself as Minister of the Environment with respect to an environmental hearing that hadn't even been filed yet. I asked him to send the information over. There was nothing to it. I asked the leader of the official opposition to send over the information today with respect to this allegation of \$2.3 million. He wouldn't do it. Then I ask the member for Renfrew today, who suggests he has information to suggest otherwise, to send it over and he won't do it. So you can understand the frustration.

I put Mr Osborne out to the media. I gave him the opportunity to speak to the media. He responded very clearly that his compensation was accrued over three years and his claim is that he will not get any long-term benefit payments till next year. So I can't understand why it is the opposition continues to suggest otherwise, unless they have information, which is coy, but they never seem to deliver the information up. They play this cat-and-mouse game, but when you ask for the information they never deliver.

That's what Mr Osborne said to the media today. I think it's very important that we note that, as you hear future comments from members opposite, particularly the Liberals, who are going to claim otherwise. They have not one shred of evidence to prove it. All I can tell you is what Mr Osborne said: he got paid no long-term bonus in 1999, no long-term bonus in 2000 and he got paid his long-term bonus in 2001. He has told me categorically there will be no long-term bonus in 2002. All I can tell you is that's the position he's given me and that's the position I'm reporting out. Anything else is manufactured in the minds of Liberal research.

Mr Christopherson: Are you going to take up a collection for him tonight?

Hon Mr Stockwell: No, but he still likes the furniture that MOE bought.

To move on to the key points about the bill, we were in a situation where we had to make a decision about bringing this bill forward. Let's be clear. During the tail end of 1984 to 1993, hydro rates under the Liberals and NDP went up 94%. I mean, understand that: 94%. With Peterson and Rae at the helm, rates went up 94%. What happened? Rates went up 94% but they didn't actually physically put them up 94% to the ratepayer; they simply ran up the debt. So you're caught in a situation by this company that has a \$38-billion deficit and \$17 billion in assets.

The argument across the floor is that this is a company that we bought and paid for. The reality is it's a company that we bought; we just forgot to pay for it. Therefore, we were left with a \$38-billion debt and a \$17-billion asset. The arguments again will be put, "Well, it's a well-run company." They want the status quo because there's a marginal profit, \$350 million in profit, year over year. In the last three years it has been about that.

The problem with these profit statements, the problem with the company, the problem through those 10 years from 1984 to 1994, is they didn't reinvest in the company. You're from Algoma-Manitoulin; I know you'll understand this, Mr Speaker. We haven't visited some of these lines that are supposed to be delivering power to people in 14 or 15 years. They haven't had any maintenance work. They haven't done any cutting along those lines, particularly in northern Ontario, so a lot of trees are growing over those lines, pulling those lines down, and I know the member in the chair will tell you that they're getting brownouts around parts of this province that are lasting two, three and four days. Why? Because they've got to get back in there because they haven't maintained those lines.

So we need to find ourselves, as a government and as an operator, probably in the neighbourhood of \$4 billion, \$5 billion, \$6 billion in the short term. We're \$38 billion in debt; we have \$17 billion of assets. There are not a lot of people out there who think that's a well-run operation and are going to encourage you to go out and acquire more debt.

We're in a situation where we have to bring some discipline to this company, some private sector, private market discipline, in order to make prudent decisions that will survive particular scrutiny and provide a safe hydroelectric delivery service. We're in a situation today where we said that the status quo won't do. We've said we need to regulate this company and have it report to the Ontario Energy Board.

Across the floor, many of the members bring out red herrings. One of the issues is California. You hear a lot about California. I know the leader of the third party rented a bus, put his picture on the side of it, a big face with a light bulb above it—I think that's to say he's got an idea, and it's one of the first times. Anyway, he's got a

light bulb above his head on the side of a bus and he travels around the province suggesting to people that California is exactly the way Ontario's going.

Let me explain California to the people out there and to both friends opposite. California was a situation where they had a Democratic governor. Democrats are a lot like Liberals and NDP: sometimes they're caught in between. This Democratic governor—his name was Gray Davis—decided he was going to privatize the energy sector in California. The difficulty with the Gray Davises of the world was, when he announced the privatization, he said that all distribution companies would have to peg the amount of money they sold power at to the consumer.

Distribution companies are the small companies. The city of Toronto has a distribution company; the city of Mississauga has; Hamilton has a distribution company; Sudbury has a distribution company. So we broke up the hydro market. We broke it up into distribution; transmission—which is Hydro One—that carries the wires; and generation—which is the guys who produce the power to put on those wires. OPG, which is the generating side, produces power. They produce power competitively to put on the grid.

We have spot markets today. Those spot markets basically dictate the price of hydro. When we opened the market on May 1, Howard Hampton suggested that all prices were going to double and we'd have rolling blackouts and brownouts. We opened the market May 1. The price of hydro was about 4.3 cents. It hasn't exceeded 4.3 cents since we opened the market. It has not gone above 4.3 cents since we opened the market—

Mr Bart Maves (Niagara Falls): Per kilowatt hour.

Hon Mr Stockwell: —per kilowatt hour, on average, for the day. It hasn't exceeded it yet.

So we broke it up. What did we do by breaking it up? We've privatized the generation side. That means they compete.

The NDP should understand, we're letting green power on the grid like it was never allowed before. The old Ontario Hydro wouldn't allow anyone to put power on the grid; just them. They wouldn't take wind power. They wouldn't take solar energy. They wouldn't take any kind of energy. They would only take the energy they produced, and no one else could put power on the grid. We said, "None of that. That's unacceptable. We need competition. We need competition on the generation side because it's important that competition will keep the price of hydro down. Competition will do that."

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It was a brilliant move and I applaud the minister at the time, Jim Wilson. He opened up the market for the Ontario power generators to put power on the grid and sell it to individuals around the province, so now we have a good competitive side where we're reasonably well supplied. We're not oversupplied, but we're adequately supplied. We want to get oversupplied, and when Pickering comes on in December and further and further, we'll be oversupplied.

The transmission company is Hydro One. They're the big wires you see—not the little ones; those are the small distribution wires—the big ones that run through the province and carry the power that's put on the grid by all these private operators who are out there producing power, trying to compete for your business.

The distribution companies are regulated, along with the big Hydro One transmission companies. What does "regulation" mean? OPG is not regulated. They can sell power at what they feel is competitive and competition keeps the price down. The regulated companies have to go to the Ontario Energy Board and they can get no more than a 9.88% return on investment; no more.

That means they're a regulated company. They make their submission to the Ontario Energy Board—that's a regulator struck by the government—and they ask for their 9.88% return based on this investment. They have to go out to the private markets to get the money to borrow to build new lines and refurbish lines, and invest the capital dollars. That's the regulated company.

Distribution: I want to talk for a minute about distribution, about the hypocrisy of the local distribution companies and the councils. Why do I think there's hypocrisy there? I think there's hypocrisy there because a lot of these councillors are signing motions at their local councils, telling us we shouldn't be allowed at Hydro One to privatize to create a profit margin of 9.88%. But when we put distribution in place for the local councils, we allowed them a return at the same Ontario Energy Board of 9.88%. We said, "You can either run a non-profit or you can actually get a return."

Do you know what most of them did, practically all of them? They ran a for-profit company, getting a 9.88% return on their investment. Local municipalities—Kingston is one of them, and Sudbury. I was in Sudbury and I was talking to the local guys and they were just timid. I said, "You guys are telling us we shouldn't make a return on the Hydro One transmission through the OEB. Why are you making money on your distribution company?" Well, they were timid. They didn't want to admit that's what they were doing because their local council in fact passed a motion saying we shouldn't do it.

Mr Rick Bartolucci (Sudbury): They weren't timid.

Hon Mr Stockwell: They were timid, they were embarrassed. Kingston's the same. They are making a return on their investment at the distribution level, yet they are suggesting the provincial government shouldn't, by passing these bogus motions. That frustrates me. Toronto did it too. So they don't think what's sauce for the goose should be sauce for the gander. They think it's the other way around.

Interjection: Everybody's against you.

Hon Mr Stockwell: No, it's not against me. I said to you it's hypocrisy. It was hypocrisy.

Interjections.

The Acting Speaker: Order.

Hon Mr Stockwell: It was hypocrisy, was all I said. On the one hand, you can't claim that we shouldn't be doing that—

Interjection.

Hon Mr Stockwell: I'm not accusing any member of hypocrisy. I would never do that. I'm saying the position the councils took was hypocrisy.

Let me move on.

Mr Bartolucci: Are you saying Jim Gordon is a hypocrite?

Hon Mr Stockwell: No, I never said that.

Now, we talk about California. What did California do? California made a fundamental mistake that Mr Hampton and Mr McGuinty never mentioned. The fundamental mistake California did was that Gray Davis, the Democratic governor, who's sort of a hybrid between a socialist and a liberal, went out there and said, "We're opening the market." They didn't have an adequate supply of power. They produce about 50% of their own power; the other 50% they had to import from outside. But Gray Davis, a silly, silly Democratic governor, pegged the price of hydro at the local level. He said, "Distributors can only sell it for this much." Well, they only produce 50% of what they need, so when they went out to buy the other 50% they needed, they bought it from BC and they bought it from Alberta. When they bought it from those two places, Ralph Klein had no guarantee. He didn't give them any guarantee he would only sell it at this much. He sold it to California for that much. So they imported the power on the lines for this much and the governor said, "You can only sell it through distributors for this much." It took about a week for all the distribution companies to collapse and go out of business. That was the problem in California.

That's not the problem here. (a) We have an adequate supply; (b) We have the OEB as a regulatory body to regulate those companies; and (c) We have the power generation companies producing power in reasonable amounts. So that was the difference with respect to California.

There is a lot of misinformation out there about whether this is bad and that is bad. You heard on May 1, including McGuinty—now McGuinty, he's a funny duck, that fellow. He's a funny duck. He's the guy—

Interjection: Oh, he's not that funny.

Hon Mr Stockwell: Oh, he's funny; he's very funny. He's the guy who, on December 12, came out and said he was in favour of privatizing the generation side and the transmission side of Ontario Hydro. He said he was in favour.

Get this, Mr Speaker—I know it's hard to believe, but get this. A couple of days ago, he got this put to him. Do you know what he said? He said, "I've been consistently opposed to this." That's the second time he said that.

Then a day or so later they said, "Well, what about this information that on December 12 you said you were in favour of privatizing the generation side and the transmission side?" He said, "That's just a paraphrase. They didn't get it quite right. They were just paraphrasing me." Lo and behold, didn't they just turn up the actual video clip, and there was Dalton McGuinty in all his glory saying the exact words he claimed were a

paraphrase. That's OK, because he's a Liberal. What he said the next day was, "I had to think too quickly, and when I think too fast, I say things I don't mean."

Mr John Gerretsen (Kingston and the Islands): He didn't say that.

Hon Mr Stockwell: Oh, I'm paraphrasing. When he spoke too quickly, he didn't think he knew what he was talking about. Now he's clearly confirmed it: "I didn't know what I was talking about, so I didn't mean what I said." I guess the question is, when he's talking, how do we know whether he's thinking too quickly or, as he usually does, very slowly? That's the Catch-22. You just can't tell, because there are no facial contortions—if he's raising this eyebrow, he's thinking quickly, so don't listen to him, but if he's raising that eyebrow, he's thinking slowly, so you can listen to him.

So we were confounded. We had a Leader of the Opposition who was trying to say he was with Howie all along in opposition to privatizing Hydro One, and there he was on December 12 last year claiming we should privatize it, and then standing in this House claiming that he never said it. When they said he did say it, he said, "They paraphrased me." When they got the video, he said, "That was one of the times I thought too fast." There's a problem for us, because we have to deal with this guy, right? We have to take this.

Mr Gerretsen: No, you've got to deal with Ontario Hydro.

Hon Mr Stockwell: Oh, my gosh, I awoke the gaggle twins over there.

Now he says he didn't flip-flop; he says he just changed his mind. I said today, wouldn't it be awful if he was President of the United States and had his hand on the button and, God forbid, he just thought too quickly one day? Six million people dead. Somehow, "I changed my mind" just doesn't cut it at that point, if you know what I mean. So that's where we are, and it's tough going that route. It's a difficult situation dealing with that kind of predicament, but I'm doing my best. That's really where we are with respect to the bill.

There are a lot of good examples of privatization around the world. Australia is a good example. England is a good example. Their rates are all lower than they were when they opened the market. Texas is a good example. They privatized the whole ball of wax: generation, transmission and distribution.

Mr Michael Bryant (St Paul's): Talk about transmission.

Hon Mr Stockwell: I'll speak slower. They privatized distribution, transmission and generation right across the board.

Mr Bryant: What's on the table?

Hon Mr Stockwell: Let me try it slower again. They privatized the distribution, the transmission and the generation.

Mr Bryant: Is it on the table or off the table?

Hon Mr Stockwell: That's what they privatized, and all their rates are lower. That doesn't mean they're higher; that means lower.

Interjection.

The Acting Speaker: The member for St Paul's will come to order. Minister?

Hon Mr Stockwell: Thank you, Mr Speaker. I enjoy the heckling. It makes my night go quicker. It's like a battle of wits with the unarmed.

It went lower, lower—less, less money. When you get a bill, it's not as much as it was the day before. It went down in those jurisdictions. Australia and England are good examples. These are places that went ahead. Texas is a good example. They privatized the operation. They went across and privatized, and they reduced rates.

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Those are examples that were very effectively put in place. Why? Because they broke up the monopoly—generation, transmission, distribution; they put in tough regulations like the Ontario Energy Board; they gave them fixed return rates—9.88% based on investment; they also regulated and monitored them through IMO investigations; they privatized the generation side to get people out there to sell green power—wind, solar—because green power is the wave of the future, that's the place to go. We're committed to the greens of the world and we're saying, "Put your power on the grid. We want your power. And do you know what? People may pay a little bit more for your power knowing it's green power." We gave them access to the grid when my friend Wilson went ahead with privatization of OPG. It was brilliant. It was a very good idea, and it needed to happen. Why? Because the old Ontario Hydro was a black hole that we poured money into and nothing came back except debt.

Under the NDP and the Liberals, Hydro rates went up 94%. But they were too gutless to actually pass that on to the ratepayers, so they drove up the debt. Now we sit here today and I get heckled from across the floor by my colleagues in those parties saying, "Oh, my gosh, you're doing things at Ontario Hydro." Of course we are. The place was broke. It was fundamentally bankrupt. In the States it would be filing under chapter 11.

Why was it that way? We all know why it was that way, and we're the party that will admit we know why it's that way. When it came to a decision between political expediency and financial sobriety, every politician picked political expediency. Why? Because they knew that if they raised the rates too high, it would cost them at the ballot box. So they let this company run debt—gobs and gobs of irresponsible debt—and they said, "I don't give a damn. My kids can pay the bill." Well, we won't do that.

Hon Elizabeth Witmer (Deputy Premier, Minister of Education): Who said that?

Hon Mr Stockwell: That's the opposition.

We won't do that. We don't think it's acceptable for the kids to pay our hydro bills. It's unacceptable for Conservatives, and right-thinking, reasonable, thoughtful, financially prudent governments wouldn't buy into that.

Hon Robert W. Runciman (Minister of Public Safety and Security): Vince Kerrio, Bud Wildman?

Hon Mr Stockwell: None of them. No, not them.

That's where we are. We're trapped in a situation where we were left with a mess to clean up and we've had to deal with that mess.

Talking about Hydro One—and my friend Conway always makes the argument that somehow all this debt was racked up on the generation side. Yes, I admit that a lot of the debt was racked up on the generation side. But don't be fooled into believing—and he leaves the impression but never states it—that somehow the transmission side made money. It never made money. Get that: it never made money. When you hear him speak, don't let him kid you into thinking it ever made money. It never made money. They earned \$350 million a year, they've got billions and billions of dollars they need to invest and they've got a \$21-billion stranded debt.

They also caterwauled and complained about the fact that if we sold this, we weren't going to put the money toward the debt. Do you know what we did? We put it right in the bill: if we sell it, the proceeds will be applied to the debt. Then we got the question from the other side: "What are you putting this in for? What are you trying to sneak by us? You put into the bill that if you sell it, the proceeds will be applied to the debt." You asked us to do it, we put it in the bill and then you ask, "What did you do this for? You're trying to sneak one by us." Honest to goodness, this is the frustration you reach in dealing with this bill: they ask you to do something, you put it in the bill and then they ask you, "What are you trying to subvert us to by putting that in the bill?" We listened to you, and we put it in the bill.

We can go on at length, and the opposition can rail on and on about what a great story Hydro One has been and what a great operation it's been. But the reality is simply—and I say to my friend Wilson who will back me up for sure—that Hydro One hasn't been great for four decades. Hydro One hasn't paid its bills in four decades. Hydro One has been one of the most poorly managed companies in the history of this country, if not in North America. The company was supposed to build Darlington for \$4 billion. Eleven years later, it came in at \$14 billion. I don't know who was running what, whether Ontario Hydro was running the government of Ontario or the government of Ontario was running Hydro; you couldn't tell the difference. It was no different with any administration. It was no different when the Liberals were in power under Peterson, and it was no different when the NDP were in power under Rae.

That's what bugs me about privatizing and the NDP. Who rang up \$5 billion of debt? The NDP did, on NUGs. They ran it up on NUGs, selling private generators to companies. You guys did that for \$5 billion. You want to play this Pollyanna approach that you did nothing wrong and you didn't privatize anything. You rang up \$5 billion for no good reason. We're paying them today and they're producing precious little in the way of power. It had to be one of the dumbest things Bud and Moe did on their excellent adventure over four years. That's what we were trapped with.

Furthermore, when the Liberals were in power they didn't move to curtail it one bit. In fact, both went to power claiming they were going to tame this wild nuclear beast, remember? The Liberals came in saying, "We will tame this wild nuclear beast." The NDP said, "We will tame this wild nuclear beast." They tamed nothing—nothing. They continued to ring up debt at alarming rates.

So the suggestion in this House that somehow it's been a crown jewel—it's a piece of coal, folks. It's not a crown jewel; it's a debt.

Interjection.

Hon Mr Stockwell: Well, that's lovely. That's just lovely talk. If I knew who you were, I'd come back at you.

We have this idea that it's a crown jewel. It's not; it's a piece of coal. It's a debt that's two and a half times broke. They're asking us to save this debt, to save this company, and the situation is we can't afford to any more. We can't afford to be piling money on to ring up further debt that we're asking our kids to pay.

The member for Hastings-Frontenac-Lennox and Addington wasn't very complimentary, I might add.

We're in a situation today where it's OK if you guys have an idea that's better than our going through an IPO or an income trust. If you don't think a non-profit or a strategic sale is the way to go, then what's your alternative? What's your alternative?

You don't get one from the opposition. They tell you "The status quo," but that's what they've been arguing since Sir Adam Beck passed away, the status quo. The status quo isn't sustainable. Some \$350 million in profitability when you need to borrow billions and billions more dollars and you've got a \$38-billion debt and \$17 billion in assets? It's not sustainable. That wasn't the route to go. So we have to make a decision, and the decision that we will make will be a decision that will provide power at a reasonable price to the people of the province of Ontario.

Let me just dismiss one of the other accusations, about the power being shipped to the United States. We can only ship 4,000 megawatts of power a day to the United States, maximum. The argument they use in this House is that they pay three times more for power in New York. What they forget to tell you is where. Where do they pay three times more for power in the United States? One place and one place only: New York City, Manhattan. Why? They don't have the capacity to deliver the power into New York because they don't have enough infrastructure in the lines to get the power into the city, so they pay a premium for that commodity because they can only ship in so much on any given day. That's why they pay three times more.

If you look across the States, Ohio pays one third of what we pay. Why? Because they've got coal-fired plants. New York pays about the same; some days more, some days less, some days about the same. Pennsylvania and the other competing districts pay about the same also. So this argument about NAFTA, not only is it incorrect, but why would they import our power if it's

about the same price as what they're producing it for? That's why we have to get competitive.

Listen, I think it's a good idea if we can ship power to the Americans. Do you know why? Because if we don't need the power and we ship it to the Americans, they're helping pay down our debt, that stranded debt of \$21 billion. So why wouldn't you want to ship the power south?

The arguments across the floor about power and needs—we have a study that was produced, excluding Pickering, that says we can produce between 25,000 and 30,000 megawatts of power a day. Do you know what we use in average consumption? I wonder if anyone does know. Do you know what the average power consumption rate a day for Ontario is? 19,000 megawatts a day. We produce between 25,000 and 30,000. The most we've ever used in one day was back in August of a year or two ago when we used 25,000 in one day. We bought, I think, at that time from competing jurisdictions. Quebec provided us; one day. We produce more than we consume.

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If we produce more than we consume, tell me why anyone wouldn't want to take that extra, ship it south and sell it to the Americans. Why would you not want to do that? (a) Jobs, prosperity and investment in Ontario; (b) the Americans pay for it; and (c) after they pay for it, they're helping pay down your debt. Who could be opposed to that except the axis across the floor? That's what concerns me, the axis from there, because there's a private member as well.

If you can't use it, you can't store hydro power. You produce it. There's no little vat of hydro power that you can store and somehow on a rainy day or a cold day you go back and tap into your store. You can't. You produce it, you use it.

Mr Speaker, you're going to hear a lot of caterwauling and complaining, but the factual documentation, simply put, is this: not a single administration—not a single administration before this one—was prepared to tackle the hydro issue. Every one of them ran up debt on debt on debt and every one of them was very, very happy to let the kids and grandkids pay their hydro bills. This is the first government that's actually taken this issue on. It's a tough issue, I admit. But if you think the status quo is somehow an option, you are completely out of your mind—completely out of your mind.

Mrs Leona Dombrowsky (Hastings-Frontenac-Lennox and Addington): Pay it out of tax cuts.

Hon Mr Stockwell: What are you talking about? Pipe up. What are you talking about?

Interjections.

Hon Mr Stockwell: Look, we campaigned on that in 1999. That one's over. What's that got to do with the hydro debt?

Interjections.

Hon Mr Stockwell: I'm OK, Mr Speaker. I'm OK. I like this. It's a good give and take. It's better when there's something interesting coming from the other side, or a little repartee that demands a response. Sometimes it

doesn't, and I'm finding that with the member for Hastings-Frontenac.

Mr Gerretsen: You're the only guy who's interested.

Hon Mr Stockwell: No, no. The member for Kingston is generally quite quick on his feet, even when he's sitting down. But I've got to tell you, the fact is it wasn't sustainable and there was no administration that took on Hydro and the debts that were accruing year after year after year.

I know the members across the floor don't like it. Mr Patten was there. Mr Ramsay was there. He was there in an administration that dealt with the Hydro issues. They didn't do anything about it. They just allowed the debts to go up and up, and they campaigned on the fact that they were going to close down the nuclear plants. They didn't close down the nuclear plants; they just let the debts go up and up and up. Then the NDP got in, and who knows what their strategy was. I don't know.

Mr John O'Toole (Durham): They didn't have one.

Hon Mr Stockwell: Well, it was certainly a strange one. But they allowed the debt to go up and up and they didn't solve the problem. We have solved the problem. Yes, we've limited the debt. The stranded debt will be \$21 billion. We've limited the debt it can accrue. We've at least stopped the bleeding: 35% of each bill will be applied to the debt so it will be paid down over a number of years.

I want to thank the members opposite for listening. I want to go do a radio show today to talk about how the Liberals didn't support us today on the bill on the compensation for senior executives in Hydro One, which is very disappointing considering they were caterwauling for two weeks about it. They get the first opportunity to do second and third readings on the bill, and they refuse to do that. So I need to go—

Mr Gerretsen: I didn't see the bill.

Hon Mr Stockwell: Oh, he said he never saw the bill. You never saw the first Hydro bill and you still voted against it. It didn't seem to bother you then. You seem to have a curious idea about when you need to see a bill and when you don't. The other bill was voluminous, it was 55 or 60 pages. It would have taken the average Liberal three or four months to read. And here we had it, you had a first reading, you voted against it. You didn't seem to worry about that one. Yet today, when there's a little political courage on the line, you've got to take a little bit of a stand, you've got to defend the taxpayers rather than Sir Graham Day and your friends the knights of the round table, no, you stand up for Sir Graham Day. Well, we're standing up for the people of Ontario. Sure, I was disappointed.

I appreciate the fact they listened and appreciate seeing their keen interest in this issue. I want to thank my friend from Scarborough East, who's going to wrap up for the good Conservative Party of the province of Ontario.

Mr Steve Gilchrist (Scarborough East): I don't know how I could ever follow that 42 minutes of passion, that 42 minutes of an accurate recounting of the history

that has led us to where we are today, 42 minutes chock full of facts, chock full of all of the rationale for why this bill must go forward.

I hardly know where to start. The very root of this bill is in fact our rejection of an unelected judge's position that the Ontario government, and by extension no one else in the province of Ontario, has property rights.

I remember when my father was one of only half a dozen people with the courage to vote against Mr Trudeau's Constitution, precisely because Mr Trudeau made it clear that the Liberal version of the world refused to allow property rights to be enshrined in the Constitution. We're paying that price today when we see rulings such as the one that is the root of the legislation that we've had to bring forward here today.

Let's not confuse the issue. There is nothing in this bill that decides the fate of Ontario Hydro. This bill simply reinforces the fact, the historical reality, that anything owned by the Ontario government was fair game for disposal, enhancement, alteration—whatever the province and its elected members in their infinite wisdom decided to do with that asset was fair game. The judge has suggested that one of the options, the disposition of an asset, is no longer appropriate. We reject that, not because of Ontario Hydro, per se, but because it is fundamentally wrong in law. We are also appealing his ruling and we leave to the Attorney General the important challenge of carrying forward to the Supreme Court ultimately, because undoubtedly the unions will challenge it at all the intermediate levels, the important legal clarifications that must be brought forward. But in the meantime there is a sense of urgency for the resolution of the problems at Ontario Hydro's successor companies, starting with Hydro One.

It is really quite incredible to hear the members opposite, who for weeks have suggested that there are any number of ills, any number of sins to lay at the feet of the board of directors of Hydro One. That would be, I reinforce, the current publicly owned corporation, Hydro One. Whether it's the salaries or whether it's the severance packet or whether it's the sponsorship of a yacht or whether it's other decisions that have been made by that board, the members opposite, on the one hand, caterwaul, complain, mewl and puke—as Bill Shakespeare used to say—about how terrible it is that this board of directors has been able to make these incredible decisions totally out of sync with the reality in the marketplace, but then they turn around and tell us, “We don't want to look at changing the status quo. We don't want the government to find better ways to bring market discipline to the operation of Hydro One. We don't want to see them emulating the successes in other jurisdictions all around the world,” and, may I say, including here in Canada.

The members opposite should know, if they don't, that other provinces—Nova Scotia is the first to come to mind—many years ago disposed of their transmission of electricity. They allowed everything to go to the private sector. And do you know what? The sky hasn't fallen. When they throw on the light switch in the typical house

in Nova Scotia, when the factory powers on the machines, the electricity is there. What a radical concept. Reliability has actually improved. The average outages in Nova Scotia have dropped from 2.5 per year to 1.9. A more reliable delivery of electricity has been the legacy of breaking of their old public monopoly.

I'm not standing here today suggesting the government has in any way predetermined the outcome of our deliberations on Hydro One. We haven't. But one thing we have ruled out is perpetuating the status quo, the legacy of \$38 billion in debt between all of the successor companies versus only \$17 billion in assets. If this was in the private sector, if this was the real world, they would have gone bankrupt years ago. Why? As the minister correctly pointed out, because governments of all stripes for the last 40 years showed no courage, showed no fiscal responsibility, showed no business sense. They simply passed the buck back to the board of directors of Ontario Hydro and said, “Go ahead, keep driving up your costs, keep buying those nuclear plants at twice the price the manufacturer quoted you. Keep doing all sorts of things, multi-billion dollar boondoggles. We don't want to have the electricity prices increased to reflect those mistakes because we know the consumers would get mad.”

Here's the problem: the consumers are also the taxpayers, and the taxpayers are just as mad as they would have ever been if they had gotten that \$38 billion in debt driven up in their hydro bills. They're mad that their children are going to be continuing to pay for the hydro consumed by themselves and quite frankly by their parents—by their parents. This has been going on for 40 years. It cannot be allowed to continue any more and our government will not allow future generations to pick up the tab for our own consumption of electricity.

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The members opposite are clearly challenged by that very fundamental reality. For the sake of opposing, they are standing up and saying, “We won't let you move forward. We will not look at all the successful examples in the States, in Great Britain, in Australia, in other provinces of Canada. We want to stick our heads in the sand.” That might be better applied to the Liberals.

Our colleagues in the NDP go well beyond that. I can tell you that it is really disappointing knowing that the NDP, by signing up for a vast amount of power—God knows who advised them that the sky was falling back in 1994, but the members opposite, all nine of the members who continue to serve in this House and a whole lot of others whom the electorate has already dealt with appropriately, decided that even though the price they were charging consumers for electricity was 4.3 cents a kilowatt hour, in their infinite business wisdom they signed deals to buy that same power for 5.79 cents a kilowatt hour. Let me get this straight. If they were running a Canadian Tire store, they think it would be appropriate to buy a gallon of paint for \$5.79 and sell it for \$4.30. Wow. How long are you going to stay in business, Mr Christopherson? Well, just about as long as you stayed in government.

The reality is we ran up a debt of \$5.2 billion; \$5.2 billion is on the heads of the NDP, absolutely. And this wasn't for a few weeks; this wasn't to get over a hurdle; this wasn't because somebody called up and said, "Listen, the Pickering plant is going to have a couple of reactors down and the Bruce plant is going to have a couple of reactors down but, you know, we'll have that up and running in another year or two." No. They signed these contracts for 25 years—25 years. What arrogance. I think everyone else knew on election night 1990 that they had elected a one-term wonder, but the NDP obviously had quite egotistically suggested that they were going to be there for another 25 years. I would hate to think the alternative, because the alternative is that even though they knew they wouldn't be here, they were going to bind the hands of future governments and future taxpayers for \$5.2 billion worth of debt. What a shameful legacy.

Before the members of the Liberal Party gloat too much, you finished Darlington at a price twice what Atomic Energy Canada quoted to build that utility. There was another \$8 billion lost. Again, the demand was not there to justify the expenditure. I'm prepared to stand here right now and say Bill Davis and the government that he oversaw certainly were no saints. The reality is governments of all stripes failed to recognize that a debt borne by Ontario Hydro, co-signed by the taxpayers, was absolutely unconscionable. There was no good reason. By denying the market forces, by denying the exposure of that debt on the electricity bill, we prevented taxpayers from doing what should have been done: applying electoral discipline to punish those who had so frivolously driven up the debt that they and their children will ultimately have to repay.

One of the other things we're very proud about in terms of opening the marketplace on the generation side—and again, I would urge anyone watching tonight or reading Hansard subsequently to reflect that the same "sky is falling" message you're getting from the Liberals and the NDP on Hydro One they were spouting about the opening of the marketplace on the generation side.

Yesterday I printed off a chart. It's available, in fact updated every few minutes, at www.theimo.com on the Internet. On that chart, you will be able to see the actual price of power that your utility is buying today.

I mentioned a few minutes ago that the price we were all paying on April 30, the day before the market opened up, was 4.3 cents per kilowatt hour. The Chicken Littles on the other side certainly scared a lot of seniors, certainly scared a lot of low-income Ontarians, certainly scared a lot of people who thought they knew enough to make an objective and informed decision. But interestingly enough, the weekly average price from May 15 to May 21 was 2.525 cents—2.5 cents instead of 4.3 cents, absolutely what you would expect.

No member opposite has yet stood up in their place and given an example of a single product they have ever bought or have ever contemplated buying where, if more vendors brought a greater supply to the marketplace, the price went up. If another hardware store opens up, the

price of lumber and nails doesn't increase. It may stay the same, but it will most likely decrease. If a grocery store goes in across from your existing grocery store, you can expect all sorts of products to go on sale. You can't name me one product where the laws of supply and demand have not worked. Why would you think it will be any different in the provision of electricity?

Think back a decade ago to when our telecommunications were opened up, that vaunted monopoly, just like Ontario Hydro. I'm sure the members opposite probably have regaled their grandchildren with all the stories of how wonderful it was to have Ma Bell as your sole phone provider. I imagine they just split their sides every Christmas when they get together to talk to all the kids and the grandkids about paying dollars per minute to phone overseas, about having your phone bill increase year after year, with no counterbalance, with no alternative, with no choice. It is the highlight of your year, I'm sure. Today we've got two full-service local companies, we've got four cellular companies and literally an infinite number of long-distance providers. Now when you call Great Britain, you're more likely to pay 7 cents a minute instead of \$7. That's the legacy of opening up a commodity like telecommunications or electricity to competition in the marketplace.

There may very well be cyclical changes in price throughout the year. Obviously more water flows through the turbines in the hydraulic plants in the springtime than at any other time of the year. Therefore, our cheapest power is available in the spring. Anyone who knows anything about the electricity generation market would understand that. I have no doubt that when you average the cost throughout the year, you're still going to find that, just like that telecommunications model, the price will drop.

So as we stand here right now, do we expect that someday the Toronto Star will have a front-page story that for 10 minutes at 7 o'clock last night, the price hit 20 cents a kilowatt hour? Yes, I imagine they will. What they won't tell you is that at 3 am that morning the price hit 1.02 cents per kilowatt hour and when you average it throughout the entire day it was still cheaper, because they know that the average person reading that newspaper won't know about www.theimo.com. They sure as heck aren't going to tell you, because that sort of destroys the mythology and then somehow the Liberal spin is incorrect.

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There are so many things bound up in this debate, but the bottom line is that this bill was necessary to allow the government to retain the options to do the right thing. Yes, the former Premier had a certain predisposition, had made certain decisions. But that was the former Premier. You not only have a new Premier; you have a new minister, you have a new parliamentary assistant, and we have all sorts of opportunities to reflect on new ideas that have been brought forward to us. We're going to reflect on those ideas over the next few days and weeks, and ultimately we're going to make the right decision to

protect the consumers of this province and to continue to ensure that the kinds of problems that the members opposite have harped about for the last two weeks are never again—never again—a reality within the transmission and distribution system in this province.

I think it really is appropriate to put on the record, though, just how difficult it's been for the government to try and confront what we hear from the opposition every day. I've mentioned the fact that even though both of those parties were intimately involved in driving up the debt and both of those parties have critiqued the existing public board, they as yet have not stood in their place and said, "Here's what we would do. Here's the vision we'll give to the people of Ontario." No, no, we always get the really cute, "Oh, we'll tell you come election time. Don't ask us to demonstrate any leadership. Don't ask us to demonstrate any innovations, any intelligence, any knowledge of what's really happening out there." No. Instead, we've got Mr McGuinty saying last December, "I think it's important that we move ahead with competition, both in terms of generation and in terms of the transmission." That would be the bill we're talking about here today, folks.

"We've been getting a bit of a free ride here in terms of the debt that Ontario Hydro has amassed. But if we're going to move forward with privatization, as I think we should"—again Mr McGuinty—"then let's bring it into the House."

To the members opposite, Mr McGuinty on the news-wires today has admitted to flip-flopping on his position, has admitted to being a tad hasty when he gave that quote back in December, has admitted to having at least three different positions on this issue in the space of 24 hours.

I think it's time as well for Mr McGuinty and the other Liberal members in particular to stand in their places and say definitively what they do believe should be the future of Hydro One, what they do believe should be the protections for the taxpayers and consumers, what they do believe should be the way to ensure that we never again have the same kind of problems at Hydro One, and what they do believe is the final position of their leader, Dalton Flip-flop McGuinty.

The Acting Speaker: Questions or comments?

Mr Christopherson: Let me just say to the minister and the member for Scarborough East that what was interesting throughout that entire diatribe by the tag team was that not one of them had the decency to acknowledge that it was two unions that brought democracy to this place in terms of this issue. The member for Scarborough East was throwing around in his closing remarks, "demonstrating leadership." Where was the leadership from the former head of this party, this government, who just nonchalantly, on his own, cavalierly, arbitrarily announced that he was going to sell Hydro One? The only reason—the only reason—there's a debate tonight and in the ensuing days and nights that we debate this is because two unions that believed in democracy in addition to the public ownership of Hydro, but believed in democracy, took this issue to court. And once again it took the courts

of the land to give the people of Ontario their rights after their own government had run roughshod over those very rights.

I mean, it's not a wonder now, if anyone had any doubt, why this government has gone after the labour movement. Why have they gone after organized labour? Why do they not want one penny of union dues to go toward any kind of political activity, political action or lobbying efforts? This is the example. Two unions that said, "This is not right; it's not right for our members, it's not right for our communities, it's not right for the people of Ontario," took this government to court and they won. It's only because of those two unions, CEP and CUPE, that we even have the right to debate this tonight, because this government doesn't believe in democracy enough to bring it here.

Mr Spina: It's interesting. With all due respect to the member for Hamilton West, who talks about unions and democracy, I often think of that as an oxymoron.

The minister did an excellent job of laying out the situation and the realities of this whole circumstance around Hydro, followed by the member for Scarborough East. I think our situation, the situation as it exists, has been accurately portrayed. In fact, I think we must proceed to do what is best for the province of Ontario, for the taxpayers of this province.

The Acting Speaker: Questions or comments? Response?

Mr Gilchrist: I guess the paucity of feedback from the Liberals simply reinforces the fact that they can't get their act together over there if they're not rebutting the minister's comments or my comments. Clearly they're just going to weave one of their other fantasies and fairy tales over there.

To the member from the NDP caucus, it's interesting that you talked about unions. As the member himself would know, he's been very selective talking about which unions took a contrary position. He and all his colleagues have so far, in all the debates, been loathe to talk about the Power Workers' Union. Yes, those would be the people who actually know what they're talking about because they run the power plants, work on the transmission lines. That's why I find it really quite a glaring contrast that the Power Workers' Union not only supports privatization on the generation side; they invested in the leasing of the Bruce nuclear plants. They put their money where their mouth is.

You may have missed the article just the other day that already, in the last quarter, having over-achieved the profit expectations up at the Bruce nuclear plant, every one of the employees up there got a profit-sharing cheque for \$3,920. So while some of your other friends are out there charging the barricades and tilting at windmills, the members who actually work in the power plants, the members whose very futures I would have thought you cared about most because it's their jobs on the line, you don't talk about. He doesn't talk about it because they not only support privatization on the generation, they support privatization of the transmission and distribution. We

value their input. It's a shame the NDP doesn't care about the Power Workers' Union.

The Acting Speaker: Further debate?

Mr Conway: I rise to make some remarks on the second reading of Bill 58, An Act to amend certain statutes in relation to the energy sector, the bill tabled by the Minister of Energy, Mr Stockwell, a couple of days ago.

Let me say at the outset that my caucus colleagues and I will oppose Bill 58 for reasons that I will make plain over the course of the next while.

I think all of my colleagues would agree that the Hydro question continues to be an important question, at a whole bunch of levels, not the least of which is the substantive question around the role of electricity to every citizen in the province of Ontario.

I want to make a procedural observation or a process point at the beginning. What we essentially have in Bill 58 is an envelope without the letter. We have a bill that clarifies the provincial government's right to dispose of the shares in the company that we know of as Hydro One.

I should say at this point that my colleague Mr Bryant will deal with the legal matters arising out of the Gans judgment and I won't be spending a lot of time on that question. But I do note that we have a bill that essentially gives or clarifies the government's right to sell Hydro One, that successor company to the old Ontario Hydro that essentially operates two major businesses: the high voltage transmission grid, the electricity highway, and a distribution network that distributes electricity to about 1.2 million Ontarians.

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Still, five months and some weeks after Premier Harris stood up without notice in mid-December and declared his intention as a Premier about to retire to sell Hydro One, neither Mr Harris in mid-December of last year, nor Mr Eves, the new Premier, nor the now or former Ministers of Energy, Mr Stockwell and Mr Wilson, has ever explained to this Legislature or to the Ontario public why we should sell particularly the electricity highway, which is the transmission company.

I want to just draw back and make a couple of observations in response to some comments the minister made earlier. Much has been made by the government minister and some of his colleagues about debt, and it is a fair point to observe that Hydro debt is a real issue. I just simply make the point that the so-called stranded debt, which is the debt that is not able to be serviced by the successor commercial companies, has actually gone up by over \$1 billion since the old Hydro was broken up in 1999. That's an important point to observe. The Hydro stranded debt has gone up by over \$1 billion in the last couple of years under the leadership of Mike Harris and Ernie Eves. If debt is an issue, and particularly stranded debt, I might ask my colleagues on the treasury bench, how is it that you have allowed the stranded debt to rise from something around \$19.5 billion to something now

approaching \$21 billion in just three years? I think that is an important question.

If you are also worried about the non-stranded debt—and you might have a very interesting point. I suspect that one of the great rip-offs in the Hydro matter of the last few years was the breakup of the old Hydro in 1999 and the assignment of debt to the successor companies. The minister talks about the \$38 billion worth of debt. That's what the total debt was at breakup. We assigned about \$17 billion of that debt to the successor companies: Hydro One and Ontario Power Generation. I suspect, though I can't prove, that we did not assign sufficient debt to the successor companies, particularly to Ontario Power Generation. My guess is the stranded debt was somewhat higher than it ought to have been, but I don't know. Like most things in the Hydro debate since the beginning, the Legislature will be the last to know.

Mr Bob Wood (London West): You can't know until you sell.

Mr Conway: The member says, "You can't know." That may be part of it, but you know something? Ontario Power Generation walked away three years ago with in excess of 7,000 megawatts of highly valuable hydro-electric power. I'm going to tell you, I am very dubious about the asset value assigned to that. My guess is that it was undervalued.

Interjection.

Mr Conway: The problem, I say to the member from London, is that everybody at that table had a vested corporate interest. The general public and the general ratepayer was not at the table and had no way to independently assess whether or not the valuations at breakup were fair, and particularly fair to the general ratepayer and fair to the general taxpayer.

Interjection.

Mr Conway: The member says, "You get the money." I'll tell you that the general taxpayer and the general ratepayer is going to get it in the neck. It's just like Bill 58. It is the same old Hydro story: act now, buy something on promise, and don't worry, be happy. It will all work out to your advantage.

I agree with the earlier comments that no government, whether it is Liberal, Progressive Conservative, Farmer-Labour or New Democratic, is covered in much glory on the Hydro file. There are some themes over the century that one ought to observe. The most essential theme about government-Hydro relations is: act now, offer the promise, and worry about the details later. It is always the later that brings the nasty surprise. And we are doing absolutely nothing different here in this exercise than we've done before. As a matter of fact, four years ago about now, I think I was probably the only person here tonight who sat in the committee dealing with Bill 35, the act that essentially created the new electricity policy. Do you know what Minister Wilson said at that time? "Hey, pass this bill and rates are going to go down and service and everything else is going to be improved."

The Liberal caucus held some hearings on electricity in this Legislature just a couple of weeks ago. I thought it

interesting. A very knowledgeable electricity policy person came to us and said, "Just for your information, my residential electricity bill," and he's a retail customer in Burlington, "has gone up this past 12 months by 20%." That's not untypical at the residential level. Let me tell you, it will be going up another 10%, 15% or 20% in the coming 12 months. God help you if you've got a bad retail contract, because there are a million of those contracts that have been entered into that are not all bad. My conservative estimate is that probably 20% of them are grade A stinkers, and for those people their price for the coming months is going to be much higher in terms of a rate increase with much more pain.

The member who spoke previously said, "You know, this last six weeks since the market opened prices have been very, very low," and he's right, he's absolutely right. Has anybody noticed anything about the weather this spring? There really hasn't been a spring. We've had an uncommonly cool, wet spring in much of Ontario. That's not the only factor in keeping prices low, but let me tell you it is a factor. We in southern Ontario reach our peak usually in the summer, and one of the things that drives the summer peak in the Golden Horseshoe is not only the fact that we've got so many more people and more commercial offices and what have you, but we live in an air-conditioned world. There hasn't been much air conditioning demand this last few weeks, but unless this is an extraordinary summer, and it might turn out to be, stay tuned. I have a feeling that by the time we get into mid- to late July, early August, the previous speaker probably won't want to bring those charts here. That's the future.

Let me just cite again, one of our witnesses, a very knowledgeable policy person, came to our hearings, the Liberal caucus hearings, a couple of weeks ago and said, "For the last 12 months in Burlington my electricity bill was up 20%." Jim Wilson said four years ago, "Pass this Bill 35, open up the electricity marketplace and your price is going to go down and your service is going to go up."

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Let me tell you about service. One of the reasons that Hydro debt has been going up is that the company that is Hydro One, in absolute contradiction to all of the advice provided to the government by, among others, Donald Macdonald et al on the famous Advisory Committee on Competition in Ontario's Electricity System—and Macdonald recommended six years ago that, whatever else happens, Ontario Hydro should not be expanding its distribution and retail business in southern Ontario. What has Hydro One been doing under the nose of the Harris government, under the nose of Deputy Premier Ernie Eves? Why, they've been out buying up almost 90 municipal utilities, some as large as Brampton, some as small as Chalk River. They've been spending over a half billion dollars of borrowed money to do so, and we are told by knowledgeable experts that in most cases they've been paying a premium price of about 30% over real value to make those purchases.

Debt, you ask? Well, your own successor company, with you as the only shareholder, has been out running up debt by the hundreds of millions of dollars, acquiring local distribution companies like Brampton, Chalk River, Thorold and about 86 others I could mention, and to what end? I can tell you that if you live in a community like Deep River, where a couple of years ago Hydro One brought you your utility, you know that the service has definitely gone down while the price has gone up, and we're told it's only going to get worse. We're told by financial people, "You know, the people running Hydro One have to"—and I love the phrase—"wring more efficiencies out of these acquisitions." What do you think that means, my friends? I tell you, it's not going to mean improved service. Just go and talk to people in many of those Hydro One franchise areas. I see some of my colleagues looking rather knowing. I met a young reporter from CBC. He's off up Highway 11 north of North Bay, apparently to do a story on some utility up there that's had the Deep River experience.

Debt? Well, stranded debt has gone up in the last couple of years, Hydro One debt has been going up by hundreds of millions of dollars, retail costs to residential electricity consumers have been going up by double-digit factors in the last year or two, and more to come. That's the performance against the benchmark established by Jim Wilson four years ago.

Mr Wood: The benchmark starts with deregulation.

Mr Conway: My friends opposite, particularly the neo-Cons, say, "The benchmark starts with deregulation."

I want to make this observation: if there is anybody in this chamber who seriously believes that electricity is a commodity like the rest, they are, with all due respect, dreaming in technicolor. Electricity is a commodity unique in these respects: it is absolutely essential—we must have it—and you can't store it. You can't store it, and you must have it. That's what gives this remarkably unique commodity that we know as electricity such political salience and power. That is why anyone in government, particularly in an advanced post-industrial economy such as we have in Ontario, is going to have, at best, a very difficult and troubled relationship with the electricity business.

I note again press reports of recent weeks that the big power consumers have wrung about \$200 million worth of subsidy supports over a transitional period—I think it's three or four years—to be paid for by "the system." Is that a surprise to anybody? It's certainly not to me.

Mr Wood: What did Peterson do about that?

Mr Conway: The member opposite says, "What did Peterson do?" Well, what did we all do?

I'm simply saying to the member from London, you have said you're going to open up the market, you're going to improve service and, most importantly, you're going to bring down debt and bring down rates. I'm telling you here tonight that in the last three years you have been running both the stranded and the non-stranded debt up by billions of dollars, you have been

driving residential rates up significantly and service for a very significant number of Ontario electricity customers is poorer than it was four years ago. And I cite my friends in Deep River as one of many examples.

We have a bill here tonight that does a number of things, but essentially it clarifies the government's right to sell Hydro One, it seeks to change some aspects of the consumer protection provisions of earlier legislation and it clarifies the ownership of the so-called corridor lands. I'm going to come back to these three issues shortly, but my question to my friends on the treasury bench is: where did you get the mandate to sell the electricity highway?

Mr Wood: In 1995 and 1999.

Mr Conway: No, you did not. I looked carefully at your manifestos in 1995 and 1999, which to their credit were very clear in some other respects—you were much clearer about the LCBO and TVO than you were on Hydro One. I look at those manifestos, which are essentially silent on the sale of the electricity highway, and then I go back to the testimony of Minister Wilson in the committee hearings around Bill 35, and it couldn't be clearer: you yourselves admitted you didn't have a mandate because you didn't plan to sell the electricity highway.

Interjection.

Mr Conway: Well, I'm just telling you what I think the facts make reasonably plain. All I'm saying to this House—and perhaps I understand better than many, because I've been around this debate longer than most people—is that I understand there are a variety of opinions. I understand there is an argument for the sale of the electricity highway. I have never accepted it, and I don't support it. But I guess I say to my friends opposite that if that is your position, then at some point you are going to have to come into the town square at high noon and explain clearly why it is in the public interest that you, on our behalf, want to sell particularly the high-voltage transmission portion of Hydro One, the electricity highway.

I want to take the House into my confidence around some data. Much has been made, particularly by this minister, about the bad financial situation at Hydro One. Well, I have in my hand the actual financial statements of Hydro One for the three years since its creation in 1999, and I want to summarize the data.

The profit of Hydro One in each of those three years is as follows: the profit in 1999 is reported at \$375 million, the profit in the year 2000 was \$378 million and the profit in 2001 was \$374 million. That profit of \$375 million, give or take a million or two, is after that company paid financing charges and payments in lieu of corporate taxes of nearly \$1 billion in each of those three years. And in each of those years, Hydro One was investing anywhere between \$275 million and \$325 million in plant and equipment upgrading the electricity highway.

Mr Wood: And paid nothing against the stranded debt.

Mr Conway: Well, I want to make the point that according to the financial reports of Hydro One in each of the years 1999, 2000 and 2001, Hydro One was reporting a profit of approximately \$375 million a year. I might add that while only one third of the revenue for Hydro One comes from the transmission business, the electricity highway, two thirds of the profit comes from the electricity highway. And Hydro One has been making an annual investment in capital equipment for transmission, the electricity highway, of anywhere between \$275 million and \$325 million a year.

According to these financials, Hydro One, and particularly the transmission part of the business, is very good business. I can absolutely understand why somebody would want to buy this. My question is: as the trustee for the owners, the people of Ontario, why does the Harris-Eves government want to sell this company?

Mr Wood: Because of the record over the last 40 years.

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Mr Conway: Ah, he says, "Because of the record over the last 40 years." Well, I want to again say what I have said before. There are three distinct components to the electricity business. There is generation, where we produce the power either by dropping water over a dam, by splitting atoms or by burning fossil fuels; we have the electricity highway, the transmission system; then we have distribution, which is taking the power from the high-voltage grid and distributing it through your neighbourhood in Toronto or Pembroke or on the farms in Haldimand and Norfolk.

In Ontario, generally speaking, 50% of the cost of electricity, 80% of the trouble and 90% of the debt attaches to the generation portion of the business. It is a real problem. It is perhaps an intractable problem. To give the government of Ontario its due, five years ago under the able leadership of the Reverend Derwyn Shea, late the member for High Park-Swansea, a number of us served on the select committee of the Legislature dealing with the troubles at Ontario Hydro nuclear. That committee, ably led by Reverend Shea, made it very plain to the membership of the committee from all three parties that we had a problem; we had a serious problem. That was the problem that was overwhelming government and, if we weren't careful, was going to overwhelm the Ontario economy. I submit to this House tonight that that remains the overwhelming issue for Her Majesty's provincial government. There are not—

Interjection.

Mr Conway: As I say, the distribution—I want to make the point that the government's own blue-ribbon panel, led by Donald Macdonald, couldn't have been clearer on what needed to be done on distribution, and Jim Wilson and Mike Harris basically gave Don Macdonald and Darcy McKeough the middle finger salute and said, "Go to hell. We're going to go and do exactly the reverse of what you recommended. We are going to buy up all of these utilities and we're going to put into the legislation, Bill 35, a set of rules that in fact

skews the playing field to our advantage and our company, Hydro One, is going to take that advantage at full sale.” That’s what you did on distribution. You’ve managed now to totally screw up an orderly restructuring of the distribution system which everybody I talked to from about 1985 through to 1996 agreed needed to happen.

Now I don’t know what’s going to happen. I’ll tell you, in my part of eastern Ontario it’s a mess. It’s a mess that’s really going to upset customers. We’ve had examples in the last couple of months—

Interjection.

Mr Conway: I’m simply pointing out that the government got very clear advice on the distribution sector and they ignored it absolutely, to the disadvantage of customers and very much to the disadvantage of the financial health of Hydro One.

The question remains, the problem—and it’s a real and serious problem—is over in generation. It’s not with the electricity highway. So not only do you not have a mandate—you didn’t seek a mandate; go back and look at the Harris election platforms in 1995 and 1999 and find language that talks about the sale of the transmission system.

I should digress to make this point. The transmission system, the electricity highway, was the original Ontario Hydro. That’s what Adam Beck built in the pre-World War I years.

Mr Wood: Generation too.

Mr Conway: Oh, no. In the beginning, Hydro was the electricity highway built by the municipalities with the bonds guaranteed by the provincial government. The First World War came along and the war effort occasioned a move into generation, but in the beginning Ontario Hydro was a public electricity highway.

I simply say tonight, on behalf of my colleagues, to Minister Stockwell and to anyone else in the government of Ontario, including Mrs Witmer, the Deputy Premier, who has happily joined us this evening, what is the argument in the public interest for the sale of the electricity highway which business, over the last three years, has been reporting an annual net profit to the shareholder, the people of Ontario, of \$375 million a year, two thirds of which is coming from the electricity highway? You’ve never made an argument. When are you going to make that argument in the public interest? I know why you haven’t made it.

Interjection.

Mr Conway: If Mr Wood wants to join the debate, he’ll have his time.

I want to say to the Deputy Premier, I think I understand why there has been silence on that subject. The government knows that it’s not about the public interest. There is no public interest case that is compelling on this subject. It’s all about the private interests. Let me tell you, the electricity business is a \$10-billion annual business. Every special interest, every shark you could imagine, is in this water, and they all want to feed on the over four million residential customers. Those residential

customers are going to rightly expect that their government is going to protect their interests. So my question remains, when is the government of Ontario going to do what it has not done, namely, make the case in the public interest for the sale of the electricity highway, a very good business that my colleagues and I believe should remain in public hands?

I would have thought as well, after September 11, that we would have given, all of us, some added thought to how strategic is the electricity highway, particularly in our part of Canada and North America. If you look at a map of this province and look at the continental situation, boy, southern Ontario kicks right into the gut of one of the most important economic regions in the world, and one of the lifebloods of that region is the electricity highway. I think since September 11 there are some significant strategic issues and public safety issues that we ought to—

Interjections.

Mr Conway: Mr Speaker, I am having difficulty here.

The Acting Speaker: Order.

Mr Conway: Nobody has made the argument and nobody seems willing to make the argument. We have here tonight Bill 58, which is a shell. It simply is silent on the substantive case as to what the government policy is going to be. Mr Eves said the day or so after the Gans decision, “Not to worry. We’re going to challenge the Gans decision in court and we’re going to proceed with the privatization of Ontario Hydro.” That was reported in the press on the last Friday of April this past spring; I think it was Friday, April 26. Three or four days later, on the eve of the by-elections in Dufferin-Peel and Nipissing, Ernie Eves is quoted on the front page of the Toronto Star and the other provincial press, “The sale of Hydro One is off the table.”

Mr Bruce Crozier (Essex): An election ploy.

Mr Conway: An election was looming. There’s no question, by the way—

Interjections.

Mr Conway: I want some quiet. I’m not going to try to talk over all this, including Mr Wettlaufer and company. I’m not going to do that.

The Acting Speaker: If you’re going to have private conversations, they had best take place outside.

Mr Conway: We were told, then, on May 2 that the sale of Hydro One was off the table. The question then remains, what is government policy? We have a bill that is silent on that, and typical of hydro policy over the decades, we’re told again, “Pass the bill and details will follow.”

Mr Stockwell was here tonight talking about consulting with the public. I’m going to just tell a little story. He came to my area. Without notice he came to the town of Arnprior, and the town council was very annoyed. They didn’t know anything about his arrival. There was nothing in the public—there was a meeting advertised in Ottawa; nothing in Arnprior. I went to sit and listen to the submission.

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Hon Tina R. Molinari (Associate Minister of Municipal Affairs and Housing): That's why they didn't roll out the red carpet.

Mr Conway: No, listen, I wasn't there to make trouble. I was interested to hear what was said. But I want to say, from a process point of view the meeting was really an insult, and the town council registered that complaint.

It was interesting to sit at the back of the room and listen to people when the minister asked them for comments. To his credit, since one of the few presenters was a very distinguished lawyer from Toronto with a very close association with the privatization of the electricity business—Mr Peter Budd just happened to be scheduled for the Arnprior hearing. I thought that was interesting. He's an estimable fellow. How he showed up at the Arnprior meeting was really the minister's doing. There were about three or four people who got on to the presentation schedule that day. At the end of the meeting, people in the room were asked for their opinion. A number of people—some of them I know very well and they are very closely associated with the Ontario provincial Progressive Conservative Party—said very clearly, "We do not support in any way, shape or form the sale of the electricity highway. Quite frankly, we really want to know why you're doing this and where you got the idea to do this." It was interesting listening to these people. It wasn't everybody, at the end of the meeting, I'd say it was just about 80% of the people who offered that opinion.

I've been going to more Hydro meetings than most people. What I find interesting, and have for months, is that it's mostly a middle-aged and, I suspect, pretty Tory crowd that's showing up. I went to a meeting a couple of months ago up in North York. I was astonished at who was there. Talking to people afterwards, many of them simply told me that they intend to vote Liberal. They were very, very annoyed and angry about this whole Hydro One business.

As democratically elected politicians, I would have thought we would all recognize, given the first-order importance of electricity to the economic and social well-being of Ontarians, that we have an obligation and a duty both as government and as a Legislature to clearly explain why we would want to change something as fundamental as the ownership of the electricity highway and give a clear rationale, in the public interest, as to why we're doing it. That has never been done to date. And there is nothing in the 1995 or 1999 Ontario provincial Progressive Conservative election platforms to suggest it.

So what are we left with? We are left with something that is clearly a muddle. There has been much talk in recent days around Hydro One and what's been going on over there. I don't want to spend too much time tonight on the developments of the last few days except to say that it is, for me, unbelievable, incredible, to have ministers of the crown tell me that they knew nothing

about what was going on with the executive compensation at these successor companies.

Mr Wood: What did Peterson know about Darlington?

Mr Conway: There was an active discussion about Darlington. There is absolutely no doubt our government had to amend its earlier position with respect to Darlington. That's fair comment and fair criticism.

There's a real irony about this situation. You know what I think we'll be doing in this province in the next three to five years? I'll make a little prediction. The real problem is in generation, and we're doing precious little to deal with it. Paul Vieira had an interesting piece the other day in the Financial Post, talking about the latest situation at Pickering. At last report, the rehabilitation of Pickering A—and remember, at Pickering A we've got roughly 2,000 megawatts of power that were supposed to come on stream not too long from now, but that's not going to happen for some considerable time.

Hon Robert W. Runciman (Minister of Public Safety and Security): We should have leased it.

Mr Conway: My friend the Minister of Public Safety says we should have leased it to someone. All I know is that we have a rehabilitation at Pickering A that is now months behind schedule and—get this, friends—\$1.5 billion above the estimated cost. I'll make this further prediction. Before it's done, we will have at least a year, a year and a half, in time delays at Pickering A, and I'm going to guess the cost overruns will be something in the range of \$2 billion.

Mr Wood: Compare that to Bruce.

Mr Conway: Listen, that's on your watch. Pickering A is the exclusive business, I say to you, Mr Wood, of your successor company, Ontario Power Generation.

You know what's interesting too about the Ron Osborne story today? Mr Osborne this year, in 2002, is going to receive a bonus of approximately \$587,000. That's a bonus, folks, and to some degree I guess it's a bonus related to performance. Well, two of the big issues at OPG in the last couple of years are making a good deal for the lease of the Bruce facility—more on that Thursday morning from the auditor, but I have a suspicion about what the auditor's going to tell us—and another big part of the OPG management responsibility in the last couple of years is managing the rehabilitation of Ontario Power Generation.

What have we got? Under Mr Wilson/Stockwell's management, with Ron Osborne as CEO, we've got a time delay of now months, but probably a year or a year and a half, and more importantly, a cost overrun today of \$1.5 billion. Is that why we're giving Mr Osborne a \$585,000 performance-related bonus for the year 2002? I'll tell you, there are a lot of electricity customers in the province who will be very interested to know more about that.

But let's talk briefly about Hydro One again, since Bill 58 essentially deals with enhancing or clarifying the government's ability to sell Hydro One. We had late this afternoon a press release from the board. The board, as of

late this afternoon, quit. We have been listening now for some days to Mr Eves and Mr Stockwell say, "We knew nothing about the Hydro One compensation issue." Well, in the press release released late this afternoon, the chairman of the Hydro One board, Sir Graham Day—and let me digress again. I remember three or four years ago when Jim Wilson was very proudly beating his breast, saying, "Have we got a world-class fellow to head up this successor company of ours. Sir Graham Day, with all kinds of private sector experience in Great Britain and elsewhere, is the man who's going to lead that board."

I didn't hear any of that today. But this was a board nominated by the Eves-Harris government. Every single member of the board at Hydro One was nominated to that position when Ernie Eves was Deputy Premier and when Mike Harris was Premier. They are the sole shareholder: the government. There are few things a board of directors would enter into that they would know to be more controversial and sensitive than executive compensation, and the government says, "We knew nothing." Actually, they're not saying that, because the Stockwell story changes every day.

Mr Gilchrist: Nice try.

Mr Conway: Well, it's true. I just heard him again out here tonight.

Let me tell you what Sir Graham Day says in his release. This is a very serious matter. Quoting Sir Graham: "The Ontario government has been aware of the changing compensation packages since the company," Hydro One, "was established in 1999."

Mr Speaker, let me say with all the directness that I can manage that somebody is not telling the truth. Somebody is not telling the truth about an important aspect of public responsibility. The truth cannot be as elastic and as flexible as it would have to be to fit both the Ernie Eves-Chris Stockwell version of events and the comments made by the former chairman of the Hydro board, Sir Graham Day.

I say this directly to my friends in this government, because for some seven years now we have heard the government say to students, to social assistance recipients and to the general community, "We are going to lead you into a world of more enhanced personal responsibility and accountability." It has been a pretty strong message and it has been particularly offered up to students and social assistance recipients with a great deal of vigour, frequency and élan.

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You believe in accountability and responsibility? Well, I say to my friends opposite, if you do, somebody is going to have to accept responsibility for this. I suspect that what I've got here is an Ontario version of Iran-Contra, that we have—

Interjection: Oh, come on now.

Mr Conway: Well, I have been a cabinet minister and I can tell you—

Mr Gilchrist: Open both the doors so he can get his head out when he leaves.

Mr Conway: No. Listen, I will excuse—

The Acting Speaker: The member for Renfrew has the floor.

Mr Conway: I think that one of the possible explanations is the doctrine of deniability we saw in the Reagan administration around Iran-Contra and what it is that Ollie North was doing in the basement of the White House. I cite as further evidence the following. On April 18 Deb Hutton, somebody I know well and have known for over 10 years, wrote, as I understand it, to all members of the Legislature. I know all my colleagues received this letter. Let me just cite some of what Ms Hutton said in her letter to me of April 18. She said,

"Dear Sean;

"As you know, on December 12, 2001, the government of Ontario announced its intention to privatize Hydro One, the transmission and distribution successor company of Ontario Hydro. On March 28, 2002, Hydro One Inc filed a preliminary prospectus with the Canadian Securities Administrators and the US Securities and Exchange Commission for the sale of Hydro One common shares owned by the province of Ontario.

"In the course of both our business and personal lives, Hydro One employees often get asked about what an IPO of Hydro One will mean for the company and its valued customers. In order to assist our employees in answering questions they may get from" families and friends, "we have prepared a list of 'frequently asked questions.'"

There are, on the attached memorandum of two pages, 10 frequently asked questions and answers. Let me just read question 8, with the response.

"8. I understand that Hydro One management is in favour of this deal because they will get rich at rate-payers' expense."

Answer—this is a suggested answer from none other than Debbie E. Hutton, vice-president, corporate relations, Hydro One.

"Hydro One management supports the IPO because it will give the company"—Hydro One—"access to equity for growth which it would not have if we remain government-owned. As for enriching management, the Ontario government has imposed a 24-month moratorium on the company issuing stock options as part of management's incentive plan."

It's very clear that in mid-April, about three days after the Eves government was sworn in and Mr Stockwell became the Minister of Energy, Deb Hutton was prepared to brief members of the opposition and I believe all members of the Legislature on aspects associated with the announced IPO, privatization, of Hydro One.

I'm asked now to believe that Deb Hutton didn't say anything to anybody in the Harris government that became the Eves government on April 15, particularly when now I have the collateral evidence of the former chairman of the board of Hydro One, Sir Graham Day, who tells us as of late this afternoon, "The government of Ontario has been aware of the changing compensation packages since the company, Hydro One, was established in 1999."

Well, somebody is not telling the truth.

Mr Crozier: Somebody knew something.

Mr Conway: Somebody certainly knew something, because it is clear that people at Hydro One were talking. It's also clear from Ms Hutton's observation that the government of Ontario did impose a moratorium on certain aspects of executive compensation for Hydro One as it prepared for privatization. So there was clearly a dialogue and at least one decision was made. There were not going to be any stock options allowed to management going forward for at least a 24-month period once the company was on its way to privatization. If that decision was made, what other decisions were made? It's clear from the evidence that a line of communication was established and the government made at least one important decision around executive compensation. Somebody is not telling the truth.

Under our system of government we have a responsible minister who has the duty, on behalf of the government and all taxpayers, to report to this House on the behaviour of a company that at this present time is a wholly owned subsidiary of the Ontario government. Somebody is not telling the truth.

I'm asked this afternoon, then, to pass a bill without even seeing the bill on first, second or third reading. We have not had a chance to caucus this, but I really don't care what my colleagues do. Do you think I'm going to vote for this?

Mr Wayne Wettlaufer (Kitchener Centre): Your House leader is cringing.

Mr Conway: Yes, I know John Robarts used to say that. I like to hear that from people over there.

I've got questions. Who's not telling the truth, and why? Again, if we were any kind of self-respecting Legislature or, better still, a Congress, we'd have hearings. There'd be none of this baloney. You would simply get the majority and minority leaders together and you would summon, and summon quickly, Minister Wilson, Minister Stockwell, Sir Graham Day and any other witness whom the community, as represented by that committee, felt had material evidence to tender. As a pathetic, totally dysfunctional, ass-backwards so-called Parliament, we do none of that. That's why we are in such a pathetic, catatonic, dysfunctional state around here.

Mr Wettlaufer: If this was China, you wouldn't even be here.

Mr Conway: We're not in China, and if that's where you want to go—

Mr Wettlaufer: You're not in the United States either.

Mr Conway: No, but I'm simply saying that we have today in the United States Senate and House of Representatives—

Mr Wettlaufer: Now you like the States?

Mr Conway: I like the States in this respect. You wouldn't get away with this in the United States.

Mr Wettlaufer: Just like a Liberal: take what you like.

The Acting Speaker: The member for Kitchener Centre is not in his seat.

Mr Conway: It's not that I like what I see in that part of the American system; it's what I want. I want truth and accountability, because somebody is not telling the truth about a very important material matter that affects every taxpayer and electricity customer in the province. I note that we have no mechanism. I again would appreciate—

Interjection.

The Acting Speaker: Order.

Mr Conway: I'm not going to compete with this. I was told to take my jacket out of here, I say to the member for Nepean. I want you to take your very good baritone voice out of my hearing range. I simply say that we don't have and apparently have no interest in having any kind of accountability. We talk about it.

Twenty years ago—I don't think Mr Runciman was here—I remember the day that Bill Davis walked into a hearing in the late 1970s to talk about the Denison contracts, which in retrospect were a total scam. It was kind of a laughing matter. Ten years later it was much less a laughing matter. The game we play, and you're playing it just as it's always been played here, is to just keep it moving. Promise today and worry about the accountability months and years from now, because, you know, it's just like good old Jimmy Wilson: he ain't around for this part of the accountability. To that degree, we've got a very nice, perfectly acceptable aspect of the deniability doctrine: "Hey, I just showed up on April 15. I know nothing about anything that preceded me." Do you want accountability? Let's have some.

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There are some very important discussions that need to be had here. I will say to my friends on both sides of the aisle that the real problems about which precious little is being done are over in generation, and the problems are serious if not intractable. I will make this prediction: within the next three to five years, we are going to be importing into this province more and more dirty mid-western American coal-fired electricity. That's where we're headed.

Mr Wettlaufer: The sky is falling.

Mr Conway: It's my prediction; it's not yours. We'll wait and see.

I've got to tell you, a big part of our reserve—

The Acting Speaker: The member for Kitchener Centre: if I have to speak to you again—

Mr Wettlaufer: I'll go to my seat.

The Acting Speaker: The member for Renfrew.

Mr Conway: There's a great foofaraw, a great kerfuffle about what is essentially a sideshow. The problem that's brought us to our knees is over in generation, and according to the Financial Post article I cited a while ago, nothing much has changed—months late and a billion and a half dollars over budget. Remember, the 2,000 megawatts at Pickering A is a big chunk of our reserve margin.

My question is, is there going to be any accountability? I've got Bill 58. I repeat: it's a letter without an envelope. What is the government policy on the future of the electricity highway? How can we possibly have this debate on Bill 58 without knowing what that government policy is? I've got the piecrust; I don't have the filling. I've got the shell; I've got no content. Unlike some of my colleagues, I accept there are a variety of opinions. I just want to hear the government take a position and articulate why, in the public interest, we should be selling this electricity highway, which this year will give us a profit of about \$375 million and undoubtedly will continue to do that well into the future.

Let me turn briefly to another part of the bill, the so-called consumer protection part. The government has done virtually nothing to assist the now nearly one million people who signed up with these retailers, and there's no retroactive provision in this bill. There's some retroactivity in the bill introduced today around getting at the old Hydro One board, but there's no retroactivity in Bill 58 to assist all those senior citizens and others who were scammed by these retailers, including our own retailer.

Mr Jean-Marc Lalonde (Glengarry-Prescott-Russell): Harassed and everything.

Mr Conway: Harassed, lied to, forged—it's a real parade. And wait a few weeks; it's coming soon to a neighbourhood near you.

Many of my constituents are very annoyed that they signed up with Hydro One thinking they were staying with the public utility. Guess what? Having gathered up about 200,000 retail electricity contracts, Hydro One then sold the whole lot in late April to Union Energy, a wholly owned subsidiary of EPCOR of Alberta. How many of those 200,000 retail contracts that were entered into by Ontario customers would have been signed if those people, many of them older people, had known that was the government company's intention? A very large percentage would have kicked the characters off their front porch. The only reason they got into the kitchen was that they were there representing Hydro—a complete misrepresentation. And that's just the easy part of it.

I've had senior citizens tell me about Hydro One people coming in—and they weren't the worst, but I'll tell you that on a number of occasions they were as bad as people like Direct Energy. Can you imagine people walking into your aunt's or grandmother's or mother's apartment or home in north Waterloo or south Renfrew at about dark and asking to see a Hydro bill, and the minute it's offered up by some 75-year-old woman who is widowed, she is told, "If you don't do this, we'll cut your power off next week." Then some guy pulls a great big pair of scissors out of his pocket and starts snipping away at the Hydro bill and disappears. That happened in many cases. No protection. Nothing.

Yes, almost two years after it all started, the referee imposed a handful of fines on a couple of distributors, Hydro One being one of them, but absolutely nothing for the overwhelming number of cases. Many of my

constituents and many of my colleagues tell me, "Have you ever tried to call the energy board? Have you ever tried to get through? It's hopeless." So don't go there. Go someplace else. Go to the consumers' association or someplace else.

To be fair, in the last couple of weeks the government has started to put more useful information in the hands of customers, but it's too darned late for over a million people. I really worry that when a lot of people find out they've been robbed and scammed and otherwise preyed upon—and the best story of the lot is told by my friend Jean-Marc Lalonde, my colleague from Prescott-Russell and Glengarry, who has been the subject of, what, one or two forgeries?

Mr Lalonde: Two.

Mr Conway: He's got great stories about his remediation of that apparently criminal act.

There are a million contracts signed and, let me tell you, a lot of them that are dubious and many of them are just rotten. Again, we set out primarily to fix a problem in generation. There is virtually nothing in the government policy to deal with the growing challenge and pressure on the generation side of the electricity equation. Let me repeat: in this province over 50% of our cost, 80% of our trouble and 90% of our debt is in the generation business.

Transmission, the electricity highway—a vital public interest in the post-September 11 world of an enhanced strategic and security kind—is a really good business returning to the shareholder net profit of about \$375 million annually. Why, in the public interest, should we sell that part of the business?

Consumer protection? This bill is all about promise and very little about performance, and Bill 58 does nothing to help the nearly million customers who have been used, and many scammed, by unscrupulous marketers over the last two years.

The Acting Speaker: Questions and comments?

Mr Gilchrist: As always, it's delightful to hear from the member from Renfrew. He certainly raised a number of issues in the last hour, and one hardly knows where to start.

Early in his hour he talked about how terrible it was that the government, having approached this issue, decided not to go out and seek a mandate. A scant few minutes later he admitted, to heckling from across the floor, that while he was a minister and while they were the government, "Of course we changed our mind on Darlington, of course we spent billions more." I don't recall an election being held on that issue. In fact, I don't recall your ever suspending the business of the House because somebody introduced a new bill and said, "I know we have a mandate, I know that under our system we have a term of office, but somehow we're going to throw that out because we want to go out and have another public opinion poll." To apply a double standard here is typical, but totally inappropriate.

You talk about the Iran-Contra affair. What you're pursuing here is more like McCarthyism. Somehow

you're trying to seek a contradiction between the Premier saying he hadn't had a conversation with two people at Hydro and the fact that one of those people sent a form letter out with some pat Q&As. It's preposterous and should be beneath the member.

He talks about betting that we're going to be buying more dirty coal. Well, he's ignoring the fact that there's 2,000 megawatts of power coming back on line at Pickering, 2,000 megawatts that either have recently or are about to come back on line at Bruce and 3,000 megawatts of private power under construction or, in some cases, just opened all across southern Ontario, enough power to run one and a half cities of Toronto.

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Finally, I was really struck—and I don't suggest I have great culinary skills—that the member opposite decried the fact that what we have here is not the pie filling, that we don't have the filling yet, that we haven't made our minds up about Hydro and, "Darn it, you're giving me the shell." I don't know what kind of pies you or your mother ever made, but you always come up with the shell first and then you put in the filling.

Mrs Lyn McLeod (Thunder Bay-Atikokan): My colleague has indeed touched on many aspects that are so critical to Bill 58 and to electricity policy in particular. One point he began with that I want to re-emphasize and that I think all of us have to keep in mind constantly, from both a political and an economic perspective, is that electricity is a unique commodity, unlike any other—unique, as my colleague has said, because it cannot be stored against those high-demand days, those hot summer days that we know are coming, and unique as well because it's something we must have; we cannot choose to go out and buy it.

It is for exactly those reasons that electricity does not respond to market economy principles in the same way as selling nails at a hardware store would, I say to my colleague from Scarborough East. If there's a run on nails, you can gear up the production of nails to meet the needs. That is another way in which electricity is a unique commodity. You cannot produce it in order to meet the growing need with any assurance that the supply will meet the demand.

The other aspect of it is that our friends to the south of us have no particular need for Ontario-made or Canadian-made nails. They're quite capable of producing enough nails to meet the growth in their economy all by themselves. That is less likely to be true of electricity. One of the huge concerns we have about the sale of the transmission grid is that it is contemplated to be sold by this government in the context of deregulation of an essential commodity that is already in scarce supply. This government should stop being so sanguine about whether in fact we have enough supply. As my colleague has said, the real problem is in generation, and there is absolutely no assurance offered by this government that there is going to be any protection of domestic supply to meet our needs any more than there is any business case to be made for the sale of Hydro One on its own merits.

Mr Howard Hampton (Kenora-Rainy River): I'm always interested to hear the energy critic for the Liberal caucus speak on this issue and I'm always interested to learn from one day to the next what the Liberal position will be. May I say that it has taken the Liberals some time to get here. When the government announced on December 12 that they were selling off Hydro One, the leader of the Liberal Party said he was all in favour of that. It has taken some time for the Liberals to get here, but I'm happy they finally got to this position.

What I think is interesting about this is that the government has not in fact put forward a case, any kind of business case, any kind of institutional case, for why it should be selling off what is a natural monopoly. If the argument is that somehow a natural monopoly will operate more efficiently in private hands than it operates in public hands, I want to hear that argument from the government. But we haven't heard that. If the argument is that selling off Hydro One is somehow going to put the hydro ratepayers in a better position financially, we haven't heard that argument either. If the government's position is that somehow this is going to improve hydro transmission and distribution, then that case needs to be made. But in fact the government hasn't made that case either, and that's why we're here.

Mr Al McDonald (Nipissing): I might be the new kid on the block, but I have sat here all evening and I've heard half-truths and innuendo. I must credit the leader of the third party: he stuck to his guns. He stated that he doesn't want to sell North Bay Hydro. Yet I hear that the leader of the official opposition stated back in December that he wants to sell North Bay Hydro.

Interjections.

Mr McDonald: "Oh, just a minute, I think I made a mistake. I made a hasty decision. I should change my mind and now we're not going to sell Hydro." My concern would be that maybe in a couple of months he might change his mind and say, "Do you know what? I've changed my mind again." What the Liberals should do, maybe, is to take a lesson from the NDP and at least stick to their guns. Mr Hampton should take credit. He's the one who stood up and said, "I'm not going to sell Hydro." That's very clear.

I think where the Liberals have something in common with the NDP—

Interjections.

The Acting Speaker: Stop the clock. This can't go on. If members want to do this, they should go outside, not here.

Interjection.

The Acting Speaker: You're going to go pretty soon, member for Essex.

The member for Nipissing.

Mr McDonald: Thank you, Mr Speaker. What the Liberals have in common with the NDP is all this fear-mongering. All you're hearing is, "The rates are going to go through the roof and the lights are going to go off." I think the people of Ontario are intelligent enough and would want their representatives to look at all the options

and maybe listen to the people and say, "What is the best option for the people of Ontario?"

I hear Mr Conway state that he prefers the US style of government, with Congress. I can tell you that the people of Nipissing don't want to hear a representative say they'd prefer the US way of doing business in Canada. I think the people of Nipissing would prefer to have this Queen's Park and parliamentary system.

The Acting Speaker: The member for Renfrew in response.

Mr Conway: The people of Nipissing preferred Mike Harris and Merle Dickerson, so who am I to say that they don't know what they are about?

Let me just conclude by making this observation. The electricity highway is one of the most valuable assets that the people of Ontario own. It was put together by generations of Ontarians: our parents, our grandparents. Let me tell you, it was the subject of at least a half-dozen provincial general elections from about 1920 to 1950. It was an enormously important and at times controversial business. I repeat: it is today one of the most important and valuable public assets. There will not be a second one. Once it is sold, it will never come back.

Why, in the public interest, should that electricity highway be sold? I stand here tonight and say to the government: you are honour-bound to say to this Legislature and the people of Ontario why in the public interest should this one and only electricity highway, worth billions of dollars, so central to the economic and social well-being of every Ontarian, be sold to private interests.

Imagine, if you will, a Premier of Ontario standing up without notice and saying, "Tomorrow we will put on the block Highway 401 from Windsor to Cornwall and Highway 400 from Toronto to wherever." Can you imagine the fury from the business community and others about that? And there are alternatives to the 401 and 400. There's rail and air transport. The electricity highway is unique in that it has no alternative, and it is very important that in the public interest it remain in public hands.

The Acting Speaker: Further debate?

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Mr Hampton: Bill 58 is this government's legislation which will allow it to privatize Hydro One. The government has said they haven't really decided about privatizing Hydro One. But I listened earlier tonight to the minister's speech and I listened to the member for Scarborough East and it is, oh, so clear when you listen to their speeches that that's exactly what it's about. The government doesn't have the courage to come out and tell people that, so they're going to dress it up as, "Oh, this is only enabling legislation." But if you listen to their speeches, it's very clear: the government intends to sell off one of the most important public assets of our province. That's how I think this debate needs to be couched and that's how it needs to be very clearly couched.

I want to speak to those people at home who perhaps don't understand the A to Z of this, and I want to speak to them about why this is such an important debate.

Let me begin by making the point that electricity is absolutely essential to our economy today and electricity is absolutely essential to our capacity to participate in society. It's always been important, but if you think about all the computerization, all the automation, all the additions of information technology over the last 15 to 20 years, all of which run on electricity, you'll get a sense of how essential electricity is to our lives.

Just as an example, try to run a computer on coal or natural gas. It doesn't work. The whole information technology industry runs on electricity. The whole telecommunications industry runs on electric pulses. Or think about more rudimentary things, like how do you keep food in a refrigerator without electricity? How do your children come home at night and do their homework if you don't have electricity? Electricity is absolutely essential to the modern economy. It's absolutely essential for people to be able to participate in society.

But there's something else that's unique and special about electricity. You listen to the government members and they'll say, "This is like making widgets or making cars." But you know it's not. Let me give you an example. We all know what happened in California and we know what happened in Alberta after deregulation and privatization. Prices went through the roof.

Let's take cars for a second. If General Motors, Ford, Chrysler, Nissan, Hyundai and Toyota all got together and doubled the price of cars, people would still have a choice. You could keep the car you've got and fix it up, you could buy a second-hand car or, maybe if you live in an area with public transit, although that's becoming more and more scarce under this government in Ontario, you could take the bus. But you'd have some alternatives to being forced to pay double the price.

Electricity is different. What people discovered in California was that when Enron and the other corporations that participated in the Enron scandals forced up the price of electricity, doubled it, tripled it, quadrupled it, people had no choices. They had no options. People had to pay the price. That's why we should take real care with discussions and decisions about electricity, because you're dealing with something that is an absolutely essential service and yet there are no substitutes for it.

Someone would say, "I could convert to propane lights." Yes, over a period of a couple of years you could spend perhaps a few thousand dollars and convert to propane lights. That might work for a few people. It certainly wouldn't work for the 11 million people in Ontario. It certainly wouldn't work for all of our heavy industries. A few people might be able to do something different, but if you're talking about all of our electricity-dependent industries in Ontario and you're talking about the more than 11 million people who live in Ontario, they wouldn't have a choice. If the same thing happened here as happened in California, where the corporations got their hands on the hydroelectricity system and then

manipulated the market, created an artificial shortage of electricity by withdrawing some of the generating capacity, by shutting down some of the generating capacity or by shifting some of the electricity out of the state to create that shortage in California, people would have no choice but to pay those much higher prices.

There's another reason we should be careful with this. It has to do with bringing on a new supply of electricity. Building transmission and distribution lines and building generating stations doesn't happen overnight. Let's assume this government gets its way, is able to privatize transmission and generation, and a profit-driven company borrows the Enron swindle strategy, the Enron market manipulation strategies, and sends more of the electricity south to the United States or shuts down some generating stations or creates some transmission bottlenecks so the price goes through the roof and people are forced to pay four, five or six times as much for their hydro; that problem couldn't be undone overnight.

This government says, "Oh well, companies will come in and build new supply." Some profit-driven companies might be interested in building new supply, but I can tell you it will take three, four or five years to bring that supply on line. What's to happen to people in the meantime? Are they just going to pay these much higher prices? That's what people in California found out. That's what people in Alberta found out, and in Montana, Pennsylvania, New York and Massachusetts. Prices were forced through the roof by this kind of market manipulation and people had no choice but to pay much higher prices.

I just repeat again that this is an essential service. It's essential for the coordinated functioning of our economy. It's essential if people are to be able to participate in society. If we're going to make decisions about this, we'd better make them thoughtfully and carefully, not on the basis of someone's half-cocked arguments.

What is so interesting about this government's strategy to privatize not only the transmission and distribution, Hydro One, but also the generation, is that it's never really been subjected to a debate. If you go back and look at the Common Sense Revolution in 1995, nowhere did the Common Sense Revolution say the government was going to privatize Ontario's hydro-electricity system. They talked about some competition, but they didn't define it, didn't say what it meant, didn't say what it would be like in the context. Nowhere did they talk about privatizing what I would regard as Ontario's most important, most valuable asset, something that is a strategic underpinning of the economy—no debate; no discussion; not even any statement in their so-called Common Sense Revolution.

Then fast-forward to 1999 and the Conservative government puts out something called their Blueprint. As a citizen of Ontario, I invite you to go look at the Blueprint. Nowhere in the Blueprint does it say the government intends to privatize transmission, nor does it say the government intends to sell off all of the generation system.

In fact, we have never had a debate in this Legislature or anywhere else about that concept. So here we have a government that wants to sell off Ontario's most important and most valuable economic assets with no debate, no discussion, no analysis, and finally, with no public commentary or public opportunity to voice a decision in this.

Just to give you an idea of how strange this is, if you were living in Manitoba and the government there proposed to sell off Manitoba Hydro, they would have to submit to a binding province-wide referendum. If the same government wanted to do this in Manitoba, they would have to consult the people. They would literally have to go to the people of the province and say, "This is the idea. We want your opinion and your views on what should be done and we are bound by your decision."

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But here in Ontario, the government proposes to sell off these most important economic assets, assets which could drive people's hydro rates through the roof, a privatization which could result, as it did in California, in all kinds of unreliability and unpredictability in both supplies of hydro and the price of hydro—a decision which could set the table for the same kind of market manipulation people experience in California. And yes, now they're experiencing it in Alberta. Read the most recent editorial from the Red Deer newspaper. The government is proposing to do this without any discussion whatsoever. In fact, the only reason we're here discussing it now is because two trade unions took the government to court and the judge who heard the decision said, "You're right. This government doesn't have the legal capacity under the Energy Competition Act to do this." Two bodies that represent people in this province had to take the government to court just to get this debate. That is, in a nutshell, why this is so important.

There are several aspects to this, and by way of background I want to talk about those various aspects and link them together. We need to recognize in this whole debate that Ontario in fact is semi-surrounded by a number of US states which have a history of being electricity-short or have the potential to be electricity-short. If you reflect over the last 25 or 30 years, you've heard about the New York brownouts, the New England brownouts. You heard George Bush come to Quebec a year ago in the summer and deliver his speech that the United States needed to access more electricity. In fact, he said that not only did the United States need to access more electricity, but more oil and more natural gas, and they would be happy to take it from Canada. You heard Dick Cheney come here to Toronto and say that in the pursuit of acquiring more electricity, the United States would be happy to build the transmission lines to access Ontario's electricity.

When we discuss this, you have to put it in the context that we are semi-surrounded by American states who have said very clearly that they would love, want to access, our electricity. So it's not just a question of, do

we have enough supply for Ontario, but given this government's penchant to privatize it, do we also have enough supply for New York, Massachusetts, Pennsylvania, New Jersey, Michigan and Illinois, because that's what this government has in mind.

If you want to see that for yourself, one of the very interesting things about the privatization prospectus, the document the government put forward which was supposed to enable the privatization—in fact, go to page 48 or page 49 of the prospectus, where the government says that the financial strategy here of selling Hydro One is to then build new transmission lines under Lake Erie, enhance the transmission lines in the Niagara Peninsula, which connect us to New York, enhance the transmission lines in Windsor and Sarnia, which connect Ontario into Michigan, allow other transmission lines to be built under the St Marys River at Sault Ste Marie, to connect lower-cost, lower-priced electricity generating stations in Ontario with the more lucrative market in the United States. It says right in the Hydro One prospectus this is about shipping Ontario's electricity south.

I've challenged the government. I've said to the government, if you're going to turn electricity into a "tradable item" now, if you're going to deregulate the market, privatize generation and privatize transmission and make it possible—in fact, not just make it possible but as part of the financial strategy, the corporate strategy of the privatization, to ship the electricity south—then with the North American free trade agreement and the free trade agreement and the WTO agreement, do you have any legal analysis showing what the repercussions would be for Ontario consumers? The government says no—they have no legal analysis, no legal opinions.

Again, because I think this needs to be an informed debate, a thoughtful debate, one where people actually have a chance to think about all the options, I persuaded my colleagues to commission a legal analysis from a trade lawyer, a well-known trade lawyer, Mr Steven Shrybman. Mr Shrybman has provided us with a legal analysis, a very hefty legal analysis, where he says that if you combine Hydro privatization of both the transmission and the generation with the fact that you've got a number of electricity-short jurisdictions in the United States or potentially electricity-short jurisdictions in the United States, and then combine it with the North American free trade agreement, by following this government's strategy, Ontario essentially would be giving up

control over our most important economic asset, over a strategic underpinning of our economy.

What he points out in the legal opinion is that right now we essentially have a public utility in Ontario. Hydro has been a public utility just as Hydro-Québec is a public utility, just as Manitoba Hydro is a public utility, just as Saskatchewan Power is a public utility, just as BC Hydro is a public utility. They are all dedicated to providing electricity to the residents and the industries of their jurisdictions essentially at cost. If they've got a surplus from time to time, they may sell that surplus into another market, but the basic reason for being is that they are there, dedicated to serve the consumers in the province and the industries in the province.

He points out in the legal opinion that as long as you run your hydroelectric system like that, as a public utility, you are exempt from some of the more draconian provisions of NAFTA. In other words, you can actually have a two-price system. You can sell cheap to your residents and you can sell more expensive into the export market.

You can also control exports. As long as you maintain it as a public utility, you can say, "We need all this electricity and we're only going to sell this small amount of surplus to you in New York or to you in Massachusetts or to you in Detroit." But he says that should you privatize and deregulate, then you are caught by the really serious, draconian rules of NAFTA, one of which says that you can't have a two-price system any more. NAFTA essentially says that once you privatize something like hydroelectricity and deregulate it, then you have to let the market decide what the price is.

I can tell you right now, in a privatized deregulated system, demand and price will essentially be determined in the New York-New Jersey-Philadelphia-Baltimore-Washington corridor on the New England side, and it will essentially be determined in the Detroit-Gary-Chicago-Milwaukee corridor in the Midwest, because that's where you literally have several tens of millions of consumers concentrated and you have industries that, frankly, consume all that electricity.

I see it's 9:30 of the clock, so I will resume my conversation when next we meet.

The Acting Speaker: It being 9:30 of the clock, this House stands adjourned until 1:30 of the clock tomorrow afternoon.

The House adjourned at 2130.

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

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Erie-Lincoln	Hudak, Hon / L'hon Tim (PC) Minister of Consumer and Business Services / ministre des Services aux consommateurs et aux entreprises	Markham	Tsubouchi, Hon / L'hon David H. (PC) Chair of the Management Board of Cabinet, Minister of Culture / président du Conseil de gestion du gouvernement, ministre de la Culture
Essex	Crozier, Bruce (L)		
Etobicoke Centre / -Centre	Stockwell, Hon / L'hon Chris (PC) Minister of Environment and Energy, Government House Leader / ministre de l'Environnement et de l'Énergie, leader parlementaire du gouvernement		
Etobicoke North / -Nord	Hastings, John (PC)		
Etobicoke-Lakeshore	Kells, Morley (PC)		
Glengarry-Prescott-Russell	Lalonde, Jean-Marc (L)		

Constituency Circonscription	Member/Party Député(e) / Parti	Constituency Circonscription	Member/Party Député(e) / Parti
Mississauga Centre / -Centre	Sampson, Rob (PC)	Scarborough Southwest / -Sud-Ouest	Newman, Hon / L'hon Dan (PC) Associate Minister of Health and Long- Term Care / ministre associé de la Santé et des Soins de longue durée
Mississauga East / -Est	DeFaria, Hon / L'hon Carl (PC) Minister of Citizenship, minister responsible for seniors / ministre des Affaires civiques, ministre délégué aux Affaires des personnes âgées	Scarborough-Agincourt	Phillips, Gerry (L)
Mississauga South / -Sud	Marland, Margaret (PC)	Scarborough-Rouge River	Curling, Alvin (L)
Mississauga West / -Ouest	Snobelen, John (PC)	Simcoe North / -Nord	Dunlop, Garfield (PC)
Nepean-Carleton	Baird, Hon / L'hon John R. (PC) Associate Minister of Francophone Affairs, chief government whip, deputy House leader / ministre associé des Affaires francophones, whip en chef du gouvernement, leader parlementaire adjoint	Simcoe-Grey	Wilson, Hon / L'hon Jim (PC) Minister of Northern Development and Mines / ministre du Développement du Nord et des Mines
Niagara Centre / -Centre	Kormos, Peter (ND)	St Catharines	Bradley, James J. (L)
Niagara Falls	Maves, Bart (PC)	St Paul's	Bryant, Michael (L)
Nickel Belt	Martel, Shelley (ND)	Stoney Creek	Clark, Hon / L'hon Brad (PC) Minister of Labour / ministre du Travail
Nipissing	McDonald, Al (PC)	Stormont-Dundas- Charlottenburgh	Cleary, John C. (L)
Northumberland	Galt, Doug (PC)	Sudbury	Bartolucci, Rick (L)
Oak Ridges	Klees, Frank (PC)	Thornhill	Molinari, Hon / L'hon Tina R. (PC) Associate Minister of Municipal Affairs and Housing / ministre associée des Affaires municipales et du Logement
Oakville	Carr, Hon / L'hon Gary (PC) Speaker / Président	Thunder Bay-Atikokan	McLeod, Lyn (L)
Oshawa	Ouellette, Hon / L'hon Jerry J. (PC) Minister of Natural Resources / ministre des Richesses naturelles	Thunder Bay- Superior North / -Nord	Gravelle, Michael (L)
Ottawa Centre / -Centre	Patten, Richard (L)	Timiskaming-Cochrane	Ramsay, David (L)
Ottawa-Orléans	Coburn, Hon / L'hon Brian (PC) Associate Minister of Municipal Affairs and Housing / ministre associé des Affaires municipales et du Logement	Timmins-James Bay / Timmins-Baie James	Bisson, Gilles (ND)
Ottawa South / -Sud	McGuinty, Dalton (L) Leader of the Opposition / chef de l'opposition	Toronto Centre-Rosedale / Toronto-Centre-Rosedale	Smitherman, George (L)
Ottawa West-Nepean / Ottawa-Ouest-Nepean	Guzzo, Garry J. (PC)	Toronto-Danforth	Churley, Marilyn (ND)
Ottawa-Vanier	Boyer, Claudette (Ind)	Trinity-Spadina	Marchese, Rosario (ND)
Oxford	Hardeman, Ernie (PC)	Vaughan-King-Aurora	Sorbara, Greg (L)
Parkdale-High Park	Kennedy, Gerard (L)	Waterloo-Wellington	Arnott, Ted (PC)
Parry Sound-Muskoka	Miller, Norm (PC)	Whitby-Ajax	Flaherty, Hon / L'hon Jim (PC) Minister of Enterprise, Opportunity and Innovation / ministre de l'Entreprise, des Débouchés et de l'Innovation
Perth-Middlesex	Johnson, Bert (PC)	Willowdale	Young, Hon / L'hon David (PC) Attorney General, minister responsible for native affairs / procureur général, ministre délégué aux Affaires autochtones
Peterborough	Stewart, R. Gary (PC)	Windsor West / -Ouest	Pupatello, Sandra (L)
Pickering-Ajax-Uxbridge	Ecker, Hon / L'hon Janet (PC) Minister of Finance / ministre des Finances	Windsor-St Clair	Duncan, Dwight (L)
Prince Edward-Hastings	Parsons, Ernie (L)	York Centre / -Centre	Kwinter, Monte (L)
Renfrew-Nipissing- Pembroke	Conway, Sean G. (L)	York North / -Nord	Munro, Julia (PC)
Sarnia-Lambton	Di Cocco, Caroline (L)	York South-Weston / York-Sud-Weston	Cordiano, Joseph (L)
Sault Ste Marie	Martin, Tony (ND)	York West / -Ouest	Sergio, Mario (L)
Scarborough Centre / -Centre	Mushinski, Marilyn (PC)		
Scarborough East / -Est	Gilchrist, Steve (PC)		

A list arranged by members' surnames and including all responsibilities of each member appears in the first and last issues of each session and on the first Monday of each month.

Une liste alphabétique des noms des députés, comprenant toutes les responsabilités de chaque député, figure dans les premier et dernier numéros de chaque session et le premier lundi de chaque mois.

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