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**Official Report  
of Debates  
(Hansard)**

**Journal  
des débats  
(Hansard)**

**Monday 17 June 2002**

**Lundi 17 juin 2002**

Speaker  
Honourable Gary Carr

Président  
L'honorable Gary Carr

Clerk  
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Greffier  
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LEGISLATIVE ASSEMBLY  
OF ONTARIO

Monday 17 June 2002

ASSEMBLÉE LÉGISLATIVE  
DE L'ONTARIO

Lundi 17 juin 2002

*The House met at 1845.*

ORDERS OF THE DAY

HYDRO ONE INC. DIRECTORS  
AND OFFICERS ACT, 2002

LOI DE 2002 SUR LES ADMINISTRATEURS  
ET LES DIRIGEANTS DE HYDRO ONE INC.

Resuming the debate adjourned on June 13, 2002, on the motion for second reading of Bill 80, An Act respecting directors and officers of Hydro One Inc. and its subsidiaries / Projet de loi 80, Loi concernant les administrateurs et les dirigeants de Hydro One Inc. et de ses filiales.

**Mr Mario Sergio (York West):** Congratulations to the member for London West on holding the chair for the evening on this very ominous day. I just want to continue my three minutes on Bill 80, which is associated with the famous, or infamous, possible sale of Hydro One and dealing with its directors and officers. The other day we heard the Minister of Environment and Energy saying, "Yes, we're going to let them go." The bill deals with letting the officers of the corporation go with no compensation and gives the minister the power to replace the new board members.

I'll take one minute or so of my three minutes to deal with today's budget. I think there was a lot of hype, and a lot has already been said about it. There was really very little content in the budget itself, a lot of figures and numbers, a lot of them recycled many times already, but when it came to the crunch, there was very little substance or help for those areas where people were expecting some real input.

1850

I think both the Minister of Finance and Premier Eves have missed a wonderful opportunity. Premier Eves and the minister had an opportunity today to set a new tone themselves and for the government. They had a chance to set a new direction for the government and they did not. Mr Eves had an opportunity to distance himself from the old philosophy, from the old policies of the previous Premier, and he didn't. What he's saying is, "Vote for me in the next election. I will be OK until then, and afterwards I'll be on my own again."

Some of the things that are in the budget are what Dalton McGuinty, the Liberal leader, has been saying for the last three years: "Do away with the \$2-billion tax

cut," and they said, "We're going to do away with it for one year." Dalton McGuinty has said, "Do away with the \$500 million for private schools," and we see here that this has been delayed for one year.

But where the minister and the Premier have missed the boat with this budget is in giving assistance to people who need funding for education; the Toronto school board alone needs \$1 billion. There is no money for long-term care and not enough money for health care. We're still going to have long delays and lineups for emergency care. But with respect to Bill 80, we will have no choice but to support it because something has to be done.

**The Acting Speaker (Mr Bob Wood):** Questions and comments?

**Mr Gilles Bisson (Timmins-James Bay):** As I understand it, this is the Hydro debate. I was interested in the comments of the member from the official opposition in regard to the budget, but that will be for another debate. This one has to do with Hydro.

I just have a very simple question I want to put to whoever responds on the part of the Liberal opposition, and that is, what is their position on Hydro?

**Mr Rob Sampson (Mississauga Centre):** What? Today?

**Mr Bisson:** Yes, I'm just trying to figure it out. I remember that in January this year we had Dalton McGuinty, the Leader of the Opposition, saying he was in favour of privatizing Hydro One, and afterwards he said he wasn't in favour, and then he was in favour and then he wasn't again. He, along with his energy critic, was sending out letters for fundraisers saying, "Come to the Liberal fundraisers, because we need all kinds of money from you, and we support privatization." I'm glad he's finally seen the other side and agrees with my leader, Howard Hampton, that privatization of Hydro One and hydro in general is a bad thing.

What the government announced last week on the issue of the privatization initiative, saying they wouldn't privatize Hydro One outright, is a fairly major shift in its policy. But they still want to privatize 49% of it. I would argue that is not a very good thing. What's interesting in today's budget is that when you look at close to \$1.7 billion to offset spending in the upcoming year—by the way, we read it as coming from the sale of assets of Hydro One and OPG—it tells me this government is privatizing part of that valuable asset to deal not only with its own ideological belief but also with its issues in regard to its current budget shortfall. What troubles me is that what they're basically doing is pushing off their

problems till next year, 2003-04, in hopes the economy will pick up and they're able to make up the \$1.7 billion. It's a bit of a crapshoot the government is doing by way of numbers, and I'm sure we're going to get more of that when we get into actual debate on the budget.

**Mr Sampson:** I just want to help the member for Timmins-James Bay out, because I was equally perplexed about the exact position of the Liberal Party and their leader.

With all due respect to my colleagues across the floor in the third party—and the leader of the third party is here—we are well aware of what the NDP position is and has been for some time. I must admit it's been a consistent opinion and very clear. I can't say I really like seeing that bus with your leader's head and that light bulb on top, because it is a scary thought.

But I must say that apparently what you've got to do to understand—

**Mr Howard Hampton (Kenora-Rainy River):** Somebody finally turned the lights on for you, eh?

**Mr Sampson:** No. The scary thought is that you actually had the lights go on upstairs somewhere. That's the scary thought. But if it occurs once in a lifetime, I'll let it happen.

But apparently, to understand the Liberal position, you've got to read the fine print down below. And if you get the magnifying glass out—

**Mr Raminder Gill (Bramalea-Gore-Malton-Springdale):** And look at the date.

**Mr Sampson:** It has an expiry date. It does. Now, sometimes the expiry date changes. It could be tomorrow, it could be a week from now. But in the bottom left-hand corner—left-hand corner, not right-hand corner—of their policy statement is a “best before” date. And if you don't know that “best before” date, then you really can't understand the road map of Liberal policy-making. So I say to the member from Timmins-James Bay, look in the bottom left-hand corner of the policy statement. It's there. It's really fine print: best before whatever. And if you don't look there, you'll never understand these guys.

**Mr Rick Bartolucci (Sudbury):** The “best before” date is a good line. You know what? I'm going to be using it, but I'm not going to use it tonight. I'm going to use it about this government and what it says it's going to do when it comes to private school tax cuts or what it's going to do when it comes to corporate tax cuts. There are so many times that we can use the “best before” date, but we're not going to, because tonight we're having a very, very important debate. In the two minutes of comment I want to congratulate the member from Scarborough-Agincourt, the member from Renfrew-Nipissing-Pembroke and of course Mario Sergio for their very insightful comments into something that's extremely important to the people of Ontario.

Let me tell you that the travesty that has been put on the taxpayers of Ontario is common knowledge across this country. I was at a wedding in Calgary, Alberta, this weekend, and the people from Calgary were talking about the enormous salaries the people at Hydro One

were getting. They asked me, “How can a government allow that to happen?” I said, “I don't know. My leader, Dalton McGuinty, has filed for freedom of information for the three companies of hydro, and the government doesn't want to grant that.”

They said, “How can that be? Even Ralph Klein would make sure that the people of Alberta would find out why this was allowed to happen.” I said to those people at the wedding, “That's all Dalton McGuinty, my leader, wants. My leader, Dalton McGuinty, wants the people of Ontario to be informed about the huge salaries that are out there, whether it be at Hydro One, OPG or Bill Farlinger. He just wants answers.”

**Mr Hampton:** I do want thank all of the Liberal members for getting up on their feet and attempting to—

**Mr Sampson:** Explain themselves.

**Mr Hampton:** —explain themselves. I have to say that the Liberal position after all this is still clear as mud. This is the same Liberal Party that, when this government introduced their privatization legislation for Hydro, voted for it. A year ago, when New Democrats brought an opposition day motion to this Legislature opposing privatization and deregulation of the hydro system, all the Liberals voted with the government against it.

**Hon Brad Clark (Minister of Labour):** I remember that day.

**Mr Hampton:** Yes. All the Liberals were voting with the government.

Seven months ago, the Liberals were mailing out invitations to the very people on Bay Street who want to make money off privatized Hydro, and I can quote the letter for you: “As you know, Dalton McGuinty and members of the Liberal caucus have been consistent supporters of the strategy to deregulate and privatize hydro in Ontario. Please send your \$350 cheque from Bay Street to the Liberal Party of Ontario.”

I remember on December 12 when this government stated that it wanted to privatize Hydro One, someone put a microphone in front of the Liberal leader, and he said, “I agree with privatizing Hydro One.” So after all of this, the Liberal position is as clear as mud.

But I want to say to the members of the government, that doesn't let you off the hook. Hydroelectricity is more essential than ever in the 21st century, and we should not be privatizing hydroelectricity at a time when it is such an essential public service, and we should not see these gross, inflated Bay Street salaries at Hydro One either.

**1900**

**The Acting Speaker:** The member for York West has two minutes to respond.

**Mr Sergio:** I would like to say thank you to my colleagues in the House, my colleagues from Sudbury, Mississauga Centre, the leader of the third party from Kenora-Rainy River, and the member for Timmins-James Bay.

If I can clarify, once and for all, because I think if the government has done one thing, it has even confused the third party here—

**Mr Bartolucci:** Which is easy to do.

**Mr Sergio:** It's easy to do. I have to say that Ernie Eves and the Conservatives always do a wonderful job confusing the leader of the third party and the members of the third party as well. I have been here since 1995 and my leader, Dalton McGuinty, who has been leading the fight with respect to hydro, Hydro One and the sale of the transmission grid, has said yes to competition, no to the sale of Hydro One. This confusion is perhaps understandable for someone out there, but to still have this confusion in the minds of the third party members I find quite unsettling.

I think the issue here is to give more choices to more generation. But as to the sale of Hydro One, I have to say that if it wasn't for the pressure from Dalton McGuinty and the Liberals, the Premier, Mr Ernie Eves, would not have changed his mind, luckily, one more time, and said, "No, we're going to keep it in public hands." So Dalton McGuinty again today said, "Yes, they have listened to us." Isn't that nice? We'll see how long the Premier is going to stay with that and say that Hydro is going to stay in public hands. This is the core of the facts.

With respect to the salaries, I think something has to be done. I can appreciate that is absolutely, totally unacceptable. Something has to be done.

**The Acting Speaker:** Further debate?

**Mr Hampton:** I am pleased to take part in this debate about Bill 58, the legislation by the government to try to get it out of hot water with respect to the grossly inflated salaries at Hydro One. I will also mention the salaries at Ontario Power Generation, because they need to be brought into this as well.

I'm just speaking to the people at home here, because it's really the people at home who are important on this. I want to go back to the history of what happened here. In 1997-98, the government passed legislation which they called the Electricity Competition Act. The Electricity Competition Act essentially broke up what we called Ontario Hydro and created at least three new corporations. One is called Hydro One, which is supposed to be the transmission and distribution company, the company that actually runs the wires. The other is called Ontario Power Generation, which is the company that's supposed to run the generating stations. Whether it's a nuclear station like Pickering, Darlington or the Bruce, or a coal-fired station like Lakeview or Nanticoke, or the hydro generating stations, of which there are many across northern Ontario—that is, falling water producing electricity; probably the most famous one is the Sir Adam Beck on the Niagara River—Ontario Power Generation was supposed to run the generating side of things. I won't mention much about the other split-off corporations because these two are the really important ones.

After the Conservatives created these new corporations out of Ontario Hydro, they didn't exactly set them up as crown corporations. You see, Ontario Hydro was established to provide power at cost. The idea was that Ontario Hydro was not going to charge us the cost of electricity plus 20% profit and 30% commission. Ontario Hydro was supposed to charge us the cost of electricity and that's it.

When the government set up these new companies—Ontario Power Generation and Hydro One—the government essentially told them, "You're supposed to run as if you're out there on Bay Street and you're trying to make a profit." In fact, when the government put together the boards of directors for these two companies, they basically went out and appointed their friends. This government essentially hand-picked the people they appointed to the board of directors.

At Hydro One they brought over to Ontario one of Margaret Thatcher's premier privatizers from Great Britain. Get this: his name is actually Sir Graham Day. He was knighted by Margaret Thatcher for, among other things, privatizing electricity in Great Britain, and privatizing a number of other public services like transportation as well. You know those train wrecks you keep hearing about in Great Britain? That's what happened after they privatized the system. The private passenger train companies care more about making profits than they care about passenger or train safety. But anyway, it was Sir Graham Day who was the primary, premier privatizer for Margaret Thatcher in Britain. This government brought Graham Day—Sir Graham Day; I shouldn't forget the "Sir"—from Britain over here to Ontario and set Sir Graham Day up as the chair of the board of directors of Hydro One.

What's interesting is that they told the board of directors, "Run this company, Hydro One, as if it's a Bay Street corporation. You're there to maximize profit. You're there essentially to make sure that the executive are paid according to Bay Street salaries."

So let me tell you what happened. Eleanor Clitheroe, the president of Hydro One, had been a vice-president at the old Ontario Hydro. While she was at the old Ontario Hydro as a vice-president, her salary was in the neighbourhood of \$400,000. She was hand-picked by the Conservative government and the board that they put in place at Hydro One to then become the president and chief executive officer at Hydro One. She went from a \$400,000 salary to a \$2.2-million salary under this hand-picked board that the Conservatives had put together.

So what you have to keep in mind is that this is all happening according to government policy. These are the directions that the board has set down for the board of directors at Hydro One in terms of salaries and in terms of how the company should act and behave. These are some of the salaries: \$2.2 million in salary, bonus and expense account for Eleanor Clitheroe and literally a \$6-million severance package that she would get if she ever decided to leave or if she were fired. That's what the board of directors put in place.

What the government wants you to believe is that despite the fact that this government created the legislation, despite the fact that this government hand-picked the people who were on the board of directors, despite the fact that they brought over one of the premier privatizers from Margaret Thatcher, Sir Graham Day, and installed him as the chair of Hydro One, despite the fact that they had said to the chair at Hydro One and the other

people on the board, “Act like a Bay Street corporation; pay the same inflated bonuses and salaries and expense accounts that you find at Nortel or at Enron,” despite the fact that they did all that, they now want to pretend that they didn’t know about and have no responsibility for the bloated, fat salaries that occurred at Hydro One.

This is quite preposterous, but when you dig a little deeper it gets even more preposterous. You see, Sir Graham Day, as the premier privatizer for Margaret Thatcher in Britain, has a track record with respect to this. In fact, when Sir Graham Day was one of the prime privatizers of the electricity system in Great Britain and was appointed to one of the boards there, guess what one of the first things he did was? He more than tripled the salary, bonuses and expense accounts of the president they brought in to run that newly privatized hydro company. A little later, when Thatcher put him on the board of another formerly public service that was privatized, what was one of the first things he did? He tripled the salary of the person they put in as president of that corporation too.

#### 1910

Sir Graham Day, the person this government put in charge as the chair of the board of directors at Hydro One, has a personal track record of bloated salaries, bloated expense accounts and bloated bonuses, and yet this government wants you to believe they knew nothing, they saw nothing and they heard nothing. It’s absolutely preposterous, but it gets better. There were, after all this became public, a number of people on the Hydro board, put there by the Conservative government, who actually came forward and pointed out that this government knew all along how awfully bloated and fat the salaries and bonuses and expense accounts were. In fact Jim Wilson, the former Minister of Energy, admitted he knew all about it. Sir Graham Day came forward and pointed out that all he was doing was implementing the government’s policy direction. The government knew the board was implementing the government’s policy direction. The government knew that the salaries of Eleanor Clitheroe and the vice-presidents—in other words, the five executive officers over there at Hydro One—were bloated and fat and completely indefensible. The government knew all along.

If you go back and look at the privatization document after this government made it public that it wanted to privatize Hydro One, their friends on Bay Street had to publish for public consumption the actual privatization document. It’s called a prospectus. Right there in the prospectus, back in March, it was apparent that the salaries were quite unjustifiably bloated. The government did nothing. In fact, the government did nothing and said nothing until we made this a public issue, until question after question after question made this a public issue.

How much questioning did it take? Go back and read the Hansards for November 21. On November 21 I was raising the issue. I was asking the Minister of Energy then about the bloated salaries, not only at Hydro One but at OPG. On November 22 I wrote a letter to the then

Minister of Energy, pointing out to him that we were hearing about how bloated, how excessive the salaries were. Did the government do anything in November? No. Anything in December? No. January? No. February? Nothing. March? Nothing. April? Nothing at all. So it is really quite preposterous, what the government is trying to get you to believe here, that suddenly they just found out about this and it’s all the fault of the board of directors, the board of directors that this government personally appointed, the board of directors, the chair of which, Sir Graham Day, has his own, individual track record in terms of bloated, excessive salaries, bonuses and expense accounts. The government knew all along, but they’re simply trying to find someone else to blame here, and in this case they’ve singled out the board.

I want people at home to know what is in this legislation. It contains all the language about blaming the board and saying that the board are the bad guys, even though the board of directors was simply doing what this government told it to do. And the government wants you to believe that the legislation is actually going to set reasonable salaries for the executives over at Hydro One.

Why is it important for people at home that there be reasonable salaries, salaries that can be publicly defended? First of all, this is where your hydro rates go. If these people over there are getting paid \$2.2 million a year plus a \$6-million severance allowance, that’s coming out of your hydro rates. If there are five of them over there who are in the million-dollar club, with \$2-million, \$3-million, \$4-million, \$5-million and \$6-million severance payments, that’s where your hydro rates are going—to pay for this kind of bloated excess. So obviously this is important for people.

The government says that their legislation is going to do something about it. When you read the fine print of the legislation, all that’s going to happen is the new board of directors is going to have the direction to negotiate with the executives at Hydro One. Well, folks, what do you think the old board did? The old board negotiated with the executives. The old board negotiated with Eleanor Clitheroe, and they negotiated her salary to \$2.2 million with a \$6-million expense account. So I say to you, what’s changed? There is no reasonableness here in terms of setting a salary scale. Basically, now that they’ve been caught, now that they can’t defend these bloated and excessive salaries, they are saying, “Blame it on the board,” but they bring in a new board to do the same thing—to negotiate.

There’s nothing in this legislation that would say that the salary of the president of Hydro One should be, let’s say, \$500,000 a year or less. There’s nothing in this legislation that says that the salary of the executive vice-president of Hydro One should be \$400,000 or less. There is nothing in this legislation that says that the other corporate officers over there at Hydro One should have salaries of \$300,000 or less. Nothing. The new board is supposed to do what the old board did—come in and negotiate.

Now, we do have a sense of what the government is prepared to negotiate. The people at Ontario Power Gen-

eration—Ron Osborne is the president there—are getting paid close to \$2 million a year. Depending on what you want to count in and what you count out, you could actually say that Mr Osborne is, when you count in all his bonuses and everything, getting close to \$2.2 million as well. The government says that's acceptable. So do you know what I think is going to happen? If they negotiate, say, a 10% reduction or maybe a 15% reduction in Eleanor Clitheroe's salary, if they negotiate her down to \$2,100,000 or maybe \$2 million, the government's going to say, "Victory, victory." I don't see much difference in the fat of \$2.2 million or the fat of \$2.1 million or even, for that matter, the fat of \$1.5 million. These are still excessive, bloated salaries.

I mentioned a while ago the figure of \$500,000. Let me tell you where that comes from. While this government wants to privatize Hydro One and Ontario Power Generation—in other words, they want to turn over what has become an essential public service to their friends on Bay Street for the purposes of making them a lot of money, and the government says that's what they want to do—in fact, Ontario Power Generation and Hydro One are still publicly owned, 100% publicly owned. So I think if we're going to get a sense of reasonable salaries, we should compare them to other publicly owned utilities.

Right next to us, Hydro-Québec is an example. Hydro-Québec is a very big public utility. They generate literally tens of thousands of megawatts of electricity. They provide some electricity to Ontario, as well as providing electricity for all the consumers and industries in Quebec, and they do from time to time export some electricity into other jurisdictions when they have a surplus. So it's a much bigger corporation than Hydro One, much bigger in terms of their assets, much bigger in terms of their sales, much bigger in terms of their potential etc.

#### 1920

So for this much bigger corporation, how much do you think the president and chief executive officer of Hydro-Québec is paid? According to this government, \$2 million or \$1.5 million would be the range. No, it's not. At Hydro-Québec, a publicly owned utility in our neighbouring province that is much, much bigger than Hydro One, the president and CEO there gets paid \$407,000 a year.

Just to give you some other comparisons, in British Columbia you have BC Hydro. BC Hydro as well is a fairly substantial hydro utility. It provides hydro-electricity for all the industries in British Columbia, all the consumers of BC. And when California got into trouble with their electricity market, their privatization and deregulation, and Alberta got into trouble on their privatization and deregulation, guess who rode to the rescue? Public power. The public utility, BC Hydro, provided them with electricity when they were both running short.

How much do you think the president and chief executive officer of BC Hydro is paid: \$1 million, which this government wants to see; \$1.5 million, which they defend for the president and CEO of OPG; \$2.2 million,

like Eleanor Clitheroe? No. The president, the head, of BC Hydro is paid \$446,000.

I think what should be in this legislation, if the government really wants to do something, is a clause that says, "Salaries, benefits, bonuses and expense allowances at Hydro One should be equal to or commensurate with salaries at Hydro-Québec and BC Hydro." If the government wanted to pay whoever the president of Hydro One is \$450,000 or \$500,000 a year, let us say, if you compare it with Hydro-Québec and BC Hydro, even though they're bigger corporations, bigger public utilities than Hydro One, I think that would be roughly justifiable, roughly defensible, roughly equivalent.

But does the government have anything like that in its legislation? No. For all its huffing and puffing and chest-thumping about how the board at Hydro One are a bunch of bad guys, for all of this government's "methinks they doth protest too much" about Eleanor Clitheroe's salary, there's nothing in this legislation which would stop what happened in the first place from happening again.

I say to the government, if you want to be taken seriously, put an amendment in the bill which says the salaries at Hydro One for the chief executive officer cannot exceed \$500,000. Then the board of directors can go and negotiate \$400,000, \$425,000, \$450,000 or \$475,000, but make it clear that you're protecting the hydro ratepayers of this province.

Has the government done that? No. In fact, I tried to help the government. I brought forward a private member's bill on the same day this government introduced their legislation which has a clause in it that says that salaries at Hydro One for president, vice-president etc shall be roughly comparable to salaries at BC Hydro and Hydro-Québec, and shall not exceed \$500,000. I offer the government that amendment. They can take it right out of my private member's bill and put it in their own so they are positioned to actually do something about the bloated, fat, excessive salaries at Hydro One.

While you're at it, you should do the same thing at OPG because, let me tell you, the president at OPG, as the Provincial Auditor pointed out 10 days ago, is not exactly doing a bang-up job. The Provincial Auditor went out of his way to point out that the major project under this government's hand-picked board at OPG and the major project under its hand-picked president, Ron Osborne, which is the restoration of the Pickering nuclear facility, is over \$1 billion over budget and a year and a half late. Why are they paying bonuses to Ron Osborne, the head at OPG, when clearly things aren't going very well under his direction there? So while you're at it, roll back the salaries at OPG.

What is really at the bottom of this? I think that's what people at home want to know: what's really at the bottom of this? What's at the bottom of this is simply this: if this company were retained in public control and if members of the Legislature and members of the public were able to ask questions every day—"What are they getting paid? What are they doing? What are their expense accounts?" etc, etc—I can tell you that the salaries there would

probably stay in that \$400,000, \$500,000 range, if it were to remain in public control, because the public wouldn't put up with anything more. The public would not accept anything higher than that.

But it's very clear that this government does not intend to keep either Hydro One or OPG under public control. Well, yes, they will until the next election. Let me just tell you what the real story is on Hydro One, and it emerged today in the budget. The government said last week that they were not going to privatize Hydro One, and then they were asked, "What does that mean?" They said, "We're not going to give up control of Hydro One." They were asked, "What does that mean?" They said, "Well, the most we would sell of Hydro One—we might sell 49% of Hydro One but keep 51%." That's what they said. They might go that far.

Then, today, the budget papers came out. If you look under the section which is called "Revenue"—this is on page 57 of the budget document—the largest, the only real increase in revenues comes from something called "Sales and Rentals," and revenue from selling government assets is going to go from \$586 million last year to over \$2.4 billion this year. So we asked some of the finance people, "Where is that almost \$2 billion going to come from?" They said, "Most of it will come from selling off at least half of Hydro One." They said to us, "Depending on what the government does, if they just outright sell 49% of the shares, what the government would get to bolster its budget would be about \$700 million. If they pawn it off as an income trust, they would probably get \$1 billion out of it."

So, in fact, what the government announced last week about, "The government's not going to sell Hydro One"—it's very clear in the budget document that this government is counting on the sale of Hydro One in order to make its budget look better. In fact, if you take out the almost \$2 billion in sales of Hydro One assets and sales of other Hydro assets, this government would be in a very serious deficit situation in terms of its budget. That's the long and the short of it.

What did that announcement last week really amount to? That announcement the government made, "Oh, we're not going to sell Hydro One," what did it amount to? Let me tell you what it means. What the government is responding to is, they know that 70% of Ontarians are opposed to Hydro privatization, are opposed to this government selling off an essential public service, our hydro-electricity. Despite the fact that the government has tried through advertising campaigns and the Minister of Energy's sort of propaganda jaunt around Ontario, to change public opinion, public opinion isn't changing. The public is opposed to the sell-off of our hydro. So the government, by making the announcement they made last week, even though it's a shallow announcement, very—

**Mr Frank Mazzilli (London-Fanshawe):** Low-level.

**Mr Hampton:** Yes, it really is a low-life announcement.

They say one week, "We're not going to sell off Hydro One," and then you see in their budget a week

later that they're counting on getting close to \$1 billion from selling off at least part of Hydro One.

But what is really going on? What is going on is this: the government has to call an election within a year. They don't want to go into the election tarred with having sold off all of Hydro One, so they'll say to the public, "We're not going to sell off Hydro One." Then they'll say to their friends on Bay Street who want Hydro privatized because they can make a lot of money from it, "Wink, wink, nudge, nudge; we'll sell you half of Hydro now quietly, and if you vote for us and re-elect us, we'll sell you the rest of Hydro One after the election." That's what's going on. That's clearly what's going on.

**1930**

**Mr Garry J. Guzzo (Ottawa West-Nepean):** Where do you get the one year?

**Mr Hampton:** It could be six months, it could be nine months, it could be 15 months.

**Mr Guzzo:** You think so?

**Mr Hampton:** Yes, it could be.

But your message to Bay Street has been, "Look, we'll sell you 49% of Hydro One now—just be quiet about it—and if you re-elect us, we'll sell you the rest of Hydro One after, and we'll really put one over on the people of Ontario." That is what's going on.

What is at the root of all this is privatization. The government intends to privatize all of our hydro system, no matter if it duplicates what happened in California—prices going through the roof; no matter if it duplicates what happened in Alberta—prices going through the roof.

In fact, there was a really interesting article in the Red Deer Times two weeks ago—the Red Deer Times, home of Stockwell Day, another premier privatizer. I wonder if he's related to Sir Graham Day. Anyway, the Red Deer Times is in the root, in the heart of privatization country. The editorial in the Red Deer Times comes out and criticizes privatization and deregulation of hydro in Alberta. Why? Because now that the private corporations have got their hands on the people's electricity, they're manipulating the market to force up the hydro rates—exactly what they did in California, Montana, New York and New Zealand.

The reason they've been able to do that is simply this: if General Motors, Chrysler and Ford doubled the price of cars next week, that would create some pain for people, but people would still have a choice. They could say, "I'll keep my old car and fix it up. I don't have to buy one of your new cars at twice the price." Or people could buy a second-hand car and say, "I'm not going to pay twice the price for a new car." Or people could take public transit or car-pool and not pay the price of General Motors, Ford, Chrysler, Honda and Toyota doubling the cost of cars.

But with electricity it's not like that because electricity is essential. You need it to keep the refrigerator on so that the food continues to be safe to eat. If your kids are going to do homework at night, you need it to turn the lights on. You need it if you're an elderly person and you have to



rely upon oxygen or all kinds of other things in the home environment. And industry needs it. It's very expensive and in many cases not possible to substitute. So when Enron more than doubled the price of electricity in California, people had no alternative. They couldn't go anywhere else; they had to pay double the price. Except they didn't just double the price; they marked up the price by 20 times, 30 times, 50 times.

That's what I mean. Electricity is essential in the modern world. With all of the computerization, automation and new information technologies that have become part of society and part of the economy in the last 20 years, all of which run on electricity, electricity is more essential than ever. What they've discovered in California, Alberta, Montana, Pennsylvania, New Zealand and New York is that privatizing and deregulating electricity has allowed companies like Enron to simply manipulate the market, create an artificial electricity shortage, force up the hydro rates and bilk people out of money.

That remains the agenda of this government. It's right here in the budget. Any new revenue for health care, the environment or education is actually coming out of the sale of Hydro One assets.

As I said earlier, in terms of salaries what this government is probably going to do is say to their good friend Glen Wright—they took out Sir Graham Day, who was their boy on the Hydro One board, and put in Glen Wright, one of the new Premier's and the former Premier's golfing buddies. They put him in as the chair of Hydro One and they're going to say to him, "Bring the salaries down 10%, 15% or 20% and we'll call it a victory," never mind that the salaries continue to stay up in the \$1.5-million- or \$2-million-a-year range. This is really a façade.

What needs to be done? We should not privatize. We simply should not be privatizing something that is so essential to our economy and to participation in society as electricity now is. We should not be privatizing our hydro. Then you wouldn't be having these inflated salaries and you wouldn't be having these bloated expense accounts and you wouldn't be having these fat severance allowances at all. If you look at public utilities across North America, the salaries are all much more reasonable: Hydro-Québec, \$400,000 a year; BC Hydro, \$400,000 a year; Manitoba Hydro, under \$400,000 a year; Saskatchewan Power, under \$400,000 a year.

Don't privatize and you'll save yourself these bloated salaries and bloated expense accounts and bloated bonuses. Don't privatize and put the people's electricity system at risk, as they did in California and Alberta. Don't privatize and see the kind of market manipulation they've seen in Alberta and California and elsewhere. That's what you need to do. That's what the agenda ought to be.

I want to say to people at home that New Democrats are going to continue our campaign to stop and reverse the privatization and deregulation of our electricity system. We are going to continue that campaign.

I just want to use the time remaining to make a few remarks and point out a few things about the position of the Liberal Party, because I have found the position of the Liberals on this to be really quite bizarre.

As I mentioned earlier tonight, if people want to look at the history, go back to 1997-98 when the electricity competition act was introduced. What you will find is that the Liberals all voted for the electricity competition act, which is the blueprint for deregulating and privatizing our hydro and for those bloated, excessive, fat salaries. The Liberals all voted with the government for that blueprint.

I invite people to look again at June last year, when I brought forward an opposition motion opposing privatization and deregulation of our hydroelectricity system. The Liberals voted with the government against my opposition resolution, which would have stopped the privatization and deregulation of our hydro system. So it is really quite incredible to hear Liberals now saying they've been opposing this from the beginning.

I want to look at a couple of other elements of this—one good thing about the media is that they write stuff down or they keep their videotapes and audio tapes. So here's the chronology: on June 28, 1998—and this is on the Hansard record—the Liberals vote in favour of the electricity competition act, the blueprint for privatization, along with the Conservatives.

#### 1940

This is a quote from February 5, 2001. Liberal leader Dalton McGuinty is being interviewed by the host, Larry Silver, on Radio 640. Mr McGuinty says, "We believe you've got to go toward deregulation. That's the way to bring this"—Hydro—"to heel. That's the way to introduce real competition."

On May 2, 2001, the Liberals vote with the Conservatives to defeat the NDP motion to abandon electricity deregulation and privatization in Ontario.

October 31, 2001: this is the Liberal fundraising letter to Bay Street. "Throughout Ontario's electricity restructuring process, Dalton" McGuinty "and the Ontario Liberals have been consistent supporters of the move to an open electricity market in Ontario." The letter ends, "Please," Bay Street corporation, send your \$350 cheque to the Liberal Party of Ontario.

Then there's December 12, 2001. That was the day your former Premier, Mike Harris, announced that you were going to privatize Hydro One. Canadian Press interviewed Mr McGuinty that afternoon: "Liberal leader Dalton McGuinty said privatizing Hydro One was the right move...." My, my, my.

**Hon Mr Clark:** How do you explain that?

**Mr Hampton:** Let me tell you what I think happened. After New Democrats had gone out there and conducted literally an almost 12-month campaign against hydro privatization and deregulation, and after the public started to oppose hydro privatization and deregulation and the wind changed direction, the Liberals said, "Oh, we'd better get over there. We'd better change our position."

Let me just tell you that if 10 months from now there were another change in public opinion for whatever reason—let's say this government conducted another one of their famous propaganda campaigns, where they saturate the radio waves and the television waves and the newspapers with these \$5-million and \$10-million advertising campaigns. Let's suppose this government did that and some of the public started to change their minds. Say that happened over the next 10 months. I can bet the Liberals would right away say, "Oh, the public has changed its position a bit. We'd better change our position again." I don't think the Liberals have a position of principle on this issue. I don't think they really have a position of principle at all based upon what they believe is good for the public. Every morning they get up and they stick their finger in the air and they try to figure out which way the wind's blowing. Depending on which way the wind is blowing, they will change their position on hydro.

Let me tell you, I listened to some of the Liberal members in my area. The Liberal position went from being in favour of privatization and deregulation of everything to then being, well, they're only in favour of privatizing generation, they're not in favour of privatizing Hydro One.

But I listened very carefully to CBC Radio in my part of Ontario one morning. Imagine my shock when I heard the former leader of the Liberals in Ontario, Lyn McLeod—this is the latest wrinkle; this is the latest position—say that not only would they not privatize Hydro One, but they wouldn't privatize many of the generating stations either.

Do you know what I figure happened? I figure that that day there must have been a really strong wind, and as a result of that really strong wind the Liberals sort of got blown over again.

All I ask here is that we get some kind of consistent position. Since this is an essential public service worth billions of dollars, and since both Ontario Power Generation and Hydro One have annual revenues of billions of dollars, all of which comes out of the pockets of hydro ratepayers, I think people in the province are owed a consistent position by the Liberals. I think people deserve to know what the Liberal position on hydro is.

**Hon Mr Clark:** I'm confused. What is it now, then?

**Mr Hampton:** To tell you the truth, I don't know from day to day what the Liberal position is. But for your own good I want to tell the government what its position ought to be. Look, sometime this summer electricity rates are going to go through the roof. Why? Because we're going to have three or four weeks of very hot weather. Everybody in the province will turn on their air conditioner, and the demand for electricity will go through the roof. In a deregulated system, that means prices will go through the roof, just as they did in California, Alberta, Montana, Pennsylvania, New York, New Zealand and everywhere else. When that happens, you guys will be scrambling for cover again.

**Mr James J. Bradley (St Catharines):** A thousand dollars to the NDP, Eleanor Clitheroe, 1995. A thousand dollars, is that right?

**Mr Hampton:** I have no idea. But frankly, I don't think that's really relevant to what's going on here. The point is that hydro prices, when it heats up this summer, and if the heat wave lasts for three or four weeks, are going to go through the roof. You're going to have to explain to people why hydro, which used to cost about four cents a kilowatt hour, or \$40 a megawatt hour, is suddenly up there at \$500 and \$600 a megawatt hour. You know what? Next winter, when the demand and price for electricity go through the roof again, you'll have to explain to all those people who have to rely upon electric heat and all those industries that have to heat their factories and plants during the winter months of December, January, February and March why the price has gone through the roof. I'm telling you right now, stop this now before it gets worse.

Let me tell you the other thing that's going to happen. We talked with some of the OPG officials about your proposal to sell Hydro One and OPG assets. They've told us that the market out there for generating stations is down. The market is down because the American economy still hasn't picked up, so the demand for generated electricity is not what it was, say, 15 or 20 months ago. They're saying very clearly that you're going to get pennies, 10 cents on the dollar, if you try to sell off those generating stations. How are you going to explain that to people as you're headed toward an election? How are you going to tell them that you had to sell off a generating plant that may be worth \$1 billion for \$100 million? Give yourself a break. Cut your losses now. Recognize this doesn't work. Recognize it's going to get worse down the road, not better.

*Interjections.*

**Mr Hampton:** The Liberals must be really upset here. The Liberals are really upset that they've been caught flipping and flopping again, because even though they don't have the floor, they have lots to say. But I want to talk to people at home. Recognize what happened in California. In California, after the government there was persuaded by the Enrons, the Dynegys and the Duke Energys to privatize and deregulate their hydro system, Enron was literally caught shutting down generating stations. After they shut down the generating stations and generated electricity was not available, it resulted in an artificial electricity shortage. Once they created that artificial electricity shortage, they started going around to different companies buying electricity and doubling, tripling and quadrupling the price.

Last week the governor of California, in his latest statement on this, said that as far as they've been able to tally, when the bills are all in the people of California will have been overcharged by over \$31 billion for their electricity over a two-year period. That's how much the profit-driven hydroelectric companies manipulated the market. But worse, in order to get some semblance of rationality, predictability and reliability into the electri-

city system again, the government of California had to go out and sign long-term contracts, they had to ask the federal electricity regulating commission in the United States to impose price caps and they had to buy back some of the electricity system. When you consider not only the amount by which people were overcharged, but how much they have to pay to get these long-term electricity contracts, how much they have to pay in lawsuits, how much they have to pay helping people subsidize their electricity rates, the all-in cost for the state of California is now approaching \$71 billion.

#### 1950

I admit the California economy is significantly bigger than the Ontario economy. But if we scale that back to the size of the Ontario economy, why do you, as a government, want to risk that kind of market manipulation and that kind of consumer gouging in Ontario? I've read the Ontario Power Generation strategic plan and the strategic plan that was set out by Hydro One in their privatization document, and nowhere in those documents does it talk about improving hydro service in Ontario.

The Hydro One strategic plan, as disclosed in the privatization prospectus, is all about buying up transmission lines in New England, buying up transmission lines in the US Midwest at a cost of hundreds of millions of dollars, which will have to come out of the pockets of the ratepayers in Ontario. It talks about building a hydro transmission line under Lake Erie. They don't want to estimate the cost, but we made some calls and the estimated cost of building that transmission line in Lake Erie is probably approaching \$1 billion, all of which hydro ratepayers would have to pay for; then increasing the connection inter-tie with Michigan at a cost of about \$100 million; increasing the transmission inter-tie with New York, the cost of which would be about \$50 million; and you can see billions of dollars devoted to shipping Ontario electricity south. That's the strategic plan for a privatized Hydro One.

What's the strategic plan for a privatized Ontario Power Generation Inc? Once the nuclear plants are back on-line, operating at, say, 80% or 90% efficiency, Ontario Power Generation plans literally to take the electricity produced at Nanticoke, the largest coal-fired generating station, ship it all to Pennsylvania and Ohio and operate that facility at close to 100%. Again, it's not about improving electricity supply for the people of Ontario; it's all about serving the American market.

What happens to Ontario consumers in this? There are lots of economists out there who will tell you that when you have an electricity market over here, where the price, on average, is significantly higher than an electricity market over here, and then you combine those two electricity markets, the price in this larger market will come down a little bit, but the price here will go up substantially. Guess whose price will go up substantially? Ontario's price. The cost to Ontario Hydro ratepayers will go up substantially. Any free market economist will tell you that.

The other reasons you should not privatize are outlined, in terms of a legal opinion, regarding what happens

when you privatize electricity in the context of NAFTA. If we continue to operate Hydro One and OPG as public utilities, we are exempt from a number of NAFTA rules. If we continue to operate Hydro One and OPG as public utilities, we are exempt from the NAFTA rule that says you can't control exports and we are exempt from the NAFTA rule that says you cannot have a two-price system. As long as we operate as a public utility, we can set hydro rates at cost in Ontario—in other words, at the cost of producing the electricity—and we can export any surplus electricity we have from time to time into New York or Michigan and we can charge a much higher price.

But once you privatize and deregulate, you can't do that any more; you have to in effect let the market set the price. Economists are telling you that yes, the American price would come down a little, but ours would go up a lot, and NAFTA would not let you do anything to control that price—not the Ontario Energy Board, not the independent market operator, not the National Energy Board. No one could do anything to in effect make that price drop or go lower for Ontario consumers.

NAFTA also says that once you privatize and deregulate, you can't control exports. You can't come along and say, "Oops, sorry. We need all the electricity in Ontario this year. We can't export any." NAFTA says you can't do that.

NAFTA also says that you can't come in after the fact and oppose stringent regulation in terms of the environment, especially where it affects the profits of international investors. Let's take this in the OPG context. OPG sells off Nanticoke to, I don't know, Ohio gas and electric or to Detroit Edison or something, and they ramp up Nanticoke to 100% capacity, ship all the electricity into Pennsylvania and Ohio and start making hundreds of millions of dollars. But the people of Ontario get sick of, and sick from, breathing in all that polluted air and they start to demand that the government do something about it. The government would be very restricted in what it could do. The government could not order them to ramp down their electricity generator from 100% to 20% of operation. Otherwise, under Chapter 11 of NAFTA, the government would be hit with a NAFTA challenge that would essentially say, "You're interfering with our profits. If you want to force this on us, you've got to subsidize us for profits lost." In fact, there are already cases out there like that where an international investor has brought a case against the government of Canada in terms of a fuel additive, and the Department of the Environment of the government of Canada had to pay this company \$150 million in compensation for profits lost.

So I say to the government, if you really want to do something about those bloated, excessive, fat salaries that you and your henchmen put in place at Hydro One, the best way to do that is to state clearly and consistently that Hydro One will remain a public utility and that salaries at Hydro One must be commensurate with salaries at BC Hydro, Hydro-Québec and Manitoba Hydro, and you would be setting a salary range of under \$500,000 a year.

I think most people, if they had the chance to compare Hydro-Québec salaries or BC Hydro salaries with that kind of range in Ontario, would say that that is reasonable, that's defensible, that's justifiable.

But what you've got before us now as a bill is simply a charade. You're going to replace the old board—people you picked, who negotiated the salaries with Hydro One, and negotiated them up to the \$2.2-million range, with a \$6-million severance pay—with another hand-picked board—and your good buddy Glen Wright is the chair—and their legal direction is to negotiate salaries again. So what's changed? The old board negotiated salaries—they went too high. Now you've put in place a new board and you've told them to negotiate salaries in the privatized context and I can tell you they're going to be equally high.

**2000**

If you think that by bringing down the salaries by 10% or 20% you're going to fool people across Ontario, I think it's gone beyond that. I think people across this province are awake and alive to your manoeuvres here. People are not going to stand for it. People recognize that hydroelectricity is an essential public service. People are not going to stand by and watch those bloated, excessive salaries that you find on Bay Street imposed on Hydro, nor are they going to stand by and watch the kind of shenanigans that have gone on in California or Alberta or Montana or Pennsylvania or New York or New Zealand happen here. People are not going to stand for that.

I have to tell you—fair warning—New Democrats are going to continue our campaign to ensure that people know what's happening. We're going to continue our campaign to ensure that people not only know what the salaries are but people understand how you're selling off important and valuable public assets at bargain prices, at fire sale prices.

**Mr Guzzo:** Dalton's going to support it.

**Mr Hampton:** Who knows what the Liberals are going to do? Who knows from day to day what they're going to do?

But the people of Ontario are certainly going to be watching and paying attention and people across Ontario are going to judge your government accordingly.

I just want to close by once again quoting from someone that this government knows and likes, someone that this government thinks a lot of, Sir Graham Day. What did Sir Graham Day say? Sir Graham Day, the premier privatizer of Margaret Thatcher, said that the government of Ontario knew from the spring of 1998 until just a few weeks ago what the salary increases were at Hydro One and always knew and approved of it.

**The Acting Speaker:** Comments and questions?

**Mr Sampson:** Thank you very much, Mr Speaker. It's a pleasure to see you enjoying the debate from the chair. I must admit I've never seen you so attentive to the thrilling debate that goes on in this House from time to time.

I was with you. I was being quite attentive as well listening to the leader of the third party. I was with you

for a while, I must admit, but then we came to the phantom letter, this letter of November that you indicate you have written.

Now, Speaker, the opera has its Phantom of the Opera; we in the Legislature now apparently have the Howie Hampton phantom letter. This letter that he wrote the minister in November—

**Mr Hampton:** That's right.

**Mr Sampson:** You referred to it in your delivery about the pay packages of the people at Hydro One. You've mentioned it, I guess, 20 or 30 times in this House and in many times to questions to the minister himself. He comes back to you and says, "I never got it. Did you write it?"

**Mr Hampton:** He wasn't the minister then.

**Mr Sampson:** No, no, no. He said, "Did you write it?" and you never answer. So I was with you for a while; then you left the planet. You're on some other universe, because swirling around in this universe are all sorts of nasty thoughts and conspiracy theories and views of the world that never happened. Circling around and around good old Howie Hampton's head is this phantom letter. Where is it? Why have you never presented it? Table it here if you've got a letter. No one's ever seen it.

I'm sorry. One person has seen this letter. It's you. Now the question is, did you see it in real life or was it one of those Howie Hampton NDP dreams?

**Mr Ted McMeekin (Ancaster-Dundas-Flamborough-Aldershot):** I think we must be making progress. I was down in my office watching the telly and I thought something extraordinary had happened. I had this idea that the Liberals must be the government. I heard the leader of the third party, who points fingers at others about being ideological, and I can recall the kinds of hydro price increases that took place under the NDP government. In fact, I can remember the chairman going out and buying land in the Amazon. Do you remember that? Maybe that's a good thing to do. I think we all want to see the Amazon. But to point fingers at the other side and to be talking about you guys and all your cronies—all the rhetoric about how ideological you are and all that sort of stuff with recognizing that.

I want to get a couple of other things on the record too. We must be making some progress here. Thanks very much.

**Mr Bradley:** A thousand dollars.

**Mr McMeekin:** Was it \$1,000, Jim? A thousand bucks to the NDP in 1995. There ought to be a law against that.

We keep hearing references to California. Just for the viewers out there, I think it's important to acknowledge that here in Ontario we sometimes have a NIMBY—"not in my backyard"—but down in California, which has a real population problem, they've got a whole new concept down there that is called BANANA: "build absolutely nothing anywhere near anyone." That was the problem they had down there.

I was at a wind power conference on the weekend. It just blew me away. I want to tell you that the people who

are into alternative sources, the so-called green sources, are really quite excited about the opportunity to get into the private market and some of the things there. I think that public-private generation makes a lot of sense in that context.

**Mr Bisson:** I thought the comments put forward by my leader were quite a balanced approach.

**Interjection:** If not a little tame.

**Mr Bisson:** It was somewhat tame, I thought. First of all, it exposed the myth the government is trying to build that it knew nothing about these bloated salaries at Hydro One and OPG. I thought Mr Hampton raised quite well that the government had appointed this board back in 1998 and knew very well what salaries were being paid to the board of directors. For the government to come into the Legislature, through the minister responsible, and say that they knew nothing until a couple of weeks before this whole thing came to light I think is a little bit hard to take.

I thought it was balanced. I'm not quite sure what the Liberal position was, but he managed to point out a number of positions the Liberals have taken on this particular one, and I thought it was quite interesting.

I remember quite well the comments that were made by Dalton McGuinty—I guess it was in January that the announcement was made that they were going to privatize—in regard to where he stood on the privatization of Hydro One. When first asked by the media, it was quite clear that he was in support of the privatization of Hydro One. He thought it was the right thing to do and that the government should go ahead with it. In fact, as my leader also pointed out, just a year ago the Liberals supported the government in a motion here in the House to defeat our resolution which dealt with the whole issue of stopping the deregulation and, again, the position the Liberal leader and the caucus have taken on the privatization of OPG.

What's clear here is that there is a privatization agenda. It is supported by both the Conservatives and the Liberals. It's only the New Democrats and our leader, Howard Hampton, who are leading the charge, saying, "It's the wrong way to go. If you want to preserve prices in this province, the best way to do that is by keeping control of Ontario hydro and Ontario Power Generation."

**Hon Mr Clark:** First, to respond to the leader of the third party, he was making a great to-do about the salaries and that the government claimed we didn't know about the salaries, where in fact the government did state that they knew about the salaries. They were actually printed in prospectuses.

The interesting thing about it is that it was around May when this government got upset about the salaries. That was around the time the board decided to change the severance package because Clitheroe was thinking, "Uh-oh, they might not go ahead with the privatization," so they upped the salaries rather significantly. That's when the government said, "Enough is enough. We're going to intervene in this."

I was glad the leader for the third party did mention the member from Thunder Bay-Atikokan and how the position has slightly shifted again.

**2010**

There's no doubt there is confusion. I can remember in my own municipality the member for Hamilton East—the leader for the third party will enjoy this—had a press conference, talking about the opposition, about how they were going to stop the Hydro One sale, and he put up a "For Sale" sign in front of a power generation centre. Actually, it was a power utility. So here the member for Hamilton East didn't even know what they were opposed to, in terms of the sale of public utilities, Hydro One or a generation plant. He didn't know the difference between the three.

**Mr Guzzo:** Nobody's perfect.

**Hon Mr Clark:** I understand that nobody's perfect, and it's difficult for the Liberals, the opposition, to get their positions straight when it's shifting as quickly as it moves. I can feel for the member for the third party. The sands were shifting. Even the Liberals still don't know what their position is on Hydro One.

**The Acting Speaker:** The leader of the third party has two minutes to respond.

**Mr Hampton:** I want to thank the members for their contribution. First of all, let me deal with the government's discomfort over the letter that I sent to the Minister of Energy back on November 28, raising with him the bloated salaries at Hydro One. Let me tell you why the government is so uncomfortable. Originally, the government's position was that they didn't know about the excessive salaries back then, and so when a letter was sent, they didn't want to acknowledge that.

People at home will understand this. Just like this government doesn't answer questions during question period, they don't answer their mail, either. That's the reality of this government. You know something? You can send a minister of this government a letter and a year and a half later you'll get a response. So I expect that a year from now I'll get a letter from whoever the Minister of Energy is then, saying, "Oh, about that issue you raised back on November 28, 2001, we don't know the answer." That's what I'll get.

Now, as for my Liberal colleagues, all I say to you is, "Will you find a consistent position with respect to Hydro, will you make up your mind on Hydro and will you stick to it longer than 15 minutes?"

The member from St Catharines says that he thinks Eleanor Clitheroe contributed \$1,000 to the NDP in 1995. He may be right; Eleanor Clitheroe, like any other Ontario citizen, is free to do what she wants. I just say to the member from St Catharines—

**The Acting Speaker:** Thank you.

**Mr Bradley:** On a point of order, Mr Speaker: I would like to request, and I think I can get unanimous consent from members of the House, to give another minute to the leader of the NDP to explain how he got a \$1,000 donation from Eleanor Clitheroe in 1995, his party

**The Acting Speaker:** Agreed? Agreed. The member has one further minute.

**Mr Hampton:** The problem of the inconsistency of the Liberals' position really bothers him.

As I've indicated, I've received \$100—

**Hon Norman W. Sterling (Minister of Transportation):** On a point of order, Mr Speaker: This was unanimous consent given to the leader of the third party to talk about a \$1,000 donation by Eleanor Clitheroe to the NDP party in 1995.

**Hon Mr Clark:** Nothing else.

**Hon Mr Sterling:** Nothing else; that's it.

**The Acting Speaker:** The leader of the third party has the floor for one minute.

**Mr Hampton:** What the Liberal members have to realize is that individual people in Ontario can make contributions to the Liberal Party, the Conservative Party or the New Democrats. As I say, I've received contributions from the president of the Liberal Party in my riding, saying, "You're doing a good job on Hydro. Keep doing it, because the Liberals are nowhere."

**Ms Caroline Di Cocco (Sarnia-Lambton):** On a point of order, Mr Speaker: I do stand on a point of order because the leader of the third party was not on the topic with which he was given the minute to speak—the \$1,000 donation.

**Mr McMeekin:** On a point of order, Mr Speaker: I move unanimous consent to give him another minute to try to answer the same question.

**The Acting Speaker:** Is there unanimous consent?

**Interjections:** No.

**The Acting Speaker:** Further debate?

**Mr Sampson:** That was an entertaining one minute because I witnessed here, and so did the other members and the people watching, the leader of the third party dance and skate and spin around that issue that I am sure the member for St Catharines will speak to quite eloquently and for some time.

*Interjection.*

**Mr Sampson:** I have to, for just a few minutes here, come back to the leader of the third party. This letter thing: look, this is the way it works, leader of the third party. In order for us to answer a letter, you have to write it first, and we can't kind of read in your mind what this letter is. So for the 50th time now, it's got to be, why don't you just table it? You're up on your feet just about every minute in this House asking us to table this document or that document. For the 51st time, just table the letter so we can know what you're talking about.

**Mr Hampton:** On a point of order, Mr Speaker: I would be happy to give the Minister of Energy another copy of the letter. This will be the fourth copy now.

**The Acting Speaker:** There is no point of order.

**Mr Sampson:** The issue before the House today is of course an issue that centres around corporate governance. I said to the member for St Catharines, "I suspect you're going to be able to talk to this \$1,000 donation," and did you hear what he almost said?

**Hon David H. Tsubouchi (Chair of the Management Board of Cabinet, Minister of Culture):** No, what?

**Mr Sampson:** He almost said "from the working people." He almost said that. He stopped halfway through. You heard it. Hansard will never catch that, but I'm sure you'll—

**Interjection:** Correct the record.

**Mr Sampson:** Correct the record and inform us fully on the extent of that \$1,000 and indeed whether your records show it was paid back.

I have to say to the members opposite, this is an issue around corporate governance. Corporate governance is actually quite a hot topic, if you will, in the corporate world because corporate governance issues around executive payment packages, director payment packages, compensation packages—

**Mr Hampton:** Destroying evidence.

**Mr Sampson:** Well, you want to raise the Enron issue. Certainly the Enron issue is an issue around corporate governance and nobody's going to disagree. But it's not as though corporate governance is an issue that's just a problem or an issue, if you will, around the hydro world. It's an issue around the corporate world globally, and it's more than—

*Interjection.*

**Mr Sampson:** I say to the leader of the third party, it's more than just around the Hydro issue.

**Mr Hampton:** You mean they're all corrupt.

**Mr Sampson:** No, it's a matter of whether the shareholders are aware of and can deal properly with the directions and the governance issues that are provided by the directors and the executives.

**Mr Hampton:** You knew about it all the time.

**Mr Sampson:** I won't debate with the leader, because I know, Speaker, we need to speak to you directly, but the issue here is, does the shareholder have the right in this world, whether it's a public institution or a private institution, to demand that the executives and the directors speak to the wishes of the shareholders? This legislation before us is saying in fact they do have that right and they should have that right.

In the budget today there was a reference to a report that's the five-year review committee draft report that was presented to the Minister of Finance concerning securities issues and securities laws and governing laws. It was actually chaired by Purdy Crawford. As I was reading through that today, there's a section here, a reference by the chairman, Purdy Crawford, who did the securities review, that actually quoted a comment, among many other things in here, from the Ontario Teachers' Pension Plan Board, talking about corporate governance and the rights of shareholders to deal with decisions that are made by the executive of corporations and the board. There's a reference here that says, "When a problem surfaces, they"—this is the shareholders—"must be able to discuss their concerns. When a corporate proposal is made that demands opposition, they must be able to act."

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Well, that's what this act does. It says that the shareholders—the shareholders being the people of the province of Ontario, and we the elected representatives representing them—have the right to act when they see there's a problem. And that's simply what this legislation does. The problem was that there were compensation packages presented by, I assume, some compensation committee at Hydro One to the board for approval that we and, I dare say, everyone in this province felt were excessive. We asked the board to deal with it, and they simply said to us, representing the shareholders, "No, you do that." Well, we've done it. We've said, "We need a new board. We need to go back into the compensation packages and negotiate a plan that's fair to the taxpayers and fair to the employees who are being compensated."

I find the argument of the leader of the third party in this instance a little bit confusing. I find most of his arguments confusing, but this one is particularly confusing because he's saying, "No, no, no, no, no. This Legislature should arbitrarily determine the salary packages of the people who are employed at Hydro One. We should do that arbitrarily." This is from the champion of contract negotiation over here. This is from the guy who thinks that contract negotiation is paramount. But for certain people—

**Mr Guzzo:** The social contract.

**Mr Sampson:** It's their social contract. You're exactly right, my colleague from Ottawa.

**Mr Guzzo:** No discussion.

**Mr Sampson:** No discussion at all.

So for certain types of people, social contract; for certain types of people, negotiations. You can't have it both ways.

Speaking of having it both ways, let's just briefly talk about the positions—that's plural—of the Liberal Party.

**Mr Gill:** What day?

**Mr Sampson:** I say to my colleague from Bramalea-Gore-Malton-Springdale and all sorts of lovely places—did I get it all right?

**Mr Gill:** Thank you, yes, you got it right.

**Mr Sampson:** I got it right. I say to my colleague, he's right: position on what day? It's almost, on this file, position on what hour?

Remember the good old days, when the Liberals used to take a position and stick to it?

**Interjection:** No.

**Mr Sampson:** I don't either. They've never done it. You've never done it. Remember the red book? Red Book I, Red Book II, remember those? They weren't even off the press when the guy in my riding was speaking another language. It was a totally different policy he was talking to. You guys won't even let the ink dry, but you change the policy. On the hydro file, you've been, as the leader of the third party says, clear as mud.

**Mr Guzzo:** One honest Liberal—Gagliano.

**Mr Sampson:** I thank my colleague from Ottawa for that very insightful interjection, because he's right. You need to have that microscope, that little reading glass, to

read the "best before" date. You know what? Every product you consume in this province has a "best before" date. The Liberal policy, same thing. All you guys need is an UPC code and you'll be able to be sold in all the market stores around the province of Ontario because you've got that "best before" date. Just make it a little bigger. I ask you, just make it a little bigger so we can figure out—

**Interjection:** The position expires.

**Mr Sampson:** —when the position will expire.

**Mr Bisson:** And which one to use.

**Mr Sampson:** To be fair, we do need to know which position for them to use. But do you know what? So do they, because the problem is, each member has a different "best before" date for each policy.

**Mr Guzzo:** Where is Paul Martin?

**Mr Sampson:** You're right, I say to the member from Ottawa. The only guy who has this right is Paul Martin, except that it was the Prime Minister who gave him his "best before" date, right? Think about it.

Dalton McGuinty, May 29, 2002—because he changed his position on December 12, so the "best before" date was December 12. Here's what he said.

**Mr Tony Ruprecht (Davenport):** That's the pot calling the kettle black.

**Mr Sampson:** No, I said he didn't say that. This was a question to him. It doesn't say here who was questioning him, but I suspect it was a member of the media. "I remember, I think, you saying, and I don't know for sure"—the question is confusing—"the idea of a sell-off of Hydro One was acceptable." McGuinty's answer: "I've been very consistent with respect to Hydro One. I think it should be kept in public hands. I've been very consistent when it comes to generation. There should be competition."

*Interjection.*

**Mr Sampson:** Don't get excited now.

That had a "best before" date of December 11. On December 12 he said, "I would bring in legislative oversight. I think it's important that we move ahead with competition both in terms of generation and in terms of transmission. But there are good public-private partnerships, there are bad public-private partnerships. My concern is, I think this government is on the right track." Uh-oh. He said, "I think we should sell it. If we're going to move forward with privatization, I think we should do that." That was December 12.

There's a "best before" date apparently on that one, because some time in February, after Howie did the first round of the province with the light-bulb-on-his-head bus thing—it's not the best idea—then he changed it again.

I'm not going to chew up all our time here. All I want to hear from you guys is, what's the "best before" date for the current policy? No, no, back up. Why don't you tell us what the current policy is first and then tell us what the "best before" date is? And don't yabble on to me about things like the tax credit for schools, because—

**Mr McMeekin:** Let's talk about your budget.

**Mr Sampson:** No, no. I'm going to tell you something about that little baby. Do you know what the Liberal position was on that a couple of months ago? A year ago? I heard your leader saying in the House, "We're in favour of that. We're just not too sure when and how, but we're in favour of it." That had a "best before" date too. The "best before" date of that policy was the day before the budget before this one, when the minister announced it.

Look, guys, it's not difficult. It's really not difficult. Sometimes it hurts, but it's not all that difficult. Just tell us clearly where you stand and tell us how long you're going to stand there. That's all we need to know.

**Mr McMeekin:** So you're going to amend the Tax Act when? When is that coming?

**Mr Sampson:** No, no, I just want you—we tell you exactly where we stand. I need to find out from you guys what your positions are.

With all due respect to my colleagues in the third party, they have been consistent from day one. With the exception of the phantom letter, they've been bang on their position. This phantom letter thing is going in and out—I don't know where that's going to land—but they've been consistent. They've been consistently wrong, but that's a track record they showed us from 1990 to 1995. They were consistently wrong for five years. We're not going to expect them to turn around on that, but at least they're consistent.

*Interjection.*

**Mr Sampson:** I say to the member opposite, what are you talking about? Your position has been 100% sale, 0% sale and everything in between. Just tell us where you are now. It's simple; stand up here and tell us what you think should be done with hydro—the generation and the transmission—and why. And I say to my colleague from Management Board, then tell us how long you're going to hold that position for, so we can have something to judge you by. It's real simple. You can do it, I know that.

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**The Acting Speaker:** It's now time for questions and comments: two minutes from each side in rotation.

**Mr Bisson:** I really thought that was a well-balanced, well-thought-out speech. I thought it was a good balance. Trying to point out the position of the Liberal caucus, I thought, was interesting.

In response to my good friend Mr Sampson—pardon me for using his name; I don't remember his riding offhand—in his speech he talked about the letter, saying Howard Hampton and the New Democrats have been consistent all the way through this thing; they have taken one position and moved it forward except for, as he terms it, the phantom letter.

For the record, I just want to say we've now sent three copies of that letter to you. We can give you a fourth or a fifth if you want. It ain't a phantom letter. In fact, we did send a letter out from the House leader—

**Mr Michael Prue (Beaches-East York):** I think we should give him 57.

**Mr Bisson:** We should give him 57 letters. That would be a good thing. But we had sent the letter last fall,

and the purpose of that letter was quite simple: we were all alarmed, looking at the numbers from Ontario Hydro, about the amount in salaries being paid to those people on the board of directors, and we were trying to raise that issue even back then. Why it's relevant is because all of a sudden the government has tried to say it didn't know anything about this, and we say they did.

You appointed the board, you knew who the board was. It was in your hands. If you didn't know, then you've got to ask yourself why. And the answer to that would be simply: if you didn't know, it's because maybe you weren't in command of—I don't want to be mean, but you know what I'm saying. I guess what I'm trying to say is, maybe you guys kind of mucked up.

On the question of the Liberals, I'm just so glad you pointed that out. This old line of a just-before date is, I think, really relevant, because I get as confused as you. The other point I thought was even more interesting is the various positions that various members of the Liberal caucus have taken on the same day. Where on one day someone is saying "yea" to privatization, on the same day somebody in another part of the province is saying "nay," and it's really difficult to understand exactly where the Liberal caucus is coming from on this one.

I want to thank the member for his speech, because I thought it was most entertaining.

**Hon Mr Tsubouchi:** I just wanted to reiterate what my colleague Mr Sampson was talking about. He certainly distinguished the positions: the NDP, clear all the time—wrong, but clear—and the Liberals, unclear—they don't know what we're talking about here. Actually, it reminds of an incident I should share with you. One day in the House of Commons, a socialist was pouring out abusive words—that's something that never changes—against Prime Minister Churchill. Churchill remained impassive, almost bored. When the language was over, Churchill rose and said, "If I valued the opinion of the honourable gentleman, I might get angry." I might paraphrase that to say that if I valued the opinion of the Leader of the Opposition, I might get angry at his inconsistency of position.

What we're trying to do here is the right thing. Clearly it's the right thing. I think everyone here understands that. The problem here is, although we all understand that, it takes so long to get a position that is blatantly clear to all of us.

I have a lot of sympathy for the leader of the third party. He had a vision. He had this light bulb over his head. That was his vision. It blurred where he was going from time to time, but he was consistent, consistent, consistent.

The Liberal position, again, has always been blatantly inconsistent. I really do commend my colleague for clearly outlining what is blatantly a very unclear position.

At the end of the day, you folks are going to have to take a position one way or another, a position that somehow we'll put on the record. It's fortunate for us that the reporter from Global was able to bring that inconsistency to the Leader of the Opposition, otherwise it may not



have been admitted to. Otherwise he still would have been trying to cling to his newest position in front of the public.

At the end of the day, the NDP have a certain position, we have a certain position and the Liberals are basically two sides of the same face.

**Ms Di Cocco:** I want to get back to the wonderful issue of Bill 80, An Act respecting directors and officers of Hydro One. The reason I listened intently to this, sort of, pointing fingers and blame game that's going here is that I want to talk about the responsibility of the government of the day that appointed the directors of this corporation and that was asleep at the switch while they were making decisions. According to a number of the directors who resigned, this government knew all along what the decisions were, because they were given briefing notes. After all, Hydro One is a public asset. The public asset was run by a board. The board was responsible to guess who? The government and the ministry. Do you know who has responsibility for the decisions made by the board? That is the crux of the argument, and that is the depth of debate we should be having today.

Yes, you brought in legislation. Why? Because you were asleep at the switch while the Hydro One board of directors were doing exactly what they wanted to do. All they wanted to do was put millions of dollars, and they were allowed to do so, in the hands of individuals who were running the corporation.

Remember, since 1999 you added over \$1 billion to Hydro's debt. You were the captain of that ship.

**Mr Prue:** To the member for Mississauga Centre and the previous speaker from Sarnia-Lambton: much has been talked about tonight in general terms about Hydro. I do have to say to the member from Mississauga Centre that I found your comments, although amusing, really quite arcane. They were arcane to the point that you were attacking opposition parties for their positions or for their non-positions: for those who have a position, it is a wrong position; for those who have no position, I guess it's just no position.

Surely this government must start to point some of the fingers at itself. Clearly, your position on the whole issue of hydroelectricity has gone from point to point to point. It has gone from outright sale to problems with OPG and Hydro One to problems of people trying to raise their salaries. In all of this there is one thing you have to say: you are the government. It is your responsibility and you have not done appropriately by that responsibility.

If you truly want to protect the taxpayer, you have to seek some kind of consensus from around this room. On the day the Minister of Environment and Energy stood up and read out this bill, he said he wanted immediately, at that point, all-party unanimous approval to pass the bill. Nobody had even read a copy. We hardly understood, because he read so quickly from down there in that corner at the far end of the room what he was trying to do, and he was surprised when someone said no.

With the greatest of respect, I think if you're very serious about this, you have to start acting more like a government and less like an opposition party. It's not

enough to attack; you have to come up with the right ideas, and you have not come up with the right ideas, with the greatest of respect.

**The Acting Speaker (Mr Dave Levac):** Further comments for final summation?

**Mr Sampson:** I want to thank the members for their contributions to the debate.

Just a couple of things: look, the Liberal position is that you somehow should fire the shareholders because of the decisions that were made by the board and the executive that the shareholders disagreed with. So, "If that has happened, fire the shareholders."

**Hon Mr Clark:** Isn't that absurd? That's an absurd position.

**Mr Sampson:** That's totally absurd, I say, and the Minister of Labour agrees. If a corporation and the executive make wrong decisions, you don't fire the shareholders. The shareholders deal with the executives and the boards that have made those decisions and ask them to change those decisions. That's all this bill does.

The other thing that is patently absurd here is that we're spending a significant amount of time in this House debating this bill that does exactly what the two of you guys railed at us for weeks to do. You said the salary packages, as reset—and the Minister of Labour is right that the word is "reset"—by the board and the executives when they saw that the light at the end of the tunnel was a train coming at them and not the end of the tunnel.

You sat for days in this House and pummelled the poor minister over there: "Get rid of the packages. Get rid of the board." Well, here we are. So what do you say now? "We want to think about this little thing a bit." That's what you're saying. Look, my point earlier was that you've got to take a position and stick with it. You took one when they changed the packages and you were creaming us. Let's get on with it and deal with this bill and pass it.

**The Acting Speaker:** Further debate?

**Mr Ernie Parsons (Prince Edward-Hastings):** I'm pleased to join this debate. I am rather saddened at the earlier debate, though, which seemed to reflect on what the leader of the third party wants, what the Premier wants, what's their vision. The real challenge is, what do the people of Ontario want? I haven't heard anybody talk about that this evening. What do the people of Ontario want?

Our leader, Dalton McGuinty, challenged the government to hold an election on this issue; it is such a fundamental issue. That has been refused. At the very least, this topic merits a referendum. What do the people of Ontario want done with their electricity system? It doesn't belong to the board of directors; it doesn't belong to Eleanor Clitheroe. It belongs to the people of Ontario.

I'm going to ask the Speaker's indulgence; I'd actually like to speak to the bill in question for a few moments, if I could. I know it will vary from the earlier speakers, but I feel a need to. The bill itself deals with firing the directors of Hydro One. The Liberal Party supports that. It should never have happened. There should never have

been a need for this bill. If the government had done the monitoring properly, these kinds of salaries wouldn't have arisen.

I'm not sure, actually, that they didn't monitor it and weren't aware of it. We're hearing very clearly from former directors that they filed information with the government indicating what the salaries were. So whether they're bothered about the salaries or whether they're bothered about the fact the salaries went public—I suspect it's more that the salaries went public. Some of them over there look a little sleepless, and I think that with conscience maybe they would have trouble sleeping at night after the scenario we've gone through of the money being paid to these few individuals.

But it also unveils a larger problem with this government. We've seen a gentleman, Paul Rhodes, take home \$140,000 or \$150,000 working for the ministry that was supervising water testing and working for the water-testing lab at the same time. We've seen the health minister hire someone during his leadership campaign who took home \$300,000.

We contrast that with what I see in Ontario. The experience of the people of Ontario is that a few have done very, very well. But in this chamber last Thursday during private members' business, we watched the government vote down a private member's bill that would have provided for a cost-of-living increase for people receiving ODSP. They refused a 2% increase for people with disabilities who have not had an increase in about 12 years. We see a government that has lost touch with individuals in Ontario.

**Hon David Turnbull (Associate Minister of Enterprise, Opportunity and Innovation):** On a point of order, Mr Speaker: I believe the member has an urgent telephone call from the ambassador to Denmark for Canada, which he may want to take.

**The Acting Speaker:** That's not a point of order. You may continue.

**Mr Parsons:** I didn't realize Ontarians with disabilities were an item to be joked with. I suggest the members need to spend more time in their constituency offices and meet with individuals who are truly, truly suffering in this province with no increase and expected to live on \$930 a month maximum in Toronto, where apartment rents run that amount of money.

I would also mention that I will be sharing my time with the member from Davenport. The government side will probably prefer it when I sit down and the other member stands, but I don't think they'll—

*Interjections.*

**Mr Parsons:** Yes. Any time during it. Don't get hung up on details. You people don't.

What is very clear through these discussions on Bill 80 is that we have the directors and we have the shareholders, where the shareholder is the Ontario government—in fact, the shareholders are the people of Ontario. I'm intrigued by one condition in this, that no claims can be made against the government or Hydro One with respect to appointments, removals, compensation limits

and other matters imposed by this bill. The reality is that there was a legal contract with a legally constituted board. The government has often used a heavy hand, but the courts have later held that in fact it did not have merit.

But I want to talk, as the others also have, about Hydro One and this mad urge to privatize. We need to review the history of this government over the last few years. When the judge held court where the question was, does the Ontario government have the right to sell it, the judge pointed out very clearly that at one time the stance of the current government was, "It is not for sale. It will be restored as a crown jewel for the taxpayers of Ontario." So the stance from the government was very strong that it would not be sold.

We're now seeing that it's going to have private sector involvement and private sector discipline. I don't know what that means, and I would suggest that most, if not all, members on the other side don't know what that means. It's going to be publicly owned, and it's going to be privately owned. That's like the old expression about being a little bit pregnant: you can't be a little bit privately owned and a little bit publicly owned. They are going to sell it or not, and the degree to which they sell it is irrelevant.

Are they going to sell part of it, all of it or none of it? We can look at their actions. The actions are that this government went to court to get the right to sell all of it. They didn't pull off their lawyers; they didn't concede the case. They went to court to get the right to sell all of it. Why do they want the right to sell all of it if they're not going to sell it? I don't have an answer to that. Maybe they do. They are continuing to push through a bill that is best described as a blank-cheque bill. It will give the government the right to do anything. Why do they need that bill if they're not going to sell it? Why can they not be more specific? Why are they waiting until the House is adjourned to indicate their actual plans for it?

I have suspicions that they don't want to debate this item in this House. It's far better to make the decision over the summer when people are on vacation and the House is in recess. I think that's a very poor treatment of the fragile thing we call democracy. But they still seem relatively committed to private sector involvement.

They won't hold a referendum. Consumer Reports this month got results from 31,000 people who live in communities that are deregulated. Thirty-one thousand doesn't represent everyone, but it's certainly a significant sampling of people, and in its own way it's a referendum. They made a fascinating comment about deregulation, and I'm going to read it exactly: "Incessant telemarketers interrupt your dinner but customer service won't answer the phone." They spoke to people in virtually every state in the US, and most states are either acknowledging that they made a mistake or they haven't really deregulated.

This government keeps referring to Pennsylvania and what a great example it is. Pennsylvania has an advantage in deregulation that we don't want; that is, their industry isn't growing. They're not expanding, and they

don't have a need for additional electricity. We don't want that condition in Ontario. We want to recognize that there is going to be growth, and we want to have the capacity for it. So Pennsylvania isn't a really good example.

Here's what Consumer Reports found from the 31,000 people who answered their survey: "While consumers have made some gains under deregulation, on balance they've lost ground. Service has typically deteriorated." I would ask anyone in Ontario who has been involved with some of the private companies delivering electricity to try to get their phone call answered when they have a service problem. "Consumer rights have sometimes suffered. Claimed price cuts are often not all they seem. And when free markets have gone bad, deregulated industries have seen no contradiction in getting multi-billion dollar government bailouts...."

"The oft-repeated claim that deregulation cut consumer prices while regulation kept prices artificially bloated is a myth. The inflation-adjusted cost of airfares, telephone service, and electricity was falling for decades before deregulation."

And here is what I'm hearing from consumers in my riding who are dealing with some of the private operators: "The marketplace has become more adversarial toward consumers. Absence of strict rules has inspired aggressive tactics which have led competitors to respond in kind." We've seen some of these electricity retailers have their right to sell suspended for a period of time. We're reflecting the American experience. We're having the same patterns up here. "Sellers have gained disproportionate power over buyers through widespread use of hidden charges, fine-print loopholes, ever-changing prices, and unauthorized switching of service."

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The US experience regarding electricity deregulation and privatization has not been positive. Were there problems with our old Ontario Hydro? Yes. Were they as bad as the government presented? No. Firms that produce electricity, whether public or private, know it is very capital-intensive and they have to do massive debt borrowing. The debt was escalating and needed to be controlled. The challenge that the government should have risen to was fixing our electricity system, not skipping out on it, letting the sales and deregulation take place and being able to stand back when the problems arise and the rates rise and say, "It's not us; it's deregulation. This is what has happened."

We can look at the deregulated airline industry. As the prices of airline tickets have gone down, so has the service. We cannot tolerate a reduction in electricity service in our Ontario.

**Mr Ruprecht:** I want to thank my colleague from Prince Edward-Hastings for his remarks and for clearing up certain things. I just wanted to tell you very briefly that the Ontario Liberal electricity plan for Ontario is very clear: (1) consumer protection—let's put deceitful door-to-door retailers out of business; (2) fairness through tough regulation—we need more public over-

sight to keep things fair, (3) reliable, affordable power—we need more power through a mix of generators; (4) keep the grid public—we must not sell Ontario's electricity highway. This should put all the debate about where this party stands in a very clear light. It's clear what the Liberal position is.

There seems, however, to be some confusion in the public's mind as to where this government is heading. Today we know the government wants to sell 49% of Hydro One. A few days ago we didn't know what the government wanted, but we knew the government wanted to sell all of Hydro One. We don't know where this government will stand tomorrow. The point is simply that there is a certain confusion, but there is even more confusion in the public's mind as to what is happening with Hydro One at present.

But there is no confusion when people look at their hydro bills. That hydro bill is clear to them. The rates have gone up. The hydro bill is clear to each one of them. They are coming to my office—and I'm sure they are going to each of your offices as well—and asking, "What is in store for the future? What is the government's intention for the future of Ontario? Will you sell? Will you not sell? Please don't sell."

I've written down certain things when people have come to my office. There are very many statements being made, but combine them all and you come up with something like this: "Deregulation has been a licence to profiteer and steal from workers, pension-holders and shareholders." That's what I hear in my constituency office. That's what you hear in your constituency offices as well. When residents are coming to you to ask what your position is going to be, or is at this point, I want to know what the Conservative members tell these residents. They're coming to my office, many of them because they have been ripped off. They're coming to your offices because they've been ripped off. They want to know what they should do. I want to know from each one of you, what are you telling them? Are you telling them to rip up their contracts? Are you telling them to keep their contracts because the rates might go through the roof in the very near future? Are you telling them, "Hold on, keep things as they are"? I want to know what you are telling these people when they come to ask you about their hydro bills. I want to know that.

**Mr Frank Klees (Oak Ridges):** What do you tell them?

**Mr Ruprecht:** What I am telling them is very clear, and that is, "Let me see the contract you signed." Do you know what? In many cases their signature has been falsified on the contracts they've signed. I would never have thought it was possible in Ontario that there would be crooked retailers and salesmen out there who are trying to falsify signatures.

**Mr Klees:** Report them to the police.

**Mr Ruprecht:** We have.

**Mr Klees:** It's a criminal act.

**The Acting Speaker:** Order, please.

**Mr Ruprecht:** I'm sure you are getting the same requests I'm getting. Consequently, what happens here is

very clear: we must tell our residents clearly what our position is as to what we should do and what we are recommending. What 70% and even more in my riding are recommending to you is, do not sell Hydro One. Don't repeat the mistakes you made when you sold Highway 407. Within the very first year after the sale, the profits doubled. That kind of record is not good record.

*Interjection.*

**Mr Ruprecht:** That is not a very good record for the former Minister of Transportation.

**The Acting Speaker:** Would the member take his seat, please. Until this point I haven't had to do anything, except in this case I hear some yelling. I would ask you to refrain, please.

Continue.

**Mr Ruprecht:** It's a bit disconcerting when I hear the opposition jumping up and down because apparently they can't bear the truth. But the truth is that Highway 407 has been sold and a great deal of profit has been made, and no one on that side can stand up and say that's not true.

The other thing I want to say is that when the former Premier fired hundreds of nurses, what happened next? Within two years we were trying to rehire and bring back, at exorbitant increases and special bonuses, the same nurses who were fired from Ontario, saying to them on our knees, "Please come back, because Ontario hospitals have a lack of nurses." You made a mistake on Highway 407, you made a mistake firing the nurses and you're making a great mistake selling Hydro One. Today, it's 49%; tomorrow, who knows what?

We're simply saying, stop the insanity. The vast majority of the people of Ontario are totally opposed to the sale of Hydro One, and you know it. Don't do it. You've still got a chance. But do you know what? It's very strange that the same people are saying, "We're only going to be selling 49%, believe us. It's just 49%, and we're going to keep control of Hydro One because we've got 51%." It's strange.

I want to tell you something very interesting in what Justice Gans has just indicated. He's saying very clearly that the government does not have the authority to dispose of its Hydro One shares under the Electricity Act, 1998. He said, "No, you can't sell Hydro One." What are you doing instead? Instead of saying, "This certainly gives us breathing space, we ought to reconsider what we should do, we've got various options to look at," you said, "Do you know what? In case we want to sell Hydro One, we're going to push a bill through, because we've got the majority and we may be doing it in the future."

That's the confusion out there. People want to know. They're coming to our offices and saying, "Mr Ruprecht, please tell us what the government has in mind, because we do not want to continue with the California experience. We do not want to continue with the Alberta experience, where privatization put rates through the roof." Secondly, they're now being subsidized in Alberta. That's the case, and certainly nobody can argue against that.

Furthermore, think about this—I just can't figure this out—the Chair of Hydro One has requested a \$1-million

golden parachute saying, "Every year after I leave Hydro One, I demand, I want, I request and I'm going to get a million bucks as a parachute for me to retire." Can you imagine that? A million bucks to retire. This government should probably say, "Maybe we should have some breathing space," and thank Justice Gans. Here is your chance.

Of course you've said this is outrageous, but you only said this was outrageous because the opposition forced you into it. We stood up through demonstrations, through petitions, through arguments in this House. We've also said that Justice Gans was perfectly right. When the NDP, sometimes in their own position—you know, I should tell you this quick story before my time runs out: here I was on March 4 demonstrating against Hydro One, and there comes this big NDP bus around the corner of St Clair and Dufferin. Out jumped two very prominent NDPers in this House, and they're passing out leaflets. I thought at that moment, "Great. The NDP is joining us in the fight against this government to sell Hydro One." But what was very interesting was that they were passing out leaflets against me, about why I shouldn't be demonstrating. I thought that for the public good we should be stopping the sale of Hydro One. It doesn't matter what party we are—it doesn't matter if we're Liberal or NDP—we want to stop this government from selling Hydro One, and that, my friends, is in the public interest.

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**The Acting Speaker:** It's now time for questions and comments.

**Mr Bradley:** Eleanor Clitheroe.

**Mr Prue:** I'm going to have to talk to you about her later. I don't even know who she is, other than what I've heard in here.

I'd like to comment on the statements made by the member for Prince Edward-Hastings and the member for Davenport. The member for Prince Edward-Hastings spoke quite eloquently, actually. He zeroed in on what the key issue here is. The key issue, as has been explained by the judge, Mr Gans, was that the previous minister of the environment and energy clearly said that Hydro was not going to be sold, and there was an expectation around the province that it was not going to be. Then, of course, we had the famous statement on the last day of the former Premier when he came here and announced it was going to be sold. I think it threw quite a few things into turmoil.

He talked quite logically about the quotations from Consumer Reports and the fact that many consumers in the United States have lost ground and have deteriorating service. I want to commend him for bringing the actual facts to bear here.

Then we went on to the second speaker, member from Davenport. I have to tell you that some of the statements were a little arcane. I know they caused some considerable grief to Minister Turnbull, but—

**Hon Mr Turnbull:** Because they were untrue.

**Mr Prue:** Perhaps, but truth is in the eye of the beholder, especially in this House.

He asked the question—and I think it deserves comment—what is he to advise his constituents? I think no one can advise constituents. We are in a place where it is impossible to provide any real advice. Do you tell them to sign a contract where they're going to get ripped off, or do you tell them that when the rates go through the roof they're going to get ripped off? In either case they're going to get ripped off, and that's the reality of it.

What he said, and he did make one good comment, was that 49%—

**The Acting Speaker:** I thank the member.

**Hon Mr Clark:** I can understand why the loyal opposition gets so upset when we start talking about their changing positions. It's almost like when there's an earthquake: the sands just kind of fall apart and they fall through.

Think about the number of times they've changed positions on issues on this House. Let's think about this. The amalgamation issue—amalgamation in Hamilton. I can tell you that during the election the Liberal members were full force in favour of amalgamating all the municipalities. Dominic, the member for Hamilton East, was in favour; the member for Hamilton Mountain. I opposed that sucker tooth and nail. It happened. Now we're working to get the city prospering. We're all working together. The decision is made.

To the members for Hamilton and St Catharines, the decision is made, and now we've got to move forward. But now the Liberal position is to de-amalgamate Hamilton. They want to un-amalgamate Hamilton. But that's only Hamilton. That's not Toronto, not Ottawa—

**Mr Mazzilli:** Or Flamborough.

**Hon Mr Clark:** No, just Hamilton. So there's another switch.

Then do you remember—I remember this very definitely—the teachers' strike in Hamilton and the back-to-work legislation? I can remember parents coming down here and visiting with the member for Hamilton East. He assured them that if the education relations committee came through with a statement that the year was in jeopardy, the Liberals would support back-to-work legislation. Well, lo and behold, they came through with the decision and the Liberals flip-flopped and voted against it. The parents were so chagrined about it. They could not believe that happened.

Here we have Hydro One. Yes, they're in favour of privatization, and then they get forced into saying no, they're opposed to privatization. So if there's any confusion, I can understand your frustration on the other side. But it's your own positions that keep switching.

**Mr Bradley:** If there's one issue I would not, if I was on the government side today, be talking about switching positions on, it's Hydro One. It started out that you people were selling the whole thing. It was going to be privatized; it was gone. Then it started to change a bit. Finally the Premier had six different options one day—six different positions. Pick the one you wanted. I just wanted to say, on this issue, I would not go there if I were you.

But I think you may agree with this one. I always thought the NDP was the most virtuous party there was. They would never accept a donation from just anybody. I'm naive, I guess. I went to the 1995 New Democratic Party donors during the year and I found reference number 210369, Mrs Eleanor Clitheroe, of Oakville, Ontario—\$1,000 to the NDP. This is the official record, and the date of this is May 26, 1996.

**Hon Mr Sterling:** That was before the election.

**Mr Bradley:** This was given before the election. Eleanor Clitheroe is the one we're talking about tonight, the one with the multi-million dollar salary, with the platinum parachute. I thought they wouldn't take money; they're going to give the money back, because I heard the leader of the New Democratic Party stand up with a bill the other day, saying, "No donations from this category of person." Eleanor Clitheroe, who's been criticized by everybody, gave \$1,000 to Howie Hampton and the NDP and they haven't given it back. I'm surprised, shocked and chagrined.

**Mr Bisson:** My, oh my, have we got the Liberals excited tonight. They've resorted to looking at records back to 1995. Eleanor Clitheroe gave us a thousand bucks.

There's a little problem in this argument, though, I have to say. First of all, not only do you have to go back a number of years to try and find that; as I understand it, one individual by the name of Eleanor Clitheroe gave a \$1,000 contribution to the NDP in 1995. What we've been talking about in regard to the problem is that when money from Ontario Hydro flows into the hands of the Liberal Party or the Conservative Party, as a party, we have not accepted any money from Ontario Hydro, or any other corporation for that matter, as you know, because, number one, we have never been very closely allied to the business world, so we tend not to get a lot of money from them; and number two, for a number of years, it's well known that our party undertook a policy that says we are not to accept any money from the corporate sector. In fact we would, from time to time, get cheques from various corporations and unfortunately we had to send them back. Now, I didn't agree with that policy—I think we should take money from corporations as we do from unions—but the position of the party was that we don't do that.

Yes, maybe one Eleanor Clitheroe, individual voter in the province of Ontario, sent the NDP a thousand bucks. She might have sent the Liberals a thousand bucks; she might have sent the Tories a thousand bucks. The point is, Ontario Hydro was solicited by the Liberal and Conservative parties for contributions in a by-election in Parry Sound that represented \$5,000 and \$10,000 each. As I remember, we didn't ask for, and never did we receive, any money from Ontario Hydro.

That could well be the facts but I'm sure if you go back to 1885, you might find something that's a little bit more interesting.

**The Deputy Speaker:** For final summation, the member from Davenport, two minutes.

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**Mr Ruprecht:** I just want to read into the record what happened on Wednesday, April 17, 2002. It says here:

“Ontario Premier Eves quashed persistent rumours today that he plans to delay, or even cancel, the imminent sale of the province’s hydro grid.

“No, absolutely not,” said Eves, when asked if he would halt the privatization of Hydro One. ‘It hasn’t even crossed my mind.’ Speculation was rampant Wednesday among politicians and opponents to the sale that Eves, who officially took office earlier this week, was going to stop the sell-off.”

What’s important—and I want to address myself specifically to the member for Stoney Creek, who brought some municipal problems into the debate. I have here with me a number of municipalities that clearly indicate and are saying to the government, “Please do not sell Hydro One. Stop before it’s too late”—a whole list. They come from London, St Catharines, Kingston, Niagara-on-the-Lake, Caledonia, Bradford, Fort Erie, Fort Frances, Hagersville, all over Ontario. All the municipalities are voting. They’re voting in their councils. And what are they voting on? A recommendation to this government not to sell Hydro One.

But I want to be clear, because there has been a position, and people are saying simply no. The point is, there’s confusion as to where the Liberals stand. Let me be very clear. The Liberal electricity plan is (1) consumer protection—let’s put deceitful door-to-door retailers out of business; (2) fairness through tough regulation—we need more public oversight to keep things fair; (3) reliable, affordable power—we need more power through a mix of generators; and (4) keep the grid public. The Liberal position is that we must not sell Ontario’s electricity highway. It’s a clear position.

**The Acting Speaker:** It is now time for further debate.

**Mr Wayne Wettlaufer (Kitchener Centre):** It’s a privilege to get up and participate in the debate on second reading of Bill 80. It was really interesting. I was listening very intently to the leader of the third party tonight. He made comment that the government’s policy was to privatize Hydro One. He said it was in today’s budget. Well, I didn’t hear that part of the budget, so I had to go to the budget. I see here it says:

“The open electricity market promotes competition and consumer choice. The old Ontario Hydro has been separated into distinct generation and transmission companies. A new regulatory body, the Independent Electricity Market Operator, and a strengthened Ontario Energy Board oversee the market.

“Hydro One remains part of this plan. As a result of consultation, control of Hydro One will remain in public hands while the government seeks the best way to bring in much-needed private sector discipline and new investment to upgrade our electricity distribution and transmission infrastructure.”

It goes on to say, “Public sector regulation will continue to ensure that ratepayers are protected.”

**Hon Mr Clark:** Howie didn’t read it.

**Mr Wettlaufer:** That’s correct, I say to the Minister of Labour. I think the leader of the third party did not read it.

I would like to break down the problems of Ontario Hydro, Hydro One, the way that my constituents see it. They see that Hydro One, on the one hand, has a debt of \$38 billion, and they see that this asset, which the members of the third party and the opposition say is a huge asset, totals \$17 billion. So we’ve got a liability of \$38 billion and we’ve got an asset of \$17 billion. Not only do we have a stranded debt of \$21 billion but then Hydro comes along and says to the government, “We need \$5 billion to \$8 billion to upgrade our infrastructure for the year.” OK, \$5 billion to \$8 billion. Then the Liberals and the New Democrats make this great big deal of the fact that they’ve got a profit in Hydro One of \$310 million.

Let’s put this into perspective the way my constituents do. They have a house worth \$170,000. That’s the asset. All I’m doing is knocking off some dollars here, some zeros—a house worth \$170,000, a mortgage of \$380,000 and stranded debt of \$210,000. Then somebody comes along and says, “Now you have to carry out \$50,000 to \$80,000 worth of repairs to this house.” But the income of this family is only \$3,100 a year. That \$3,100 won’t even go anywhere near paying the interest, let alone carrying out repairs. That is the problem with Hydro One.

The people of Ontario expect that we will have seamless and cost-efficient generation, transmission and distribution of electrical power. They’ve had this for years and years. They expect that they can go to their light switch, flip on the switch and they will have hydro.

Hydroelectric power affects virtually every facet of each and every one of our lives. It’s crucial that the electrical system—

**Hon Mr Turnbull:** It’s critical.

**Mr Wettlaufer:** It’s critical. It is crucial that the electrical system on which we depend be run efficiently. Not only must it be run efficiently, but it must be run with Ontarians’ interests in mind, and that is the role of government. The proposed Hydro One Inc. Directors and Officers Act would ensure that whatever option the government chooses for the future of Hydro One, it will be implemented with the utmost regard for Ontarians’ interests. We expect that through this act Hydro One will operate as a responsible, efficient business enterprise, with full accountability to its shareholders. Who are the shareholders? We are, you are, they are—all Ontarians—through the government.

The government places the highest priority on protecting the interests of the people of Ontario. In May, it became fairly clear, I think, to everyone here that the board of directors did not share the government’s perspective on what the best interests of the people of Ontario are. So we introduced the proposed legislation. And what does it do? It enables us to replace that board of directors with a board that does.

What did the board do? Well, in a fit of pique, the directors resigned, and we have moved very quickly to appoint a new interim board, one with responsibility and accountability to the people and the government of Ontario. That's what the Liberals asked for and now the Liberals are criticizing it. The NDP—well, they have their own agenda. It's one we don't agree with, but they have their own agenda. They're consistent; something the Liberals haven't been.

I think everybody sees what happens when accountability is lacking. Everybody in this House was aghast when we found out what the compensation was of those five officers of Hydro One. We were aghast when we found out what the retirement benefits were. We were aghast when we saw that Eleanor Clitheroe got a \$175,000 car allowance. I don't know about you, but the car I drive certainly doesn't cost \$175,000 a year.

**Hon Mr Tsubouchi:** A hundred and seventy-five bucks.

**Mr Wettlaufer:** Yeah, 175 bucks.

**Hon Mr Turnbull:** We missed the decimal point.

**Mr Wettlaufer:** We missed the decimal point, right.

The Hydro One executive are employees of a government-regulated monopoly. Before that, it was in large part a prolonged absence of accountability that contributed to Hydro One's problems. So it led to our decision to restructure the board several years ago.

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"Efficiency" and "accountability" in the old Ontario Hydro were words that didn't really exist in their vocabulary. So by the mid-1990s our electrical system had been suffering from waste and mismanagement, one would say chronic waste and mismanagement, and that puts the whole system at risk; it is not a reliable system, then.

I would like to repeat: it amassed a debt of \$38 billion, with assets of \$17 billion, or, again, to put it in the terms of my constituents, a \$380,000 mortgage on a \$170,000 house.

The result of Ontario Hydro's mismanagement is nothing short of criminal, and the public wasn't aware of it. Rates were being kept artificially low. It wasn't a matter of electricity at cost, which was Adam Beck's principle. It became a principle, under the old Ontario Hydro, of electricity at any cost, and you simply cannot operate a business that way. I don't care whether it's a government business or a private business, you can't operate it that way. There must be some accountability. There must be discipline, and that discipline is the kind that only the private market can introduce. Does that mean Hydro One has to be in the private market? No, it doesn't, but it must have the type of discipline that the private market brings.

Most recently, in respect of the executive compensation practices, we felt—and so did the opposition Liberals and the third party—we all felt, that Hydro One was continuing the pattern of waste and mismanagement which had begun under the old Ontario Hydro. This proposed legislation will help bring the accountability and discipline that Hydro One needs. It will also balance

the protection of the rights of the Ontario government, as Hydro One's shareholder, with the needs of Hydro One's board to direct the corporation as an effective and efficient business enterprise. The government introduced Bill 80 both to redress the extravagant compensation and retirement packages of Hydro One executives and to ensure that the board of directors acts in the best interests of Ontarians.

Whatever the future of Hydro One, the status quo is not an option. It cannot be an option. For years, Ontarians could take for granted that the sufficient supply of competitively priced electricity existed to meet our needs, and we must continue that. There was no reason to expect anything else and there still isn't, except that Ontario Hydro was not subject to the discipline that we know it must be.

So the government took steps. We consulted broadly and we decided on a course of action. In October 1998, the Energy Competition Act was proclaimed after much public debate and input. It also created a new regulatory body, the Independent Electricity Market Operator, and strengthened the powers of the Ontario Energy Board to ensure that consumers would be protected.

Today, Hydro One owns and operates the province-wide electricity transmission grid and owns the local distribution systems serving more than 1.2 million customers across Ontario. Under the new system, no matter who owns the transmission, distribution, retailing or generation businesses in Ontario, the Ontario Energy Board licenses all of them. The passing of this proposed Hydro One Inc. Directors and Officers Act would complement the work of these regulatory entities by ensuring that Hydro One operates in a manner that puts consumers' interests first.

I love to hear the Liberals say that they're the only ones who ever talk about the consumers' interests. What absolute balderdash, it's baloney, because that is all we have ever done. But the Liberals have amazing powers of interpretation. If you don't agree with their power of interpretation, if you don't agree with the interpretation they make, wait a minute. It will change. It's just like the weather in Victoria.

We knew when we began restructuring the electricity sector that some people would prefer to stay with the status quo, but I want to point something out: staying with the status quo would mean accepting that 35% of every electricity bill in the province would go toward servicing the debt on an ongoing basis. It would mean facing serious difficulty in financing the construction of the new generators and upgrading the transmission grid. The best generating system possible would be virtually useless without a modern, well-maintained transmission system to bring electricity from the power plants to Ontarians' homes and businesses.

To ensure that the transmission grid serves electricity customers reliably and efficiently, we need realistic, cost-effective options for Hydro One, and the proposed legislation would ensure that the Hydro One directors will act in our best interests, meaning all Ontarians'.

*Interjection.*

**Mr Wettlaufer:** Thank you, Rick. I'm looking at that. I realize I've only got two minutes and I'm going to talk out the clock because I'm not going to give you another chance to get up.

Through the consultations, we asked Ontarians for their views on the following four key objectives as outlined by our Premier, Ernie Eves: (1) to ensure an efficient supply; (2) to ensure the necessary capital to rebuild and modernize the transmission and distribution of power in Ontario; (3) to bring market discipline to Hydro One and to eliminate and prevent any possibility of the

recurrence of staggering debt; and (4) to achieve these goals while protecting consumers.

From the many letters, faxes, e-mails and phone calls that the Ministry of the Environment and all of us in this caucus have received, one thing has become very clear: Ontarians understand that the old Ontario Hydro debt was not sustainable. They understand that the status quo is not a desirable option.

**The Acting Speaker:** It is now 9:30 of the clock, which means this House will stand adjourned until 1:30 tomorrow.

*The House adjourned at 2129.*



**LEGISLATIVE ASSEMBLY OF ONTARIO**  
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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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