

Commentary ? Which ?scandal? was really worse?

Ontario's Progressive Conservative and New Democratic parties have finally reached agreement on something in the midst of the June 12 provincial election campaign.

Last week, almost simultaneously, PC Leader Tim Hudak and NDP Leader Andrea Horwath said a public inquiry is needed into the ?gas plants scandal? ? cancellation of power plants planned for Oakville and Mississauga to save Liberal seats in the 2011 election. We're not sure what such an inquiry could establish that hasn't already come to light during lengthy hearings by an opposition-dominated legislature committee. Today, there's no doubt whatsoever that the cancellations wound up costing taxpayers and/or power users at least \$1 billion, or that emails in former premier Dalton McGuinty's office were lost when computer hard drives were ?scrubbed? in an apparent cover-up operation.

And the only area that hasn't been examined publicly is how it came to be that the two sites were picked, or why the contracts wound up having cancellation clauses that left the government to foot anything more than the private contractors' out-of-pocket costs. As we see it, the real ?scandal? lay in the politicization of the power planning process that led to some incredibly stupid political decisions.

Accordingly, we think it might be helpful to compare the gas plants scandal with a previous government's action that no one seems to see as scandalous, but merely unfortunate, but which has some of the same elements.

We refer to the decision by the Mike Harris government in 1999 to privatize Highway 407, which was once going to be a freeway, but was built as a publicly owned toll road.

In return for payment of \$3.1 billion, a consortium of Canadian, Spanish and Australian interests operate the toll road under the name 407 International Inc. The company is controlled by Cintras Infraestructuras S.A., a subsidiary of Ferrovial S.A, and partially owned by subsidiaries of the Canada Pension Plan Investment Board and Montreal-based engineering giant SNC-Lavalin.

Shown on the government's books as revenue, the \$3.1 billion is likely only a tiny percentage of the roadway's current value, in part because it is carrying far more traffic than had been expected, and in part because tolls have soared from an initial roughly four cents a kilometre to the current peak rate of 30.2 cents, or roughly \$30 for a car travelling all the way from Hamilton to near Whitby, a distance of 107 kilometres or 66 miles. By comparison, you can drive about 350 miles from Buffalo to New York City on the New York Thruway for about \$25 (US).

As we see it, the current tolls on 407 are at least double what they would be today if the roadway were either still government-owned or the tolls were regulated.

Clearly, the 407-sale scenario could easily be repeated if, as now promised, a Hudak government privatized Ontario Power Generation, a public entity that once was part of Ontario Hydro.

Should the sale agreement with the new owner of the province's many hydro-electric stations as well as the Pickering and Darlington nuclear plants and the various thermal power plants be similar to the contracts for the gas plants and 407, the ultimate cost to power consumers could skyrocket as much as the cost has for commuters who must use 407 or take far longer to get to and from work.

The ultimate irony is that, horrendous as the \$1 billion cost of cancelling the gas plants was, that cost to power consumers may wind up being less than that caused by a minor nuclear accident or even low water levels in the Great Lakes.