



EX15.1.9

**Canadian Union of Public Employees - Syndicat Canadien de la Fonction Publique**

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**Canadian Union of Public Employees (CUPE) Local One  
Executive Committee Deputation  
Item EX 15.1 – The City of Toronto’s Long-Term Financial Direction**

Hello and thank you for giving me the opportunity to speak on behalf of the 950 CUPE Local One members working at Toronto Hydro. My name is John Camilleri and I am the President of CUPE Local One. I have been an employee at Toronto Hydro for the past 29 years. I also call Toronto home along with my family and was born and raised here.

The city is once again embarking on a process to determine the long-term vision of city finances. Parts of that discussion have included levels of taxation, new revenue tools and the potential sale of assets. This Committee will be one of the important forums that will hear from people on how to shape the fiscal stability of the city for years to come. Budgets are about choices and how to distribute and share our resources for the wellbeing of residents and business alike. The City has some important resources, and perhaps none are more critical than our electrical utility Toronto Hydro. This was certainly underscored in emergency situations like the ice storm of 2013.

The sale of Toronto Hydro is not a new idea. Previous administrations have considered it, it was discussed in the 2014 election, and recently the option has been raised again for discussion along with the long-term fiscal plan.

We understand that the City has challenges; but you cannot solve revenue problems by selling off critical assets, losing both income and control. This will only make it less painful for a short period of time. I have come here today to say clearly that selling any portion of Toronto Hydro as part of this plan would be a mistake. The city has other options.

The evidence shows that public utilities across the province perform better, are cheaper for users and provide much needed income to municipalities. Comparing Ontario's publicly and privately owned electrical utilities, in terms of total costs per customer, fully public companies averaged \$409 per year compared to fully private companies at \$725 per year. Costs specific to operating, maintenance and administration (OM&A) show public utilities are run less expensively than fully and partially private utilities. This local comparison demonstrates that there is absolutely no evidence privatization will lower costs.

Public also means quality service; in measurements of quality of service, privately owned utilities fared worse than 100 per cent publicly owned electrical utilities. Standardized measures of service quality for utilities, including the average number of hours of electricity outages in a year (known as the annual SAIDI, or System Average Interruption Duration Index) show public utilities in Ontario are more reliable and get the power back on sooner after a black-out.

Any sale of Toronto Hydro would not benefit the long-term financial objectives for the city and its residents and businesses.

CUPE Local 1 has begun to look at just how valuable our utility is to our city. What the preliminary analysis is showing is that over the last ten-years the utility has proved to be an exceptional investment with an average return on equity of almost 10%. The Shareholder Direction from the city to the Corporation requires Toronto Hydro to pay a dividend to the City each year equal to the greater of: (1) \$25 million, or (2) 50% of the prior year's income. In 2015, the total dividends paid were more than \$56 million.

Aside from making the city's finances worse, selling such a valuable asset has proved to be incredibly unpopular. In communities across the province residents are resisting selling their electrical utility to solve financial issues. Our research in Toronto has shown us that:

- A majority of residents have a favourable opinion of Toronto Hydro and a high level of awareness of its public ownership;
- three quarters of residents believe electricity should remain in public (the city's) hands;
- moreover, a strong majority think there should be no sale of any kind whatsoever;
- and finally, there is a concern prices will go up and city revenue go down.

Residents understand what the outcome and consequences of a Toronto Hydro sale would be.

It is worth ending on the point that electricity distribution has been publicly owned and operated in this city for almost a century – through thick and thin. There has been a lot of discussion about city-building initiatives; I would submit this will be extraordinarily difficult if Council were to decide to remove a key pillar needed for building up.

As you deliberate on the long-term financial plan, we respectfully ask that you do not consider selling any portion of Toronto Hydro as part of that plan. Thank you again for this opportunity.

John Camilleri  
President, **CUPE Local One** - Toronto Hydro Workers