



REFERRAL OF MEMBER MOTION BY CITY COUNCIL

Privatization of Hydro One

Date:	May 8, 2015
To:	Executive Committee
From:	City Council
Wards:	All Wards

City Council Decision

City Council on May 5, 6 and 7, 2015, referred Motion MM6.20 to the Executive Committee.

Recommendations

Councillor Janet Davis, seconded by Councillor Shelley Carroll, recommends that:

1. City Council communicate to the Government of Ontario its strong objection to the sale of Hydro One without the express consent of the residents of Ontario who are the rightful owners of this public utility; and City Council request the Province to develop a sustainable, permanent funding source for the ongoing infrastructure needs of municipalities.

Summary

The Ontario Government has announced plans to sell 60 percent of the publicly-owned utility, Hydro One, to private investors. While this sale would raise \$4 billion in revenue for much needed transit investment, it would also remove an ongoing revenue stream worth \$1 billion annually. This short-term move is not a solution to the long term need for infrastructure investment.

By all accounts, Hydro One is an excellent public investment. It has consistently earned between 9-11 percent annually. That annual income is needed to provide on-going investments. If it is sold, what services will be cut or downloaded to the City to accommodate this lost revenue in future years?

Both Metrolinx and the provincially-appointed Ann Golden panel considered this funding option for transit, and decided against it. Previous provincial governments have also

avoided this desperate measure -- even during the depression or wartime years, when revenue was critically needed. If it was the wrong decision during those difficult years, it is surely the wrong decision today.

Privatization was attempted in 2002 and stopped. Hydro privatization implemented in other municipalities has resulted in rate increases and attempts to buy back the public utility later. Nova Scotia's privatized electricity system has resulted in the highest electricity prices anywhere in Canada. Hydro privatization is the wrong decision today in Ontario as well.

It is clear, based on the provincial budget, that Toronto transit priorities will receive little benefit from this sale. And it certainly doesn't come close to addressing the multi-billion dollar, long-term capital investment needs for transit expansion and state-of-good repair. A stable revenue source is needed.

Toronto has a stake in the sale of Hydro One. Our businesses and residents rely on it as an affordable and dependable source of electricity. Toronto Hydro depends on Hydro One's electrical grid to deliver the power Toronto needs. Hydro One is an important public asset whose dividend funds other important provincial services now and in the future. Hydro One, is owned by all of us, and is an important public asset that should be protected for future generations.

Hydro One should not be sold without public consultation and consent.

Communications (City Council)

(May 4, 2015) E-mail from Sharon Yetman (MM.Supp.MM6.20.1)

(May 6, 2015) E-mail from Carolyn Johnson (MM.New.MM6.20.2)