



KEEP HYDRO PUBLIC

In the 2015 Ontario Budget, the Ontario Liberal Government expressed its intention to sell up to 60 percent of its current 100 percent ownership of Hydro One Inc. to investors through an Initial Public Offering (IPO), commencing with an initial 15 percent sell-off in 2015-16.

This privatization of Ontario's publicly owned electricity transmission and distribution utility will significantly reduce Ontario's annual revenues, risk driving the cost of electricity upward for Ontario citizens and companies and potentially impair the ability of the government to promote energy conservation and environmental sustainability.

Legislation required to facilitate the initial public offering of shares in Hydro One Inc. is included in the 2015-16 budget implementation omnibus bill, Bill 91, *Building Ontario Up Act (Budget Measures), 2015*.

The sale of Hydro One Inc. is opposed by both the Ontario PC Party and the Ontario NDP, and by the general public. A public opinion poll of 1,000 Ontario residents conducted by StratCom Communications found that 63 percent of respondents oppose the Liberal government's plan to sell shares in the provincial electricity transmission system. Fewer than 20 percent of Ontarians support the move, according to the poll.

Selling Hydro One would drive up rates

Electricity rate increases are bad for consumers, bad for businesses, and bad for the economy. Our rates are already on the rise and selling Hydro One would only make it worse. The more our electricity system is controlled by private investors, the harder it will be to prevent rate increases through the Ontario Energy Board (OEB).

Ontario's plan would hurt local communities and jobs

This privatization plan includes the amalgamation of local electrical utilities, which means loss of local control and income for municipalities in Ontario. It also means a more unfair bargaining climate for workers and more attacks on stable jobs with decent wages.

Hydro privatization is a one-time, dead-end source of funding

Hydro One makes over \$800 million every year for Ontarians. Once it's sold, we lose that income forever. Private-sector investors will demand at least an 8 percent return on investment, according to economists. Given current borrowing rates are very low on long-term government bonds, selling the stake in Hydro One does not make economic sense. In fact, selling 15 percent of Hydro One instead of borrowing for infrastructure investment will actually result in a net loss to the public of \$84.7 million a year. Selling a 60 percent stake will cost Ontario \$338.8 million every year in lost revenue, public dollars that are needed to fund our public services.

RECOMMENDATIONS:

Immediately halt the planned Initial Public Offering of Hydro One Inc. shares and retain 100 percent public ownership of Hydro One Inc.

Look to other sources of public revenue generation that do not diminish Ontario's vital public assets, such as ensuring that corporations and tax cheaters are paying their fair share.

BRIEFING NOTE: KEEP HYDRO PUBLIC, May 2015

Ontario Federation of Labour

15 Gervais Drive, Suite 202, Toronto, ON M3C 1Y8 • Tel: 416-441-2731 • Fax: 416-441-1893 • info@ofl.ca

The Ontario Federation of Labour (OFL) represents 54 unions and one million workers. It is Canada's largest provincial labour federation.

This document was proudly produced with unionized labour: SS/JD/kn:cope343