

Deputation of Scott Travers, President of The Society of Energy Professionals

City of Toronto Executive Committee May 24, 2016

Re: Toronto Hydro Privatization and Impacts on Bargaining

Good morning, and thank you for the opportunity to speak with you today.

My name is Scott Travers – I am the President the Society of Energy Professionals – Local 160 of IFPTE. We represent 8000 professional employees primarily in the electricity sector, including the Engineers of Toronto Hydro.

We appreciate the need for City Council to manage the City's finances. There is much at stake: the sustainability of vital services to a large and complex population; and, the ability of Toronto to fulfill a city-building agenda to ensure that it succeeds in a highly competitive global economy.

But with respect, the scope of the proposed Report is too broad – indeed, irresponsibly and unnecessarily broad. I will focus my comments on Toronto Hydro and your proposed “Asset Review.”

Toronto Hydro ought not be part of this discussion. As your Report says, it is important that the City's revenue sources “are resilient and support predictable achievement of a balanced budget.” This is what Toronto Hydro is and does, and any sale of the asset would not only be kicking the can down the road, it would exacerbate issues with sustainable financing.

You know that. We know that. The Public knows that.

And for others, the facts are laid out in a report done by former TD Chief Economist, Doug Peters, for CUPE. It confirms Toronto Hydro's performance over the last decade: the 5% dividend yield; the 9.4% return on equity; the several occasions Toronto Hydro has provided needed funds to the City.

It also advises you about the income effect on the City of privatizing Toronto Hydro; an \$8M loss from the sale of only 10 percent and a \$39M loss from the sale of 49 percent of the company.

These numbers add weight to a study that we commissioned on the “Economics of Electricity Distribution in Ontario” by MPR Associates which suggested that, “on average privately-owned LDCs have higher costs and lower reliability than publicly owned ones.” The Report found that the average annual costs at public-owned local distribution companies were \$409 per customer while costs at privately controlled utilities were nearly twice as high, at \$725.

It is no wonder over 60 percent of Toronto voters would vote for a different Councillor if

Toronto Hydro was privatized.

So, I am deeply troubled that the privatization of Toronto Hydro is part of your consideration. More troubling to me still is that it appears this is not the consideration of a hypothetical, but something far more real, something already in process.

My members, who serve this City well, who perform vital engineering functions for Toronto Hydro, ensuring the reliability of power to citizens and businesses alike, are facing a privatization agenda at the bargaining table.

What stands between us and a new Collective Agreement is Toronto Hydro's insistence that our members lose parental leave benefits and that our members forsake the next generation of workers by giving away post-retirement health benefits.

In what can only be seen as a strategy to facilitate the sale of Toronto Hydro to Private interests, the management seems committed to an approach that would turn back the clock to a time when workers struggled for the right to start a family without worrying about losing their job or their income, and when workers had to worry about income security and dignity in retirement.

I want to assure this committee, the Society will not accept these cuts to important benefits, in order to facilitate the sale of Toronto Hydro to private interests.

Certainly, as the Report says, it is no longer appropriate to "kick the can down the road." But a sale of Toronto Hydro will do just that, exacerbating the City's financial issues while raising electricity prices for consumers. We urge you not to complicate an already necessary and difficult conversation by proceeding down the road of privatizing Toronto Hydro and turning a resilient, predictable and provident source of revenue into a loss. Take the privatization of Toronto Hydro off the table.

Thank you.