

“Don’t Privatize Toronto Hydro” Thursday, November 3, 2011

A deal is in the works to sell a portion of Toronto Hydro to private owners. Promoters of the scheme claim that it would produce quick cash to ease the City’s budget crunch — without harm to the public interest. Nothing could be further from the truth.

One hundred years ago, a “public power” movement rescued our communities from the grip of private power producers and established Ontario Hydro and municipal utilities including Toronto Hydro. Civic leaders have resisted the temptation to sell our electrical utilities, even during the hardship of the Great Depression of the 1930’s and shortages and sacrifices of World War II. They protected it for future generations — including ourselves.

Toronto Hydro has often been referred to as the crown jewel of Toronto’s public assets. The sale of even 10% of the utility would, in effect, be the sale of the keys to the vault. There are three key reasons to keep Toronto Hydro Public:

1. The City of Toronto receives millions of dollars a year in income from Toronto Hydro. This is an important and *perpetual* source of income for public transit, public housing and all the other services and programs the city provides. The sale of an income-generating asset to reduce an income shortfall is not responsible financial management. An asset can only be sold once. Selling a portion of Toronto Hydro would mean the loss of much-needed income *forever* — long after any short term benefits are forgotten.
2. A partial sale of Toronto Hydro would open the door to private power interests. Even a 10% private “partner” would be investing hundreds of millions and would have a significant voice in running the utility. Public control of our electricity supply would be eroded.

Although the effects of creeping privatization of our electricity supply might not be felt on the short term, over time a growing private power lobby would have major influence over public policy, including the regulation of electricity rates. Privatization of a portion of Toronto Hydro would be a victory for the private power middlemen and speculators who extract huge fortunes from private electricity markets.

3. Public electrical utilities must play a central role in responding to the environmental crisis.

If the profit motive alone could solve the environmental crisis, we could hand everything over to the private sector and just sit back and relax. Toronto Hydro is a strategic instrument for implementing public policy — for a green future for our city.

Toronto City Council has no mandate to sell any part of Toronto Hydro. In June 2010, Council voted 30-6 for a motion that rejected selling any part of Hydro. Rob Ford and many of his current Executive were part of that majority. The only mayoralty candidate to suggest privatizing Toronto Hydro, Rocco Rossi, suffered a humiliating defeat.

Now Mayor Rob Ford has floated a scheme to “sell shares in Toronto Hydro to the public”. The public already owns Toronto Hydro and has benefitted from this ownership for over 100 years. Ford’s scheme is an attempt to mask privatization. If Toronto Hydro is privatized, in whole or in part, it will end up in the hands of the privileged 1%.