



Weekly Commentary
WHERE DO WE GO FROM HERE?

May 27, 2002

RECONSIDERING THE CROWNS - Part 4
When Unions Support Privatization

Selling government corporations to the private sector can be a contentious issue. But when the questions are answered, the misunderstandings cleared up, and the myths laid to rest, the merits of privatization outweigh the fears.

When done right, moving Crown corporations into the private sector ends up benefiting the corporation, its employees, the government, and the public. Often, to the surprise of some, even unions end up supporting the plan.

One such case is currently playing out with the Ontario Power Workers' Union. As Ontario moves toward privatizing their power utility (Hydro One), the Power Workers' Union recently took out a full-page ad in the Globe and Mail, expressing their support for the initiative. Called an Initial Public Offering (IPO), the ad explained the union's reasons for supporting the move, and is reprinted below in its entirety.

The Globe and Mail, May 7, 2002.

Public Offering Best Way to Meet Hydro One's Investment Needs

A Message from the Power Workers' Union

Don MacKinnon, PWU President

When it comes to Ontario's Electricity system, there's a lot more at stake than simply who owns Hydro One's transmission and distribution systems.

Significant investment is required to ensure continuing reliability and safety of the Hydro One system which includes transmission lines for the whole province and distribution lines for about 1.2 million customers, mostly in rural settings.

When the Ontario government froze electricity rates in 1992, it was both good and bad news for electricity consumers. The good news was that it helped control prices. The bad news is that the 'cure' was worse than the disease. Hydro's debt grew, along with the 'maintenance deficit' due to the stalled investment in Hydro One's infrastructure.

The Power Workers' Union believes that a key element for a healthy electricity market is a strong wires company to ensure a high level of safety, reliability and innovation.

We recommend:

- **Proceeding with the IPO to get the necessary investment**

No government - current or future - will underwrite the billions of dollars that will be needed to ensure the necessary maintenance and expansion of the Hydro One system. An IPO brings needed investment while giving Ontarians a chance to invest in the future of the company.

- **Ensuring the Continued Integration of Hydro One's Transmission and Distribution Systems**

The synergies between transmission and distribution realized by Hydro One in recent years have kept costs down and reliability up.

- **Continuing with Effective Regulation**

There's more regulation now than ever before. The result is good for customers. The Electrical Safety Authority is broadening its mandate over the utility industry to increase worker and public safety. The Ontario Energy Board now has the power and expertise to regulate the wires sector by setting rates and ensuring service levels.

Members of the Power Workers' Union are electricity customers just like everyone else. We, too, depend on a strong, safe "electric highway" system. Investment, not rhetoric, will ensure the system is maintained and the high value services our members provide continue. The debate isn't about public versus private power - it's about investment and jobs.

- Craig Dockstader

Craig Dockstader is Coordinator with the Prairie Centre Policy Institute. "Where Do We Go From Here?" is a feature service of the Prairie Centre.