

Executive Committee -- November 1, 2011

**Toronto Environmental Alliance (TEA) Deputation on Agenda Item:
EX 12.3 Monetization Potential of City Assets**

My name is Franz Hartmann. I am the Executive Director of the Toronto Environmental Alliance (TEA).

In July 2010, City Council adopted the following motion.

“Toronto City Council unequivocally indicate that, as Toronto Hydro is a necessary instrument to achieve Toronto’s environmental, economic development and financial objectives, it is not in the public interest to sell all or any part of it.”

30 Councillors, including then Councillor Ford, Councillors Ainslie, Kelly, Milczyn, Palacio and Thompson supported this motion. For the record, 20 of these 30 Councillors are on City Council today.

In Fall 2010, TEA’s election survey asked candidates whether they agreed to keep Toronto Hydro publicly owned. Twenty five candidates who were elected, including seven newly elected Councillors, answered yes. Executive Committee members who said yes include Councillors Milczyn, Robinson and Thompson.

In other words, 7 of the 14 Councillors on this committee rightly concluded they would not support the sale of any portion of Toronto Hydro because it wasn’t in the public interest.

You made the right decision in 2010 and today I am asking those Committee members to reject the staff proposal to begin selling off the city’s most important financial and environmental asset.

To the other Councillors on this Committee I ask you to consider what staff said in the June 2010 report, on page 15 on selling 10% or less of Toronto Hydro:

“...the sale of such a minor stake may not result in the optimal per share proceeds. Furthermore, depending on the structure of the sale, the total proceeds may be insufficient to justify the potential governance implications, downstream impairment of any subsequent sale proceeds, and transaction costs.”

Staff made it clear the only financial advantage to selling off Toronto Hydro comes from selling more than 10%. Make no mistake. If Council approves the sale of 10% of

Toronto Hydro this year, we will be back next year considering the sale of a much larger portion Toronto Hydro.

This is exactly what has happened with Enwave. I was at City Hall in the late 90s when Council first considered selling part of Enwave. I remember vividly staff and Councillors who supported this sale saying that this would only be a one-time sale and that Enwave would always remain public. Today, you are considering selling off the all of Enwave.

While there may be a certain logic in Enwave being sold off, there is absolutely no logic in any part of Toronto Hydro being sold off. Toronto Hydro is a revenue generator for the City. It's also an important policy tool that allows the city to cash in on the ever-growing environmental and economic benefits that come from energy conservation and green power. Most importantly, Toronto Hydro has a track record in helping Torontonians lower their energy bills through energy conservation. All of this will be jeopardized if Council begins the process of selling Toronto Hydro.

Let me spend a moment discussing the current staff rationale for selling 10% of Toronto Hydro: the City has supposedly hit a debt wall and we need to save Torontonians money by lowering borrowing costs. It's unclear this will actually happen given the June 2010 report. If City Council is truly serious about saving Torontonians money, focus instead on working with Toronto Hydro to aggressively pursue energy conservation. If people can reduce their electricity bill through conservation, they save money every month. This will have a much greater impact on their pocket books than potential savings that come from reduced borrowing costs resulting from selling off part of Toronto Hydro.

Toronto Hydro has become a leader in energy conservation and green power production in Canada all the while making a good rate of return for its sole shareholder, the residents of Toronto. Put simply, we own a business that is simultaneously helping us clean up the environment and making money. If Council starts selling off Toronto Hydro, it jeopardizes this incredible environmental business. We can't afford to take this risk, especially for such a minor potential payoff.

That's why TEA's 30,000 plus members urge the Executive Committee to reject the staff recommendation to sell off Toronto Hydro. Instead, direct staff to work with Toronto Hydro to build a city asset that continues delivering bigger and better environmental and financial benefits to all Torontonians.