

Union collaborates with Liberals in Ontario Hydro privatization

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In a move that sheds still further light on the integration of the unions with government and big business, the Power Workers' Union—an affiliate of the Canadian Union of Public Employees (CUPE), the country's largest union—has negotiated a tentative contract that undermines workers' pensions and boosts an Ontario Liberal government scheme to privatize Hydro One, the province's giant electricity-transmission monopoly.

A longstanding goal of big business, the privatization of Hydro One is a crucial element in the Ontario Liberals' restructuring of government operations and public services so as to eliminate the annual provincial budget deficit at working people's expense and make Ontario more attractive to investors.

Full details of the tentative contracts that the Power Workers' Union (PWU) has negotiated with Hydro One and Ontario Power Generation, a second Ontario government-owned company, are being withheld pending ratification votes. However, documents outlining the deals were leaked to the *Globe and Mail*. They show that employees of both companies are slated to receive a 3 percent wage increase over the life of three-year contracts, a lump sum payment of 3 percent of a worker's annual salary, plus Hydro One stock worth about 2.75 percent of annual wages to be paid annually for the next 12 to 15 years beginning in 2017.

In exchange, the union has agreed to increased worker-pension contributions and the weakening of the workers' defined-pension benefits plan. Government officials have maintained that these concessions are significant enough to satisfy the Liberal's "net zero" austerity policy that requires any wage increases or other contract improvements be balanced by commensurate savings in other contractual areas. The agreement reportedly addresses the concerns of big

business and government auditors who for years have complained that the pension plans of workers at the various companies that once comprised Hydro Ontario are "overly generous."

The new deal comes on the heels of an announcement by Ontario Liberal Premier Kathleen Wynne that the government plans to sell off 60 percent of Hydro One in a series of IPO's beginning this fall. The deal with the PWU was engineered so as to make Hydro One more attractive to Bay Street investors and other speculators, by reducing the company's pension liabilities and demonstrating the union's support for privatization and readiness to work hand-in-glove with management to ensure handsome profits for investors. Deputy Premier Deb Matthews said the agreement "brings workers into partnership in the company."

To further ensure the union's fealty to the government's plans, the offer of Hydro One stocks was extended to workers at Ontario Power Generation—the province's principal electricity generating company. Both companies were part of Ontario Hydro, which was broken up in 1999 by the Harris Conservative government as part of its Thatcherite Common Sense Revolution.

PWU President Don MacKinnon provided a statement of support when Wynne announced the privatization plan and the union is distancing itself from a growing coalition mobilizing against the sell-off. The PWU has long been a proponent of privatization. In 2001 it backed an attempt by the Conservative government of Mike Harris to privatize Hydro One. That scheme fell apart due to public opposition, adverse court rulings and the ultimate defeat of the Conservative government in the 2003 provincial election. But not before the then head of the Power Workers Union, John Murphy, had landed a

lucrative new executive position as vice president at Ontario Power Generation and Bay Street brokerage and legal firms garnered tens of millions from the government in consulting fees.

The PWU's support for privatization is not some "one-off" aberration, as many apologists for the unions have argued. Last year it was revealed that in the run-up to the June 2014 provincial election, bureaucrats in the Ontario Public Service Employees Union (OPSEU) sought to get their snout in the trough of a potential privatization of the Liquor Control Board of Ontario, offering themselves as potential new owners of the operation.

The Wynne government has packaged authorization for the Hydro One privatization in a giant Omnibus Bill that would amend 45 other statutes. It is limiting debate on the entire bill to just six days. The legislation will allow for the sale of 60 percent of Hydro One for \$9 billion of which \$4 billion will reputedly be invested in new infrastructure projects. The remainder will go to paying off Hydro One's accumulated debt. Currently, the government takes in almost \$1 billion per year in revenue from Hydro One customers. With the government and the Power Workers' Union working to offer investors such lucrative terms, business analysts are anticipating that there will be a veritable frenzy on the financial markets when the fire sale begins.

In the wake of the privatization announcement a number of environmental and consumer groups have mobilized alongside several unions to oppose the sell-off. The trade union-backed New Democratic Party (NDP) also opposes the plan. They argue that placing Hydro One in private hands will reduce public scrutiny and result in dramatic increases in electricity rates for consumers, whilst further draining revenue from the provincial treasury. This is all true.

But under government ownership—a set up in which Ontario's hydro utilities are run as capitalist enterprises by the political representatives of big business—electricity rates have ballooned by 274 percent since 1999 or 12 times the rate of inflation. And even as Wynne prepares to ram her Omnibus Bill through the legislature, the provincial Ombudsman this week cited Hydro One for "outrageous bills," "extortion" of customers, "abominable" customer service and a deliberate attempt to deceive regulators.

The original proposal to sell-off Hydro One came

from a "blue-ribbon" panel appointed by Wynne and comprised of former TD Bank CEO Ed Clark, former NDP cabinet minister Frances Lankin and former Conservative Finance Minister Janet Ecker. This "all-party" line-up, topped off with a banker in the lead chair is an apt illumination, in microcosm, of the current political set-up.

Working people, gouged for decades by skyrocketing electricity rates even as their wages stagnate and decline will have little faith in any of the three big business parties in the Ontario legislature to ensure affordable electricity and acceptable service whether Hydro One is privatized or not.

For two and a half years, during the previous Liberal government, the NDP and the unions backed the austerity policies of Premiers McGuinty and then Wynne. The NDP supported budgets that slashed jobs, wages, social services, education and health care. For their part, the Ontario Federation of Labour and most of its affiliated unions mounted a "strategic voting" initiative so as to re-elect Wynne and her ostensibly "progressive" government in last June's provincial ballot. These same unions have made it clear that they will campaign in this fall's federal election for Liberal candidates in the more than 200 constituencies that are not already held (or leaning) towards the NDP.

To defeat the program of austerity pursued by all the parties of big business, the NDP included, workers need a new party of struggle committed to the fight for a workers' government and the socialist reorganization of economic life.



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