



ONTARIO MIGHT UNLOAD CROWN CORPORATIONS

What do you do when you run short of cash? You sell some of your stuff, right? Well, guess what? Powerful organizations like governments do exactly the same thing. And right now, selling is on Ontario's mind.

ONTARIO STARES DOWN DEFICIT

The Ontario government is grappling with a record **deficit** of \$24.7 billion. But it doesn't have the cash to pay it all back. So the province is considering selling off several of its **Crown corporations**. Well-known public companies such as Hydro One Inc., the Ontario Lottery and Gaming Corporation (OLG), the Liquor Control Board of Ontario (LCBO) and Ontario Power Generation are being considered for sale.

Government **revenues** in Ontario are down due to the **recession**. And the province can't pay its debts unless it brings in more cash. Ontario must choose between cutting services to its citizens, hiking taxes – or selling off stuff it already owns.

PROS AND CONS

Selling off the Crowns could bring in good money. The LCBO alone could go for as much as \$10 billion. Private investors would snap up businesses related to the sale of liquor and gambling products. These are very dependable income streams. Power companies are also attractive because they generate good profits.

But the sale of Crown corporations affects many in Ontario. For example, almost everyone uses electricity. And

selling two big power utilities might affect the price people pay for power in the future. So not all Ontarions are in favour of the government's plan.

Unionized employees might protest any sales, too. They could lose their jobs if the Crown corporations privatize. Back in 2001, the government planned to put Hydro One up for sale for \$5 billion. But the plan failed when unions challenged it in court.

SALE NOT IN THE BAG – YET

Ontario hasn't confirmed the sale of any Crown corporations. But the government has spent several months examining the possibility. In fact, it hired two banks to help plan the possible **privatization** of public companies.

"We've got a responsibility to look at all of our assets and to make sure we're getting the most bang for the buck, especially now in the context of a global recession, and a significant deficit and our shared responsibility to find our way forward," said Ontario Premier Dalton McGuinty.

JUST BLOWING SMOKE?

Some experts think the government won't actually go through with the plan. Ontario has considered selling public corporations in the past without actually making the move.

The banks say their study will take another month or so. The government will have to wait until all the information is in before making its final decision. ★

DEFINITIONS

CROWN CORPORATION: a company that is owned by the government but is managed like a private corporation

DEFICIT: a shortage that results from the government spending more money than it brings in

PRIVATIZATION: the process of transferring ownership of a company from public to private stakeholders/owners

RECESSION: a period of economic slowdown

REVENUE: income from various sources, such as taxes and fees



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ANSWER THE FOLLOWING IN COMPLETE SENTENCES:

1. How large is Ontario's current deficit?

2. For what reason is Ontario having trouble paying down the deficit?

3. What is the Ontario government considering in order to pay down the deficit?

4. Explain why the sale of Crown corporations concerns some Ontarians.

5. What are the province's other options for retiring the deficit?

6. As you see it, which of the three possible ways to increase government revenues is the most fair to Ontarians? Explain.
