



## **Valuable Ontario Jobs Being Sent Off Shore**

More than a thousand jobs supporting the generation, transmission and distribution of Ontario's energy supply are in danger of being lost to companies who would conduct those operations in foreign countries. Experienced Canadian operations are losing contracts to competitors conducting business without the same legislative framework for quality control and labour laws. Competition for broader public sector contracts must include consideration for quality of work and should include a preference for providing employment in Ontario.

### **Background**

When Ontario Hydro was broken up in 1999 into its successor companies, those new companies subsequently spun off various components to additional separate entities. For example, Information Technology (IT) and Call Center support was broken into to three successor companies: Inergi, New Horizon and Vertex. At the start of this process, the work and employees who performed it, moved to these new companies. Now however, these companies must bid in a competitive market to perform this work.

The competitive bidding process is not necessarily a problem, provided proper controls are put into place to ensure appropriate consideration is given to more than simply price. Without controls however, it is a certainty that this work will end up leaving Ontario. Recent media stories about jobs going offshore and the use of Temporary Foreign Workers exposed the reality that this process inevitably leads to work going to other countries where wages are significantly lower, and legislated oversight is far weaker.

### **Issues with Off Shore of Work**

There are many issues with allowing offshoring of work on Ontario's critical electricity infrastructure.

#### **Loss of Jobs**

A key issue is that these are good, high level, knowledge based jobs. These are the types of jobs for which we encourage our children to stay in school and pursue higher education. These are the type of jobs that lie at the heart of Ontario's future economic prosperity. Yet, with youth unemployment a serious issue in Ontario, a process has evolved that will send these valuable jobs offshore.

#### **Impact on the Economy**

The three companies Inergi, New Horizon and Vertex together employ almost 1200 people in Ontario. Offshoring these jobs would mean taking nearly \$200 million per year of spending power out of Ontario's economy and more than \$45 million per year in lost tax revenues. This means that public dollars are going to foreign countries to fuel their economies, not ours. The impact of this loss should be taken into consideration when public sector money is awarded for contracts.

## Security of our critical infrastructure

These companies provide support to Ontario Power Generation, Bruce Power and Hydro One. This means they are providing IT support to Ontario's nuclear fleet, and for the operation of our high voltage electricity system. This is critical infrastructure, and it must be kept secure. Work performed in Canada must adhere to strict Canadian laws to ensure our infrastructure is safe from any threats. For example, employees at New Horizon System Solutions who have access to the facilities or systems of nuclear stations must be security cleared by CSIS. If work is performed offshore, the control of Canadian standards is lost.

Similarly, Canada has very strict laws to protect privacy and personal information. If billing work related to energy bills is allowed to be moved offshore, it means that the confidential information of millions of rate payers will be moved offshore, and outside the control of our laws and enforcement agencies.

## Quality of Work

The work performed by the professional staff in Ontario is second to none and has kept Ontario's critical infrastructure safe. These employees know the systems inside and out as they designed and installed them, and have maintained them. Experience and knowledge pay off with results. In recent years, when work has gone off shore through bid processes, employees at Canadian successor companies have often been required to come in and assist with the project, and sometimes repair the work done offshore.

## Project vs. Sustaining Work: A Distinction With No Difference

At present, as the result of a 2008 directive from the then Minister of Energy there are minimal guidelines preventing some work outsourced from Ontario's publicly owned utilities being sent off-shore. Unfortunately the scope and utility of this directive is extremely limited: it only applies to Hydro One and its relationship with one of its outsourced service providers. Even then, while the directive protects "sustaining" work from being sent offshore, it has not been applied with respect to "project" work. In an industry where "projects" can last for years, if not indefinitely, this distinction between "project" and "sustaining" work is largely semantic and provides an extensive loophole to companies sending work offshore.

Given the importance of this type of highly skilled knowledge work to our labour market and our recovering economy, more robust protection of these publicly funded jobs is required, whether the work is labelled "sustaining" or "project". The only distinction that should be relevant is whether or not this work can reasonably be performed in Ontario, either by current employees or by appropriately skilled job seekers in Ontario, particularly young unemployed or underemployed job seekers.

## Conclusion

The bidding process for companies supporting Ontario's critical infrastructure should recognize the importance of the increased security and value to the provincial economy of work being done in Ontario. Ontario must issue a clear, written directive to it's all of its agencies, boards and corporations not to allow outsourcing to foreign jurisdictions for **any work** that can reasonably be done in Ontario, by Ontarians.