



**KEEPING WATER SERVICES PUBLIC:
Towards Greater Accountability and Safety**

**A Submission to the Walkerton Inquiry
Public Hearing No. 7 & 8:
Management of Water Providers and Laboratories**

By

The Canadian Union of Public Employees

September 25, 2001

Summary and Recommendations

In the wake of the Walkerton tragedy, Canadians are asking many questions about how to protect and improve our water systems. The issues are complex and present no easy solutions. Problems that have been years in the making cannot be solved with a simple quick fix.

One of the issues being raised is about who should own and operate Ontario's water delivery and treatment systems. CUPE's unequivocal position is that water services and supplies should be financed, managed, maintained, operated and owned by the public sector. Many of these arguments have been elaborated in *Water Services in Ontario: For the Public, By the Public*, the joint submission that CUPE prepared with the Canadian Environmental Law Association (CELA) and the Ontario Public Service Employees Union (OPSEU) for this Inquiry. In this submission we want to briefly reiterate some of those arguments as well as submit other information and arguments that support our contention that keeping water services publicly operated and owned is of primary importance. The problems facing the water and wastewater sector can be effectively addressed within a publicly controlled and operated system if the appropriate support is provided. This submission also recommends measures that will help strengthen public water systems.

As Professor David Cameron concluded in his paper for this inquiry, it is difficult to demonstrate a direct relationship between ownership and operation of water facilities and the safety of drinking water. However, there is evidence that who owns and operates water facilities does affect the quality of water services, investment in water infrastructure and the public accountability around the provision of water services. These factors in turn can affect water safety and it is our contention that public ownership and operation of water services best ensures the safety of drinking water.

The threat of water privatization in Ontario and the rest of Canada is very real. Public water services are now a target of transnational water corporations; corporations that want to develop business opportunities in the North American water services sector. They present themselves as having the solution to years of underfunding, weak regulation and mismanagement. These corporations want to turn public water services into a for-profit business opportunity. However, their goal of maximizing shareholder value puts private gain ahead of public interest.

In support of this corporate agenda, the current provincial government is promoting the privatization of many government services, including water delivery. It has implemented measures that have undermined the public sector and its ability to provide the high-quality services that Ontarians deserve. The financial reductions at the Ministry of the Environment, the downloading of responsibilities to municipalities, and reduced financial support for municipalities have combined to create the potential for a crisis in water services – and have fuelled the “there is no alternative” approach to privatization.

As the paper authored with CELA and OPSEU argued, public ownership and management of water systems are more beneficial to the public than private ownership or operation. Accessibility to water and water services, water quality, environmental protection and conservation, accountability to the public and public involvement, and adequate and fair financing of water systems are all jeopardized or compromised by privatization. Clearly, the public senses these dangers, with polling results showing that a large majority of respondents want public ownership and operation of water facilities.

There is no validity to the financial, managerial, technological or regulatory arguments commonly put forward in support of water privatization. Municipalities are more capable of financing water system infrastructure at better rates of interest than the private sector. Municipalities are also just as capable of running an efficient operation as private companies – if not more so given that they need not factor in profit margins. Furthermore, municipalities have or can obtain as much access to expertise and new technologies as private companies without turning their systems over to the private sector. Finally, public ownership and operation ensures that public accountability can be maximized. Together, these factors mean that the interests and needs of the public are best promoted with public water systems, including their interest in having access to safe, high-quality drinking water.

CUPE therefore recommends the following:

Recommendation 1

The provincial government stop facilitating and actively promoting the privatization of water systems. Specifically, the provincial government should:

- **Repeal the provision in Bill 107 that allows municipalities to sell their water operations.**
- **Expressly prohibit municipalities from selling their water and wastewater systems.**

Recommendation 2

The Ontario Clean Water Agency (OCWA) should be retained as a provincial crown corporation. Its role should be to assist municipalities, especially small ones, in ways that will help them achieve self-sufficiency. It should also play a new lead role in training municipal employees on water and wastewater operations. In addition, OCWA should be available to step in if another water emergency occurs, as it did in Walkerton.

Recommendation 3

That the provincial government remove its instructions to the SuperBuild Corporation to consider privatization options for water and wastewater facilities.

Recommendation 4

That the provincial government eliminate the requirement in Bill 46 that each public sector organization annually examine how it might deliver its services through the private sector.

Recommendation 5

That the provincial government work with the federal government and municipalities to put in place a system of grants and interest free loans to municipalities that require large investments in water and wastewater infrastructure.

Recommendation 6

Municipalities are more stable and secure than even the largest water corporations. To avoid the disruptions that result from corporate failure and corporate takeovers in the global economy, municipalities should maintain public operation of water and wastewater services.

Recommendation 7

- **That the province develop a better training and certification program for water and wastewater operators.**
- **That “grandfathered” employees be phased into the new training and certification program.**
- **That “grandfathered” employees be given ample notice about training in order that they may prepare for it.**
- **That the employer pay for the required training, including time off from work and all expenses incurred by the employee.**
- **That the training be appropriate to the kind of duties performed by the employee.**
- **That the assessment of employees be based on the training they receive and the position they occupy within the water or wastewater system.**

Recommendation 8

Where possible, municipalities improve service quality and efficiency by working together through regional or county government or through other municipal co-operative arrangements. Co-operative arrangements should be the responsibility of elected municipal officials so as to facilitate municipal control and public accountability.

Recommendation 9

Projects involving water and wastewater infrastructure should limit private sector participation to the designing and building of the system, the traditional role that they have played. Financing, leasing, operation, maintenance and management of such projects should be left in public hands so as to limit costs to the public as well as optimize public control and accountability.

Recommendation 10

Municipalities should adopt life cycle costing systems that factor in the long-term costs of operating, maintaining and upgrading infrastructure and a plan for how to acquire the needed revenue.

Recommendation 11

- **That no one be denied access to basic water needs because they cannot afford it.**
- **That the federal government, the province and municipalities work together to ease any transition to full cost recovery by:**
 - **Phasing in rate increases so that water prices do not increase dramatically in any one year, including annual price caps;**
 - **Providing provincial and federal grants or low interest loans on an interim basis to ease the transition. Large municipal water systems are capable of becoming self-supporting in the long run and will not be reliant on grants or loans from the provincial or federal governments. However, many others, especially small and isolated communities, will require continued federal and provincial assistance.**
 - **Providing first nations communities with special financial and technical assistance that will address the acute and long-term water treatment and delivery problems faced by these communities.**

Recommendation 12

That public private partnerships be rejected. Financing, operation and ownership of water and wastewater facilities must remain exclusively in public control.

Recommendation 13

Where public-private partnerships are already in place, it is essential that there be greater transparency and more frequent opportunities to review and rescind the arrangement. We firmly believe that closer public scrutiny of P3s will reveal their flaws and promote publicly financed, owned and operated water systems. Therefore, CUPE recommends the following where P3s are implemented.

- That the entire contract between the municipality and the private sector partner immediately be made available to the public.
- That the municipality and the private sector partner issue an annual report on the operations and facilities in question and that this report be made available to the public and to the appropriate unions and employee organizations.
- That at least one public meeting be held so that the public, appropriate unions and employee groups can respond to the report and seek further information. That the public, unions and other employee groups have the opportunity to make written submissions in response to the report.
- That the annual report include information on all aspects of the operation and the P3 arrangement, including changes in the organization of the operation, failures to meet regulatory requirement, changes in the number of employees, a breakdown of the costs of the operation, including the revenues and profits received by the private sector partner.
- That the public have the right to make recommendations, based on the annual report, submissions and public meetings, on how service delivery and public accountability can be improved, including recommending that the P3 be terminated if there are considered to be sufficient grounds for doing so.
- That union members and other employees be protected from reprisals by the municipality or the private sector partner for any oral or written submission made in the context of these annual reviews.
- That the response of citizen groups, including unions and other employee groups, be made available to the wider public.
- That at the end of a P3 or contracting out arrangement, the municipality give full consideration to providing water and wastewater services in-house and that employee groups, including unions, be given the opportunity to make submissions on this

question before a decision is made by the municipality to again pursue a P3 or contracting out arrangement.

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