Clean, safe and public water services

The vast majority of Canadian water and wastewater services are publicly provided by municipal governments. Most cities and towns have been delivering safe drinking water and high-quality sanitation services for decades. Municipalities have developed unprecedented experience and expertise providing these services.

But many water systems are in need of renewal or expansion in the coming decades, and municipalities need federal funding support to maintain this vital infrastructure. The 2016 federal budget includes a new $2 billion Clean Water and Wastewater Fund. The budget also announced funding for several local water and wastewater projects.

To get projects moving quickly, the government will contribute up to 50 per cent of the costs. This is more money and a larger proportion of costs than the previous government provided. However, this funding is still inadequate, given the estimated $20 billion needed to bring existing infrastructure in line with federal wastewater treatment guidelines, and the estimated $80 billion that will be needed over the next 20 years to replace or upgrade aging water and wastewater infrastructure.

First Nation communities also need significant investment in their water and wastewater systems. A 2011 assessment found 314 water systems – 39 per cent of all First Nations' systems – classified as high risk. As of March 31, 2016, there were 160 drinking water advisories in 108 First Nation communities. The number of communities with undrinkable water consistently hovers around 100, with some communities under advisories for over a decade.

The Assembly of First Nations (AFN) estimates $6.6 billion in federal support is needed to address the on-reserve water and sanitation crisis. The 2016 federal budget included $2.24 billion for water and wastewater infrastructure needs in First Nation communities. The government has also committed to end long-term boil water advisories on First Nation reserves within five years, and has budgeted an additional $1.8 billion for this. While far below what is needed, AFN National Chief Perry Bellegarde has called this amount "a good first step."

The Liberal government has committed to removing the P3 screen put in place by the previous Conservative government. But ongoing underfunding intensifies pressure on municipalities and First Nation communities to consider privatizing the financing, operations, management and/or maintenance of their water facilities through public-private partnerships.

This pressure to privatize continues despite well-documented failures around the world. There is a growing trend to bring water services back into public hands, or reject privatization proposals. In the last 15 years municipalities in more than 35 countries have cancelled or not renewed over 180 water privatization contracts.

✓ In March 2016, the District of Sooke, BC, decided not to renew its wastewater treatment operations contract with EPCOR. By eliminating the profit margin from what EPCOR charges for service, the district projects annual savings of $225,000. As owner of the facilities, the district is already responsible for all capital costs and any maintenance cost over $5,000, and therefore will assume no new risk by bringing the service in house. The district will have a greater ability to monitor service quality, and plan for system improvements. The contract expires on September 30, 2016. In recent years, Port Hardy and White Rock, BC, as well as Banff have also brought water services in house, ending contracts with EPCOR.

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- In 2011, 74 per cent of voters in Abbotsford, BC, rejected a drinking water P3. The $291 million project would have been the largest privately-financed undertaking in the Canadian water sector to date. At the time, federal funding for the project was only available on the condition that the project be delivered as a P3.

- In 2004, the City of Hamilton-Wentworth ended a water and wastewater P3 after 10 years of environmental problems and mismanagement by several private water corporations. Despite the promises of local economic development, new jobs and cost savings, the workforce was cut in half within 18 months; millions of litres of raw sewage spilled into Hamilton Harbour and flooded homes; and major additional costs were incurred.

- In 2013, the City of Berlin bought back water multinational Veolia's shares in the city's public water authority, ending Germany's biggest municipal P3. The water and wastewater utility was privatized in a 1999 deal with Veolia and German water giant RWE. Together, the two corporations controlled half the shares in the utility. After privatization, water rates rose dramatically. A significant part of the increases went to corporate profits – not to operating or improving the system.

- Paris, France made water services fully public in 2010, ending water management P3s with Suez Lyonnaise des Eaux and Veolia Environnement. The corporations had almost total control over operations, there was little transparency, and rates more than doubled between 1990 and 2003. Now, C$47 million in corporate profits is reinvested in operations. Rates have dropped, and there is better coordination of water production, distribution and treatment. The service now meets environmental, economic and social objectives that were not possible under privatization.

- In 2010, the City of Brussels ended a privatization contract with Aquiris, a Veolia-led consortium. Aquiris deliberately dumped wastewater from 1.1 million people into the river Zenne for 10 days, while in a dispute with public authorities. The chief executive of the regional water authority described this as like "releasing an atomic bomb" into the river. One official noted that "whatever the rights and wrongs in the dispute it is hard to imagine that a publicly owned and operated company would have stopped the pumps like this."

- In 2003, the City of Atlanta, Georgia, ended a 20-year contract with Suez subsidiary United Water, which had managed the city's water system since 1999. Under privatization, the private company and the city were inundated with complaints of poor and unresponsive service. The system was plagued with breakdowns, water main breaks and "boil only" alerts. The problems led Atlanta's mayor to demand that United Water be fired or quit. Eventually, the parties agreed to end the contract.

- In 2015, the high court in Jakarta, Indonesia, dealt a rare judicial blow to water privatization. Jakarta's water system had been privately operated for 17 years. During this time, residents suffered exorbitant fees and a chronically inadequate supply of clean, drinkable water. Privatization also impaired the government's ability to monitor water quality. Citing the human right to water, Indonesia's Constitutional Court, and returned Jakarta's water system to public control. The decision has been appealed.

Cornell University researcher Mildred Warner has reviewed the evidence and finds "the experience worldwide with privatization, even in developed countries, has not been very positive. There is no support for the notion of cost-saving, and I'm saying that based on a review of every public study done on water, and most of those studies were done in the US and the UK. These are markets that are more competitive, that have less corruption, better accountability – and you don't find any cost savings with water."

The Comprehensive Economic and Trade Agreement (CETA) between Canada and the European Union may further facilitate the privatization of our municipal water systems when it comes into force. The final text reveals that Canada continues to use municipal wastewater systems as a bargaining chip, and has not protected them from the deal's stringent rules.

To protect our water services and resources, Canada must protect water from all trade agreements. Our communities need a long-term infrastructure strategy that addresses the municipal infrastructure deficit and includes funds dedicated to supporting wastewater facility upgrades that meet federal standards.

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