

City of Hamilton-Wentworth, Ontario Contracted-In Water: Public Excellence

In 1994 the City of Hamilton-Wentworth awarded a contract without tender to Philips Utilities Management Corporation for water and wastewater treatment. In return, the Municipality was promised local economic development, new jobs and cost savings.

The community faced instead, ten years of environmental and financial disasters, and mismanagement. The workforce was cut in half within eighteen months, millions of litres of raw sewage spilled into Hamilton Harbour, homes were flooded and major additional costs were incurred. Numerous charges over years were laid by the Ontario Ministry of the Environment against the contractor for not meeting effluent standards. The private water contract changed corporate hands four times. In 2004, City Council ended its experiment with privatization and brought operation of its water and wastewater systems back in-house.

The report card from public works to Council in 2006 stated that public workers achieved a "higher level of performance at the treatment facilities while at the same time costing approximately \$1.2 million below the approved budget". The City also saved \$195,00 in performance bonuses that would have been paid to private operators who met the same standards.

The main sewage treatment plant has consistently met higher performance standards in its first year of operation than the past twelve-year average. There have been fewer overflows caused by heavy rain than in the previous 5 years. Hamilton Harbour is benefiting from the higher quality of water flowing back into it.

The City was not without its struggles from this privatization hangover. The private contractor had incentive to allow the physical plant deteriorate to the point at which repairs became someone else's problem – Hamilton's problem. Despite ongoing challenges, the municipality has proven that public service delivery is good for the community and brings good value to taxpayers. Public workers are committed to cost effectiveness and most importantly, to excellence in exceeding water and effluence standards.

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