CUPE

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. Another source of pressure is the federal Wastewater Systems Effluent Regulations (WSER). Many municipal wastewater systems will have to meet new standards by the end of 2020.

The 2016 federal budget provided funding for municipal water and wastewater infrastructure under a new $2 billion Clean Water and Wastewater Fund (CWWF). The 2017 federal budget enhanced funding for "green" infrastructure, including water and wastewater systems, committing more than $9 billion over the next decade. The 2018 budget committed an additional $172.6 million to address drinking water in First Nation communities. And the 2019 budget added $2.2 billion to infrastructure spending through the Gas Tax, only a portion of which will go to water treatment or distribution projects.

While it is better than nothing, this level of funding is inadequate. An estimated $20 billion is needed to bring existing infrastructure in line with federal wastewater treatment guidelines, and approximately $50 billion will be needed 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 (the most recent national assessment) classified 314 water systems, 39 per cent of all First Nations' systems, as high risk. Despite the attention that on reserve water funding has received in recent budgets, the Parliamentary Budget Officer reported in 2017 that the government was spending only 70 per cent of the $3.2 billion needed to bring water infrastructure on reserve in line with non-First Nations communities. As of February 2019, the Government of Canada reports at least 105 short and long-term drinking water advisories in First Nation communities.

The Assembly of First Nations (AFN) has estimated that $6.6 billion in federal support is needed to address the on-reserve water and sanitation crisis. The 2016 federal budget included $1.8 billion for water and wastewater infrastructure needs in First Nation communities, and the 2017 budget added another $2 billion over 10 years to improve green infrastructure in First Nation communities. AFN Chief Perry Bellegarde has said the infrastructure investments in recent federal budgets will "lead to positive results for our children and families" but urged the government to do more to close the gap so that "First Nations enjoy the same quality of life as other Canadians."

The Liberal government has removed the public-private partnership (P3) screen put in place by the previous Conservative government for large infrastructure projects. 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 P3s. Water and wastewater systems could also be targeted for privatization through the new Canada Infrastructure Bank.

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 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. The district owns the facility and is already responsible for all capital costs and any maintenance cost over $5,000, so will not assume any new risk by bringing the service in house. The district will have a greater ability to monitor service quality, and plan for system improvements. In recent years, Port Hardy and White Rock, BC, as well as Banff, Okotoks, and Taber, AB, have also brought water services in house, ending contracts with EPCOR.

In 2011, 74 per cent of voters in Abbotsford, BC, rejected a drinking water P3. The $291 million project would have been the largest P3 in the Canadian water sector. 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 that had previously gone to corporate profits is being 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 returned Jakarta's water system to public control. The decision was upheld by the Indonesian Supreme Court in October 2017.

Accepting that access to water and sanitation is a human right also demands a commitment from municipalities to ensure their residents are not deprived of water services because of inability to pay. Unfortunately, water shut-off policies are far too common in Canada. Residents unable to pay their water bills can be quickly cut off with little recourse, and then face additional charges for both the shutoff and reactivation. These kinds of policies, if enacted as written, are inconsistent with a human rights approach to water and wastewater services.

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 fully into force. Canada did not include water services in a category of protected services. However, given resistance to CETA within the European Union, it is only being applied "provisionally" until all 27 EU nations (excluding Britain) ratify it. The European Court of Justice will also provide an opinion on whether CETA's investor-state dispute resolution mechanism is compatible with EU law. This means the Investor Court System, which allows private investors to sue governments, will not be in force in the foreseeable future. And while the newly-negotiated United States-Mexico-Canada Agreement (USMCA) does not grant rights to the water supply, its implementation will need to be monitored to ensure Canada's water remains a public good and not a source of profit for corporations.

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.

May 2019