

October 5, 2009

The Right Honourable Stephen Harper
Prime Minister of Canada
House of Commons
Ottawa, ON
K1A 0A6

Dear Prime Minister Harper:

Re: New Federal Wastewater Standards

I am writing to express my support for the new federal wastewater standards expected to be released this fall, as well as the concerns expressed by FCM President Basil Stewart in his letter to you of Friday, September 18. As the president of Canada's largest national union, representing more than 600,000 workers including most of those who operate and deliver municipal water and wastewater services, I wish to offer some further considerations.

Addressing Canada's water infrastructure crisis and cleaning up our environment requires a long-term plan with sustained and reliable public funding. We applaud your government's efforts to set and enforce federal standards, but for municipalities and aboriginal communities to meet them requires fiscal capacity that they simply do not have.

Prior to the requirement to meet new federal standards for wastewater treatment, financing needed for water and wastewater was estimated at \$31 billion over the next 20 years. The FCM estimates that meeting the new standards would add an additional \$12 billion to the water and wastewater infrastructure financing deficit that communities across Canada are facing.

With only eight cents of every dollar going to local governments, the so-called infrastructure deficit is actually a financing deficit. Municipalities' inability to pay for the services they are responsible to deliver is the result of a structural imbalance in how the tax dollar is distributed in Canada.

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PAUL MOIST – National President / Président national CLAUDE GÉNÉREUX – National Secretary-Treasurer / Secrétaire-trésorier national

DANIEL LÉGÈRE – LUCIE LEVASSEUR – BARRY O'NEILL – KEVIN REBECK – PATRICK (SID) RYAN – General Vice-Presidents / Vice-présidents généraux



It is incumbent upon other orders of government to transfer the appropriate finances, or revenue generating capacity, to municipalities to cover the associated costs. The implications of implementing standards on under-resourced municipalities are two-fold. First, property tax increases. Property taxes are a form of taxation that depends on the value of property rather than on income and thus unfairly targets middle and low-income groups or people on fixed income. The second is for governments to pass the buck to taxpayers in a different way – through privatization.

It is no secret that your government has embraced the privatization of public services through public private partnerships (P3s), and in general favours increasing the role of the private sector in delivery of public services. I wish to warn you that this is not a plan for a sustainable infrastructure future and will leave the economic viability of our communities in even more dire straits.

Instead of generating new revenue, privatization through P3s and contracting out costs the public purse over the long-term. It is not a lasting solution to the municipal financing/infrastructure deficit. P3s lock governments into long-term agreements that reduce their fiscal capacity even further and reduce the flexibility of local governments to operate as democratic bodies.

Conversely, direct public financing is more affordable and protects local governments' ownership and control of assets, enabling them to retain the authority required to govern in the public interest. This includes the authority to make much needed advances in terms of water conservation, environmental protection, and expanding green infrastructure. In addition, public control allows for better quality monitoring and financial efficiency over the long term. Canada can be a leader in these areas, but public ownership and control are necessary to make this a reality.

Existing federal infrastructure funding programs are inadequate to meet current needs and to renew our nation's water and wastewater infrastructure. We urge the federal government to make a greater financial commitment to public water and wastewater infrastructure. In particular the federal government should:

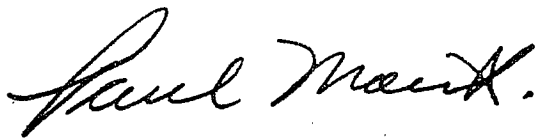
- Make existing infrastructure programs permanent and eliminate requirements to pursue public private partnerships such as through the Building Canada Fund and the federal P3 Fund administered by PPP Canada Inc.
- Establish a National Water Infrastructure Fund consisting of \$3.7 billion immediately with \$3.1 billion for each of the following 10 years to reverse the water and wastewater infrastructure deficit within a decade.

- Establish a specific Wastewater Treatment Upgrade Fund of \$12 billion targeted for upgrades designed to meet the new federal wastewater treatment standards.

The federal government has always played a key role as funder in major infrastructure projects. This role could not be more important to uphold today. We urge you not to lose the benefits of the hard work you have invested in creating these forthcoming federal standards, by ensuring that the funding needed to implement them makes its way to the wastewater authorities that need it.

We'd be happy to meet with you to discuss these and other issues further at your convenience.

Yours truly,



PAUL MOIST
National President

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cc: The Honourable John Baird, Minister of Transport, Infrastructure, and Communities
The Honourable Jim Prentice, Minister of the Environment