

Fight water P3s

A corporation may be planning to privatize water services in your community. Jobs could be lost and water quality will suffer. Is your local ready to defend public water? It's up to CUPE members to dam water P3s (public private partnership).

What is a water P3?

It is a business contract between a private company and a municipal government that creates a stream of profit for a private company that is given control of public water.

Water P3s take the delivery, management and operation of water services out of municipal governments' hands. Your town or city government will sign a contract that gives

private business the right to finance and maintain water infrastructure (such as sewage treatment plants). Some P3 contracts can last 30 years or more.

What's wrong with this kind of partnership?

P3 water contracts force cities and towns to make high payments to the P3 companies. The money comes from "the public purse" and adds up to much more than if the city financed, delivered and managed the water service.

When private companies take over a public service like water, the focus shifts from meeting community needs to ensuring a profit for the company's shareholders. Here are some common results of P3s.

Secrecy	A company's need to protect its "trade secrets" may keep the public from knowing how public money is being spent. Commercial privacy rules can prevent information about water contracts and their negotiation from being publicly available.
Higher costs	Money that should have gone to community water treatment may end up in the pockets of high-paid lawyers, consultants, and for-profit companies. When infrastructure costs are involved, the public pays more because interest on loans to the private sector is higher than when the public sector borrows money.

Loss of control	Public control is at risk because business ventures see public standards of honesty (transparency) as an obstacle to “doing business.” Some municipal councillors have been stopped from knowing about the financing and operations of public water facilities.
Poorer quality services	As with contracting out, companies provide services at lower costs by paying workers less, withholding benefits or permanent jobs, and reducing health and safety measures. High staff turnover with fewer people on the job means quality of services go down and risks to the community increase.
Trade rules	International pacts (like the North American Free Trade Agreement) give corporations the right to sue governments if it seems like public policy will limit a company's profits. When local water services are privatized, democracy suffers. A municipal government that makes a deal with private business to manage water may find itself fighting against NAFTA rules if it ever decides to bring public water back to public ownership and control.

How do we know this is true?

We've seen it happen many times. The municipalities of Hamilton, Ont., Halifax, N.S., Moncton, N.B., Vancouver and Nanaimo, B.C., are just some of those who have gone far enough down the P3 road (some further than others) to learn that it was a disaster for their communities.

The list of Canadian and U.S. cities where P3s have been tried and failed is long. Visit www.cupe.ca/privatization/water and <http://www.citizen.org/documents/waves.pdf> for more information.

Why are governments still interested?

1. Tight budgets, reduced transfer payments from other levels of government, and more responsibility for more services have left many municipalities wondering how to fund water services. In the past, they would borrow money at low interest rates to renew water and sewer infrastructure or water services. Now, municipal politicians want to avoid showing any kind of debt on their yearly financial statements.

2. P3s allow municipalities to buy now and pay later. Politicians only need to account for annual charges rather than the full cost of a project. The bad news is that P3s pass inflated costs for new investments on to future generations, instead of showing their true value now. Auditors and public accountants everywhere have questioned P3s for these shady accounting practices.
3. Risk transfer is supposed to be one of the “advantages” of P3s. A private company that provides water services is supposed to bear the risks – but it does not. The fact is, governments are always responsible for providing public services like water, and for managing the risks. Risk transfer is a big lie. P3 companies know that if a project is too risky, it will cut its losses and leave, or charge a large risk transfer fee, which can be as high as 25 per cent of the total project cost.

What is the alternative?

Public financing is the most efficient way to pay for infrastructure because governments can get the lowest interest rates on borrowed money.

- Municipalities and other governments can issue tax-exempt bonds to raise funds for infrastructure projects.
- Pension funds are also a way to finance public infrastructure.

What can your CUPE local do?

- Contact your CUPE staff representative to let them know what is going on in your municipality. If you are concerned about a possible P3, we have resources to help you do something about it.

- Organize a meeting of your local to talk about the issues. Jobs could be cut. If you don't fight water P3s, who will?
- If there is a local office of the Council of Canadians, invite them to be part of your campaign. Find out who else in your community cares about water. Sign people up to take action.
- Once you have a group of committed people, you can start a WaterWatch committee. A WaterWatch committee lets a municipal council know there are concerned citizens who are aware of the pitfalls around water P3s.
- Raise awareness and build public support. Write letters to the editor, organize community meetings, and set up panel discussions. Circulate a petition that goes to city council. Ask to make a presentation to the council.
- Call the city to find out if a “Request for Proposals” has been issued and ask for a copy along with any other information you can get.
- Contact friendly municipal councilors for more information. Meet with them or invite them to your next meeting.

Visit www.cupe.ca/worldwaterday/ for more info and resources.

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