

Action alert: Protect public water and wastewater systems from new privatization threat

The federal government's Canada Infrastructure Bank (CIB) is targeting water and wastewater systems for privatization. CUPE members should be on alert for signs of privatization in their community and be ready to defend public water.

Opening the door to water privatization

The bank is using a public-private partnership (P3) in a small Ontario community named Mapleton Township as a test case. The bank and other P3 promoters are already using Mapleton as a model to spread privatization across the country even though a deal hasn't been signed. Municipalities and Indigenous communities needing water and wastewater treatment upgrades may be vulnerable to the bank's privatization sales pitch.

The CIB is using public money to subsidize the borrowing costs for corporations bidding on the 20-year deal to design, build, finance, operate and maintain Mapleton's existing and new water and wastewater facilities. The township will own the infrastructure and set water rates. However, the public will lose out on control and accountability, transparency and service quality. Water and wastewater services are human rights. These services should not be provided for profit, and control must remain in public hands.

There are only a handful of municipal water or wastewater P3s with long-term operations and maintenance contracts in Canada. To date, P3s haven't been used for smaller projects. Mapleton's new infrastructure is expected to cost between \$15 and \$30 million.

P3s are generally used for projects costing at least \$100 million because they are extremely expensive to set up, and corporations can't profit enough from smaller projects. This has shielded many water and wastewater systems from privatization, as most have capital costs well under \$100 million.ⁱ However, the CIB's corporate subsidy has generated interest in Mapleton. Six groups of companies were pre-approved to bid on the project.

Targeting Indigenous communities

The bank is also promoting water privatization for Indigenous communities. This is incredibly destructive given the ongoing legacy of colonization. Canada has a proven history of underfunding services and infrastructures for Indigenous peoples. This chronic neglect has created injustice and crisis in Indigenous communities, including denying access to water and sanitation for many First Nation communities. The federal government is not even on track to deliver on its promise to end all boil water advisories in First Nation communities by March 2021.

CUPE will continue to call for the federal government to engage in a respectful nation to nation relationship with Indigenous peoples and provide the long-term funding needed to build and operate water and wastewater infrastructure and all other Indigenous-controlled services and infrastructure.

Dangers of water privatization

There are many well-documented problems with water and wastewater privatization through P3s, including:

Loss of control and accountability: Residents and their elected representatives lose control of an important public service. Water corporations are accountable to their shareholders, not the public.

Loss of transparency: P3 projects are cloaked in secrecy, making it difficult to see details of maintenance contracts and evaluate how public funds are being spent. There's even more secrecy with the Canada Infrastructure Bank. By law, information from corporations pushing privatization projects or investors is excluded from release.

High costs: Though Mapleton will continue to set water rates under the proposed P3, the "winning" corporations will likely apply pressure on the township to increase rates. Corporations are not in the water business for free. They expect to make hefty profits.

Service problems: Corporations may cut corners to increase their profits. This could mean a drop in service quality. In 2004, the city of Hamilton-Wentworth ended a water and wastewater P3 after millions of litres of raw sewage spilled into Hamilton Harbour and flooded homes, and major additional costs were incurred.

Hurts workers: P3s can mean job cuts and poorer quality jobs in a drive for corporate profits. Since Regina's P3 wastewater treatment facility transferred operations to the private contractor EPCOR, staffing levels have decreased and the workload for members has increased.ⁱⁱ

Not in the public interest: The CIB is supposed to support infrastructure projects that are in the public interest. Yet internal bank documents note "public resistance" to water privatization is a key challenge.ⁱⁱⁱ Why is the bank proceeding with water and wastewater P3s when it recognizes the public is not on side?

The bank's privatization agenda

The CIB was designed to privatize. The Liberal government established the bank in 2017 to attract investment from private corporations in public infrastructure. This would at a minimum privatize the financing of public infrastructure but often involves more far-reaching privatization.

This privatization agenda goes against the trend of municipalities bringing water and wastewater services back in house or rejecting privatization. In 2011, voters in Abbotsford, BC, rejected a drinking water P3, and Comox Valley, BC, voters said no to a wastewater P3 in 2016. Other communities such as Port Hardy and White Rock, BC, as well as Banff, Okotoks, and Taber, AB, have brought water or wastewater services in house. There are public alternatives for municipalities in need of water system renewal and expansion.

Take action against water privatization

CUPE members can defend public water and wastewater systems:

- Start a water watch committee in your local to protect public water, and invite local allies to join
- Learn about the early warning signs of privatization at cupe.ca/stop-privatization
- Review your collective agreement and strengthen language on privatization and contracting out
- Contact your municipal councillors and mayor to let them know you oppose water privatization
- Stay up to date on water privatization issues at cupe.ca/not-for-sale

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ⁱPPP Canada (January 2013) Water / Wastewater Sector Study.

ⁱⁱCUPE (December 2, 2019) CUPE 7667 votes to reject EPCOR's latest offer. Retrieved from <https://cupe.ca/cupe-7667-votes-reject-epcors-latest-offer>

ⁱⁱⁱCanada Infrastructure Bank (August 9, 2019) Access to Information Request A-2020-005