KEEPING WATER SERVICES PUBLIC:
Towards Greater Accountability and Safety

A Submission to the Walkerton Inquiry
Public Hearing No. 7 & 8:
Management of Water Providers and Laboratories

By

The Canadian Union of Public Employees

September 25, 2001

Summary and Recommendations

In the wake of the Walkerton tragedy, Canadians are asking many questions about how to protect and improve our water systems. The issues are complex and present no easy solutions. Problems that have been years in the making cannot be solved with a simple quick fix.

One of the issues being raised is about who should own and operate Ontario's water delivery and treatment systems. CUPE's unequivocal position is that water services and supplies should be financed, managed, maintained, operated and owned by the public sector. Many of these arguments have been elaborated in *Water Services in Ontario: For the Public, By the Public,* the joint submission that CUPE prepared with the Canadian Environmental Law Association (CELA) and the Ontario Public Service Employees Union (OPSEU) for this Inquiry. In this submission we want to briefly reiterate some of those arguments as well as submit other information and arguments that support our contention that keeping water services publicly operated and owned is in of primary importance. The problems facing the water and wastewater sector can be effectively addressed within a publicly controlled and operated system if the appropriate support is provided. This submission also recommends measures that will help strengthen public water systems.

As Professor David Cameron concluded in his paper for this inquiry, it is difficult to demonstrate a direct relationship between ownership and operation of water facilities and the safety of drinking water. However, there is evidence that who owns and operates water facilities does affect the quality of water services, investment in water infrastructure and the public accountability around the provision of water services. These factors in turn can affect water safety and it is our contention that public ownership and operation of water services best ensures the safety of drinking water.

The threat of water privatization in Ontario and the rest of Canada is very real. Public water services are now a target of transnational water corporations; corporations that want to develop business opportunities in the North American water services sector. They present themselves as having the solution to years of underfunding, weak regulation and mismanagement. These corporations want to turn public water services into a for-profit business opportunity. However, their goal of maximizing shareholder value puts private gain ahead of public interest.

In support of this corporate agenda, the current provincial government is promoting the privatization of many government services, including water delivery. It has implemented measures that have undermined the public sector and its ability to provide the high-quality services that Ontarians deserve. The financial reductions at the Ministry of the Environment, the downloading of responsibilities to municipalities, and reduced financial support for municipalities have combined to create the potential for a crisis in water services – and have fuelled the "there is no alternative" approach to privatization.

As the paper authored with CELA and OPSEU argued, public ownership and management of water systems are more beneficial to the public than private ownership or operation. Accessibility to water and water services, water quality, environmental protection and conservation, accountability to the public and public involvement, and adequate and fair financing of water systems are all jeopardized or compromised by privatization. Clearly, the public senses these dangers, with polling results showing that a large majority of respondents want public ownership and operation of water facilities.

There is no validity to the financial, managerial, technological or regulatory arguments commonly put forward in support of water privatization. Municipalities are more capable of financing water system infrastructure at better rates of interest than the private sector. Municipalities are also just as capable of running an efficient operation as private companies – if not more so given that they need not factor in profit margins. Furthermore, municipalities have or can obtain as much access to expertise and new technologies as private companies without turning their systems over to the private sector. Finally, public ownership and operation ensures that public accountability can be maximized. Together, these factors mean that the interests and needs of the public are best promoted with public water systems, including their interest in having access to safe, high-quality drinking water.

CUPE therefore recommends the following:

Recommendation 1

The provincial government stop facilitating and actively promoting the privatization of water systems. Specifically, the provincial government should:

- **Repeal the provision in Bill 107 that allows municipalities to sell their water operations.**

- **Expressly prohibit municipalities from selling their water and wastewater systems.**

Recommendation 2

The Ontario Clean Water Agency (OCWA) should be retained as a provincial crown corporation. Its role should be to assist municipalities, especially small ones, in ways that will help them achieve self-sufficiency. It should also play a new lead role in training municipal employees on water and wastewater operations. In addition, OCWA should be available to step in if another water emergency occurs, as it did in Walkerton.

Recommendation 3

That the provincial government remove its instructions to the SuperBuild Corporation to consider privatization options for water and wastewater facilities.

Recommendation 4

That the provincial government eliminate the requirement in Bill 46 that each public sector organization annually examine how it might deliver its services through the private sector.

Recommendation 5

That the provincial government work with the federal government and municipalities to put in place a system of grants and interest free loans to municipalities that require large investments in water and wastewater infrastructure.

Recommendation 6

Municipalities are more stable and secure than even the largest water corporations. To avoid the disruptions that result from corporate failure and corporate takeovers in the global economy, municipalities should maintain public operation of water and wastewater services.

Recommendation 7

- **That the province develop a better training and certification program for water and wastewater operators.**
- **That "grandfathered" employees be phased into the new training and certification program.**
- **That "grandfathered" employees be given ample notice about training in order that they may prepare for it.**
- **That the employer pay for the required training, including time off from work and all expenses incurred by the employee.**
- **That the training be appropriate to the kind of duties performed by the employee.**
- **That the assessment of employees be based on the training they receive and the position they occupy within the water or wastewater system.**

Recommendation 8

Where possible, municipalities improve service quality and efficiency by working together through regional or county government or through other municipal co-operative arrangements. Co-operative arrangements should be the responsibility of elected municipal officials so as to facilitate municipal control and public accountability.

Recommendation 9

Projects involving water and wastewater infrastructure should limit private sector participation to the designing and building of the system, the traditional role that they have played. Financing, leasing, operation, maintenance and management of such projects should be left in public hands so as to limit costs to the public as well as optimize public control and accountability.

Recommendation 10

Municipalities should adopt life cycle costing systems that factor in the long-term costs of operating, maintaining and upgrading infrastructure and a plan for how to acquire the needed revenue.

Recommendation 11

- **That no one be denied access to basic water needs because they cannot afford it.**

- **That the federal government, the province and municipalities work together to ease any transition to full cost recovery by:**

    - **Phasing in rate increases so that water prices do not increase dramatically in any one year, including annual price caps;**

    - **Providing provincial and federal grants or low interest loans on an interim basis to ease the transition. Large municipal water systems are capable of becoming self-supporting in the long run and will not be reliant on grants or loans from the provincial or federal governments. However, many others, especially small and isolated communities, will require continued federal and provincial assistance.**

    - **Providing first nations communities with special financial and technical assistance that will address the acute and long-term water treatment and delivery problems faced by these communities.**

Recommendation 12

That public private partnerships be rejected. Financing, operation and ownership of water and wastewater facilities must remain exclusively in public control.

Recommendation 13

Where public-private partnerships are already in place, it is essential that there be greater transparency and more frequent opportunities to review and rescind the arrangement. We firmly believe that closer public scrutiny of P3s will reveal their flaws and promote publicly financed, owned and operated water systems. Therefore, CUPE recommends the following where P3s are implemented.

- **That the entire contract between the municipality and the private sector partner immediately be made available to the public.**

- **That the municipality and the private sector partner issue an annual report on the operations and facilities in question and that this report be made available to the public and to the appropriate unions and employee organizations.**

- **That at least one public meeting be held so that the public, appropriate unions and employee groups can respond to the report and seek further information. That the public, unions and other employee groups have the opportunity to make written submissions in response to the report.**

- **That the annual report include information on all aspects of the operation and the P3 arrangement, including changes in the organization of the operation, failures to meet regulatory requirement, changes in the number of employees, a breakdown of the costs of the operation, including the revenues and profits received by the private sector partner.**

- **That the public have the right to make recommendations, based on the annual report, submissions and public meetings, on how service delivery and public accountability can be improved, including recommending that the P3 be terminated if there are considered to be sufficient grounds for doing so.**

- **That union members and other employees be protected from reprisals by the municipality or the private sector partner for any oral or written submission made in the context of these annual reviews.**

- **That the response of citizen groups, including unions and other employee groups, be made available to the wider public.**

- **That at the end of a P3 or contracting out arrangement, the municipality give full consideration to providing water and wastewater services in-house and that employee groups, including**

unions, be given the opportunity to make submissions on this question before a decision is made by the municipality to again pursue a P3 or contracting out arrangement.

The Position and Strategy of Private Sector Water Corporations

Transnational corporations, based mainly in Europe, are targeting North America's water and wastewater sectors. They are very large corporations. The two largest, Lyonnaise des Eaux (water division is ONDEO) and Vivendi (water business conducted within Vivendi Environmental), are French transnationals and they ranked 69th and 70th among Fortune's 1999 Global 500 list. These two water giants occupy almost 70% of the existing private sector market.. They have combined revenue of over US $70 billion with over $10 billion coming from the water business. They both operate in over 100 countries and are also major players in the energy, waste services and communications sector (See the Polaris Institute's, *The Final Frontier: The Big 10 Global Water Corporation and the Privatization of Corporations of the World's Last Social Resources*). They are pursuing their water businesses in Canada through United Water Resources and U S Filter of Canada respectively. A relatively new entrant into the world water industry is German based RWE, which has quickly become one of the largest water corporations through its acquisition of Thames Water. RWE also recently attempted to purchase U S-based American Water Works. Other major players include the Bouygues Group operating through its subsidiary SAUR and CH2M Hill, operating through its subsidiary OMI (For comprehensive data and other information on the major water corporations, see the Public Services International Research Units' website at www.psiru.org)

The size of some water corporations and their significant resources means that they can market their services quite aggressively to the point of taking over other smaller companies or putting them out of business. Given the small number of very large players, the water business is not as competitive as one may presume. Despite the recent entry of private-sector water corporations in North America, concentration within the industry is proceeding quickly with smaller players being taken over and put out of business.

The concentration of economic and corporate power in the water industry is an important factor in determining the approach that water corporations take to win public sector market share. North America is a very important and relatively new market for the water corporations. The corporations' market share of municipal utility systems in the U.S. is estimated at 5 per cent (*Public Works Financing, March 2001*) and it is even less that that for Canada. The level of private sector involvement is not 15 per cent ownership as stated by Professor Cameron in his commissioned paper for this inquiry (Cameron, p.41).

One can easily count on two hands the number of privately operated systems in Canada. For example, Moncton (through Vivendi subsidiary US Filter) and Hamilton (through American Water Works) have long-term deals for water and wastewater services. Fort Saskatchewan, Alberta (through CH2M Hill's subsidiary), Haldimand-Norfolk and Goderich, Ontario (through US Filter) have signed relatively short-term operation and management contracts (*Public Works Financing, October 2000*). There are few other systems where the private sector is providing core water services, with the exception of a few metering contracts.

Obviously, the proponents of privatization want to convey the impression that there is a wave of privatization sweeping North America. It is part of a strategy to boost water privatization by claiming that it is already well established within the water and wastewater sector. But clearly, this is not the case. Understandably, municipalities are not rushing to turn over their water and wastewater facilities to private water corporations, in part due to concerns about repercussions of water privatization such as loss of control and increased prices as well as safety and quality issues -- and the ensuing political fallout when such problems arise.

Given their difficulty in firmly establishing themselves and capturing significant market share, the water corporations are treading carefully and being very strategic. The public and political sensitivity around water privatization means that they and governments who support them must proceed with caution. Therefore, the companies are on their best behaviour, and are putting their best foot forward. However, even their best foot leaves a lot to be desired. In addition, it is very probable that if water transnationals become firmly established and capture a sizeable part of the market, they will begin to more aggressively implement a profit-maximization strategy. The days of low-ball bids and loss leaders will vanish. Further, it is likely water corporations will in time implement dramatic cost-cutting measures or push for price increases in order to compensate for low bids and enhance profit levels (See David Hall, 2000 for examples of water corporations implementing profit maximization strategies and there effects).

The Push Towards P3s and Longer Contracts

One of the ways in which water corporations better ensure maximum profit levels is to have the longest possible contract with the municipality. The most common form of water privatization in Canada has been short-term (less than five years) operation and maintenance contracts (O&M) in which private sector firms operate, maintain and manage water and wastewater systems. However, this level of involvement is not satisfactory for the water corporations because the contracts are short-term and must be competed for on a regular basis. It forces a minimal level of accountability that cramps their style. Having a short-term contract renewal hampers their ability to make cuts in the workforce and other changes in the system that will be considered controversial. It also is an obstacle to lobbying for water rate increases or changes to the contract that would boost their revenues and profits.

Public-private partnerships (P3s), the newest form of privatization, are designed to overcome the limitations of short-term operation and maintenance contracts by allowing the water corporations to dramatically expand both the length of the contract and their role within the public water system. In addition to operating and managing a system, they can also become involved in the financing and long-term leasing of a system. Unlike the usual O&M contracts, P3s can range from 10 to 30 years.

Although they do not usually involve a private company having ownership of assets, public-private partnerships increase the degree of private control and direction over crucial aspects of water systems, and as such are qualitatively different than short-term

O&M contracts. With long- term contracts, water corporations also provide more opportunity for the private sector corporation to make the municipality dependant on them. It is also clear that corporations seeking P3s are not against private ownership of water and wastewater facilities. The fact that they do not push for complete privatization has more to do with political realities in Canada than any aversion to it on their part. If P3s were to be established as a normal way of providing water services, full privatization would be a next logical step.

THE ONTARIO GOVERNMENT'S PROMOTION OF WATER PRIVATIZATION

While some governments are open to or actively promoting P3s in the water and wastewater sector, none are doing so more aggressively than the present Ontario government. Since it first came to power in 1995, the Conservatives have pushed to privatize public services, including water services. In early 1996 Bill 26, *The Savings and Restructuring Act*, was passed. It eliminated the need for governments, including municipalities, to hold public referendums before dissolving public utilities. Since 1996, many municipal public utilities have been dissolved as part of a deregulation plan and the subsequent unbundling of water services from electrical utilities have made both easier targets for privatization.

In 1997 the Government passed Bill 107, the *Municipal Water and Sewage Transfer Act*. The bill transferred to municipalities the ownership of the 230 water and sewage treatment plants then owned by the Ontario Clean Water Agency (OCWA). It also facilitates the sale of water operations by simply requiring that any municipality that sold all or part of the plants pay back to the province "the face value (without interest) of any provincial capital grants it has received since 1978" *(Sterling, January 15, 1997).* The government at the time repeatedly asserted that continued public ownership of the transferred works would be encouraged by the requirement to repay outstanding capital grants, but Toronto's Medical Officer of Health saw this requirement differently:

> In light of current provincial policy directions, the repayment provision contained in Bill 107 may be more a clarification of the terms of privatization, than a disincentive to privatization. In fact, the terms of privatization appear quite generous for the private sector; companies that buy public water and wastewater facilities will not be required to pay interest on provincial grants given to those facilities, nor will they be expected to repay monies received from the federal government, and they will have access to all of the properties associated with the water and sewage facilities. *(David McKeown)*.

Recommendation 1

The provincial government stop facilitating and actively promoting the privatization of water systems. Specifically, the provincial government should:

- **Repeal the provision in Bill 107 that allows municipalities to sell their water operations.**

- **Expressly prohibit municipalities from selling their water and wastewater systems.**

In October 1996, then minister of the environment Norm Sterling stated that the government wanted to privatize OCWA, *(Mittelstaedt, October 17, 1996)*. In December 1999 Ontario replaced its Office of Privatization with the SuperBuild Corporation, which is now considering a recommendation to sell OCWA. According to the provincial government, it is assessing whether the province needs to operate water and sewage treatment facilities when private sector operators are already in the business *(Province of Ontario, January 26, 2000)*. CUPE believes that there is a role for OCWA but that it cannot be sustained as a services contractor. It needs to play a larger role in providing support to municipalities, especially smaller ones.

Recommendation 2

The Ontario Clean Water Agency (OCWA) should be retained as a provincial crown corporation. Its role should be to assist municipalities, especially small ones, in ways that will help them achieve self-sufficiency. It should also play a new lead role in training municipal employees on water and wastewater operations. In addition, OCWA should be available to step in if another water emergency occurs, as it did in Walkerton.

SuperBuild's mission was to find "new ways of financing, developing and thinking about infrastructure." One of the ways to meet its goal was "by driving public-private partnerships and other innovative investment approaches" *(SuperBuild, 2000)*.

SuperBuild also was set up as a funding agency and it set a five-year goal of investing $10 billion in a variety of infrastructure projects and using that investment "to lever an additional $10 billion or more in partnership investments from the private and broader public sectors" *(SuperBuild, December 2000)*. At this time, despite the tragedy in Walkerton and the ongoing deliberations of this Inquiry, the government continued on its path towards privatization. In early 2001 SuperBuild began looking for consultants to advise them on options for dealing with infrastructure in the water and sewage sector. The consultants were to look at a range of options, including letting municipalities provide water services but with tighter controls and more contracting out; selling off all the infrastructure and regulating it; setting up a private non-profit corporation to be

responsible for water and waste water; and forcing municipalities to amalgamate their water services under regional authorities that could contract out operations to private firms. *(Ibbitson, January 20, 2001)*.

Recommendation 3

> **That the provincial government remove its instructions to the SuperBuild Corporation to consider privatization options for water and wastewater facilities.**

In May 2001, the provincial government introduced Bill 46, *An Act Respecting the Accountability of Public Sector Organizations*. This bill would require each public sector organization in Ontario to annually submit a detailed report to the Minister of Finance on its operations. One requirement in the annual report is a description of the measures the organization will take to improve its services and its efficiency and the measures it will take to identify alternative methods of delivering its services, including the delivery of those services by the private sector. Water and wastewater services will undoubtedly be included in this review.

Recommendation 4

> **That the provincial government eliminate the requirement in Bill 46 that each public sector organization annually examine how it might deliver its services through the private sector.**

At the same time as the government was supporting consideration of privatization of water services, the government was taking financial actions that put municipalities under pressure – pressure that fostered a crisis in water delivery service in Ontario and encouraged municipalities to look at privatization options. This pressure took three forms: increased responsibilities through downloading and reduced transfer payments; reduced capital funding; and reduced services from the Ministry of the Environment.

Bill 107 transferred the ownership and full responsibility for building, upgrading and operating water treatment systems onto municipalities. Downloaded services also have included public transit, land ambulances, social housing, and all except 400-series highways. While the full financial impacts of these downloading actions have not been calculated, the Association of Municipalities of Ontario estimated that between 1999 and 2000 municipal costs increased by 7.7 per cent while revenues rose by only 2.3 per cent. *(Association of Municipalities of Ontario)*. In the early 1990's provincial governments began reducing grants for water services, with the intention of phasing them out. The Municipal Assistance Program (MAP) began in 1994 as a short-term program to replace the former granting program. In 1996, the government eliminated most new funding under this program.

The Ontario Municipal Water Association (OMWA) said that the offloading of services onto municipalities combined with reduced transfer payments mean that "the government is opening the floodgates to the irreversible deterioration of water services in Ontario." *(Ontario Municipal Water Association, December 1996)*. Due to mounting public pressure after the breakdown of Walkerton's water system, the Minister of Municipal Affairs and Housing announced a $240 million programme to support health and safety infrastructure in August 2000. The *Ontario Small Town and Rural Development (OSTAR)* initiative is intended to help municipalities upgrade their water systems *(Province of Ontario, August 10, 2000)*. Even when the plan was later expanded to $600 million, it remained woefully inadequate given the estimates on infrastructure needs for water and wastewater systems.

Recommendation 5

> **That the provincial government work with the federal government and municipalities to put in place a system of grants and interest free loans to municipalities that require large investments in water and wastewater infrastructure.**

Privatization: Why it is Considered

Privatization advocates usually ignore or rationalize polling results and avoid consultation with the public. They give three principle reasons for privatizing water systems. The reasons, which revolve around savings, efficiency, technology and expertise* are as follows:

- Municipalities cannot afford to make the substantial financial investments needed to upgrade Ontario's water supply system and, therefore, they should turn to the private sector for financing;
- The private sector can bring efficiencies to water systems that will result in savings for water consumers; and
- Private companies have access to expertise and technologies that municipalities lack.

It is important to note that proponents of privatization did not claim that water systems would be safer with more private sector involvement, at least not until the Walkerton tragedy. The most common claim in support of privatization was, and is, that it saves money and increases efficiency.

* Another justification provided for privatization is the need for a clearer distinction between the operator and the regulator, but this has been addressed in our previously submitted paper with CELA and OPSEU and this issue will be taken up further by those organizations in submissions to the public hearings.

Many problems private-sector critics identify within the public system are overstated and can be effectively addressed by the public sector. The proclamation by the business press, the water companies and some governments that it's time for private sector companies to invest in and operate these systems is based on ideology and self-interest. Corporations are not motivated by a desire to make the water systems more accountable, improve quality or making drinking water safer.

That is not to say there are not serious problems. CUPE's position is not about defending the status quo. Nor is it about simply saving the jobs of our members, though we don't apologize for fighting to maintain quality services and the workers who provide those services. Our members are also part of the public and they and their families rely on public services as much as any other citizen. CUPE supports the goal of ending the all-too-common situation of underfunded, patchwork services.

However, the solution to these problems lies in improving the public system; not in having the private sector play a bigger role. The latter course will lead to an undermining of the public sector and the public water services that Ontarians depend on. Furthermore, as discussed in the following pages, even a strong regulatory system cannot adequately address the problems and dangers inherent in private water treatment and delivery.

Ensuring access to water and high water quality, adopting new technologies, accessing expertise, preventing fragmentation, increasing efficiency, planning for adequate and fair financing, enhancing public accountability and involvement, and keeping water and wastewater services in Canadian hands are all reasons why public is better than private in the provision of water and wastewater services. The rest of this paper will expand on this assertion, showing the many ways that public ownership and operation are better than privatization and recommending some other ways in which water services can be strengthened.

Ensuring Public Access and High-Quality Service

Experience in the U.K. after the water systems were privatized raises alarm bells about the dangers of privatization – particularly in times of crisis. In 1988, the British government sold British and Welsh water systems to private companies. Seven years later parts of the U.K. experienced a drought. In some parts of the country the shortage of water for drinking and sanitation needs was so severe that water had to be trucked in. This operation was so large it took almost all of the food-grade trucks to provide enough water in northern England, especially in the Yorkshire area. The regulatory agency responsible for overseeing the water industry, the Office of Water Services(OFWAT), concluded that Yorkshire Water PLC's serious failure to ensure a reliable and continuous supply of water, as well as to control leakage and flooding from sewers, was related to the company's dividend policy (*Lobina & Hall, 22*). In order to maintain profits, the company had neglected to make adequate investment in the system.

In addition, “the companies were not trusted by the public, and were perceived as greedy. As a result, the public were less willing to make sacrifices to conserve water, when the companies had clearly made no sacrifice at all” (*Lobina & Hall, 22*). For example, Yorkshire Water imposed bans on watering gardens, while making 7.2 million pounds by selling off water in reservoirs that could have supplied the needed water.

Problems around the reliability of supply and quality of service have persisted. OFWAT has recently questioned Anglian Water over interruptions to supply and has asked Severn Trent, Southern and Thames Water to explain poor performance on flooding from sewers. United Utilities, Severn Trent and Thames are to be investigated over reports of poor service on telephone help lines. Some companies have reduced leakage rates but Thames Water has seen its already high leakage rate rise even further *(Financial Times, Global Water Report, August 2001)*. Even the corporations reporting on the amount of leakage is misleading because they have taken to releasing the pressure within the pipes as a means of disguising the problem*. (See CUPE’s Annual Report on Privatization 2001 and Lobina and Hall 2001)*

Apparently, after years of under-investment and the resulting problems of unreliability and poor service quality, OFWAT has ordered a price reduction for water consumers. The water corporations have responded with rounds of layoffs and attempts to “mutualize” some companies; a measure that would make the public pay for the unprofitable parts of the system. Clearly, the experience shows that the regulatory system cannot respond effectively to these problems because the corporations hold too much power within the system.

This lesson also applies to situations where corporations operate the systems, but do not own them. It is well understood that long-term knowledge and continuity of management is important, especially in situations of water scarcity or some other crisis. Private companies rarely are stable in their ownership and management over the long or even short-term. For example, Hamilton-Wentworth entered into a public-private partnership with a local water company, Philips Utilities Management Corporation (PUMC), in December 1994. In May 1999, on the verge of bankruptcy, PUMC was purchased by Texas-based Azurix, a subsidiary of Enron Corporation. One study concluded that such changes mean that municipalities choosing privatization are faced with new types of financial and operating risks from the instability of its private partner; instability and uncertainty they would not face had the utility continued to operate as a completely public enterprise. *(Anderson and Loxley, 14)*.

Recently, Azurix and the Hamilton-Wentworth contract were sold to American Water Works, which now operates the region’s wastewater facilities. The people of Hamilton Wentworth may soon experience yet another change of operator as RWE of Germany has been aggressively pursuing the purchase of American Water Works. One recent report noted that while American Water Works has been doing quite well of late, the shareholders may very well want to sell because they “would expect a mighty premium on the company’s $34 share price” *(Global Water Report, September 3, 2001).* Unfortunately, the people of Hamilton-Wentworth do not get to vote on such matters. Neither is there is a regulation that can prevent corporations from walking away from service delivery once their corporation collapses or they fail to extract enough profit out

of the system. The posting of a bond or the arrival of a successor corporation does not negate this kind of disruption and uncertainty.

Recommendation 6

> **Municipalities are more stable and secure than even the largest water corporations. To avoid the disruptions that result from corporate failure and corporate takeovers in the global economy, municipalities should maintain public operation of water and wastewater services.**

As the experience in England showed, the increases in water rates that often accompany privatization may threaten the ability of poorer people to have access to sufficient water for drinking and for hygiene. After privatization of the water systems in the U.K., water prices doubled between 1989 and 1993. In some cases water prices rose 77 per cent over that period while company profits rose by 70 per cent. The number of people whose water was cut off because of non-payment of their water bills increased from 480 in 1989 to 21,282 in 1993. The British Medical Association expressed alarm at the health effects on children in families forced to cut water usage to save money. Due to reduced hygiene, they saw increased incidents of dysentery, hepatitis A, and clothing (body) lice *(See Water Services in Ontario: For the Public, By the Public).*

In response to this crisis, the government curtailed the ability of companies to disconnect people from their water supply. The companies then started using pre-payment meters for customers unable to pay their bills. In 1998, new legislation made disconnections and pre-payment meters illegal (*Lobina & Hall, 21 & 22*). The U.K. experience is a particularly dramatic example of how increased prices to support the profits of private companies can severely affect the poor and reduce equity in access to needed water supplies.

Neither a publicly nor a privately owned or operated water treatment utility can absolutely guarantee safe drinking water. No system is infallible, and drinking water quality can be compromised within any system. However, a number of factors demonstrate that public regimes provide greater assurance. A public system provides better opportunity for financial resources to be targeted on maintenance and operation instead of being siphoned off to create shareholder value. While public water treatment systems can be criticized for not having sufficient financial resources, they certainly do not have the additional obligation of ensuring a profit margin for the shareholder.

In addition public systems promote higher quality of water because publicly owned and operated systems tend to be more accountable and open, which ideally provides an opportunity for early detection and rectification of problems (if all other aspects of the regulatory and oversight system are functioning and the system has adequate funding). Operators cannot hide behind a business contract; their actions and performance are directly linked to officials who must explain a problem of poor quality. While the private sector has presented a contract between the municipality and the water corporation as

an assurance of maintaining standards around quality, the experience in Hamilton-Wentworth indicates this is not the case. When millions of liters of wastewater backed up into homes and businesses within the community, the company would take no responsibility for it and the municipality had to pay for the damages. In most P3 situations the contract limits liability and responsibility for the private sector. The range of unexpected occurrences that cannot be anticipated or covered within a contract means that the public sector is still ultimately responsible financially and otherwise. With public sector operation unanticipated events can generally be dealt with much more effectively without costly legal challenges. Accountability is not blurred.

Private utilities are not mandated to protect the general public interest. They are legal entities that exist to maximize profits and returns for their shareholders. Quality and safety of water is a concern in so far as it may ensure revenues and profit levels. Quality and safety are secondary considerations in so far as they are viewed as a means to an end – the end being market share and profitability. When ensuring quality and safety comes up against maintaining profitability, quality and safety are more likely to be compromised. Public facilities are more likely to make decisions that are proactive and responsive to the community's need for safety and quality although they may not be either the most cost-effective business decision or be strictly required by regulations.

Accessing Expertise and Technologies

Sometimes it is argued that private companies can run better water systems because they alone have access to more skilled staff and own and control special technologies for vital components such as treatment and filtration. However, there is no evidence to support these contentions.

The public sector has highly skilled expert staff. Evidence of this is the fact that private companies frequently hire public sector employees to work for them. PUMC recruited five high-level people who had worked for Hamilton's water services after winning that municipality's water contract *(See Analysis of P3s commissioned by CUPE, written by Loxley & Loxley).*

As for using the best technologies, private companies are always willing to sell access to the technologies that they have developed. Zenon Environmental Inc. and Trojan Technologies are examples of companies who sell their expertise to municipalities. Through a competitive bidding process, municipalities are able procure the materials and technologies and expertise that is required.

That is not to say there is no need for building better capacity within public water systems. It is clear from the evidence presented at the Inquiry that there is a pressing need for more and better training of personnel within the system. It is also clear that the assessment of employees after a training period is necessary, to ensure that employees have successfully completed the training programs. It is also reasonable that training and assessment requirements apply to employees who were "grandfathered" in the late 1980s and early 1990s. However, CUPE recommends that such a program be

implemented as a negotiated process with unions and other employee groups. Furthermore, we believe that it should contain the following elements:

Recommendation 7

- **That the province develop a better training and certification program for water and wastewater operators.**
- **That "grand fathered" employees be phased into the new training and certification program.**
- **That "grand fathered" employees be given ample notice about training in order that they may prepare for it.**
- **That the employer pay for the required training, including time off from work and all expenses incurred by the employee.**
- **That the training be appropriate to the kind of duties performed by the employee.**
- **That the assessment of employees be based on the training they receive and the position they occupy within the water or wastewater system.**

Fragmentation that Results from Privatization

Many municipalities have rejected privatization because it fragments the system and leads to problems with operation and planning. The goals of the municipality or the appropriate department cannot easily be implemented with a private sector corporation providing part of the service and such fragmentation is bound to result in tensions around the municipality's goals or the methods of achieving them.

For example, one of the ways to promote conservation and environmental protection is for Canadians to reduce their use of water and learn to live within the means of local water supplies. However, the transnational water firms tend not to be involved in the water conservation field for simple reasons of supply and demand. A company that makes its income through the sale of water may lose profits if water conservation increases.

For example, in 1996, York Region placed responsibility for developing its long-range water supply plan in the hands of a consortium called Consumers Utilities (Enbridge, formerly Consumers Gas, and NWW Canada, a subsidiary of the British water company, North West Water). The first plan presented to York Region reflected the tendency of water companies to look for the major engineering solution, which is often environmentally disruptive. The consortium proposed to build a pipeline from Georgian Bay to supply water and then discharge sewage through another pipe into Lake Ontario.

After considerable public opposition, York Region rejected the plan. Natural Resources Canada criticized the proposal because it rejected environmentally preferable local solutions such as use of groundwater supplies. York Region later developed a long-range plan itself that placed far more emphasis on water conservation and rejected the "big pipe" solution *(See CELA, CUPE & OPSEU, 2001. For other international examples of the problem and effects of fragmentation due to privatization, see David Hall, 2001)*

Operating Water Systems Efficiently

A prime reason given for privatizing water system operations is that private companies will run the system more efficiently and will, as a result, save money for water consumers. However, on closer inspection, these savings are countered in a number of ways; by hidden costs to the municipality, by high profit levels to the corporations and by reductions in service and personnel that jeopardize water quality and safety.

C. N. Watson and Associates analyzed the operating costs of several water systems in Ontario to determine where private companies might be more efficient. They looked at expenditures for personnel, chemicals, energy, services and overhead, maintenance, capital/debt/reserves, profit and income tax. They concluded that private operators had no distinct advantage over the public sector. Publicly operated utilities were entirely capable of achieving the same efficiencies as private ones, but private utilities had the added costs of taxes and profits, items that normally add between 10 per cent and 15 per cent to the operating costs. (*C.N. Watson and Associates Ltd.*).

The UK experience shows how efficiencies that may be introduced are negated (from the user's perspective) by profit taking. Lobina and Hall analyzed the revenues and expenditure reporting of UK companies and concluded:

> An analysis of the three main components of customers' bills in the United Kingdom shows that almost all of the increase in customers' bills since the water system was privatized is the result of operating profits taken by the private companies (*Lobina & Hall, 10*).

Furthermore, with public-private partnerships, the body that provides the funding for improved efficiencies in the system may not financially gain from the resulting savings. For example, in Hamilton-Wentworth, the region has paid to upgrade and automate many of the operations that resulted in savings and increased efficiencies. However, the private operator is "able to claim the profits from running an upgraded system, for which the taxpayers have paid" *(Anderson & Loxley, 11)*.

The hidden costs to municipalities associated with P3s also negate efficiencies and cost savings. In particular, the legal, supervisory and monitoring efforts required by a municipality to negotiate the contract and then ensure that the contract is being respected can be considerable. However these costs are never included in the cost of implementing a P3. For example, Professor Cameron in his submission to this inquiry pointed out that the number of municipal employees engaged with the Hamilton

Wentworth P3 has risen from two FTEs to eight FTEs since the project began approximately seven years ago (Cameron, p.103). The wages of these municipal employees are not just hidden costs of privatization; they represent a subsidization of the private sector corporation.

A much better approach for municipalities to create efficiencies and cost-savings would be to explore entering into **public-public partnerships** with other municipalities. Cooperation among municipalities in a region or county on procuring inputs such as chemicals and electricity more cheaply and sharing resources could significantly reduce costs and maintain municipal control over operations.

Recommendation 8

> **Where possible, municipalities improve service quality and efficiency by working together through regional or county government or through other municipal co-operative arrangements. Co-operative arrangements should be the responsibility of elected municipal officials so as to facilitate municipal control and public accountability.**

Financing Water Systems

It is well understood that the public sector can obtain better financing terms than the private sector. Professor John Loxley, an economist with the University of Manitoba, has conducted a number of studies of P3s in various sectors for CUPE and in every case he has found that that the public sector would have paid considerably less for financing if they used a traditional financing method (Loxley, 1998, 1999 & 2000). The principal reason for this is that municipalities have better credit ratings than corporations. Almost all regional municipalities in Ontario have a AAA rating. Currently this is a better credit rating than the rating enjoyed by the provincial government. Most other municipalities have a lower rating, but even these lower ratings are usually as good as, if not better than, the best rate that private companies can obtain (*C.N. Watson and Associates Ltd., 7-7*).

C.N. Watson and Associates Ltd. concluded that private sector financing through debenture is approximately one to two per cent more costly than the borrowing rates for municipalities. Also, that the expected return to people who invested in the company through the equity financing mechanism is approximately six to eight per cent higher than the rate at which municipalities can borrow money for capital purposes.

Recommendation 9

> **Projects involving water and wastewater infrastructure should limit private sector participation to the designing and building of the system, the traditional role that they have played. Financing, leasing, operation, maintenance and management of such projects should be left in public hands so as to limit costs to the public as well as optimize public control and accountability.**

Municipalities are frequently frightened into considering privatization by the huge estimates given for the capital costs required to upgrade and expand water systems. The most detailed study undertaken on estimating financial needs is a 1998 study by the Canadian Water and Wastewater Association. This study estimated investment needs for the period from 1997 through 2012. For Ontario, the study identified $12.6 billion in water supply, storage and delivery infrastructure needs.

An analysis by Gary Scanlan of C.N. Watson and Associates demonstrates that if municipalities use the financial powers given to them by the province, and if the Ontario Municipal Board does not interfere with the use of these powers, they only need to borrow money to cover approximately $2 billion of the $12 billion required until 2012 for existing needs, expanding systems, and growth-related expenditures for the water supply and delivery infrastructure.

Based on 1997 financial data, the debt capacity of Ontario municipalities providing water services is $13.1 billion for a ten-year debt term and $19.7 billion for a twenty-year debt term (*C.N. Watson and Associates Ltd., Appendix A*). The estimated total capital cost of addressing existing needs until 2012 is $1.9 billion. Analysis carried out by C.N. Watson and Associates Ltd. found that the capital costs for financing existing needs would take between 9 and 14 per cent of the debt capacity of individual municipalities in Ontario. This would leave substantial debt capacity for municipalities' other capital needs.

Clearly, municipalities do not need to sell their water systems or get involved in a public-private partnership in order to raise the money to upgrade or expand their water systems. But, it is also clear that there is a great financial need. There is general agreement that Canada's public water systems are grossly underfunded. The estimates for infrastructure renewal vary, but the amounts are all significant as evidenced in several of the submissions to this Inquiry. The real debate is about how to pay for these systems -- and in particular whether users should pay for the systems based on how much water they use.

There are a variety of ways in which water services and infrastructure are currently funded. In most cases, water users do not directly pay the full cost of water services. Given the infrastructure deficit and the financial problems faced by most municipalities, such a full cost pricing scheme would lead to dramatic increases in prices and hardship for low income people. Because of loans, grants and subsidies municipalities have not been forced to adopt such a method of funding. Nonetheless, there has been a move by many municipalities towards full cost accounting and full cost recovery of expenditures on water and wastewater systems. Full cost accounting ensures all costs are taken into account, including capital needed to continually renew and upgrade the system. With full cost recovery, all costs are recovered but not just through the prices charged to users of water. There is no reason why municipal water systems should require private financing and support given these options for funding. Municipalities and other levels of government can ensure the funding necessary to ensure safe, high-quality water and wastewater services.

The experience in England shows there is no guarantee that privately-owned or operated water systems will make the long-term investments needed to maintain and upgrade the system and plan for the future – even if these costs are included in the pricing structure. For example the British water regulator, OFWAT, allows the water companies to include predicted capital expenditures in justifying its water rates. But OFWAT discovered that the companies were routinely overestimating how much they would actually put back into the system and using the shortfall in expenditures to increase profits (*Lobina & Hall, 10 & 11*).

One of the reasons that Pekin, Illinois, decided to buy back its water system from the private company it had sold it to was this failure to make the proper investment in the system. Richard Hierstein, the city manager of Pekin, said, "The system is not in good condition and they have not invested as they should have done, but have raised the rates as if they have." (*Canadian Union of Public Employees, 2001, 59&60*).

In the case of public-private partnerships, the municipality may be able to maintain control over rate structures and budgets to ensure that long-term needs are being planned. However, a portion of the money that could have gone towards a reserve fund for future infrastructure expenditures will instead go to the private company's profits. A 1995 study compared the costs of water provision between Swedish and U.K. cities of comparable size. On average, the municipally-owned Swedish water systems had operating costs that were just under half the operating costs of the privately-owned U.K. systems. The capital maintenance costs for the municipally-owned systems were only 20 per cent of the costs of the privately-owned systems *(Lobina & Hall, 16)*.

In France, home of the largest private water companies, municipalities own the water infrastructure, but many of them contract out management to private companies through long-term franchises. Average water charges in those systems managed by private companies are between 10 per cent and 15 per cent higher than the prices in the systems that are publicly managed *(Hall, 2001)*.

One measure that municipalities should take is to implement life cycle costing as a means of planning for future infrastructure upgrades and maintenance. This method minimizes the chances of being faced with unanticipated crises. This involves estimating the long-term expenditures needed to maintain, operate and renew infrastructures. Once such a system is put in place, along with a method of raising the necessary revenues, it is less likely to result in municipalities facing a shortfall of revenues and that municipalities will be tempted by the offers of financing from private sector corporations.

Recommendation 10

> **Municipalities should adopt life cycle costing systems that factor in the long-term costs of operating, maintaining and upgrading infrastructure and a plan for how to acquire the needed revenue.**

For municipalities forced to operate in an environment of increasing costs, provincial downloading and grant cutbacks from higher levels of government, it is understandable that they are implementing or considering the implementation of a full cost recovery strategy. Full cost pricing or a cost recovery program that relies exclusively on user fees raises the question of equitable access to water. All people must have access to water in order to survive and this must be reflected in any new pricing structure. CUPE's position is that no one should be denied access to basic water needs because they cannot afford it. For municipalities that are pursuing a full-cost recovery strategy, we recommend the following:

Recommendation 11

- **That no one be denied access to basic water needs because they cannot afford it.**

- **That the federal government, the province and municipalities work together to ease any transition to full cost recovery by:**

    - **Phasing in rate increases so that water prices do not increase dramatically in any one year, including annual price caps;**

    - **Providing provincial and federal grants or low interest loans on an interim basis to ease the transition. Large municipal water systems are capable of becoming self-supporting in the long run and will not be reliant on grants or loans from the provincial or federal governments. However, many others, especially small and isolated communities, will require continued federal and provincial assistance.**

    - **Providing first nations communities with special financial and technical assistance that will address the acute and long-term water treatment and delivery problems faced by these communities.**

Public Accountability, Transparency and Public Involvement

Access to water and water services is crucial. Water is not something that people can choose to live without. Therefore, it is very important that those who provide water services be accountable to the public in particular around issues that may affect the availability, quality or safety of water. We have already stated that private corporations are not primarily accountable to the public. This is supported by the work of two public administration professors at the University of Southern California who reviewed more than 45 studies on the privatization of public utilities. They concluded that private companies work better in competitive environments, but their performance diminishes in services such as water, which is a natural monopoly. One of their conclusions is that public accountability is a problem for private utility operators because "they are

accountable to shareholders, whose interest is in maximizing profit and who likely do not live in the communities served". (*Morgan & Chapman*).

Public accountability and public involvement cannot exist without a transparent decision-making process and easy public access to information. With private ownership of a water system or a public-private partnership, this sort of openness is inevitably diminished. The public does not have access to the private boardrooms where decisions are made that affect the operation of the water system and future plans for the water system. Indeed, the boardroom where those decisions are made is unlikely to be in the community because the company is usually a transnational corporation.

Private companies normally operate in an atmosphere where access to information is restricted. Gaining access to reports and other documents can be a major struggle for a citizen. The experience in Hamilton illustrates the decline in accountability, public input and access to information under a public-private partnership. It required over a year of pressure, including a freedom of information request, before the contract between PUMC and the Region of Hamilton Wentworth was made available to the CUPE and even then parts of the contract were omitted.

When raw sewage spilled into Hamilton Harbour and wastewater backed up into area homes as a result of failings at the sewage treatment plant, alarmed citizens had great difficulty holding anyone responsible. The municipality and the company simply pointed fingers at each other, and in the end the municipality was left with the clean-up expenses that had resulted from a breakdown in the operations which PUMC had control over. *[Anderson & Loxley]* The municipality paid despite the strong evidence that dramatic reductions in the workforce and other cost-cutting measures were factors contributing to the mishap. The savings from those cost-cutting measures went mainly into the pockets of the corporation.

Regulations did not prevent this accident and regulations did not force the corporation to take responsibility for it. Furthermore, there is unlikely to be any such regulation or contract provision when corporations are so powerful and governments are concerned with enhancing the climate for business and investment

CUPE believes that P3s are a bad deal for the public under any circumstances and under no condition do we accept them as a form of service delivery that is preferable to public service delivery.

Recommendation 12

> **That public-private partnerships be rejected. Financing, operation and ownership of water and wastewater facilities must remain exclusively in public control.**

We believe closer public scrutiny of P3s would reveal their flaws and demonstrate the advantages of publicly financed, owned and operated water systems. An accountability process must exist for municipalities that have decided to implement a P3. It should also include ways for the public to monitor and evaluate a P3. CUPE does not believe that P3s deliver what they promise. Monitoring and evaluative steps such as the following would help to reveal the problems with P3s.

Recommendation 13

Where public-private partnerships are already in place, it is essential that there be greater transparency and more frequent opportunities to review and rescind the arrangement. We firmly believe that closer public scrutiny of P3s will reveal their flaws and promote publicly financed, owned and operated water systems. Therefore, CUPE recommends the following where P3s are implemented.

- **That the entire contract between the municipality and the private sector partner immediately be made available to the public.**

- **That the municipality and the private sector partner issue an annual report on the operations and facilities in question and that this report be made available to the public and to the appropriate unions and employee organizations.**

- **That at least one public meeting be held so that the public, appropriate unions and employee groups can respond to the report and seek further information. That the public, unions and other employee groups have the opportunity to make written submissions in response to the report.**

- **That the annual report include information on all aspects of the operation and the P3 arrangement, including changes in the organization of the operation, failures to meet regulatory requirement, changes in the number of employees, a breakdown of the costs of the operation, including the revenues and profits received by the private sector partner.**

- **That the public have the right to make recommendations, based on the annual report, submissions and public meetings, on how service delivery and public accountability can be improved, including recommending that the P3 be terminated if there are considered to be sufficient grounds for doing so.**

- **That union members and other employees be protected from reprisals by the municipality or the private sector partner for any oral or written submission made in the context of these annual reviews.**

- **That the response of citizen groups, including unions and other employee groups, be made available to the wider public.**

- **That at the end of a P3 or contracting out arrangement, the municipality give full consideration to providing water and wastewater services in-house and that employee groups, including unions be given the opportunity to make submissions on this question before a decision is made by the municipality to again pursue a P3 or contracting out arrangement.**

International Trade and Investment Agreements Raise the Stakes

The kind of public involvement discussed in the previous section is becoming increasingly important as water and water services begin being treated like commodities to be bought and sold in the market place. For example, the website www.waterbank.com is "dedicated to creating a broad marketplace for buying, selling, trading, and marketing of [among other items]: water rights, water utilities, property and water, bulk water, and spring water."

Furthermore, the impacts of trade agreements such as the North American Free Trade Agreement (NAFTA) and the General Agreement on Trade in Services (GATS) raise questions about the ability of governments to place restrictions on the trading and movement of water. In addition, these agreements raise questions about the possible effects of entering into a public-private partnership. For example, in a recent legal opinion commissioned by CUPE, Steven Shrybman, an expert in trade law concluded that P3s such as the planned Seymour water plant (the P3 was cancelled and the plant is going ahead) for the Vancouver Region might be affected by NAFTA. Specifically, he stated:

> If concluded, the interest of a private partner to a contract to design, build and operate the Seymour project would be an *investment* according to the NAFTA definition. Conversely, a law, regulation, procedure, requirement or practice of the Greater Vancouver Regional District (GVRD) or another Canadian government that might affect that contract would be a *measure* under NAFTA and accordingly subject to the broad disciplines of that regime.

He also argued that whatever claim to exemption from trade rules water services might now enjoy under the GATS negotiations would be compromised by entering into a private sector partnership to deliver services. "In this regard", he concluded, "the risks are substantially greater for a contract that involves the operation, rather than simply the design and construction, of a water treatment plant" *(Shrybman, 2001)*.

These and many other questions need to be discussed by the public, especially the communities where privatization is proposed, and assurances given, although we have yet to see any credible assurance and remain skeptical that any such assurance will be forthcoming.

The Public Prefers Public Operation and Ownership

Public opinion polls have consistently found that the Ontario and Canadian public overwhelmingly prefer public ownership and control of water systems over private ownership. For example, a poll of Ontario residents in 1996 asked "Who should control water systems?" Seventy-six per cent said municipal officials; 19 per cent said private agencies, and 6 per cent gave no response (*Insight Canada Research*).

An Ekos poll in January 2001 asked: "Overall, do you think the public ownership and operation of water services is generally a good thing or generally a bad thing?" Seventy-six percent said it was "a good thing"; 11 per cent said "a bad thing"; 10 per cent had no opinion (*Canadian Union of Public Employees, 2001, 61*).

Despite this strong public support for public ownership and operation of water systems, the Ontario government has taken actions since 1996 to make it easier to privatize municipal water systems. Politicians and government bureaucrats are making policy decisions that are in direct opposition to the wishes of the majority of Canadians. These are being made with virtually no consultation from the public.

CONCLUSION

CUPE urges the Inquiry to recognize the inherent dangers of privatization, and to instead promote public solutions that will strengthen, expand and improve public water systems.

BIBLIOGRAPHY

Anderson, John; and Salim Loxley. 1999. *An Analysis of a Public-Private Sector Partnership: The Hamilton Wentworth-Philip Utilities Management Corporation*. Ottawa: Canadian Union of Public Employees.

Association of Municipalities of Ontario. June 2000. *AMO Municipal Action Plan: Protecting Ontario's Water.*

Cameron, David. 2001. *The Relationship Between Different Ownership and Management Regimes and Drinking Water Safety: A Discussion Paper for the Walkerton Inquiry.* Toronto: Walkerton Inquiry.

Canadian Environmental Law Association and Great Lakes United. February 1997. *Ontario's Water Resources: The Need for Public Interest Regulation.*

Canadian Environmental Law Association, The Canadian Union of Public Employees and The Ontario Public Services Employees Union. 2001. *Water Services in Ontario: For the Public, By the Public: A submission to Phase 2 of the Walkerton Inquiry.* Toronto

Canadian Institute for Environmental Law and Policy. 1999. *Ontario's Environment and the Common Sense Revolution - A Fourth Year Report*.

Canadian Union of Public Employees. 2001. *Dollars and democracy: Canadians pay the price of privatisation*. Ottawa: CUPE.

Canadian Union of Public Employees. *1999. Hostile Takeover: Annual Report on Privatization*. Ottawa: CUPE.

Canadian Union of Public Employees. 2000. *Annual Report on Privatization – Who's Pushing Privatization?* Ottawa : CUPE.

Clark, Karen L. & James Yacoumidis. 2000. *Ontario's Environment and the Common Sense Revolution: A Fifth Year Report*. Toronto: Canadian Institute for Environmental Law and Policy.

C.N. Watson and Associates Ltd. 2001. *Financial Management of Municipal Water Systems in Ontario*.

Concerned Walkerton Citizens and Canadian Environmental Law Association. 2001. *Tragedy on Tap: Why Ontario Needs A Safe Drinking Water Act*.

Cyr, Nichole & Shirle, Tammy. *An Analysis of the Public/Private Partnership Involving The Urban Shared Services Corporation*. June, 1999.

Davies, Dan with Loxley, John. *The Struggle over Diagnostic Lab Testing: The Canadian Experience*. April 2000: CUPE.

Freeman, Neil B. 1996. *Ontario's Water Industry: Models for the 21st Century: A report prepared for the Ontario Municipal Water Association.*

Global Water Report. December 11, 1996. "Canadian privatisation dragging its heels," *Global Water Report*. *London Global Water Report*. Financial Times Newsletters.

Global Water Report. September 3, 2001.

Gray, John, Richard Mackie & James Rusk. June 14, 2000. "Province wants cheaper good services," *The Globe and Mail*.

Hall, David. 2001. *Water Privatization and Quality of Service: PSIRU Evidence to the Walkerton Inquiry*. Toronto.

Ibbitson, John. January 20, 2001. "Province to launch privatized water plan," *The Globe and Mail.*

Insight Canada Research. 1996. "Attitudes of Ontarians Toward Community Drinking Water Systems," Appendix 3 in *Ontario's Water Industry: Models for the 21st Century*. Toronto: Ontario Municipal Water Association.

Lobina, Emanuele and David Hall, 2001. *UK Water privatisation – a briefing*. London, U.K.: Public Services International Research Unit.

Loxley, John. *Charleswood Bridge Public-Private Partnership "Post-Mortem" Report*. CUPE: 1997.

Loxley, Salim*. An Analysis of a Public-Private Sector-Partnership: The Confederation Bridge.* CUPE: May 1999.

Loxley, Salim. *An Analysis of a Public-Private Sector-Partnership: The Evergreen Park School*. Moncton, N.B. CUPE: March, 1999.

McKeown, David, Medical Officer of Health. March 24, 1997. *Memo to Board of Health RE: Bill 107 – The Water and Sewage Services Act.*

Mintzberg, Henry. May-June 1996. "Managing Government: Governing Management," *Harvard Business Review*. Pp. 75-83.

Morgan, Stephen and Jeffrey Chapman. *Issues Surrounding the Privatization of Public Water Service*. Quoted in a report by the Association of California Water Agencies, 1996.

Organisation for Economic Co-operation and Development. 1999. *The Price of Water: Trends in OECD Countries*.

Office of the Provincial Auditor of Ontario. 1988. *Annual Report.*

Office of Privatization. March 1998. "Government's Role in Operation of Water and Sewage Treatment Systems to be Reviewed," *News Release.*

Ontario Municipal Water Association. December 1996. *Ontario's Drinking Water in Jeopardy.* News Release.

Ontario Office of Privatization. 1998. *Review of The Ontario Clean Water Agency, Final Report*. Vol. 1.

Ontario Public Service Employees Union. 2001. *Public Interests in Water Facilities Operations*, A submission to the Walkerton Inquiry.

Ontario SuperBuild Corporation. 2000. *Building Ontario's Future: A SuperBuild Progress Report.*

Ontario SuperBuild Corporation. January 2001. *A Guide to Public-Private Partnerships for Infrastructure Projects.* Toronto: Province of Ontario, Ministry of Finance.

Province of Ontario. May 5, 2000. *SuperBuild Budget Initiative*.

Province of Ontario. August 10, 2000. *Ontario's long-term strategy for safe, reliable infrastructure.*

Province of Ontario. August 10, 2000. *Harris Government Announces Next Steps in Operation Clean Water Including Capital Funding and Long-Term Strategy.* News Release.

Public Works Financing. March, 2001.

Regional Municipality of York. March 7, 1997. *Memo from the Alan Wells, Chief Administrative Officer, to the Council of the Regional Municipality of York.*

Shrybman, Steven. May 2001. *A Legal Opinion Concerning the Potential Impact of International Trade Disciplines on Proposals to Establish a Public-Private Partnership to Design Build and Operate a Water Filtration Plant in the Seymour Reservoir.* Prepared for the Canadian Union of Public Employees.

Smith, Graham. May 23, 2001. "Zenon profiting from contaminated water fears," *The Globe and Mail*.

Sterling, Norman W. January 15, 1997. *Letter to Municipal Heads of Council and Other Stakeholder Groups.*

Vallance-Jones, Fred. February 23, 2001. “Eau d’Hamilton for Sale?” *The Hamilton Spectator.*

Wodraska, John R. “Woody”. 2000. *Water and Markets: Presentation to a Conference by the Great Lakes Water Law Center.*

Yaron, Gil. 1999. *The Final Frontier: The Big Global Water Corporations and the Privatization of the World’s Last Social Resource*. Ottawa: Polaris Institute.

Jf-opeiu 491
S:\Research\WPTEXT\Julie\walkerton submission2.doc