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# FAST FACTS

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# Municipal Corporate Utility for Winnipeg's Water and Waste: Lessons from Elsewhere

On July 22, the city of Winnipeg will be voting on a proposal to create an arms-length corporate water utility. As far as Mayor Sam Katz and his allies on city council are concerned, the decision on the new corporate utility was made before the public ever had a chance to weigh in.

The city invested $1.25 Million to explore the idea and put $250,000 toward a public relations campaign to promote the creation of an arms-length corporate water utility.

Supporters on city council had committed to the issue even before hearing the concerns of the general public. Many participants in the so-called public consultation have reported that it was designed to promote the proposal rather than record public input.

Yet experience from around  the world shows that the model being rushed through is likely to have detrimenttal impacts on access to water and public control over water services and resources.

The corporatization of Winnipeg's water and waste utility is the first step toward greater privatization. An arms-length corporation would limit the ability of elected representatives to oversee operations and make decisions in the public interest. Experiences in other cities like Edmonton have shown that corporate utilities whose primary function is to make profits can lead to the sale of public assets, a loss of public control and transparency, rate hikes and lower quality services.

It is time to slow things down and examine the serious threats posed by the proposed model.

Mayor Sam Katz sticks to the soundbite that the utility is 100 per cent city-owned while downplaying the fact that the city is seeking partnerships with private corporations for water and waste services.

The corporatization of electric and water utilities in Edmonton have proven to pave the way for the sale and privatization of vital services.

There was a blurring of lines when councillors acted as shareholders rather than as protectors of the public interest by hatching a deal to sell off $5 billion of publicly-owned assets behind closed doors. Rather than maintaining the public interest, the mandate of Epcor, the arms-length corporate utility is to increase profits. This has had impacts on communities outside Edmonton as the corporation makes its profits through the privatization of utilities in communites throughout the continent.

Similarly, in Europe, "Municipal Corporate Utilities " were first sold as a compromise between fully public and fully private control of water

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systems. Big water companies used their public utility assets to raise money to move into poor countries in the global South where they operate on a for-profit basis, charging high rates and denying service to those who cannot pay. Human rights and social justice organizations in the global South argue that some of the worst private water companies operating in their communities are tied to so-called public utilities in Europe and use this status to gain access to water contracts in the South.

The City is also seeking partnerships with corporations for waste-water plant upgrade.

Experience in other parts of Canada and the rest of the world show that these arrangements mean that the public takes all the risk while the private corporations use their contracts to leverage capital accumulation for private investment and expansion.

It is important to note that many of the companies bidding for the Winnipeg contract are big transnationals whose sole motive is profit and growth.

One company, American Water is the largest investor-owned U.S. water and wastewater utility. The corporation has a history of imposing exorbitant rate hikes on communities where they operate. In Hingham and Hull Massachusetts, the corporation doubled rates over a five-year period claiming the funds were needed to build a new treatment facility. Evidence has shown that the costs of the facility were inflated by American Water to increase profits.

Another company, Black &Veatch is an American engineering giant which claims to be in the "Top 500 Largest Private Companies in the U.S." They have a huge water division and claim that "20 percent of the world's population served by community systems drinks potable water through systems designed, constructed or supported by Black & Veatch".

If the City of Winnipeg chooses an American company, that company will have rights under NAFTA to sue for compensation if a future city council decides to return to a public system or bring about legislation that would restrict its profits.

Also on the list is Veolia Environment - the "environment" arm of the French giant Veolia - which has 272,000 employees, 70,000 of whom work only in water and has annual revenues of US$34 billion, and with Suez, controls almost two-thirds of the global private water services sector. Veolia is very controversial in the global South, where, along with Suez, it has jacked up water rates, broken contracts and cut off water to people who cannot pay.

These big corporations are for-profit, private companies required to find profits for their shareholders and will be forced to raise water rates for this purpose.

Councillor Harry Lazarenko's motion to ensure that privatization is not sought without a referendum does not allay concerns about the loss of public control over water services, hikes in water rates and the global impacts of creating a for-profit utility. The potential harm should be carefully weighed and publicly debated - not rushed through without full public consultation.

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