



FASTFACTS



Canadian Centre for Policy Alternatives-Mb • 309-323 Portage Ave. • Winnipeg, MB • Canada R3B 2C1
 ph: (204) 927-3200 • fax: (204) 927-3201 • ccpamb@policyalternatives.ca • www.policyalternatives.ca/mb

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Contracting-Out Garbage Pick-Up: A Trashy Idea

On July 27th, Winnipeg City Council will consider privatizing garbage collection that's currently done by municipal workers. The recommendation to contract-out collection came in a Water and Waste Department Business Plan, which was endorsed by the Alternative Service Delivery (ASD) Committee of Council last week.

Currently, city workers collect garbage from homes south of the Assiniboine River and from AutoBins in central areas. Pick-up in the north of the city is contracted-out to the multinational firm Waste Management Inc (WMI).

How Much is Being Saved

The Business Plan claims that contracting-out, over a ten-year period, will save the city about \$2 million per year. The contract cost estimate, however, is dubiously low. The plan also plays down proposals from the Canadian Union of Public Employees Local 500, the Winnipeg municipal workers' union, to save about \$1 million per year if the service is kept public.

Since the savings from privatization may sound like a lot of money, it's worth looking closer at the numbers. Cutting costs by \$2 million per year translates into \$2.62 per month for each of the 63 733 homes whose garbage collection may be privatized. That's about cents per day. A \$1 million per year saving if the service is public works out to \$1.30 per home per month, about 4 cents per day.

The business plan also ignores what it would cost the

City to monitor the contract. Monitoring is essential. Why? Moshe Adler, an economist in the urban planning department at Columbia University in New York, put it well: "Nothing can change the fact... that to the private firm reducing the quality and extent of service will be a way to improve profits" (*Toronto Star* 2002-07-22).

Hidden Costs Down the Road

Many municipalities have found themselves hit by unexpected costs after they contracted-out garbage pick-up. For example, North Vancouver privatized. The contractor, Laidlaw, kept on increasing its fees. When the city council decided to make pick-up a public service again, it found itself hit with the cost of buying a fleet of new vehicles.

If the City of Winnipeg votes to contract-out, it could easily find itself in the same boat. We should listen to what Adler tells us about the New York experience: **"When sanitation services are privatized, contractors make money and residents end up with poor garbage collection and filthy streets... Using government employees to do the job is actually the cheapest and most cost-effective way to achieve a clean city."**

Unfortunately, in today's political climate the myth that "private = better and cheaper" is alive and well. Proponents of privatization are playing on anti-government sentiments and ignoring serious problems in the private sector.

What's more, if garbage pick-up is contracted-out other



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public services could soon follow. For-profit firms are itching to make big money, and their friends at City Hall are eager to help. This crowd is also eager to attack unionized workers. Columnist Tom Brodbeck's macho swagger tells us what they're thinking: "we need a mayor who has the balls to take on the unions" (*Winnipeg Sun* 2005-05-07, 5).

A Dirty Business

To understand what's at stake, we also need to look beyond the cost of garbage pick-up. The for-profit "waste management" industry eager to take over service in south Winnipeg has a dirty history.

Take WMI, the multinational that is one of the biggest firms that dominate the industry. According to Harold Crook, in his book, *Giants of Garbage*, WMI's corporate rise was fuelled by lucrative international deals in the 1970s. One was in Riyadh, Saudi Arabia. There the firm's workforce was made up of migrant workers from India, and who were selected from among tens of thousands of applicants. Another was in Buenos Aires, Argentina, which was then in the grip of a military dictatorship.

Crooks also reports that just one month after Canadian Waste Disposal and Management Limited, "a numbered company with no track record," took over garbage collection in part of Winnipeg in 1988, it struck a joint venture with WMI. This is the same company that the US Security Exchange Commission charged with fraud for presenting misleading information and pushing up the value of its shares in 2000.

Another major firm waiting in the wings is BFI. In 1990, when BFI was searching for a dump near Winnipeg, the firm took four municipal councillors from West. St. Paul on a trip to Memphis, Tennessee.

In 1987, a class action lawsuit was filed in the US against both BFI and WMI, alleging that both companies conspired to fix prices across the country. A settlement reached in 1990 saw the two firms pay \$US 50 million plus \$US13 million in legal fees while denying any wrongdoing. All the evidence was sealed. Charges have been laid in other similar cases too.

What About the Workers?

We should also look at why the costs of private sector collection are lower. The reason is simple: for-profit operators in the "waste management" business make their workers work harder than municipal workers and

pay them less.

It's not just a matter of wages, either. Workers employed by these firms are less likely to have benefits like drug plans, dental coverage and pensions. These firms are mostly non-union, so their workers lack the basic protection against discrimination and arbitrary treatment provided by union collective agreements.

Because lifting and pitching garbage is heavy work, it's harder on older workers. In the unionized public sector, older workers usually drive the trucks. Private firms usually make all their workers haul as well as drive. Is there any doubt about what's likely to happen to older workers without union protection when they can't keep up with younger hires? It's no surprise that the average age of private sector collection workers is 28.3, compared to 36.7 for those in the public sector.

Wherever it's happened, privatization has cut decent-paying secure jobs and replaced them with low-paid precarious work. This hurts wage-earners and others in their households and the community. The last thing working people in Winnipeg need is for the City to eliminate good jobs and make us more dependent for services on corporations whose priority is profit, not quality.

- David Camfield

David Camfield is a faculty member in the Labour and Workplace Studies Program and the Economics Department, University of Manitoba.

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