CUPE Local 500

Speaking Notes to Executive Policy Committee

Re: Local 500's Position on the Sewage Treatment Plant Upgrades and Expansion

CUPE Local 500 | Canadian Union of Public Employees

May 12, 2010

Speaking Notes for Mike Davidson, President CUPE Local 500 – May 12, 2010 to EPC

Good Morning Mr. Mayor and Councillors.

Thank you for the opportunity to present on the sewage treatment plant upgrades and expansion.

CUPE has over 600,000 members nationally and about 25,000 in Manitoba. Local 500 represents approximately 5,000 of these members, of which about 750 work in the City's Water and Waste Department. They deliver drinking water and sewage treatment services in the community, and are directly affected by the decision that is about to be made.

Local 500 is proud to work together with the City of Winnipeg where we can, and has never shied away from protecting public services when we needed to.

We were very concerned about the City's plans to upgrade the North End and South End sewage treatment plants through a privatized design-build-finance-possibly operate model.

P3s have proven time and again to cost taxpayers more and provide lower quality services and less accountability than the traditional design–build model.

Public ownership, management and operation of water and sewage systems protect the public interest and ensure the best possible service to the community.

Now, the City has confirmed it will not involve a private corporation in owning, financing or operating the sewage plants.

We commend the city for rejecting the P3 model. It is a step in the right direction.

However, we still have serious concerns about a private corporation playing any role beyond the design/build stage – whether it be management or elsewhere – in our City's sewage services.

- What precisely will Veolia be doing, and how far will that work extend into direct management of the City's sewage operations? We question the level of control that will be handed to a private corporation that is in the business of privatizing water and wastewater services around the world.

- What is Veolia getting in return? What is the contract cost to taxpayers?

- Given the length of the contract, what protections are built in for the City and future taxpayers? Is there an opt-out or cancellation clause?

The public has not seen the text of the 30-year contract. The full implications of this deal for taxpayers and local wastewater services are in the details of this document.

We call for full public disclosure of the entire contract, so the public can evaluate the costs of the arrangement, its purported benefits, and the risks of signing a 30-year deal with a private corporation, before going any further.

CUPE 500 also believes there are inherent flaws in the new business model.

For example, critics of the traditional design-build model have suggested that cost over-runs occurred by having a low bid accepted and then work added on at additional cost, after the project started.

Under the contract model the City is proposing, corporations stand to be rewarded for bidding higher than necessary and then profiting from finding "savings" they already knew to exist.

Further, evidence shows that the model used for costing P3s is inherently biased, skewing figures to present privatization as the most cost-effective option.

There is nothing preventing that from occurring in the business model proposed here either. For example, if the City's proposed status quo costing were artificially inflated, the new partner would reap a windfall in profits by simply doing the work in a fiscally responsible way. There is nothing that we are aware of in the business plan that protects against this happening.

On this point, it's important to recognize that money being paid to Veolia for this contract, apparently out of the savings the corporation will find, is leaving the community as profit -- instead of being reinvested in public services.

We support finding efficiencies in public systems, but believe public management is perfectly capable of identifying and implementing cost-saving measures that work. It is an approach our Local has taken with the City in the past.

In a similar vein, part of the argument for contracting with Veolia appears to be their "use of leading-edge technology". Municipalities are more than able to purchase this leading-edge technology, but then own and control it publicly.

In conclusion, we call on the City to provide full public disclosure of all details surrounding this contract before finalizing it. CUPE 500's priority is protecting vital public services and the public interest, and we will continue to scrutinize this project with those goals.

Thank you.

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