

Asking the Right Questions:

Should Prince Rupert privatize
our water and sewer system?



People for Public Infrastructure

Supporting lower costs and local control for Prince Rupert's water and sewer system.

Presentation to Prince Rupert City Council – Nov. 21, 2022

PeopleForPublicInfrastructure.org



Examples of Privatization

- Partial Privatization

- P3 Project

- A city agrees to a long-term contract with a company to design, build, and operate one part of its public utility system.
 - The fees and taxes paid by residents and businesses provide revenue that generate **profits** for the operator.
 - Often, once a company takes control over one part of a city's utility system it later seeks to take over other parts of the system as well.

- Total Privatization

- Form a Private Company

- A city sells the entire public utilities system to a private company that then controls the fees, financing, operation, and maintenance of the system into the future.
 - Even if a city wholly or partially owns this company, it would no longer be a municipal system and most oversight and other safeguards would be reduced or eliminated as a result of such a structure.

Costs of Privatization

- Higher Fees

- Most municipal services are provided on a **monopoly** basis. This makes sense for water and sewer systems for obvious reasons.
- Municipalities are formed to take advantage of the efficiencies that monopolies can provide – while also maintaining control over prices.
- Private companies need to make a profit and exist outside of the municipality and public oversight.

- Less Local Control

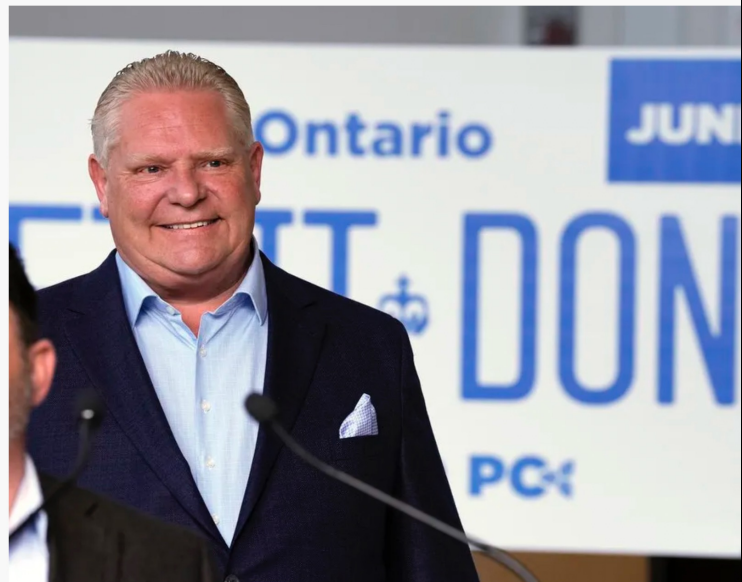
- Local control over our city's water and sewer system ensures that **our needs** as residents and businesses **come first** and foremost.
- Through the continued operation and maintenance of the city's public utilities, we retain local knowledge and skills that ensure proper running of the system.
- **We should retain control and independence**, avoiding dependence on an outside company.

ONTARIO VOTES

'I would have never sold it': Doug Ford says privatizing Highway 407 was a mistake

It was as big a mistake for the Progressive Conservatives to privatize Highway 407 as it was for the Liberals to sell Hydro One, Doug Ford charges.

By Robert Benzie Queen's Park Bureau Chief
 Thu., May 5, 2022 | 3 min. read



It was as big a mistake for the Progressive Conservatives to privatize Highway 407 as it was for the Liberals to sell Hydro One, Doug Ford charges.

The privatization of Highway 407 offers lessons for all levels of government:

- Higher fees
- Less control
- Multi-national corporations
- Long-term fiscal impacts



Abbotsford mayor swept out with water project

Incumbent George Peary loses seat as P3 proposal soundly rejected

KEVIN MILLS / Nov. 19, 2011 12:00 p.m. / NEWS



Abbotsford voters crushed the Stave Lake water project referendum on Saturday night, and replaced Mayor George Peary with political newcomer [Bruce Banman](#).

Mayor George Peary (right) congratulates mayor-elect Bruce Banman on Saturday night.

More than 74 per cent of voters (23,649 vs. 8,119) said no to the plan to create a public-private partnership (P3) to create a new water source and treatment plant at Stave Lake.

Just over 38 per cent of the Abbotsford's 86,736 eligible voters went to the polls, up from 33 per cent three years ago, and compared to a provincial 2011 average of 29.6 per cent.

Peary said while it's hard to pinpoint just one thing, the public backlash against the P3 proposal was likely a major reason for his defeat.

"I was a champion for the P3 water project and it went down dramatically. It was way, way worse than I thought it would be," said Peary.

Banman was opposed to the project.

Despite replacing Peary, voters returned all incumbents to city hall. The top two vote-getters, Coun. [Patricia Ross](#) and newcomer [Henry Braun](#), both campaigned against the P3 plan.

Municipalities that rejected a P3 plan or reversed course (returning to public control and operation):

- Abbotsford, BC
- White Rock, BC
- Port Hardy, BC
- Sooke, BC
- Taber, AB
- Okotoks, AB
- Banff, AB
- Owen Sound, ON
- Hamilton, ON

Business

Fairfax Financial to buy some Carillion Canada contracts, take over 4,500 jobs



Deal will see more than 4,500 Carillion Canada employees move to Fairfax

CBC News · Posted: Feb 05, 2018 10:06 AM ET | Last Updated: February 5, 2018



London

Could snow removal become a problem in southwestern Ontario?



Turmoil at Carillion, the maintenance company for London area, has some nervous about the next snowfall

Paula Duhatschek · CBC News · Posted: Feb 26, 2018 4:00 AM ET | Last Updated: February 26, 2018



Multinational corporations move decision making far away from Prince Rupert (or even Victoria or Ottawa):

- When Carillion filed for bankruptcy in the UK this had direct impacts on local government services in cities throughout Canada



Image Source: The Northern View

Recommendations to City Council

- Seek **widespread public consultation** before moving forward on any plans for a P3 project (partial privatization) or plans for total privatization of the city's water and sewer system.
- Make sure that elected officials are **fully informed of the alternatives** and that this information can be freely shared with the public.
- Calculate the full (for the lifetime of the project) costs. Be sure to factor in how the discount rate and future inflation will impact the cost of fees and **the total paid by the public over the long-term**.
- Before proceeding, consider how the project would affect local businesses and local workers. Ask: **What are the risks and what impacts might it have on the local economy?**

1. Help us find alternatives and solutions together by engaging with the whole community from the start.
2. Meet with us to learn more. We are open to meeting with people from all sides on the issue.
3. Visit our website to download the booklet “Asking the Right Questions”.



**ASKING THE RIGHT QUESTIONS:
A GUIDE FOR MUNICIPALITIES
CONSIDERING P3s**

SECOND EDITION



BY JOHN LOXLEY AND SALIM LOXLEY

CUPE / Canadian Union
of Public Employees

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