

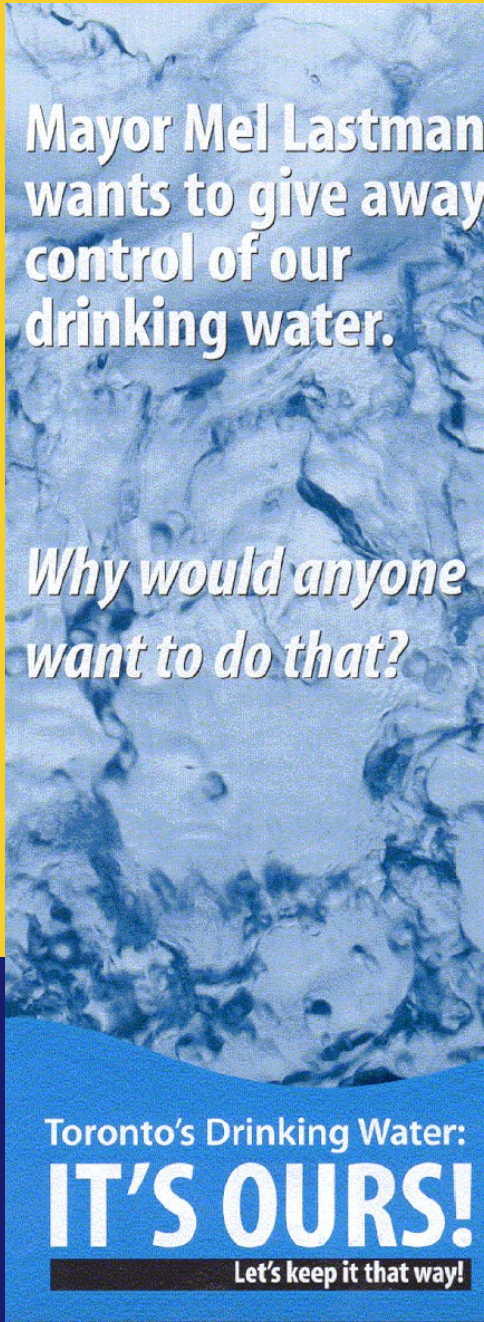
DEFENDING PUBLIC WATER

An epic struggle against
privatization of a vital public asset



Toronto Water Watch was a labour-community coalition that defeated Mayor Mel Lastman's attempt to start privatizing Toronto's water and wastewater system. It helped connect a wide network of residents, environmental activists and union members to win the battle for public opinion and force one of the few defeats of Lastman's agenda at City Hall. It drew strength and inspiration from a global movement challenging water privatization across the world and the growing practice of collaboration across issues and agendas among progressives.

Toronto water – a \$19 billion system with 1600 employees, 5800 km of watermains, 10,000 km of sewers, 8 treatment plants and 63 pumping stations.



Mayor Mel Lastman
wants to give away
control of our
drinking water.

*Why would anyone
want to do that?*

Toronto's Drinking Water:
IT'S OURS!
Let's keep it that way!

CONTEXT

The last two decades of the twentieth century was a time of dramatic change within global capitalism. The neo-conservative movement led by Ronald Reagan in the U.S. and Margaret Thatcher in the U.K. rolled back many of the gains made by working people in the post-war social contract. Key features of their agenda included weakening unions and the privatization of public assets and services. In 1989 the Thatcher Conservatives had sold off shares for all the water and sewage systems in England and Wales. The assets were significantly undervalued, and within days the initial investors realized a 40% profit.

Over the next two decades privatized water operations paid over £57 billion in dividends to shareholders, while mounting up huge levels of debt and drastically increasing foreign ownership. Global water companies were soon spreading their operations to every continent, supporting a massive lobbying effort to pave the way for privatization.

In 1995, Conservative Leader Mike Harris was elected Premier of Ontario and started to implement a program called the Common Sense Revolution which mirrored Thatcher's approach. One element of the U.K. model was to starve cities of funding and force them to do the dirty work of privatizing services or attacking union agreements.

THE MEGACITY

The Harris government imposed a merger of the six cities of Metropolitan Toronto into a megacity in 1997, while downloading responsibilities such as social services and housing, and dramatically cutting funding to municipalities.

In a contentious election, North York's conservative

Mayor Mel Lastman was elected to lead the new City of Toronto on the promise to freeze taxes for three years, further eroding the city's financial resources. He awarded key positions to right-wing City Councillors but also allowed progressives to play a role on social issues. Unions had to amalgamate into new city-wide bargaining units, with CUPE 79 representing inside workers and Bridgepoint Hospital, and CUPE 416 representing outside workers and library employees. The construction trades were able to keep their collective agreements to cover the new city, including work on water and sewage treatment plants.

In 2000, Lastman was handily re-elected, but his popularity diminished quickly in his second term.

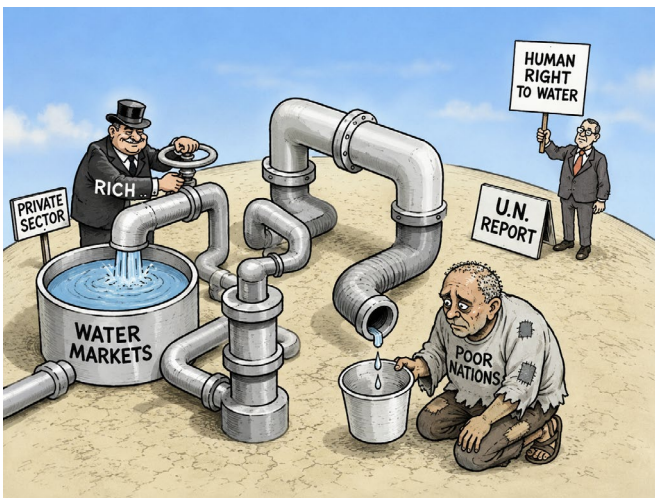
WATER ORGANIZING

As the 20th century closed, the fight around public control of water and wastewater was raging across the world. Giant multinational infrastructure companies, largely based in the Europe or the U.S., had spread their operations to every continent, as structural adjustment programs imposed by the World Bank forced the sale of public assets in the global south. The Bank created the Global Water Partnership, as influential business voices proclaimed water to be "the last infrastructure frontier for private investors".

In Canada, private companies had secured a small number of contracts, including the sewage system in Hamilton. The Canadian Union of Public Employees, representing municipal workers across the country, established a special committee to tackle the issue. CUPE staff drew lessons and research from its global union federation – the Public Services International. CUPE led a series of fights in British Columbia to stop privatization schemes, while in Toronto CUPE 416 partnered with environmental groups

to prepare for any challenge to public ownership of water.

The Council of Canadians and the Canadian Environmental Law Association (CELA) joined forces to stop the bulk water export schemes being explored under NAFTA rules. A Water Watch Summit held in September 1999 formally launched a national campaign to protect water ecosystems and fight privatization or commodification of water. They soon connected with water protector movements across the world.



In the year 2000, a dramatic confrontation took place in Cochabamba, Colombia. U.S. firm Bechtel was given a 40-year concession for the entire water system and raised water rates dramatically. Thousands took to the streets to protest and were met with police violence. After months of mobilization the government cancelled the deal.

THE FIRST MOVE

The privatization agenda utilizes a playbook that is well recognized. First, starve a public system of funds so that it seems incapable of serving the public. Then, declare a crisis that requires

innovative solutions rather than mounting more public debt. Then, invite proponents to identify solutions that bring private sector “resources” into the mix. Finally, set up an arms-length organization to take over the operations and oversight of the service. The new utility is not subject to the traditional rules of accountability, either in its decision-making or contract awards. Its public-private partnership contracts (P3s) are almost always shielded from scrutiny under the veil of commercial confidentiality.

Tom Jakobek was a prominent ally of Mayor Lastman, a strong supporter of the Harris Conservatives, and a strident advocate of privatization. In October 2000 he moved a motion to develop a plan to create a Water and Wastewater Utility/Corporation. CUPE Locals responded urging the City to reject the proposal. While Jakobek did not seek re-election, the seed was planted. A small group including Budget Chief David Shiner met privately with the mayor’s office in the following months to quarterback the effort. City Council had passed an earlier motion to explore Alternative Service Delivery options for a variety of public services. At the same time, lobbyists for private water companies were setting up shop in the city.

That summer, the bombshell dropped. Globe and Mail reporter Jim Rusk wrote about Lastman approving a restructuring plan that included contracting out water operations, with an assertion that this could save \$110 million a year. Brad Duguid, chair of the City’s Works Committee, suggested that creating a new body with a shareholder’s agreement would allow for a different “business model” that could explore efficiencies. It was the classic language of the privatization handbook. Union and environmental activists came together in September to build a resistance.

TORONTO WATER WATCH

On September 14th 2001 the Toronto & York Region Labour Council convened a meeting of a diverse labour, environmental and social groups who would become the core of a Toronto Water Watch campaign. There were representatives from the Labour Council, CUPE national staff and CUPE Locals 79 and 416, the Building Trades Council, the Council of Canadians, the Metro Network for Social Justice, CELA, the Canadian Institute for Environmental Law and Policy (CIELAP) and the Ontario Electricity Coalition. The Toronto Environmental Alliance joined soon after.



Bill Guthrie of CUPE 416 and Labour Council's Julius Deutsch were key campaign leaders

They decided to move quickly and reach out to other groups as well as progressive City Councillors and staff to help develop a plan to challenge the proposal for a new water entity. There was an urgent need for research on similar initiatives and to find the best framing for the message to keep water public in the face of serious financial shortfalls for upgrades and repairs to the system. City staff were projecting that water rates would have to rise dramatically to cover the costs.

In October the Policy and Finance Committee endorsed a proposal by Shirley Hoy, Acting Chief Administrative Office, to proceed with a study to assess governance models for the creation of a

publicly owned water and wastewater utility/corporation, detailing implementation plans for the recommended model. The study, with an estimated cost of \$250,000, was to be presented the following June.

Water Watch immediately sent a letter to all City Council members warning of potential impact of this direction. On November 5th, the day before the City Council meeting, there was a public launch of Toronto Water Watch at City Hall. The spokespersons were chosen carefully to ensure this was not dismissed as simply a union effort. They included Sarah Miller of CELA, Brent Patterson of the Council of Canadians, Shelley Petrie of the Toronto Environmental Alliance and Frank Morrissey, rank and file chair of CUPE 416's water and wastewater division.

The group was coordinating with a number of NDP aligned City Councillors, who knew that the Mayor had the votes to go ahead with the study. So it was determined to try and get amendments passed that would blunt the momentum towards privatization.

Any discussion about water during this time was overshadowed by the provincial inquiry into the Walkerton tragedy, where an outbreak of e-coli tainted water killed seven and sickened hundreds. The public was outraged, and suspected that the Harris government's deregulation of enforcement as well as privatization of water testing services were contributing factors.



An early vote count showed that progressive Councillors were badly outvoted and had little chance of stopping the plan at this stage. Instead, the campaign and their allies agreed to take a tactical approach, getting a key amendment to the report, and adding points to the study parameters. The first was “ensuring that the public assets are not privatized or sold” and the second stated “that there be no privatization of water”. Those were vital points of principle, but everyone knew that there was a lot of money at stake, and the game was only just beginning.

THE PROPONENTS

A handful of multinational water companies were involved in the global water restructuring promoted by the World Bank and other financial institutions. At least three companies had set up a presence in Toronto during this time. U.S. Filter (owned by Vivendi); U.S. Water; and Bechtel. They were all part of a business association which actively pursued privatization of public infrastructure.

Also, many large engineering and contracting firms added their voices to the call to create new funding models, and to expedite investment in major projects. Banks and accounting firms saw a massive opportunity for new profits. George Bedard of Deloitte asserted that “Ontario’s water sector will be largely privatized in about five years because governments do not have enough money to meet the infrastructure needs.”

Between the various companies and associations, they represented an influential force in both provincial and city politics. A number of City Councillors, including right-wing Liberals and Conservatives, promoted those interests at City Hall.

WHAT’S OUR MESSAGE?

In any political fight, framing the message is one of the most important factors in success. With so many possible ways to come at the question, the Water Watch coalition knew the message box had to be clear and succinct. There were many other issues grabbing the public attention. – from the battle over education cuts to the crisis of homelessness. Lastman and others kept saying this was only about finding efficiencies, and not about full-scale privatization. But his popularity was declining, and there was growing distrust of Conservative policies after Walkerton.

Water Watch landed on four key themes:

1. If Toronto’s water system is not broken, why the rush to change it? Is there another motive behind this move?
2. The current system is accountable to the public. A corporate model will mean loss of accountability
3. There is no guarantee that the quality of the system would improve under a corporate model. Examples elsewhere show the opposite.
4. Safety is primary. Contracting out “efficiencies” can lead to less safety and more environmental problems.

These became the talking points repeated and amplified by all the coalition groups. Underlying these points was the universal contention that access to clean water is a human right. Water

Watch set its organizational structure and decision-making, and soon developed a strategic plan which included budgeting, communications and outreach, research and polling.



THE NEXT STEP – THE CITY STUDY

The CAO's office put together a working group to carry out the study, and by February started to invite key stakeholders to attend roundtable discussions. It became clear that the dynamics pointed towards an arms-length Board of some kind, so the coalition ramped up its efforts to engage the public. At the same time, news started to break about corruption in the MFP computer leasing contract that Tom Jakobek had overseen. Lastman tried to ease suspicion of the water proposal by allowing City Council to appoint progressive Etobicoke Councillor Irene Jones as the City's Water Advocate.

The revue discussion paper provided background information on the \$19 billion system with 1600 employees, 5800 km of watermains, 10,000 km of sewers, 8 treatment plants and 63 pumping stations. It presented three options for consideration:

- #1 – enhanced status quo, directly operated by the City.
- #2 – a municipal service board.
- #3 – a city-owned utility corporation.

Four meetings were held in April in different parts of the city to seek input from the public. Water Watch and its partners made submissions that reinforced the main messages of the coalition and identified Option 1 as the best approach. Some included a call to wait for the Walkerton Inquiry report before finalizing any decisions, as well as warning about the potential implications of NAFTA rules if operations went private. Parallel to the City study process, Water Watch undertook a series of well-attended community forums. Material went out to a wide range of community and environmental groups and Labour Council affiliates, as well as interested journalists. Veteran activist Sean Meagher came on board to help staff the coalition efforts.



Sean Meagher spearheaded Toronto Waterwatch

Research was done on the huge fight in Greater Vancouver over a proposed P3 filtration plant, and the question of legal implications arising from NAFTA rules. Vancouver City Councillors opposing the project focused on the uncertainty of its outcome – and how governments could be sued under NAFTA if they tried to bring operations back under the public domain.

This was more than a theoretical question. Sewage treatment in Hamilton had been awarded, without tender or public debate, to Phillips Utilities in 1994. The top bureaucrats who oversaw the contract were soon rewarded with lucrative positions in the company. Frontline staffing was reduced, and public accountability was non-existent. When 180 million litres of sewage was dumped into Hamilton Harbour, Phillips used a loophole in the contract to avoid responsibility for the cleanup. In 1999, Phillips was bought out by a subsidiary of Enron, and shortly after ownership was sold to American Water Works and then to U.K. based Thames Water.

When CUPE commissioned lawyer Steven Shrybman to write an opinion on commercialization of water and NAFTA rules, his findings were damning. Canada could be sued by any company which felt it had lost potential profits due to government action, including environmental or commercial regulation.

However, the senior staff driving the process at the City were determined to move forward with change, and the CAO's report found that the preferred option should be a Municipal Services Board (MSB). The campaign recognized its successes and its shortcomings - the public had growing doubts but was not mobilized enough to force a full reversal. But the campaign had struck a nerve. The City published rebuttals, hoping to defuse the impact of the opposition. They were feeling some heat. Water Watch focused on drawing out the process, creating space for deepening doubts. The longer it took, the more chance the momentum of Lastman's plan would falter.

JUNE MOBILIZATION

The Water Watch coalition viewed the debate over the report as a crucial battleground. Engaging a growing circle of critical journalists and opinion-makers was key, even though media had not given it much attention. The Coalition commissioned a poll of voters around the issue, which found that people strongly supported direct public ownership of water systems instead of contracting out (85%), and even more were saying there needed to be substantial public consultation before any change was made. Over 90% connected the issue of public control with safety, and the majority said this issue would shape their vote in the next municipal election. The poll results were well covered in local media, and the Toronto Star came out with a lead editorial opposing the proposal.



At the joint meeting of the Policy and Finance Committee and the Works Committee on June 4th, 52 deputations were made by citizens and union leaders, including CUPE, Steelworkers, Firefighters and the Building Trades. Opposition to the recommendation was overwhelming, and the Labour Council organized phone blitzes to City Councillors to drive home the message.

At the June City Council meeting, progressive Councillors skillfully navigated a series of motions to derail the momentum of the MSB proposal. Irene Jones worked with Water Watch staff to publish her own report entitled "Safe Clean Accountable – Water Advocate's Response to the Water Utility Study Report" that provided a viable alternative to the direction the Mayor's team was seeking. This was a key strategy for the campaign – pointing to solutions instead of just being in opposition. It also provided credibility when reaching out to a broad range of residents and organizations. The CAO was instructed to revise her report and bring it back to a future meeting.

DEEP CAMPAIGNING

By the fall, as the City planned the next joint Committees meeting, the Water Watch campaign was in full swing. It drew inspiration from struggles across the world, including the founding of the World Coalition against Water Privatization and Commodification. Greater Vancouver and Halifax had both shelved P3 proposals, and in New Orleans an intense fight was derailing what was intended to be the largest private water scheme in the United States. Labour Council organizer Patty Barrera was able to contact one of the leaders of that campaign, Wade Rathke of the Service Employees International Union, who offered to come to Toronto to speak about the experience.

New allies came on board as the lessons of Walkerton stood in stark contrast to Lastman's push to sever the water service from direct City oversight. Unions included articles in their newsletters, and community groups did canvassing in key constituencies. Thousands of residents signed petitions, and many contacted their local Councillors. The Coalition identified key swing votes on Council and sent representatives to speak to their residents' associations and community groups, emphasizing the core message: after Walkerton, do you want to lose control of your water system?

The Labour Council created a special organizing kit for affiliates, and local unions started mailing members in targeted wards. Slowly, the campaign was able to chip away at support on City Council for Lastman's plan. Even Jane Pitfield, vice-chair of the works committee, was starting to buckle under pressure from residents in wealthy neighbourhoods in Leaside and the Muslim community in Thorncliffe.

THE FINAL PUSH

Finally, on October 21st the CAO's updated report was issued. It dismissed the concerns raised by the public and proposed to immediately create a separate Water Board with four Councillors and five citizen appointees. The cost for transition was estimated to be \$885,000. The workforce would continue to be City employees, and the physical assets still owned by the City. It continued the argument that more focused expertise was needed to oversee the operations, and that the lack of finances called for urgent action. The Mayor's team felt they had the votes to win this at City Council.

But they did not understand how well the Water Watch campaign had been organizing. The public forum on November 6th saw the Council

chambers packed with a racially diversity of residents seldom seen in that room.



Labour Council President demanding answers

Speaker after speaker questioned the real motives for the proposal and demanded to know which lobbyists had met with Works Committee Chair Brad Duguid. He responded by admitting to meetings, but he couldn't remember who he was with. He then went on to complain that the Steelworkers Union had brought two busloads of members from Rexdale to attend the forum. It was not the answer people were looking for. Duguid's reply stood in stark contrast to the Mayor's earlier claims that there were no senior level meetings with water firms. The Media smelled blood. The public smelled something worse.

A final round of meetings with swing Councillors showed that, one by one, the mayor was losing support among middle-of-the road suburban votes. Each one who peeled away put more pressure on the next one. At the November 19th special joint Committee meeting it was clear that the Mayor and the Water Board promoters failed to sell their plan to the public. Jane Pitfield stated that she could not support the Water Board recommendation. In a surprise deputation, Wade Rathke, the community and labour leader who successfully fought the privatization of the New Orleans water services came up to Toronto to tell a dramatic story of the attempt to privatize their

water system. Mounting public opposition and the fear of corruption forced the New Orleans water board to reject all private bids and keep operations publicly run.

Some Toronto City Councillors finally acknowledged that they had been lobbied by United Water, one of the three multinational corporations involved in the New Orleans privatization bid.

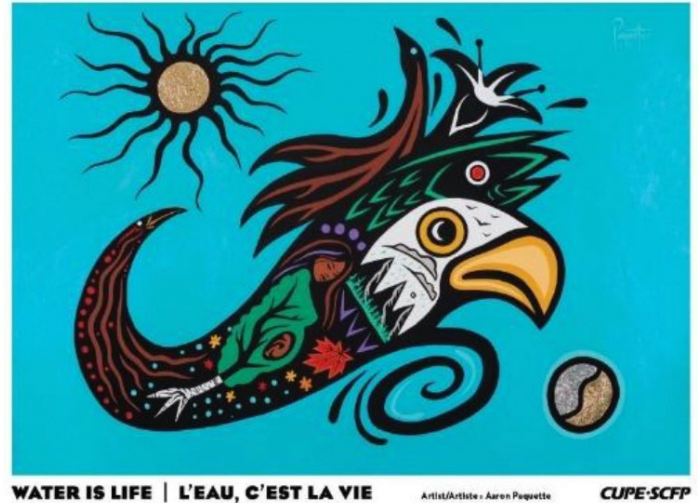
After a full day, the Councillors voted to abandon the Mayor's plan, with only 2 continuing to support it, and to recommend to Council the detailed proposal put forward by the Water Advocate Irene Jones. The revised plan would see the creation of a new committee made up of seven councillors (including the water advocate), reporting directly to council, which would be solely responsible for water and wastewater issues. There would also be two advisory committees: a technical and a citizens committee. The Toronto Star headline summarized the proceedings: *"Water board idea ends up swirling down the drain"*.

The following week City Council officially buried the proposal. After sixteen months of tough campaigning, Water Watch had won!

CONCLUSION

The early environmental movement adopted a powerful slogan – Think globally, Act locally! The fight to defend Toronto's public water and wastewater system was part of a global struggle against corporate greed and the privatization and commodification of water.

The Toronto Water Watch coalition had tremendous resources to draw on, from community and environmental groups to local union leaders, activists and staff. CUPE and the Council of Canadians were deeply connected to international efforts to challenge every aspect of water privatization and supporting local coalitions in a number of Canadian cities.



The campaign was able to claim the moral high ground and utilize key messages to win public opinion, then mobilize that opinion to pressure individual politicians. It did not "shoot the moon" but consistently aimed for what it could hit and built the campaign progressively over time. It was also, crucially, able to maintain relationships with a range of City Councillors who initially supported Lastman's plan but later became swing votes to deny him a majority.

Toronto Water Watch was a multi-faceted campaign with many experienced leaders working with trust and creativity to confound the powerful clique of political operatives within the Mel Lastman regime. Care was taken to build

alliances and to go at a pace that allowed a wide range of people to join in, while chipping away at the voting bloc that Lastman started with in the summer of 2001.

Within the labour movement, it was a rich experience of solidarity as both public and private sector unions put serious resources and leadership time into the campaign. The confidence and experience gained through this work helped set the stage for the victories in the municipal elections in 2003, including electing David Miller as Mayor of Toronto. Water Watch became one of the foundational building blocks for labour's new slogan "Toronto – A Proud Union City".



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POST SCRIPT – Twenty years later Thames Water, the largest privatized water utility in the UK, was on the brink of bankruptcy. One of its key shareholders was OMERS, Ontario's municipal employees pension plan. OMERS wrote off \$1Billion from its investment in Thames Water in 2024.

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Authored by John Cartwright with material from Sean Meagher