

CUPE Local 500

**Speaking Notes to
Standing Committee on
Infrastructure Renewal and
Public Works**

Re: Re-establishment of solid waste collection services within the Public Service

CUPE / *Canadian Union
of Public Employees*
Local 500

October 30, 2012

Thank you for the opportunity to present our views regarding this important motion before you today.

CUPE Local 500 represents about 5,000 employees of the City of Winnipeg. Our members provide important front-line services to the citizens of Winnipeg in the areas of public works, parks, water and wastewater, recreation and other services. We value the work we do for the taxpayers of Winnipeg and want to provide the highest quality of services possible.

We are appearing before this standing committee in support of this motion and wish to focus our presentation on a number of key areas.

Firstly, we wish to state that there is significant evidence and convincing arguments in favour of re-establishing solid waste collection services within the Public Service. At the very least, we believe that returning to a mixed model of public and private delivery will improve services, provide cost savings and help keep the industry in check in terms of maintaining a competitive atmosphere between service providers.

Historical overview:

In April 2004, City Council adopted a resolution that directed the Administration to prepare a Business Plan consistent with the Collective Agreement and ASD process related to the provision of solid waste collection services. In August

2004, CUPE Local 500 was invited to participate in the ASD Business Planning process and did so, on various committees that were formed.

Throughout the entire business planning process, the Union worked with the city to identify internal efficiencies and cost cutting measures for the manual collection operations. However, none of the efficiencies identified were ever implemented.

In May 2005, the Administration of the Water & Waste Department produced a final Business Plan that recommended the contracting-out of all solid waste collection in the City of Winnipeg. In July 2005, the Business Plan and recommendations were agreed to by the ASD Committee and subsequently approved by EPC and City Council in July, 2005.

The Union believes that the city missed an opportunity to save on budget dollars in 2005 by not implementing the internal improvements identified in the Business Plan. We further contend that the savings identified in the 2005 Solid Waste Collection Business Plan have never materialized and that the contracted service has resulted in higher costs to the citizens of Winnipeg.

Time and time again, the Union has asked the city to conduct an external audit of solid waste collection services to identify what, if any, costs savings have been realized since the service was contracted out.

Further, on October 19, 2011, City Council adopted a new Garbage and Recycling Master Plan, resulting in the removal of the AutoBin system and implementation of a city-wide automated cart collection system of garbage and recyclables effective October 1, 2012.

During the first ten days of this service, 5,400 complaints were received by the city regarding a number of service and performance deficiencies of the private contractor.

As indicated at the outset of our presentation, the Union believes that returning this service back in-house, would prove to be more cost effective and would assure long-term stability of service to our city and its citizens.

Public delivery is more cost-effective:

Private companies must make a profit to exist, and therefore, they try to reduce costs and minimize effort to stay commercially viable. These demands make it inherently difficult, if not impossible to deliver quality services better than a government run operation, where services must respond to multiple public demands.

Many studies and examples from across the country show that there is no cost advantage to private delivery of garbage collection and recycling services. Throughout Canada, a number of municipalities have had difficulties with private companies and have brought garbage and recycling services back in-house. Port Moody (B.C.) brought its garbage and recycling back in-house in 2009 after 10 years of private service. The contractor missed pick-ups every week and provided such poor service that city employees had to clean up their mess. Both, Saint John, (N.B.) and Sherbrooke (Q.C.), also brought all garbage collection services back in-house saving taxpayers \$500,000 and \$750,000 a year.

Greater financial risks and higher monitoring costs

There are also higher financial risks in maintaining a contracted out service. The

City of Ottawa for example, contracted out part of its residential garbage pick-up to the company Exel. The company paid low wages to its staff, experienced high turnover rates and failed to meet service requirements. Eventually, the company defaulted on its contract and the city had to pay high premiums for other private contractors to finish the work. The city ended up bringing the work back in-house and saved nearly \$5 million over four years.

Costs for monitoring and enforcing contracts with private companies are costly and represent considerable staff time and resources.

Public control and political accountability:

Public administration is the most open and transparent method of delivering public services. The city's decision making ability is compromised when the city has no control over the service delivery. With public management and delivery, the city and council can respond to residents' concerns or issues and has the flexibility to deal with changing circumstances and changing public priorities. With privatized service, any changes to a contract would mean additional costs to renegotiate different service delivery expectations.

Conclusion:

Municipal solid waste services are fundamental to the quality of life in our community. There is no consistent evidence showing that contracted-out, private sector waste collection is less costly and more efficient than waste collection provided by public employees. In fact, there is strong evidence that the cost of private sector waste collection increases at a much faster rate than in-house collection costs. Initial cost savings from privatization soon tend to evaporate as private sector costs increase at a more rapid rate.

When services are delivered publicly they are efficient, more committed to service, and more accountable to the public.

In conclusion, we ask that the Standing Policy Committee on Infrastructure Renewal and Public Works adopt this motion and recommend that EPC and Council provide the political encouragement and financial resources to the Winnipeg Public Service to re-establish solid waste collection services within the City of Winnipeg.

Thank you.

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