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FEATURE | Sewer and Watermain/Water & Wastewater

Procurement alliances will be key to securing water work, C.D. Howe Institute report finds

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Contractors who want to be part of addressing Canada's massive sewer and water infrastructure deficit need to align themselves with consortiums capable of delivering design-build-finance-operate (DBFO) contracts and to become active in promoting policies that will see such contracts become commonplace, says Elizabeth Brubaker, executive director of Environment Probe.

"Construction companies who can position themselves to work with those who offer the full DBFO package have the most to gain from the coming boom in infrastructure projects," she says. "These aren't necessarily only large multi-national corporations, but smaller companies with local and specific expertise."



Elizabeth Brubaker

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ter system maintenance and operating expertise, when compared to private companies, some of which have more than a century of accumulated experience, she says.

While municipalities are quick to take advantage of government grants to build up sewer and water infrastructure, Brubaker says grant programs are a double-edged sword.

"When they get the money, they often overbuild the type of infrastructure the grant targets," she says. "Some municipalities have built to 40 per cent overcapacity and they're now on the hook for the operating costs of the unnecessary infrastructure."

The Ontario government estimates that municipalities will need to spend as much \$34 billion between 2005 and 2019 to meet their water and wastewater needs. That deficit could be financed with private funds, says Brubaker. Canadian pension funds, in particular, are eager to finance such operations, but are investing money outside the country where such public-private enterprises are more commonplace.

Brubaker argues that before we can assess the country's actual water and wastewater infrastructure deficit, we need to move to a full-cost recovery model. Municipal water revenues in Canada cover only a fraction of the cost of service provision, construction and the environmental costs of water and wastewater operations.

"We're not even sure how much going to full cost will affect the use of water services," she says. "Until we start charging the right price for water, we can't make a judgment about whether we need to expand capacity or whether capacity is already adequate."

Brubaker advises contractors to not only press for legislation that mandates water pricing reforms, but also to advocate for more private financing of sewer and water infrastructure.

"Municipalities aren't going to build infrastructure if they don't have sufficient capital or operating funds," she says. "Sufficient funds are simply not going to be coming from upper levels of government. If the infrastructure is going to be built, it's ultimately going to have to be paid for by those who use and benefit from it."



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