

Paul: comments please, this aft. if possible.

August 7, 1991

The Honourable Ruth Grier
Minister of the Environment
135 St. Clair Ave. West, 15th Flr.
Toronto, Ontario
M4V 1P5

Dear Ms. Grier:

Re: a Water Use Policy for Ontario

There are a number of fundamental resource issues facing the province of Ontario. In our view, one of the most important concerns is water use. This letter outlines the urgent nature of the problem, some suggestions for a water use policy and a proposal on how to develop that policy.

The Issue: Water Conservation

Canadians use too much water. Per capita, only one other country in the world (the U.S.A.) uses more water than Canadians. And Canada has the cheapest water rates in the world. The continued over-use and undervaluing of water resources in Ontario has resulted in serious environmental and economic impacts. Ontario urgently needs a provincial water use policy, with the principle of water conservation as its cornerstone. A provincial water conservation policy is vital for a number of reasons, including:

- * **the enormous cost of wasting water:** If current use patterns continue, Ontario municipalities will double their per capita use of water by 2011. The replacement costs alone of the current, aging water and sewer infrastructure are estimated to be 50 billion dollars. Costs of doubling capacity across Ontario would be astronomical. A water conservation policy would result in wiser use of scarce water resources, and would avoid the need for expansion of many existing facilities. The engineering and economic efficiency of water and sewage treatment plants would be increased;
- * **the need to shift from a "pollution dilution" mentality to a "pollution prevention" mentality:** Undervalued water encourages thousands of industries to dilute their wastes and flush them down sewers or into waterways. Ontario should instead be encouraging industry to prevent pollution, by changing raw material inputs, industrial processes and product formulations.

re: Steve's Request

who advise Wilson who have in the past asked us for input into what Canada's position should be at the World Bank.

Means and tools:

- meetings with Wilson advisers in Ottawa (and with Wilson, if possible)
- letter writing campaign to Michael Wilson
- barnstorming with letters, press releases, articles in written press, and other media prior to the April 29, 1991 meeting of the Interim Committee
- building of coalitions, in Canada with Interpares and few others concerned with IMF; in USA with FOE
- coordinated lobbying and barnstorming with Canadian and US NGOs

- brochure with sample letter to Wilson enclosed for next direct mail (in March?)
- brochure and other materials to accompany "What do I have to do with tropical forests?" display
- possible trip to Washington in April if NGOs are meeting then for lobbying purposes
- travel to next World Bank/IMF meeting in September 1991
- Action Alert
- Probe Post update in May issue then a more detailed article prior to September annual meeting

What research is needed:

- identify other groups in Canada (primarily in development NGO community) working on IMF issues
- plug into the research being done on Canada's role in structural adjustment by the North/South Institute
- plug into the more general research being done by other NGOs (in US) on the IMF
- continue to exchange information with other NGOs on IMF policies
- monitor IMF lending agreements currently being negotiated to identify trends in conditionality

How to make this a public policy issue:

- educate public about how Canadian money is being used to encourage adoption of economic policies in developing countries that lead to environmental destruction and social misery

Resouces needed:

- staff time, particularly just before April 29 meeting
- printing of brochures with letter to Wilson enclosed
- travel costs

Probe's previous involvement:

- Probe was the lead Canadian NGO is launching a World Bank campaign in 1986
- letter to Michael Wilson outlining necessary reforms
- regular communication and exchange of views with officials from the Department of Finance since 1986

- * **local shortages:** water conservation is necessary because local water supply shortages are now encountered in several inland areas of the province and will become more severe over time - pipelines are planned in a variety of communities to replenish local supplies;
- * **technological innovation:** if water conservation becomes a provincial priority, Ontario companies will develop and promote water efficient technologies which could be marketed elsewhere.
- * **ethics:** Already, our wasteful use of water as a flushing agent for wastes has damaged or destroyed numerous lakes, rivers and marshes. Remedial action is needed in at least 17 Areas of Concern in Ontario, but cleanup funding is nowhere available. It is unconscionable to continue passing this debt on to our descendants.

Space

The Tool: Full-Cost pricing

The most effective and fairest tool to achieve water conservation is full-cost pricing. Full-cost pricing means that users of water pay for the full cost of the initial treatment of the water, its distribution, and its eventual return to the environment, without deterioration in quality. At present, on average, Ontario users only pay about 65% of current water treatment and distribution costs through water rates. Furthermore, most Ontario municipalities and direct dischargers return their water to lakes and rivers in a severely degraded form; in 1989, 30 percent of Ontario sewage treatment plants did not meet provincial guidelines, and over half of the industrial direct dischargers exceeded their monthly average discharge limits. The tragic consequences of continuing this abuse of our water resource are clear to us all. But it will take money to improve the situation.

re: Steve's request

I do not know. My suggestion is to leave it out.

Full-cost pricing has the following advantages:

- IS THIS TRUE?**
- * || it will decrease municipal and provincial debts (in the 1980's, Ontario municipalities shouldered almost 500 million dollars in debt to cover water supply alone).
 - * it will provide an equitable pricing scheme (under the current system residents subsidize industries, while apartment dwellers subsidize those with lawns and gardens).
 - * it will provide badly needed funding for upgrading water and sewage infrastructures.
 - * it will provide a direct incentive to users to conserve water, thus reducing the need for costly expansions. (Under the current system, declining block rates actually encourage users to waste water.)

(no other Canadian NGO has as sympathetic an "ear" in Finance as Probe)

-World Bank has adopted significant environmental reforms so attention is turning IMF

-No other ENGO in Canada has a real profile on IMF issues

-recent activities include:

-contributing to Michael Wilson's speech for annual meeting of World Bank in September 1990

-letter to Wilson asking him to take lead in pushing for reforms at IMF, press release, interviews with written press

-participation in NGO forum of IMF annual meeting in September 1990

-lobbying of IMF E.D.'s in conjunction with representatives from FOE-US (the lead US NGO on IMF issues)

-meetings with IMF officials

B. CIDA

1. Nature of the issue:

2. Objectives

(a) general policy objectives

(b) specific objectives

consultation with local communities and with NGOs

vulnerability:

international reputation, future trading opportunities

Where does the decision lie, who are the decision-makers:

Who is the target:

What is most likely to influence that target:

Where is the vulnerability:

Means and tools:

letter writing campaign to Monique Landry, Minister responsible for CIDA

letter writing campaign to Wilson and to other members of Expenditures and Review Committee (makes budget recommendations)

How to make it a public policy issue:

3. EDC

nature of the problem:

Canadian enterprises wanting to export to Brazil are eligible for support from the EDC on behalf of their buyers in developing countries. Lines of credit are established in foreign banks to provide financing for foreign buyers of Canadian exports. The June 1990 report of the Standing Committee on External Affairs and International Trade (SCEAIT) revealed that the EDC holds an estimated \$500 million of developing country debt. This debt was

The Mechanism

A number of mechanisms presently exist which may play an important role in the conservation of the provincial water resources. These include:

- a proposed water efficiency policy being developed by the Ministry of Natural Resources;
- the proposed Water and Sewage Corporation, and
- various initiatives under the Municipal-Industrial Strategy for Abatement (MISA).

However, none of these initiatives are comprehensive in nature, or have developed water conservation implementation strategies. Thus, to accomplish water conservation and full-cost pricing, there is an immediate need for two further initiatives: [1] an expressed governmental commitment to water conservation, and [2] a process to develop an implementation strategy.

[1] Government Commitment to Water Conservation

There is little doubt that the government has, through a series of incremental statements and activities, endorsed the concept of a provincial water conservation strategy. There is a considerable consensus that such a strategy is needed and beneficial. As well, your speech this spring to the Ontario Municipal Water Association demonstrated your personal support for the concept. However, your government has yet to commit the province to specific actions through a policy statement. Such a policy should include goals and targets, timelines, and a process of implementation.

We suggest that the components of such a policy might include:

* the goal of a 50% water use reduction for the province by the year 2000;

* the commitment to full-cost pricing of water; water users will pay the true cost of water, including the costs of cumulative environmental impacts. Full cost pricing of water use would require a significant redesign of current municipal rate structures, as well as major reductions in current provincial water and sewer subsidies.

* mandated water efficiency standards for appliances and amendments to plumbing and building codes, and planning provisions and other regulatory measures to implement these measures;

*Why raise
this subsidy
now
at this
point?*

N.B. ///

22 Years Protecting
the Environment



22 ans de protection
de l'environnement

August 1, 1991.

Ms. Catherine Griffin
3 Manerwood Rd.
Scarborough, Ont.
M1P 4G6

Dear Ms. Griffin:

We received a membership from you to credit on your Visa card for \$30.00. However, the bank returned it to us because the Visa number recorded on the coupon was incorrect.

Enclosed, please find enclosed the invalid Visa slip for your records. Please send us a replacement cheque at your earliest convenience and we will process your membership.

Yours sincerely,

J. Raul Diaz,
Bookkeeper

* a comprehensive educational program throughout the province to explain the need for and benefits of water conservation;

* a review of the provincial water taking permit system with a view to incorporating water conservation principles into its requirements and conditions;

* the provincial requirement that decisions on water use and allocation ensure the protection of both current and future potential users and the protection of the natural environment.

[2] Process to Develop an Implementation Strategy

While there is a broad consensus on the need for a provincial water conservation strategy, there is not yet agreement surrounding a variety of implementation issues. The Province will need to hear from all stakeholders before choosing the most effective and fairest implementation mechanisms. We propose that a consultation process be initiated and completed within the next 18 months to develop and initiate the implementation strategy. We also recommend that certain programs and initiatives should begin immediately, while consultations are ongoing. LIKE, PUBLIC EDUCATION PROGRAMS, REVISIONS TO THE PLUMBING CODE, A PROVINCIAL SUPPORT PROGRAM FOR METER INSTALLATION AND ??????/

It is proposed that public consultations be carried out under the guidance of the following bodies:

(a) Inter-ministerial Steering Group

It is imperative that a number of key ministries be involved in the design and implementation of the strategy. These might include: MOE, MNR, MMA, MOH, OMAF, and Treasury. MOE would take the lead as chair.

(b) Working Group on a Provincial Water Use Policy

To undertake the consultation, a working group would be developed, modelled closely on the MISA Advisory Committee (MAC). The working group would be multi-stakeholder in nature, and would include experts. They would be directed to hold public consultations leading to a series of practical recommendations and draft regulations for review by the Inter-ministerial Steering Group.

There are many options at this stage with respect to the formulation of the working group. One possibility would be to employ MAC, or alternatively, use MAC personnel using a different name and perhaps an enhanced membership. Some additional participants may include such persons as Phil Byer, Kate Davies, Bob Gibson, Bunli Yang, George Cook or Jack Gibbons, to name a few.

contracted on much harder terms than loans contracted with governments and international financing institutions. Rather than merely facilitating trade, EDC financing can therefore add to the burden of debt carried by developing countries.

In Africa, for example, loans from export promotion agencies of creditor governments constitute more than half of the total debt of these countries and the largest part of their annual debt payments. In 1988, Canada encouraged the G-7 countries to support the principle of relief on African debt. Five African countries benefited from reduced interest rates on the debts they owe to the EDC. Unfortunately, rising international interest rates undermined the benefits of this interest relief. In addition, this scheme was not extended to Latin American and other severely indebted countries outside of Africa.

goal:

- apply Canadian environmental impact assessment standards and procedures to the EDC export credit process
- relieve burden of debt on developing countries by adopting substantial additional export debt concessions
- do this directly or through uniform standards promulgated by OECD

where does decision lie:

other ideas:

- lobbying of local MPs to support strong aid program
- lobby external affairs (Joe Clark) and foreign aid portfolios

The present Ontario Water and Sewage Secretariat could be used to facilitate this consultation. Jim MacLaren, with his experience from the Federal Water Inquiry, would be ideal to chair such a working group.

This working group could be divided into a number of smaller working groups to deal with a number of specific sectors, including: industrial (both direct and indirect users); municipal; hydro; agriculture; and institutions.

A report, including a set of draft regulations, would be produced by the sub-groups within a strict deadline. Ongoing liaison with the Interministerial Steering Group would ensure that the concerns of affected line ministries would be considered at early stages of regulation drafting. Cabinet would of course provide final review and approval of the regulations.

Timelines

The following timelines are only suggestions, however, it should be clear that the proposed process cannot be allowed to "proceed forever." This can be achieved if the Government sets the agenda, and uses the proposed process to get pragmatic implementation strategies.

- Sept 1991: Ruth Grier or Bob Rae announces a water use policy for Ontario, and the composition of the Working Group on a Provincial Water Use Policy.
- Oct. 1991: The Working Group begins work on a full-time basis and establishes sub-groups.
- January 1992: A preliminary overview examining the various policy options and directions is released.
- April 1992: The Municipal-Sector group issues its report.
- July 1992: The Industrial-Sector group issues its report.
- Sept. 1992: The remaining sectors issue their reports.

Upon the issuance of the preliminary overview report, the direction and role of the Ontario Water and Sewage Corporation could be defined. The Government would issue the final report and regulations as modified following a three month public comment period.

THE CANADA-ONTARIO AGREEMENT ON GREAT LAKES WATER QUALITY:

THE ROLE OF THE PUBLIC AND ISSUES FOR DISCUSSION

Submitted by:

**Canadian Environmental Law Association
Canadian Institute for Environmental Law and Policy
Great Lakes United
Pollution Probe
Toronto Environmental Alliance**

August 1991

Summary

The need to develop and implement an effective water conservation policy is of utmost priority. Those initiatives which already enjoy broad consensus should be furthered immediately. Other initiatives can be developed through the process described above.

We hope you will find this helpful, and would be pleased to discuss this further with you or your staff.

Sincerely,

Ellen Schwartzel
Researcher
Pollution Probe

Endnotes

1. The Canadian Institute for Environmental Law and Policy and the National Wildlife Federation, 1991. A Prescription For Healthy Great Lakes, final report of the Program of Zero Discharge, page 7.
2. Speaking Notes of the Honourable Ruth Grier, Minister of the Environment, before the American Water Works Association, April 29, 1991, at Hamilton, Ontario.
3. The Canadian Institute for Environmental Law and Policy and the National Wildlife Federation, 1991. A Prescription for Healthy Great Lakes, Final Report of the Program for Zero Discharge, Toronto, Ontario, page 9.
4. According to the Great Lakes Water Quality Agreement, Article II mandates that the discharge of persistent toxic substances be "virtually eliminated."
5. See Annex 12 of the GLWQA.
6. See: National Wildlife Federation and the Canadian Institute for Environmental Law and Policy, *ibid.*, page 17.
7. See: The International Joint Commission's Virtual Elimination Task Force, Persistent Toxic Substances: Virtually Eliminating Inputs to the Great Lakes, Discussion Paper, April 1991.
8. See: National Wildlife Federation and the Canadian Institute for Environmental Law and Policy, *ibid.*, pages 21-22.
9. IJC's Virtual Elimination Task Force, *ibid.*
10. Congressional Record - Senate, May 15, 1991, pages S5913 and S5914.