



CANADIAN ENVIRONMENTAL LAW ASSOCIATION
L'ASSOCIATION CANADIENNE DU DROIT DE L'ENVIRONNEMENT

ACTION ALERT

Public Control of Water on the Chopping Block

November 29, 1996: The Ontario Government is moving very quickly to sell off public control of much of Ontario's drinking water supplies. A pattern of legal changes, budget cuts, and devolution of powers to municipalities is apparent. These changes will pave the way for private sector companies to buy up public water and sewer utilities.

Public Opinion Overwhelmingly In Favour of Public Control

In the public mind, water is a necessity of life and the most precious of all our resources. According to an Insight Canada poll conducted in April of 1996, an overwhelming majority of Ontarians display attitudes which express a desire to see community drinking water systems remain discrete, non-profit, publicly controlled operations. More than 77% of Ontarians say that the water that comes through their taps should be provided to them at cost.

Ontario's Privatization Strategy

Despite these public attitudes, the government appears to be systematically paving the way for the privatization of water and sewer services in Ontario. First, Bill 26 changed the *Municipal Act* so that municipalities no longer have to hold a public referendum on the sale of public utilities. Second, budget cuts to the Ministry of Environment and Energy include \$285 million over the next two years, the entire budget for the municipal infrastructure assistance program. Third, the "Who Does What" panel is following suit by recommending that the responsibility for water and sewers be devolved from the province to municipalities. With these huge budget cuts and new responsibilities, cash-strapped municipalities will be without the funds to service new growth or repair aging systems.

Fourth, the Cabinet Committee on Privatization is actively considering a sale of the Ontario Clean Water Agency (OCWA). With no public input, an announcement on this sale is imminent. The OCWA is a provincial Crown corporation that owns 77 water and 153 wastewater plants. It operates a further 116 municipally-owned plants.

York Region's Pipedreams

Meanwhile, York Region, has already gone the private sector route. A consortium of a British utility company and Consumers' Gas has drawn up several proposals for York Region's future water supplies. On December 19, 1996, York Region Council will decide which multi-million dollar pipeline option - from Georgian Bay, Lake Simcoe or Lake Ontario - they will select to quench York Region's thirst for development.

Environmental Impacts of Water Pipelines

Environmental impacts will occur on both ends of York Region's pipe dream. Lowered lake levels in either the Great Lakes or Lake Simcoe will mean loss of habitat and biodiversity and will affect all shoreline commercial and residential or recreational uses as well as aboriginal rights. For example, if water is diverted from the Great Lakes, lower water levels can impair the operation of hydroelectric generating stations. Lower water levels can increase the mobilization of contaminated sediments in shallow areas such as in connecting rivers, channels and harbours. Pipelines also increase opportunities for contamination and invasive species to migrate to new watersheds.

Sewage Plant Impacts

Waste waters from sewage treatment plants are of additional concern. Sewage treatment plants are still the largest polluters to the Great Lakes because of high volumes of sewage, storm overflows and bypasses, combined sewers, inadequate treatment technologies, and the ongoing industrial and commercial discharge of toxic substances to sewers.

Inland Water Impacts

The environmental effects to inland water bodies are also of serious concern. Considerable public effort has been made in many parts of Ontario to restore rivers and streams and protect headwater areas. Much work remains to be done and the weakening of land use planning controls has already jeopardized both existing and future efforts to restore these ecosystems. Increased volumes of wastewater to inland water bodies from new water pipeline supplies could cause increased contamination and ecosystem stress. The profit motive of private companies depends upon increasing water use and will work against efforts to conserve water.

Remember the Free Trade Water Debate?

Multi-national companies lining up at the Ontario Cabinet's door to buy the assets of the Ontario Clean Water Agency are clearly interested in cornering a North American water market. It seems highly unlikely that the current Ontario government would prevent private interests from diverting Ontario's water by pipeline to thirsty markets in the U.S. Even with Ontario's abundant supplies of fresh water, future droughts, over-development, and climate change could lead to diminished supplies and conflicts between water users in the province. Canadians who recall the debate over the North American Free Trade Agreement should also recall that, as a commodity under NAFTA, Ontario's water, once diverted, would have to be perpetually supplied even during times of shortage in Canada.

Environmental Assessment

The York Region proposals are to be assessed under Ontario's *Environmental Assessment Act*. Although considerably weakened by the Ontario government's deregulatory actions, this statute requires an assessment of alternatives. However, the only alternatives on the table are pipelines. No consideration is yet being given to the supply of existing groundwater resources. The Geological Survey of Canada is mapping these resources and preliminary results indicate that groundwater supplies are adequate to supply future development needs. More significant, the region's groundwater recharge areas are doubly threatened. York Region has been notorious for

allowing inappropriate development on groundwater recharge and river and stream headwater areas. This pattern will likely be accelerated in the future with the recent weakening of land use planning controls. By ignoring the groundwater alternative and continuing poor land use planning practices, York Region is jeopardizing a perpetual source of clean water. The cost of this approach will be borne the people of York Region. The profits will flow to water company executives and shareholders.

The York Region proposal is also being assessed under the Class Environmental Assessment for Sewer and Water works. A project of such magnitude must be bumped up and assessed separately under a full environmental assessment, with opportunity for a public hearing.

THE PRIVATIZATION EXPERIENCE IN ENGLAND AND WALES

Since the water and sewerage industries were privatized in England and Wales in 1989, citizens have suffered a litany of problems. Monopoly public enterprises have turned into scandal-plagued private monopolies. Britain has experienced severe water shortages and soaring water rates (up to 450% increases since 1989 in Devon and Cornwall). Since 1989 there has been a 600% rise in dysentery, a 200% rise in Hepatitis A, significant increases in other gastrointestinal diseases related to water shortages, and dramatic increases in pollution offenses by these companies.

Water Disconnections

Water company profits in Britain have been funnelled into huge executive salaries and shareholder dividends while thousands of low income people have had their water supply cut off, sometimes for weeks or even months at a time. The number of water disconnections peaked in 1991-92 at over 21,000 households. In 1995-96, the number of disconnections was over 5800 households. The British Medical Association issued a press release in August of 1996 calling for a ban on water disconnections due to the serious public health consequences.

Poorly Maintained Water Systems

Profit maximization for executives and shareholders has continued apace with massive leakage of water from poorly maintained systems. In 1995 it was estimated that 29% of the 16 billion litres of water distributed in England and Wales every day leaks out of the system.

Ontario Poised to Repeat Britain's Mistake

This kind of blatant profiteering and meagre reinvestment in the quality of water and sewerage systems can happen in Ontario. It may well begin in York Region. The consortium that is preparing the York Region proposals includes North West Water, the British company whose top official has an annual salary of \$720,000 and share options in the company worth over \$2.6 million. Other executives in this company make similarly huge salaries. North West Water is one of the worst polluters of rivers in Britain with 31 convictions since privatization in 1989. During a severe drought in 1995, North West Water sold four of its reservoirs to private land developers. This move led to major supply shortages and consequent water restrictions to North West's customers. The company made the sale knowing that its existing water mains were leaking over 109,781 gallons of water per minute.

In another example from Britain, when the private company, Yorkshire Water faced the same drought in 1995, the water supply for 600,000 residents and industries nearly dried up. Numerous media accounts in Britain described the situation. One Yorkshire Water executive suggested that local companies reduce water demand by moving their operations elsewhere. Public health officials warned of the risk of a dysentery epidemic. The company public relations man urged restraint claiming he had not showered in three months and demonstrated how to wash with several cups of water in a sink. The man was later caught by local media on his way out of the district to shower at his mother-in-law's house. The company eventually had to run a huge fleet of tanker trucks, running 24 hours a day, to ferry water in the largest peacetime tanker operation in history. By November of that year the company announced a 50% rise in profits and a 10% increase in shareholder dividends.

WHAT IS BEING DONE?

A coalition of health, environment and labour, **SAVE ONTARIO WATER**, is being formed to oppose the loss of public control over Ontario's water resources and stop the sale of the Ontario Clean Water Agency. The coalition will promote alternatives to privatization. It is calling for public hearings on any restructuring of public water policy. The coalition is also calling for a full environmental assessment on York Region's water supply proposals.

WHAT CAN YOU DO?

Join the Coalition - Contact Sarah Miller at the Canadian Environmental Law Association.

Write to Ernie Eves, Deputy House Leader expressing your concerns about the loss of public control over our water resources.

Write to Norm Sterling, Minister of Environment and Energy, and request that York Region's water supply proposals be bumped-up to a full environmental assessment to ensure a full consideration of alternatives and to give the public the opportunity to request a public hearing into this controversial matter.

The Hon. Ernie Eves
Deputy House Leader
Minister of Finance
Frost Building South, 7th Floor
7 Queen's Park Cres.
Toronto, Ontario
M7A 1Y7
fax 416-325-0374

The Hon. Norm Sterling
Minister of Environment and Energy
135 St. Clair Ave. West
12th Floor
Toronto, Ontario
M4V 1P5
fax 416-323-4682