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Submission to the Sub-Committee of the Ontario Standing Committee on Resources Development on Bill 107, the Water and Sewage Services Improvement Act, 1997

April 15, 1997

Save Ontario Water (SOW), a coalition of concerned environmental, health protection and labour groups, was formed in the fall of 1996 when the Ontario government stated its intent to refer water and wastewater services to their Committee on Privatization. SOW membership brings together a diverse group of the public with considerable experience and understanding of the challenges facing our water and wastewater services.

Many environmental members of our coalition have worked for decades for improved water quality, wise watershed management and water conservation as an alternative to building costly new infrastructure and to protect adequate water resources for future generations. Our members in areas now facing water shortages have worked hard to live within natural water budgets by conserving and protecting groundwater. The unions who represent the people working in Ontario's water and wastewater plants contribute greatly to the health, safety and security of our water supplies. Other private sector unions have contributed greatly by commitments to transition to clean production.

Public polls continue to reinforce the public's desire to have water services remain publicly controlled and be subject to strong environmental protection. With Bill 107, the Ontario government is moving these services further away from the public domain to the private sector. Indeed, this devolution could well lead to the exclusion of the public from future water policy decisions and diminish accountability to the public on the allocation, rates and management of these services. It is hard to believe that this government was working toward full scale privatization when it took away the century-old public right to approve sales of public utilities by referendum in Bill 26 their Savings and Restructuring Act 1996.

Ontario is more vulnerable to harm from privatization than other jurisdictions where privatization has occurred because it does not have a strong water protection regime. Although, Ontario has jurisdiction over one fifth of the world's freshwater resources, the province has no water conservation policy and no Safe Drinking Water Act. This leaves Ontario public with few tools to protect themselves from harm.

Bill 107 cannot be evaluated in isolation from other actions of this government. Cuts to Ministry of Environment and Energy monitoring and enforcement staff mean there are fewer people to detect water and wastewater pollution. The closure of government labs which offered free water quality testing means municipalities have been thrown back on there own resources to finance and carry out their own analysis. The cancellation of the Municipal Assistance Program (MAP) administered by the Ontario Clean Water Agency (OCWA) does away with all funds for infrastructure renewal and improvement in the Province.

For these reasons, we are asking you to hold a public inquiry into the state of the Province's water protection, and wastewater management programs and laws so that alternatives not contained in Bill 107 can be considered and we are asking that Bill 107 be withdrawn.

Some thirty private water companies are already seeking business in Ontario and some have already been given contracts. The December 11, 1996 issue of the Financial Times Global Water Report anticipated Bill 107 and its "transfer of about a quarter of the province's water and sewage treatment plants to local authorities. This move will give municipalities greater freedom to attract private-sector involvement in water supply and distribution systems. Formal transfer of ownership will take place when provincial loans used to build the plants are repaid".

Today we are submitting a package of documentation to you on the experience of water privatization in the UK to you in order to help you anticipate and prevent the same disastrous results for the residents of Ontario. In the U.K. water privatization has meant, increased water wastage, increased water pollution violations, decreased affordability, discrimination against the poor, increased health risks from water borne and sanitation related diseases, aggravation of water shortages and droughts, and job loss for water and wastewater workers. For the private water companies it has meant huge increases in executive salaries, and shareholder dividends, capital to carry out mergers and global diversification plans. We are already getting some indications in Ontario of what might be in store for us.

Questions which you will need to consider very carefully are:

Will water privatization mean better protection of public health and safety?
The water and wastewater plants which are being transferred by this Bill are the smaller plants in the Province.The original decision to form a crown corporation to manage these smaller plants was made to ensure that they would have good worker training and would be transformed to non polluting operations despite the fact that they did not generate a lot of revenue from their rate payers for these purposes. In the plants that have already let private contracts in the Ontario, staff reductions have occurred. Provincial training programs for water and sewage treatment plant workers which were provided by OCWA are likely to vanish with the transfer of these plants to municipalities.

In Ontario, the municipal sewage sector is still the single greatest source of pollution from direct discharges to our waterways. Several sewage treatment plants still do not have secondary treatment. In the last several years Ontario has experienced several outbreaks of cryptosporidium in drinking water supplies. Gratefully, no deaths were attributed to the outbreaks here. In Milwaukee, Wisconsin hundreds died from a larger outbreak. **Will privatization guarentee adequate funds for plant upgrades, improvements to safe guard pollution and public health?**

We are told that in the public-private partnerships that the public interest will be protected. There is however a conflict inherent in these partnerships. One partner is accountable to the public while the other is accountable to their shareholders to providing them with profits. All profits will be generated from one source alone and that is from the consumer. One recent occurrence in Ontario sheds light on what partnerships could. Philip Environmental, a Canadian entrepreneur, was awarded the contract to manage the Hamilton Wentworth Sewage Treatment Plant in a partnership with the municipality. A forty million gallon sewage spill occurred, backing up into basements and contaminating the harbour. The municipality maintains all of the liability for the spill and for compensating home owners for damage and clean-up and will need to sue its partner if it seeks to recover the funds. The taxpayer will probably bear the cost of the litigation and the harm to the environment. **Who will have oversight over protecting the public interest in the myriad decisions that will be made in the Board rooms of these new partners? Who will guarantee that the potential annual contract revenues of $125 million from the OCWA plants being transferred will remain in Ontario if contracts are given to any of the out-of-Province bidders?**

Public-private partnerships are already reshaping Ontario. In late 1996, York Region decision to award a contract for **the future water supply likely to amount to hundreds of millions of dollars** fuelled by future growth and development to a consortium of Consumers Gas and the British water company Northwest Water. While a few public open houses were held as part of a Class Environmental Assessment, calls for a full environmental assessment have received no response. There is considerable public concern that the need for the project has not been demonstrated. The preferred alternative selected by the partners involves taking most of the region off groundwater and building a series of costly pipelines and treatment plants from Lake Simcoe and Lake Ontario. Consumers in the region will have no choice but to have their water supplied by this one monopoly. **Who will regulate the price of water passed down to consumers by water monopolies in Ontario to ensure equitable and affordable rates? How will water**

conservation be a viable alternative for the private sector who will get higher profits from higher use? Are we propelling Ontario further down an unsustainable path?

There is a lot of rhetoric about the advances of public-private partnerships. Much of it is supporting ideologies of competitiveness, visions of Canadian entrepreneurs entering the global marketplace and offering the public choice. Maggie Thatcher painted the same picture for British consumers in 1989. They could participate in the new world order by becoming shareholders in the new water companies. Yes there certainly is a new climate of competitiveness in Ontario. **Will it be the large French or the British companies, or the Americans, or will it be the multinational gas and pipeline companies, or will it be our home-grown companies who will land contracts for Ontario's water and sewer services?** Until these questions are answered we urge you to not proceed with Bill 107.

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Canadian Union of Public Employees
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Eco-Council of Peterborough Area
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