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Cities urged to triple water rates

By John Spears
CITY HALL BUREAU

Toronto and other cities in the area should probably triple their water rates to cover the true cost of producing water and to promote conservation, says a Trent University economist.

"Prices should go up, they probably should triple," Harry Kitchen said in an interview. "That's not unreasonable."

And the head of a construction group that commissioned Kitchen's study of water says cities should consider setting up water and sewer utilities with private sector directors – much like Toronto Hydro – to run their sewer and water operations.

But Toronto councillor Glenn De Baeremaeker, who chairs the city's works committee, said Toronto water rates are rising on a steep enough trend already.

And he said private firms' calls for a water and sewer utility are just the first step toward privatizing water and sewer operations.

The Residential and Civil Construction Alliance of Ontario released a report by Kitchen yesterday. Sewer and water pipes aren't being replaced fast enough, said Frank Zechner, of the Greater Toronto Sewer and Watermain Contractors Association, a member of the alliance, at a news conference at Toronto City Hall.

Pipes have an average life expectancy of 60 years, but the current rate of replacement means it will take many cities more than 100 years on average to replace every pipe in the system, Zechner said. That means a lot of old pipes in the ground, and frequent breaks.

Low water prices are pushing up demand for water but are not enabling water authorities to replace all the old pipes, Kitchen said.

There is another drawback to low prices, he said. "If you're undercharging for water, people over-consume. If you over-consume you have to have larger treatment plans. Larger treatment plants are very expensive."

Kitchen said water prices should be higher at peak demand times – say during the evenings in lawn-watering season. That way, cities don't have to build big water treatment plants that can meet peak periods of high demand, but have unused capacity much of the year.

De Baeremaeker questioned whether water rates are, in fact, too low. He noted that Toronto is hiking rates 9 per cent a year, with annual increases through 2012. A private sector board might have doubled rates in a single year, he added.

The current rates pay for the city's water and sewer operations – Toronto doesn't borrow for water main and sewer construction – so there's no need to increase prices more aggressively, he said.

Andy Manahan, of the construction alliance, said that private sector expertise could make municipal water operations more efficient.

He noted that businesspeople sit on the board of Toronto Hydro and suggested a similar corporation might run water and sewer works.

"I think we should at least start the debate on that and talk about it," he said in an interview.

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