

The Business of Water

By *Tony Holman QSO*

There has been a lot of discussion and concern expressed in recent times about water, its ownership, its use, and abuse. It is now an election issue.

It would have been very helpful if there had been either an expert Commission set up to carefully examine this matter, or that one or more of the political parties had provided some comprehensive, protective policies. Instead, we have very little of substance from the incumbent government and half pie, somewhat tentative noises from most of the 'opposition' parties.

Water is the gold of this millennium. It is critical to the life us all.

“Even with the huge amount of water on this planet, **only 1% of it** is fresh water, and half of that is already polluted, with pollution levels increasing across the world.”

Equally scary is that with climate warming, our glaciers, major sources of many rivers, are shrinking at an unprecedented rate.

Some important people commented recently in articles that water is a necessity of life, a 'public good' and a human right, and so must remain in public ownership.



Over a number of years I have urged all Parliamentary parties to pass an Act enshrining this principle. Such ('entrenched') legislation would require a two-thirds Parliamentary majority vote to abolish public ownership of water, subject also to a public referendum with a two-thirds majority in favour. Such

legislation would prevent the commercialisation, privatisation, and foreign control of our water supplies. Fresh water, its ownership and control, is far too important to simply leave to politicians to meddle with.

Fran O'Sullivan is one of many deeply worried about the effects of urbanisation and farming intensification on our water. Those factors are leading to major, and possibly permanent, destruction of much of our fresh water. She, like many others, has strong proof of this catastrophe, including from this Government's scientific adviser, *Sir Peter Gluckman*.

All of this points up the abject failure of the Government to deal with these problems and take strong remedial action, including the need for strong measures to ensure that dairying and industry are required to drastically up their game.

However, the farming lobby is very powerful and the Government relies on their support, and for the income produced overseas from milk products, which, together with housing speculation, makes the economy appear falsely strong. The environment thus takes a battering. The *Ardern* Labour Party is also clearly intimidated by the influence of the dairy industry.

There are associated current commercial incursions into this public necessity through powers (under the *Resource Management Act*) which allow private companies to become "requiring authorities" and "network utility operators" with the powers of local authorities and government relating to water and compulsory acquisition powers under the *Public Works Act*!

Other concerns have also erupted previously related to some of the key issues as some local authorities and *Watercare* have looked at, or been using water, as a commodity which could be used as a tax/rate/profit-making



device – a bit like the infamous old ‘salt tax’.

Some of the principal problems with that approach include treating water as a “commodity”, not as a right and essential to life. Immediately one moves from the human need and right to have good potable water at the lowest possible cost, to instead treat it as a privately owned/supplied commodity, one is rapidly moving to privatisation and profit making out of the “gold of this millennium”.

So, legislation also has to prevent public owners of supply and reticulation from being able to do things as previously exemplified by *Metrowater* and proposals relating to *Watercare* (largely pushed by the then *Auckland City Council*).

Lessons from privatised water in the UK provide more than enough warning. It’s a case of rob the public to enrich the company’s investors. In an article in the *Guardian* some time ago, columnist *Nick Cohen*, didn’t mince his words:

“How long will it be before the stench from the monopolistic exploitation of water – the very stuff of life – reaches the public’s nostrils?”

Thames Water, Britain’s largest water company, proposed to increase its water levies on the millions of households it supplies, to build a multi-billion pound “super sewer.” (*Thames Water* is basically controlled by a consortium led by the Australian bank *Macquarie*.) Clearly a new sewer was needed, but criticism showed that this company had paid out 1.2 billion pounds in dividends to its investors. It failed to provide funding from its ongoing levies over the years. Instead it paid out maximum dividends. Result: high prices, high dividends, and low infrastructural investment.

Jonson Cox (a former CEO of other water companies), who became head of *Ofwat* (the *Office of Water Supplies*, the UK water regulatory body), stated

that former colleagues were using “morally questionable” practices. A leading UK newspaper explained that some ...

“... are worried that the whole dubious edifice of public utilities being owned by private monopolies is in danger of being discredited by obscure company structures, opaque tax regimes and a widespread perception that the customer is being ripped off.”

More than one observer has railed against the water companies, noting among their practices: widespread tax avoidance, high levels of ‘commercial confidentiality,’ loaded their books with debt, and provided massive returns to their shareholders.

What seems surprising is that anyone should expect any different sort of outcome. To give over the precious public natural resource of water to a monopoly, is to give that monopoly a licence to rip off the public. What is even worse is that most of the shares in UK’s water companies are not held by the public, but by private equity. To add a final insult to injury, many of these shares are foreign-owned, so the profits go off shore.

The public are captives to their suppliers, and either have to pay increasingly exorbitant prices, or reduce their consumption of this vital necessity of life, so that hygiene and other health factors are affected for an increasing number.

Why should water, a necessity of life, be owned by a few profit-takers instead of the tried and true publicly owned, publicly controlled, non-profit making bodies which we have traditionally had in New Zealand?

The price of water depends ultimately on the ownership of that water and its distribution. And the price of that is constant public vigilance to ensure that this vital asset remains publicly owned, with direct accountability through a publicly elected board and with the traditional requirement that it be a non-profit organisation – something that needs to be constantly hammered home to governments and councils by all of us.

