

水務署工會聯席會議

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請願信

反對以「公私營機構伙伴合作」模式應用在沙田濾水廠的重建及營運事務上
三百萬人的食水危機！

各位尊敬的立法會議員：

您們好！最近財政司司長的財政預算案演辭第71段中提及計劃把《公私營機構伙伴合作》模式應用在沙田濾水廠的重建及營運供水事務上。

演辭中提及的可行性研究報告書，效率促進組、顧問公司及水務署管理層曾口頭承諾，在報告書完成前，與我們進行多一輪的會議，提供給我們有關可行研究報告的進一步資料，可惜承諾最後落空，這種黑箱作業的手法，我們感到十分失望和憤慨。

失望之餘，我們更憂慮，政府以這樣手法倉促推行《公私營機構伙伴合作》模式應用在沙田濾水廠的重建及營運供水事務上，市民與立法會議員將來如何有效監管？市民是否明白他們可能承受的風險？（見參考資料－我們從不同渠道搜集到私營參與供水事務對世界各地社會的嚴重影響）故此，我們質疑報告書內容，以什麼理據建議把超過三百萬人的食用水交與私人公司運作經營？我們於3月底聯署去信給財政司司長，表示反對把《公私營機構伙伴合作》應用於香港供水事務上。

水務署工會聯席會議於1998年組成，大家的信念是：水乃活命之源，反對私營水務；深信有自我完善的能力，支持公營水務；強烈要求，水務署在改革過程中，沒有員工被強迫離職或被迫成爲冗員。多年來，我們水務署同事，一直共同努力進行多方面的優化改革措施，有效節省資源，力求提昇公營水務的質素，並且得到國際及本港評級機構的獎項，及很多傳媒及市民的讚許。

我們今天有以下三點訴求，冀望你們給予支持：

1. 政府應立即公開已完成的「初步可行性研究」報告。（財政報告中提及）
2. 支持立法會議員：召開立法會《規劃地政及工程事務委員會》的特別會議，討論是否應該以「公私營機構伙伴合作」模式用在沙田濾水廠的重建及營運事務上。
3. 要求與環境，運輸及工務局長廖秀冬博士進行直接對話，加強理性溝通。

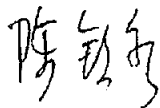
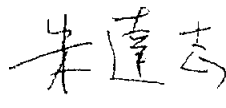
『公營水務利市民，私營水務益商人』

『員工權益須維護，市民健康更在乎』

水務督察會理事長

水務抄錶職員協會主席

水務署用戶督察協會主席

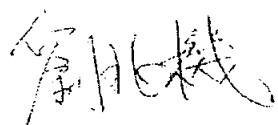

(陳欽泉)

(朱達志)

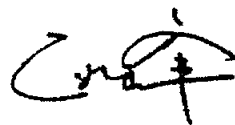
(熊紹基)

政府水務專業人員協會主席

香港政府水務署職工會主席



(劉兆機)



(孫名峰)

全敬上

二零零四年四月二十七日

另：隨函附上有關參考資料

參考資料

三百萬人的食水危機！

1. 背景

香港特區政府於 2004 至 2005 年度的財政預算案第 71 段，指出有關「公私營機構伙伴合作計劃」簡稱「公私營合作」或, Public Private Partnership (PPP) 應用於沙田瀘水廠的重建及營運。這計劃的「初步可行性研究」是由效率促進組主導，在沒有水務署員工參與及沒有充份諮詢員工的情況下進行的！研究報告指出「公私營合作」是可行，而唐司長表示這研究結果「令人鼓舞」。政府現正計劃下一步的行動，落實沙田瀘水廠交予私營機構重建及營運，整項計劃涉及 60 億元。沙田瀘水廠每日處理超過百分之四十的全港食水，供應約三百萬市民。政府絕不應該根據黑箱作業的報告，即在欠缺社會廣泛討論和充分諮詢員工下，謬然落實這個涉及 60 億元及 300 萬人健康的計劃。

2. 沙田瀘水廠的公私營機構伙伴合作計劃

沙田瀘水廠已經運作了 40 年，老化的設備必須更換或重建。政府已經計劃重建，並在工務科新工程項目預留公帑。可惜政府突然進行「公私營合作」研究，這計劃要求參與「公私營合作」的承包商須於 12 至 14 年內投資於建造和供應設備，並可獲得 20 年或以上管理及營運合作協議，政府採購承包商在協議期間提供的服務。

3. 私營機構參與公用服務的失敗例子

根據公開的資料佈道，全球私營機構參與公用服務失敗或嚴重影響民生的例子多的是，以下是根據附件資料的撮要(以原文為準)：

3.1 澳洲供水系統受寄生蟲入侵 (見附件 3a)

在 1998 年當中有足足兩個月，三百多萬澳洲居民需要高溫煲水去殺死食水中的寄生蟲。經獨立調查發現，私營供水商以降低的成本去運作來提高利潤，出現事故後更拖延公佈事實。原本長達 25 年的營運合約，在投產 10 個月後便發生該宗嚴重事故。最終市政府還要在未來的 19 年每年支付 300 多萬澳元與私營供水商，令它可以多賺 6500 萬澳元。

3.2 澳洲污水系統發出惡臭 (見附件 3b)

澳洲政府在 1995 年與私營商簽定長十五年的合約，為當地一百萬人口提供食水及處理污水的服務。但在投入服務僅十五個月，便出現嚴重事故，在 1997 年有足足三個月，全市受惡臭籠罩。由於私營商為不斷降低成本，而削減維修及水質的監管，最後出現問題。政府更加要多付 7200 萬澳幣去重建有關設施。水價由 1993 至 2000 年間不但沒有下降反而上升 38% - 59%。獨立團體指出在制定合約時，懷疑有不正常的安排，觸發政府作出調查。在水質監控上，更加由有關係的公司進行，其獨立性存疑。私營商更加千方百計去迴避在合約上訂下的本土（澳洲）化的要求，對當地就業毫無幫助，最終營運權及利潤全部落在國際財團的手中。

3.3 美國全美最大的私營水務合約爛尾收場 (見附件 3c)

經營期長達 20 年、全美最大的私營水務合約在運作短短四年後便以失敗收場。關市長在鑑於營運公司未能節約水費、服務水平不合格及無法保持水質之外，更加發現有不誠實的收費個案，因此在 2003 年 1 月終止私營水務合約。由於突然終止合約，市政府要付出沉重的代價去接收私營商留下的種種問題。此事件充分顯示私營水務商人的承諾的是不可信的。

3.4 菲律賓馬尼拉食水污染引致 5 死 500 染病 (見附件 3d)

【明報專訊】菲律賓官員周四(6/11/03)表示，首都馬尼拉的部分自來水自10月底以來受到污染，迄今已有5人飲用後死亡，逾500人送院。馬尼拉市長阿蒂恩薩表示，懷疑有人非法闖入岷里拉的輸水系統，令污水滲進食水喉導致疫潮。衛生部長戴里德說，現時情況已受控制。戴里德又指，專家同時正在檢查事件是否經食物傳播，尤其是市場售賣的貝殼類海產和河、湖水等。

據我們所知，馬尼拉的食水是由兩間私人公司以特許經營權合約的形式提供。我們完全沒有意思指這次慘劇，是由公私營夥伴合作所做成，我們只想強調，供水事務是與市民生死攸關的。

3.5 菲律賓個案（一）供水計劃的終止 (見附件 3d)

私營供水商為菲律賓市民提供食水供應，但在維持短短5年服務後，在面對財政困難、外匯率下跌、缺乏投資在新供水工程的情況下，與市政府終止長達25年的供水合約。私營利用合約上的漏洞，選擇終止合約並取得可觀的賠償。這正好暴露私營商人對長遠的服務承諾極不可靠。

3.6 菲律賓個案（二）私營參建供水完全失敗 (見附件 3e)

1999年，菲律賓又展開一項超過四億披索的食水供應系統以取代原有於1926年落成並

已老化的供水系統。新的供水系統於2001年完成但發現所供應的食水竟完全不適宜飲用，市民只好自購瓶裝水飲用。由於市政府已跟私營商簽訂一項長達15年的運作及管理新供水系統的合約，市政府將水費由每立方米8披索增加至20.54披索。事件引發市民於2001年9月17日到市政廳示威要求降低水費及重開原先的供水系統。私營商其後向市政府索償，指市政府違反合約，重開原先的供水系統。市政府被迫再關閉舊的供水系統。現時受影響的市民被迫背上沉重的債項却換來毫無用處的供水系統。

3.7 英國公營水務的表現及總結

詳情見附件 3f。

3.8 英國鐵路私有化及公營化

英國鐵路在九十年代被私有化，由十多間鐵路服務商分別經營不同的路線。私有化後，發生了不少重大的意外事故，直接影響民生及經濟。不少評論認為，這些事故跟私有化後維修及保養不足引致。最終，英國政府在2003年底，決定收回私營服務商的經營權，由非牟利的公營鐵路機構接管及運作。私營鐵路的神話正式破滅。

3.9 美國加州的大停電

在六年前，加州政府原以為開放電力市場之後，可以提高生產效率，結果適得其反。在兩年後，不少用戶被收高達三倍的電費。原因是營運公司因管理和營運資金出現問題，最後將成本傳嫁在用戶身上。

3.10 在香港的公私營夥伴合作的例子(根據香港傳媒佈道)

3.10.1 西隧用量低收費高

西隧是另一個公私營夥伴合作的個案。由於西隧收費高，以致其用量長期偏低，未能發揮西部過海幹道的作用，紓緩紅隧及中環灣仔的交通。曾經有交通專家及學者建議西隧減低收費，以提高用量，改善紅隧及中環灣仔的交通，但礙於公私營夥伴合作的制肘，政府無權調低西隧的收費，以致建議無法被採納。政府唯有改以填海方式，建造中環灣仔繞道，但填海計劃，被保護海港協會反對。這事件正好說明，公私營夥伴合作有可能令政府失去調配基建設施的能力，導至資源錯配，甚至引發社會爭議。

3.10.2 維港巨星匯政府無力監管

弄至滿城風雨的維港巨星匯，花去納稅人一億元，最後匯演安排得一團糟，深受各界評擊。政府因受制於公私營夥伴合作形式而未能應變，加上有關部門又監管不足，最終好事變醜事，有損香港的聲譽，納稅人成為大輸家，已是不爭的事實。這事件正好說明，就算政府有參與，公私營夥伴合作模式亦存在很大的風險。

3.10.3 香港大球場的訴訟風波

由於香港政府在管理私人營運合約上經驗有限，結果與溫布萊球會的訴訟是一敗塗地。又一次顯示政府在私營合約上一廂情願的心態。

從以上私營企業運作或公私營夥伴合作失敗例子顯示，政府無法有效監管私營機構參與公用服務。私營機構以股東利益為主，缺乏責任承擔和長遠目標，包括完善的維修。將沙田濾水廠交予私營機構營運，後果更是禍害無窮的。

4. 水務署員工的關注

公私營機構夥伴合作計劃是一個極富爭議的議題，在國際水務專家之間，對成敗仍然沒有定論。我們實在不明白香港政府怎樣可以得出一個結論，認為將沙田濾水廠交予私營機構重建是可行的。我們亦懷疑政府所聘用的顧問公司有否考慮到以上所列的失敗例子及各種潛在的風險。尤其是將一個運作中的濾水廠重建是較新建造一個濾水廠更困難和複雜的。如果落實有關計劃，會是一個危險試驗，是以 300 萬市民的健康作試驗品，為商人提供利益。市民亦將會面對其他風險，如水質下降、水費上升及不穩定食水供應等等。「紅灣半島」及「大球場」等事件證明公私營機構夥伴合作計劃存在風險，政府可以承擔公帑的損失。但市民的生命健康無價，政府不能單以節省公帑為借口，利用他們作試驗品。供水服務直接關係全港市民的生命健康及香港的繁榮安定，影響至為嚴重，實不應以公私營夥伴合作應用於供水事務上。

5. 水務署的表現

一般市民大眾的印象認為多數公營部門的運作效率不高，他們或會傾向支持私營企業運作或公私營夥伴合作計劃。

以水務署為例，由 2000 年至今部門累積節省運作成本達 12%，相約為四億元，人手的編制亦由 1999 年的六千人減省至現時的約五千人，大大提高運作效率。上述資源的節省並沒有影響水務署的服務質素。從過去幾年水務署多次獲獎，包括國際及本港評級機構的獎項，及很多傳媒及市民的讚許，證明公營部門的運作效率不比私營企業的遜色。水務署擁有 150 年供水服務的專業知識及經驗，更具備自我完善的能力。水務署員工主導設計，監管建造及負責營運的牛潭尾食水處理廠及沙田濾水廠澄清池的改善工程，表現超卓，足以證明員工有足夠能力主導沙田濾水廠的重建及營運。

注：

部份國際及本港評級機構的獎項如下（refer to Issue 59 of the Civil Service Newsletter）：-

5.1 2003 年又得到生產力促進局頒發的香港服務業（生產力獎），表揚努力不懈提升服務水平的機構（Productivity Award Winner of the 2003 HK Award for Services by HKPC），

- 5.2 牛潭尾濾水廠是世界上最先進的食水處理廠之一，在美國環保工程師學會舉辦的「二零零一年環保工程卓越成就」比賽中，贏得「卓越成就大獎」(Superior Achievement Award in the 2001 Excellence in Environmental Engineering Competition by the American Academy of Environmental Engineers)，
- 5.3 榮獲香港賽仕軟件研究有限公司頒發「資訊管理智能大獎」，表揚該署致力提升資訊科技系統功能，提高服務效率和質素(Information Management Business Intelligence Award by SAS Institute HK in 2002)，
- 5.4 榮獲英國水務及環境管理學會頒發「Chris Binnie持續水務管理大獎」，以作表揚。香港是首個在歐洲以外的地區贏得這個獎項 (Chris Binnie Award for Sustainable Water Management by CIWEM in 2001)，
- 5.5 獲得多項國際公關 及 顧客服務獎。

6. 水務署員工的立場和要求

最後我們想指出供應優質食水是政府的責任，人人都有權得到安全乾淨的食水，政府的不應該將食水供應當作一般商品或服務交由私營機構管理及運作，以逃避責任！將來水質下降、水費上升及不穩定供應等問題出現的時候將責任推到私營機構身上。須知道將沙田濾水廠二、三十年的重建及營運交由私營機構，期間如有嚴重事故出現，影響的不僅是 300 萬人的食水供應，甚至會禍害到全港市民及他們的下一代的福祉！

水乃活命之本，供應優質食水是政府的責任。長遠而言，私營機構參與供水只會增加市民負擔，甚至做成資源浪費及增加政府財政承擔。

我們要求

1. 政府既然把沙田濾水廠的重建納入工務工程計劃當中，並經已預留經費，就必須即時進行沙田濾水廠老化設備的更新工程 (如更換水閥、水管及電器裝置等)。不可再浪費時間及資源強行在沙田濾水廠進行「公私營合作」的危險實驗！假如因拖慢了迫切的更新工程，而導致供水中斷，後果不堪切想。
2. 政府應善用水務署現有的資源及職工經驗和專才，主導沙田濾水廠的重建，並引入合適先進的技術作出配合。

『公營水務利市民，私營水務益商人』

『員工權益須維護，市民健康更在心』

二零零四年四月二十五日

The Water Barons

The Water Barons

April 7, 2004

Boil-Water Alerts in Australia's Largest Metropolis

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SYDNEY, Australia, February 14, 2003 — For two months in 1998, more than 3 million residents of Sydney were forced to boil their drinking water to kill parasites. While blame for the contamination was never established, a government-commissioned probe showed that a private water company's operational practices had risked the safety of the water supply, and critics accused the company of cost-cutting.

Both claims were denied by the company, Australian Water Services, a consortium of the French utility Suez and Australian real estate and finance company, Lend Lease Corporation. Australian Water told a government inquiry that it had always met the stringent water standards demanded in its contract. The company maintained that no evidence existed that its filtration plant had failed.

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High levels of two microscopic protozoans, *Cryptosporidium* and *Giardia*, were found in the water at several Sydney locations and in its key filtration plant, sparking three separate boil-water alerts. Few, if any, residents became ill from drinking the water, but the incidents highlighted tensions that can occur when the interests of private companies clash with the public interest.

During the crisis, the private company and the government water agency, Sydney Water Corporation, blamed each other for the contamination problems, and communications broke down.

The water company operated at the "limits of the parameters" of its contract, increasing the likelihood of organisms passing through the plant, Peter McClellan, the lawyer hired by the government to conduct the independent inquiry, said in a 1999 speech. Sydney Water, the public utility which awarded the company a lucrative 25-year contract, sought to downplay the contamination problem by not revealing the extent of the health hazards, McClellan's inquiry showed.

Further, during the inquiry into the crisis, both the company and Sydney Water tried to prevent the release of contractual information, claiming it was "commercial-in-confidence," McClellan said in his speech.

McClellan noted in his inquiry report that the contract had "elaborate provisions to preserve the secrecy of certain information" and urged the government to consider releasing financial details contained in the contract.

"When the subject matter is the provision of an essential public service, it is difficult to see how the public interest can do other than require the release of relevant information," he added in his speech.

Sydney Water spokesman Colin Judge told ICIJ the organization was "deliberately fullsome in the information it provided the inquiry and its staff." There were, however, at the time some commercial-in-confidence issues relating to the contract, he said.



A spokeswoman for Australian Water Services said the company's policy was to refer media inquiries to Sydney Water. Judge told ICIJ the private water company generally did not talk to the media. "That sort of comment comes from us or the minister," he said.

The organisms involved in the crisis reproduce inside the stomachs of people and animals and spread through feces into the water system, with some species causing nausea, vomiting, diarrhea and stomach cramps. For people with immune systems weakened by cancer, transplants or AIDS, infections can cause serious illness or death.

The largest reported *Cryptosporidium* outbreak — in the U.S. city of Milwaukee in 1993 — was apparently caused by runoff from cattle fields contaminating a water system and sickened more than 400,000 people, leading to the deaths of 100 people.

In the Sydney case, the inquiry concluded that some parasites had passed through the Prospect plant, built and operated by Australian Water Services. The private company, however, insisted its filters provided effective removal of microbial contamination and argued that the high readings found in the distribution system were not reliable. It disputed suggestions that the plant was the source of the contamination.

McClellan's inquiry produced 850 pages of reports on the protozoan contamination, but its conclusions were not definitive.

McClellan found that parasites were possibly present at the plant or passed through it and were released into the drinking supply during "operational difficulties." While the plant operated within the legal bounds of Australian Water's contract, the inquiry found that at the time of the first contamination it used the lowest possible chemical doses to remove contaminants from the water, used filter runs of up to 70 hours to conserve energy, and reused filter-cleansing water in a way that might have allowed parasites to pass through the plant and into the city's drinking supplies.

Australian Water argued at the inquiry that none of these operational events could have resulted in the parasite levels found in drinking water unless implausibly high *Cryptosporidium* and *Giardia* were in the raw water entering the plant. It disputed the readings obtained by Sydney Water, saying its own tests showed low levels in treated water.

Competing interests

The private water plant "was geared to operate as cheaply as possible. Finance was the driver, not productivity," said Christopher Sheil, a historian at the University of New South Wales, who wrote a book about the crisis.

Australian Water won the contract to build and operate Prospect in 1992 as part of a government privatization program. During the privatization talks, officials expressed doubts about Australian Water's ability to operate the plant because it proposed using a single sand filter — as opposed to the dual filters other consortia bidding for the contract had proposed.

The consortium's managing director, Pierre Alla, guaranteed that the company's filters would be replaced at no extra cost if they did not meet performance standards. His guarantee, coupled with a bid that was A\$40 million lower than competitor *Vivendi's*, won Australian Water the contract.

"The process of selection was concerned more with obtaining the lowest price rather than ensuring the highest quality technology," McClellan later concluded.

The plant opened in 1996. It supplied 85 percent of the city's drinking water. It wasn't until two years later that possible problems with the plant's operation

surfaced.

The events of July 29, 1998, highlighted the competing interests involved in privatizing water. Information was kept from the public. Relations between Australian Water Services and its overseer, the corporatized public utility, Sydney Water Corporation, became acrimonious, with the utility at one point threatening to shut down or take over the Prospect plant. A Sydney Water official recalled "there was a lot of pressure that might have caused a lot of animosity" with Australian Water at the time of the crisis, but said that goodwill had increased in more recent times.

Because of positive parasite readings in several eastern city locations, Sydney Water issued a limited boil-water alert on July 28. The next day, after further low-level positive results were recorded, Sydney Water executives continued to monitor the situation, expecting that levels of contamination would fall. This changed significantly at 5:30 p.m. when a reading from a tank at the Prospect filtration plant became available. The high reading was disconcerting because the plant supplied most of Sydney's water and it appeared that the area downstream of the Prospect plant could be contaminated.

Meetings were held in the operations room of Sydney Water's headquarters where executives tried to work out the source of the contamination. High readings were also found at a reservoir and across numerous suburbs, adding to the confusion. Additional tests were ordered.

Despite the potential for illness and even death from such high parasite levels, health authorities were not informed of the Prospect contamination until after 9:30 p.m. — which McClellan noted in his report was a clear breach of the memorandum of understanding between Sydney Water and the New South Wales Health department.

Sydney Water's chairman, David Hill, arrived at the utility's headquarters shortly after 10 p.m. and found "not a situation that I would say, in management terms, is under control," according to the government report. In the boardroom, the report noted, media officers and others were in a "high state of excitement." It was "bedlam," Hill told the inquiry. Hill examined a draft press release and thought the language was "alarmist" and demanded assurances it not be issued. He then went to the operations room.

A witness told the McClellan inquiry that Hill appeared to question whether a boil-water alert was necessary. Another witness said Hill harangued the staff in the operations room, a version that Hill more or less confirmed. "I said," Hill told the inquiry, "this will do irreparable damage to the company for a number of years...if it ever recovers."

Later that night, Hill discovered that New South Wales health officials had issued a press release ordering a Sydney-wide boil-water alert, and that it had made the late TV news bulletins. He phoned the media officer responsible and angrily ordered her to retract the "bloody thing," according to McClellan's report.

He then instructed Sydney Water executives to phone media organizations to try to kill the story. He set about rewriting the press release. Prospect was not mentioned in Hill's account, and the alert was limited to a dam that had high parasite readings, dramatically reducing the number of residents to be warned.

In Hill's release, reference to *Cryptosporidium* was deleted; warnings about severe diarrhea referred instead to stomach upset.

The next day, July 30, the government took control, issued a city-wide alert and ordered an inquiry into the contamination and management of the issue.

McClellan's inquiry found there was a lack of communication between

Australian Water Services and Sydney Water about the plant's operation and the quality of the water entering the plant during the crisis.

"Great effort was invested in seeking to prove that the other was the cause of the problem," he said in his 1999 speech to the Royal Australian Planning Institute. Australian Water operated the filtration plant, and Sydney Water was responsible for other parts of the system, including the catchments and distribution network. Attempts to blame one another for the problems "undoubtedly delayed progress towards effective identification of the likely problem and the remedial measures to deal with it," he said.

McClellan was unable to reach a conclusion about whether Australian Water Services was ultimately to blame for the contamination. Because of mistakes made by Sydney Water's testing laboratory, uncertainty persists about the actual levels of parasites, their source and the effectiveness at the time of the Prospect plant.

Still, McClellan recommended that Prospect's backwash — water used to clean the filters — be treated before being mixed with other water, to provide an additional barrier against *Cryptosporidium* and *Giardia*.

The bottom line was that, "after costing a 25-year contract valued at A\$270 million, and after fully operating for only 10 months, the plant proved itself to be, at best, a sadly under-designed investment," Sheil wrote in his book.

Both the managing director and the chairman of Sydney Water resigned after McClellan's report — a damning indictment of Sydney Water's attempts at damage control — was handed down.

In a conference address after his report, McClellan referred to the tension between private companies and their profit motives and the overriding requirement to meet a public need. "[The] public need will generally require the provision of the highest reasonable quality of service. This may be inconsistent with the profit motive and other commercial considerations, which properly direct the actions of the private corporation.

"The inevitable question is whether some essential government services should remain within the ownership and control of government with direct Ministerial responsibility. If ownership is to devolve in whole or in part to the private sector, significant issues remain to be addressed."

After the incident, Australian Water agreed to one of McClellan's recommendations and spent A\$18.7 million building a filtration plant to treat the backwash, a Sydney Water spokeswoman told ICIJ.

But the company will get all that back and more. Under an agreement for the new plant, the government pays Australian Water A\$3.4 million each year for the remainder of its contract. With the contract running another 19 years, Australian Water will receive at least A\$64.6 million, in addition to its original contract.

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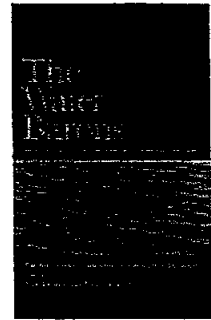
Investigating America's Local Prosecutors

April 7, 2004

INTRODUCTION

Cholera and the Age of the Water Barons

The explosive growth of three private water utility companies in the last 10 years raises fears that mankind may be losing control of its most vital resource to a handful of monopolistic corporations. In Europe and North America, analysts predict that within the next 15 years these companies will control 65 percent to 75 percent of what are now public waterworks. The companies have worked closely with the World Bank and other international financial institutions to gain a foothold on every continent. They aggressively lobby for legislation and trade laws to force cities to privatize their water and set the agenda for debate on solutions to the world's increasing water scarcity. The companies argue they are more efficient and cheaper than public utilities. Critics say they are predatory capitalists that ultimately plan to control the world's water resources and drive up prices even as the gap between rich and poor widens. The fear is that accountability will vanish, and the world will lose control of its source of life.



FRANCE

Water and Power: The French Connection

France is the birthplace of modern water privatization, but its leading companies have been rocked by scandals and allegations of influence-peddling.

SOUTH AFRICA

Metered to Death: How a Water Experiment Caused Riots and a Cholera Epidemic

The biggest problem in this country ravaged by AIDS, tuberculosis and malnourishment, is water. Few can afford it. But with World Bank blessing, the government is trying to end water subsidies, forcing millions of South Africans to seek their water from polluted rivers and lakes. The result: one of the largest outbreaks of cholera.

ARGENTINA

The 'Aguas' Tango: Cashing In On Buenos Aires' Privatization

Global water giants partnered to run a water system in the Argentine capital that the World Bank touted as a model of privatization. Investors extracted millions in profits. But now the model is crumbling under the weight of mounting costs.

PHILIPPINES

Loaves, Fishes and Dirty Dishes: Manila's Privatized Water Can't Handle the Pressure

Politically connected families and private companies split Manila in two to share turf. At first, the two companies brought miracles by bringing running water to thousands of poor people who never had it. Now the miracle has faded as one company bails out, leaving behind enormous debts.

INDONESIA

Water and Politics in the Fall of Suharto

Two powerful multinationals deftly used the World Bank and a compliant dictatorship to split control of a major city's waterworks.

COLOMBIA

A Tale of Two Cities

Coastal Cartagena was the first of about 50 cities and towns to privatize its water in Colombia. The capital Bogotá bucked the privatization trend, refused World Bank money and transformed its public utility into the most successful in Colombia.

UNITED STATES

Low Rates, Needed Repairs Lure 'Big Water' to Uncle Sam's Plumbing

Foreign private companies are gearing up to control a multibillion-dollar market to upgrade the nation's aging water system, after spending millions of dollars over the last six years to sway Congressional votes on privatization laws. Americans have the safest and cheapest public water systems in the world. But, as foreign companies flex their financial muscle, America's drinking water may not be so cheap or public for long.

CANADA

Hard Water: The Uphill Campaign to Privatize Canada's Waterworks

Hamilton was the first privatized large water utility in Canada, a country where waterworks have been

overwhelmingly a public affair – and where most people like it that way. The Hamilton experience was supposed to demonstrate an alternative, free market model, supposed to change public opinion. It has. But not as expected.

AUSTRALIA

The Big Pong Down Under

Fifteen months after Adelaide signed a contract turning over its waterworks to a private consortium controlled by Thames Water and Vivendi, the city was engulfed in a powerful sewage smell, which became known as "the big pong."

Boil-Water Alerts in Australia's Largest Metropolis

SYDNEY, Australia, February 14, 2003 — For two months in 1998, more than 3 million residents of Sydney were forced to boil their drinking water to kill parasites. While blame for the contamination was never established, a government-commissioned probe showed that a private water company's operational practices had risked the safety of the water supply.



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AUSTRALIA: The Big Pong Down Under



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Version

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Date: February 20, 2003

ADELAIDE, Australia — Fifteen months after Adelaide signed a contract turning over its waterworks to a private consortium controlled by Thames Water and Vivendi, the city was engulfed in a powerful sewage smell, which became known as “the big pong.”

The smell plagued Adelaide for much of a three-month period in 1997. While water company and government officials attributed the intense rotten egg stench to weather patterns that prevented normal urban sewage odors from dissipating, citizens complained of mood swings, nausea, sinus problems, asthma, headaches, and sleeping disorders.

Early in June, the third month of the pong, an independent investigator tracked it to the largest of Adelaide’s four wastewater treatment plants, at Bolivar, 11 miles north of the city. Once identified, the problem was resolved by chemical dosing of the plant’s extensive lagoon system, which soon eliminated the smell.

The investigation, funded by the government and led by University of Queensland water treatment expert Ken Hartley, found that weather conditions at the time of the pong were no different from previous years. The pong — a stench, in colloquial English — resulted from equipment failures and inadequate monitoring, which allowed raw sewage to be flushed directly into settling lagoons, according to the investigative report.

The consortium’s drive to minimize costs was what brought on the failures, Hartley believes — a familiar story in the water privatization game.

“It was dollars driving everything,” Hartley said. “The big emphasis was on minimizing costs. The Bolivar incident is an illustration of what can happen when things like monitoring and maintenance are cut to the bone.”

Thames Water denied staffing levels had anything to do with the incident, claiming that the employment level at United Water, the Australian

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consortium, is quite high compared to United Kingdom standards.

“It was human error really,” said Peter Spillett, head of the company’s environment, quality, and sustainability division. United Water has concurred that it “should have done more” to deal with the events leading to the smells at Bolivar.

Hartley’s specific findings were that a meter inadvertently left out of a control panel that measured sewage flows through the plant had resulted in incorrect information for 14 months before the error was detected. Then in April, at the time the pong was first noticed, untreated effluent went straight into the lagoons for six days while a gate was being overhauled. The danger presented by the increasing loading on the lagoons “was not appreciated by the operators” whose “monitoring program was inadequate,” according to Hartley’s report.

The state government later paid A\$72 million (US\$43.8 million) to upgrade the plant, effectively giving United Water a new plant to manage

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For outside critics, the pong is evidence of “what can happen when you sell your water to private companies intent on cutting corners to maximize profits,” as John Spoehr, director of Adelaide university’s Centre for Labour Research, put it.

The pong is not the only bad taste that water privatization left in the mouths of South Australians.

Mirage in the Outback

In the early 1990s, Australia began restructuring its water industry, farming out contracts to international companies such as Vivendi, Thames, and Suez Lyonnaise des Eaux.

The companies viewed Australia as a launching pad to Asia and the Pacific region, where the World Bank was forging a policy of privatization. Australian officials, in turn, saw privatization as a way for their country to gain partnerships and know-how that would enable Australians to get in on the expanding regional business.

By 2000, about 50 significant water contracts had been awarded to the private sector. By mid-2001, an estimated 25 percent of Australia’s drinking water was provided by foreign multinationals.

Adelaide was the only Australian city, however, to hand the entire management and operation of its drinking and waste water systems to a private company.

An alliance of Vivendi and Thames, joined with one of South Australia’s most powerful businessmen, captured the \$1.5 billion (US\$876 million) water contract in a bidding process mired in irregularities that sparked two government investigations and an inquiry by a parliamentary committee.

Once in control of water, the consortium, called United Water International, failed to provide many of the benefits that were extolled as centerpieces of the contract. “The public was not told the truth about the nature of the contract [by the government],” South Australian state Premier Mike Rann, who was in the opposition when the water deal was signed, said in June 2002.

But Rann and future South Australian governments are stuck with the contract until 2011. “It’s very difficult to unscramble the egg,” a spokeswoman in Rann’s office lamented.

“When a corporation wins a highly unpopular contract over public goods like water, it gets the

privatizing government by the balls,” said Christopher Sheil, a University of New South Wales historian. “Politically, the government cannot afford to let the privatization fail. This opens up large arbitrage opportunities for the firm, which effectively gets its operations government-guaranteed.”

Adelaide, a city of about 1 million people, is a three-hour drive from the edge of Australia’s vast, red desert, the outback. Adelaide draws its water from the muddy Murray River, a 1,460-mile waterway that helps drain an area the size of France and Spain. The city’s salty water is considered the foulest-tasting of any capital in Australia. “Even the dogs wouldn’t drink it,” the locals joke.

Maintaining water quality has always been a serious challenge. A recent government study concluded that at the present rate of salinity increase in the Murray-Darling basin, “Adelaide will not have water fit for human consumption by 2020.”

Public concern about drinking water is high. A poll secretly conducted for the government by Harrison Market Research, and leaked to Rann’s Labor Party after the contract was awarded, showed 54 percent opposed privatization and only 8 percent strongly supported it.

Nevertheless, Adelaide went ahead and tendered the 15-year contract in 1995. The offer included the operations of Adelaide’s six water treatment and four wastewater plants, plus water distribution. The only thing that wasn’t on the table was billing, which remained the responsibility of the state government water agency, South Australian Water Corporation, known as SA Water.

Something Fishy About the Bids

Adelaide’s water privatization plan attracted the major players from Europe and the United States. They quickly formed Australian companies and allied themselves with local businessmen and powerbrokers before making their bids. The major groups were:

South Australian Water Services, a company controlled by Suez Lyonnaise des Eaux. Its Australian partners were a property developer, Lend Lease, and a local Adelaide family.

United Water International, Vivendi, and Thames Water. Their Australian partner was a local engineering firm, Kinhill Pty Ltd, which held a 5 percent stake. Malcolm Kinnaird, a blunt-talking industrialist who established Kinhill in 1960 and built it into one of South Australia’s most influential companies, was made chairman.

North West Water, (later renamed United Utilities), partially owned by the U.S. engineering giant Bechtel corporation. North West put Nick Greiner, the former New South Wales premier, on its board of directors. Greiner had championed the outsourcing of Sydney water treatment plants when he was in office.

All three consortia spent millions of dollars on their bids and on lobbyists, public relations, and pollsters to persuade the public they would deliver great benefits. With Kinnaird’s contacts and the combined resources of Vivendi and Thames, United Water was considered the frontrunner from the beginning.

“As soon as I saw the name Kinhill,” said one politician, “I thought, ‘Here we go again.’ Whatever contracts are around the place, this mob seems to do extremely well.”

Kinnaird, for his part, viewed North West Water as the chief competition. “I mean, they had Greiner involved,” he said. “The game was on.”

The initial United Water offer was not as good as North West Water’s, a subsequent investigation showed. But that changed — under murky circumstances.

Final bids were due by 5 p.m. on Oct. 4, 1995. At 3:46 p.m. on deadline day, United Water advised SA Water its submission would be one or two hours late due to “computer printing problems.” United was granted an extension without the other bidders being notified. North West Water lodged

its submission before the deadline. South Australian Water Services was 12 minutes late.

According to subsequent investigations, the bids from North West Water and South Australia Water Services were opened and distributed to government staff not long after the deadline expired. An auditor overseeing the process left the office at 6 p.m., and videocameras recording staff movements ran out of tape half an hour later. Then several staff members left the building.

United Water finally delivered its bid at 9:20 p.m. — four hours and 20 minutes late. U

The final bids from the two other companies were largely in line with figures previously negotiated with the government. United Water, however, had dropped its price for operating Adelaide's water system to an amount just below North West Water's offer. It also boosted its economic development commitment by \$255 million (US\$149 million) — slightly higher than North West Water's final bid. U

When SA Water announced United Water as the winner, United Water's competitors were furious, as were opposition politicians and some government officials. Several investigations eventually were held into the bidding process.

Kroll Inc., the global risk analysis and investigative firm, and the Government's Crown Solicitor's Office concluded that the bidding process had broken down and that the absence of a proper audit trail for the opened documents "constitutes an extremely serious situation," according to the Auditor General's report.

United Water subsequently provided an inquiry with statutory declarations that all the material information in its submission, including price, was finalized by 12:30 p.m. on Oct. 4.

SA Water, which oversaw the bidding process, claimed it was completely honest. But the state auditor general, Ken MacPherson, found that the opening of the two bids "had the potential to compromise integrity in the bidding process" because information in the bids could have been passed to United Water.

MacPherson found that while the process had left open a risk of improprieties, there was no evidence they had occurred. But many were convinced otherwise. "There appeared during the tender an air of inevitability about the whole thing," said an insider.

It appeared from their reports that investigators did not ask United Water to provide evidence of its computer problems. But Industry Minister John Olsen, part of the then-ruling Conservative party, accepted the company's claim. "I didn't have a basis to be able to say to them, 'I simply don't believe you.... give me further proof' because the probity auditor had in effect signed that off," Olsen said.

The public didn't learn about the late bid until Dec. 8, 1995, when Kinnaird testified on the affair before a parliamentary committee.

The Labor Party demanded that the government cancel water privatization, at which point all the companies involved threatened lawsuits against the government — the losing companies to recoup the millions of dollars they had spent on their bids, and Thames and Vivendi, if the contract did not proceed.

Faced with court action, Solicitor-General Brad Selway and Comptroller MacPherson conducted separate inquiries to determine whether there were legal impediments to the contract with United Water International. Selway concluded that the two unsuccessful bidders had no persuasive legal case against the state. United Water, on the other hand, "would seem to me to have a better prospect of successfully taking proceedings against SA Water if the contract is not executed."

Armed with Selway's report, Premier Dean Brown on Dec. 18 accepted the contract.

John Spoehr, whose Centre for Labour Research in 2002 produced a report on privatization called "State of Secrecy," questioned the government's response to the lateness of the bid. "The objective seemed to be to get the contract signed rather than protect the public interest," Spoehr said.

The losing bidders questioned the entire bidding process. Pierre Alla, managing director of Suez-controlled South Australian Water Services, told a Parliament committee in 1997 that United Water could easily have reworked its figures after the other bids were opened. "There was only one line to change to make it the winning offer," he said. "Four hours is long enough to change a figure."

North West Water executives also were dissatisfied with the bidding process, and the company's senior executive, Gerry Orbell, was expected to give Parliament damning evidence. However, he never did. According to one manager, North West decided there could be "huge down sides" for the company if Orbell testified.

North West Water was one of several consortia bidding for a separate, \$115 million (US\$67 million) Riverland contract to build, own, and operate 10 filtration plants in rural South Australia. Eight months later, NW Water's parent company, United Utilities, won the contract.

"Orbell's non-appearance was very odd and never properly explained," Spoehr said. "When his company later won the Riverland contract, some suggested that commercial imperatives might have been the motivation."

Thames and Vivendi Collect Higher Rates, Shun 'Australianization'

Despite government promises to the contrary, privatization has meant huge water rate increases. The Centre for Labour Research said that between 1993 and 2000, prices for the first 136 kilolitres (35,000 gallons) of water, the standard consumption used to set charges, jumped by 59 percent or by \$70.67 a year to \$190.67. Prices for heavier use of 250 kilolitres (66,000 gallons) increased by 38 percent or by \$80.93, to \$301.25 between 1993 and 2000. Over the same period, inflation was 11 percent.

Privatization led to the slashing of jobs at SA Water by 48 percent — from 2,707 to 1,390. Four hundred of these employees transferred to United Water, resulting in a total water workforce of 1,790 — an overall reduction of 33 percent.

United Water won't release the financial details of its contract, but Kinnaird described its returns as excellent. "We're not here because we love the state and we've got bleeding hearts, for Christ's sake. We're here to make money. We're here to do business."

The limited public information seemed to confirm Kinnaird's statement. United Water's profits grow each year. Its 2001-2002 corporate profile showed it had total assets of \$43.8 million and turnover of \$76 million. Its operating profit before tax was \$5.9 million; the after-tax profit was \$4.1 million.

SA Water's total revenue in the 2000-2001 fiscal year was \$613 million (US\$258 million), up from \$546 million (\$319 million) in 1997-98. Profits have steadily increased, reaching a record of \$223.4 million (\$130 million) in 2001-02, compared with \$171 million (\$100 million) in 1997-1998. The profit was achieved from increased revenue of \$26.5 million (\$15 million) on the previous year and by containing spending.

In 2000, the government's income from SA Water increased to \$225.3 million (US\$131 million), almost \$40 million (\$23 million) more than three years earlier. The next year it fell to \$206.2 million (\$120 million), mainly because of cuts in capital repayments.

Privatization of Adelaide's water was sold as a deal by an Australian-led consortium that would bring millions in lucrative deals to South Australian firms and workers. But that proved to be an illusion. As it turned out, United Water would remain what it was — essentially, a joint venture of two multinational companies — and those companies would show little interest in South Australia as they went about amassing business in the rest of the region.

Even though no World Bank money was involved in the privatization, the bank's plan to spearhead \$800 million in privatization projects in Asia and the Pacific played an important role in convincing government officials that the outsourcing of water services was a good idea.

Private companies, the government believed, would help transform Adelaide into an industrial center for water expertise. Aware that the foreign water companies would win some of the regional water contracts, it calculated that Adelaide water companies would provide goods and services for them.

Executives from SA Water met with World Bank officials to assure themselves that the companies selected to bid in Adelaide were likely to get contracts stemming from World Bank projects. The executives later told a state parliamentary inquiry the World Bank officials had recommended the three international companies bidding for the contract as the best in the business.

"We needed companies that had World Bank and Asia Development Bank track record performance, credentials, and therefore access to their funding," said John Olsen, who was the state industry minister, and later premier, during Adelaide's privatization.

On paper at least, the foreign water companies supported South Australia's goals. Vivendi and Thames drew up an agreement not to compete with their Australia-based joint venture for contracts in Australia, New Zealand, Papua New Guinea, Indonesia, Vietnam, India, the Philippines, certain provinces of China, and the Pacific islands — "almost all of Asia," as Premier Dean Brown said in 1995.

But the contract signed by United Water and the government contained a huge loophole. United Water would be the companies' Asian bid vehicle except "in circumstances where the prospects for a successful bid would be enhanced by having CGE (Vivendi) or Thames bid independently."

According to Spoehr, "It allowed the government to sell the idea publicly that Adelaide would become a key water industry center, with lots of innovative local companies helping out and jobs being created."

The promised river of international contracts has not reached Adelaide. United Water's contract obliges it to assist local water companies in generating \$627 million in exports over 10 years. The contract also sets an additional target over the same period of \$852 million, resulting in a total export target of \$1.48 billion.

ICIJ obtained a confidential government document that breaks down year-by-year the components of United Water's export commitment. Of the total, according to the document, \$160 million (US\$94 million) in so-called "exports" is listed as "UWI profits & dividends." A further \$47.4 million (\$22 million) is listed as being generated by Thames Water, and \$72.8 million (\$43 million) by Kinhill. The category "other manufacturing" earns \$187 million (\$109 million); an activated carbon plant accounts for \$21 million (\$12 million); and \$45 million (\$26 million) is from the export of electric motors. "Engineering services" generate \$43 million (\$25 million), and "other professional services" \$50 million (\$28 million).

SA Water and United Water said the company has exceeded its export obligations. But opposition Labor politicians said the figures are skewed because they include repatriated profits and management fees to Vivendi and Thames. Spoehr said the government uses a broad interpretation of exports in calculating performance under the contract. There is, for example, no stipulation that the

exports should go offshore, rather than interstate.

United Water said it "helped facilitate" \$325 million of "export opportunities," almost \$100 million more than demanded in its contract. Spokesman Chris Marks denied that repatriated profits and management fees were included in the figures. Exports from South Australia to other parts of Australia were not included.

United Water secured a key 30-year management, maintenance, and operation of water and waste water systems contract in New Zealand's Papakura district in 1997. But that is the extent of Adelaide's international success in winning major water and sewage contracts.

A promise that Thames would move its Australian corporate headquarters and 100 staff from Melbourne, Victoria, to Adelaide was not kept.

Nor did United Water become an Australian-led firm, as promised in public statements in 1995. United Water's Kinnaird had said he anticipated that a public float within two years would dilute Vivendi's and Thames' equity interest from 95 percent to 40 percent. Industry Minister Olsen claimed United Water had undertaken to be 60 percent Australian owned, with six of its 10 directors Australian residents.

But after winning the bid, those promises died quickly. Kinnaird told a parliamentary committee investigating the privatization that promises to "Australianize" the company with a share float were "to some extent a beat up" -- that is, an exaggeration.

By the end of 2002, United Water remained 95 percent British- and French-owned, and Kinhill was also foreign-owned. Kinnaird had sold it for \$46 million (US\$35 million) in 1997 to the international engineering firm Kellogg, Brown, & Root, part of the American-based Halliburton group, headed at the time by Dick Cheney, now the U.S. vice president.

Kinnaird, now a consultant to Kellogg, Brown, & Root, said he did not get a "material personal advantage" out of the United Water transaction. "In the scheme of things it wouldn't have been on anybody's mind. [United Water] is minuscule" compared with Kinhill's other assets, he said.

ICIJ uncovered details of a backroom agreement, endorsed by SA Water, that show United had a fall-back position were it forced to become a truly Australian company.

One document, a briefing note written by an adviser to Premier Brown in November 1995, shows that the state government knew about a plan by Vivendi and Thames to retain control of United Water.

The two companies had established a jointly owned company in Adelaide called United Water Services, this time excluding Kinhill from a shareholding. The purpose of United Water Services, according to the briefing note, was to ensure foreign control of Adelaide's water system. United Water Services was needed "to ensure that Thames and CGE [Vivendi] can continue to direct the management of the Adelaide O&M [operations and maintenance] contract after the "Australianization" of United Water International.

The two companies would have mutual contractual obligations, but "UWS has the contractual right to direct UWI as to how to perform," the note said.

Marks, the public relations officer for United Water, denied that was the purpose of United Water Services and that the company was established as a short-term measure until the structure and board of United Water International were finalized. "UWS was set up and signed the contract with SA Water on behalf of UWI," he said. "This was then transferred over a few weeks later when the company structure was formalized."

United Water Services had been inactive since 1996. Asked why the company was not deregistered, Marks said that maintaining UWS "costs us nothing."

Key aspects of United Water's performance and financial arrangements remain secret. A spokeswoman for SA Water said that contract breaches and penalties were public information. However, when asked for the details, she would say only that United Water had committed and was fined for "five or six minor breaches." United Water confirmed this but said that its compliance rate to strict performance criteria exceeded 99 percent.

United underwent a review of its contract after five years, including an examination of pricing issues. South Australians were told the review "reached a satisfactory conclusion after six months of detailed negotiations." But no information about the contract, financial matters, or the lengthy review process were released.

Although water quality has improved in Adelaide, the government attributes most of that to upgrades at metropolitan water treatment plants that it funded.

No independent water monitoring exists. United Water is responsible for assuring quality and monitoring it. United uses the Australian Water Quality Centre — part of SA Water — as a service provider to do sampling and testing. The results are reported to SA Water, which releases a report on water quality at the end of each financial year.

In the October 1997 state election, only a few months after the "big pong," Labor candidate Rann opened his campaign at the Bolivar plant surrounded by supporters in boiler suits and gas masks. John Olsen, who had become premier, suffered a 9-percent swing against his government but hung on to power.

In November 2001, Olsen resigned after an investigation found he had given inaccurate and dishonest evidence to an inquiry into a government radio network contract. In 2002, Rann came to power, and Olsen was made consul-general in Los Angeles.

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Atlanta Ends Failed Water Privatization Deal

—By Craig Cox, Utne.com

January 2003 Issue

Atlanta city officials last week pulled the plug on the country's largest water privatization deal, claiming that the promised savings never materialized.

Mayor Shirley Franklin and United Water chief Michael Chesser on Friday agreed to end the 20-year agreement after only four years. The company has agreed to pay the city \$6 million to settle all legal claims and the city will pay the company \$1 million, according to *The Atlanta Journal-Constitution*. "After careful consideration, the city of Atlanta and United Water have agreed that the 20-year contract is not in the best interest of either party," Mayor Franklin said.

The agreement comes on the heels of an audit that showed the city was saving only about half the amount—about \$10 million a year—promised by United Water, as part of the \$21.4 million-a-year contract to manage the city's water system. But beyond the dubious cost-effectiveness of the deal, the city found evidence of poor service, fraudulent billing, and poor water quality.

Mayor Franklin assured city residents that the transition from a privately operated water system to a city-run operation would be seamless, but others were less sanguine. Councilman Howard Shook, vice-chair of the city's utilities committee, said he was "terrified" at the amount of work required to reconstruct a 346-employee water department before the city takes over the system in the coming months. "There's an awfully lot that has to happen in a short time frame," he said. "Water is not just another city service. Can you expect a seamless transition of something this huge in such a short time frame?"

The move was heralded by Public Citizen, a leading consumer activist group, as a repudiation of privatization and a warning to other communities. "United Water and the rest of the private water industry touted the company's contract in Atlanta as the wave of the future," the group said in a statement. "But the company's debacle in Atlanta has instead become a powerful warning for communities across the nation of just how empty privateers' promises can be."

Manila maintains privatisation faith despite concession deterioration

● Strains between one of Manila's water utilities and the local government may lead to the relationship being severed. PETER REINA reports.

Few events are likely to elicit indignant protest from critics more than the apparent failure of an unpopular privatisation. Not many tears were shed in the UK when the struggling railroad network operator, Railtrack, recently collapsed in shambles to be taken back into public control. Something similar has been happening in the Philippines, where the larger of Manila's water concessions is in mortal combat with the authorities, raising a chorus denision.

The Philippine authorities continue to defend their privatisation strategy, citing Manila's east concession as proof.

As with the rail company, trouble for Manila's Maynilad Water Services came from unexpected directions. A major train derailment led to Railtrack's demise, while the El Niño freak weather first dried up Manila's bulk water supplies, and the Asian economic crisis of the late 1990s further damaged the utility's ability to service debts. But unlike the British case, in Manila it is the utility that is seeking to get out of the concession. Meanwhile, a similar operation on other side of the city seems to be managing quite well.

After a long period of less than warm relations with the Philippines' authorities, Maynilad finally invoked contractual provisions leading to termination of the agreement in December. It was not the first time that Maynilad had indicated its readiness to quit. This time, it accused Metropolitan Waterworks and Sewerage System (MWSS) of failing to agree on revised service targets and tariffs to accommodate its difficult financial conditions. Maynilad also demanded full implementation of the foreign exchange loss recovery mechanism.

As *Water 21* went to press, an

international disputes panel continued deliberations on Maynilad's attempted escape strategy. According to some observers, the utility stood to recover more of its investment in Manila by negotiating a termination than by establishing a longer term solution. Sums far exceeding US\$300M are said to be at stake. Any new source of cash would certainly

be welcomed by Maynilad's main shareholder, the locally-based conglomerate Benpres Holdings Corporation, which has been separately attempting to reschedule its own debts.

The Manila crisis has reached its head exactly five years after MWSS signed two 25-year water and wastewater concessions with international groups, both roughly 60% owned by indigenous investors. Serving west Manila, Maynilad also includes subsidiaries of Paris-based Suez. On the east side, the Ayala Corporation had teamed up with International Water Ltd., London, then owned by the US construction company Bechtel and United Utilities, England.

As part of the contracts, the consortia agreed to pay MWSS concession fees covering its existing debts, raised for infrastructure investments, and to provide finance for further projects required for the utilities to meet service targets. For example, MWSS agreed to finance and build a new bulk water supply providing 300Mlitre/day. The main burden of the concession fees fell on Maynilad, probably because its starting tariffs were significantly higher than Manila Water's, believed close observers at the time.

Financial terms of the concession contracts were intended to allow an agreed rate of return on investment by the private sector companies. Tariffs were also to be reviewed at five-year intervals. They were to be set at levels adequate to repay, over the full 25-year duration, all the utilities' investments in infrastructure that had been "efficiently and prudently incurred". The scope for dispute invited by such subjective terms appears to lie at the heart of Maynilad's current dispute with MWSS.

The 1997 drought associated with El Niño, followed by the domino-like failure of southeast Asian economies together caused serious damage to the utilities' revenue streams. The falling value of the local peso made Maynilad's foreign debts increasingly difficult to manage. As a result, Maynilad and Manila Water needed to seek tariff rises much sooner than expected. Further contractual revisions, including one allowing for the

Away from the contractual noise, some serious work has been done.

early recovery of foreign exchange losses, were negotiated. Concession agreements drafted with help of the International Finance Corporation and a cluster of foreign consultants turned out to be less financially secure than anticipated.

Other departures from the concession agreements also occurred, including deferred investments in essential projects by both MWSS and Maynilad. Maynilad had planned to spend around US\$300M in the first five years, with 5% going on water treatment, 30% on water resources, 45% on sewers and 20% on wastewater treatment. The slower than planned reduction in unaccounted for water also

impaired utility revenues.

To local sceptics, revisions of the agreements in favour of the utilities are proof of their failure. Maynilad, having made the biggest splash, has also drawn the sharpest criticism. Whether or not its contract is terminated remains to be seen. If it is, MWSS will likely regain control only for as long as it takes to bid a new concession. Meanwhile, the Philippine authorities continue to defend their privatisation strategy, citing Manila's east concession as proof. By all accounts, that concession is in better condition. "We are happy with the way things are," says a spokesman for United Utilities, part of the operating team.

And away from the contractual noise, some serious work has been done. Five years ago, two thirds of population had piped water, and some 10% were sewered. Not only had the utilities to raise those

service levels but they had moving targets as the population was on a rapid ascent. Targets have been missed, but

the provision of water services in Manila is far better now, according to officials at Manila's regulation office.

The number of Manila residents served during the concession has risen from 7.3M to nearly 9.5M, with Maynilad being responsible for around 5.5M. Households now connected to water networks are correspondingly more numerous, rising by around a third to over one million. And water supply coverage has grown from two thirds to nearly 90%. Water production has increased by nearly 50%, while productivity among the two utilities has also risen, with the number of staff per thousand connections falling from 8.5 to under half that.

more revenue

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today's features

Monday, 24 March 2003

In Magdalena, Laguna

A failed World Bank-funded privatization project

By Arnold Padilla
IBON Features

While Metro Manila residents are burdened with unabated increases in water charges since the Metropolitan Waterworks and Sewage System (MWSS) was privatized in 1997, the people of Magdalena, Laguna, face not only onerous water tariffs. Even worse, the water that the municipal government forces them to pay for is unfit for human consumption.

Magdalena is one of the municipalities that availed of a World Bank loan under the Local Government Unit Urban Water Supply and Sanitation Project (LUWSSP). It is located in the western part of the province of Laguna and is approximately 105 kilometers away from Metro Manila and six kilometers from Sta. Cruz, the provincial capital.

Old water supply

Magdalena used to source its water requirements from the nearby municipality of Liliw. On July 27, 1953, the municipal governments of Liliw and Magdalena forged an agreement allowing the residents of Magdalena to use water from the Sungi Spring in Barangay Oples in Liliw. The said contract was supposed to end in 2003 (or after 50 years) but can be renewed upon agreement.

Other barangays not serviced by the Sungi Spring such as Cigaras, Saladsad, Maravilla, and Buenavista have their own water supply system with deep well as their source. Others obtain water from rivers, streams, and irrigation canals for domestic and laundry purposes.

According to the feasibility study prepared by the Engineering and Development Corporation of the Philippines (EDCOP) for the Magdalena water system project, the old water supply system (supplied by Sungi Spring) in Magdalena was unsatisfactory due to the deterioration of the water supply facilities constructed in 1926.

It also cited inadequate water supply and very low water pressure. The municipal government used to ration water to supply a large portion of the service area (as of 1997, total service connections of the old water system was pegged at 1,097).

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The said feasibility study projected Magdalena's population to grow to 26,447 by 2010, or a 66% increase from its actual level (15,927) in 1995. Consequently, total water consumption was expected to grow from 778 cubic meters per day in 1998 to 1,546 in 2010.

Doloricon's world

Apparently, the old water system could no longer meet the increasing demand for water of the growing municipal population. Thus, the need to establish a new water system that was supposedly more efficient.

The World Bank's role

In 1998, the municipal government of Magdalena, through Mayor Pablo Agapay and Municipal Treasurer Antonio Cabantog applied for a World Bank loan under the LUWSSP to finance the water system project. The Development Bank of the Philippines (DBP) Board in March 1999 approved the loan application worth P24.22 million.

The LUWSSP, funded by the so-called adaptable program loans (APL) of the World Bank, is a 12-year (1998-2010), \$283-million water privatization program that intends to attract private capital in around 1,000 LGUs that manage water systems outside Metro Manila. The project is divided into four phases.

In November 1998, APL 1 (worth \$23 million) was released. Originally, APL 1 envisioned completing operations in 35 towns, where bidding was completed for the engagement of 23 private operators under lease and design-build-lease contracts. But water services were extended to only nine municipalities at an investment cost of \$28 million.

Aside from Magdalena, some of the areas covered by the first phase of the LUWSSP are Aurora, Cabatuan, Luna, Maliig, Quezon, and San Mateo in Aurora; Ta-buk in Kalinga Apayao; Batarasa, Magsaysay, and Cuyo in Palawan; and Padre Burgos and Buenavista in Quezon. In Mindanao, the covered areas include Cabanglasan, Lantapan, Kalilangan, and Manolo Fortich in Bukidnon; Talisayan and Initao in Misamis Oriental; and Iligan City in Lanao del Norte.

APL 2 (worth \$30 million) was scheduled to be released in September 2001 to scale up the project to an additional 40 cities and municipalities. Some of the areas covered by phase 2 are Bayombong, Solano, Sta. Fe, and Villaverde in Nueva Vizcaya; Bansud and San Teodoro in Mindoro; Alicia in Bohol; Calduba, Lopez Jaena, Orquieta City, Panaon, and Sinacaban in Misamis Occidental.

APL 3 (worth \$133 million, with the World Bank accounting for \$100 million and other sources, \$33.00 million), meanwhile, is scheduled for 2004. It is intended to change the role of government

finance institutions and the Land Bank of the Philippines (LBP) from retailers to wholesalers of loans, inviting private sector banks to invest in LGU-based water supply and sewerage systems.

Finally, APL 4 (worth \$230 million, with the World Bank accounting for \$130 million and other sources, \$100 million) is programmed for 2006. The last tranche is meant to finance water supply and sanitation services in about 130 water utilities nationwide, with World Bank financing used by the DBP and the LBP to influence private sector financing in the water sector.

The Magdalena water project

After bidding the project, Mayor Agapay entered into a contract with RODMAN Construction and Development Corporation, which offered the lowest bid at P18.92 million, in August 1999. Construction started in September of the same year.

The project includes digging three deep wells and the construction of pumping stations (the Pronove Pumping Station, the Agapay Pumping Stations, and the Booster Pump Station). It also involves the construction of an elevated reservoir (an elevated water storage tank built inside the Poblacion children's mini-park), the rehabilitation of existing pipeline and reservoir (the Cistem Tank in Burlongan), the construction of 15.62 kilometers of distribution pipelines, and the provision of disinfection facilities for wells.

The new waterworks system is expected to achieve 24-hour-a-day availability of water supply; the installation of 1,950 service connections by the civil works contractor, with service to 1,712 consumers. Furthermore, the system is also expected to achieve non-revenue water of 20%; employee per connection ratio of 1:130; collection efficiency of 97%; and 100% service coverage by 2004.

While the ownership of the system will belong to the Municipal Government of Magdalena, Bayan Water Services Inc., a joint venture between Benpres Holdings and the Montgomery-Watson New Zealand Ltd., will handle its operation and maintenance. Such operation and maintenance, as agreed upon by Bayan Water and the municipal government of Magdalena in a 15-year, P70-million Lease Agreement signed on August 4, 1999.

Unfit for drinking

Under the contract with RODMAN, the new water system was agreed to be operational by September 2000. However, it was only on June 18, 2001 that a Certificate of Project Completion (CPC) was issued by the municipal government of Magdalena in favor of RODMAN. The said certificate was issued without the knowledge of the municipal council.

Even prior to issuance of the CPC, municipal council members have been questioning Mayor Agapay over the issue of potability of the water coming from the project's wells. In a number of tests conducted by the Department of Science and Technology (DOST) and the Department of Health (DOH) Regional Office in Southern Tagalog, the water in Magdalena has consistently failed to pass the quality standards for potability.

In a special session of the municipal council on October 16, 2001, Ms. Elenita P. Bagsit, a chemist and DOST representative argued that the water coming from the new water system exceeds the maximum permissible limits allowed by the Philippine National Standards for Drinking Water (PNSDW) for total dissolved solids. The said chemist maintained that because of that, along with the water's total hardness and turbidity, she would not recommend it for drinking.

Furthermore, the local Center for Health Development (CHD) of the DOH found, in a separate test in December 2001, that the water coming from the Magdalena water system was "not fit for drinking". It recommended that "drinking of water is prohibited unless it passes the criteria on standard parameters set by the PNSDW and after issuance of the certificate of potability." The said office reiterated such position in June 2002.

But as of March 4, 2002, Mayor Agapay declared that the water coming from the Magdalena water system was "100% potable". The announcement was made even without a certificate of potability of the new water system that should have been issued by the Rural Health Unit of the municipal government in Magdalena. To date, Magdalena residents refuse to use the water from new water system for drinking and even cooking purposes because of the dangers it poses.

Interestingly, even the World Bank is trumpeting the supposed "success" of the Magdalena water project. In an article published in September 2002 in its newsletter *In Touch*, the WB claimed that "clean, safe water" is now available 24 hours a day for Magdalena folks.

According to some residents, many people in their community have already experienced illnesses due to the poor quality of water coming from the new system. Even the daughter of the vice-mayor of Magdalena was reportedly hospitalized for drinking the contaminated water.

Children are more vulnerable to the dangers that such water poses for the health of Magdalena residents because they are not as particular or careful about where they get the water they drink.

Onerous rates

Worse, Magdalena residents are forced to pay for the water

coming from the new system even if it is unfit for drinking. In July 2001, the municipal government ordered the residents to pay P20.54 per cubic meter of the water consumed from the new system to cover for the costs of electricity used by the water pumps.

The order was only effective for two weeks (July 16-30) since the objective was just to recover electricity costs and many residents were still using the water coming from the old system. In fact, as early as July 2001, the residents have already made a request that the old system be maintained until such time that the water coming from the new system has met the necessary quality requirements.

But on September 10, 2001, the municipal government again issued an order requiring the people to pay for the water consumed coming from the new system until the facilities are turned over to Bayan Water Services Inc. On September 17, Magdalena residents staged a protest rally in front of the municipal hall demanding that the tariffs be lowered and the old water system be maintained. The response of Mayor Agapay was to cut off the water supply coming from Liliw, as requested by Bayan Water.

The people of Magdalena are now paying 156% more for water services in their community. Before, under the old water system, the residents were only charged P8 per cubic meter of water consumed. And because the water is unfit for drinking, residents are also forced to spend extra money for drinking (bottled or distilled) water. In some cases, residents also buy water for cooking and cleaning purposes from vendors.

A case in point is the situation of Mr. Nestor Sy and his family. Sy, who has two sons, is the secretary of the Magdalena municipal council. In January 2003, his household consumed 15 cubic meters of water from the new system and was billed P308.10. Under the old system, he should have been charged P120 only for the same amount of water consumed.

But his water expenses do not end there. His family also buys distilled water and spends P48 per gallon, which only lasts for two days. They also buy water from vendors, which they use for cleaning and cooking. Such water costs P6.00 per gallon and Nestor's family consume four gallons per day. Overall, they spent around P1,748.10 for water consumption in January.

Legal actions

These issues prompted two members of the municipal council, Mr. Maximo Sotomayor and Mr. Arnel Sune, to file a complaint against Mayor Agapay before the Office of the Ombudsman. The councilors argue that Mayor Agapay entered into an agreement that is disadvantageous to the people of Magdalena. They also question the failure of the water project to provide clean and safe drinking

water, as well as the onerous rates being charged to consumers.

Aggravating the problems of the municipal government is Bayan Water's decision to back out of the project. In February 2002, the said water company resolved to terminate their lease agreement with Magdalena because of the local government's failure to complete the construction of the facilities and turn them over to Bayan Water before the System Start-Up Date (not later than August 4, 2001).

Bayan Water Services Inc. also cited the decision of Magdalena's vice-mayor to reopen the old water system in October 2001, which was contrary to the lease agreement. The decision of the vice-mayor came amid intense pressure from the people of Magdalena and some local officials due to the unacceptable condition of the new water system. But in February 2002, the old system was permanently cut off except in three barangays.

On April 24, 2002, Mayor Agapay and representatives from the World Bank, DBP, and DILG agreed to dissolve the contract with Bayan Water Services Inc. They also permitted the Municipal Government of Magdalena to re-bid the project as soon as possible. As of this writing, no private firm has taken over the operation of the Magdalena water system. Meanwhile, the people continue to shoulder the burden of repaying World Bank loan.

The legal issues confronting Mayor Agapay continued to pile up. On June 17, 2002, RODMAN Construction, the private contractor, filed before the Construction Industry Arbitration Commission of the Department of Trade and Industry (DTI) a complaint claiming that the municipal government of Magdalena still owes the construction company some P3.69 million, which the said LGU refuses to pay.

Amid all this, the people of Magdalena continue to shoulder the burden of repaying a loan that did not benefit them at all.

- *CyberDyaryo 03-24-03*

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夏曆乙亥年八月初四日

時評

29/8/1995

制水措施招致強烈反對

——消費者是羊牯？

■姚德華

29/8/95

今年的夏天，英國驕陽似火，晴空萬里，連月不見雨露，大地一片乾旱，河牀呈龜裂之狀。八月初開始，氣溫一直徘徊於攝氏三十度左右，炎熱程度為二十年來之冠，屬於反常現象。

本來經常下雨的英國，今年天公不賜甘霖，河流水位低降，存水量日益減少，據稱這樣的乾旱情況，也是英國二百年來首見。這三數天來，雖然部分地區喜見雨水，但只得點點滴滴，未能濟燃眉之急。

在此種種環境之下，英倫三島部分私營化的水務公司，已決定限制用水，以免乾旱氣候持續不斷，終會未能應付用戶的基本需要。

可是，制水的斷然措施所引起的社會反響，卻是政府與水務公司始料不及。用戶固然百般埋怨，反對黨亦藉機攻擊私營水務公司之不當，連監管組也大發雷霆，指斥水務公司只顧斂財，不肯進行投資與維修。原來人為因素乃導致制水的結果，也就怪不得大家不怪責天公，反而拿水務公司出來公審了。

根據調查，今年不但英國遇上百年難得一見的乾旱，連歐洲國家也不例外，可是只有英國部分地區宣布限制用水，人家卻仍未進入緊急狀態。

約克郡水務公司率先向政府申請旱災令，以禁止用戶使用塑膠軟管清洗汽車及灑水於綠茵場地，對公眾構成極大的不便。另一方面，水務公司亦可獲准增加汲取河流水量以應付大眾的需要，遲些時還實行隔日配給食水。本來是無可厚非的決定，卻遭受猛烈的抨擊，其理所在？原來在有關水務公司實行制水措施的同時，由於渠管缺乏適當的維修，以至大量珍貴的食水無故漏光，平日浪費自然資源，縱使用戶如何珍惜食水，也是枉然。

統計數字可以反映其嚴重性。每日因為漏水喉管而流失的食水，達到八億二千六百萬加侖，佔總供應量的三分之一；當消費者為制水事而煩惱之際，水務公司卻不斷重申，他們不會設法更換渠管，以減低食水的浪費程度。

這樣荒謬的聲明，馬上引起社會輿論的猛烈評擊，但水務公司我行我素，制水措施照樣實行，但卻不去尋找亡羊補牢之策。

水務公司所提出的掩飾理由是：倘若它們將目前的漏水喉管換掉，勢將牽涉巨款投資。在私有化完成後的六年內，水務公司已花掉了四十億鎊，將過時而落後的設備更新，使洩漏率由百分之三十五減至百分之三十。根據他們的估計，目前每降低一個百分點的洩漏率，所費達四億鎊，故此，倘若要令整個系統滴水不漏，投資額將是二百億鎊的天文數字。水務公司爲了不想將此筆駭人聽聞的開支，轉嫁到消費者的身上，令水費單的金額維持於合理水平，臻任由水管漏水。

水務公司振振有詞，以維護消費者利益作爲盾牌，除非是大傻瓜，誰也不會相信這套辯詞。

其實，事件真相是：蘇格蘭及威爾斯兩地的十家私營水務公司，其中九家逐年遞減投資及維修。在他們的心目中，利潤掛帥是理所當然之事，投資愈少，獲利愈高，以致整個供水系統陳舊落伍，名副其實的千瘡百孔。水務公司的管理階層，當然有它們的藉口，在私有化之前，無論英工黨抑或英保黨政府，都非常吝嗇，不大願意撥款給國營水務局，作爲維修破舊供水系統的經費，八九年私有化完成之後，各水務公司必須收拾爛攤子，曾動用數以億鎊計的金額更新設備，故此，對得起消費者有餘。

但它們卻忽略了一項重要的事實：自八九年至現時，以實質價值爲基礎，消費者的水費增加了百分之三十五；換句話說，顧客才是真正的投資者，水務公司只顧賺錢，很少動用股東資金或借資進行必要性的投資。政府採取放任政策的結果，老百姓遂成爲名副其實的羊牯。除了讓其自然將寶貴的水滔滔不絕的漏往溝渠之外，自然水務公司的收水費制度，也只是構成水荒的主要原因，由於水務公司不肯免費爲客戶裝設水表，顧客無非按他們的使用量而支付水費，可以說是間接鼓勵浪費。

在英國某些地區，水務公司實施一律性收費，無論住戶人數多或寡，都繳付同樣金額的水費。因此一般消費就沒有節省食水的觀念，而且，還養成浪費的習慣，直到當前一千八百萬人面臨制水的命運，部分乾旱地帶還可能需要隔日才獲食水配給，大家才曉得食水並非永遠用不竭的資源。

截至今年八月爲止，只有百分之七的家庭裝上水表，其餘超過九成的客戶，就要支付與實際用水量不符的水費，這些一律性收費，又因地而異，平均而言，約爲每年一百鎊，但在蘇格蘭北部高原，卻高達二百多鎊。

際此乾旱時期，英國政府便重提舊議，要求水務公司爲顧客安裝水表，此議一出，即惹來工黨反對之聲，一般消費者也不熱烈，故此有關建議估計會再束之高閣。顧客不積極考慮，主要原因是水務公司規定要收取二百鎊的安裝費，日後每次抄表，又要另加收費，他們寧願維持現狀，也不想永無休止地被壓搾下去。工黨則站在低下層等人家的立場發言。他們認爲，一旦裝上水表，那些人口眾多，居住面積細小的貧民便要多納水費，本來早已沉重不堪的生活擔子更百上加斤，而且，此舉有津貼富貴人家之嫌，故此堅持一貫的平均主義措施。另一方面，目前已有水務公司將水費與物業地方稅估值掛勾；換句話說：房子愈大愈漂亮，則不理住客有多少人，必須付出更昂貴的水費。此種劫富濟貧的收費方式，才是工

黨心目中的理想方案。

雖然安裝水表的提議處處受阻，但英國若要與其他歐陸國家看齊及對抗浪費寶貴食水的趨勢，實須朝這個方向邁步前進，歸根究柢底，吃「大鑊飯」不是有效地分配資源的安排。既然短期之內不會出現解決浪費的方法，當前也必須爭取消費者的應得利益。食水若被視為有價商品，而且售價高昂，一旦無應商不能提供令人滿意的服務，或者其產品無法滿足用戶需要之時，則好應向客戶作出適當的賠償。

水務監管組織便是持著上述論據，向十家私營水務公司作出強烈的攻擊及質疑。事實上，既然部分責任應當它們一力承擔，賠償一事可謂順理成章。況且，大部分水務公司均在今年四月簽署了一份文件，內容保證若然它們無法提供良好服務，則會接納賠償建議。水務監管組織根據上述條文，迫令水務公司給予用戶十鎊錢折扣，可是對方卻斷然拒絕，原因是一切乃屬天意，自然界出現旱災，實在與人無尤，所以一個便士不肯付出。

公用事業這種只知圖利、錙銖必較的惡劣作風，在此次制水風波之中，以最為赤裸裸的姿態表現出來。政府方面，也是一貫的愛理不理，環境大臣連日在媒介中為這些備受全國消費者唾罵的水務公司作積極的辯護，尤其是在最荒謬的漏水的漏水問題上，更故意狡辯，指稱這是前工黨政府遺留下來的產物。可是，誰都知道，他所指斥的工黨，已沒有執政達十六年之久，亦應驗了「欲加之罪，何患無詞」的道理。

像電力供應公司一樣，自八九年私有化之後，水務公司處於壟斷性的地位。由於狂加水費，削減開支，這些企業每年平均賺取十五億鎊的巨額盈利，股值亦因此而在短短四年之內增長約一倍，股東盆滿鉢滿，企業主管變成著名的「肥貓」，年薪連津貼可達數百萬鎊。

這種殘民自肥的做法，說明了將公用事務私營化所產生的嚴重問題，所謂公共服務，現在經已蕩然無存，政府只方便企業發財，消費者利益置之不理，這也是為甚麼近期郵局進行私有化計畫接二連三的受到激烈反對之重要原因。

屬 獲 殊 榮

水務署

政府部門獲報章頒發獎項，極為罕見。但水務署卻創造了奇迹，於二零零三年在處理顧客投訴方面表現出色，贏得兩份暢銷報章的表揚。

《太陽報》總結年內的投訴個案時，把虛擬的「皆大歡喜」獎頒給水務署，稱讚該署最能迅速圓滿解決投訴事項。《東方日報》也認為該署在二零零三年的成績達四星水平，這是水務署連續第二年獲該報給予同樣讚譽。

水務署贏得本地報章頒發的獎項，實至名歸。該署的成就，舉世皆知，香港也因而成為各國仿效的對象。

水務署有此佳績，也許是因為香港環境獨特，食水供應從來不能自給自足的緣故。即使年內雨量正常，集水區所能儲集的食水也只能滿足本港需求的大約四分之一。

海水沖廁

六十年代，香港食水嚴重短缺，當局實行非常措施，每四天供水四小時。為解決問題，水務署推展一項創新計劃，開發海水沖廁系統，以節省食水。

自此之後，三十個海水抽水站和一個獨立的海水供應網絡陸續建成。二零零三年，沖廁用的海水供應量達二億四千一百萬立方米。今日，香港六百八十萬人口中，約有百分之八十用海水沖廁，食水需求因而降低百分之二十之多。



香港利用海水沖廁，成績斐然，享譽國際。二零零一年，水務署獲英國水務及環境管理學會頒發「Chris Binnie 持續水務管理大獎」，以作表揚。香港是首個在歐洲以外的地區贏得這個獎項。該學會是英國的著名專業組織和評審機構，獨立運作，涵蓋多門學科，會員包括科學家、工程師和環保專家，全都致力於水務和環境的可持續管理及發展。

今日，善用海水依然在本港的水務管理中佔有重要地位。海水是可持續的水資源，應用範圍不斷擴大，海旁建築物的水冷空調系統、海水化淡等，不過是其中的一二例子。目前，香港仍是世界上唯一全面使用海水沖廁的城市。

高瞻遠矚

水務署高級工程師黃敏清說：「得到這個獎項是崇高的榮譽。署方早在四十多年前已有遠見，得獎殊非倖致。」



水務署助理署長(發展)古志眾(右一)接受英國水務及環境管理學會會長 Ronnie Falconer(右三)頒發獎項。

四十多年來，香港廣泛使用海水沖廁，節省食水，卓有成效。香港以有利持續發展的方式善用水資源，允為翹楚，更漸成楷模。其他城市，特別是食水資源不足的城市，紛紛效法。

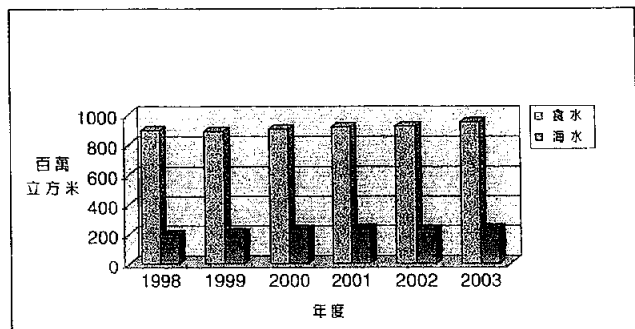
黃敏清補充：「前輩們高瞻遠矚，率先推展有關計劃，應記首功。我們會在他們建立的基礎上繼續努力，研究如何在香港進一步善用海水。」

珍惜食水

除節省食水外，用海水沖廁還具有經濟效益。

黃敏清說：「這個系統既符合環保原則，也具成本效益。單在去年，便節省了二億四千一百萬立方米食水，總值超過七億元。」

他指出，高需求量使香港食水特別珍貴。以二零零三年七月為例，用水量最高達每日二百九十一萬立方米。



香港每年食水及海水用量。

優質食水

除了海水沖廁系統外，水務署致力為市民提供符合國際衛生組織標準的潔淨食水，也贏得舉世稱譽。

牛潭尾濾水廠於二零零零年十月落成，是世界上最先進的食水處理廠之一，在美國環保工程師學會舉辦的「二零零一年環保工程卓越成就」比賽中，贏得「卓越成就大獎」。

比賽中，評審團採用多項準則，包括全盤的環保考慮、創意、效能、客戶滿意程度，以及在改善生活質素和經濟效益方面的貢獻。牛潭尾濾水廠在所有六個項目中(研究、

大學研究、規劃、設計、營運/管理、小型計劃)都得分最高，在眾多參賽單位中脫穎而出。

黃敏清說：「這個大獎竟頒與北美以外的地區，可謂奇迹。今次得獎，證明我們的工作達到國際標準。」

尖端科技

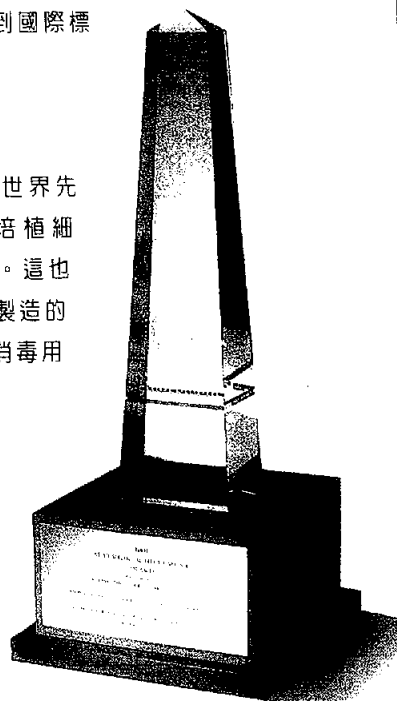
牛潭尾濾水廠開創世界先河，使用活性碳粒子培植細菌，以去除水中的氨氮。這也是香港第一間採用現場製造的臭氧作初級氧化及最後消毒用途的濾水廠。

牛潭尾濾水廠每日提供二十三萬立方米食水，供大約十六萬名主要在元朗區居住的市民使用。

舉世推崇

在公關工作方面，水務署也表現出色。由該署製作，長十分鐘的「供水五十年 服務客為先」紀念短片，榮獲國際水務協會二零零一年「公關比賽」的視聽組別大獎。

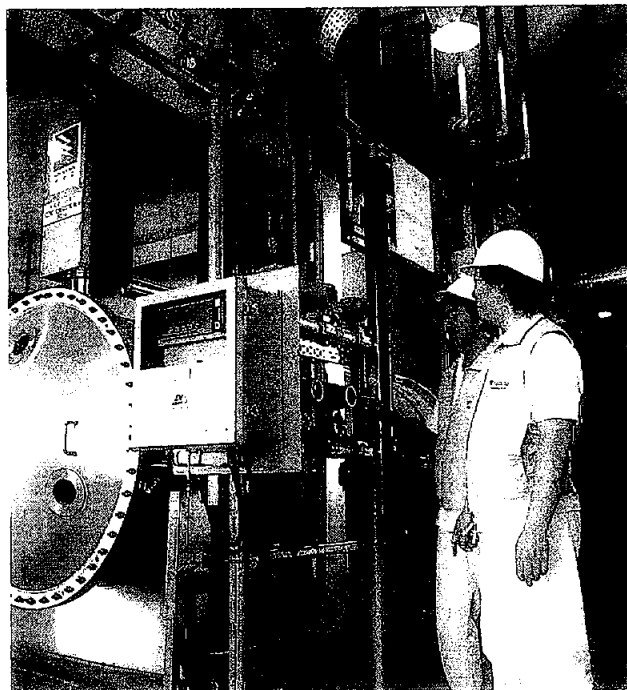
短片是為慶祝香港供水一百五十年而製作，旁白有英語、粵語和普通話選擇。



牛潭尾濾水廠贏得的「卓越成就大獎」。



牛潭尾濾水廠



牛潭尾濾水廠使用臭氧作為消毒劑。

Top honours for Water Supplies Department showcase

Water Supplies Department

IT is very, very rare for a newspaper to bestow honours on a government department, but the Water Supplies Department (WSD) has achieved virtually the impossible: it has received accolades from two popular newspapers for its handling of consumer complaints in 2003.

The *Sun*, in its annual report reviewing complaints, awarded a virtual All Are Happy prize to the department for being the swiftest to resolve complaints in a most satisfactory manner. And the *Oriental Daily News* awarded the department four stars for its achievements in 2003. This was the second consecutive year that the department gained the same commendation from the newspaper.

The awards from the local press are justly deserved. Achievements by WSD are internationally renowned and through the department, Hong Kong has become a model for others to follow.

Perhaps Hong Kong is unique in that it has never been self-sufficient in fresh water supply. Our catchment areas yield only about one quarter of the local demand in a normal rainfall year.

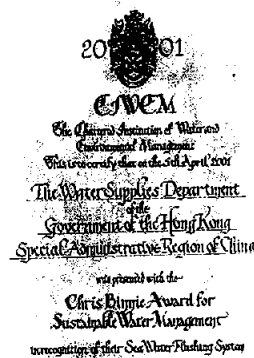
Pioneer of large-scale seawater flushing



Residents queuing for water during the drought of 1963/64.

To tackle the serious water shortage problem, which Hong Kong endured in the 1960s when water supply was restricted to four hours in every four days, the department implemented an innovative project of developing a seawater flushing system, as a substitute for fresh water flushing system in Hong Kong.

Since then, 30 seawater pumping stations and a completely separated reticulation network have been constructed. In 2003, 241 million cubic metres of seawater was supplied for flushing. Today, about 80% of Hong Kong's 6.8 million population uses seawater for flushing, thus effectively reducing the demand for fresh water by as much as 20%.



Christ Binnie Award for Sustainable Water Management.

John H. Binnie President
David Chairman Director
Chris Binnie Founder

The success of the seawater flushing system has won Hong Kong international acclaim. In 2001, the Chartered Institution of Water and Environmental Management awarded the department the prestigious Chris Binnie Award for Sustainable Water Management in recognition of its achievement, the first time the award had ever been given outside Europe. The institution is a leading United Kingdom-based independent multi-disciplinary professional and examining body for scientists, engineers, and other environmental professionals committed to the sustainable management and development of water and the environment.

Today, seawater continues to play an important role in Hong Kong's water management and is a sustainable water resource with a growing potential for practical uses, such as water-cooling in air-conditioning systems for seafront buildings and seawater desalination. Hong Kong is still the only city in the world using seawater for flushing on a city scale.

Foresight rewarded

Wong Man-ching, WSD Senior Engineer, said, "It was an honour to receive the award, which recognised the department's foresight some four decades ago."

Hong Kong has been using seawater extensively for toilet flushing for 40 years as an effective way to conserve fresh water. And through these endeavours, it has assumed a leading role in utilising water resources in a sustainable manner and has set a good example for other cities, particularly those with an insufficient fresh water resource.

"Tribute should be given to our predecessors who had the vision to pioneer the project. We will follow their endeavours to explore further utilisation of seawater in Hong Kong," Mr Wong added.

