



Ministerial Statement
by
Lt. Col. the Hon. David A Burch, OBE (Mil), ED, JP, MP
Minister of Public Works

Sustainable Water Management for Bermuda's Future

Friday, May 19th, 2023

Mr. Speaker, outlined in the Government's platform of 2017 were a number of commitments made that were designed to enhance the lives of our citizens. Specific to the Ministry of Public Works, the Government committed to reviewing the approaches to public water supply and wastewater disposal systems. To that end, I wish to provide an update on the status of one of the initiatives of the Water and Wastewater Master Plan Implementation – the establishment of Regulatory Oversight for the Water Utility Sector.

Mr. Speaker, a Study was commissioned using the award-winning engineering consulting firm, Associated Engineering (International) Ltd to determine a long term strategy for the Parish of St George's water and wastewater systems. The necessity of such a study was noted in the document "Charting Our Course: Sustaining Bermuda", which was developed by the Sustainable Development Unit within the Cabinet Office. One of the Action Points specifically states that a 20-year strategy was needed to ensure that the island's future water needs were adequately met. The study report, entitled "Strategy for Sustainable Water and Wastewater Servicing - St. George's Parish" was completed in February of 2018 and provided conclusions and recommendations on the governance, policy and servicing strategies of the Public Water supply and wastewater disposal sectors.

Number One **Mr. Speaker** – the Wastewater treatment plants discharge into the ocean.

Our local Wastewater treatment plants are discharging minimally treated sewage through two outfalls operated by the two respective Municipalities. While one is currently being decommissioned through the Bermuda Land Development Company's (BLDC) Water and Wastewater Infrastructure Project – which I last updated this Honourable House on December 2nd, 2022.

Mr. Speaker, the larger second outfall located off Hungry Bay and fed from the Front Street Wastewater treatment plant, remains in operation by The Corporation of Hamilton ("COH"). This site discharges wastewater and occasionally grease into the Atlantic Ocean. When easterly winds blow, grease balls can form and wash up on south-shore beaches. In addition to impacting the aesthetic value of the beaches, grease balls are also a potential public health risk. While the COH has attempted to mitigate this issue by implementing a fats, oils, and grease policy in 2015, replaced its wastewater filtering screens and hired a retired health inspector to work with restaurants to enforce the use and regular cleaning of grease traps – more investments are needed for equipment improvements.

Number Two **Mr. Speaker** – Bermudians do not get as much water as they would like when rainfall is low.

As we all are aware Bermuda gets most of its water from rain harvesting, with piped and trucked water supplementing demand. Though rainwater harvesting has functioned well for over 400 years, the current method has been and will continue to be impacted by climate change.

Climate change is expected to lead to more severe storms and longer dry spells in Bermuda. Though total rainfall is likely to increase, it will be in the form of more severe storms and hurricanes, which can contaminate household tanks

with saltwater. During dry spells, household tanks are depleted and the demand for trucked water spikes, which has led to rationing in some cases.

Number Three **Mr. Speaker** – Risk of consuming unsafe water by customers and tenants.

The monitoring of piped and trucked water quality is not consistent across all providers. Some are very conscientious and follow best practices while others are not so reliable. The Department of Health does what it can with the resources available with regard to a drinking water quality monitoring program. However currently, water testing is usually done on a voluntary basis, or in response to specific complaints from customers. This creates a risk that customers could consume unsafe water as it is difficult for them to evaluate the quality of the drinking water by themselves.

Additionally, **Mr. Speaker**, if residents drink tank water that is unfiltered, it exposes the individual to potential health risks. Homeowners are ultimately responsible for the quality of the water in their tanks. To measure their drinking water quality, they can have their water tested by the Department of Health and private labs for bacterial and salt content – although no labs in Bermuda offer chemical testing. However, it is more difficult for tenants in rental housing to assess the safety of the water they drink.

And Number Four **Mr. Speaker**, possible price gouging and lack of incentives to keep costs low.

In any free market, competition between sellers helps keep costs low. When there is little or no competition, businesses are less likely to provide efficient services at the lowest cost possible, justifying the use of regulation to determine a price that is fair to both buyers and sellers. Unlike water utilities in other countries, large public and private service providers in Bermuda are not subject to economic regulation.

Mr. Speaker, locally private providers set their own prices. Since these companies are selling a basic daily need in a market without competitors, there is the risk that private service providers could charge prices far above their cost of service. Just to be clear, the Government is not accusing any company in the current market of price gauging – it is just a possibility that may occur in the future resulting from Climate Change and drought periods.

In addition, without competition, service providers are less likely to provide high quality service and expand coverage to less-profitable areas. For example, if public providers cannot charge what it costs to provide services, there is a risk that they may postpone maintenance or infrastructure investments, reducing the quality of service and limiting their ability to connect new customers.

Mr. Speaker, these four amongst other problems in Bermuda’s water sector, as well as potential future risks, could lead to negative public health and environmental outcomes. These problems and risks may also contribute to higher costs for Bermudian households and businesses. In addition, they could jeopardize the country’s reputation as a premier vacation destination and an attractive location for global business.

Therefore **Mr. Speaker**, in 2018 the Cabinet authorized the establishment of a Working Steering Committee under the responsibility of the Ministry of Public Works with the objective of implementing the aforementioned recommendation to establish a regulatory oversight body for the water sector.

Mr. Speaker to assist in this initiative, in 2021 the Ministry of Public Works retained the international water consulting firm Castalia LLC to contribute in the development of a regulatory framework to address Bermuda’s water needs for the foreseeable future. This exercise also included a review of similar countries and how their water sectors are organized and regulated.

Mr. Speaker, in September and October 2022 public consultation began for the possible establishment of regulatory oversight for the Water sector to ensure Sustainable Water Management for Bermuda's Future. Through workshops with key stakeholders, online posts on the Bermuda Citizens Forum, Social Media Live events, radio interviews, and other outreach channels to determine their view of the state of the industry to help guide regulation moving forward. Arising out of this the government has identified certain current and future risks concerning the industry.

Mr. Speaker, these risks were then analysed by Castalia and technical officers whom then incorporated the results to form the basis for a second round of consultation which commenced on January 23rd, 2023 and is ongoing. Currently, outreach for this second round of consultation include:

1. in-depth one-on-one consultations with key stakeholders;
2. an information booth that was located at the Agricultural Exhibition between the 27 and 29 of April 2023;
3. another Facebook Live event scheduled for May 30; and
4. a post on the Citizen's Forum – at forum.gov.bm – open until May 31 which includes the public consultation documents for feedback and comments by the public.

This second round of consultation ends on the 31st of May and we welcome all feedback on this important initiative. The results from both consultation periods will be taken into consideration when designing the recommended regulatory framework for Bermuda. The recommendation will address each of the risks identified through the consultation process.

Mr. Speaker, this Government believes in protecting our residents and Bermuda's international reputation by reducing the health risks associated with a basic need. Without appropriate regulation, oversight and anticipating future needs – we could not ensure a healthy population nor a healthy environment.

Mr. Speaker, as always I will keep this Honourable House and the people of Bermuda informed as we progress.

Thank you **Mr. Speaker**.