

July 8, 2009

## **Covanta deal stinky**

It wasn't long after the Region of Durham announced that Covanta Energy, a company based in New Jersey, was selected as the company to build and operate the proposed energy from waste facility that its sordid history also came to light.

A web search of Covanta Energy quickly reveals a history of complaints and fines for unsafe labour practices such as violating federal labour law at more than 50 locations across the US, and toxic emissions exceedances. And these are just the recent violations.

There was another host of violations which occurred prior to 2002 when the company filed for bankruptcy protection, from which they emerged in 2004.

At the June 24th Regional Council meeting, a representative of the Utility Workers of America informed councillors that on a number of occasions, Covanta was fined for violations of air pollution laws from state environmental authorities in several cities.

On April 2nd of this year, the Occupational Health and Safety Administration (OSHA) cited four other serious violations against Covanta, including, "maintaining electrical equipment with duct tape and cardboard" and "storing combustible acetylene cylinders next to oxygen cylinders."

In June of this year, OSHA issued new citations against Covanta for serious violations of federal safety rules at its waste incinerator in Rochester, Massachusetts, including an accumulation of fly ash on energized 208-volt electrical equipment, exposing workers to electrical hazards

In May of this year, the U.S. Labour Board issued complaints against Covanta and its subsidiaries, challenging numerous illegal rules maintained by Covanta in its employee manuals.

In September 2008, the Massachusetts Department of Environmental Protection found Covanta had exceeded the allowable emission rate of dioxins and furans at its Pittsfield incinerator by nearly 350 percent. It was further cited for failing to report other air quality violations at the same facility in January, February and March of 2008.

At a recent public meeting, a Covanta representative explained that many of the complaints against the company are a result of one of the labour unions taking a very combative stance against the company. Workers at the Covanta incinerator in Rochester voted in May 2008 for union representation. Covanta has yet to establish a collective agreement for those workers.

Whatever the reason, the picture is quite clear, the Region of Durham has entered into a long-term contract with a company that has very poor environmental and labour standards. Covanta's mission statement, taken from its web site, claims that in pursuing its mission of satisfying its clients' waste disposal needs, Covanta will employ outstanding people with the highest ethical standards.

Earlier this year, Covanta hired Clarington's former mayor John Mutton to lobby the Regional government on their behalf. This was the mayor who was ousted in the last election under a cloud of suspicion stemming from charges for allegedly assaulting his wife.

At the end of the trial, the judge did not find Mutton guilty as the testimony given by his wife and two daughters was inconsistent with the video taped testimony they gave police during the police investigation. The former mayor, who had no professional credentials when he left office in 2006, now includes a 'BSc.' and an 'eMBA' behind his name. It is obvious these credentials did not come from any legitimate degree-granting institution. The former mayor may have many outstanding qualities, but from our experience they do not include high ethical standards.

The business case for the proposed incinerator prepared for the Region in May 2008, put a price of \$198 million on the cost of constructing the facility. The construction cost of the winning bid from Covanta was for \$238 million. At the last Regional Council meeting, the cost quoted had risen to \$272 million. We are already \$50 over budget and we aren't even near putting the shovel in the ground yet.

There was a crisis-mode mentality around finding a solution to Durham's garbage management issue when, in 2006, Michigan state officials decided to close their border to Ontario garbage in 2010.

Under the deal with Covanta, the residual ash from the incinerator will be disposed of by Covanta at its landfill facility in New York State. It will also provide interim landfill for our waste at its New York facility until it gets the incinerator up and running.

While Covanta officials may be able to explain away some of their reported environmental and labour violations, there are just too many citations to leave them with a lily-white reputation in the garbage industry. One can't help but sense there is a whole lot more than garbage that stinks around this deal.

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