

**Response to:  
Stewardship –  
Leadership –  
Accountability:  
Safeguarding and  
Sustaining Ontario’s  
Water Resources for  
Future Generations**

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## **Introduction**

In Ontario's Proposal Towards Stewardship, Leadership and Accountability in Safeguarding and Sustaining Ontario's Water Resources for Future Generations, the Ministry of the Environment is consulting on a number of regulatory actions to implement the Province's commitments under the 2005 Great Lakes St. Lawrence River Basin Sustainable Water Resources Agreement.

The Agreement was signed by Ontario's Premier, the Premier of Quebec and the U.S. Great Lakes Governor and ratified by the U.S. Congress and President. The Agreement commits the sub-national jurisdictions to ban the movement of water beyond and within the Great Lakes Basin (either out of the basin entirely or between Great Lakes watersheds); and create water conservation programs within their jurisdictions to better manage their water resources. Ontario is consulting on these aspects of the agreement and also on provisions to expand the conservation charge for commercial water users and the mechanism for administering this charge.

AMO is generally supportive of the proposals outlined by the government. As such the Association's advice will be offered on compulsory water conservation programs, the provincial role in supporting conservation programming, how industrial user charges should be implemented and recognizing upstream and downstream connecting channels and their tributaries as well as existing infrastructure decisions in intra-basin transfers.

## **Water Conservation and Efficiency**

The water conservation and efficiency goals, objectives, and programs for each province and state should be voluntary and thus any move towards a mandatory conservation should be avoided. It is suggested that the government begin with conservation programming by encouraging larger communities and those situated in watersheds that are demonstrably stressed. The final threshold should be established by the government through consultation and with a sound rationale. If a target for conservation is chosen, the government would be wise to make it aspirational. Additionally, any incentives for conservation would need to recognize municipalities that have taken steps over the years to increase water conservation within their systems.

While it is true that, as the Ministry states, conservation programs have the potential to minimize infrastructure costs for drinking water providers by maintaining infrastructure for longer periods and minimizing expansions, it is also true that municipal operators

that deliver drinking water to residential and commercial customers rely on those revenues to finance operations. At a time that municipalities, with the government's express encouragement, are moving toward full cost recovery for water systems, it is likely that conservation programming could result in concurrent higher unit costs for water as systems sell less, but have the same fixed costs. By phasing initial water conservation practices amongst larger communities, the province would have the ability to: initiate conservation in those municipalities that can best afford to take it on by spreading costs amongst a larger population; capture the largest centres with the largest populations at first; move the municipal water sector to conservation in an orderly approach by setting out the schedule through which it will be phased and notify water systems that conservation is expected at a certain time in the future.

In addition, it is likely that such an approach would capture communities in Ontario's populous south and perhaps east at first. Other communities in other areas of the province might be experiencing a decline in population which would reduce pressures on infrastructure and may also be situated in watersheds which are not as stressed by water use. In these communities, immediate programming for conservation might be counterproductive.

The government should also consider aligning incentives provided to municipal water systems to minimize water use no matter the size. One such way that should be very carefully examined by the province has to do with the anticipated Cap-and-Trade schemes that are beginning to take form in Ontario, Canada, North America and globally. The province should find a way to explicitly recognize municipal water conservation through this regulatory initiative. For municipalities, reductions in water are reductions in energy use and greenhouse gases (GHGs) as water (and wastewater) treatment and pumping is frequently amongst the top energy uses in a municipality. Reducing water consumption throughout the system then, would translate into reductions in municipal energy use and GHGs. By ensuring that these reductions could be counted toward municipal offset credits in some way would provide some support and practical encouragement to undertake conservation programming. As a result, the province should seriously consider how this may be done and aligned with provincial, national, regional and international Cap-and-Trade initiatives.

It is necessary for the provincial government to also support water conservation so that municipalities are not moving alone on this goal. At a minimum, the province needs to set standards for water consuming appliances and fixtures bought by consumers and installed in their homes and businesses. This should also be accompanied by a water

consumption rating scheme such as the U.S. EPA scheme considered in the proposal, to show consumers the consumption of a device on an annual basis and the average costs incurred (based on an average water charge). Banning outright some higher use fixtures and appliances such as high consumption toilets or washers should also be considered as well as considering reduction of water use in new building through the Ontario Building Code. Finally, the province should also support water conservation more broadly by undertaking a sustained public education campaign that contains messages regarding the need to conserve water and would be aimed at individual citizens and businesses. Such a campaign would ideally produce messages and materials that municipalities could use in their efforts to encourage water conservation amongst residents as well as utilize the governments school curriculum to instill water conservation values early in the populace. Raising awareness like this will also provide much needed support to water systems for instituting financial sustainability by raising rates which will be a much needed price signal for water consumers.

On a final note, AMO would like to raise some concern regarding assuring compliance with conservation measures should mandatory targets ever be set. It is highly unlikely that municipal water systems and by-law enforcement could enforce compliance with conservation measures within their jurisdictions in a way that would be affordable and cost-effective. Without such a compliance function, a mandatory target, or perhaps even a voluntary one, could not be assured resulting in a policy failure at both the local and provincial levels. It would therefore, be much more advantageous to the province to begin water conservation initiatives through education and incentives as per AMO's advice. Amendments to conservation programming could be made as necessary in the future as indicated by a review of the outcomes of the program.

## **Water Charges**

In its proposal, the province considers three options for levying an industrial and commercial water charge as it seeks to expand the charge beyond the currently captured industries and sectors. Broadly speaking, the MOE is considering amending the current regime to reduce the current administrative burden on municipalities to provide reporting data on their users; having users report on use directly to the ministry and directly pay the charge; or charge municipalities for captured users on their systems.

AMO does not believe that a charge levied on municipalities to pay for their industrial and commercial users and remitted to the government in any way provides the appropriate policy signal to these users and it does not provide the province with the

appropriate recognition for its work on water conservation. Such a charge would also have the danger that some municipalities might simply pay the charge themselves to offset the administrative burden and not pass on to the users. This would completely obviate the policy rationale of the charge and likely the outcomes sought. Therefore, administration of this program should be done by the province with as little municipal involvement as possible, preferably with the MOE directly engaging with the captured businesses and industries. This regime is the most straightforward and simple to understand and align policies to outcomes and take management action by the province should changes to the regime be warranted in the future.

While AMO supports the government's administration of this charge directly to the captured sectors, the association also believes that the government must report transparently on the use of the monies collected through the charge through an annual statement or other appropriate channel. Using these funds to support conservation programs or source protection activities would be a use that AMO would welcome.

### **Intra-basin Transfers**

On the matter of intra-basin transfers and baseline amounts, AMO encourages the government to utilize the most flexible approach possible. In this case, AMO believes that the province's proposal on connecting channels, tributaries to connecting channels and baseline amounts represents the minimum acceptable options.

Specifically, AMO supports the government's proposal to consider upstream and downstream connecting channels as part of both source watersheds. Doing so is consistent with the Agreement and interpretations taken by other parties to the Agreement. On a related note, AMO believes the government must also consider return flow to a tributary watershed of a connecting channel as return flow to a source watershed. Doing so will allow the water system planners and engineers the greatest amount of future flexibility in managing their systems as well as establishing its current baseline in a manner that will not create undue difficulty for systems and ratepayers. Creating too stringent a rule could create a disadvantage for Ontario water systems relative to those in U.S. jurisdictions and drive up commercial and residential water rates in the future. In addition, the Ministry's proposal to adjust Environmental Assessment schedule thresholds for transfer projects and post proposals of this nature for comment on the Environmental Bill of Rights ensures that the process of taking a decision in a water system on a transfer proposal is done with increased and transparent public knowledge and the ability to mobilize arguments for and against for the consideration of the decision-makers.

On the question of baseline amounts, AMO supports the proposal that accepted baselines be based on built or rated capacity or completed Environmental Assessments and would encourage the Ministry to view this as a minimum acceptable option. This proposal recognizes the financial stewardship of municipalities over public resources including the funds spent undertaking Environmental Assessments, hiring consulting engineers and working through a public decision making process that has been accepted by the accountable political leadership in a municipality. It would also recognize the government's policy of ensuring that municipalities are planning infrastructure decisions on a long-term basis, with expenditures mapped out according to forecasted needs.