

## **THE WALKERTON INQUIRY**

Expert Meeting on:

### **Financing of Drinking Water Systems**

June 20-21, 2001  
Coffee from 09:30  
Meeting 10:00 – 16:00

#### **LOCATION**

Ryerson University  
International Conference Centre  
240 Jarvis Street  
Toronto

#### **Chair**

George Connell

1. Introduction of Participants
2. Review of Agenda Items and Conduct of the Meeting

The primary focus of the terms of reference of Part 2 of the Inquiry is **the safety of Ontario's drinking water**. Sound financial policies and practices for communal systems are highly desirable in their own right, but especially because they help to ensure that the systems are well-operated and well-maintained. These are necessary preconditions for safety of the communal systems.

### **Discussion Issues**

3. Full cost recovery
  - 1) Setting aside, initially, the question of what specific costs should be recovered, is the general case for recovery of costs from water users well-supported?

- 2) The items that might normally be included in a definition of full-cost would probably include operations, preventive maintenance, major maintenance, mid-life rehabilitation, end-life replacement, maintenance of system capacity, system expansion, and overhead. Is this list acceptable as a starting-point for discussion?
- 3) Should some costs, such as fire suppression, specialized laboratory services, and central data processing be treated differently, and, if so, how?
- 4) Should there be a levy on users to support activities with long-term relevance to water quality such as source protection and research?
- 5) What are the problems with implementing full cost recovery?
- 6) Do small systems face special problems in implementing full cost recovery? If so, how should these problems be dealt with?
- 7) Would implementation of full-cost recovery be fair to all users and communities? If not, how could such problems be addressed?

#### 4. Related management issues

How should accounting and management systems be changed to improve the safe delivery of clean water, and of waste water services.

- 1) Asset management
- 2) Long-term planning issues
- 3) Accounting procedures
- 4) Monitoring of financial performance

(Issues such as these may well have been addressed in the Expert Meeting on Drinking Water Providers in Ontario (June 13-15). We will build on earlier consensus wherever possible.)

#### 5. Financing of infrastructure

- 1) Overview of ways and means
- 2) Borrowing potential and practices of municipalities, large and small

- 3) What is the appropriate role for the provincial government?

6. Other strategic issues

- 1) What level of redundancy should be built in systems? Should flexibility to meet future regulations be an important criterion?
- 2) Are there opportunities for economies in water systems through shared services, mergers, or joint regional contracts?
- 3) Is the burden of cost imposed by current regulations in reasonable balance with safety considerations?
- 4) How should water service for new urban developments be financed?
- 5) Should universal metering be implemented for both domestic and commercial users?
- 6) Should financing of the sewage systems be brought into the same envelope as the water system?

7. Review of safety-related issues

**Relevant Issue Papers and Submissions** (see [www.walkertoninquiry.com](http://www.walkertoninquiry.com))

Commissioned Papers:

Delcan Corporation, "The Production of Drinking Water" (Pages 13-32, 50-54)

Delcan Corporation, "The Treatment of Waste Water" (Pages 16-30, 51-54)

Sancton, A., and T. Janik, "Provincial-Local Relations relating to Drinking Water"

Strategic Alternatives. 2001. "Financing Drinking Water Systems"

Submissions from Parties with Standing

Association of Municipalities of Ontario. 2001. "An Introduction to Municipal Finance",

Conservation Ontario, "The Importance of Watershed Management in Protecting Ontario's Drinking Water Supplies"

Energy Probe Research Foundation. 2001. "Guiding and Controlling Ontario's Future Water and Wastewater Services: User Pay and Full Cost Pricing, Independent Economic Regulation, and Strengthened Environmental Law Enforcement"

Pollution Probe. 2001. "The Management and Financing of Drinking Water Systems: Sustainable Asset Management"

Public Submissions

Canadian Council for Public Private Partnerships, "Benefits of Water Service Public-Private Partnerships"

Ontario Sewer and Watermain Construction Association, "A Nine Step CPR Plan for Ontario's Water and Sewage Systems"