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# Official Report of Debates (Hansard)

Wednesday 20 November 2002

# Journal des débats (Hansard)

Mercredi 20 novembre 2002

## Standing committee on general government

Sustainable Water and Sewage Systems Act, 2002

Safe Drinking Water Act, 2002

# Comité permanent des affaires gouvernementales

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Loi de 2002 sur la salubrité de l'eau potable

Chair: Steve Gilchrist Clerk: Tonia Grannum Président : Steve Gilchrist Greffière: Tonia Grannum

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#### LEGISLATIVE ASSEMBLY OF ONTARIO

### ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

# STANDING COMMITTEE ON GENERAL GOVERNMENT

## COMITÉ PERMANENT DES AFFAIRES GOUVERNEMENTALES

Wednesday 20 November 2002

Mercredi 20 novembre 2002

*The committee met at 1537 in committee room 1.* 

#### SUBCOMMITTEE REPORT

The Chair (Mr Steve Gilchrist): I call the standing committee on general government to order for the purpose of holding public hearings on Bill 175, An Act respecting the cost of water and waste water services and Bill 195, An Act respecting safe drinking water.

The first order of business will be the tabling of the subcommittee report.

- Mr Garfield Dunlop (Simcoe North): Your subcommittee met to consider the method of proceeding with Bill 175, An Act respecting the cost of water and waste water services and Bill 195, An Act respecting safe drinking water, and recommends the following:
- (1) That the committee meet for the purpose of public hearings concurrently on Bill 175 and Bill 195 on Wednesday, November 20, 2002, and Thursday, November 21, 2002, in Toronto; on Friday, November 22, 2002, in Ottawa; Wednesday, November 27, 2002, in Toronto; and Monday, December 2, 2002, in Walkerton.
- (2) The committee will commence at 3:30 pm in Toronto on November 20 and 27, and will meet from 9:30 am to 12 pm and 3:30 pm to 5 pm in Toronto on November 21, and will meet from 10:30 am to 12 pm and 1 pm to 3 pm in Ottawa, and from 9:30 am to 12 pm and 1:30 pm to 6 pm in Walkerton. Times are subject to change and based on witness response and travel logistics.
- (3) That the committee meet for the purpose of clause-by-clause on Bill 175 and Bill 195 on Wednesday, December 4, 2002.
- (4) That amendments to both Bill 175 and Bill 195 be received by the clerk of the committee by 12 pm on Tuesday, December 3, 2002.
- (5) That an advertisement be placed on the OntParl channel, the Legislative Assembly Web site and in the English dailies and the French daily that serve the locations that the committee is holding hearings. And that a press release be distributed to English and French papers across the province. The clerk of the committee is authorized to place the ads immediately.
- (6) That the deadline for those who wish to make an oral presentation on Bill 175 and Bill 195 be 5 pm, three days prior to the hearing date in each location.
- (7) That the deadline for written submissions on Bill 175 and Bill 195 be 5 pm on Monday, December 2, 2002.

(8) The clerk is authorized to start scheduling witnesses. If there are more witnesses wishing to appear than time is available, the clerk will consult with the Chair who will make decisions regarding scheduling.

- (9) That individuals be offered 10 minutes in which to make their presentations and organizations be offered 15 minutes in which to make their presentations. Witnesses will be afforded one presentation slot to speak to both bills
- (10) That a summary of witness presentations will be prepared for the committee by 12 pm on Tuesday, December 3, 2002.
- (11) That the clerk of the committee, in consultation with the Chair, be authorized prior to the passage of the report of the subcommittee, to commence making any preliminary arrangements necessary to facilitate the committee's proceedings.

I move that.

**The Chair:** Mr Dunlop has moved the adoption of the subcommittee report. Any comments or questions? Seeing none, I'll put the question. All those in favour of the adoption of the subcommittee report? It's adopted.

SUSTAINABLE WATER AND SEWAGE SYSTEMS ACT, 2002 LOI DE 2002 SUR LA DURABILITÉ DES RÉSEAUX D'EAU ET D'ÉGOUTS

#### SAFE DRINKING WATER ACT, 2002 LOI DE 2002 SUR LA SALUBRITÉ DE L'EAU POTABLE

Consideration of Bill 175, An Act respecting the cost of water and waste water services / Projet de loi 175, Loi concernant le coût des services d'approvisionnement en eau et des services relatifs aux eaux usées; and Bill 195, An Act respecting safe drinking water / Projet de loi 195, Loi ayant trait à la salubrité de l'eau potable.

# ONTARIO SEWER AND WATERMAIN CONSTRUCTION ASSOCIATION

**The Chair:** That takes us to our first presentation. It will be from the Ontario Sewer and Watermain Construction Association. Good afternoon and welcome to the committee. Just a reminder that we have 15 minutes

for your presentation today. You can divide that as you see fit between your actual presentation or questions and answers. If there are questions, they'll start in rotation. The floor is yours.

Mr Sam Morra: Good afternoon, Mr Chairman and members of the committee. My name is Sam Morra and I'm the executive director of the Ontario Sewer and Watermain Construction Association. On behalf of the 700-plus members, we are pleased to have this opportunity to present our views on Bill 175, the Sustainable Water and Sewage Systems Act.

Before doing so, let me tell you a bit about OSWCA. Our association has been representing the sewer and water main construction industry across the province for over 30 years. Our members perform over 95% of all sewer and water main construction in Ontario. We build and maintain Ontario's vast underground networks of core infrastructure that are the veins and arteries of this province, so as our members appear before the committee, you are literally hearing from the voices in the trenches.

OSWCA is committed to the maintenance of Ontario's core infrastructure in order to ensure a plentiful supply of clean water and the preservation of our rivers and lakes. We know that Ontario's health and environment are dependent upon the effective management of our water and sewage systems. It is vital to create a climate of sustainable investment in our clean water infrastructure.

Our association was a major force in the creation of the provincial water protection fund to help municipalities deal with the provincial transfer of water and waste water services. We also played a significant role in promoting the national infrastructure program that focuses on green infrastructure.

OSWCA is of the view that Bill 175 is long overdue. We believe that creating a healthy water supply can only come with continuous investment by government and consumers. Bill 175 is an important step toward ensuring that Ontario's water and sewage systems are financially sustainable, while improving public health and the environment.

Our members have witnessed a steady decline in Ontario's water and sewage infrastructure over the past 20 years. They will give you real-life examples of the deterioration during these proceedings. This is not a problem that has been created overnight nor is it the fault of any single level of government or any one political party. There has been a systematic generation of neglect.

Governments tend to invest in visible above-ground improvements such as new ice rinks or community centres. Let's face it, we all know that they make for better ribbon-cutting ceremonies. Governments tend to put off capital expenditures not visible to the public, especially underground pipes. As a result, we are faced with a critical need to address our water and sewage infrastructure deficit.

OSWCA has been advocating full cost pricing and accounting legislation for many years. We believe it's the only way to secure a steady flow of much-needed new

infrastructure investment while protecting public health and the environment. It is also a means to stabilize business cycles and effect proper planning for our members and municipalities.

As you know, full cost pricing for water and sewage services is a key recommendation of Justice O'Connor's report and we want to commend the government for moving to implement this policy. We also commend the government for including in the legislation the requirement that municipalities establish dedicated reserve accounts for clean water infrastructure purposes.

While we support Bill 175 and believe it is a good framework, we also believe this bill must be strengthened if we are truly intent on achieving the goal of creating sustainable water and sewage systems. As the bill now stands, there is too much left to regulation and not enough provisions entrenched in the legislation.

Let me review OSWCA's suggested amendments for you. First, full cost pricing should be legislated as mandatory for all municipalities. Putting this principle in the legislation will signal the government's serious intent. More importantly, it will ensure that full cost pricing becomes a reality in Ontario. While we support the notion that municipalities should be allowed flexibility in how they achieve this goal, we don't think there should be any flexibility about whether they implement full cost pricing.

Second, the legislation should be amended to include a specific date for compliance. We recommend that the government phase in the policy change over a five- to eight-year period. This will help municipalities manage the transition to full cost pricing and protect consumers from undue rate hikes.

Third, we think the legislation should entrench the user-pay principle to prevent municipalities from being able to hide the costs of water and sewage services within their tax base. Although some municipalities say they are already charging full costs for water and sewage services, no one really knows if that is the case. We understand that the SuperBuild corporation is nearing the completion of two more reports. We anxiously await the results of their studies. Only through a transparent user pay method will conservation occur. As Justice O'Connor said, requiring people to pay the full cost of water used "gives them a better appreciation of the value of water, and encourages them to use it wisely." That's on page 317 of his report.

Fourth, we believe the legislation could be improved with a more rigorous definition of full cost pricing. This will help ensure a level playing field where consumers and municipalities will know what they are paying for and the same costing methodologies will be in place across the province. As Justice O'Connor said, "Without a uniform definition, the requirement for a financial plan for municipal water systems would be undermined by divergent interpretations of the requirement."

Finally, fifth, the legislation should be amended to include metering. Metering is the most effective way to ensure that each user's consumption is tracked and billed.

Allowing consumers to see exactly the amount of water they use and its relation to cost will promote conservation, efficiency and environmental protection. Justice O'Connor also agrees that metering is essential. He said: "Metering makes sense for reasons of conservation and efficiency. Even though installing meters can be expensive, the cost will normally be recovered in time through reduced water usage and lower infrastructure costs." That's page 317 of his report.

We all know that there needs to be a financial commitment up front from the province to make this work. The time to act is now. If this legislation and our proposed amendments come into force, the government will need to ensure both environmental and financial compliance by municipalities. This may be a monumental task for one ministry alone to oversee. With that in mind, OSWCA is suggesting that the best way to ensure that the legislation is implemented as intended is to amend the legislation to dictate which ministry is responsible for overseeing the environmental aspects of the bill and which is responsible for the financial aspects of the bill. We recommend that the Ministry of the Environment maintain environmental oversight while the Ministry of Finance, through SuperBuild, be given the financial oversight responsibility.

We also have a few housekeeping amendments which will ensure a smooth transition to full cost pricing. For example, we propose that the legislation be amended so that municipalities are required to pass a bylaw to give effect to the full cost recovery plans. Another housekeeping amendment to be considered is the right to appeal a decision and sanctions for those who don't comply. It is customary to have appeals and sanctions laid out in legislation and we recommend that you do so in order to promote compliance. Regulation-making powers should also be included in the legislation. As a safeguard, ministerial regulation-making power should be broad and flexible enough to anticipate future needs and changes.

#### 1550

In summary, in addition to those housekeeping items, OSWCA's suggested amendments are as follows: make full cost pricing mandatory for all municipalities by a specific deadline and consider a phase-in of five to eight years; entrench the user-pay principle to promote transparency and conservation; include a more rigorous definition of full cost pricing in the legislation to eliminate any potential uncertainty about the requirements; make water metering mandatory and divide ministerial responsibility for compliance between the Ministry of the Environment and the Ministry of Finance through SuperBuild.

These amendments will help the province hold municipalities accountable for having responsible practices and plans in place, protect consumers from undue rate hikes and give them a better understanding of the issues and the importance of conservation, ensure our water and sewage systems will be financially sustainable and environmentally sound, and protect public health.

In closing, I want to thank you for the opportunity to address the committee and I look forward to any questions that you may have.

The Acting Chair (Mr Raminder Gill): We have four minutes left, so we can divide it among the caucuses.

Mr Mike Colle (Eglinton-Lawrence): Thank you for your presentation, Mr Morra. What percentage of Ontario households or municipalities have a metering system for their water, as opposed to a flat rate? Do you have any idea?

Mr Morra: Our estimate is that it's upwards of 75% at this time, Mr Colle. Over the last decade, that's probably gone up from about 50% 10 years ago. They're heading in the right direction. We just believe that there should be a level playing field and all households should be metered, as well as industrial users.

Mr Dave Levac (Brant): Hi, Sam. Thanks for your presentation. I know I was a little late, but I'm aware of some of the concerns you've raised. I want to go back to metering for just a short observation. Some municipalities believe that moving to metering is a cost that is very difficult to bear in terms of rural versus urban and the total population, the shared costs, and some people seem to be satisfied with what the present is giving them. There's a relationship that's been made between the cost of a bottle of water and paying at the tap. What do you say to the people who may say to you, "It's easy to say 'go to meters,' but we're quite satisfied the way things are going"? Is it an assumption that they are not paying their fair share in that expectation?

Mr Morra: Not necessarily. The lump sum price for water in some jurisdictions, like the city of Toronto, tries to reflect an average use among the population. They may in fact be paying a little bit more if they're paying lump sum if they're a typical family that doesn't overuse their water privilege. What we found, however, is that when it's on a flat rate basis, people tend to abuse that system and water their lawns excessively, fill their pools, wash their cars, wash their driveways and do things that really shouldn't be taken for granted with water.

Ms Marilyn Churley (Toronto-Danforth): It's nice to see you. We've had many discussions about this in the past so, given the limited time, I want to come directly to full cost recovery, because there's going to be a lot of discussion around that. Justice O'Connor doesn't recommend a particular model. What I want to ask you is this. It seems to me that the bill as we read it now does not deal with the capital requirements to bring the systems up to standard and that municipalities, especially smaller ones, are quite rightly concerned about not being able to pay the full cost of getting the systems up to standard and that the system operators will have to pay for that. Although most of us agree in principle with full cost recovery, I'd like your opinion on what portion should be paid in partnership with the municipalities by the province.

**Mr Morra:** I think that will vary on a municipality-by-municipality basis. Once you get up over 2,000 to

3,000 people in population, there's no reason why, for the most part, they should not be able to move to a fully sustainable system. There are situations with smaller municipalities that perhaps should be looking at different alternatives in terms of partnering with sister municipalities that may be nearby to see if there are any economies of scale in working together.

Having said that, I think we all know there will be limited cases of have-not municipalities that will require some assistance. We have told the government that there should be a transitional assistance plan for those municipalities to help get them up to snuff, but at least have them moving toward a full cost recovery rate in the interim.

**The Acting Chair:** Ms Churley, I'm sorry, your time is up. PC caucus, any questions? We have one minute.

**Mr Dunlop:** First of all, I want to thank you for being here today and bringing out the interesting points. I also want to thank you for your organization's contribution. I know you're representing about 90%—is that what you said earlier?—of the—

**Mr Morra:** Ninety-five per cent of all sewer and water main construction, linearly speaking, is done by OSWCA members.

**Mr Dunlop:** It's got nothing to do with the legislation, but can you tell me, in terms of dollars in the province, what that generates, roughly speaking?

**Mr Morra:** That represents approximately \$1 billion of work that's done in the province, both from a municipal perspective of reconstructing sewers and water mains and also new development in terms of subdivisions and site servicing and that sort of thing as well.

**Mr Dunlop:** I notice you've got some proposed amendments as well that you're suggesting.

**Mr Morra:** Yes, I've submitted them to Ms Grannum and I hope that you consider them seriously.

The Acting Chair: Thank you. We're out of time.

#### KOVACS SAND AND GRAVEL DURHAM REGION HEAVY CONTRACTORS ASSOCIATION

The Acting Chair: Our next presenter is from Kovacs Sand and Gravel and Durham Region Heavy Contractors Association. If you can state your name, please, we have exactly 15 minutes. You can use the time any way you like and leave time for questioning, if you like.

Mr Greg White: My name is Greg White. Good afternoon, Mr Chairman and members of the committee. I'm the manager of Kovacs Sand and Gravel and I'm also the president of the Durham Region Heavy Contractors Association. Our organization and the place where I am employed are in the Durham region.

Kovacs Sand and Gravel is a business that supplies aggregates to both publicly and privately funded projects, as in reconstructions, roads, winter sands, masonry sands and so on and so forth. The Durham Region Heavy Construction Association is an association of contractors,

as well as suppliers. We have a monthly meeting. We meet with all of the local municipalities in the Durham region and we discuss problems that the region has and we have. We try to get things standardized so that across the board things go a lot more smoothly, and it works. It works very well, actually. We seem to get along pretty well down there. That's par for the course for that group.

Naturally, both Kovacs Sand and Gravel and the Durham Region Heavy Construction Association are committed to the maintenance and expansion of the province's vast network of water and waste systems. We are therefore supportive of Bill 175, because maintaining a plentiful and healthy water supply requires a continuous investment by government and consumers. The legislation is an important step toward ensuring that Ontario water and sewer systems are financially stable, good for the public health and good for the environment.

In the town I live in, the storm systems and the sewer systems end up combined. This summer we had an amazing amount of rain in a short period of time and the sewage systems actually backed up in some of the basements. It was a standard practice of the day to design systems like this, but for all the people who are living in the south end of our town, unfortunately their basements got flooded out. It's a system that is inadequate for all the building—the more you build, the more the watershed is suddenly shipped into the city, down the roads, and it seems to magnify itself as the construction process continues. The practices they're doing now work quite adequately, but unfortunately it still siphons down into the older sections of town and it causes a lot of difficulties for the people in that town.

In the village to the north of the community, every time they have a substantial amount of rain they're forced to dump their sewage into the river. That amount of rain actually is about a half an inch, which is a thunderstorm in the middle of the summer, so to speak. I believe they're making plans to try and change this, but at the present time and for the last few years they've had to dump raw sewage into the river, as well as the community I live in.

#### 1600

A few years back, I was up in Iroquois Falls. There's a project going on up there where they were actually replacing wooden water mains with lead main cocks and lead laterals. The cast iron water main is actually packed with lead all around it. That's what prevents the water from leaking. The system is very old, archaic and probably a little bit on the unhealthy side.

We've been in favour of full cost pricing and accounting legislation for many years. We believe it's the only way to secure much-needed new upgraded infrastructure and to protect public health and the environment. It is also a means of stabilizing business cycles and planning for us. With this in mind, we want to commend the government for moving to implement this policy.

We support Bill 175 and are particularly pleased that there is a section in the legislation that requires municipalities to have dedicated reserve accounts. While we believe the bill is a good framework, it is our view it must be strengthened if we are to achieve the goal of creating sustainable water and sewage systems. As the bill now stands, there are many loopholes where municipalities may try to skate around what should and needs to be done.

I'm aware the Ontario Sewer and Watermain Construction Association has made suggestions for strengthening this bill and we support these amendments; I believe Sam just went over some of the points.

If this legislation and the proposed amendments come into force, the government will need to ensure both environmental and financial compliance by municipalities, and that is a big task for any one ministry to do. As suggested, the Ministry of the Environment would look after environmental issues and the Ministry of Finance would look after the financial portion of this bill.

Thank you for hearing me today.

The Acting Chair: Thank you. We have about seven minutes, so we can start with Ms Churley, if you wish.

**Ms** Churley: Thank you very much for your presentation. Did you have a chance to look at the Safe Drinking Water Act as well, or you're just speaking specifically to the other bill, are you?

**Mr White:** I have seen it briefly.

**Ms Churley:** In your work, do you work directly with municipalities?

Mr White: Yes.

Ms Churley: I just wanted to come back to full cost recovery. As I said to the previous speaker, in principle everybody seems to support it, but one of the things we have to get real about is that some municipalities don't have the money for the huge infrastructure costs to bring their systems up to date.

For instance, we saw when the government brought in new regulations after the tragedy in Walkerton, which required by a certain date certain new standards to be met, that some municipalities didn't have the resources to meet those standards. What happened is, the government extended the deadline for them to meet those requirements. I'm really concerned that, just as in principle we support full cost recovery, we make sure the resources are there to actually meet the requirements. I'm wondering if you have any thoughts on what kind of model could be used so that municipalities can actually afford to do it.

Mr White: The systems they would be putting in place would have a lifespan of probably 40 to 50 years and the poorer of the communities would definitely need some sort of aid and would probably have to pay off that system over a period of time. The system itself would last long enough that they would be able to achieve that goal, but they would probably need a bit of assistance for some communities. If you have a community of 150 people with a water system, obviously that community itself is going to need some assistance, but the lifespan of the upgraded system itself would be so long that they could pay that off over time.

**Ms Churley:** Do you see the provincial government having any role in partnership with the municipalities to help support very expensive capital investment?

**Mr White:** In some cases, they probably will have to have some sort of partnership in a limited role.

Ms Churley: Do I have another—

**The Acting Chair:** Thank you, Ms Churley. **Ms Churley:** I guess I don't. Thank you.

**Mr Dunlop:** Thank you very much for coming today, Mr White. I was curious when you mentioned some of the problems you had seen in your region with the infiltration in the sewer system that allowed storm water in and it backed up and the sewage plant would have to discharge into the river.

**Mr White:** Oh, absolutely, it's just overwhelmed. It literally has to close its gates and just let it go. It has no choice.

Mr Dunlop: What's interesting, though, is that's sort of the standard of design we've seen in the past. What I see today happening—and particularly when I see thousands of homes being built around the province—are very aggressive types of development agreements where storm water is managed in ponds, where we're seeing state-of-the-art piping used now as opposed to—I think I heard you say "a wooden water main" a little while ago.

Mr White: Yes.

**Mr Dunlop:** That has to be a fairly old system.

Mr White: It's very old.

Mr Dunlop: When you're dealing with the heavy construction association and contractors, very similar to what Mr Morra was mentioning earlier, how much of your work is actually replacement of old water mains, old sewer mains, old storm water, so we're getting some modern piping in the ground? It's something we've been hearing about worldwide, over the last 100 years pipes have started to deteriorate etc.

Mr White: Our volume is largely based on new projects because in new projects you're building all new roads, new sidewalks, new driveways, where in reconstruction you're tunnelling down, so to speak. You're running a water main or sewer main and you're repairing that small portion. Sometimes they reconstruct a whole street and sometimes they don't.

In terms of the split in projects, it's probably a 40% split. The larger volume of material would go into the newer projects, but the amount of work is just that it doesn't take the volume of aggregates we supply at new subdivisions when you're running a water main.

**Mr Dunlop:** I think it's safe to say we want to eliminate as much as possible storm water flooding the sewers.

**Mr White:** Oh, absolutely.

**The Acting Chair:** Thank you, Mr Dunlop. Your time is up.

Mr Colle: Mr White, I was in East York in an old part of Toronto. Seven per cent of sewers right here in the old East York are still combined. Do you have any idea—or maybe I should ask someone who's here to put it on the

record later—of the percentage of combined sewers in municipalities in Ontario that are remaining?

**Mr White:** You would have to ask that question of someone who has more facts on that than I do.

**Mr Colle:** I just want to put that on so that we can get someone to give us that information later. Thanks.

**Mr Levac:** Thank you for your presentation, Mr White. One of the concerns that's been laid out with this legislation is that it doesn't say anything about higher rates becoming a burden to those on fixed incomes or those who are of smaller means. Would you support some type of program that the government would introduce to ensure this full cost recovery does not affect those who can't afford it?

Mr White: Everybody has to pay for what they use. I live in a community without meters. We are allowed to water every other day, and every other day there are people who water their lawn non-stop. They wash their siding, they wash their boat. The average guy in the public has very little knowledge of water systems, how they work and how costly they are. I believe that if people have to pay for what they use—if you pay 70 cents a litre for gas, you start to conserve a bit. I think it's key that you pay for what you use, especially today.

**Mr Levac:** OK. Specifically, do you believe municipalities should be able to sell off their plants and sewers?

**Mr White:** No. I believe that public utilities should remain public utilities.

Mr Levac: Thank you for that commitment.

#### C&M McNALLY ENGINEERING CORP

**The Acting Chair:** Our next presenter is from C&M McNally Engineering Corp. State your name, please. You have 15 minutes.

Mr Chris McNally: Good afternoon, Mr Chairman and members of the committee. My name is Chris McNally, and I am a director with C&M McNally Engineering Corp. Our family has been in the sewer and water main business for two generations, and I am pleased to have this opportunity to present my views on Bill 175, the Sustainable Water and Sewage Systems Act.

We have installed water mains and sewers ranging from services across a highway for a few thousand dollars all the way up to the western beaches combined sewer overflow tunnel, which we just completed for the city of Toronto and which cost tens of millions of dollars.

Our work typically involves excavating tunnels under obstructions, be they roads, rivers, lakes, parks or forests, and on occasion even golf courses. All our tunnels are big enough that when they're finished you can walk through them. We have constructed tunnels for sewers all the way across the province—Windsor, Kitchener, Hamilton, Burlington, Toronto, Ottawa—and outside Ontario. However, due to the size and age of the services in Toronto, most of our work is here in the greater Toronto area.

Naturally, since our company's business is the maintenance and expansion of the province's vast network of water and waste water systems, we are supportive of Bill 175, because maintaining plentiful, healthy water requires a continuous investment by government and consumers, and over the last years, it has not been receiving enough investment.

This legislation is an important step toward ensuring that Ontario's water and sewer systems are financially sustainable, good for public health and environmentally friendly. Currently, we are faced with a critical need to invest in our water and sewage infrastructure. If anything came home from the Walkerton inquiry, it was the terrible condition of the water and sewer services in the town of Walkerton. Hopefully there are not many more like that.

In our work we have seen the environmental benefits that improvements to a city's sewer system can yield. A CSO project like the one in western beaches in Toronto is capturing tens of thousands of cubic metres of runoff water that is mixed with sanitary sewage. This CSO, or combined sewer overflow, material that Mr White just spoke about was entering Lake Ontario unnoticed for decades, and no one really knew what the city of Toronto was dumping into the lake. I can assure you that I've seen it and it's disgusting.

We have connected 10 of the city's outfall sewers into Lake Ontario to this system. There are dozens more that the city of Toronto has been dumping into Lake Ontario. As the snow melts, the sewage is running into the lake. I am told there are over 1,000 sewer connections that drain directly into the Don River alone.

The problem always is funding. The city engineers know what needs to be done, but they are in a constant fight with budgets and the politicians, because it's much nicer to shake hands in front of an arena than in front of a manhole cover or an outfall sewer that has been disconnected. The city engineers know what needs to be done, but they need the money.

For this reason, we have been proponents for full cost pricing and accounting legislation for many years. We believe it is the only way to secure the much-needed new and upgraded infrastructure and to protect public health and the environment. It's also a method for us to stabilize business cycles in the sewer and water main industry, which allow contractors, engineers and towns to do better planning and also allow us to establish stable careers for our workforce. Historically, our workforce has had to grow and shrink every time Mr Chrétien wants to get reelected and has a heroin fix for cities and gives them some free money so they can go off and do some services. We hire a bunch of people, get them trained and get them going, and then all of a sudden the towns don't have any money left and we have to lay them off and they have to go and find other work. If we had stable funding, we would be able to build a stable workforce to replace our workforce, which is aging. I think the average age of our workforce at the moment is over 50. With this in mind, we commend the government for moving to implement this policy.

We support Bill 175 and are particularly pleased with the section in the legislation that requires the municipalities to establish dedicated reserve accounts. Time and time again, stories are told of municipalities that raid sewer and water funds because they want a bridge somewhere or an upgrade to public transit or some other important service, but not sewer and water.

We believe the bill is a good framework, but in our view it must be strengthened if we are to achieve the goal of creating sustainable water and sewer systems. As the bill now stands, there is too much left to regulation and not enough provisions entrenched in the legislation. I am aware that the Ontario Sewer and Watermain Construction Association has made suggestions here today for strengthening the bill, and we support those amendments. Let me run through the amendments for you again.

First, full cost pricing should be legislated as mandatory for all municipalities. Putting this principle in legislation will signal the government's serious intent and, most importantly, will ensure that full cost pricing becomes a reality in Ontario. While we agree with the concept that municipalities should be allowed flexibility in how they achieve this goal, we do not think there should be any flexibility in whether they need to implement full cost pricing.

Second, the legislation should be amended to include a specific date for compliance. We recommend that the government phase in this policy change over a five- to eight-year period. This will allow municipalities to manage the transition to full cost pricing and protect consumers from undue rate increases.

Third, we think the legislation should entrench the user-pay principle, to prevent municipalities from being able to hide the costs of water service within the property tax. Only through a transparent user-pay method will conservation occur. As Justice O'Connor said, requiring people to pay the full cost of the water they use "gives them a better appreciation of the value of water, and encourages them to use it wisely."

Fourth, we believe the legislation could be improved with a more precise definition of "full cost pricing." This will help ensure a level playing field. Consumers and municipalities will know what they are paying for, and the same costing methodologies will be in place right across the province.

Fifth, the legislation should be amended to include metering. Metering is the most effective way to ensure that each user's consumption is tracked and billed and give them a reason to control their usage. This will allow consumers to see exactly the amount of water they use and its relation to cost. This will promote conservation, efficiency and, of course, environmental protection.

If this legislation and the proposed amendments come into force, the government will need to ensure both environmental and financial compliance by the municipalities. This is a monumental task for one ministry alone to oversee. To address this, we agree with the suggestion that the best way to ensure that the legislation is implemented as intended is to amend the legislation to dictate

which ministry is responsible for overseeing the environmental aspects of the bill and which is responsible for the financial aspects of the bill. The Ministry of the Environment should be responsible for environmental oversight, of course, while the Ministry of Finance—SuperBuild—should be given the financial oversight responsibility.

The Acting Chair: Thank you, Mr McNally. We have two minutes for each caucus.

Mr R. Gary Stewart (Peterborough): Thanks, Mr McNally, for coming and making a presentation. We have heard one presentation today about rainstorms creating major problems, such as backing up of sewers, and it has to go into the river. In the municipality I represent, we had the same problem this year. To you, as an engineer, and you've been around a long time—or your firm has; I'm sorry—

Mr McNally: Both.

Mr Stewart: —are you engineering and constructing now to address some of the major storms or concerns we are having and could have down the road or that they are predicting, so that we don't take the easy way out and don't upgrade it too much, other than what would meet the standards, and when the big rain comes we open the gates and in a couple of hours it will be down the river anyway.

1620

Mr McNally: I think what has happened is there has been change in society. As time goes by, people want to have a cleaner environment and a better environment. What you've seen in the older parts of cities, like downtown Toronto, where combined sewers were the economical and proper and accepted method of dealing with sewage on the old streets, is that some time back in the 1960s they decided that wasn't adequate, and from 1965 or thereabouts to the late 1980s, the city of Toronto spent a whole lot of money separating about 80% of their sewers.

They have found since then that two things have happened: the other 20% costs too much to separate, and with people's increased desire for environmental cleanliness, the water that comes off the streets, although it's storm water, isn't as clean as we would like to put it in the lake. That's why we are moving to CSO capture at the end of the pipes and treating the water that runs off into the system.

**Mr Stewart:** So they are putting—

Mr McNally: Yes, they are putting in adequate—

The Acting Chair: Mr Colle.

**Mr Colle:** Mr McNally, I wasn't too sure what you were implying about heroin and Chrétien and how it fits in to this, but I don't really want to go down that road.

I just want to say that I think I've had the pleasure of meeting your grandfather, if I'm not mistaken, who is recognized as a real pioneer in engineering and construction in Ontario. I realize the amount of building and construction he has done and led the way on, and I certainly want to put on the record the work he has accomplished and that he is a very impressive individual.

People who are building sewers, roads and bridges are the unknown heroes of our province.

I want to ask a question about a very interesting project you're involved in, the western beaches diversion project. I'd like to see a record of the success. I think this is the first year we've had to evaluate it. I would just like a rundown on how successful that was, because I know when it was implemented there was a bit of controversy about whether to spend the \$40 million or \$50 million to do it. I'd like to see the success of it. I don't think there's time here, but if you could—

**Mr McNally:** We don't have that. The city has to prepare it for submission to the Ministry of the Environment at the end of the second year.

The easiest way to get a snapshot of it is if you look at the number of days the beaches were closed in the west this year as opposed to last year—they were dramatically reduced. I don't think there was a closure before the middle to end of July, whereas in previous years they were being closed in June.

**Mr Colle:** Yes, Sunnyside and those would be closed. OK, I can look at that myself.

**Mr McNally:** It's been a major improvement.

Ms Churley: Thank you, Mr McNally, for your presentation. You will be pleased to know that when I was elected to city council in the late 1980s, I did suit up and go down into the sewers and had a good look, because they were in the process then, as you mentioned, of dealing with separating. That was a very interesting experience. I certainly recommend that all politicians do that and go take a look, because it's so abstract to many people.

**Mr McNally:** Not only is it abstract, but it's not visible and it's not apparent to people.

Ms Churley: Yes, and I've had a keen interest ever since.

There are a lot of issues around this, but we don't have time to get into them all. On full cost recovery, I'm frankly getting a bit alarmed so far about what I consider to be perhaps a well-meaning but simplistic approach that municipalities should be able to cover all this, when we know that their aging infrastructure means that multibillions of dollars have to be spent in capital investments upgrading the system. I think people should pay the full cost when that water comes out of the pipe. I think there need to be government programs like we had when we created the Ontario Clean Water Agency, that conservation be part of being able to get a grant for upgrading a system. But I think it's unrealistic to think that municipalities are going to be able to afford to spend those multi-billions of dollars in capital costs. I just want your opinion about that. You have been in the field for a long time and know the extent, the enormous amount of work that needs to be done just to get our systems up to date again.

Mr McNally: The money that has to be spent to upgrade the service will have to be spent anyway. What we're looking at here is a way that it could be collected.

The citizens of Ontario are the only source of revenue anyway, and they are the water users in Ontario.

Most municipalities will be able to do it within their own budget. There may be some instances where there is a particular problem that needs to be dealt with with assistance from Queen's Park.

**Ms** Churley: But what it will mean, if you're looking at the two different levels of taxation, where the city has the property tax and then you get your water bill, it doesn't matter what your income is.

**Mr McNally:** I don't think a water bill is taxation, Marilyn.

**Ms Churley:** No, I'm just saying—

**Mr McNally:** It's a user pay for the person who uses it, especially when you have a meter.

**Ms Churley:** But people do have to pay their bills, and low-income people—this is an issue that we're going to have to address. It's very real.

The Acting Chair: Thank you, Mr McNally.

#### D'ORAZIO INFRASTRUCTURE GROUP

The Acting Chair: Our next presenter is D'Orazio Infrastructure Group. Please state your name, and you have 15 minutes.

**Mr Jim D'Orazio:** My name is Jim D'Orazio. I am the chief operating officer for the D'Orazio Infrastructure Group. We are constructors of municipal water and waste water infrastructure in southern Ontario.

We are supportive of Bill 175 because maintaining a plentiful, healthy water supply requires continuous investment by the government and consumers.

I know you've heard a couple of presentations from my colleagues. Our company is a member of the Ontario Sewer and Watermain Construction Association and the Greater Toronto Sewer and Watermain Construction Association, of which I was a past president. In those associations we conducted a poll, and in 1996, Environics, a respected polling agency or firm, told us that 82% of Ontarians would be willing to pay more for their water and waste water services to improve water quality. That 1996 poll was further supported in 1999 and 2001, with percentages of willingness to pay similar to that, in the 80% to 85% range.

Therefore, segueing into the rest of my presentation today, I'd like to say that this legislation represents an important step toward ensuring that Ontario's water and sewage systems are financially sustainable, and that this is good for public health and it is environmentally friendly.

Currently we are faced with a critical need to invest in our water and sewage infrastructure. Being in the industry and working with municipal infrastructure every day, I just want to share with you a couple of examples. Several years ago in a borough of Toronto—about six or eight years ago now—we were doing a water main replacement and we pulled out an old eight-inch water main that probably had, well, certainly less than four

inches of flow left in it from the amount of tuberculation and calcification that had formed in the pipe.

There was a similar type of event in the city of Mississauga, in a small residential community. I think in citing this next example, we all have to be cognizant of not just the cost of delivering water and waste water services to Ontarians but also the social costs involved with not taking responsibility or properly costing the value of these valuable services. The example therefore is this: in this small community in Mississauga there was a fire in a home. They went to crack a fire hydrant, to turn a fire hydrant on to get fire flow to put out the fire, and guess what? There was no water. The house burned down. Thankfully, nobody was hurt, but there was several hundreds of thousands of dollars in damage.

I put it to all of you, as we put it to the region of Peel, which was the governing or regulating body for the infrastructure, that that in fact was a project cost. For a project that was worth between \$600,000 and \$700,000, you're looking at another \$400,000 increase in cost—the way that I account for it, certainly.

Moving on to the rest of the presentation, we'd like to say that we've been a proponent of full cost pricing for many years. You've heard again from our association, and we are supportive of those views as an individual company. We believe it's the only way to secure muchneeded new, upgraded infrastructure and to protect public health and the environment. With this in mind, we want to commend the government for moving forward and implementing this policy.

#### 1630

We are particularly pleased that Bill 175 includes a section that requires municipalities to have dedicated reserve accounts. While we believe the bill is a good framework, it is our view that it must be strengthened if we are to achieve the goal of creating sustainable water and sewage systems. As the bill now stands, there is far too much left to regulation and not enough provisions entrenched in the legislation itself.

Let me run through some of what I think would be suitable amendments.

First, full cost pricing should be legislated as mandatory for all municipalities. Putting this principle in the legislation will signal the government's serious intent and, most important, it will ensure that full cost pricing becomes a reality in Ontario. While we agree with the concept that the municipalities should be allowed flexibility in how they achieve this goal, we do not think there should be any flexibility about whether they implement full cost pricing.

Second, the legislation should be amended to include a specific date for compliance. We recommend that the government phase in the policy change over a five- to eight-year period. This will help municipalities manage the transition to full cost pricing and protect consumers from undue rate hikes.

Third, we think the legislation should entrench the user-pay principle and prevent municipalities from being able to hide costs for water service within a property tax.

Only through a transparent user-pay method will this conservation occur. To quote Justice O'Connor, "Requiring people to pay the full cost of the water they use gives them a better appreciation of the value of water and encourages them to use it wisely."

Fourth, we believe the legislation could be improved with a more precise definition of full cost pricing. This will help ensure a level playing field.

Fifth, the legislation should be amended to include metering. Metering is the most effective way to ensure that each user's consumption is tracked and billed. Allowing consumers to see exactly what amount of water they use and its relation to cost will promote conservation, efficiency and environmental responsibility.

If this legislation and the proposed amendments come into force, the government will need to ensure both environmental and financial compliance by the municipalities. This may be a monumental task for one ministry alone to oversee. As you heard in the previous submission, we contend or we recommend that dealing with the overseeing of this legislation should be split up between two different ministries. The Ministry of the Environment should be responsible for the environmental oversight and, again, the Ministry of Finance, through SuperBuild, should be given the financial oversight responsibility.

That concludes my presentation. Thank you.

The Acting Chair: We have two minutes for each caucus.

Mr Levac: I'm getting a little—I won't say frustrated or uncomfortable. There's another word that's a little less forceful. I keep getting told that this is the right thing to do and I just have a concern that in terms of a vested interest, we know that the consistency of the water and sewage system is a good thing for business as well. I think I want to point that out, except to say that when we quote from Justice O'Connor, he also made it quite clear that municipalities should not be selling their utilities. We should also be taking steps to ensure that the government is a partner in financing these projects, particularly for those municipalities that have been left with an exceptionally large downloaded burden, as well as individuals in our society who may, by no fault of their own, not be able to wash their driveways because they don't have driveways to wash.

Are you concerned as an organization, along with the others we've heard, that those three recommendations should be looked at and adopted by the government's policy in their bill?

**Mr D'Orazio:** I'm not exactly sure. What exactly would you like me to address?

**Mr Levac:** You can take your pick. Each of the ones I've given you need to get addressed, according to Justice O'Connor.

**Mr D'Orazio:** If I understand what you're trying to say, are you saying we have to be vigilant about how the service gets delivered?

Mr Levac: And to whom and who can afford it.

Mr D'Orazio: Certainly my view, and I think it is shared by the association, is that at the end of the day, we're not promoting that. Personally, we don't promote, as a company, that infrastructure should be owned other than in municipal hands. It shouldn't be owned privately.

Having said that, however, I think we all have a responsibility to make sure that the infrastructure is delivered in the most cost-effective and responsible way fiscally to the people of Ontario, and if that means a public-private partnership, then so be it. I think we all have to do what's in the best interests of each municipality, whether they be a large municipality or a small municipality, and those may have different mixes in terms of product delivery.

**Ms** Churley: So far, all the deputations have been pretty similar in your approach, so I keep asking the same question about full cost recovery.

On page 313 of Walkerton report 2, Justice O'Connor mentions that "...the financing of water systems does not occur in isolation of other pressures on municipal budgets. In light of recent restructuring in the municipal sector, especially the transfer of additional open-ended social service costs (e.g., welfare) to municipalities in 1998, there is currently some uncertainty about the ability of municipalities to finance all of the programs they are responsible for, including water services."

He goes on to talk about that being a problem and that the government should review that. He brings up the lowincome and smaller municipalities as well.

Again, I would say that we have to get real about this. If the provincial government walks completely away from helping finance capital—I don't mean the end use, but maybe giving a one-time grant or whatever to help in partnership—to help municipalities get their aging systems up to standard, then we can talk, but the idea that most municipalities are going to be able to cover all of those costs without help, especially after the downloading from the provincial government, just isn't realistic. It's just not going to happen. I just wanted your comment on that.

Mr D'Orazio: I listened to your previous question and, you're right, it's the same question basically. My response is, you have small municipalities and large municipalities. Our company resides in the region of Halton. Halton is an excellent example of a municipality that lives by full cost pricing. Two years ago we did a large project for Halton—the largest design project of its kind in this province and, we think, in the country—a \$30-million water and waste water expansion to service the town of Milton, which in 1999 had 13 building permits and in the year 2000, one year later, had 1,300. To bring water up to Milton, Halton adopted a financial model that said, "Look, to get that infrastructure up there, to finance that, Mr Developer-you're the one who's developing the land—we'd like you to pay for that up front. When the time comes that the people actually need to access that sewer and that water main, then we will give you a credit on your development charges for building that house." That financial model was recognized by the Canadian Council for Public-Private Partnerships and won an award.

The message I'd like to send is that you have large municipalities and small municipalities, and both have to be treated differently. Does that mean the province can necessarily walk away from a small municipality? No. I don't think that's necessarily responsible. Some of the bigger ones, yes, have the capability to deal with it on their own. What we're proposing is that a program that stays in over a five- or eight-year period, at literally \$6, or a 30% increase, which is no more than \$6 per household, would go a long way to readjusting or making good the old infrastructure that's in the ground and also dealing with future expansion.

1640

Mr Frank Mazzilli (London-Fanshawe): Thank you very much for coming today and making the presentation. I don't think anyone can disagree with this bill, and I know your association has been doing a good job in pushing it forward.

Mr Levac: Arrogance.

Mr Mazzilli: No. I listen to a lot of complaints, but the devil is in the details. What we're really talking about here is not what's in this bill. The private sector has a component later on on financing the infrastructure. It's more of a financing issue of the distribution of the network, the pipes, if you will. That's what you're talking about. We've said clearly that that's not addressed here

I'd like to see some proposals from your association, and how that's rolled out across the province per household. You're talking about the distribution system. When you look at the role of the private sector, the only opportunity for them is to get involved in the financing of this infrastructure; and that municipal councils not be allowed to charge less or more for that, but just enough to recover the costs.

I thank you very much, and I know as an association you will be making some presentations further to Super-Build on how we can do this properly.

The Acting Chair: Thank you, Mr D'Orazio.

#### CONSULTING ENGINEERS OF ONTARIO

The Acting Chair: Our next presenter is Consulting Engineers of Ontario. State your names, please. You have 15 minutes.

Mr John Gamble: Good afternoon. We're pleased to see that the Chair this afternoon is a professional engineer. My name is John Gamble. I'm the president of Consulting Engineers of Ontario. I'm accompanied today by Erin Mahoney. She chairs our environmental issues committee, which also liases with the Ministry of the Environment.

Consulting Engineers of Ontario is a non-profit association dedicated to the business and professional aspects of consulting engineering in Ontario. Our membership includes over 260 firms, collectively employing over 13,000 employees. Our member firms range from sole

practitioners to some of the largest engineering companies in Canada. We have worked with all levels of government, including many provincial ministries and agencies, to promote sustainable infrastructure investment.

I'll just assure members of the opposition that we are not members of the Ontario Sewer and Watermain Construction Association, though they are fine people.

Consulting engineers provide environmental studies, design and capital infrastructure planning services. This includes preparation of capital and operating cost estimates to municipalities across Ontario. Our industry is proud to have offered these services to municipalities and to the province for over a century. We have participated in the establishment of the vast majority of the water and waste water infrastructure in place today in Ontario. We are, therefore, pleased to have this opportunity to be before you today.

We believe that this act, in conjunction with the Safe Drinking Water Act, has the potential to be one of the most significant actions to ensure sound water and sewage systems since the formation of the Ontario Water Resources Commission back in the 1950s. We also recognize that this act, however, will have very significant consequences for water and sewage service providers throughout the province in planning and paying for water and waste water services.

However, the reality we face today is a significant infrastructure deficit. Like the fiscal deficits that governments of all political stripes have wrestled with, the infrastructure deficit also threatens the social and economic well-being of the province. This is particularly true of water and sewage systems that have a direct impact on our health. And like fiscal deficits, the longer we take to address it the more difficult it will be to overcome. If our generation doesn't take on the responsibility for ensuring the long-term sustainability of these assets, we will be threatening our health and our economy for generations. As such, we are faced with a critical need to invest in our water and sewage infrastructure.

The investment requirements are growing because of our aging water and waste water systems, as well as the need to renew the assets. This requires a long-term planning cycle and a commitment to building reserve funds to pay for replacements in the future. You've heard a lot about reserve funds and full cost recovery, and we too, for many of the similar reasons you've heard, support that. One key thing in this—and it probably hasn't been raised directly—is that in the long term, we believe implementation could encourage infrastructure to be addressed on a longer-term planning basis than the current three years between municipal elections.

As consulting engineers, we plan and design infrastructure for design lives that often exceed 20, 30 or even 50 years, and many remain in service for over 100. Yet significant infrastructure decisions are often made based on short-term financial and political pressures, without sufficient consideration of life cycle costs or the current condition or design life of the infrastructure assets. We do, however, appreciate the very real challenges that many municipalities will face over the implementation. Subsequently, we believe that the transitional financing measures need to be addressed immediately to assist some municipalities. As we heard earlier, part two of the report recommended, "As a general principle, municipalities should plan to raise adequate resources for their water systems from local revenue sources, barring exceptional circumstances." However, he also went on to say that low-interest loans rather than grants may be an option, and further suggested that such subsidies only be made available "in accordance with defined affordability criteria, to the extent necessary to bring the cost of water services within an affordable range."

We agree that this is a fairly sensible approach to how to deal with the transition period. We certainly think that the full cost pricing should be the ultimate objective, but we do realize it's a tough road to haul until we get there, and we need to recognize that going in.

While we fully support the principles of the bill, we also understand that there are a lot of details to be coming through the regulations. Not having seen them to date, we really can't comment on them, but we do offer that, given the significance that this legislation will have as being the basis of our future investment in infrastructure, we do feel it would be prudent to address some of the key provisions, the key concepts, the key definitions, in the legislation, like the definition of full cost recovery.

In the spirit of hoping we can improve this legislation, Erin Mahoney will now speak to some specific issues that we feel warrant special consideration.

Ms Erin Mahoney: Good afternoon. CEO believes the government must be clear on determining specifically where Bill 175 will reside. The proposed Safe Drinking Water Act includes a financial plan as a condition of obtaining a licence. One question that arises is, does MMAH have to approve the financial plan before MOE can issue the licence?

We believe one ministry must be responsible for implementation of the bill. Part two of the Walkerton Inquiry Report recommended that MOE be the lead agency, but so far it's not clear how that is being handled. Although Bill 175 has been reintroduced as an MOE bill, MMAH still is involved. We believe the intent is that MMAH set the rules and MOE enforce them, and this should be clarified in finalizing the bill.

Municipalities that have not done so already will have to identify those specific costs applicable to their system operations and confirm funding sources required to maintain and expand these systems. Those municipalities that do not have these costs identified or components of their systems inventoried will have to put such inventories in place and undertake a condition assessment to confirm needs, along with identifying all the related costs. This work includes development of a comprehensive asset management plan, which includes plans for moving to full cost recovery.

However, the time frame to move to full cost pricing is not stipulated. CEO wishes to emphasize to the prov-

ince that undertaking this work is not simply a bookkeeping exercise. It will require sound engineering and scientific judgment to characterize the condition of these assets and determine the costs required for their maintenance and upgrades.

This raises the issue of implementation schedules. These schedules are not known, but will have a huge influence on the capability of municipalities to meet all these evolving needs. The Walkerton Inquiry recommended deadlines for some activities, and the government has indicated it will meet these deadlines. The consequence could be that the deadline becomes the priority. This is a major problem with many aspects of the US Safe Drinking Water Act, where the intent was to base decisions on sound science, but deadlines took over as the priority.

Municipalities will need to determine what inventory information they need to collect, what maintenance/operations information they need to collect, what condition/performance assessment tools they should use, and how this rolls out into replacement and rehab strategies and, in turn, related costs. This, plus the fact that they will need to identify all related cost aspects, will mean that most municipalities will have to undertake a significant amount of work to establish the basis for the charge and ongoing maintenance, monitoring and implementation requirements.

Given the variation in size of municipalities and the differences in the water and sewage systems across the province, we believe there is no one-size-fits-all approach that should be applied across the board. Some recognition of different methodologies in undertaking the work and determining the costs should be allowed. However, successful implementation for all entities must require full life cycle costing, long-term financial strategies, and a bias for continuous improvement. Given the disparity of resources across municipalities, we believe that sufficient time must be given to allow them to complete this work, understand the impacts, and implement rate increases in a considered fashion.

Other considerations in the total picture include skills training at all levels. There are huge education and training needs to implement this bill and the Safe Drinking Water Act. This needs to be a co-operative government and industry solution and represents a cost that needs to be in the mix.

CEO is of the opinion that individual system viability needs to be addressed by the act, as the owners of these smaller remote water and sewage systems cannot easily address many of these requirements. This issue could possibly be remedied through the notion of "virtual utilities." Water and sewage operations must have effective economies of scale. Some small, insular works pose unacceptable consumer and operator risks. We suggest that one option for such small systems is to group them under regional operation and ownership authorities.

CEO noticed there is one unintegrated facet of this new legislation, which is the omission of source protection from cost recovery. The lack of ability to address full source-to-tap protection and recover associated costs ignores the cost of impaired water in some systems, as evidenced by Walkerton. CEO recommends that such criteria be developed and included in Bill 175.

#### 1650

We notice that provisions of the bill allow the minister to undertake the study on behalf of a regulated entity; however, no criteria are stipulated for this circumstance. We recommend that such criteria be developed and included in Bill 175.

The cost recovery plan describes how the entity intends to pay the full cost of providing these services. However, this is not tied to the municipal financial information returns. We suggest the province link this information into FIR data.

The bill further stipulates there are circumstances that could trigger a revised financial report to the minister. We recommend these circumstances, as currently defined, are too broad and should be more narrowly defined.

The bill currently calls for a sign-off of the financial plan by the minister. We suggest that to improve efficiency and streamline implementation, the minister's approval should be delegated to a director level. Also, the rate review process roles and responsibilities, including appeal provisions, should be developed and included in the bill or in subsequent regulation.

CEO suggests the province ensure that the actual legal and regulatory obligations confronted by our drinking water and sewage system providers can be met from a technical, managerial and financial perspective.

Mr Gamble: In conclusion, I'd just like to offer my personal thoughts that the water in this province is a resource to be shared by the people of Ontario. However, its management, treatment and distribution does require a significant and sustainable investment. If properly executed, this legislation has a lot of up side. As much as we are confident that ministry staff will continue to work with the stakeholders to address some of these issues, I think the gravity of this legislation asks that you at least consider addressing some of these fundamental concepts in the legislation.

Thank you very much.

The Acting Chair: We have one minute each, so one question for each caucus.

Ms Churley: Is that the same John Gamble that—

Mr Gamble: Yes, it is.

Ms Churley: We met on the campaign trail.

Mr Gamble: We did.

**Ms Churley:** A Tory opponent. We had a lot of fun in that campaign. It's nice to see you again.

Thank you for your very thoughtful presentation. I'm glad that you spoke to the Safe Drinking Water Act as well. As you know, that's a considerable interest of mine.

I fully agree with you that source protection needs to be included as part of the full cost recovery. That's an oversight that we need to deal with. I also fully agree with you—and I'm glad you agree with me—that some of the upfront capital costs need to be dealt with at the provincial level of government as well.

**Mr Gamble:** They have to play some sort of role. We certainly don't encourage the artificial economy of subsidies, but a practical consideration is that all municipalities are not starting from the same place. We definitely need to get to the full cost pricing, but we have to show a little bit of flexibility in how we get there.

I'm getting a little concerned when we agree, though.

Ms Churley: I know. Me too.

The Acting Chair: To the PC caucus.

**Mr Dunlop:** We've seen the Canada-Ontario infrastructure program on and off over the last seven or eight years. I'm wondering, do you feel that program is something that we should see a lot more federal involvement in as we go down the road with the types of investments that are needed here?

**Mr Gamble:** Let me answer that on two levels. On a philosophical level, again, I'm very reluctant to create a lot of artificial economy through subsidies. That's partly how we got into this situation. There was really a lack of understanding of who should be responsible for that.

In terms of some of the transitional programs, if the federal government is prepared to assist in moving toward this vision, then obviously if they can do something to help leverage some money, whether it's through revolving credit funds, whether it's through low-interest loans or what have you, I would certainly, like Justice O'Connor, favour a loan situation as opposed to an outright grant. It would depend on the very nature of the program. Unfortunately, some of the federal programs are still the very traditional, "Let's cut a cheque so you can cut a ribbon," and I don't think that helps the situation.

**The Acting Chair:** Thank you. Your time is up. Mr Bradley?

Mr James J. Bradley (St Catharines): I was interested in your comment about the ability of municipalities to meet the obligations that are suggested in the legislation in the time frame that most people contemplate. We will hear from municipalities, and informally we hear from municipalities, that that's a genuine challenge. How would you suggest that those timetables be met? What role can the provincial government play in helping to meet those timetables to meet the provisions of the legislation? As I say, municipalities on their own appear to think that's a major challenge.

Mr Gamble: Yes, and the bill to an extent addresses this. There really has to be a sequence here. One is we have to understand what the state of the infrastructure is at the moment. All the traditional grant programs and all the traditional delivery models we've had, going back decades, have really been about a very sudden and immediate recognition that you have a need. What we've lacked is really good information about the size and the magnitude of the problem. I think that clearly has to happen.

Again, I want to be clear, we certainly support moving toward the full self-sufficiency of the municipalities. In

the short term, I think there are possibilities of revolving credit funds, which might be one case. I think the ability to issue municipal bonds is a step in the right direction.

Though I would have some problems if it became the long-term solution, there may be some argument in terms of having a regional rate structure. The important thing, though, is that we actually truly recover the costs and we have a very true idea of what the costs are, both the operating and maintenance, the development costs as well as the replacement costs. It's not just the construction costs and it's not just the studies; there are a whole lot of elements that go in here. It's the engineering costs, it's the planning costs, it's all the professionals and other expertise that goes into it.

**The Acting Chair:** Mr Gamble, I'm sorry, your time is up. Thank you very much.

#### ONTARIO MEDICAL ASSOCIATION

**The Acting Chair:** Our next presenter is from the Ontario Medical Association. Welcome, gentlemen. Please state your names. You have 15 minutes.

**Dr Elliot Halparin:** Thank you, Mr Chair. I'm Dr Elliot Halparin, the president of the Ontario Medical Association. On my left is Mr John Wellner, who is the director of our environmental program at the Ontario Medical Association, and on my right is Dr Ted Boadway, who is the executive director of our health policy department.

Mr Chairman, honourable members, ladies and gentlemen, it's a pleasure to speak before your committee on behalf of Ontario's 25,000 physicians and their patients. We are addressing Bill 195.

We agree with Walkerton Inquiry Commissioner O'Connor's recommendations that there needs to be a series of separate legislative initiatives undertaken to ensure the safety of our drinking water, but our focus here today is on the act and some of its related issues.

We were in fact involved significantly in the inquiry, particularly with respect to phase two, where we gave detailed recommendations to the commissioner and his staff.

We had three main concerns at the time. They have not changed. They are: the role and engagement of the local medical officers of health; processes designed to ensure that water testing is subject to the appropriate safeguards and laboratory standards; and that a health-based perspective is relied upon when the issue of water source protection is being addressed, and that there is a sound medical foundation to protective measures.

I want to address those three, but before I go into those details, on behalf of the association, I'd like to say that in our areas of expertise, we consider this to be good legislation, and we want to offer our congratulations on the Safe Drinking Water Act and to commend the hard work done by the minister and his staff to give legislative life to Commissioner O'Connor's recommendations. We don't think the job is done, but it's fair to say that we

believe Ontario is moving in the right direction with this act.

On our three areas of key importance:

(1) Local medical officers of health: We'd like to note for the committee that recommendation 1 in part one of the report spoke directly to OMA concerns when Commissioner O'Connor called on the boards of health and the Minister of Health and Long-Term Care "to expeditiously fill any vacant medical officer of health position with a full-time medical officer of health."

If nothing else, the Walkerton tragedy showed us clearly that the local medical officer of health, as the community's doctor—or, as the doctors in the community like to say, "our doctor"—is both the population's best and final line of defence, should drinking water become contaminated: "best" because the medical officer of health is best placed to analyze all the various bits of information that arrive as a result of the testing process and best able to make decisions; and "final" because, if all of those pieces of information are wrong or they fail or the information does not arrive, the medical officer of health is trained to make a clinical decision, like the one made in Walkerton, that makes the difference between life and death for many. We believe Bill 195 addresses the issue and finds a way to do it successfully.

Section 167 of the bill calls for an amendment to the Health Protection and Promotion Act to ensure that the Minister of Health and Long-Term Care shall—I emphasize "shall"—work with the local boards of health to fill vacant medical officer of health positions. This is a clear and legislated commitment on the part of the province, and it is a very good method, in our view.

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(2) On laboratory practices, the OMA made extensive recommendations on the issue of properly accrediting laboratories that test drinking water, as well as addressing quality assurance through pre-testing and post-testing protocols. We are satisfied that the ministry staff took our concerns seriously and listened to our recommendations. We can see clear evidence that improvements will be forthcoming when the bill is passed.

Accreditation, from our point of view, refers to: Do you have the right equipment? Can you do the tests? But quality assurance is about: Can you collect it properly? Can you transport the sample properly? Can you analyze it properly? Can you report it properly? Both components are fundamentally essential and part of the OMA's recommendations.

(3) On source protection, although it's not formally part of the Safe Drinking Water Act, it's so important that we want to add our concerns about source protection here for you today.

As Commissioner O'Connor proposed the Safe Drinking Water Act to ensure that matters related to the treatment and distribution of drinking water were fully protective of the public health, he recommended amendments to the provincial Environmental Protection Act to protect drinking water sources.

We have been very clear in our expression of concern about the lack of action thus far to protect drinking water from contamination in the first place. An advisory committee has recently been convened to address issues relating to the protection of drinking water sources. We're told they had their first meeting yesterday and we're very pleased that Dr Albert Schumacher, one of our past presidents and the president who was making the presentations to Justice O'Connor, has been invited to participate on the committee. The OMA believes that health protection must be the starting point of dialogue on source protection.

It was Commissioner O'Connor's intention that source protection be dealt with at the same time as these other initiatives. We hope for quick action on initial water source protection initiatives and we'll be pleased to offer any and all of our medical expertise if this will help to ensure a health-based approach is taken. It's very important that binding targets, specific delivery dates, be set to ensure protective actions are undertaken soon and that checks and balances are put in place to ensure that the chosen methods have the desired protective effect.

A couple of quotes from Commissioner O'Connor when he was talking about water source protection: "The first barrier to the contamination of drinking water is source protection." In part two Justice O'Connor wrote, "A strong source protection program offers a wide variety of benefits. It lowers risk cost-effectively: keeping contaminants out of drinking water sources is an efficient way of keeping them out of drinking water. This is particularly so because standard treatments cannot effectively remove certain contaminants. And protecting drinking water sources can in some instances be less expensive than treating contaminated water so that it meets required safety standards."

It's no doubt in the interests of municipalities, who will shoulder a significant portion of the responsibility, to move toward drinking water protection in the most cost-effective way. We need a clear legislative road map that outlines what the province intends to include in its actions to protect water sources, as well as timelines with firm dates for delivery.

In conclusion, the OMA's view is that our water and our patients will be safer with Bill 195. We commend the government for the extensive effort put into this bill and are pleased that our primary concerns with the contents of the Safe Drinking Water Act have been satisfactorily addressed. Ontario has made significant strides toward preventing the possibility of another Walkerton Inquiry. Bill 195 will certainly reduce the risks, especially with respect to the recommendations on medical officers of health and laboratories.

Good work has been done here, and we look forward to similar legislative vigour being applied to the issue of drinking water source protection.

We thank you for the opportunity to present our thoughts here today, and we are happy to answer any questions you may have. **The Chair:** Thank you very much for your presentation. That gives us time for about one round of questions at two minutes. I'll give the time to the government caucus, if anybody has a question.

Mr Mazzilli: Thank you very much, Doctor. When it comes to full-time medical officers of health, obviously the large municipalities likely don't have the same problem as rural Ontario. Can that be done in regions? I know in some of the less populated areas it's quite difficult to have a medical officer of health looking after all of his or her responsibilities without the infrastructure around that person to do so.

**Dr Halparin:** Dr Boadway is our resident expert. He keeps in touch with our medical officers of health.

**Dr Ted Boadway:** The fact is, you do need a full-time medical officer of health who understands the environment of which they have charge. If you don't have that, if you have someone coming in and out, don't be surprised if they miss what's going on in that natural environment because they're just not familiar with it. In fact, what you need to do is bring areas together large enough to support that project. Some of them may require provincial help, but we already know that most can do it. The several that don't have them now could well afford it. So that's not the problem.

**The Chair:** Thank you for taking the time to come before us here this afternoon. We appreciate it.

#### PEMBINA INSTITUTE

The Chair: Our next presentation will be from the Pembina Institute. Good afternoon. Welcome to the committee. Just a reminder: we have 15 minutes for your presentation to be divided as you see fit—either presentation or question and answer.

**Mr Mark Winfield:** Thank you, Mr Chairman. I'll try and leave a few moments for questions at the end.

My name is Mark Winfield and I am director of the environmental governance program with the Pembina Institute for Appropriate Development. The institute is an independent, not-for-profit environmental policy research and education organization founded in 1984 in a place called Drayton Valley, Alberta. It now has a staff of 30 with offices in Drayton Valley, Calgary, Ottawa and now here in Toronto.

As I mentioned, I'm director of the institute's environmental governance program and I also teach environmental policy and politics at the University of Toronto and York University.

I'm going to comment very briefly on Bill 175 and then focus most of my time on Bill 195. My comment on Bill 175 is really general with respect to the approach underlying the bill. The institute is supportive in principle of the concept of pricing water to reflect its full cost and values. However, we do disagree with the approach taken by the government of Ontario in dealing with the capital investments to water systems needed to meet the post-Walkerton requirements by effectively offloading these costs on to system operators. A better approach, in our

view, would have been for the province to have provided, on a one-time basis, capital assistance to bring everybody up to standard, to be able to meet the requirements of both the drinking water protection regulations and the Safe Drinking Water Act and then require systems to operate on a self-financing basis in the long term, going forward from there.

In our view, the province does have the infrastructure funds necessary to do this through the SuperBuild program. It really would have been a question and still could be a question of reallocating those funds more appropriately.

With respect to the Safe Drinking Water Act, we are supportive of the general direction of the bill and note that it addresses a number of major aspects of Justice O'Connor's report. I'm going to focus my remarks on three specific aspects of the bill: the lack of provisions dealing with source water protection, the role and mandate of the advisory committee established by the bill, and the role of accreditation agencies in the accreditation of operating agencies and laboratories.

A great deal has already been said about the absence of any references or provisions related to source water protection in the bill, and I don't need to reiterate those at length here. Source water protection was a central element of Justice O'Connor's recommendations and does need to be addressed. Without source water protection, the job of implementation of Justice O'Connor's report is less than half done.

With respect to the advisory council established by section 4, in our view, the mandate of the council is too narrow. The council should be mandated to give advice on emerging issues and threats to drinking and source waters and to report more generally independently on the state of the province's water on a regular basis.

The third aspect of the bill that I'd like to address is the issue of the role of accreditation bodies. We welcome the requirements for accreditation for operating authorities and laboratories and realize that these are central to the regulatory framework of the bill. However, as currently drafted, the accreditation function, which is essentially a substantive review of the capacity and qualifications of operating agencies and laboratories, will not be carried out by the Ministry of the Environment but by accreditation bodies. Under the provisions of the bill, and this is in sections 22 to 24 and 60 to 62, these entities may be any person, and that means any individual or any corporation designated by the minister. These bodies have yet to be identified and the bill contains no provisions regarding their structure or qualifications. In our view, the government needs to identify who it's contemplating these bodies being. The bill needs to establish requirements for these bodies, including their required qualifications and expertise, their institutional nature and status, and their freedom from conflict of interest.

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More generally, the bill needs to provide for annual public reports by accreditation bodies on their accreditation activities, public access to information related to their accreditation functions, a provision for independent audits of their operations, and the application of the Environmental Bill of Rights to any agreement entered into by the minister with an accreditation body.

As I say, we support the overall direction of the bill. We see it as an important step toward implementation of the Walkerton Inquiry's recommendations. We would appreciate seeing these aspects of it addressed and look forward to seeing the government's next steps on the issue of source water protection.

I'm happy to take questions.

The Chair: That leaves us just under three minutes per caucus. We'll start this round with the official opposition.

**Mr Bradley:** I find interesting your comments on the advisory council. Is it your view that the advisory council would be a stronger and more relevant body if it reported to the Ontario Legislature rather than to the minister himself or herself?

Mr Winfield: I think that might help. That's a possibility that one could draft a bill in a way that the council's recommendations are made to the Legislature as well as the minister simultaneously. I do think it would also be helpful, though, to broaden the mandate of the advisory council contemplating the act so that it's got a much broader mandate to speak to drinking water and source water conditions in the province.

**Mr Bradley:** I've noted that and I consider it to be a good recommendation. In terms of the accreditation bodies, I share your concerns that you've expressed that there is not much in the way of a definitive description of how that system will work.

Let me move away a bit from that. Do you think there would be any value in re-establishing the Ministry of the Environment regional laboratories, which were closed overnight in 1996 and left municipalities scrambling for the use of private laboratories? Do you think there's a value in government re-establishing its laboratories, which were so highly regarded in years gone by?

Mr Winfield: I do think there would be some value in going down that road. It is a particular concern, given the lack of clarity in the bill around how qualifications for private laboratories are going to be established. Certainly, returning these functions to the ministry's own laboratories would deal with a number of the problems we identify with this notion of having private operators carry out these functions in terms of freedom from conflict of interest, independence, access to information, access of the Provincial Auditor to their operations and those kinds of things. You would be dealing with a much stronger accountability and oversight framework than is the case with private laboratories.

Mr Bradley: The Nutrient Management Act regulations, if my recollection is correct, are still not finalized, and while the legislation has passed, it has taken some time to do so. I have two quick questions on that: first, do you believe the Ministry of the Environment should have the lead as opposed to the Ministry of Agriculture and Food in that regard? Second, do you believe that it's

almost, I guess, a given that it's essential to get those regulations in place as soon as possible to assist in the protection of the raw water supplies in the province?

Mr Winfield: Yes. I think, in fact, Justice O'Connor was quite clear on this as well: that the Ministry of the Environment needs to be the lead regulator in dealing with agricultural sources of pollution. The problem is that, in addition to its role as something of an advocate for the agricultural sector, the Ministry of Agriculture, Food and Rural Affairs really has very little operational experience as an environmental regulator and as a regulator of water quality. I think that's the other consideration that needs to be taken into consideration here.

Yes, forward movement on the regulations under the Nutrient Management Act would be very important, but I think it's also important to keep in mind that that only deals with certain aspects of Justice O'Connor's recommendations. It's also very important that the government move forward on the issue of the watershed protection planning regime that Justice O'Connor contemplated as well.

**Mr Bradley:** Do I have any more time?

The Chair: No, that's all.

Ms Churley: Thank you very much for your presentation. I must say I'm glad we're talking about the Safe Drinking Water Act now. You actually support some of the contentions I'd been making earlier, particularly around full cost recovery and the need to understand what we mean by that, and make sure we have a model that has, as my safe drinking water bill did, the component written into it that we re-establish a fair partnership between the province and the municipality. So my first question would be, do you think that should be specified in this bill, as it was in my bill?

Two other things in my bill which are removed that I think are really important that you didn't touch on, besides the money—I know you have limited time—is the clean water electronic registry—you may be aware of that—so that Ontarians can obtain up-to-date information about the quality of water in their community. Also, the mandatory reporting notification requirements to water users, local medical officers of health and the Ministry of the Environment, those kinds of rights, the public right-to-know aspects, have been left out. So I wonder if you could comment on those quickly.

Mr Winfield: As I indicated, I think some intervention by the province on the financial side is required. We're hearing, particularly from smaller municipalities and rural municipalities, that simply the financial burden of implementing both the drinking water protection regulation, the small source drinking water protection regulation, and now this bill may well be beyond the financial resources of some of the smaller municipalities. Indeed, we have to remember that historically part of the reason the province became involved in funding of municipal water systems in the 1950s was precisely because of these problems around capital capacity at the local level.

In that context, I'd reiterate my notion that it may well have been a better approach for the province, in addition to putting all these regulatory requirements and things like the standard of care and things like that that are being loaded on to local governments in the bill, to have accompanied that with some capital assistance in the short term, essentially to bring everybody up to standard and then move forward from there.

In terms of the notion of the clean water registry, certainly we would support a community right-to-know approach. This has now been very well established in the United States through consumer information reports under the Safe Drinking Water Act. We do note that the province has moved on the issue of some degree of mandatory reporting. There is a Web site now but you do have to dig hard to find it; it's not very prominently displayed. There has been some progress there on the part of the province and we need to acknowledge that, but I do think a broader approach to community right-to-know and consumer information might be very, very helpful.

Mr Bill Murdoch (Bruce-Grey-Owen Sound): I appreciate your comments. You may be a bit premature on the costs to the municipalities. Right now there is a committee with AMO. They're sitting down right now and working out the regulations for this bill. After that committee finishes that, they will start right into looking at the costs. So you're a little premature in saying they're not looking at that, because they definitely are. With AMO, we will come up with some ideas on how to help some of the smaller communities. You're absolutely right; they can't all live with some of the regulations and be able to afford them. So the government will have to come up with some money and, with the help of AMO, we're going to work that out. I just wanted you to know that

On the second thing—you mentioned source water protection—you're right, we're only halfway there; you certainly are right. But we are right now, in conjunction with our conservation authorities, doing extensive studies out there on where the water is coming from, how many wells are out there. So we could be premature in jumping ahead with a bill on water source protection when actually there aren't a lot of records of what is actually out there. The government has spent a significant amount of money for conservation authorities and with some counties to do these studies and as soon as we get those done, then we can start looking at the second half of the bill

Your comments are good and, as I say, we are right on doing all that you are requesting.

The Chair: Any other very quick question from the government side?

Mr Murdoch: Just one. I'll mention too that the water quality centre in Walkerton, which will hopefully be up and running by spring, at least started on the construction anyway, is where we will be able to have a lot of this detail that is lacking. There will be a centre in Ontario for details, which will be there and people will be able to get the different—sort of some of the concerns you have.

We'll have a place in Ontario that people will be able to come to.

**The Chair:** Thank you for coming before us here today. We appreciate your comments.

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#### NORTH ROCK GROUP

**The Chair:** Our next presentation will be from the North Rock Group. Good afternoon. Welcome to the committee. We have 15 minutes for your presentation or questions and answers.

Mr George DiPede: Good afternoon, Mr Chairman, committee members and ladies and gentlemen. My name is George DiPede. I am the president of North Rock Group Ltd. North Rock is primarily a water, sewer and road reconstruction company in the province of Ontario. We are a family-run business and our roots date back to 1959, when my late father started in the water and sewer business in Ontario. We presently employ 50 people and enjoy a continuity of over 50% of our staff being with the company for over 20 years.

Our work also entails general contracting in the construction of pumping stations, whether it be for water or waste water pumping stations. Our work has taken us from as far west as Hamilton, as far east as Cobourg, as far south as the lake, and as far north as the Muskokas in Huntsville and Bracebridge. Needless to say, our staff has worked in every type of soil condition in the province, with every type of piping system for water and waste water, and has quite a lot of experience in the water and waste water system in the province.

We are active members in the OSWCA and GTSWCA and are also members of the Canadian Construction Association. Our company has also enjoyed a long history of dealing with design-build projects with water and waste water systems in the province.

Therefore, we are here to speak on Bill 175, the Sustainable Water and Sewage Systems Act, and commend the government for bringing forth this legislation and recognize that this act is long overdue and is well required. This legislation is an important step in ensuring that Ontario's water and sewage systems are good for public health, environmentally friendly and financially sustainable. Really, this act is catching up to where we are today in 2002. This act and this type of legislation should have been in place perhaps 30 years ago—it should have been 1972 instead of 2002.

The systems that we have underground here have to be considered an asset; an asset, whether it be a building or a business. The piping system and water and sewer systems in Ontario are billions of dollars that are underground and have to be maintained. There have to be controls and measures in place for those people who are responsible for maintaining them. They must be kept up to date. It must be made sure that they are running efficiently and effectively. Ultimately, there is a financial responsibility with any asset.

For example, the condominium corporation act of Ontario requires that a 10% reserve account be placed in every budget for maintaining condominiums. Therefore, financial sustainability is extremely important when you are talking about millions of dollars of infrastructure that's under the ground.

I'd like to give you two examples that our own company has dealt with when it comes to the critical situation of water and sewer in the province. We were fortunate enough to do a project just north of Toronto a few years ago in what was then a small municipality. Today, it's a thriving municipality both residentially and commercially. We started the project. It was a water main project. We were there to connect to an existing water main. To the chagrin of the local municipality, the consulting engineer and ourselves, we spent the day digging, looking for a water main that didn't exist.

There was a fine older gentleman who was sitting there across the street and having a good time watching us trying to find a water main that didn't exist. The next day we asked the gentleman why he just watched, to his amusement. He informed us that we could dig until the cows come home but we would never find anything under the ground. When we asked him why, he said that we were on the wrong side of the road. Everything was on the other side. When we asked how he knew this, he said he was the retired superintendent of waterworks for that municipality. When we asked him how it was that he knew where everything was but the municipality and engineers didn't, he had two words for us—job security. He said that if he knew where everything was, his job was secure and he'd never have a problem.

Interjection.

**Mr DiPede:** Yes, that was good strategy. As amusing as it might be, the real issue is that here's a municipality that has hundreds of houses, large factories and commercial buildings being built, and yet they don't even know where their infrastructure is.

How can we sit here and talk about clean drinking water and proper transmission of waste water, when a simple thing like data and reporting is not even being kept properly? I'm not talking about far away from the GTA; this is a large municipality.

Another incident happened to the west of Toronto, a similar situation. We hooked up to an existing water main. After the project was complete, we tested the water main for potability and spent many weeks, and to no avail. We did not get the water potability to the standards of the province of Ontario. We tried everything known to both ourselves and the municipality and consultant, and we could not get this water to pass and meet the standards.

We took it upon ourselves, with the municipality, and tested the source, the town's water where it was coming from. Ironically, this town celebrates that it has probably the best water in Ontario and sells bottled water. Lo and behold, the water itself did not meet the province's standards on potability. Therefore, the residents were living with potable water that did not meet province of

Ontario standards. Had we not done this project, no one would ever have known. I'm not saying a mini-Walkerton could have happened, but no one can tell me it could not happen for sure. Had we not done this project, no one would ever have known this water did not meet potable standards.

Those are just two minor examples of situations that have happened. I'm sure other colleagues of mine have mentioned different ones in the past. But I just want to illustrate the point that we are in a situation where we have a serious asset, we have billions of dollars in the ground, and we don't have certain controls and measurements required to get the job done.

We support Bill 175 and are particularly pleased there is a section in the legislation that requires municipalities to have dedicated reserve accounts. As I told you before, financial sustainability is a very important aspect when you're looking at one's assets. We believe the bill is a good framework, and it is our view that it must be strengthened if we are to achieve the goal of creating a sustainable water and sewer system. As the bill now stands, there is too much left to regulation and not enough provision entrenched in the legislation. As I told you, we're active members of the Ontario Sewer and Watermain Association. I'm sure you have heard and have dealt with their amendments, so I won't bore you and go through them all again. I just want to let you know that they are excellent amendments and they are required, because legislation is just that, a framework. Municipalities, the province and the private sector need to work within that framework to make sure we achieve the goal of clean drinking water and proper waste water treatment.

Ultimately, ladies and gentlemen, what we're talking about here is responsible government, grade 10 history. That's what our country was founded on: responsible government providing responsible legislation to those people who are responsible for making sure that the water and waste water systems are dealt with accordingly. I don't think much more can be asked of our government, and I don't think much more can be asked of the people.

I thank you for your time and will answer any questions, if I may.

**The Chair:** Thank you. I'm going to give the next three minutes to the official opposition.

**Mr Levac:** Just a quick clarification. Is that clock right, Mr Chairman?

**The Chair:** The clock is right. I think we have to be sensitive to the fact there will be a vote just before 6 o'clock—

Mr Levac: That's why I'm asking.

**The Chair:** —so I'm making it more like 14 and a half minutes each. No offence to the—

**Mr DiPede:** Not at all.

**The Chair:** This way, we get to hear the last two presenters as well.

**Mr** Levac: I appreciate it, and I will be quick.

I think you, along with all of the deputants up to this moment, have offered amendments to a perfect piece of legislation that somebody seems to think doesn't need any work. The Consulting Engineers of Ontario have taken what you've just said and really broken it down. I don't know if you were able to hear or understand what they were talking about. There needs to be an awful lot of work in front of, which I'm assuming they would like to see in some legislation; if not in this piece, at least in companion legislation. Do you agree with some of the comments that were made by the Consulting Engineers of Ontario?

**Mr DiPede:** To be perfectly honest with you, I wasn't here to hear what they had to say. From what I've seen from our association, I would say there definitely has to be collaboration between the consulting engineers, municipalities and the government in dealing with these issues. I would say I agree with some of them, but I can't actually comment on each individual issue they may have brought up.

Mr Levac: Is it fair to say that from some of the comments you made and which are indicated in their report that we need to do an awful lot of homework in front of this particular stuff so that we can get a grasp of what we have, the cost it's going to be—

**Mr DiPede:** I think homework has to be done, but at the same time, if we get the framework in place, it's always better to work within a framework than it is to try and change everything before you actually get it into place.

Mr Levac: Justice O'Connor indicated in his report—I know it's been quoted on several occasions by many of your members, but I haven't heard these ones where he also said that he doesn't think municipalities should be selling off their water and sewer systems. He thinks there should be some financial support by the government of the province for small communities that can't get this up to standard. He also says that individuals should not be burdened with a pay-as-you-go rate that could burden their particular ability to pay. Do you agree with those recommendations that Mr O'Connor has made?

Mr DiPede: In principle, of course, but I think the thing that has to be made clear is that we don't have to burden people tomorrow with the full cost of bringing their water and sewer systems up to date. Smaller municipalities can take time in dealing with them and come up with a plan that makes sense and that could take—well, I'm not going to quote years, but five or 10 years. Also, I think this government has done a good job of providing, whether it's through AMO, OSTAR or SuperBuild, that support that is required for those municipalities.

In principle, yes, people should not be burdened right away, but ultimately it's not a burden. As a taxpayer of Ontario, I'd rather our money be spent on something as basic as clean water and proper waste water than cutting corners just to meet certain budgets that can't be met.

**The Chair:** Thank you for coming before us here this afternoon.

# CREDIT VALLEY CONSERVATION AUTHORITY LAKE SIMCOE REGION CONSERVATION AUTHORITY TORONTO AND REGION

The Chair: Our next presentation listed on your agenda is the Toronto and Region Conservation Authority, but I think we may have representatives from more than one conservation authority. Good afternoon and welcome to the committee.

CONSERVATION AUTHORITY

**Ms Rae Horst:** Thank you very much, Mr Chairman and members of the committee.

**The Chair:** Perhaps I could ask you, just for the purposes of Hansard, to introduce yourselves.

Ms Horst: We have with us Sandra Hanson, who is director of corporate services for the Lake Simcoe Region Conservation Authority, and Craig Mather, who is CAO of the Toronto and Region Conservation Authority. I'm Rae Horst, general manager of the Credit Valley Conservation Authority.

Thank you very much for the opportunity to speak before you today. Congratulations on introducing Bill 175, An Act respecting the cost of water and waste water services. This, we feel, is a great step forward toward implementing Justice O'Connor's recommendations. As noted by Justice O'Connor, source protection is cited as the first barrier in a multi-barrier approach to protecting drinking water.

We feel Bill 175 is an immediate opportunity to make explicit in legislation that source water quality and quantity protection through watershed management is an eligible component of full cost accounting for water and waste water services. The cost of drinking water treatment and waste water assimilation will be reduced by, and is heavily dependent on, maintaining good quality, abundant source water.

Currently, at least five conservation authorities, including Toronto and Region Conservation Authority, Credit Valley Conservation Authority, Lake Simcoe Region Conservation Authority, Grand River Conservation Authority and South Nation Conservation Authority—some of the largest conservation authorities in the system—receive funding from municipal water/waste water rates for a range of water management activities, including many of those identified by Justice O'Connor as necessary for source protection plans. As an example, in 2002 the region of Peel contributed funding to the Credit Valley Conservation Authority for water quality and quantity source protection, including water monitoring, water quality strategy, water budget, subwatershed restoration, water management strategy and subwatershed plans. These are all necessary components of source protection plans as envisioned by Justice O'Connor.

In addition, full cost accounting must include the cost of watershed infrastructure that provides the source of water supply or improves waste water assimilative capacity of the receiving stream, including the infrastructure that is operated by the conservation authorities on behalf of one or several municipalities. For example, within the Credit Valley watershed, the Island Lake reservoir is integral to assimilating the waste water from the Orangeville sewage treatment plant. It was largely built for that purpose and it is half the flow to that plant. This is a legitimate cost in the provision of drinking water and treatment of waste water.

On behalf of the Credit Valley Conservation Authority, the Toronto and Region Conservation Authority and the Lake Simcoe Region Conservation Authority, we recommend that Bill 175 should explicitly state that activities and infrastructure related to source water protection should be eligible expenditures from municipalities through their water/waste water rates. We recommend subsections 3(4) and 4(4) be amended accordingly.

Thank you very much for the opportunity to speak with you.

**The Chair:** Thank you. That certainly affords us time for questions from the caucuses.

**Mr Dunlop:** I was interested to see, in your fourth paragraph, that you mention "water budget" in the third line. I happen to know what that is, and I know a lot of people probably don't know what that means, because I've talked in the past to—is it Vicky?

Ms Horst: Erin.

**Mr Dunlop:** Would you explain to the committee what that is?

Ms Horst: The water budget is an assimilation of the total—you have to do a study on your total groundwater and your total surface water. From that you figure out how much water is available in the system for use. You have to marry that with the water quality, because not all the water is good for use. Once you know how much water is in the system, you know whether you can meet the needs of the users who are currently there. The Credit Valley is currently 20% over-allocated.

**Mr Dunlop:** You allow permits based on that?

**Ms Horst:** MOE allows permits based on that.

**Mr Dunlop:** My understanding was that when you developed a water budget for the Credit Valley, you had a program with the MOE and OMAFRA that helped develop that.

**Ms Horst:** MOE/MNR paid \$100,000 in 2001, but the municipalities paid \$130,000 in 2001. In 2002, we got roughly equivalent money, with the municipalities contributing a little more. So it has been a joint partnership with the province and the municipalities, with the municipalities contributing a little more.

Mr Mazzilli: Just one quick question; I want to make sure I've got this right. Obviously the bill deals with a lot of things, but it doesn't deal with the financing. You want to ensure that not only the distribution system is full cost recovered but that, say, the dam at the Upper Thames is part of that process—

Ms Horst: Yes.

Mr Mazzilli: —where you're looking at the true picture, not just the distribution of water but long before you get to that.

**Ms Horst:** And source protection. **Mr Mazzilli:** Good. Thank you.

Mr Bradley: One of the challenges you face in protecting the source of water supply for any municipality is your ability to comment as a conservation authority when developments are proposed under the Planning Act of Ontario. Can you think of any changes that should be made in either the regulations or the policies related to development proposals that come before you, if you want to protect that water, recognizing that in some instances you are either consulted too late, not consulted at all or your recommendation is ignored?

Ms Horst: We believe Justice O'Connor's recommendation that in the case of source water protection, particularly with respect to drinking water, all other plans should be consistent with those plans having been developed. Currently they are not consistent. We do subwatershed and watershed studies and tributary studies, and it's at the goodwill of the municipality that those are included in their official plans and enforced. So we're hopeful that, through Justice O'Connor's recommendations, in order to protect source water, good drinking water quality and quantity, those plans and any subdivision plans that are subject to those plans will have to be consistent with the source protection plan as proposed by Justice O'Connor.

Mr Bradley: The Environmental Commissioner, in his last report, revealed to the Legislature and to the public that the number of water monitoring stations on our streams and rivers and other waterways in the province had gone down to 240; in 1995, I believe there were 730. Is it your view that these monitoring stations provide a useful service, and would you recommend that they be restored to at least the number there were in 1995?

Ms Horst: Yes. These monitoring stations are absolutely critical to protecting water quality and quantity. The Credit and the Grand managed to keep most of their monitoring stations. We've put in a lot more since—the Credit did. But they are absolutely fundamental—critical—to protecting water quality and quantity. As we're under greater and greater pressure from urbanization and pollution, we have to know what's going on and we have to be able, then, to react to it quickly.

Mr Bradley: In addition to the funding that comes from municipalities, would you look forward to a restoration of funding from both the Ministry of the Environment and the Ministry of Natural Resources for various purposes that would assist you in protecting water, particularly since you were cut so drastically in the early years of the government by the Ministry of Natural Resources?

**Ms Horst:** We believe there need to be new funding mechanisms for conservation authorities and that the full brunt should not go to municipalities. There are con-

sumptive users out there, and I think what's really important is consumptive use of water. There are many consumptive users who are not paying. For instance, water bottlers, irrigation, golf courses and even agricultural users and country folk like myself should be paying something for water itself. Even municipalities at this point are not paying for water itself; they only pay for infrastructure.

We strongly believe there should be new funding mechanisms for source protection. We believe this municipal ability to pay for water in some form, such as water and waste water rates, should be maintained, but the government needs to come up with new funding mechanisms, not necessarily from MNR and MOE or directly from the provincial government but from users.

**The Chair:** Thank you for coming before us here this afternoon.

Ms Churley: Do I get a question?

**The Chair:** You missed your rotation, Ms Churley. Sorry about that.

#### J. WEBER CONTRACTING LTD

**The Chair:** That takes us to our final presenter of the afternoon, J. Weber Contracting Ltd.

**Mr John Weber:** Good afternoon. I'm John Weber, president of J. Weber Contracting Ltd and a director of the Conestoga Heavy Construction Association. Both J. Weber Contracting and the Conestoga Heavy Construction Association represent the sewer and water main industry, and we are pleased to have this opportunity to present our views on Bill 175.

J. Weber Contracting was founded in 1975 in the Kitchener-Waterloo area. I presently employ 25 to 30 people. Our work area is Kitchener-Waterloo, Cambridge, Guelph, Fergus, Elora and Elmira. The primary focus of our workload is approximately 80% related to infrastructure renewal of sewers and water mains in the above-noted communities.

As founder, past president and presently director of the Conestoga Heavy Construction Association, I also represent 30 local companies in the tri-city area that employ 2,000 to 3,000 people in the sewer and water main industry. Being the front-line people of the sewer and water main industry, I believe we are more than qualified to express our views and comments on Bill 175.

Both the Conestoga Heavy Construction Association and J. Weber Contracting are committed to the maintenance and expansion of the province's vast network of water and waste water systems. We are, therefore, supportive of Bill 175, because maintaining a plentiful, healthy water supply requires a continuous investment by governments and consumers. This legislation is an important step toward insuring that Ontario's water and sewage systems are financially sustainable, good for public health and environmentally friendly.

Currently we are faced with a critical need to invest in our water and sewage infrastructure. The "out of sight, out of mind" philosophy does not work. Walkerton proved this. I have encountered several situations in the past couple of years that could well have been Walkerton disasters all over again.

While reconstructing sewers and water mains in a prominent area of Kitchener last year, it was discovered that six homes were receiving water from a one-inch diameter plastic line that had been in operation for 20 to 30 years with no blow-off or cleanup at the end, only a service connection to the last house. The potential for E coli forming was as high as in the Walkerton scenario.

On other jobs, we are still removing old water mains containing lead joints. Last week I pulled out a Transite water main in Elora, and also water mains with decades of sludge running at 50% capacity. Many of the systems do not contain cleanouts or flushing devices. This means that no testing, flushing or cleaning can be done to older sections.

Presently, we are working in Elora on a reconstruction job installing new sewers and water mains. The scary scenario is that all the existing houses are on septic beds that are within 300 to 400 feet from the Elora Gorge. These beds are a minimum of 15 to 20 years old and could be leaking into the gorge or into the existing water table. Several of the homes have also been serviced with a one-inch pipe full of corrosion. This new infrastructure will eliminate these problems, but without legislation and upgraded infrastructure, as per this bill, several municipalities across the province would be able to keep situations like this out of sight, out of mind.

We have been a proponent for full cost pricing and accounting legislation for many years. We believe it is the only way to secure much-needed new, upgraded infrastructure, and to protect public health and the environment. It is also a means to stabilize business cycles and future planning for us and municipalities. This act specifies that the full cost of providing services should include operating costs, financing costs, renewal and replacement costs and improvement costs. With this in mind, we want to commend the government for moving to implement this policy.

We support Bill 175 and we are particularly pleased that there is a section in the legislation that requires municipalities to have dedicated reserve accounts that are segregated from the general revenue accounts. While we believe the bill is a good framework, it is our view that it must be strengthened if we are to achieve the goal of creating sustainable water and sewage systems. As the bill now stands, there is too much left to regulation and not enough provisions entrenched in the legislation. With a dedicated reserve account, infrastructure projects can be scheduled and completed on time. Several projects in my community have been delayed by years, not due to the shortage of funds, but delayed because the funds were used for other reasons, ie, buying land or building arenas. Water is more important. One particular project causes flooding every rainfall, which in turn enters our sewage system. This excess water is then treated at the sewage plant. The water main has been noted to break two or three times a year. Several thousand gallons of treated water are lost. The cost of delay of this is very expensive. If the dedicated reserve fund was in place, this project would have been completed several years ago.

The Ontario Sewer and Watermain Construction Association has made suggestions for strengthening the bill, and we support these amendments, which are very important.

First, full cost pricing should be legislated as mandatory for all provinces. Putting this principle in the legislation will signal the government's serious intent and, most important, it will ensure that full cost pricing becomes a reality in Ontario, the first jurisdiction in Canada. While we agree with the concept that municipalities should be allowed flexibility in how they achieve this goal, we do not think there should be any flexibility about whether they implement full cost pricing.

Second, the legislation should be amended to include a specific date for compliance.

Third, we think the legislation should entrench the user pay principle to prevent municipalities from being able to hide the cost of water within the property tax. Walkerton had one of the lowest flat rates for water in Ontario. We believe Ontarians should pay the full cost of extracting water, processing it and piping it to their taps.

Fourth, we believe the legislation could improve with a more precise definition of full cost pricing: supplying, operating, maintaining, renewing.

Fifth, the legislation should be amended to include metering. Allowing consumers to see exactly the amount of water they use and its relation to cost will promote conservation and environmental protection. Those who use water should pay for it, because right now we are in an enormous deficit of clean water.

If the legislation and the proposed amendments come into force, the government will need to ensure both environmental and financial compliance by municipalities. This may be a monumental task for one ministry alone. To address this, the Ministry of the Environment should be responsible for environmental oversight, while the Ministry of Finance/SuperBuild should be given the financial oversight responsibility.

Our motto for your and our futures relating to the water and waste water systems should be, "Conservation, Preservation and Restoration." Thank you.

**The Chair:** Thank you very much. Recognizing the bells are ringing—the clock is visible up there—I'm going to give a minute and a half to each caucus, starting with the official opposition.

**Mr Bradley:** My question gets to the issue of what I consider to be the replacement of bad piping that exists

now. In many municipalities now you have what is called brown water that is ending up going through the system. That's largely because of deteriorating older pipes that are found within the boundaries of those cities. How extensive a problem is that across Ontario, particularly in older communities, that of deteriorating pipes that are virtually falling apart?

Mr Weber: I can only comment on our area. I would say in the Kitchener-Waterloo tri-city area we are probably in the 40% range that have to be replaced. As I said, as of last week I'm still excavating Transite pipes; I'm still excavating lead joint pipes. They've been there for years.

**Ms Churley:** Thank you very much for your presentation. Sorry we're in such a rush here. You mentioned the need for funds specifically for water, I believe, that SuperBuild could be used for arenas and a lot of other things. Is that what you were referring to?

**Mr Weber:** I found that with some of our money in Kitchener, the grant came in for infrastructure but the municipality turned it around and used the word "infrastructure" to put a new library in place.

Ms Churley: Right. That was always a concern we had. We also found out that the government underspent \$171 million in the municipal partnership initiatives, so only \$29 million of that was used, and we're concerned it's going to go right back into general revenues. They said it had to do with approvals and finalizing contracts. Do you know what that might be about, why that money would not have been spent, with the needs so big out there?

**Mr Weber:** I believe it wasn't spent because it wasn't defined by the government where it had to go. I think with this bill now, bringing the government in as a partner has defined exactly where the money is designated to go to bring our infrastructure back.

Ms Churley: Thank you.

**The Chair:** Thank you very much, Mr Weber. I don't think there are any questions from the government side.

**Mr Dunlop:** We're going to waive our time.

**The Chair:** Thank you very much for coming before us. We appreciate it.

**Ms** Churley: Can I have a very, very fast question to the committee clerk? Were there any people in Ottawa who requested to be on and we had to turn down?

Clerk of the Committee (Ms Tonia Grannum): No.

**The Chair:** Thank you very much. The committee stands adjourned until tomorrow at 9:30.

The committee adjourned at 1752.

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Mr James J. Bradley (St Catharines L)
Mr Bill Murdoch (Bruce-Grey-Owen Sound PC)

Clerk / Greffière Ms Tonia Grannum

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Ms Lorraine Luski, research officer, Research and Information Services

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