

# Chapter 10

## Funding – Who Pays and How Much?

In previous chapters of this report, we have sought to identify and quantify, where possible, the value of the waterway to Canadians. We have noted that the waterway generates economic activity in the billions of dollars annually. We have discussed the importance of the water management regime to the survival of communities and the future of adequate supplies of water. We have touched on many other facets of the waterway that bring important value to Canadians.

We have also observed that there is much to be done to assure the future of the waterway and presented a range of recommendations that we think will contribute to its sustainability.

We would like now to turn our attention to the matter of money, for that is really the most fundamental challenge facing the waterway. It is evident to us that, in recent decades, the management of the waterway system has lost its way. This may have been caused in part by uncertainty of jurisdiction, mandate and role. However, it is also the result of inadequate funding of the waterway's operations and maintenance – for the last two generations, at least, if not throughout its entire history.

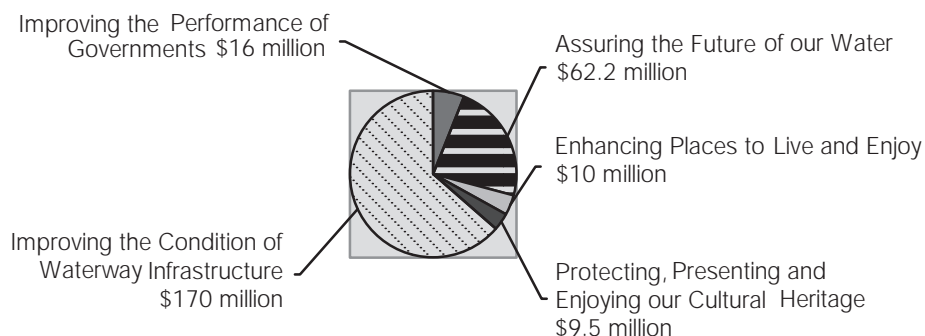
### How Much Will it Cost?

Assuring the future of the waterway is going to cost money. In Figure 2, we provide our best estimates of the cost of our recommendations. The total price tag for what we suggest will likely approach \$270 million in 2008 dollars over the next 10 years. This is in addition to existing operating and capital budgets.

We have prepared estimates of the cost of each of the recommendations however it is important to understand that these estimates are largely “order of magnitude” in nature. It is anticipated that government, as they consider the recommendations, will cost them out in more detail.

Figure 2 shows where we expect the funding will be required. Notes on each of the categories follow the figure.

**Figure 2 - Distribution of 10 Year Costs by Category**



**Improving the Performance of Governments** – A description of the Trent-Severn Heritage Council may be found in Appendix B. We estimate that the Council would require annual contributions of \$1.6 million to support its operations – the majority of which would pay for professional staff to advance the goals of the Council. The role of the Council would be to encourage the setting and monitoring of common goals as well as improved communication and coordination among the many government agencies involved in the Heritage Region. We believe that most of the cost of the Council should be shared equally between the federal and provincial governments. It is suggested, however, that the more than fifty municipalities and First Nations that will benefit from the existence of the Council might also wish to contribute. We have assumed that a contribution of \$200,000 annually or 12 per cent of Council costs would be a reasonable expectation.

**Assuring the Future of our Water** – These funds – approximately \$1.5 million per year – would be used to support improved development permit administration, regulatory enforcement and coordination among planning agencies. In addition, we are suggesting investment of \$1 million annually in environmental monitoring of federal lands and waters in the waterway region. Finally, we have recommended that a fund in the order of \$250,000 per year be created to support community and citizen water quality stewardship.

We estimate that the Water Management Agency and the recommended Hydro Division will cost approximately \$2.1 million per year to operate. This will be more than offset by current hydro revenues that might be expected to significantly increase with new developments and improved efficiency. We are also suggesting a specific dam modernization program costing a total of \$24 million over a five-year period starting in 2010.

**Enhancing Places to Live and Enjoy** – Based on a review of the scope of the Canada-Ontario Rideau-Trent-Severn Study, we expect that preparation of a strategic plan will cost approximately \$600,000 over two years. We have also made provision in our estimates for a further \$10,000 per year to ensure that the plan is kept as current as possible. Preparation of the plan should be a partnership endeavour with each of the federal, provincial and municipal (aggregated) partners contributing equally to its completion.

We are suggesting that the federal government establish a \$10 million Trent-Severn Heritage Region Strategic Investment Fund to cost share community investment in improving the quality of their waterfronts. The fund would be accessible on an equal cost share basis over a six-year period. A provincial contribution to the fund would be helpful but has not been factored into our estimates.

**Protecting, Presenting and Enjoying Our Cultural Heritage** – We are recommending that the federal government augment Parks Canada's budget by \$315,000 annually to enhance its cultural resource management capacity for the important historic resources owned by Parks Canada throughout the Heritage Region. A further \$600,000 per year should be allocated to improved interpretation and education to better tell the stories of the waterway to a growing and diverse population.

**Improving the Condition of Waterway Infrastructure** – By far the biggest item in our cost estimates would be for maintenance, repair and replacement of the physical infrastructure. We are proposing an investment of \$170 million over a ten-year period for this purpose starting with an immediate budget increase of \$7.5 million that would rise to \$21 million by 2013.

## Where Should the Money Come From?

**The Trent-Severn Waterway is a federal asset and a national treasure and we believe that it must be funded, in large measure, by its owner – the federal government.** Our examination of waterways elsewhere

in the world confirms that similar public assets are primarily funded through tax-based appropriations coming from their respective federal governments. The one exception is the New York State Canal Corporation that is supported by the state government.

We found no examples where a significant portion of the operating and maintenance costs come from generated revenues although, in many cases, certain aspects of operations are supported by fees for use of the canals and lands owned by canal corporations.

It is worth noting, as we have shown in Chapter 8, that all levels of government receive substantial benefit and revenue from the waterway in the form of boater fuel taxes, fishing permits, and municipal waterfront property taxes. It is also reasonable to assume that revenue is generated to each level of government through the economic activities made possible by the dams and locks throughout the watersheds. Many municipalities also benefit from reliable sources of municipal water that are assured as a result of the federally operated water management regime.

We believe that other levels of government have both a vested interest and a moral obligation to contribute to the sustainable future of the waterway. We suggest that financial contributions to new initiatives proposed in this report might reasonably be expected to come from the Province and from municipalities. Of the \$270 million total cost of our recommendations over ten years, we suggest that the federal government contribute approximately \$260 million with the Province contributing \$7.3 million and municipalities offering a further \$2.3 million. We believe, however, that the most important contribution other orders of government can make will not be financial, but rather in the form of their commitment to sustainable goals and their participation in a variety of partnerships that will be essential to assuring the waterway's future.

It is also our view that individuals who receive a specific private benefit from the waterway should pay their share. Some of our presenters suggested that Canada should emulate the recent New York State example by eliminating lockage fees. But access to the locks is an extraordinary benefit received by boaters – a benefit not available to most Canadians. We believe, in principle, that lock users should pay a reasonable fee for that benefit.

Several people told us that federal and provincial marina fuel taxes collected along the waterway should be dedicated to support its maintenance. One presenter suggested that member marinas of the Ontario Marine Operators Association along the system generate \$24 million annually in G.S.T. payments. We believe that dedicating a portion of the fuel tax derived from marine gas sales to maintaining the waterways – in a manner similar to the dedication of gas taxes to maintenance of public roadways and transit systems – is an idea worth considering.

Province-wide boat licensing was also suggested as a source of revenue. Boat registration is common in the United States, and funds there have been allocated to the improvement of recreational water bodies. In Michigan, for example, boat licensing revenues help support a state-owned network of marinas on the Great Lakes.

We suggest that the federal and provincial governments give some thought to a boat licensing regime. Snowmobile licensing has been introduced in Ontario in the last few years with the revenues dedicated to the maintenance of the trail network and safety education. A similar approach for boats could provide a source of funds for initiatives to improve the health of our navigable lakes and rivers. All citizens, including boaters, would benefit.