



ANDY FILLMORE

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December 16, 2025

Kim Adair, FCPA, FCA, ICD.D
Auditor General, Nova Scotia
5161 George Street, Suite 400
Halifax, Nova Scotia, B3J 1M7

Andrew Atherton, CPA, CA
Auditor General, HRM
33 Alderney Drive, Suite 620
Dartmouth, NS, B2Y 2N4

Dear Mr. Andrew Atherton and Ms. Kim Adair,

I am writing to formally request that your offices initiate, and/or jointly coordinate, a review of the governance, financial management, and operational performance of Halifax Water.

Halifax Water is a municipally-owned utility that provides essential public services and plays a critical role in public health, affordability, housing supply, and economic growth across the Halifax Regional Municipality.

A decision on matter M12257 released on December 16, 2025 by the Nova Scotia Regulatory and Appeals Board underscores the seriousness and urgency of this request.

The NSRAB's findings raise fundamental concerns.

The Board concluded "*that Halifax Water has paid insufficient attention to its financial health*", and that financial sustainability must become a top priority. It further noted that this lack of attention "*not only harms ratepayers, but damages the organization's credibility, its long-term financial capacity, and its ability to move forward on required capital investments.*"

The Board also found that Halifax Water's financial planning has not been sufficiently robust in either the short or long term, particularly given the limited ability to adjust revenues between rate applications. This highlights structural risk in how the utility plans, forecasts, and manages its finances.

With respect to rates, the Board noted that residential customers were facing "rate shock" with a proposed compounded increase of approximately 35.6 percent over a short period, and while some inflationary pressures were justified, other requested costs were not, or were overestimated.

The Board expressly directed Halifax Water "*to explore with the Municipality, prior to its next general rate application, whether HRM would limit future rate increases by absorbing some or all of the shortfall contributing to the accumulated deficit.*"

This direction has profound implications for municipal finances and taxpayers. There is no responsible basis upon which the Municipality could consider such an outcome without an independent, comprehensive examination of Halifax Water's financial condition, governance, and planning practices.

The Board further directed Halifax Water to work with the Province to review options for longer-term debt instruments, to examine extended amortization scenarios, and to report back with options and recommendations in its next General Rate Application. This instruction raises broader questions about past financing decisions, the balance between cash-first approaches and debt, and whether alternative financing strategies could have mitigated rate pressure.

Taken together, these findings do not point to a single isolated issue. They suggest systemic weaknesses in governance, financial oversight, capital planning, and long-term sustainability.

These concerns are compounded by recent service failures, including multiple boil-water advisories within a short period, as well as broader challenges in delivering growth-enabling infrastructure needed to support housing and economic development. Stakeholders across the region consistently report that water and wastewater capacity constraints are now among the most significant barriers to new housing supply.

While Halifax Water operates at arm's length, it is wholly owned by the Municipality, is regulated independently, and exists by authority of Provincial legislation. This creates a complex accountability framework that warrants independent scrutiny, particularly where decisions may expose municipal taxpayers to financial risk.

The purpose of this request is to protect affordability, and ensure that Halifax Water is governed, financed, and planned in a manner that is transparent, sustainable, and aligned with municipal growth priorities.

Accordingly, I am requesting that your offices consult on jurisdictional responsibilities and undertake necessary reviews that would examine, at minimum:

- Governance structure, board oversight, and accountability mechanisms
- Financial management, rate-setting practices, and deficit management
- Financing strategy, including the use of debt, amortization periods, and alternatives to rate pressure
- Capital planning, delivery capacity, and execution of approved programs
- Alignment with municipal infrastructure planning, land-use policy, and housing growth
- Transparency, reporting, and risk management practices

With regard to the review of the Municipal Auditor General, I would welcome Mr. Atherton adding this review to his work plan for consideration and approval by Council.

I am available to discuss this matter at your convenience; including whether the possible collaboration between municipal and provincial audit functions would best serve the public interest.

Thank you for your consideration of this request and for your continued work in strengthening public accountability.

Sincerely,

A handwritten signature in blue ink, appearing to read "P.A. Fillmore", with a stylized flourish at the end.

Mayor Andy Fillmore
Halifax Regional Municipality

Cc:

Kenda MacKenzie, General Manager & CEO, Halifax Water

Brad Anguish, Chief Administrative Officer, Halifax Regional Municipality