

Province raising prices but not ‘selling’ water with new rate schedule

Critics argue water rates still far from capturing resource’s value

By Derrick Penner, Vancouver Sun February 10, 2015

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Even with new water rates, the debate over whether B.C. is attaching enough value to a precious public resource, while some companies are cashing in on it.

Photograph by: RICHARD LAM , Vancouver Sun

Starting next January, communities and companies that tap British Columbia aquifers will have to start paying the province for the water they’re using.

Users won’t be paying very much though, relatively speaking, which will do little to quell the debate over whether B.C. is attaching enough value to a precious public resource, while companies — such as Nestlé Waters Canada, a subsidiary of the global food-products giant Nestlé — are cashing in on it.

Environment Minister Mary Polak unveiled new water rental rates last week that will be applied when the new Water Sustainability Act comes into force next year, and will apply to groundwater users for the first time.

Homeowners with individual wells won’t be charged for their water, but other users will be charged rates ranging from two cents to \$2.25 per 1,000 cubic metres (or one million litres), with the top rate applied to commercial and industrial users, such as Nestlé.

While the rates represent an increase to users under existing surface-water licenses, critics question their adequacy.

“It just doesn’t strike me as the best value for British Columbians,” said NDP environment critic Spencer Chandra Herbert.

“The water belongs to all of us, yet you can make massive profits on just repackaging (a resource) we already own.”

The rate works out to about \$5.63 for the amount of water to fill an Olympic-sized swimming pool.

Nestlé, at the time of B.C.'s consultations over revising its 100-year-old Water Act, was annually bottling some 250 million litres of water without being charged. At the new rates, that would cost \$562 in fees.

From the province's perspective though, the rates are being set on the principle of covering the cost of administering the new act, according to Polak.

"We don't sell water in B.C.," Polak said, and the province wants to avoid the image of "getting into the business of generating a revenue stream" from the resource.

"They are paying an administrative fee to support the implementation of the legislation."

B.C. passed its new Water Sustainability Act last year in part to bring the users of groundwater — underground springs and aquifers — into provincial regulation.

Those who tap surface streams and rivers are already licensed to use water and obtain licenses and pay rates for using the provincial resource. The vast majority is allocated to power generation with just two per cent allocated to other uses, from domestic water, irrigation and industrial uses to mining and hydraulic fracturing.

Up until now, the province has collected between \$7 million and \$8 million per year in water fees, according to Ted White, manager of water strategies and conservation at the Ministry of Environment. The province estimates that will increase to \$12 million to \$13 million, which is intended to cover implementation, including increased measuring and monitoring of groundwater uses to shore up its estimates with more real data.

Industrial users see the rates as fair, even existing surface-water licensees who will see rates rise.

As long as the license fees and rates follow the principle of "cost recovery," and maintain access on "first-in-line" principles, then Nestlé Waters Canada will consider them fair, said director of corporate affairs John Challinor in an emailed statement.

"(The Water Sustainability Act) doesn't change the outlook for industrial groundwater users in British Columbia," he added.

The new rates are "equitable" for B.C.'s oil and gas sector, a big user through hydraulic fracturing techniques in drilling, said Geoff Morrison, manager of B.C. operations for the Canadian Association of Petroleum Producers.

Higher rates shouldn't have a significant impact on agricultural users, said Roger Ens, executive director of the B.C. Agriculture Council.

Chandra Herbert, however, argues that the rates are way too low to encourage users to conserve water, and won't collect enough money to pay for effective enforcement of the new rules or to effectively map out and manage groundwater aquifers.

"Talk to just about anybody and they'll tell you they almost never see anyone out making sure they're actually protecting the water," he added.

How much revenue the rates generate will only be determined after they are applied, said Oliver Brandes, co-director of the POLIS Project on Ecological Governance in the University of Victoria law school, but he is skeptical that it will be enough.

"Is it enough to change (users') behaviour? No, probably not," Brandes said. "But is it better than it was? Absolutely — you didn't charge anything before."

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