

## New Water Rental Rates, Overview

Effective [January 1<sup>st</sup>, 2006](#) there will be changes to the rental rates for water licences and supporting permits over Crown land.

Existing water rental rates were reviewed as part of a government-wide initiative to improve outdated structures. During the review key stakeholder groups were contacted to obtain their comments and suggestions.

### The new rental structure has been designed to:

- simplify and consolidate rate structures;
- make rates more fair, applying the same rate to similar water uses;
- maintain rate competitiveness; and
- improve cost-recovery of for key responsibilities, such as water allocation, provincial dam safety, flood management and water use regulation during shortages.

### Key points regarding the new water rent structure are as follows:

- Fairness is improved in the new water rent structure because rent charges are based on the volume of water which is allocated by licence.

The former rental rates were largely based on the purpose of water use, which resulted in similar water uses being charged at noticeably different levels.

- As a large number of water rental rates under the former tariff are being consolidated, there will be both increases and decreases to annual water rents for licences and permits over Crown land, and short-term water use Approvals.
- The majority of rent increases will be small.

For example, the minimum annual rent paid by all domestic licence holders will increase from \$19.00 to \$25.00.

Small-scale irrigation licences (up to approximately 30 acre-feet per annum) will receive an increase from \$22.00 to \$25.00

Small to moderate-scale storage licences (up to approximately 2,000 acre-feet per annum) will receive an increase from \$11.00 to \$25.00.

Small to moderate-scale PCL holders will see an increase in their annual minimum rent from \$6.00 to \$10.00

- Higher volume users will have their annual rent increase phased in over a four-year period from [2006 to 2009](#).

- There will be no change to the billing process; clients who are not on a three-year billing cycle, will be receive a statement of annual rents owing later in 2006 (not on January 1<sup>st</sup>).

### Overview:

The new water rent structure is based on sectors, which are comprised of related water use activities. For example, included in the Agriculture Sector are water licences for irrigation, frost protection, greenhouses and nurseries.

Each sector has an annual volume-based rental rate, in metric, as well as a minimum. Table 1 shows the new rates when the four-year phase is complete in 2009.

Table 1: Overview of New Annual Water Licence Rental Rate Structure by Sector

\* For the actual new rates, refer to the New Water Rental Rates by Purpose

New Sector	New Annual Rental Rate Based on Volume (per 1,000 cubic metres)	Minimum Annual Rent for Sector
Agriculture	\$ 0.60	\$ 25.00
Aquaculture	\$ 0.08	\$ 100.00
Conservation & Land Improvement	\$ 0.01	\$ 25.00
Domestic	\$ 0.60	\$ 25.00
Industrial / Commercial	\$ 0.85	\$ 100.00
Mining and Petroleum	\$ 1.10	\$ 100.00
Storage	\$ 0.01	\$ 25.00
Waterworks (water supply)	\$ 1.10	\$ 100.00
Waterpower Residential (supplied by the landowner)	\$ 0.01	\$ 100.00

The annual rental rates for permits over Crown land, which support dam sites, works and flooding authorized by a water licence, have also been revised. Refer to Table 2.

Table 2: New Annual Rental Rate Structure for Permits Over Crown Land

Crown land Permit - Type	New Annual Rental Rate Based on area (per hectare)	Minimum Annual Rent
Dam sites	\$120.00	\$50.00
Flooding and Works	\$7.50	\$10.00

It should also be noted that, a single rental rate will be applied for all water licences which provide water storage. The former water rent structure contained separate rental rates for storage supporting waterpower and non-waterpower. The new storage rental rate will also be phased in over a four-year period.

Water licence rents which are applied to large-scale commercial and general hydro-electric generation are not included in the new rent structure. However, the new water rental rate for storage licences, which also supports waterpower production, will be applied.

Licence holders who are currently within a three-year billing cycle will continue to be charged the former annual rental rate until the cycle is completed. The threshold for three-year billing to occur has been raised from an annual charge of \$50.00 or less to \$60.00 or less.

**Examples of how rents will be calculated:**

Pages 4, 5 and 6 contain examples of how new water licence rents will be calculated, using metric measures.

## Examples of Annual Rent Calculations under the New Water Rent Structure

All imperial water volumes are converted to their equivalent metric units in cubic metres. Imperial area measures, which are used in permits over Crown land, are converted to their equivalent in hectares, refer to Table 3.

Table 3: Metric Conversion

Volume of Area	Imperial Measure	Conversion Factor to Cubic Metres or Hectares
1	Gallons (British)	0.00454609
1	Acre-feet	1,233.48
1	Cubic-feet	0.0283168
1	Acres	0.404685

Rounding, which is required for metrification, is carried out to 4 significant figures, following rules provided by the Canadian Standards Association and approved by the Standards Council of Canada.

Table 4: Annual New Water Rent Calculations (Using 2009 rental rates).

Water Use	Authorized Amount (imperial)	Authorized Amount (metric) Rounded to 4 significant figures	Annual Amount (metric) Rounded to 4 significant figures	New Annual Rental Rates (per 1,000 cubic metres) \$25.00 minimum	Rental Calculation Annual Amount X Rental Rate / 1,000	New Annual Rental	Former Rental (e.g. 2005)
Domestic	500 gallons a day	2.273 cubic metres a day	829.6 cubic metres a year	\$0.60 \$25.00 minimum	$\frac{829.6 \times \$0.60}{1,000}$ = \$0.50	minimum rent of \$25.00 would be applied	\$19.00
Irrigation (small-scale)	10 acre-feet per annum	12,330 cubic metres per annum	12,330 cubic metres per year	\$0.60 (phase in for 2009) \$25.00 minimum	$\frac{12,330 \times \$0.60}{1,000}$ = \$7.40	minimum rent of \$25.00 would be applied	\$22.00
Irrigation (large-scale)	100 acre-feet per annum	123,300 cubic metres per annum	123,300 cubic metre per year	\$0.60 (phase in for 2009) \$25.00 minimum	$\frac{123,300 \times \$0.60}{1,000}$ = \$73.98	\$73.98	\$55.00

## Examples of Annual Rent Calculations under the New Water Rent Structure, continued

Table 4: Annual New Water Rent Calculations, continued

Water Use	Authorized Amount (imperial)	Authorized Amount (metric) Rounded to 4 significant figures	Annual Amount (metric) Rounded to 4 significant figures	New Annual Rental Rates (per 1,000 cubic metres)	Rental Calculation Annual Amount X Rental Rate / 1,000	New Annual Rental	Former Rental (e.g. 2005)
Nursery	40 acre-feet per annum	49,340 cubic metres per annum	49,340 cubic metres per year	\$0.60 \$25.00 minimum	$\frac{49,340 \times \$0.60}{1,000}$ = \$29.60	\$29.60	\$48.00
Pulp Mill Operation	50 cubic-feet per second	1.416 cubic metres per second	44,650,000 cubic metres a year	\$0.85 (phase in for 2009) \$100.00 minimum	$\frac{44,650,000 \times \$0.85}{1,000}$ = \$37,952.50	\$37,952.50	\$19,100.00
Placer Mining	0.5 cubic-feet per second	0.01416 cubic metres per second	446,500 cubic metres a year	\$0.45 \$100.00 minimum	$\frac{446,500 \times \$0.45}{1,000}$ = \$200.93	\$200.93	\$192.00
Residential Waterpower (supplied by landowner to residence)	5 cubic-feet per second	0.1416 cubic metres per second	4,465,000 cubic metres a year	\$0.01 (phase in for 2009) \$100.00 minimum	$\frac{4,465,000 \times \$0.01}{1,000}$ = \$44.65	minimum rent of \$100.00 would be applied	\$50.00
Stockwatering	1,000 gallons a day	4.546 cubic metres a day	1,659 cubic metres a year	\$0.60 \$25.00 minimum	$\frac{1,659 \times \$0.60}{1,000}$ = \$1.00	minimum rent of \$25.00 would be applied	\$30.00

## Examples of Annual Rent Calculations under the New Water Rent Structure, continued

Table 4: Annual New Water Rent Calculations, continued

Water Use	Authorized Amount (imperial)	Authorized Amount (metric) Rounded to 4 significant figures	Annual Amount (metric) Rounded to 4 significant figures	New Annual Rental Rates (per 1,000 cubic metres)	Rental Calculation Annual Amount X Rental Rate / 1,000	New Annual Rental	Former Rental (e.g. 2005)
Storage (small-scale)	0.5 acre-feet per annum	616.7 cubic metres per annum	616.7 cubic metres per year	\$0.01 (phase in for 2009)  \$25.00 minimum	$\frac{616.7 \times \$0.01}{1,000}$  = \$0.006	minimum rent of \$25.00 would be applied	\$11.00
Storage (large-scale)  e.g. for waterpower production reservoir	20,000 acre-feet per annum	24,670,000 cubic metres per annum	24,670,000 cubic metres per year	\$0.01 (phase in for 2009)  \$25.00 minimum	$\frac{24,670,000 \times \$0.01}{1,000}$  = \$246.70	\$246.70	\$110.00
Permit over Crown land (small-scale) e.g. pipe to water source	0.25 acres	0.1012 hectares	0.1012 hectares a year	\$7.50 per hectare  \$10.00 minimum rent	$0.1012 \times \$7.50$  = \$0.76	minimum rent of \$10.00 would be applied	\$6.00
Permit over Crown land (large-scale) e.g. large reservoir	10,000 acres	4,047 hectares	4,047 hectares a year	\$7.50 per hectare  \$10.00 minimum rent	$4,047 \times \$7.50$  = \$30,352.50	\$30,352.50	\$30,000.00