

From: Brett Favaro ***Personal Identifiers Removed***

Sent: Tuesday, November 12, 2013 1:26 PM

To: Living Water Smart ENV:EX

Subject: Submission to Water Sustainability Act process

Dear Water Sustainability Act Committee

I am writing to you and your colleagues in the BC legislature regarding water policy in our province. I believe that bottled water companies should have to pay fees and taxes in proportion to the profits that they make from selling our water resources, and that the current fee structure vastly undercharges for water extraction.

The example that has prompted me to write this letter is Nestlé's extraction of bottled water at their plant near Hope. The amount that Nestlé will pay British Columbia for extracting 319.5 million Liters of water will be about \$265.^[1] By contrast, a 500 mL Nestlé water bottle costs \$0.22 at Costco (assuming it is purchased by the pallet – a huge volume rarely purchased by an average customer).^[2] This means that even at wholesale prices, the water that they extract here in BC is conservatively grossing the company over \$140 million (probably a vast underestimate, as many bottles are sold for more than a dollar per 500 mL).

That means that for every dollar Nestlé gives BC for the right to extract water, it earns more than \$500,000 – and probably much more. I do not begrudge them earning this money so long as their extraction is environmentally sustainable. However, they are simply not paying their fair share for the resource given these fantastic rates of return.

John Challinor from Nestlé was quoted as saying “It’s a matter of principle. Why should Nestlé Waters Canada be held to a different standard than every other water taker?” My response is simple; because their activities generate incredible profits by extracting mass quantities of a public resource, and concentrate those profits within one organization while paying proportionally little in taxes. In their defense, Challinor said “...we pay millions of dollars in taxes.”^[3] Presumably that means they pay less than \$10 M in taxes (or he would have said tens of millions) – still a tiny proportion of the \$140 M they stand to earn on this resource, and proportionally much less than an average British Columbian pays on their income tax.

Let's put this in the perspective of a typical BC family, whose median income is \$69,150.^[4] If family incomes were taxed at a rate proportional to what Nestlé pays for its water, then families in BC would pay a total of 14 cents in income taxes. Obviously this is an oversimplification, but it makes an important point about fairness and equity in how we fund our government.

Nestlé - and other bottled-water companies - should pay more because they can afford to pay more, and because they're earning their money through the simple and uncomplicated extraction of a public resource. In addition, they should pay more because the government constantly reminds us that we are in a time of fiscal hardship – so it's time for bottled water companies to share the profits.

Developing strong water policy will become increasingly important as climate change and threatens water supply around the world. Given our high quality drinking water, demand will only increase, so we need to position ourselves with strong water policy so that British Columbians as a whole can benefit from the sustainable extraction of this resource.

[1] http://www.huffingtonpost.ca/2013/10/18/bc-water-act-climate-change-nestle_n_4124163.html

[2] <http://www.costco.com/Nestl%C3%A9-Pure-Life-Purified-Water-16.9oz-7224ct-Cases-NLE-101264.product.11751427.html>

[3] http://www.huffingtonpost.ca/2013/08/14/nestle-bottle-water-groundwater-free_n_3758537.html

[4] <http://www.statcan.gc.ca/tables-tableaux/sum-som/101/cst01/famil108a-eng.htm>

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