

The real price of water

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Getting Ontarians to pay the real cost for city water might be a long shot, but it's the right way to think of city services, particularly in a time of permanent budget crises.

Trent University economist Harry Kitchen makes the argument in a paper commissioned by the Residential and Civil Construction Alliance of Ontario. The industry group is trying to get Toronto, in particular, to find more money to spend on city infrastructure like pipes and bridges, but it also happens to be right.

Ontario has required cities to move to what's called -- slightly misleadingly -- "full-cost pricing." This means that the people who run the water system add up how much it all costs, use that number to work out the average cost of a cubic metre of water, and use that as the water rate.

This is pretty much the way Ontarians are charged for electricity now, and it's not bad if the alternative is treating water the way we do garbage collection: as a city service that just costs what it costs, with residents paying for it out of their property taxes. People who use more water now pay for it.

But they still don't pay the real cost for their consumption. Water costs the same 24 hours a day, seven days a week, 365 days a year, drought or flood, heat wave or cold snap. And that means that when the system is under strain, there's no incentive to conserve. At 3 p.m. on a Saturday in July, with backyard pools filled and sprinklers sprinkling and sweltering Ottawans guzzling by the gallon, water to wash your car still costs only 86.8 cents a cubic metre. Why would anybody cut back?

So we have bigger treatment plants using more chemicals than we really need, wider pipes than we need, stronger pumps than we really need, all of which means we're collectively paying more for water than we need to. And although we're blessed with big rivers running right through town, all this means draining the Ottawa River more than we really need to, too.

The way cities charge for water now, the average price is higher than it would be in a variable market. Also, the advantages that do come with a fixed price go to the wasteful rich as much as to the conscientious poor. This is wrong.

Ottawans who aren't on city water are used to limiting their consumption to whatever the well can bring up. For both financial and environmental reasons, urban Ottawans should have some of the same sense of scarcity -- the same incentive to use rain barrels and

avoid thirsty garden plants, to think twice on hot afternoons about washing cars and the pleasures of their swimming pools, and to use dishwashers and washing machines judiciously.

Installing "smart meters" for electricity is a big, expensive and unfinished provincewide project. Doing the same for water might not be immediately practical (though Toronto is already trying out a pilot project in 15,000 homes). Nevertheless, Mr. Kitchen's work points the way for keeping expensive city services functioning as inexpensively and fairly as possible.