

Executive Summary

One of the true tests of the adequacy of any water governance regime is its ability to manage water scarcity. By this measure, most water governance regimes in Canada have long remained untested. Until recently, few people worried about this, as the perception was that Canada had vast, if not unlimited, fresh water resources – amounting to one quarter of the world’s supply.¹

Such views are now challenged, however, with water experts estimating that Canada has roughly 7 per cent of world’s renewable water supply – which is an amount equal to Canada’s percentage of the world’s land mass. Concern is rising as water levels in the Great Lakes plummet and trade agreements raise the threat of bulk-water exports. Canadians are increasingly aware of the limits of this vital resource – and the rules governing its use.

Nowhere in the country is this more apparent than in Alberta, where water scarcity is testing the provincial governance regime as never before. In October 2006, Alberta stopped issuing licences for the extraction of water from three major rivers: the Bow, the Oldman, and the South Saskatchewan.² In plain terms, southern Alberta has run out of water for any additional water users.

This report reviews Alberta’s framework for dealing with water scarcity and examines some recent, highly controversial water supply schemes that may offer a glimpse into Alberta’s future. Two case studies of water scarcity from 2007 in southern Alberta illustrate the troubling public policy issues to be addressed.

With population and economic growth continuing to surge in the province, dramatic changes in how water is used and who uses it are inevitable. And, as elsewhere, the reallocation of water could benefit certain people, communities and industries while harming others and the environment.

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Dr. David Schindler, a leading authority on the topic has likened an assessment of Alberta's current situation to "the view from the locomotive, 10 seconds before the train crash."³

This sense of urgency has not gone unnoticed by the Alberta government. But, by the time the Ministry of Environment (Alberta Environment) decided to take action by prohibiting new water licences in 2006, the waters and fisheries of the three rivers were already threatened or severely degraded by low flows, altered flow patterns and other hydrologic changes. As water becomes increasingly scarce, these problems will only be exacerbated.

To its credit, the Alberta government undertook a review and revision of water legislation implementing a new *Water Act* in 1999, and in 2004 commenced its Water for Life strategy. Both of these initiatives recognized the threat of looming water scarcity and acknowledged the need to protect and restore aquatic ecosystems. Together, these initiatives also identified a range of tools to do so: data gathering and synthesis; regulatory oversight; protective environmental objectives, allocations and holdbacks; increased public consultation; and economic instruments such as water rights trading.

While the aims of Water for Life are laudable, implementation successes have been few and far between. This is partly due to insufficient funding and lack of political commitment.

This is worrisome, especially given the 2006 imposition of the licensing moratorium on new water licence applications in southern Alberta. This moratorium has already fuelled plans for long-range water transfers and – for the first time in Canadian history – opened an active water-trading market. Together, these developments will almost certainly increase the intensity of existing water uses, reducing the flow in rivers and lowering the level of lakes.

The Balzac development located just north of Calgary grabbed headlines in 2007 and is one example of where Alberta's water future could be headed. After the moratorium on new licences, the developers announced plans to pipe water 200 km from the Red Deer River Basin. When local communities rose in opposition, the developers abandoned this plan and struck a deal with an Irrigation District to buy a portion of an existing water allocation.⁴ This was the lesser evil – as the transfer was arranged according to established processes – but it nonetheless sparked major public concern and a legal challenge (ultimately rejected).

In this report we argue that the sale of water rights, without robust regulations to protect the public interest and the environment, poses major risks to aquatic ecosystems and public access to sustainable supplies of clean freshwater.

Another trend is more worrying still: Irrigation Districts seeking and obtaining licence amendments to operate as water brokers. Irrigation Districts have long provided water to their members for agriculture and irrigation on registered farmlands. Now, however, some Irrigation Districts are seeking the authority to provide water to any person for virtually any purpose at whatever price they deem appropriate. Not only does this diminish government oversight, but it threatens aquatic ecosystems, disenfranchises irrigators, and eliminates public rights to information. We argue that this trend constitutes an end-run around explicit rules that allow the transfer of water rights. These amendments constitute a fundamental change to water governance in Alberta, and, what is more, have been made without any public debate.

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A recent application by the Eastern Irrigation District seeking such an amendment provoked strong public concern. This prompted Alberta Environment to put the application “on hold,” while it undertook a review of this type of amendment with the goal of developing a formal policy. Unfortunately, the review is being conducted internally and Alberta Environment has not committed to allow the public to make comments or to respond to the draft policy. This is indefensible given the important public values at stake.

Looking forward, it is hard not to be concerned about Alberta’s future water security. Population growth, increasing water use, global warming and droughts will inevitably converge to test it more severely, and measures have yet to be introduced to secure water for basic ecological needs and in sufficient quantities to insure clean water for future generations. Many in government have recognized the gravity of this situation, and an official strategy has articulated the fact that change is needed. However, implementation is uncertain and slow. Additionally, as water trading and water licence amendments continue, the government’s current policies are becoming obsolete.

Time is running out for Alberta. The rising spectre of chronic water shortages, frustrated development, further environmental degradation and widespread conflict on the horizon, makes it essential for the province to improve its governance of this vital resource now.

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