



Our Water Is Not For Sale

Say **NO** to water markets!

www.ourwaterisnotforsale.com

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Rural Backgrounder on the Water Allocation Review

What's happening to our water and why is this important?

Alberta is facing a water crisis with major water shortages looming. This is alarming because water is essential to everything we do—to our lives, to our communities, to industry, to agriculture—and to the ecosystems that support our survival. As such, it is essential that we, as residents in Alberta, maintain control over our water and allocate it according to the uses that are most important to us: for basic human needs, for our communities and for the ecosystems on which we depend. However, the Alberta government has been developing plans to implement a deregulated province-wide water market system of allocation. These water markets would put all users in competition for water—farmers, communities, large corporations—and let whoever has the most money have access to water. Around the world water markets have had serious consequences for farmers, for the environment, and for rural communities in particular, because these sectors are unable to compete with the buying power of large corporations.

Canada's only water market, the water allocation review, and the lack of public consultation

Alberta's current system is outdated and needs change, but water markets will only make matters worse.

In 2006, the Government of Alberta created Canada's first and only water market in the South Saskatchewan River Basin. The system has been problematic on many fronts. To give just one example the Municipal District of Rocky View had to spend \$15 million to access water, leading Rocky View's former Reeve to comment: "It [the water market system] has put a dollar figure on a necessity of life."ⁱ

In 2008, the government announced it would review the current water allocation system. Since then they have been consulting with industry, but doing almost nothing for public consultation. Further, they have been researching, releasing reports, and developing plans exclusively on water markets, ignoring all other policy options. Their reports make it clear that the government is now looking to expand the water market system to the entire province, and deregulate so that there are even less controls to protect the public interest.

This approach is undemocratic. The public should have been involved from the beginning, as happened in BC's water allocation review.

Who will control our water? Who will have access?

The water market plan would allow existing license holders to sell their allocations and require all new users to buy their access from the existing license holders. This is especially problematic because currently a small minority holds the majority of licensed allocations. Therefore, such a change would

take control of our water away from the public and give it to this small minority, who would stand to make millions by selling a public good that they received for free.

These water markets function by treating water as a commodity to be bought and sold, giving access to those with the largest bank accounts and creating many dangers by introducing property rights to water. Most farmers and rural communities will be unable to compete with the buying power of large corporations. And with powerful trade agreements in place, there could be serious impacts from treating water as private property. Large multinational corporations could buy and control the water we depend on and launch trade challenges whenever the public interest would interfere with their “right to profit.”

Would water markets even address the problems of our current system?

We have serious problems with our existing system, such as extensive over-allocation where existing allocations already give rights to use more water than is available in the water body, and water markets would not resolve these problems.

As the Conference Board of Canadaⁱⁱ cautions *“Water markets are not a panacea for the shortcomings of existing systems. They cannot compensate for poor management practices, nor solve problems of over-allocation, and may create incentives for further withdrawals in already stressed ecosystems. The impact of water markets on rural agricultural communities is not well understood. In addition, impacts on third parties are hard to predict and difficult to address when transactions change long-standing allocations.”*

Water markets internationally: rivers run dry, farms in jeopardy and rural communities suffer

Jurisdictions beyond Alberta, such as Chile and Australia, that have used water markets have seen rivers run dry and towns left waterless because other entities with more money were able to buy up licenses.ⁱⁱⁱ Water markets have caused the decline of rural communities, exacerbated social inequity, created serious environmental consequences, and allowed foreign corporations to buy up water rights and profit at the expense of local populations. For example, John Caldecott, Convenor of the Water Action Coalition in Australia, in speaking of their move to water markets, stated, **“it has become the biggest scandal and disaster of our time ... in terms of its economic, social and environmental significance.”**^{iv}

Research^v on Australia’s water markets shows that water markets **“can cause considerable financial hardship, social dislocation and structural change within irrigation communities.”** The research notes that those farmers who sell water in the market “are placing the long term viability of their farm in serious doubt.” Further, they report that “There seems to be evidence to suggest that water trade has the potential to polarise the irrigation community into a water rich and a water poor class with the latter increasingly dependent on off-farm work for their livelihood. This development also has the potential to cause environmental damage by farmers continuing to irrigate too much land with too little water.”

Farmers in Australia have expressed serious concerns and have been organizing to combat these changes. Chris Harrison is a fifth-generation farmer in Australia and a member of Plug the Pipe, a group that came together to stop an expensive pipeline that would move water from his already water-scarce,

drought-stricken rural area to the city of Melbourne. As Harrison describes, **“The Government is creating water markets that force rural and urban populations to compete. The outcome of this competition will be determined by the relative political and financial strength of each sector. How the environment will fare is unknown.”**^{vi}

Where are the other options?

It is clear that water markets: 1) are only one possible policy option; and 2) create serious problems. As the Conference Board of Canada notes, *“Water rights transfers based on market principles are a specific type of possible [water] reform, but only represent one option. It is preferable to take a holistic look at water allocation problems before delving into specific potential solutions such as water markets.”*

So, why is the Government of Alberta only exploring this one option? And if we don’t challenge that, what will that mean for our water—our lives?

ⁱ “Putting a price on water,” Calgary Herald, December 2, 2007

<http://www.canada.com/calgaryherald/features/water/story.html?id=cbb5dc39-6854-45bf-8961-a38c93fb8690>

ⁱⁱ The Conference Board of Canada released a December 2008 report, “Going With the Flow?” Evolving Water Allocations and the Potential and Limits of Water Markets in Canada.”

http://www.ourwaterisnotforsale.com/sites/default/files/Conference-Board-of-Canada_Flow.pdf

ⁱⁱⁱ See, for example, the 2009 New York Times article, *Chilean Town Withers in Free Market for Water*, available at http://www.nytimes.com/2009/03/15/world/americas/15chile.html?_r=2&pagewanted=1

^{iv} From a piece titled, “South Australia’s Water and Environmental Disaster”, available at:

http://www.fairwateruse.com.au/index2.php?option=com_content&do_pdf=1&id=211

^v “Do water markets promote a socially equitable reallocation of water? – A case study of a rural water market in Victoria, Australia. By Dr Henning Bjornlund and Dr. Jennifer McKay.

http://waterresearch.net/docs/articles_chapters_refereed/Rivers%202000.doc

^{vi} Chris Harrison’s piece is available online at

http://www.weeklytimesnow.com.au/article/2008/10/16/15955_opinion-news.html