

Water Management & Allocation in Canada

Introduction

The introduction of market-based mechanisms in Canadian water resources management would be a departure from existing policy. This backgrounder explores several questions concerning contemporary water management policy in Canada. What is the federal, provincial and municipal role in water resources management? How is water management divided among jurisdictions? How do various provinces and territories manage their water? How do provinces and territories allocate water among users?

Jurisdictional Responsibilities

Canada has no national water strategy and there is no single level of government that is solely responsible for water management. In Canada, water is viewed as a natural resource and it is provinces that have the constitutional responsibility for managing natural resources. There are exceptions, however. In the case of the three territories and First Nations reserves, the federal government has responsibility (Figure 1).

There is a general consensus that water in Canada is best managed at the local watershed level, particularly as water supply and usage varies across the country. At the same time, there is recognition of the need for a national water strategy or at least a more nationally cohesive approach to water management (De Loe 2008; Council of the Federation 2010). Water policies vary greatly by province and even within provinces, making jurisdictional coordination difficult.

→ **Federal Government:** The federal government holds little constitutional authority over water management aside from issues related to navigation, international waters, facilitating and helping maintain interprovincial agreements on shared provincial watercourses and water bodies and water on First Nations lands and federal lands such as national parks. The federal government also conducts research and has established federal guidelines on water quality and safe drinking water. Aside from these ongoing areas, federal interest appears focused on safeguarding against bulk water exports and a focus on sustainable development (Pearse 2002). As such, successive federal governments have not been active in advancing water policy through market-based mechanisms.

→ **Provincial Governments:** The great bulk of water resources management falls to the provinces, which are responsible for devising legislation, regulations and policies for water within their borders. Provinces are also responsible for allocating water to various users through a licensing or regulatory regime. Typical functions here include measuring and monitoring water, ensuring environmental protection, setting standards for water treatment, drinking water, water discharge, and water-related infrastructure and defining limits on water withdrawals. All of these functions are typically carried out through various provincial departments such as environment, municipal affairs, agriculture, energy or natural resources.

→ **Municipal Governments:** Provinces have delegated significant water management and provision functions to municipalities and other actors such as irrigation districts. Municipalities carry out numerous responsibilities such as water withdrawal, treatment and distribution as well as collection and treatment of wastewater and storm water management. Municipalities also conduct testing and ensure

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provincial water standards are being met. Municipalities charge user fees for water provision; this typically done through a local water department or a public utility commission. Some Canadian municipalities have entered into contracts with private water utilities but this is not the norm in Canada. Irrigation districts act quite similar to municipalities in their water functions. Irrigation districts are in charge of their own water infrastructure, they set the price of water for farmers within the district and are governed by a board of directors elected by district members. Like municipalities, irrigation districts must follow the standards and guidelines set out in provincial legislation such as British Columbia's *Water Act* or Alberta's *Irrigation Districts Act*.

Water Allocation in Canada

Water is the constitutional responsibility of the provinces and each province has established its own water allocation system. In most cases, the provincial environmental ministry is at the centre of water allocation decisions, as well as developing and maintaining guidelines for a wide range of water issues from quality and source protection to in-stream flow needs. While provincial environmental ministries are responsible for decisions surrounding water allocation, other ministries such as agriculture or municipal affairs may exercise varying degrees of input.

In all provinces and territories, large water users such as municipalities, industry, commerce and irrigation districts require a license or permit before water can be withdrawn and used. Although some provinces may charge a small fee for water use, the great majority of provinces only charge a nominal fee for a water license or permit application. These fees can vary by the type of user and the water source (e.g., whether it is ground or surface water). Fees for water use in Canada are in flux. For example, the province of Ontario recently implemented a small charge for withdrawals of water for certain industries, most notably the water bottling industry. The province of Quebec has recently announced a similar move. (See waterpolicy.ca for more information on provincial water policies.)

Conclusion

Issues of water allocation are heating up in some provinces, most notably in southern Alberta. In 2006, Alberta Environment closed off the South Saskatchewan River Basin (SSRB) to any new surface water allocations. Questions are now emerging on how to accommodate and allocate water among sectors in the SSRB in a closed and constrained environment. An option that has emerged and has garnered significant attention is the potential for market-based mechanisms to allocate a limited amount of water among various users in competition to use that water.

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FIGURE 1: Jurisdictional Breakdown of Water Management and Corresponding Legislation

Jurisdiction	Responsibility	Legislation
Federal	<p>Responsible for water located on federal land.</p> <p>Responsible for Canada-US shared waters.</p> <p>No constitutional responsibility for water quality.</p> <p>Provides research support (e.g., Environment Canada) and intergovernmental mechanisms (e.g., Health Canada's Water Quality and Health Bureau provides quality guidelines for all jurisdictions in Canada).</p>	<p>Over 20 federal acts exist concerning water.</p>
Provincial	<p>Responsible for water within provincial boundaries.</p> <p>Water quality is protected by provincial guidelines.</p> <p>Regulatory frameworks for water include laws, regulations, permit standards, protocols for water testing, treatment, construction and operation of delivery systems, reporting requirements and regulatory supervision.</p> <p>Can levy fees or charges to large water users.</p>	<p>Various provincial water laws and acts.</p> <p>Various regulations accompanying water acts.</p> <p>Strategic policy documents also exist in some provinces outlining possible future directions and goals for water resources managements (e.g., Alberta's Water for Life Strategy and British Columbia's Living Water Smart).</p>
Municipal	<p>Day-to-day responsibility for water and wastewater services as well as storm water drainage. Municipalities are responsible for water and wastewater infrastructure and also operating that infrastructure.</p> <p>Specific activities include water treatment, distribution, sampling, testing, analysis, and sanitary sewerage collection, treatment and discharge.</p> <p>Levies fees to water users.</p> <p>Ensures drinking water is safe.</p>	<p>Local laws, by-laws and regulations.</p> <p>Local laws must align with provincial requirements and standards.</p> <p>Rates for water and wastewater services are set and decided by municipal governments.</p>
Trans-Boundary Within Canada	<p>Most large river and drainage basins cross interprovincial boundaries. For example, the Mackenzie River Basin spans three provinces and two territories. The South Saskatchewan River Basin covers the great bulk of the southern portions of Alberta, Saskatchewan, and Manitoba.</p>	<p>The Prairie Provinces Master Agreement on Apportionment (1969) requires Alberta to deliver 50% of all annual natural river flows to Saskatchewan.</p> <p>Federal-Provincial Subcommittee on Drinking Water helps develop national guidelines for drinking water quality. These guidelines are not legally binding, however.</p> <p>Canadian Council of Ministers of the Environment discusses and explores national environmental priorities including issues and concerns related to water and water resources management.</p>

Source: Katz, Diane. 2010. *Making Waves: Examining the Case for Sustainable Water Exports from Canada*. Fraser Institute.
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