

**WATER FOR ECONOMIC DEVELOPMENT
IN THE SOUTHGROW REGION OF ALBERTA**

Final Report

For

SouthGrow Regional Initiative

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EXECUTIVE SUMMARY

One of the keys to the economic well being of the SouthGrow region is knowledge of the opportunities and constraints of working with water in southern Alberta. The purpose of this study was to compile the necessary information that would provide SouthGrow members with an understanding of how water provides opportunities for economic growth of the 27 SouthGrow communities in the Oldman and Milk River Basins while appreciating the constraints to water usage. In this region, the social, environmental and economic demands placed on the limited water resource must be balanced within a policy, legal and institutional framework that is undergoing significant change. The enormous demands that exert pressure on the water resource have changed the way water is being managed. The key conduits of change are: (a) legislation: the Water Act, 1999 and Irrigation District Act, 2000; (b) policy: the Water for Life Strategy and resource-based policies such as the Land-Use Framework; and (c) community input: the Watershed Planning and Advisory Councils. Ultimately, an understanding of this water management framework will assist SouthGrow in not only accessing water but influencing water policy and management.

Several opportunities to access water are detailed in this report. These include tapping into “unused” licensed water, such as water that might become available with amendments to existing water licenses, and greater use of available groundwater. Longer-term increases in water availability may occur through interbasin transfers, increasing storage capacity, retaining a greater percentage of the water flowing to Saskatchewan under the Alberta-Saskatchewan apportionment agreement, increasing the supply of recycled water from municipal and industrial users and uses, and Alberta Environment’s cancellation of existing licenses that are not being used.

There are several important constraints to water availability in southern Alberta. The first (and most important) is the restriction on the issuing of new water licenses within the two river basins. Second, certain procedures impede the operation of water markets. Third, there are potential long-run negative effects on water supply from climate change and possible water exports. Fourth, several policy and legislative uncertainties remain, including how implementation of the Water for Life strategy will unfold, especially the possibility of implementation of economic instruments; whether, given the recent announcement of the review of the first-in-time, first-in-right system, that system will remain intact; whether the watershed planning and advisory councils will be able to achieve their objectives; and the outcome of the International Joint Commission response on apportionment of flows of the St. Mary and Milk Rivers between Canada and the United States. Finally, as water becomes more scarce and valuable in Alberta, a cultural and political divide seems to be intensifying between urban, agricultural and conservation interests in Alberta that recently were manifested in an outcry over amendments to irrigation district licenses and the sale of an irrigation water license to an urban development.

There are both immediate and longer-term steps that SouthGrow can take to obtain water for economic development. The organization should identify potential sellers of water licenses within the region, especially irrigation districts. Initiatives that can have an impact on longer-term policy development include SouthGrow communities becoming active participants in the watershed planning process and lobbying politicians for changes that will improve rural to urban transfers. A third set of measures relate to promoting practices for enhanced water conservation on a day-to-day basis.