



GETTING THERE

AFB 2018



Alternative Federal Budget 2018



Water



ALTERNATIVE FEDERAL BUDGET 2018 / WATER

SITUATION

- There were 167 drinking water advisories in First Nations in 2017.
- 99% of lakes and rivers in Canada are still not protected by the Navigation Protection Act.
- The proposed Kinder Morgan pipeline alone puts 1,355 waterways at risk.
- 197 billion litres of raw sewage was flushed into waterways in Canada in 2016.
- Canada's trade and investment agreements do not adequately protect water policy from costly investor-state disputes.

DESTINATION

- Adequately fund water and wastewater infrastructure in municipalities and First Nations.
- Fund robust environmental assessments and strong water science and research.
- Safeguard the Great Lakes, groundwater and other freshwater sources.
- Exclude water as a tradeable good, service or investment in Canada's trade and investment agreements.

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Background

Canada needs to put water protection and water justice at the heart of all policies and practices affecting water sources and services. The government could take a step in that direction by recognizing water as a human right, a shared commons and a public trust.

Beginning in 2010, the United Nations passed several resolutions recognizing the human rights to water and sanitation. These intentions were asserted again in the 2015 Sustainable Development Goals. The UN Human Rights Council has called on governments to develop comprehensive plans and strategies for water management, assess the implementation of these plans of

action, ensure affordable water services for everyone, and create accountability mechanisms and legal remedies.

The Canadian government recognized the human rights to water and sanitation at the 2012 UN Conference on Sustainable Development, but it has yet to take action to make these rights meaningful. The failure of the Trudeau government to take these rights seriously, as the Liberals promised in the 2015 election campaign, will impact the availability and access to clean water for generations to come.

Drinking water in Indigenous communities

Prime Minister Trudeau promised during the 2015 election campaign to end boil water advisories in First Nations within five years of forming a Liberal government. There were 167 drinking water advisories in 98 First Nations in fall 2017,¹ and there are routinely more than 100 water advisories in effect at any given time, with some communities having lived under advisories for nearly 20 years.²

A 2017 report by the David Suzuki Foundation and the Council of Canadians found that the federal government will not meet its commitment to end all drinking water advisories without increasing funding and making significant changes to current processes. In 2011, a government study estimated that \$889 million is needed annually for First Nations water and wastewater facilities, which includes projected operating and maintenance costs. In 2017, the Parliamentary Budget Officer reported that the Trudeau government allocated, at most, 70% of the funding needed to end water advisories.

Public water and wastewater infrastructure

According to the 2016 Canadian Infrastructure Report Card, one third of Canada's municipal infrastructure is at risk of rapid deterioration, 36% of wastewater infrastructure is rated at fair to poor condition and 29% of drinking water infrastructure is in fair to very poor condition.³ The total replacement value of water, wastewater and stormwater

assets is \$575 billion, according to the same report. The Federation of Canadian Municipalities (FCM) estimates the cost of replacing systems graded "poor" or "very poor" to be about \$61 billion.⁴

The Liberal government committed \$2 billion over four years to a new Clean Water and Wastewater Fund. However, there are concerns this money will lead to the privatization of public water assets in the same way the new Canada Infrastructure Bank will prioritize funding for income-generating projects (e.g., public-private partnerships). Canada needs a long-term plan to adequately fund public or community-run water and wastewater infrastructure that is more accountable and cost-effective than the private alternatives.

Over 197 billion litres of raw sewage was flushed into waterways in Canada in 2016.⁵ The federal government has introduced stricter wastewater standards, but again these did not come with adequate funds for municipalities. The FCM calculates that the regulations will cost at least \$20 billion for plant upgrades alone. The federal government should be working with provincial governments to harmonize reporting requirements, with the goal of reducing the cost of administering regulations.

Water protection legislation

During the 2015 election campaign, the Liberal Party committed to restoring and improving water protections gutted by the former Conservative government from the Canadian Environmental Assessment Act, the Fisheries Act and the Navigation Pro-

tection Act (NPA). Between 2016 and 2017, these laws were reviewed by parliamentary standing committees and expert panels, which also gathered public input. The government is expected to table its proposed regulatory amendments by spring 2018, but they will likely leave 99% of lakes and rivers unprotected under the NPA.

Impacts of extreme energy projects

Creating one million climate jobs and ensuring a just transition for workers currently employed in the extractive sectors would not only protect waterways but also grow Canada's economy in sustainable ways for future generations (see Just Transition chapter). Instead, this government plans to pursue many extreme energy projects and environmentally destructive policies favoured by the Harper government.

Extreme energy projects require more water, energy and effort to realize, and are more destructive to watersheds, the environment and surrounding communities than conventional energy development.⁶ The extraction of extreme energy, such as fracked gas and tar sands oil, and their transportation via pipeline, rail and ships, leaves municipalities and Indigenous communities vulnerable to potentially high clean-up and health care costs.

For fracking, these costs include drinking water contamination, poor air quality, earthquakes, health risks and increased greenhouse gas emissions. Atlantic provinces have placed moratoria on fracking, but governments in Western Canada continue to endorse the risky practice. Despite

the cancellation of several liquefied fracked gas (LFG) plants, including Petronas' Pacific Northwest facility, there are still proposals to build LFG plants and run supertankers along B.C.'s coast.

The Kinder Morgan pipeline would cross 1,355 waterways, and Line 3 runs from Hardisty, Alberta to the shores of Lake Superior in the Great Lakes Basin. The Liberal government approved both pipelines without Transport Canada assessing their impacts on navigable waterways, since the current NPA exempts pipelines. These pipelines would transport tar sands bitumen or fracked oil, exacerbating climate change and putting water, food and public health at risk.

Despite promising to protect freshwater and oceans, the Liberal government has approved other extreme energy projects like the Site C dam and the NOVA fracked gas pipeline (owned by TransCanada), signalling little change from the previous government's extractivist policies. In December 2017, the B.C. government approved the Site C dam proposal despite the impact it will have on the Peace River Valley, Indigenous rights and farmland.

There is a significant lack of independent scientific data on the consequences of diluted bitumen spills in water, including how the oil reacts in waterways and the challenges involved in cleaning it up. The government's moratorium on tankers on the northern coast of B.C must include LFG tankers to protect communities and marine ecosystems.

Water withdrawals and trade agreements

It is a myth that Canada has near infinite supplies of freshwater. Droughts, climate change and over-extraction continue to impact what are actually limited water sources. Each year, Canada exports 59.9 Bm³ of virtual water (the amount of water used to produce or process a good or a service). Canada is the second highest net virtual water exporter in the world.⁸

Bottled water companies such as Nestlé directly withdraw from freshwater supplies, including groundwater aquifers, which are the main drinking water source for one-third of Canadian communities. A 2015 study published in *Nature Geoscience* found that only 6% of groundwater around the world is renewable.⁹ Droughts and flooding have financial impacts on farmers and local industries and provide strong incentive to protect local watersheds.

Water is defined as a “tradeable good,” “service” and “investment” in trade agreements. As such, trade agreements can dramatically limit a government’s ability to prohibit or regulate the transfer or sale of water across borders. The federal government must ban all bulk water and bottled water exports, as these projects are tremendously costly, require vast amounts of energy and pose serious threats to watersheds.

Removing water as a “service” would help protect water as an essential public good. When services are provided by private corporations, these provisions limit the involvement of the public sector. Removing water as an “investment” and exclud-

ing investor-state dispute settlement (ISDS) provisions in deals like NAFTA or Canada’s foreign investment protection agreements (FIPAs) would make it much harder for foreign corporations to use trade treaties to sue governments for laws or policies that protect water.

For example, Lone Pine Resources is suing Canada for US\$119 million under the investor-state dispute process in NAFTA in response to Quebec’s moratorium on fracking in the St. Lawrence River — a decision made, in part, to protect water. In 2011, Canada settled another NAFTA dispute from AbitibiBowater (now Resolute Forest Products) in which the company claimed proprietary right to the water used at its former paper mill in Newfoundland and Labrador — a right that does not exist under the law.

By excluding water from trade agreements, and eliminating this lopsided investment protection system (see the International Trade and Investment chapter), the government could avert threats to water sources in Canada and avoid costly trade challenges. The government must also protect the rights of municipalities, provinces and territories to regulate water takings and create new public monopolies for the delivery of water services and sanitation, without having to worry about trade and investment challenges.¹⁰

AFB Actions

Action: Strengthen public and community water and wastewater infrastructure.

- Strengthen the Clean Water and Wastewater Fund with a requirement that it be used to improve public or community-run water and wastewater infrastructure (cost: \$6.5 billion a year for six years, \$2.5 billion a year in year seven and beyond).
- Implement the Wastewater Systems Effluent Regulation (cost: \$1 billion a year over 12 years).
- Commit \$100 million annually for water infrastructure in small municipalities.
- Commit \$75 million annually for ongoing water operator training, public sector certification and conservation programs.

Action: Support and fund environmental impact assessments.

- Conduct assessments of all energy and mining projects in consultation with affected communities, and seek the free, prior and informed consent of Indigenous communities in the process (cost: \$50 million annually for three years).
- Conduct an in-depth, independent study of the effects of tar sands development on the environment and health (cost: \$30 million annually for two years).
- Reinstate federal funding for water programs at the departments of Environment and Climate Change Canada, Fisheries and Oceans Canada and Transport Canada (cost: \$60 million for three years).

Action: Ensure the safety and sustainability of freshwater in Canada.

- Implement a comprehensive action plan to protect the Great Lakes (cost: \$500 million in year one and \$950 million a year in each of the following four years).
- Establish water quality and quantity monitoring frameworks; increase the number of monitoring stations, train staff in water monitoring, and create a new water ministry to co-ordinate the more than 20 departments that set federal policies affecting water (cost: \$327.5 million over three years).
- Commit \$3 million toward a groundwater protection plan and \$1 million to complete a review of virtual water exports from Canada.

Notes

1 Health Canada. “Drinking Water and Wastewater.” Ottawa. Online at <http://www.hc-sc.gc.ca/fniah-spnia/promotion/public-publique/water-eau-eng.php#adv>; First Nations Health Authority. “Drinking Water Advisories.” Online at <http://www.fnha.ca/what-we-do/environmental-health>.

2 Health Canada. “First Nations and Inuit Health: Drinking Water and Waste Water.” Online at <http://www.hc-sc.gc.ca/fniah-spnia/promotion/publicpublique/water-eau-eng.php#s2d>.

3 Informing the Future: 2016 Canadian Infrastructure Report Card. Canadian Infrastructure. <http://www.canadainfrastructure.ca/en/index.html>.

4 Ibid.

5 Elizabeth Thompson. “Billions of litres of raw sewage, untreated waste water pouring into Canadian waterways,” CBC, December 12, 2016; 2016 statistic from email from Wastewater Program, Environment and Climate Change Canada. November 7, 2017.

6 Informing the Future: 2016 Canadian Infrastructure Report Card.

7 Carol Linnitt. “Why is Trudeau Backtracking On B.C.’s Oil Tanker Ban? These 86 Meetings with Enbridge Might Help Explain.” DeSmog Canada, October 20, 2016.

8 Nabeela Rahman, Maude Barlow, and Meera Karunanathan. (2011). “Leaky Exports: A Portrait of the Virtual Water Trade in Canada.” Ottawa: Council of Canadians.

9 Emily Chung. “Most groundwater is effectively a nonrenewable resource, study finds.” CBC News, November 15, 2015.

10 Scott Sinclair. (2015). “NAFTA Chapter 11 Investor-State Disputes to January 1, 2015.” Canadian Centre for Policy Alternatives.

