



## Water Allocation

Continued access to safe and reliable water supplies is essential for the agriculture industry to sustain current production and future growth and development.

## What is the Current Water Allocation System?

Allocation of Alberta's water is authorized by Alberta Environment and Sustainable Resource Development (AESRD) under legislation through the *Water Act* (1999). Alberta uses a prior allocation system approach, informally known as FITFIR (First-in-Time, First-in-Right). This system of allocating water has been used in Alberta since 1894. The government is developing a plan to hold a province-wide conversation on water. The conversation will include ways to improve Alberta's water management system without changing the priority system.

The Government of Alberta is a signatory to the *Master Agreement on Apportionment* (1969) requiring Alberta to pass half of natural flow that originates in the province to Saskatchewan. The Government of Alberta is also a signatory to the *Boundary Water Treaty* (1909) and the *Mackenzie River Basin Transboundary Waters Master Agreement* (1997). Apportionment agreements with British Columbia and the North West Territories have also been proposed and are under discussion at this time.

## Licence

All water is owned by the Crown. Therefore a licence-holder does not become the owner of water but instead acquires the right to divert and use for a specific purpose. A licence is the record of the allocation of Crown-owned water from a specified source to a fixed location or project facility. An interim licence is only issued once a complete application is filed with AESRD and represents a project that has a reasonable likelihood of being built. Once the project is fully operational a final authorization/licence is issued. There is no speculation permitted in acquiring a licence. A person may be exempt from obtaining a licence for some small and limited use of water – those being “household” and “traditional agricultural” uses, with exempted volumes and criteria defined in the *Water Act*.

Parts of a licence include the name of the holder, the volume, timing, rate and location of diversion, purpose or use and in some instances an expiry date. Most licences are subject to conditions such as minimum water flows, levels, and monitoring and reporting requirements may also be added to a licence. Licences are for an annual amount and volumes cannot be carried over or held for other years, unless a licensee has their own storage capabilities.

## Priority

Priority is a date and time number assigned to an allocation and is recorded on the licence. Under Alberta licensing, there is no priority given to the specific use. The priority number indicates seniority in times of shortage and is the First-in-Time aspect of FITFIR; when there is not enough water for all the licensees, the oldest licensees get their water before the newer ones. Priority protects existing licensees from new users creating a shortage for the existing licensees. Under this system, the more junior your licence, the greater the risk of not receiving all or part of your allocated water in low water years. However, during emergency situations, the government has the power to suspend a water licence and redesignate the water for other uses. A licence can also be cancelled for non-use and non-performance of a condition of a licence.

## Tools are Available for Water Sharing

Several basins in southern Alberta are closed to new water licences. In these basins, tools available for the sharing of water are laid out in the *Water Act* and briefly described below:

**Water Allocation Transfer** – A water allocation transfer is when a current licence-holder agrees to provide all or part of the amount they are allocated to another person or organization. There must be a written agreement between the transferor and transferee, with consent of the landowner if the transferee does not have title. A transfer must not impair the rights of households, traditional agriculture, or other licences as per the Water Act. AESRD must approve the transfer. The original licence is cancelled if all of the allocation is transferred, or reduced in volume to reflect the transferred amount if only a portion is transferred. The new licence issued may contain new conditions to address impacts from the transfer.

**Temporary Transfer:** The licence reverts back to the original licence-holder from the transferee automatically upon an agreed-upon date. The date when the allocation reverts back to the original licensee is recorded on the licence and no further application is required.

**Permanent Transfer:** The new licence arising from the transfer remains in place; however it can be transferred again through the application process.

A transfer may only occur where an approved water management plan or an Order of Cabinet provides for it. Also, licences can only be transferred if the licence is considered to be “in good standing”. This means the project described in the licence must be operable as it is described in the licence and there can be no outstanding compliance issues. The government may apply up to a 10% holdback of the water in an allocation transfer for a water conservation objective (WCO) and this applies to both permanent and temporary transfers of allocations.

**Assignments** – In times of shortage, a junior licence-holder can enter into a temporary written agreement to borrow the senior priority of another licence-holder. However, the junior licence-holder must take their allocation in accordance with their original terms and conditions (i.e. amount, rate, timing, instream objectives, etc). This means the junior licence-holder is not increasing the amount of water they are able to divert but instead are increasing their priority in the system; an assignment cannot add additional water to a licence, but it can fill an allocation if it is restricted by a water shortage priority call as water is shared between junior and senior priority.

Only unused portions of the senior licence can be assigned, which could be all or only a portion of the licence. No Director pre-approval is required; however the assignment may be blocked by the Director if any other senior licensee, household, registrant or the environment is impacted by the assignment.

## Relevance to Agriculture

Continued access to safe and reliable water supplies is essential for the agriculture industry to sustain current production and future growth and development. Variability of supply year to year can have an impact on an agricultural operation. It is important for producers to know what tools are available for their use, especially in times of water shortage, and ensure their water use is as efficient as possible to conserve water and maximize its productivity.

## Resources

[www.environment.alberta.ca/03134.html](http://www.environment.alberta.ca/03134.html)

[www.albertawater.com/index.php/water-facts-a-info/alberta-water-legislation/299](http://www.albertawater.com/index.php/water-facts-a-info/alberta-water-legislation/299)

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Water is a critical input into agricultural operations. Continued access to safe and reliable water supplies is essential for the agriculture industry to sustain current production and future growth and development. Early and continued engagement with policy makers is critical to ensure agricultural interests are reflected in water allocation.

### Key Messages:

The current allocation system should be upheld as it provides the agriculture industry with certainty and adequate risk management, recognizing there could be opportunities for improvements in the future.

Within the allocation system, continued flexibility is necessary to meet agriculture industry needs and manage the risk of climate variability. To ensure flexibility, water supply management should consider all options including storage, drainage, and distribution.

Agricultural producers need to understand how the allocation system works in order to best use the tools<sup>1</sup> available. Educational opportunities should continue to be made available.

Continued efforts by the agriculture industry to increase water conservation<sup>2</sup>, efficiency<sup>3</sup>, and productivity<sup>4</sup> are encouraged to achieve future environmental, economic, and social outcomes.

The water allocation system in the province needs to be managed as an integrated system that considers both surface water and groundwater.



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