



Media Newsroom

Speeches

Helping Create a Blue Water Future

[Gordon Nixon](#)

President & Chief Executive Officer
Royal Bank of Canada
"The Thunderstorm"
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Thank you.

Well, if you told me five years ago that I'd be standing here tonight, speaking to a room full of environmentalists, I'd have said you were crazy.

But that was before Al Gore and Sir Nicholas Stern.

That was before Hurricane Katrina.

And that was before corporations realized that climate change brought both risks and opportunities.

I'd like to say at the outset that I am extremely proud of what RBC has done in terms of environmental policy and that we are recognized as one of the world's leaders with respect to sustainability practices.

I'd also like to congratulate Pollution Probe for almost 40 years of commitment to clean air and clean water and for continuing to bridge the gap between sectors who wouldn't normally be found in the same room together, as we are tonight.

I've been asked to speak about the connection between water, energy and climate change. I'm going to save myself— and you— the embarrassment of watching a bank CEO pretend to be a scientist. Instead, I'll take an economic tack.

But first, I'll go on record and say that I believe the three are related. There is no question about it.

This isn't news. But all too often, energy and water are treated as separate and unrelated commodities.

Last month, the cover story of Scientific American asked why there seems to be two camps: those who think we've got a water crisis and those who think we've got an energy one, as if the two problems are unrelated.

They're not.

We need water to generate energy. And we need energy to deliver clean water.

Thanks to climate change, water restrictions are hampering how we generate more energy. And energy problems are hampering our efforts to find and supply more clean water.

It's a Catch-22.

The bad news is that Canada is not in a privileged position, in spite of the widespread misconception that our water resources are limitless.

I'll be the first to say that I used to think of Canada as a water-and energy-rich nation.

But our population is growing and so are the demands on our water and energy resources. The truth is: we're not dealing with limitless resources.

Climate change is simply making a bad situation worse. I'd be tempted to call the connection between water, energy and climate change a 'perfect storm', but that term is almost too easy. We're not in a bad movie. We're in a fight for our future.

Environment Canada predicts that climate change and a growing population will strain Canada's water resources, with very serious implications.

The link between water and energy also poses a serious operational and financial risk to Canadian agriculture and many Canadian industries.

A few months ago, Report on Business magazine asked whether Canada's largest economic project— the oil sands— could come undone because "*no one thought about water.*"

But to mix a metaphor, the water risks to the oil and gas industry are like a canary in the coal mine. That sector may be the most high-profile example of water quantity and quality issues, but it's certainly not the only sector that will suffer from water scarcity.

Many industries will need to better manage and reduce their water consumption as well as reduce their negative impact on the quality of water in our watersheds. This is especially true for industries that depend on water— like food and food services, utilities, power-generation, mining and semi-conductor manufacturing.

When we call water a 'liquid asset', it's not just a clever pun. Any industry that relies on water— and there aren't many that don't— should be thinking hard about whether or not it has secure access to water.

Water is an essential raw ingredient for agriculture and industry, and is significantly undervalued in the market.

And here's where water and energy have a lot in common. When they are too cheap, there's little incentive for conservation or for developing more efficient technologies. But when they become very expensive, the social and economic impacts can be painful. This presents a daunting challenge for public policymakers.

It's time to put a price on carbon.

If we want businesses and individuals to change their behaviour— and we do— we must consider market-based mechanisms such as emissions trading or environmental taxation.

I should mention that the Canadian Council of Chief Executives, of which I'm currently Chair, has done some good, objective work in this area.

Even at the best of times, it's not easy to reach consensus about the best path forward on an issue as complex as climate change. Our Task Force on Environmental Leadership, comprising 33 CEOs from all industries across Canada, was no exception. While we have not come out with a preference for emissions trading or taxation, we do agree that whatever policy instruments the government comes up with must be transparent, stable and predictable.

Ottawa and the provinces must agree on a coherent policy framework and a common set of principles so that business and consumers across Canada are treated equally.

We'll also need a similar, coordinated approach to water in Canada, where a patchwork of overlapping responsibilities is complicated by the lack of a strong, overarching national water strategy and a history of undervaluing the worth of water.

Now, it would be all too easy to carry on talking about connected crises of water, energy and climate change. They're well documented, and most of you in this room undoubtedly know them better than I do.

But you'll be happy to hear that Pollution Probe's organizing committee warned me that you're really more interested in cocktails and catching up than in listening to a speech.

Their exact words were "don't talk about the environment as if it's the Titanic."

I have to tell you, after attending hundreds of gala events, I know exactly what they mean. Even at the best of times, this is excellent advice for any dinner speaker, which I have taken to heart.

So I'd like to turn my attention to something more positive, and focus specifically on water.

Just over a year ago, RBC launched our Blue Water Project. This is a 10 year, \$50 million commitment to help protect watersheds and ensure access to clean drinking water.

Now we're not naive. We know that philanthropy isn't going to solve the world's water issues.

We know that asking people to turn off their taps when they're brushing their teeth is a simplistic solution.

We know— and I speak from personal experience here— that changes to public policy can be a long time coming.

A *very* long time.

But we also know that water is *the* problem of the ages.

It touches every single person on earth.

So we launched the RBC Blue Water Project because we believed— I believe— that Canada can be a global leader in water stewardship, and we wanted RBC to be a part of it.

I have to tell you that, one year in, water has become a beacon for our 80,000 employees worldwide, uniting us across 45 countries like nothing I've ever seen before.

But how can Canada be a leader?

I keep going back to that Report on Business article, and the question about whether the engine of Canada's economy could come undone because "no one thought about water."

Well, RBC is thinking about water.

Bay Street and Wall Street are thinking about water. And like it or not, so are investors like T Boone Pickens, who's buying up water rights throughout Texas to "mine" water and export it to neighbouring states.

As pressure mounts on the world's limited water resources, individuals, industries and governments will all have to start managing our shared water resources better.

And that means there is a role for business in offering innovative solutions to the challenge. That's where Canada comes in.

Before I get a sternly worded letter from Maude Barlow, I should clarify that I'm not talking about privatizing water here, or exporting Canadian water to the United States.

I'm not going to wade into the debate about whether water is a commodity or a human right, or offer an opinion about water policy, or the role of government.

But in the last few years, I've gone on record advocating for Canada to focus on niche areas in which we can compete globally. Some call this picking winners and losers.

In this global economy, Canada must find its winners— and quickly, because the rest of the world isn't sitting still. Competitiveness and productivity will determine where investments are made.

Water could well be one of those winners for Canada.

I'm not sure if you saw the Conference Board's report on its "Leaders Panel on Innovation Based Commerce", released last month. They called for a new generation of Canadian companies, headquartered in Canada, and creating good Canadian jobs, focused on three "pathways". One of those pathways was water management.

I agree. Canada is well positioned to develop and commercialize technologies to conserve, reclaim, rehabilitate and purify water.

The opportunities are limitless. The global water industry is estimated at \$400 billion a year and is expected to increase to \$1.6 trillion US in the next ten years.

The Great Lakes region is already considered one of the most successful and vibrant water technology clusters in the world with leading research institutions.

We've got a mature water tech R&D sector, as well as world-class companies that are developing and selling technologies.

But we don't have the capacity to commercialize them so they can compete globally.

The Conference Board recommends a national approach to water infrastructure management, which would create capacity for Canadian companies to offer fully

developed solutions and prepare those companies to compete globally with made-and-tested in Canada technology.

Who will be the next Zenon? Right now, there could well be a researcher or engineer, maybe at a university in Toronto, or Waterloo or Hamilton, who's developing remarkable new ideas related to water management. It's our job to make sure that his or her knowledge can be commercialized in Canada, so that the resulting jobs and wealth will flow to Canadians.

I can't imagine a more important legacy for our country and our children than to incubate made-and-built in Canada solutions to the water and energy issues that are plaguing the world.

To accomplish this, we must collectively create the right framework to attract research, and create an environment where new and innovative companies can succeed. We must collaborate between sectors and across party lines, because every step counts.

Every drop matters.

Every one of us has a role and a responsibility.

At RBC, this is what we call creating a 'blue water future.'

Before I close, I want to read a quote from an RBC publication that I ran across when preparing for tonight's event.

"Water is benevolent, when properly managed. It can be productive and will support prosperous communities if its flow is wisely used. Our water problems are the outcome of our efforts to adapt our physical environment to our economic and social needs, without reckoning sufficiently on nature's unchanging ways. So, in spite of the fact that Canada is richly endowed with water resources, we have no room for complacency."

This quote is that it comes from a Royal Bank Letter called "Life Depends on Water."

We published it back in 1950.

Some lessons take a while to sink in.

"Life Depends on Water." It's high time we remembered that.

Thank you.

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