

RBC's Blue Water Problem



RAINFOREST ACTION NETWORK

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Background and Findings

The Royal Bank of Canada (RBC) is the top financier of the tar sands, one of the fastest growing sources of water pollution and greenhouse gas emissions in Canada. In 2008, RBC launched a new Blue Water Project, which is "committed to donating \$50 million toward global fresh water initiatives over the next ten years." In contrast to the \$3 million dollars actually released in water quality improvement donations in the first year of the program, RBC financed an estimated minimum of \$641 million for oil and gas companies operating in the Alberta tar sands — inflicting documented devastation on Canada's water resources.



RBC (TSX/NYSE: RY) Financials



Oct. 31, 2008. 12 Months (C\$)

Total Revenue:	37566000
Earnings before Interest and Tax (\$000):	9831000
Profit / Loss (\$000):	4555000
Earnings Per Share:	3.41
Total Assets (\$000)	7238859000
Dividends per Share:	2.0
Return on Com. Equity:	17.64
Employees (2007):	65040

RBC's Blue Water Project

RBC officially launched their Blue Water Project ¹ during the Beijing Olympics in August 2008 in a television ad produced by BBDO called "This Much." The ad says: "Think of all the water in the world...oceans, rivers, lakes. It may seem like a lot but only a small fraction is fresh water, and there's only so much to go around, which is why it is so important to protect it. We created the RBC Blue Water Project as our way to help safeguard water. The world's precious resource. Water, let's protect it."²

In a November 2008 speech, CEO Gordon Nixon proclaimed that, "water is the problem of the ages" and that, "[l]ife depends on water. It's high time we remembered that." Nixon went on to state that, "...the water risks to the oil and gas industry are like a canary in the coal mine."³

By the numbers RBC's environmental donations look more like a PR stunt than water philanthropy.

RBC's 2007 advertising buy according to The Nielson Company: \$42 Million ⁴

Average annual donations promised under RBC's "Blue Water Project": \$5 Million

Environmental donations reported by RBC for 2007: \$3.25 Million ⁵

Environmental donations reported by RBC for 2008: \$2.2 Million ⁶



RBC and The Tar Sands

RBC is the top financier of the tar sands. Estimates based on a review of public records show RBC to be the largest financier of major tar sands operators. RBC issued more than \$2.3 billion in loans and financed more than \$6.9 billion in debt between 2003 and 2007 for 13 companies including: EnCana, Husky Energy, OPTI Canada, Delphi Energy, Canadian Oil Sands Trust, Northwest Upgrading, Suncor, Total, Connacher Oil & Gas, Inter Pipeline and Enbridge. ⁷

- RBC financed \$210 million in loans and an estimated \$992.7 million in debt underwriting to members of the Syncrude ⁸ joint venture from 2003-2007. ⁹ The Syncrude Project is being sued for \$500,000 by the Province of Alberta after 500 ducks died from landing in one of the company's huge toxic tar sands lakes. ¹⁰
- RBC financed an estimated \$486.9 million in debt, equity and loans for Enbridge from 2004-2007. ¹¹ For 37 years the coastal waters of northern

British Columbia have been protected from oil tanker traffic. Now, Enbridge plans to build the "Gateway" crude oil pipeline from Alberta's tar sands to a supertanker port in Kitimat that would pose countless risks to the coast of BC's Great Bear Rainforest. In 1977, a Government of Canada report found that serious oil spills would be inevitable with an oil port in Kitimat, and that these spills would likely have major adverse impacts on fisheries populations in the northern coastal region. ¹²

The Tar Sands and Water Quality

Tar sands projects are leading threats to Canada's water quality. Between two and four barrels of water are required to produce each barrel of oil extracted from the sands. ¹³ At least 90 percent of the fresh water used in oil sand extraction winds up in tailing ponds so toxic that propane cannons are used to keep ducks from landing on them. These tailings ponds already span more than 50 square kilometers and can be seen from space.

The tar sands not only devastates water quality but also risks the health and well being of downstream communities. Already, communities have experienced polluted water, water reductions in rivers and aquifers, declines in wildlife populations such as moose and muskrat, and significant declines in fish populations. ¹⁴ Communities living downstream from the tar sands report that fish and water quality have been devastated. ¹⁵

- Oil sands mining operations are licensed to divert 349 million m³ of water per year from the Athabasca River – twice the amount of water used by the City of Calgary.
- A 2006 Alberta Government report concludes that "Over the long term the Athabasca River may not have sufficient flows to meet the needs of all the planned mining operations and maintain adequate instream flows." ¹⁶



- Recent projections by Canada's oil industry expect oil production to nearly triple by 2020. ¹⁷

Community health and water quality

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CASE STUDY: Ft. Chipewyan (Athabasca Chipewyan and Mikisew Cree First Nations)

“The cumulative impacts of oil sands development has all but destroyed the traditional livelihood of First Nations in the northern Athabasca watershed,” said Chief Alan Adam, Athabasca Chipewyan First Nation.

The Athabasca Chipewyan First Nation and the Mikisew Cree First Nation are two of five Aboriginal communities

within the Athabasca tar sands development zone. According to a 2009 government report by Alberta Health Services, between 1995 and 2006 51 cases of cancers were found in 47 people in a Fort Chipewyan community of 1200—a dozen more than expected According to the report.¹⁸

According to the Alberta Health Services report, “The increased number of cases of biliary tract cancers, cancers in the blood and lymphatic system and cancers of unknown primary seen in the most recent six years (2001-2006) compared to the years 1995-2000 of the investigation warrant closer monitoring of cancer occurrences in Fort Chipewyan in the coming years.”¹⁹

“Residents of my community have for the past thirty years recognized the impacts from industrial development on our lands, water, air, wildlife and most recently the health of our people.” says George Poitras, former chief of the Mikisew Cree.



CASE STUDY: Beaver Lake First Nation

On May 14, 2008, the Beaver Lake Cree filed a Statement of Claim with the Federal Court seeking higher levels of accommodation and consultation from government and industry on oil and gas operations on their territory. One of the installations on Beaver Lake Cree land targeted by the legal action is Husky Energy’s Tucker Oil Sands Project north of Cold Lake.²⁰ RBC financed \$250 million in loans and an estimated \$180.7 million in debt underwriting for Husky Energy between 2003 and 2007.²¹

“All of the animals are starting to deplete,” said Beaver Lake Chief Alphonse Lameman on the day his people went to court. “Soon there will be nothing. We will fight as long as it takes to get justice. The governments of Canada and Alberta have made a lot of promises to our people, and we intend to see those promises kept.”²²



CASE STUDY: Lubicon Lake First Nation

TransCanada began construction in 2008 of a \$983 million gas pipeline through the homeland of the Lubicon Lake Indian Nation in Northern Alberta. Speaking about oil developments during a visit to the UN in 2006, Lubicon Councilor Alphonse Ominayak stated, “It’s polluting most of our waters—we have to haul our own water and we can’t eat the fish anymore.”

RBC financed more than \$1 billion in equity issued by TransCanada in 2008, earning estimated fees of more than \$11 million.²³ RBC has also financed an estimated \$385 million in various credit facilities with TransCanada.²⁴

A Blueprint for RBC's Water Protection

With more than \$1 trillion in assets, the financing decisions of RBC greatly impact Canada's \$1.3 trillion economy. When RBC finances oil sands expansion, it locks in a polluting infrastructure that will have permanent negative impacts on regional water and air quality.

Godon Nixon must follow the lead of a February 11, 2009 resolution passed by Keepers of the Water, a network of tar sands impacted communities, that calls on RBC to "take prompt action to..."

1. Acknowledge and respect the treaty and Aboriginal rights of the First Nations of the Athabasca Watershed and those that reside downstream;
2. Acknowledge and respect the world view of the Indigenous peoples including their sacred responsibility to future generations as stewards of mother earth;
3. Suspend financing for the expansion of tar sands infrastructure;
4. Lend public support to calls for a provincial government moratorium on new tar sands licenses, tenures and expansion;
5. Ensure that all financing addresses and respects Aboriginal title and treaty rights, including free, prior and informed consent;
6. Adopt a comprehensive climate policy that commits to reduce financed emissions and address climate change implications and opportunities across all business lines;
7. Set meaningful carbon reduction targets for energy sector and other top greenhouse gas intensive sector lending and investment portfolios;
8. Substantially increase and prioritize lending for energy efficiency and clean renewable energy.
9. Substantially increase and prioritize its lending and philanthropical arm to support regional watershed protection programs that adhere to First Nations sovereignty."



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