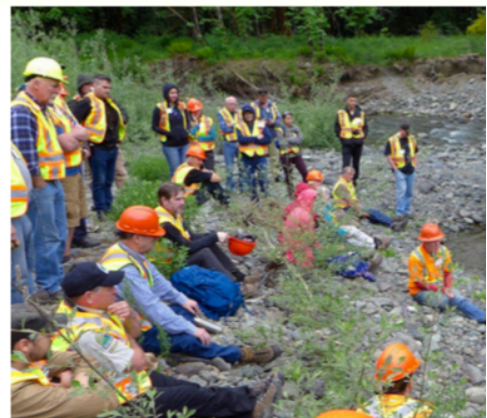


# A WATERSHED SECURITY FUND FOR BRITISH COLUMBIA



## Position Paper

Version 1.0: Updated November 2019



**Water  
Sustainability  
Project**

POLIS Project on Ecological Governance



FIRST NATIONS  
FISHERIES COUNCIL



**BC** freshwater  
**LEGACY**  
initiative

*This Position Paper was produced through collaboration between the POLIS Water Sustainability Project (Rosie Simms and Oliver Brandes); BC Freshwater Legacy Initiative (Tim Morris), a project of Tides Canada; First Nations Fisheries Council (Susi Porter Bopp); and the BC Wildlife Federation (Claudia Ferris).*

*We wish to acknowledge the late Alan Martin from the BC Wildlife Federation for his exceptional vision, leadership, and insight on this work.*

*This Paper also benefited from reviews from Lisa Matthaus and Danielle Paydli.*

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# 1. OVERVIEW

Diverse groups across British Columbia are calling on the Province to establish a dedicated Watershed Security Fund to catalyze and support comprehensive water planning and strategic partnership initiatives. These groups include: Indigenous leaders and the First Nations Fisheries Council; Unions; B.C. Water Leaders (over 20 groups representing policy experts, salmon and wildlife organizations, and environmental NGOs); local governments; wildlife and recreation organizations; and dozens of local watershed and community organizations.

The Select Standing Committee on Finance and Government Services' Budget 2020 Consultation Report formally recommends that the provincial government **"Advance water sustainability in British Columbia by providing a dedicated, sustainable, annual funding source for First Nations, local government, local watershed protections agencies and community partnerships."**<sup>1</sup>

Building on the Select Standing Committee's recommendation, this Position Paper outlines the context, benefits, and details of establishing a Watershed Security Fund for British Columbia. It includes:

- Background and rationale for a Watershed Security Fund;
- Overview of Fund benefits and the activities it would support; and
- A technical supporting Appendix with details on options for Fund structure, funding mechanisms, and governance.

## Fund at a glance

- Provides sustainable funding to equip communities to build resilience in the face of a changing climate and growing watershed threats
- Supports reconciliation with First Nations and partnerships with local governments, farmers, businesses and community groups
- Invests in smart planning and community capacity, reducing costs and creating jobs
- Fulfills government's commitments to climate adaptation, reconciliation, and rural economies
- Creates a powerful legacy for B.C. through a Provincial endowment supplemented by other sustainable funding sources, such as a surcharge on water rental fees

<sup>1</sup> Budget 2020 Consultation Report. Source: [https://www.leg.bc.ca/content/CommitteeDocuments/41st-parliament/4th-session/fqs/reports/FGS\\_41-2-2\\_Budget-2020-Consultation-Report\\_2019-08-07.pdf](https://www.leg.bc.ca/content/CommitteeDocuments/41st-parliament/4th-session/fqs/reports/FGS_41-2-2_Budget-2020-Consultation-Report_2019-08-07.pdf)

## 2. WHY B.C. NEEDS A WATERSHED SECURITY FUND

### 2.1 THREATS

Freshwater security is an increasing concern for British Columbians. Many regions have suffered recent droughts and floods undermining ecological function, economic activity, livelihoods, and fish survival. Water and watershed issues are at the forefront of conflicts around resource extraction and land use (e.g. LNG, mining, and forestry). Communities—particularly Indigenous and rural—are facing threats to drinking water and long-term boil water advisories, costly flooding disasters,<sup>2</sup> and increasing cumulative impacts on local lands and waters.

#### *Communities Impacted by More Extreme Droughts, Floods & Forest Fires*

Hydrological instability and more extreme extremes are already part of B.C.'s reality and will increasingly shape the future as the climate crisis takes hold. From the compounding impacts of massive forest fires that compromise watershed health and undermine drinking water security, to devastating floods and droughts that put communities at risk, the impacts are significant and costly.

#### **Climate Risk Assessment:**

The 2019 Preliminary Strategic Climate Risk Assessment<sup>3</sup> for British Columbia indicates that seasonal and long-term water shortages are highly ranked risks facing the province. And, recent events in summer 2019 demonstrate the impacts:

- For the third year in a row, the Oil and Gas Commission suspended water diversions in the Peace and Liard basins due to drought conditions.<sup>4</sup>
- FLNRORD issued a Fish Protection Order for the Koksilah River due to extremely low flows threatening fish survival—cutting off water for irrigation of forage crops and industrial use.<sup>5</sup>
- With record low lake levels and severely reduced flows, Catalyst Paper began pumping water directly from Cowichan Lake over the weir into the Cowichan River to sustain the bare minimum flows for the River—a costly and unsustainable intervention.<sup>6</sup>

#### *Negative Impacts on Indigenous Rights & Relationship to Land & Water*

Water is sacred, alive, and the lifeblood of First Nations' traditional territories. Access to healthy fresh water is essential to the continued survival of fish and other aquatic species, and to the protection of Aboriginal Title and Rights and Treaty Rights. But today, First Nations across B.C. are facing escalating water challenges, including droughts that threaten salmon survival and

<sup>2</sup> The estimated cost of total B.C. flood response in 2017 alone was more than \$73 million. Source: <https://www2.gov.bc.ca/assets/gov/public-safety-and-emergency-services/emergency-preparedness-response-recovery/embc/bc-flood-and-wildfire-review-addressing-the-new-normal-21st-century-disaster-management-in-bc-web.pdf>

<sup>3</sup> Preliminary Strategic Climate Risk Assessment report. Source: <https://www2.gov.bc.ca/gov/content/environment/climate-change/adaptation/risk-assessment>

<sup>4</sup> BC Oil and Gas Commission Directives. Source: <https://www.bcogc.ca/publications/directives>

<sup>5</sup> News Release: Water Use Restricted on Koksilah River to Protect Fish Populations. Source: <https://news.gov.bc.ca/releases/2019FLNR0215-001616>

<sup>6</sup> News Story: Water Pumping has started at Cowichan Lake. Source: <https://www.cowichanvalleycitizen.com/news/water-pumping-has-started-at-cowichan-lake/>

community water security, and degraded water quality from intensifying cumulative impacts on the land.

### ***Urban/Rural Disparity in Drinking Water Source Protection***

B.C.'s drinking water protection framework is marked by massive disparities—from the world-class regimes serving major urban centers in Victoria and Vancouver, to the limited or non-existent source water protections in rural and Indigenous communities. Recent conflicts over logging and drinking water (including in Ymir, Glade, Peachland, and Union Bay)—as well as agriculture and drinking water (e.g. in the Hullcar Valley)—demonstrate growing community concern about land use and drinking water safety.

#### **Auditor General's Report on Drinking Water:**

The 2019 Auditor General report "**The Protection of Drinking Water: An Independent Audit**" finds troubling gaps in Provincial oversight and protection of drinking water, noting that the lack of accountability to ensure drinking water is protected is "of grave concern."<sup>7</sup>

### ***Loss of Wild Salmon Habitat***

Wild salmon and their habitats are in serious decline across B.C., with widespread ramifications for Indigenous nations' food security and well-being, commercial and recreational fisheries, and community and ecological health. The provincial government has limited Constitutional responsibility for salmon in the marine context—the best way for the Province to lead on salmon is by protecting and restoring freshwater habitat and watersheds.

#### **Wild Salmon Advisory Council:**

Throughout the 2018-19 Wild Salmon Advisory Council engagement process, community members and experts consistently raised habitat protection and restoration as key priorities. Submissions emphasized that regulation of activities affecting freshwater and nearshore habitats requires additional focus by the Province, along with watershed-level planning and laws and enforcement for forestry, agriculture, mining, and other sectors.<sup>8</sup>

## **2.2 AN ENDURING LEGACY FOR B.C.**

B.C. currently faces a fork in the river with two streams ahead. On the one hand, business-as-usual will see continued loss of natural capital and growing watershed threats, in some cases reaching tipping points with irreparable consequences. This is the reality in many regions of the world that failed to tackle water issues until it was too late.<sup>9</sup> The costs—human, financial, and ecological—are enormous.

<sup>7</sup> Auditor General Protection of Drinking Water Report. Source:

[https://www.bcauditor.com/sites/default/files/publications/reports/OAGBC\\_Protection-of-Drinking-Water\\_RPT.pdf](https://www.bcauditor.com/sites/default/files/publications/reports/OAGBC_Protection-of-Drinking-Water_RPT.pdf)

<sup>8</sup> Wild Salmon Advisory Council Report. Source: <https://engage.gov.bc.ca/app/uploads/sites/426/2019/03/Wild-Salmon-Advisory-Council-Report.pdf>

<sup>9</sup> California and Australia are two prime examples of places that have experienced catastrophic droughts.

By investing in the security of our watersheds, the B.C. government has a tremendous opportunity to choose a different way forward. This path capitalizes on the province’s most powerful resource—the ingenuity and collaborative spirit of British Columbians—to get ahead of watershed threats and create an enduring legacy for communities across the province. This legacy looks like:

- 1) **Reconciliation in Action.** A Watershed Security Fund can enable Indigenous communities to build the capacity necessary to implement Indigenous policies, laws, and governance structures, while working with the Province and non-Indigenous communities to undertake collaborative land and water stewardship.
- 2) **Healthy & Resilient Communities.** Through investments in collaborative watershed planning and climate adaptation, a Watershed Security Fund can greatly improve the ability of rural and urban communities to secure their drinking water sources and withstand the impacts of a changing climate. At the same time, a Watershed Security Fund can increase public awareness about water and watersheds, build public confidence, and emphasize actions all British Columbians can take to ensure the security of their home watersheds.
- 3) **Robust Local Economies.** Rural economies historically dependent on resource extraction are suffering from industry downsizing or closures, particularly in the forestry sector. A Watershed Security Fund can help catalyze local economic development: from new jobs and training programs in restoration, monitoring, and planning; to leveraging private sector investment in innovative water technologies; to enhancing sustainable agriculture and tourism. A Watershed Security Fund would support farmers to invest in ecosystem services such as natural riparian buffers, utilize efficient water technologies, and help build B.C.’s sustainable agriculture sector.
- 4) **Freshwater Habitat for Fish and Wildlife.** Through investments in restoration, conservation, and environmental flow protection, a Watershed Security Fund would ensure critical habitat is safeguarded for salmon and other fish and wildlife.

### **Power & Leverage:**

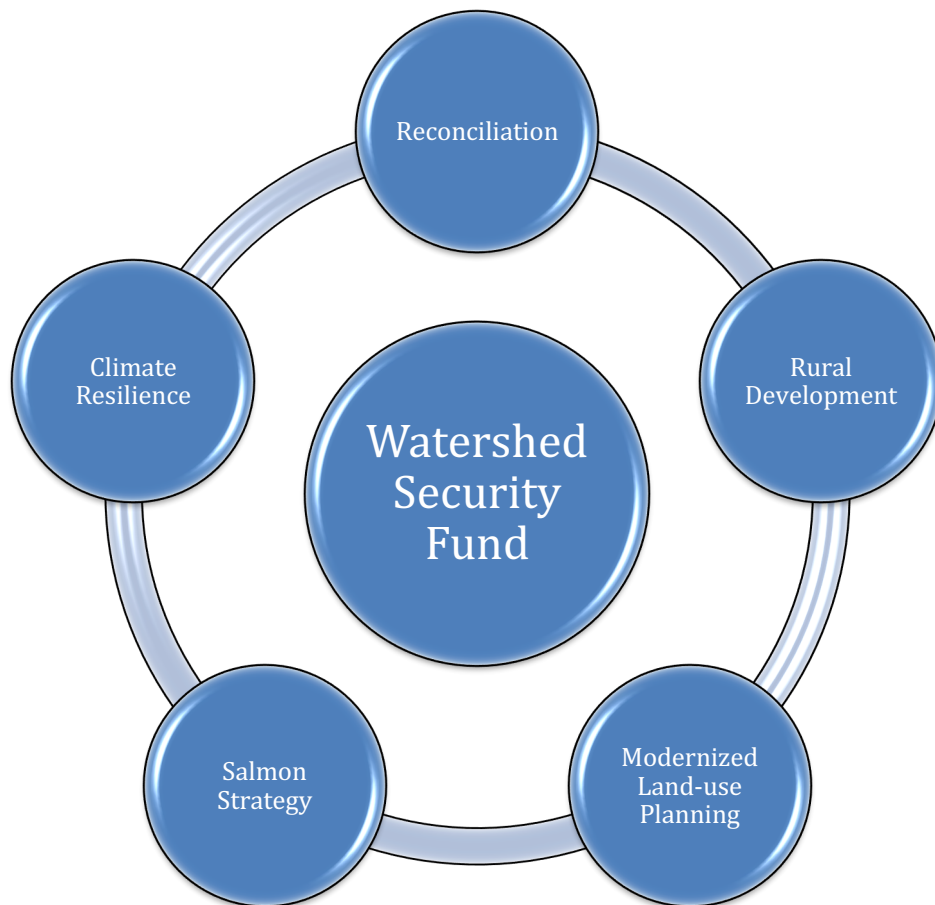
A B.C. government investment in a Watershed Security Fund would unleash a much larger total provincewide investment by leveraging contributions to projects and initiatives from a wide range of other sources. These sources would include local government and Indigenous capacity and resources, funding from philanthropic organizations, and leveraging the market through private sector investment in watershed solutions. This does not include the in-kind dollar contributions from the thousands of energized and knowledgeable volunteers that engage in watershed work.<sup>10</sup> A Watershed Security Fund would also allow the Province to leverage and ensure ongoing impact from other short-term funding commitments, such as the B.C. Salmon Restoration and Innovation Fund and current funding commitments to land use planning.

<sup>10</sup> When the B.C. government created the Living Rivers Trust in 2002 (a fund that no longer exists) it was calculated that for every dollar invested by the Trust, an additional \$7 dollars in leverage was generated.

## 2.3 DELIVERING ON - AND INTEGRATING - PROVINCIAL PRIORITIES

Watershed security is linked to a suite of existing Provincial mandates and priorities related to land, economy, and reconciliation. Currently, government initiatives on land use planning, water sustainability and management, forestry, climate adaptation, and reconciliation are being pursued separately by different branches within multiple ministries.<sup>11</sup> This creates several challenges, including First Nations engagement fatigue, inefficiency in program delivery and use of resources, and a lack of clarity on how the various initiatives link and complement each other.

The creation of a Watershed Security Fund offers government an opportunity to deliver effectively on multiple existing commitments and provides a mechanism to integrate various policy priorities at the landscape level.



<sup>11</sup> Including Ministries of Forests, Lands, Natural Resource Operations and Rural Development, Indigenous Relations and Reconciliation, Environment and Climate Change Strategy, and Health.

## 3. FUND INVESTMENTS & BENEFITS

A Watershed Security Fund is an investment in the security and well-being of all British Columbians. Returns on this investment would be broad-based benefits to communities, local economies, and home watersheds. The Fund would invest in three primary areas:

1. **Partnerships** - support Indigenous capacity and initiatives for strong and lasting watershed partnerships, with additional investment in partnerships with local governments and community organizations.
2. **Places** - support watershed-scale planning, monitoring, and natural asset initiatives in key regions of the province that connect land and water.
3. **People** - prioritize the creation of good local jobs, support farmers to produce sustainable local food, and strengthen community connection with watersheds.

Each of these areas is outlined below, with details on the funding need and strategy, concrete examples, and the link to relevant Provincial mandates and policy priorities.

### 3.1 PARTNERSHIPS

#### a. Indigenous Partnerships

In response to threats and impacts to watersheds in their territories, First Nations are taking leadership in protecting local rivers, lakes, and aquifers, including establishing water monitoring programs, developing and implementing water plans, policies, and declarations, and articulating and applying Indigenous water laws.

**Funding Need:** Indigenous communities in B.C. often lack the necessary financial resources to undertake critical nation-building work as well as the manage the demands placed upon them by Crown governments and industry to respond to development pressures in their territories.<sup>12</sup> This lack of capacity puts Indigenous communities at a distinct disadvantage in advancing the kind of government-to-government relationships envisaged by B.C.'s commitment to reconciliation and the implementation of the United Nations Declaration on the Rights of Indigenous Peoples.

**Funding Strategy:** *By investing in Indigenous capacity, the Watershed Security Fund would support Indigenous community development and lay the foundation for Crown-Indigenous relationships leading to meaningful action and reconciliation on the ground and in the water.*

#### **EXAMPLES: Nicola Watershed Governance Project & Cowichan Watershed Board**

In the Nicola Valley, the Province has invested resources to enable the five Nicola First Nations to build internal capacity to engage as equal partners in the government-to-government Nicola Watershed Governance Forum. In the Cowichan, the Cowichan Valley Regional District and Cowichan Tribes are demonstrating 'reconciliation in action' via the longstanding co-chaired Cowichan Watershed Board.<sup>13</sup>

<sup>12</sup> Capacity gaps are the top barrier for First Nations to participate or engage in water management or governance issues. Source: [https://www.fnfisheriescouncil.ca/wp-content/uploads/2015/09/BC-Systematic-Review-Project-Report\\_Sept-15-2016.pdf](https://www.fnfisheriescouncil.ca/wp-content/uploads/2015/09/BC-Systematic-Review-Project-Report_Sept-15-2016.pdf)

<sup>13</sup> News Release: MOU to Address Water Governance in the Nicola Watershed. Source: <https://news.gov.bc.ca/releases/2018ENV0012-000484>; Pathways and Partnerships: A framework for collaboration and



## b. Local Government Partnerships

Local governments are on the frontlines of climate change impacts and are leading a variety of innovative watershed initiatives to proactively respond—from eco-asset management, to water conservation programs, to watershed planning and monitoring. A series of recent Union of BC Municipalities resolutions demonstrate that improving water and watershed management is a priority for local governments.<sup>14</sup> Some local governments are finding ways to generate funding for watershed protection via service areas and parcel taxes (e.g. Regional District of Nanaimo, Cowichan Valley Regional District, Regional District of Kootenay Boundary).<sup>15</sup>

**Funding Need:** Recent applied research shows that local governments face major limitations in generating sufficient and sustainable revenues for watershed security.<sup>16</sup> For example, in rural areas, the parcel tax approach is ineffective due to low populations/tax bases. Given the multi-jurisdictional nature of watershed management, some local governments are reluctant to engage in these initiatives without the Province as an active funder and implementation partner.

**Funding Strategy:** *A Watershed Security Fund would catalyze and support partnerships with local governments in data collection and monitoring, watershed planning, eco-asset management, water conservation programs, and climate adaptation.*

**Example:** In 2008, the Regional District of Nanaimo launched its Drinking Water and Watershed Protection Program, supported by an annual parcel tax. Through partnerships, the Program has made critical advances in watershed characterization, awareness building, and water conservation.<sup>17</sup> According to the 10-year Program Review: “Our investigation left us with little doubt that, directly as a result of the program’s work, there is already a much better understanding of aquifers and streams in the region than elsewhere on Vancouver Island or much of the province.”<sup>18</sup>

## c. Community Partnerships

Hundreds of community organizations across B.C. are tirelessly working on projects to improve watershed health, engaging thousands of volunteers in the process. From restoring wetlands and salmon habitat, to community-based monitoring, to developing community-led watershed plans, community organizations are the backbone of watershed security in the province.

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reconciliation in the Cowichan Watershed. Source: [https://cowichanwatershedboard.ca/wp-content/uploads/2019/04/CWB\\_PathwaysAndPartnerships\\_Final\\_web.pdf](https://cowichanwatershedboard.ca/wp-content/uploads/2019/04/CWB_PathwaysAndPartnerships_Final_web.pdf)

<sup>14</sup> In 2019, the UBCM Resolutions Committee noted that the UBCM membership has endorsed numerous resolutions supporting improved watershed protection and management and the incorporation of the voice of local governments into water management processes (2018-B34, 2017-B115, 2016-B25, 2015-B32, 2014-B88).

<sup>15</sup> Regional District of Nanaimo, 10 Year Action Plan Implementation Review. Source: [https://www.rdn.bc.ca/dms/documents/dwwp-reports/region-wide-reports/10\\_year\\_action\\_plan\\_implementation\\_review\\_-\\_september\\_2018.pdf](https://www.rdn.bc.ca/dms/documents/dwwp-reports/region-wide-reports/10_year_action_plan_implementation_review_-_september_2018.pdf); Watershed Governance Dispatch: CVRD Establishes New Drinking Water and Watershed Protection Service. Source: <https://poliswaterproject.org/polis-research-publication/dispatch-cvrd-service/>; RDKB Bylaw 1678, 2018. Source: <https://www.rdkb.com/LinkClick.aspx?fileticket=sVh2iQGDJEk%3D&tabid=657>

<sup>16</sup> Sustainable Funding for Watershed Governance Initiative. Forthcoming publications.

<sup>17</sup> Average water demand per connection in RDN operated Water Service Areas decreased by 31% between 2004 and 2017

<sup>18</sup> Regional District of Nanaimo, 10 Year Action Plan Implementation Review. Source: [https://www.rdn.bc.ca/dms/documents/dwwp-reports/region-wide-reports/10\\_year\\_action\\_plan\\_implementation\\_review\\_-\\_september\\_2018.pdf](https://www.rdn.bc.ca/dms/documents/dwwp-reports/region-wide-reports/10_year_action_plan_implementation_review_-_september_2018.pdf)

**Funding need:** Most community organizations are operating on a shoestring budget. With the support of a Watershed Security Fund, modest funding for community-based initiatives would go a long way.

**Funding strategy:** *Relatively modest investments in community organizations will yield significant leverage in terms of local knowledge, expertise, and volunteer hours and commitment.*

**Example:** The Fraser Valley Watersheds Coalition is a community-driven group that brings together volunteers to build urban wetlands, restore salmon habitat, organize river clean-ups, and control invasive species.<sup>19</sup> This is just one of the many watershed organizations across the province that are putting boots on the ground and in the streams to keep watersheds healthy and functioning.

#### **Provincial Government Mandate/Policy Links:**

- Cross-government mandate commitment to reconciliation and UNDRIP implementation, including Bill 41 – *Declaration on the Rights of Indigenous Peoples Act*
- FLNRORD mandate: Work with the Minister of Indigenous Relations, First Nations and communities to modernize land use planning and sustainably manage B.C.’s ecosystems, rivers, lakes, watersheds, forests and old growth.
- Collaborative Stewardship Framework and Environmental Stewardship Initiatives

## **3.2 PLACES**

### **a. Watershed Planning & Action**

B.C. has a full legislative and policy toolbox when it comes to watershed planning—including Drinking Water Protection Plans (under the *Drinking Water Protection Act*), Water Sustainability Plans (under the *Water Sustainability Act*), and a revitalized land use planning framework currently in development. Plans can be regionally tailored and integrated to address specific water/watershed challenges, including changing water and land use to build climate resilience, protect drinking water, and ensure healthy communities, economies, and ecosystems.

**Funding need:** Few of B.C.’s integrated watershed planning tools have been put to use, despite growing evidence of detrimental cumulative impacts, conflicts over water and land use, and increasing risks to source drinking water. The existing FLNRORD commitment of \$16 million phased over three years to initiate modernized land use planning is insufficient to build a comprehensive planning program that meets the needs of B.C.’s communities and watersheds.

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<sup>19</sup> Fraser Valley Watersheds Coalition. Source: <https://fwwc.ca>

**Funding strategy:** *A primary objective of the Watershed Security Fund should be to invest in integrated watershed planning—done in partnership with Indigenous nations—to reduce conflicts, economic costs, and harms experienced by communities, and to build community and ecosystem resilience in the face of climate change and cumulative impacts.*

**Example:** The Gitanyow Lax'yip Land Use Plan in the Skeena watershed is regarded as a leading example of land use planning that emphasizes Indigenous priorities, water sustainability, and long-term resilience. Embedded in the Gitanyow Huwilp Recognition & Reconciliation Agreement, it integrates land and water and is legally enforced through Gitanyow Ayookxw (law) and Provincial law.<sup>20</sup>

## b. Natural Asset Management & Infrastructure

Ecosystem features such as wetlands and aquifers provide services better than engineered assets, but historically have not been considered in local government asset management plans.<sup>21</sup> Across B.C., local governments are now looking to natural asset accounting as part of overall asset management strategies to reduce costs and risk, and to boost community livability and resilience.<sup>22</sup>

**Funding need:** Scaling up natural asset management would have a transformative impact on urban planning and infrastructure. However, provincial and federal infrastructure funding programs still prioritize funds for hard infrastructure with limited funding support for natural assets.

**Funding Strategy:** *The Watershed Security Fund would provide grants for towns and cities to invest in natural asset management and to support natural infrastructure to build climate resilience and save residents' money.*

**Example:** The Town of Gibsons was North America's first community to experiment with strategies to integrate natural assets into asset management and financial planning. The Gibson Aquifer is already formally listed as an asset within the Town's asset management framework. The Town recognizes natural asset management is critical given the high costs of replacing and upgrading built infrastructure.<sup>23</sup>

<sup>20</sup> Gitanyow Huwilp Recognition and Reconciliation Agreement. Source: <http://www.gitanyowchiefs.com/images/uploads/land-use-plans/Gitanyow-R-R-Agreement-2012.pdf>

<sup>21</sup> Municipal Natural Assets Initiative, Primer on Natural Asset Management. Source: <https://mnai.ca/media/2019/06/MNAI-Org-Charts.pdf>

<sup>22</sup> Municipal Natural Assets Initiative, Primer on Natural Asset Management. Source: <https://mnai.ca/media/2019/06/MNAI-Org-Charts.pdf>

<sup>23</sup> Towards an Eco Asset Strategy for the Town of Gibsons. Source: <https://gibsons.ca/wp-content/uploads/2017/12/Eco-Asset-Strategy.pdf>

### c. Watershed Monitoring & Assessments

A significant opportunity exists in B.C. to improve knowledge and understanding of watershed health and pressures. This information is essential to support good decision-making, and for building community understanding and awareness.

**Funding need:** Despite provincial government commitments to developing ‘State of Water’ reporting,<sup>24</sup> B.C. lacks an integrated provincial framework for water monitoring, data collection, and watershed assessments. Costly and concerning examples, such as contamination of the Hullcar Aquifer, demonstrate the consequences of ineffective monitoring. Great potential exists to develop a modern and sophisticated framework by building on the many existing provincial, federal, Indigenous, and community monitoring programs. Integrating knowledge from different systems to undertake comprehensive watershed assessments would form the basis for collaboration and sound decision-making.

**Funding Strategy:** *The Watershed Security Fund would support capacity in water monitoring, fund regional water data hubs, and strengthen access to decision-ready information for provincial, Indigenous and local government decision-makers.*

**Example:** The Skeena Knowledge Trust was established in 2017 to address the need for greater knowledge management and more informed decision-making pertaining to salmon and salmon habitat within the Skeena River watershed and estuary. The Trust’s activities include but are not limited to: bridging and collecting information from various knowledge holders; information organization and management to facilitate data integration; promoting data sharing and collaboration; and public education.<sup>25</sup>

#### Provincial Government Mandate/Policy Links:

- Cross-government mandate commitment to reconciliation and UNDRIP implementation, including Bill 41 – *Declaration on the Rights of Indigenous Peoples Act*
- *Clean B.C.* commitment to collaborate with Indigenous peoples on a climate change adaptation strategy (for 2020)
- FLNRORD mandate to modernized land use planning
- Independent Hullcar Report; Auditor General; and Provincial Health Officer recommendations regarding drinking water protection
- *Water Sustainability Act* implementation
- Wild Salmon Strategy

<sup>24</sup> Living Water Smart: British Columbia’s Water Plan. Source: [https://www2.gov.bc.ca/assets/gov/environment/air-land-water/water/water-planning/livingwatersmart\\_book.pdf](https://www2.gov.bc.ca/assets/gov/environment/air-land-water/water/water-planning/livingwatersmart_book.pdf)

<sup>25</sup> Skeena Knowledge Trust. Source: <http://www.skeenatruck.ca>

## 3.3 PEOPLE

### a. The Blue Economy

Although underappreciated, many employment and economic opportunities are connected with watershed security in both the public and private sector. These include jobs in water monitoring technology and science, ecological engineering and restoration, land use and watershed planning, community education, and water management and conservation. An increasing number of jobs are also associated with developing new technologies, from data management and analysis to new techniques for water re-use and treatment.

**Funding need:** The 'blue' economy is a hidden sector in B.C.'s economy. An important opportunity exists to build this sector and support training and re-training in Indigenous and rural communities to drive community economic development.

**Funding strategy:** *Invest in the 'blue' economy in three key ways: 1) prioritize the creation of new jobs in funding decisions; 2) build partnerships with community colleges and regional universities to support training, re-training, job fairs, intern and apprenticeship programs; and 3) support the development of a clean technology cluster for B.C.'s watershed security.*

**Example:** In 2020, the AquaHacking Challenge will be hosted in British Columbia for the first time. Young tech entrepreneurs from across the province will be engaged to create innovative solutions to some of B.C.'s leading water issues—demonstrating the employment and innovation possibilities for this field.

### b. Supporting B.C. Farmers

Supporting local and sustainable food production in British Columbia is a high priority: without water, there is no food. Ensuring watershed security for food production in B.C. must be a core objective of the Watershed Security Fund.

**Funding need:** Farmers in British Columbia are facing significant challenges as water supplies become more scarce and less dependable. At the same time, large-scale agricultural production is also having substantial impacts on many watersheds in B.C., impacting water quality and quantity.

**Funding strategy:** *support farmers with funding for investing in ecological goods and services, small water storage projects, and water-friendly crop planning, along with upgrades to equipment and technologies that enhance water efficiency and reduce run-off.*

**Example:** The Province of Manitoba recently created a \$52 million endowment fund, called Growing Outcomes in Watersheds (GROW), to “help producers with small retention projects, natural habitat restoration and enhancement including wetlands, riparian area management, soil health improvements and shelterbelt and eco-buffer establishments.”<sup>26</sup>

### c. Connecting People to Place

British Columbians intuitively understand the importance of water and consistently rank fresh water as the province’s most important natural resource.<sup>27</sup> An opportunity exists to capitalize on this connection to water by supporting place-based education and awareness-building that improves residents’ understanding of their home watersheds and opportunities to take action.

**Funding need:** Further investments are required to raise the visibility and understanding of the importance of watersheds to community and personal well-being, and to encourage citizen engagement and participation in activities that improve watershed security (e.g. water conservation programs, habitat restoration).

**Funding strategy:** *Support projects and events that build community appreciation and engagement in watershed security, such as water festivals, watershed tours, river clean-ups, and watershed branding (e.g. signage describing the watershed and its features).*

**Example:** The Ontario Greenbelt Foundation, an independent Foundation supported with Provincial funding, has very successfully raised the level of awareness and citizen connection to the greenbelt region of southern Ontario. In Ontario public opinion, polling has shown the Greenbelt is the most easily recalled government initiative for protecting the environment.<sup>28</sup>

#### Provincial Government Mandate/Policy Links:

- Cross-government mandate commitment to reconciliation and UNDRIP implementation, including Bill 41 – *Declaration on the Rights of Indigenous Peoples Act*
- Rural jobs and forestry job transitions - Interior Forest Policy Renewal and Coast Forest Sector Revitalization Initiative
- Living Water Smart Plan commitments to education and enhancing watershed awareness

<sup>26</sup> News Release: Province Announces \$52 Million Grow Fund to Support Wetland Protection and Watershed Management. Source: <https://news.gov.mb.ca/news/index.html?item=45394>

<sup>27</sup> 2018 BC Freshwater Public Opinion Insights (McAllister, 2018). Source: [https://d3n8a8pro7vhm.cloudfront.net/freshwateralliance/pages/2377/attachments/original/1537895583/2018\\_water\\_polling\\_topline\\_s\\_S25.pdf?1537895583](https://d3n8a8pro7vhm.cloudfront.net/freshwateralliance/pages/2377/attachments/original/1537895583/2018_water_polling_topline_s_S25.pdf?1537895583)

<sup>28</sup> Public Opinion on the Greenbelt (Enviroics, 2015). Source: [https://d3n8a8pro7vhm.cloudfront.net/greenbelt/pages/2545/attachments/original/1449265610/2015-12-07\\_OVERALL\\_Enviroics\\_Poll\\_-\\_FINAL\\_\(1\).pdf?1449265610](https://d3n8a8pro7vhm.cloudfront.net/greenbelt/pages/2545/attachments/original/1449265610/2015-12-07_OVERALL_Enviroics_Poll_-_FINAL_(1).pdf?1449265610)

## 4. FUND SCOPE & STRUCTURE

The accompanying Technical Appendix provides more details on Fund design, scope, and governance. At a glance, an effective Watershed Security Fund will be:

- 1) **Independent and External.** By creating an external, independent Fund, government can ensure Fund sustainability, build a governance structure to reflect reconciliation commitments, and more easily support a broad range of innovative partnerships and programs.
- 2) **Sustainable Ongoing Funding.** The threats impacting B.C.'s watersheds are long-term. It will take time to develop the necessary long-term solutions and build community resilience. Therefore, funding availability should be sustainable and ongoing. The recommended approach is for the Province to create an endowment fund, with annual returns supplemented by an ongoing contribution from resource revenues, such as water rental fees.
- 3) **Co-Governance Structure.** The Fund should be structured to model a co-governance approach, with governance representation from Indigenous and non-Indigenous watershed experts and knowledge holders.
- 4) **Target: \$40 million per year.** To ensure a meaningful, provincewide impact, the target for annual expenditures for the Fund should be \$40 million per year. The Fund could be scaled up to this amount over three years while organizational infrastructure is developed and early investments tested.

## 5. SUMMARY

Sustainable funding is critical to advance reconciliation, equip communities to build resilience in the face of growing climate and watershed threats, support robust local economies, and safeguard critical salmon habitat.

A Watershed Security Fund would invest in community resilience and 'reconciliation in action' through three primary funding areas: Partnerships, Places, and People. These investments create broad-based benefits to communities, economies, and home watersheds.

A Watershed Security Fund offers an opportunity for government to deliver on and integrate multiple commitments and policy initiatives on reconciliation, rural economies, land, and water—and creates significant leverage opportunities. An Endowment creates a powerful legacy for B.C., supplemented by other sustainable funding sources, with a target of \$40 million in annual expenditures.

# APPENDIX: OPTIONS FOR FUND DESIGN & OPERATION

## A. How should the Fund be structured?

### a) Where should the Fund live?

A Watershed Security Fund could be established within: 1) a specific government Ministry; or 2) through an external agency. Several examples of both approaches exist.

Given the Fund's purpose, the recommended approach is to establish the Fund structure external to government in an independent organization. The main benefits of creating the Fund externally are:

- 1) **Creating an enduring legacy:** the Fund should enable sustainable, long-term financial and capacity support, independent from changes in the political landscape.
- 2) **Operating as an example of reconciliation:** as outlined below, an independent Fund can be created with a unique co-governance structure to support reconciliation in action.
- 3) **Becoming a hub for innovation & capacity building:** staff in an independent organization could more easily engage across a range of governments (provincial, federal, Indigenous, local) and with community organizations and networks. Staff could also provide capacity-building services and facilitate peer learning between funded projects.

### b) How should the Fund be governed?

The creation of a Watershed Security Fund provides a unique opportunity to advance reconciliation, not just through the disbursement of funds, but also in how the Fund is structured and governed. As with most independent Funds or Foundations, it would be governed by a Board or Committee.

To embody the Province's commitments to reconciliation and UNDRIP, this Board should model a co-governance approach and comprise an equal number of Indigenous and non-Indigenous water experts. It should be co-chaired by Indigenous and non-Indigenous leaders. It would be supported by an expert staff to act as a Secretariat that would also reflect this co-governance model. The Board members could be appointed by both the Province and First Nations leadership and represent: 1) regional diversity; 2) expertise in Indigenous and non-Indigenous governance; and 3) expertise in different knowledge systems related to water and land use.

### c) An Existing or New Organization?

The Watershed Security Fund could be created through a new organization by creating a new non-profit society, or it could be potentially located in an existing organization. For example, the Vancouver Foundation is a well-established platform for the creation of a variety of different kinds of funds, including endowment funds. It may be more feasible to utilize an existing organization to host the Fund in the short-term, while organizational design and structure are developed for the creation of a new entity. A key consideration would be the ability to create the appropriate governance structure for the Fund as outlined above.



## B. How should the Fund be funded?

Water issues are here to stay in British Columbia. In fact, all trends point towards problems becoming more challenging and expensive in the future. Consequently, a meaningful investment in watershed capacity and community partnerships requires long-term, sustainable funding. A recommended approach to ensure ongoing funding is to create an endowment and enable annual contributions to the Fund from a surcharge or portion of resource revenues.

### a) A Provincial Endowment

An endowment fund is designed to protect the principal and spend the returns that the fund generates from investment. Endowment funds are a common mechanism used by universities and hospitals. They are also used by Community Foundations, such as the Vancouver or Victoria Foundation.<sup>29</sup> There are a number of examples of Endowment Funds that offer analogous models or examples for a Watershed Security Fund, including the New Relationship Trust, Columbia Basin Trust, and Manitoba's Growing Outcomes in Watersheds (GROW) endowment.

#### EXAMPLES OF ENDOWMENT FUNDS

- **The New Relationship Trust** - An independent non-profit organization dedicated to strengthening First Nations capacity. The New Relationship Trust was created with an original sum of \$100 million, donated by the Province of B.C. Of the initial sum, \$20.75 million was allocated for spending on projects over the first three years of the Trust's operations. The balance was invested in order to provide ongoing benefit to B.C. First Nations.<sup>30</sup>
- **Pacific Institute for Climate Solutions** - the Province invested \$94.5 million in an endowment at the University of Victoria to bring together B.C.'s four research-intensive institutions to develop climate change solutions.<sup>31</sup>
- **Columbia Basin Trust** - the Trust was created by legislation in 1995 to support efforts by the people of the Basin to create a legacy of social, economic and environmental well-being in the Canadian portion of the Columbia River Basin. It received an endowment of \$45 million from the Province along with \$2 million per year from 1995 to 2010 for operations.<sup>32</sup>
- **Manitoba's Growing Outcomes in Watersheds Program** - in June 2019, Manitoba announced an initial of \$52 million in an endowment fund to be held at the Winnipeg Foundation. The purpose of the Fund is to support wetland protection and watershed management.<sup>33</sup>
- **Forest Enhancement Fund** - formed in February 2016 with an initial contribution from the B.C. government of \$85 million. In February 2017, an additional \$150 million grant was provided under the Forest Carbon Initiative. This catalyzed expanded efforts, especially to advance environmental stewardship through reforestation, improving damaged or low-value forests, and reducing greenhouse gas emissions.

<sup>29</sup> Investing in Perpetuity: Why the Endowment Fund Model Works (Vancouver Foundation) Source:

<https://www.vancouverfoundation.ca/whats-new/investing-perpetuity-why-endowment-fund-model-works-0>

<sup>30</sup> New Relationship Trust. Source: <https://www.newrelationshiptrust.ca/financial-management/>

<sup>31</sup> Examples of B.C.'s Research and Innovation Investments. Source: <https://www2.gov.bc.ca/gov/content/governments/about-the-B.C.-government/technology-innovation/research-and-innovation-investments>

<sup>32</sup> Columbia Basin Trust. Source: <https://ourtrust.org/about/our-story/>; Columbia Basin Trust Act: [http://www.bclaws.ca/civix/document/id/complete/statreg/96053\\_01](http://www.bclaws.ca/civix/document/id/complete/statreg/96053_01)

<sup>33</sup> News Release: Province Announces \$52 Million 'GROW' Fund to Support Wetland Protection and Watershed Management. Source: <https://news.gov.mb.ca/news/index.html?item=45394>

## b) Ongoing Funding Sources

In addition to the returns received from the investment income in the endowment, there are a number of options for ongoing funding sources. For example, an ongoing contribution to the Fund could come from a surcharge or portion of resource revenues, including water rental fees and other resource activities in watersheds. Through this mechanism, large water users and those that benefit from water withdrawals and activities on the land would be supporting greater community resilience and capacity to manage the impacts of water and land uses.

Given the critical role this Fund would play in building climate resilience, another potential source of funding would be an ongoing contribution from the B.C. Carbon Tax.

**Example:** The majority of the Habitat Conservation Trust Foundation's (HCTF) revenue arises from surcharges placed on hunting, angling, trapping, and guide outfitting licenses sold in British Columbia. Under the provisions of the *Wildlife Act*, surcharges are assessed and collected by government acting as agent of HCTF, which forwards the revenue to the HCTF on a set schedule. The HCTF operates as an independent non-profit organization and funds on-the-ground conservation and education projects. In 2018, it received \$6.3 million in surcharge revenue.<sup>34</sup>

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<sup>34</sup> Habitat Conservation Trust Fund Financial Statements 2017-18. Source: <https://hctf.ca/wp-content/uploads/2019/04/Financial-Statements-2017-18-with-Audit-Report-Signed-Final.pdf>

## C. What scale of funds are required?

Based on an assessment of funding requirements to build B.C.'s watershed security, an ongoing investment of approximately **\$40 million per year** is needed to achieve both a bold and practical vision. The table below outlines potential categories of spending and descriptions of the types of projects that could be supported by this Fund.

Category	%	\$ per year	Description
<b>Watershed Land Use Planning &amp; Source Protection</b>	25%	\$10 million	<ul style="list-style-type: none"> <li>• Enable watershed planning across the province in partnership with First Nations and communities</li> <li>• Ensure drinking water source protection plans are implemented in priority areas</li> </ul>
<b>Indigenous Capacity Building &amp; Partnerships</b>	25%	\$10 million	<ul style="list-style-type: none"> <li>• Enable Indigenous communities to hire land and water managers; undertake Indigenous water laws &amp; policy development; strengthen governance structures; and support government-to-government partnerships</li> </ul>
<b>Natural Asset Management, Infrastructure &amp; Innovative Technologies</b>	20%	\$8 million	<ul style="list-style-type: none"> <li>• Enable local governments and First Nations to undertake natural asset management and implement climate adaptation solutions with a focus on natural infrastructure</li> <li>• Support for farmers to implement ecosystem services, water efficient practices, and sustainable water storage projects</li> <li>• Fund development and demonstration of innovative water technologies for introduction into the market</li> </ul>
<b>Watershed Monitoring, Restoration, &amp; Fish Habitat Conservation</b>	12.5%	\$5 million	<ul style="list-style-type: none"> <li>• Support for watershed monitoring projects, equipment, data storage, analysis &amp; communication</li> <li>• Enable State of Watershed assessments</li> <li>• Support restoration and conservation projects, including salmon habitat protection</li> </ul>
<b>Community Support &amp; Education</b>	12.5%	\$5 million	<ul style="list-style-type: none"> <li>• Access to skills training and funding for community colleges &amp; training programs</li> <li>• Support for public information &amp; education</li> <li>• Support community-based initiatives &amp; events that promote healthy watersheds</li> </ul>
<b>Core Operational</b>	5%	\$2 million	<ul style="list-style-type: none"> <li>• Core staff, accounting, legal etc.</li> </ul>
<b>Total</b>	<b>100%</b>	<b>\$40 million</b>	