

2016/17 Estimates Debate

Ministry of Forests, Lands and Natural Resource Operations

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Issue: Water Sustainability Act

Key Facts Regarding Issue:

- The *Water Sustainability Act* (WSA) received Royal Assent on May 29, 2014.
- On February 5, 2015, Government announced a new fee and rental schedule to recover the costs of implementing the WSA, including groundwater regulation.
- The new fees and rentals will come into effect early in 2016.
- The same fees and rentals apply to surface and groundwater users; domestic groundwater users are exempt from licensing and fees.
- Approximately 20,000 existing non-domestic groundwater users will be transitioned into the water licensing system over five years; approximately 600 new applications are expected annually.
- Existing, non-domestic groundwater users will be expected to submit a licence application within three years of the Act coming into force; application fees will be waived for existing groundwater users for the first 12 months.
- Government expects to have all existing users licensed within five years.
- There are no changes to commercial and general water power rental rates.
- FLNR continues to support MoE and work with other partner agencies on preparing regulations that will bring the new Act into force.

Advice and Recommended Response:

- The WSA replaces the province's existing *Water Act* as the primary legislation governing the sustainable diversion and use of provincial water resources.
- The WSA will be brought into force in early 2016, after necessary regulations have been developed and consultation is complete.
- As the new regulations are developed, MoE and FLNR staff are engaging with First Nations and stakeholders.
- FLNR will receive \$4.3 million in 2015/16; \$8.2 million in 2016/17; and \$9.3 million in 2017/18 for administering the new water program, including licensing of non-domestic groundwater users.
- FLNR is hiring approximately 40 staff in 2015/16 to administer new groundwater authorizations (including First Nations consultation, water rights management and area based management).
- The Minister of Environment will speak to questions respecting the new fee and rentals schedule.

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Date Prepared/Revised: February 1, 2016

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RESOURCES FOR WSA IMPLEMENTATION

- New resources are required to implement the *Water Sustainability Act* (WSA) which is new work for government. \$25M over three years was identified in Budget 2015 for this purpose.
- Implementation of the WSA will be undertaken by the Ministries of Environment and Forests Lands and Natural Resource Operations. 86 new FTEs have been hired in both ministries, with the majority in FLRNO (80 FTEs).
- After a comprehensive review, government announced new water fees and rentals on February 5, 2015 with a key goal of recovering the costs to implement the WSA.

Background:

Key message #1:

- The WSA will result in new work for government requiring increased operating budgets and new FTEs to perform the work.
- Government has committed \$25M over three year for WSA implementation: \$5M in year 1, \$9M in year 2 and \$11M in year 3. Of this, MOE will receive \$1M annually and FLNRO will receive \$4M, \$8M and \$10M annually.
- The highest cost of implementation will be associated with the groundwater program (e.g. First Nations consultation, licensing existing groundwater users, knowledge management). Additional support will also be needed in developing operational policies and ongoing regulation development.
- As this is the first time government will formally manage groundwater, there is some catching up to do in bringing existing users under the licensing scheme and improving our

knowledge base about groundwater. This large undertaking is expected to take at least 5 years.

- The comments during public and stakeholders engagement were that the WSA needs to be properly resourced if it is to be effective. This budget reflects that perspective and responds to what the financial needs are to begin the implementation of the new Act.
- Effective implementation of the WSA is good for both the environment and the economy. The Act will help better manage water and the environment. This in turn will provide more certainty and security for the businesses and industries that rely on it.

Key message #2

- Responsibility for the provincial water program is shared between MOE and FLNRO. While the budgets are separate, staff across both ministries are working closely together to transition British Columbia to the new Act.
- \$5M is being spent in 2015/16 to begin implementation of the WSA. Of this, operating costs are approximately \$767,500 (see Table 1 below).
- New FTEs (86 FTEs) in both ministries have been hired primarily to support the new business associated with groundwater authorization and management. FTEs are needed to process authorizations for 20,000 existing groundwater users and build knowledge about the groundwater resource.

Key message #3:

- Initiated in March 2014, the pricing review was guided by seven water pricing principles and informed by extensive public comment on government's Pricing B.C.'s Water discussion paper.
- There was strong public support to sufficiently resource the new WSA to enable its full implementation.
- Existing fees and rentals do not generate sufficient revenue to offset the cost of regulating groundwater or other new water management program costs.
- Announced in February 2015, the new fees and rentals are intended to recover the costs of implementing the new WSA, including groundwater regulation.
- In response to continued public interest in water pricing, Premier Clark announced last year that government would be reviewing the fees and rentals charged for water bottlers.
- As the WSA is implemented, the Province will also be monitoring the actual costs of delivery and will be further reviewing the rates it charges for all water uses at that time.

Key facts/other agencies:

- Implementation of the WSA beginning in 2016 will include new work for government which will result in a need for new staff to process applications for new and existing non-domestic groundwater users and support this work.
- It is expected that at least 20,000 existing groundwater users will be transitioned into the licensing system once the new Act comes into force. A five-year transition period to license these users is expected.
- The phased approach to hire and deploy staff to implement the WSA is detailed in Table 2 below. MOE and FLNR will have hired 86 staff in 2015/16 (6 in MOE and 80 in FLNR).
- New staff hired in MOE will support WSA implementation, in particular hydrogeologist support is needed for the groundwater program, policy analyst support is needed as regulation work and operational policies and procedures will continue throughout WSA implementation. As well, program operations require continuing support (e.g. Information Management, Information Technology).
- The majority of staff hired in FLNR will be processing authorizations for new and existing non-domestic groundwater users.
- The new fees and rentals are designed to generate sufficient revenue to recover the costs necessary to fully implement the WSA and associated programs as well as;
 - Improve fairness and equity by charging fees and rentals for most groundwater uses and assigning the same rates for similar water uses;
 - Minimize increases to agriculture and aquaculture to help protect food security;
 - Accommodate lower increases for conservation and storage purposes in recognition of their positive ecological and recreational values;
 - Limit impacts to B.C.'s business competitiveness.

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Table 1. Breakdown of WSA Operational Costs – 2015/16

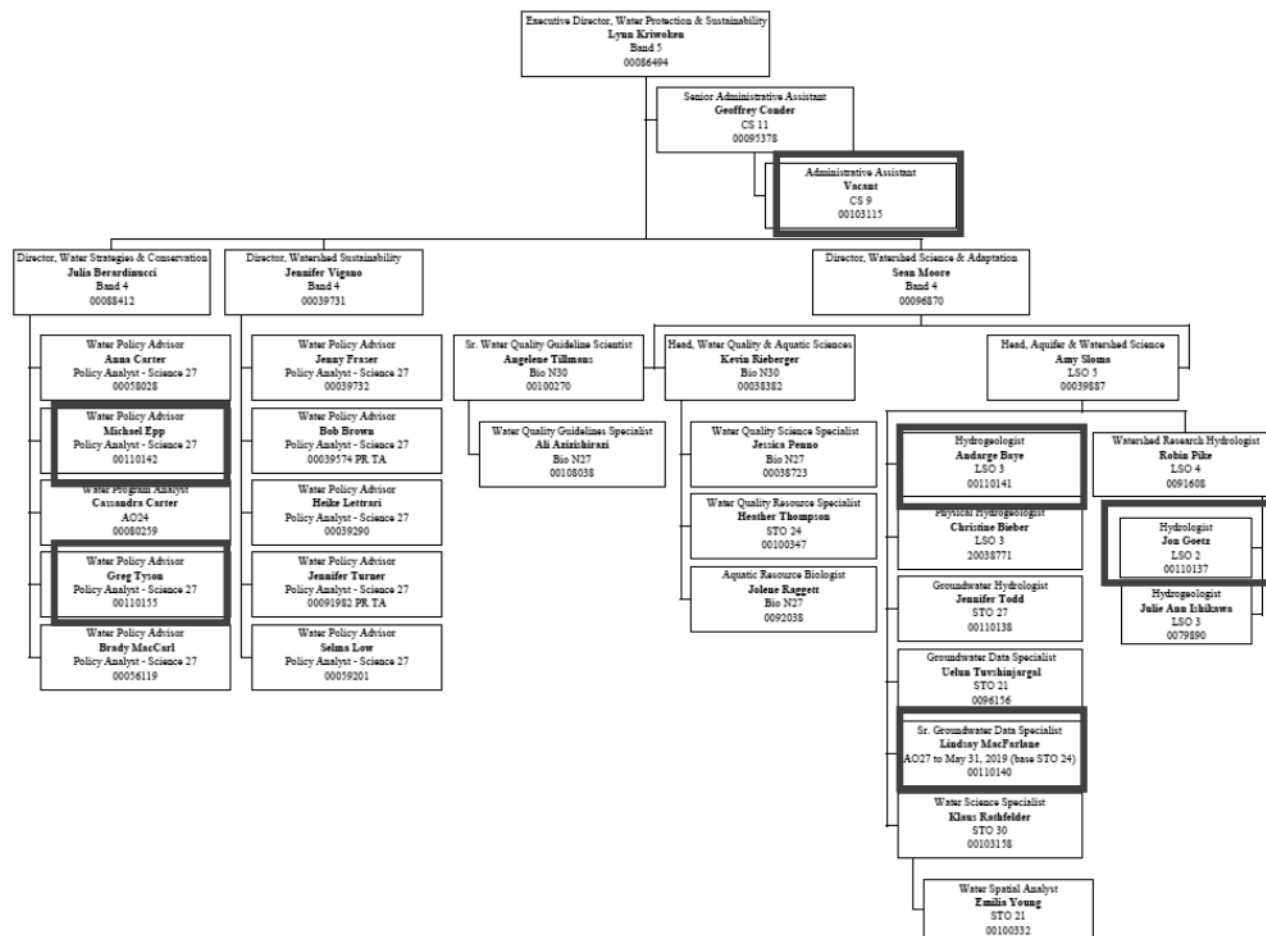
Ministry of Forests Lands and Natural Resource Operations	Operating Costs	Description
Groundwater Licensing	\$301,000	
Vehicles	\$126,000	18 repurposed vehicles at \$7K each
Office space & phones	\$45,000	To accommodate new allocation staff in Surrey; 12K for phone hook-up, 33K for office space.
Human Resources	\$15,000	Training of allocation staff - FrontCounter BC and groundwater staff
Data and Information Management	\$115,000	Amortization costs (\$65k) plus \$50k for system maintenance
Stakeholder Consultation and Engagement	\$5,000	Engagement on regulation development - internal government workshops
Total	\$306,000	
Ministry of Environment		
Groundwater Licensing	\$357,500	
Acquisition of Science Research	\$350,000	Contract funding for groundwater characterization and hydraulic connectivity studies
Data Collection, Monitoring, and Reporting	\$7,500	Phase 2 GWPR implementation - train contractors to submit electronically
Stakeholder Consultation and Engagement	\$89,000	Engagement on new groundwater licensing requirements and other new regulations
Setting Environmental Requirements	\$15,000	Governance working group meetings
Total	\$461,500	
Grand Total	\$767,500	

Table 2. Water Sustainability Act Implementation – FTE Count by Ministry/Program/Function – 2015/16

			PHASE (FTE Count)					FUNDING	
			I	II	III	IV			
Ministry/Program/Function	Position Title	Classification	Apr-June	July-Sept	Oct-Dec	Dec-Jan	Total	Transition	Permanent
ENV									
Groundwater Licensing									
Groundwater Information and Modelling	Hydrogeologist	LSO 3	1	2			3	0	3
Area based Management Tools									
Policy Analyst	Policy Analyst	STO 27	1	1			2	0	2
Water Program Operations									
IM/IT Systems	TBD	TBD	1				1	0	1
ENV Total FTE			3	3	0	0	6	0	6
FLNR									
Groundwater Licensing									
Groundwater Licensing and Modelling	Regional Hydrogeologist	LSO 3	1	1	0	4	6	0	6
Authorizing - transition existing groundwater use	Water Stewardship Technician*	STO 21	4	0	9	5	18	18	0
Authorizing - transition existing groundwater use	NR Specialist FCBC*	STO 21							
Authorizing - transition existing groundwater use	Client Service Assistant FCBC*	Clk 11							
Authorizing - new groundwater use	Water Stewardship Officer	STO 24	4	2	4.5	0	10.5	0	10.5
Billing and amendments	Revenue Clerk (CSNR)	Clk 11	0	0	2	3	5	3	2
FN consultation on water licensing decisions	FN Advisor	STO 24	4	2	9.5	11	26.5	23.5	3
Human Resources - Section Heads	Section Head	LSO 3	1	0	2	0	5	5	0
Environmental Flow Needs	Sr. Ecosystems Biologist	BIO 27	0	1	0	2	3	0	3
Area Based Management Tools									
Water Program Operations									
IM/IT Systems Class:	TBD	TBD	1	0	0	0	1	0	1
Groundwater observation well networks	Groundwater Protection Technician	STO 21	3	0	0	0	3	0	3
Verification and Enforcement	Compliance and Enforcement Officer	STO 24	0	0	2	0	2	0	2
FLNR Total FTE			18	6	29	25	80	49.5	30.5

* FTE split between authorizations and FCBC not determined

Ministry of Environment
Environmental Sustainability and Strategic Policy Division
Water Protection & Sustainability Branch
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s.12

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