# Investing in Co-Governance:
# Exploring Sustainable Funding for Co-Governance in the Nicola Watershed

**by**

**Richard Farthing-Nichol**

Bachelor of Arts, University of Manitoba, 2015

Project Submitted in Partial Fulfillment of the
Requirements for the Degree of
Master of Resource Management

in the
School of Resource and Environmental Management
Faculty of Environment

Report No. 742

# Approval

| | |
|---|---|
| **Name:** | **Richard Mark Farthing-Nichol** |
| **Degree:** | **Master of Resource Management (Planning)** |
| **Report No.:** | **742** |
| **Title:** | **Investing in Co-Governance: Exploring Sustainable Funding for Co-Governance in the Nicola Watershed** |
| **Examining Committee:** | **Chair:** John Morra<br>MRM Student |
| | **Evelyn Pinkerton**<br>Senior Supervisor<br>Professor |
| | **Sean Markey**<br>Supervisor<br>Professor |
| **Date Defended/Approved:** | December 17, 2019 |

# Ethics Statement

The author, whose name appears on the title page of this work, has obtained, for the research described in this work, either:

a.    human research ethics approval from the Simon Fraser University Office of Research Ethics

or

b.    advance approval of the animal care protocol from the University Animal Care Committee of Simon Fraser University

or has conducted the research

c.    as a co-investigator, collaborator, or research assistant in a research project approved in advance.

A copy of the approval letter has been filed with the Theses Office of the University Library at the time of submission of this thesis or project.

The original application for approval and letter of approval are filed with the relevant offices. Inquiries may be directed to those authorities.

Simon Fraser University Library
Burnaby, British Columbia, Canada

Update Spring 2016

# Abstract

Momentum is building behind a new approach to Crown-Indigenous relations that is based on reconciliation, shared decision-making, and nation-to-nation engagement. In British Columbia's Nicola watershed, this shift has manifested itself in the Nicola Watershed Governance Project (NWGP), an innovative pilot project that is seeking to establish watershed co-governance between the provincial government and five Indigenous Nations. A major challenge facing the NWGP is securing sustainable funding that will ensure the long-term viability of the project beyond the three-year pilot funding period. This research addresses this challenge by investigating key considerations and potential options for developing a sustainable funding model for the NWGP. Three main research methods were employed: (1) background research to identify key funding concepts and situate the NWGP in broader historical and theoretical context; (2) a jurisdictional scan to identify key learnings from other funding models; and (3) a structured analysis of potential core funding options for the NWGP. While investigating sustainable funding for the NWGP was the primary objective of this research, the results are also analyzed to draw conclusions regarding the state of watershed governance funding across the province.

**Keywords**:    co-governance; sustainable funding; watershed governance; Nicola watershed; funding mechanisms; Indigenous governance

# Acknowledgements

# Table of Contents

# List of Tables

# List of Figures

# List of Acronyms

| | |
|---|---|
| NWGP | Nicola Watershed Governance Project |
| G2G | Government-to-Government |
| TNRD | Thompson-Nicola Regional District |
| CWGO | Collaborative Watershed Governance Organization |
| RA | Reconciliation Agreement |
| SEA | Strategic Engagement Agreement |
| ESI | Environmental Stewardship Initiative |

# Chapter 1.    Introduction

In recent decades, water governance has shifted away from top-down decision-making toward more collaborative, watershed-based models (Brandes, O'Riordan, O'Riordan, & Brandes, 2014; Diaz-Kope & Miller-Stevens, 2015; Vodden, 2015). In Canada, this broad shift has been paralleled by an evolution of Indigenous legal and political rights that has dramatically altered the environmental governance landscape. Indigenous Nations, who have historically been – and in many respects continue to be – marginalized and disempowered by colonial power structures, are increasingly recognized as key actors in water governance (Simms, Harris, Joe, & Bakker, 2016). This increased recognition is rooted in a reconceptualization of Crown-Indigenous[1] relations that is guided by reconciliation and a nation-to-nation approach to decision-making (Phare, Simms, Brandes, & Miltenberger, 2017). These developments are particularly pronounced in British Columbia (B.C.) due to the absence of treaties and largely unresolved question of Indigenous title (Brandes et al., 2014; Simms et al., 2016). B.C. is also in the midst of a water governance modernization process focused on implementing reforms introduced by the 2016 *Water Sustainability Act* (Phare et al., 2017). These factors have help create an environment that is conducive to building watershed co-governance structures between Crown and Indigenous governments.

Watershed co-governance describes a governance regime that is based on equitable power-sharing and a nation-to-nation relationship between Crown and Indigenous governments (West Coast Environmental Law, 2017). Devising and implementing such a regime is a significant undertaking that requires establishing strong relationships, creating new institutions and processes, and developing capacity. To carry out this work and ensure the continued effectiveness of a co-governance initiative, it is crucial to secure sustainable funding (Clogg, Smith, Carlson, & Askew, 2017; Kotaska, 2013; West Coast Environmental Law, 2017). This study addresses the challenge of sustainable funding by focusing on a single instance of watershed co-governance in B.C.: the Nicola Watershed Governance Project (NWGP). The NWGP is an innovative pilot project that is leading the way on watershed co-governance and is therefore a valuable case study to develop processes for assessing funding opportunities on a

---

[1] The "Crown" refers to federal and provincial governments in Canada.

watershed scale. It is also, as the first of its kind, a useful vehicle for considering how watershed co-governance can be supported on a province-wide basis.

This study is guided by two streams of inquiry. The primary purpose of this research is to identify key considerations and potential options for developing a sustainable funding model for the NWGP. This research was conducted on behalf of and in collaboration with the NWGP. Full research results and recommendations were provided to the NWGP in a separate report. Several research questions guided this work:

- What lessons can be learned from funding models in other jurisdictions?
- What are potentially viable funding sources for supporting the NWGP?
- What key considerations should the NWGP take into account as it implements a funding model?

A secondary purpose of this research is to identify broader provincial implications for watershed governance funding. The funding challenges faced by the NWGP are commonplace in watersheds around the province, and therefore lessons from the NWGP can inform funding solutions that could be more broadly applied, particularly in instances of co-governance. Implications for the broader B.C. context were considered and are summarized at the conclusion of this report.

# Chapter 2.　　Background

This chapter is divided into four sections, each focused on a different aspect of the background research that I conducted for this study. First, I situate the NWGP in the broader literature by exploring theories on collaborative watershed governance, co-governance, Indigenous governance and colonization, and reconciliation. Second, I explain key judicial, political, and legislative trends that have contributed to the emergence of a policy environment in B.C. that is conducive to watershed co-governance. Third, I explain the challenge of sustainable funding, particularly is it pertains to co-governance initiatives. Fourth and finally, I define several funding concepts that are important building blocks of a sustainable funding model.

## 2.1.　Theories of Governance

In this section, I begin broadly and progressively narrow my scope to explain the theory behind watershed co-governance. First, I explain the emergence of collaborative watershed governance as an increasingly prominent force shaping the water policy landscape. Second, I describe how co-governance – although guided by some of the same core principles – is substantively different from collaborative watershed governance in important ways. Third, I provide brief historical context on Indigenous governance and the destructive impact of colonization. Fourth, I discuss the role of reconciliation in contemporary Canadian discourse and describe the role of co-governance in advancing reconciliation.

### 2.1.1. Collaborative Watershed Governance

Greater collaboration in watershed governance is part of a wider trend in environmental management towards more inclusive, participatory approaches over the past several decades, largely in response to the failures of top-down governance (Benson, Jordan, Cook, & Smith, 2013; Diaz-Kope & Miller-Stevens, 2015). Collaborative watershed governance – sometimes called *shared* watershed governance (Nowlan & Bakker, 2010) – refers to watershed governance "approaches, arrangements and structures that involved higher degrees of collaboration among organizations than has historically been the case" (Fraser Basin Council, 2015, p. 7). This often involves

multi-level processes of shared decision-making, a balance between top-down and bottom-up approaches, and an emphasis on substantively including local actors (Vodden, 2015).

Watershed governance is a much-discussed concept in the broader literature. Indeed, the addition of *collaborative* represents a relatively minor modification to an already weighty concept, a concept that is best explained by breaking it down into its two core concepts: governance and watersheds. Water governance is variously defined, although many of these definitions converge on decision-making as a central theme (Barbier, 2019; Norman, Bakker, Cook, Dunn, & Allen, 2010; S von der Porten & de Loë, 2010). Lautze et al. (2011) identify three core concepts related to decision-making that are commonly found in definitions of water governance: the *processes* involved in decision-making, the *institutions* in which decisions are made, and the involvement of *multiple actors* in decision-making processes and institutions.

Four other characteristics of water governance found in the literature are instructive. First, water governance is not water management (Bakker, 2007; Grigg, 2016). As Bakker (2007) points out, "water governance refers to the decision-making process we follow, whereas water management refers to the operational approaches we adopt" (p. 16). Second, water governance, like all issues of governance, is about power (Hunter, Brandes, Moore, & Brandes, 2014; P. Wilson, 2013). Those who have the ability to make and execute decisions are those with the power to do so, and therefore it is often the case that the "distribution and allocation of water and related services reflects distribution and allocation of power in society" (Water Governance Facility, 2015, p. 2). Third, water governance necessarily goes beyond governments (de Boer, Vinke-de Kruijf, Özerol, & Bressers, 2016; Rogers & Hall, 2003). Water governance refers to the relationship between government and society and how this relationship relates to decision-making; senior governments are typically the main decision-making entity, but they are one of many actors who shape water decisions. Fourth, water governance refers to an open-ended set of processes, institutions, and actors that can produce a full spectrum of outcomes, good or bad (Lautze, De Silva, Giordano, & Sanford, 2011). Defining governance in this way, as a neutral concept, recognizes that *good* governance is contextual and locally defined; in other words, "what is good for some may be bad for others" (UNDP Water Governance Facility, 2015, p. 4).

4

Governance, however, loses some of its neutrality when it is paired with the watershed construct. The watershed, as it is defined in governance literature, is a value-laden concept. At the physical level a watershed refers to a "topographically delineated area that is drained by a stream system" (Wang et al., 2016, p. 967). Yet watersheds are widely seen as the *ideal* spatial unit for structuring water management and governance activities (Davidson & de Loë, 2014; Molle, 2009; Nowlan & Bakker, 2010; Wang et al., 2016; Wilcox, 2001). The widespread embrace of watershed-scale management by authorities and the public alike is underlain by the idea that watersheds are the "natural" unit upon which to base water policy (Molle, 2009). As Wilcox (2001) argues, because watersheds are delineated by the water cycle – the foundation of all life and a key driver of ecosystem processes – they "come reasonably close to what might be considered an idealized ecosystem" (p. 319). Such natural coherence not only makes watersheds a preferable unit for physical analysis, but also a logical socioeconomic-political unit for organizing water management (Wang et al., 2016). For watershed proponents, watersheds provide a place-based unit in which the interactions between social systems and ecosystems can be observed and measured with greater clarity (Parkes et al., 2010).

In the most basic sense, the purpose of watershed governance is to align decision-making approaches – and the complex network of actors, institutions, and processes that comprise these approaches – with the ecological boundaries associated with watersheds (Hunter et al., 2014). But the concept of watershed governance, as it is often used, also conveys ideas and values with respect to how water *should* be governed (Davidson & de Loë, 2014; Parkes et al., 2010; Vodden, 2015). This is because the watershed construct, as described above, represents both a spatial unit and a set of values. Governance, when conducted according to watershed boundaries, is expected to produce outcomes that reflect the values, such as socio-ecological interconnectedness, ascribed to the watershed itself. As a result, watershed governance is often underlain by an ethos of sustainability that seeks balance between human and natural wellbeing in the watershed (Fraser Basin Council, 2015b; Parkes et al., 2010; Vodden, 2015).

The shift toward collaborative watershed governance has been driven by numerous interconnected forces. On a broad scale, diminishing government resources and demands for greater public participation have contributed to more diffuse

5

governance responsibilities and shared decision-making in many policy areas (Canadian Council of Ministers of the Environment, 2016; de Loë, Armitage, Plummer, Davidson, & Moraru, 2009; Nowlan & Bakker, 2010; Vodden, 2015). At the watershed level, complex environmental challenges driven by the accelerating impacts of climate change, cumulative effects of resource extraction, and continued population growth have highlighted the need for greater collaboration (Brandes et al., 2014; Hunter et al., 2014). The inherent complexity of watersheds, which host interconnected socio-ecological systems and often cross multiple jurisdictions, necessitates greater cooperation and involvement of a diversity of stakeholders (Diaz-Kope & Miller-Stevens, 2015). This emphasis on collaboration goes beyond necessity, reflecting a normative belief within water governance scholarship that collaboration is necessary to ensure governance is equitable and effective (Simms et al., 2016).

## 2.1.2. Co-Governance

The previous section provides a broad overview of how water governance theory and practice has evolved to focus on watershed-scale collaboration. Within this changing landscape there is a wide range of governance models, each developed in response to its own unique context. In Canada, particularly in recent years, discussions around environmental governance have focused on the role of Indigenous Nations (Barry, 2012; Phare et al., 2017; Simms et al., 2016; West Coast Environmental Law, 2017). The unique legal and political status of Indigenous Nations necessitates going beyond watershed governance models that promote collaboration but allow government to retain final decision-making authority. Indigenous Nations are not stakeholders and are not equivalent to other watershed actors; they are *sui generis* rights holders and inherently sovereign entities (Suzanne Von der Porten & De Loë, 2013b), an identity that demands a robust, equitable role in decision-making. Co-governance, at least in theory, offers a framework for manifesting equitable decision-making at the watershed level.

Perhaps the best way to define the concept of watershed co-governance is to differentiate it from collaborative watershed management. The terms, although semantically similar, refer to fundamentally different power structures and decision-making processes. Collaborative watershed governance calls for cooperation and inclusion while not necessarily altering the power structures that shape decision-making. Often, collaborative watershed governance is premised on a rough equivalency of

actors, including Indigenous peoples, who are participating in a governance process under the authority of senior levels of government (Von der Porten & De Loë, 2013). Co-governance, on the other hand, recognizes Indigenous peoples as distinct actors in the realm of water governance. A co-governance structure is one in which Indigenous and non-Indigenous governments meaningfully share authority and achieve each other's consent on important decisions in an ongoing way (Phare et al., 2017). In Canada, this relationship is premised, in part, on the codification of Aboriginal and treaty rights in section 35 of the Constitution. More fundamentally, it is rooted in Indigenous peoples' use and occupation of their traditional territories since time immemorial and their inherent right to self-government (Von der Porten & De Loë, 2013b; Wilson, 2013).

Co-governance is not a particularly prominent theme in the water governance literature (Castleden, Hart, Cunsolo, Harper, & Martin, 2017). Rather, most analyses of power-sharing between Crown and Indigenous governments employ the term co-management, which Berkes (2009) defines as a "range of arrangements, with different degrees of power sharing, for joint decision-making by the state and communities (or user groups) about a set of resources or an area" (p. 1693). The effectiveness of co-management is often contested (Kotaska, 2013), with much of the debate focusing on the degree to which power sharing occurs in practice (Diver, 2014). Co-governance has a much less ambiguous conception of power sharing: co-governance, by definition, refers to a relationship of "at least equal power sharing between Indigenous and Canadian governments" (West Coast Environmental Law, 2017, p. 5). In a co-governance arrangement, the governance partners work collaboratively on issues of shared interest but do not interfere with one another's internal affairs (Phare et al., 2017). The idea of equitable power sharing is clear in various definitions: co-governance occurs when "two or more self-governing jurisdictions agree to share authority to make and enforce decisions" (Wilson, 2013, p.6) or when "Indigenous and settler governments share jurisdiction over the land and resources" (Kotaska, 2013, p. 99). The emphasis of these definitions is on sharing between equals rather than delegation or top-down collaboration.

Although the Crown-Indigenous relationship is the focal point of co-governance, watershed co-governance need not exclude other watershed actors. As Pinkerton's (2003) analysis of co-management shows, it is both possible and desirable to construct a shared decision-making arrangement that recognizes Indigenous governments as full

governance partners but also meaningfully includes local stakeholders. In her discussion of watershed co-management in Washington state, Pinkerton (2003) provides examples of co-management regimes that provide decision-making authority to Indigenous governments while facilitating local stakeholder participation. Such structures have the potential to enhance social capital amongst watershed actors, legitimize governance decisions, and "stimulate broader reforms toward more participatory democracy in civil society" (Pinkerton, 2003, p. 72). Local governments are particularly important actors at the watershed level. While they are not a Crown government and therefore do not have a legal duty to consult, Indigenous and local governments have frequent interactions, both positive and negative (Phare et al., 2017). A structured process for including local governments and other key actors, while not part of the formal definition of co-governance, could help achieve the benefits Pinkerton identifies.

Co-governance between Indigenous and Crown governments is often described as a nation-to-nation relationship (Phare et al., 2017; West Coast Environmental Law, 2017; P. Wilson, 2013). At the core of this relationship is recognition of the right to self-government of Indigenous Nations, a right that existed at contact and that has not been surrendered or lost through legal means (P. Wilson, 2013). The idea of nation-to-nation or government-to-government relations has been embraced by various levels of government in Canada: both terms are used in the federal government's *Principles Respecting the Government of Canada's Relationship with Indigenous Peoples*, while the B.C. government identifies government-to-government (G2G) relations as a core goal of its own version of this policy document (Government of British Columbia, 2018; Government of Canada, 2018). Although both terms imply equal partnership, this goal is elusive in practice. In B.C., for instance, the G2G negotiations of the past twenty years have not yielded agreements that fundamentally alter the underlying authority and jurisdiction of the Canadian state (Griggs & Dunsby, 2015). Co-governance requires both a nation-to-nation relationship *and* equitable power sharing (West Coast Environmental Law, 2017).

## 2.1.3. Indigenous Governance and Colonization

The emphasis on nation-to-nation relationships is a recent – but by no means universally accepted – shift in Canadian public discourse. This shift is a recognition of Indigenous sovereignty that always existed yet was systematically denied by the settler

state. Prior to colonization – before the arrival of Europeans, Canadian Confederation, and the imposition of policies of subjugation and assimilation – Indigenous peoples across Canada had diverse political and legal systems (Anker, 2017; Ladner, 2006). They were sovereign nations, each with their own cultures, economies, governments, and laws (McNeil, 2007). Many nations also exercised jurisdiction over a defined territory, often developing well-developed organizational and institutional forms of diplomacy – such as smoking the peace pipe, feasting, and exchanging ceremonial objects – for dealing with territorial disputes (Frideres, 2016). As Ladner (2006) points out, many Indigenous governance systems operated under constitutional orders that consisted of collections of teachings, ceremonies, stories, and songs; different than the European conception of a written constitution, but constitutions nonetheless.

Colonization immeasurably impacted – but did not destroy – Indigenous ways of life. Early forces of change included "the combined influence of epidemic diseases and market economics" that fundamentally reshaped Indigenous societies and power structures (Daschuk, 2014, p. X). The colonial project became more purposeful after Canadian Confederation in 1867, as the Canadian state began enacting assimilative policies in an act of cultural genocide (Truth and Reconciliation Commission of Canada, 2015). This included outlawing Indigenous spiritual practices, dispossessing Indigenous Nations of their land, imposing unfamiliar and subordinate governance structures, and forcibly removing Indigenous children from their families to send them to residential schools. In many parts of the country, the Canadian state negotiated treaties to gain control over Indigenous land, a process marred by fraud, coercion, and unfilled promises (Daschuk, 2014; Truth and Reconciliation Commission of Canada, 2015). In other places, including the majority of B.C., Indigenous Nations were systematically dispossessed of their lands without signing treaties (Kotaska, 2013).

The legacy of colonization lives on in countless ways. This is evidenced statistically by wide gaps in socioeconomic wellbeing between Indigenous and non-Indigenous Canadians. It is evidenced viscerally by the stories of intergenerational trauma collected by the Truth and Reconciliation Commission (2015) and, more recently, by the National Inquiry into Missing and Murdered Indigenous Women and Girls (2019). In recent years reconciliation has become a dominant theme in the contemporary discourse of Indigenous-Crown relations in Canada. The ostensible thrust of reconciliation – to honestly reckon with the past and address systemic inequities – may

create space for expressions of Indigenous sovereignty. This potential is examined in the context of co-governance in the next section.

## 2.1.4. Reconciliation through Co-Governance

Reconciliation has been part of mainstream discussion in Canada since the 1996 *Report of the Royal Commission on Aboriginal Peoples* (RCAP), which called for a national policy of reconciliation and regeneration (Canada, 1996).[2] Following the report, the federal government issued a "Statement of Reconciliation" and several provincial governments adopted policies that explicitly recognized reconciliation (Walters, 2008). Since that time, the emphasis on reconciliation has only grown, both in Canada and internationally. The UN General Assembly declared 2009 the International Year of Reconciliation, a designation intended to highlight the importance of reconciliation processes in achieving lasting peace (Henderson & Wakeham, 2013). Reconciliation has become a foundational concept for rebuilding relations after periods of conflict or oppression in diverse societies around the world (Walters, 2008). In Canada, the release of the Truth and Reconciliation Commission's final report (Truth and Reconciliation Commission of Canada, 2015) – which details the destructive impact of the country's assimilationist residential school system – greatly re-intensified the focus on reconciliation as a framework for improving Crown-Indigenous relations. Reconciliation is now consistently evoked by governments at all levels (Phare et al., 2017).

There is no single definition of reconciliation because the meaning of the term, by necessity, changes depending on the context (De Haas, 2017; Walters, 2008). In many places that have experienced conflict, reconciliation is seen as a restorative process that that will heal rifts and bring divided groups together to become whole again (K. Stanton, 2011). But in Canada and other colonial settings, as Stanton (2011) argues, there was never a cohesive "whole"; reconciliation, therefore, should not aim to restore a single collective. Indigenous peoples "never agreed to the denial of their sovereignty, cultures or identities" (K. Stanton, 2011, p. 12) and are, despite a long history of marginalization and oppression, still sovereign nations, not simply one part of a unified Canadian whole. On this basis, Stanton (2011) argues, reconciliation in the Canadian context must be a

---

[2] Reconciliation was also a foundational legal principle practiced by Indigenous peoples in North America long before the arrival of Europeans. While this discussion focuses on contemporary usage, Anker (2017) provides a useful analysis of the role of reconciliation in Indigenous law.

"transformative" rather than "restorative" process. Turner (2013) places Indigenous nationhood at the heart of efforts to renew the legal and political relationship between Indigenous peoples and the Canadian state. Without nationhood, reconciliation becomes a diluted process focusing on healing "unhealthy" Indigenous communities rather than transforming Crown-Indigenous relations in a substantive way (Turner, 2013).

The characterization of reconciliation as a transformative process rooted in Indigenous sovereignty and nation-to-nation politics points toward another key aspect of reconciliation: reconciliation is about relationships. This is self-evident – multiple parties are needed in order to reconcile – but the nature of the relationship takes on special meaning in the Canadian context. Building Crown-Indigenous relationships is not about national unity, but rather about decolonizing "accepted myths, narratives, and ideals" that continue to perpetuate unquestioned settler-state sovereignty and deny Indigenous agency (Anker, 2017). This requires a fundamental reconceptualization of Crown-Indigenous relationships and of the Canadian state itself, one that meaningfully includes Indigenous legal traditions and worldviews in a shared political vision (Turner, 2013). Recognizing the relational basis of reconciliation is also important to distinguish it from other aspects of Indigenous politics. As Hanson (2017) points out, Indigenous struggles for justice are not defined solely through their relationship to colonialism. Hanson employs the term *resurgence* to refer to a socio-cultural movement that – while resisting colonialism and domination – focuses primarily on regeneration within Indigenous communities. For Hanson, resurgence provides a political framework to help understand the importance of traditions, languages, and stories to the community in which they are produced (Hanson, 2017). Reconciliation is a distinct but parallel process, one that puts the onus on the Canadian state (and non-Indigenous public at large) to recognize and create space for Indigenous worldviews.

Reconciliation requires transformative changes that cannot be accomplished within existing institutions. Rather, reconciliation ultimately depends on the co-creation of shared spaces that require both Indigenous and Crown governments to adapt the way they operate (Phare et al., 2017). Co-governance offers such a shared space, allowing Crown and Indigenous governments to build and maintain a nation-to-nation relationship. Walters's (2008) characterization of reconciliation as "either an empirical state of affairs or a normative value" helps explain the role of reconciliation in a co-

governance arrangement (p. 168). Co-governance incorporates the latter form of reconciliation, explained by Walters as follows:

> Good relations between two peoples with opposing cultural traditions necessitate an indefinite search for reconciliation, so that reconciliation in this case is not a fact as much as a normative principle that guides decision-making on an ongoing basis (p. 169).

Reconciliation in the Canadian context, as discussed above, is not about bringing divided groups together to become whole again. It is about transformation, an ongoing process that requires continual collaboration. Co-governance forums provide a venue for this ongoing work.

## 2.2. Emerging Governance Opportunities

Achieving watershed co-governance requires fundamental changes to governance structures and decision-making processes, which inevitably takes large amounts of time and effort. Such changes have become increasingly possible in B.C. in recent years. Several broad trends have coalesced over the past several decades to create new possibilities for water governance reform, particularly as it pertains to meaningful inclusion of Indigenous Nations (Simms et al., 2016). These trends can be categorized into three evolving, overlapping spheres: judicial, political, and legislative.

### 2.2.1. Judicial Trends

The courts have been a fruitful (if painstakingly slow) avenue for the advancement of Aboriginal rights and title since the 1970s. While an exhaustive review of this judicial evolution is beyond the scope of this report, it is important to note several landmark legal decisions that have contributed to greater inclusion of Indigenous Nations in land and water governance. Beginning with the *Calder* case in 1973, in which the courts recognized the existence of Aboriginal title prior to colonization, the content and character of Aboriginal rights and title under the law has been increasingly refined by a series of landmark decisions by the Supreme Court of Canada (SCC) (Beaton, 2014). Since 1982, SCC jurisprudence has largely focused on interpretation of section 35(1) of the *Constitution Act, 1982*, which formally recognizes and affirms "aboriginal and treaty

rights". The 1997 *Delgamuukw* decision significantly advanced jurisprudence in this area, confirming that Aboriginal title had not been extinguished by Crown legislation and land grants (i.e., in the absence of a treaty) (Morellato, 2010). *Delgamuukw* was also significant in that the SCC established a jurisdictional component of Aboriginal title, stating that Aboriginal title encompassed the right of the Indigenous Nation to choose appropriate land uses on its territory (Griggs & Dunsby, 2015).

The characterization of Aboriginal title set out in *Delgamuukw* laid the foundation for the *Tsilqot'in* decision in 2014. In *Tsilqot'in*, the SCC reaffirmed and clarified the test it had established for Aboriginal title in *Delgamuukw* and, for the first time in Canadian history, granted a declaration of Aboriginal title (Mandell Pinder LLP, 2014). Although the full implications of this case are still being worked out, *Tsilqot'in* is widely cited as pivotal moment regarding Indigenous governance on unceded land (Griggs & Dunsby, 2015; Gullason, 2018; Phare et al., 2017; Simms et al., 2016). While *Tsilqot'in* does not explicitly address the possession and ownership of water adjacent to the land granted Aboriginal title (Gullason, 2018), it is unlikely that this is a nuance worth pursuing. As Simms et al. (2016) argue, *Tsilqot'in* "clearly established that Aboriginal rights and title can no longer be legally ignored and that First Nations must be involved at a strategic level in decisions that impact their territories" (p. 7). *Tsilqot'in* (and the body of case law preceding it) creates a strong incentive for both the provincial and federal governments to engage in innovative, collaborative approaches to land and water governance.

## 2.2.2. Political Trends

Indigenous demands for greater decision-making power are not, of course, confined to the courts. While acts of resistance to colonization date to the earliest days of European settlement, over the past fifty years there has been a significant surge amongst Indigenous peoples across Canada demanding policy and institutional change (Alcantara & Nelles, 2014). This mobilization has taken the form of formal negotiations between Indigenous governments/associations and the Canadian state, as illustrated by the constitutional negotiations of the 1980s and 1990s. Mobilization has also taken less formal, more confrontational approaches such as blockades, protests, and occupations (Papillon, 2012). This spectrum of resistance – from the upper echelons of power to grassroots movements on the ground – has transformed the Canadian political landscape.

Indigenous political pressure has pushed provincial and federal governments to increasingly recognize and institutionalize Indigenous self-government (Papillon, 2012). Early on, in the 1980s, the federal government's response to calls for self-government consisted of devolving program delivery to local band councils. While these decentralization measures gave band councils control over the vast majority of the Department of Indian Affairs' budget, decision-making power and jurisdiction remained solely with the federal government (Papillon, 2012). In 1995, the government attempted to address these shortcomings by adopting policies that allowed for the negotiation of more substantive self-government agreements. This paved the way for modern day treaty negotiations (Papillon, 2012). In B.C., 40 Indigenous Nations representing 76 band councils have either completed or are actively engaged in treaty negotiations (BC Treaty Commission, 2019).

While section 91(24) of the *Constitution Act, 1867* clearly defines "Indians, and lands reserved for the Indians" as under exclusive federal jurisdiction (P. Wilson, 2013), provincial engagement with Indigenous peoples has "grown exponentially" across the country in recent years (Papillon, 2015). B.C. has taken significant steps in this regard. One such step was the New Relationship vision statement released in 2005, a policy negotiated by the Province and B.C. Indigenous Nations that set out a framework for negotiating government-to-government agreements (Griggs & Dunsby, 2015). While efforts to enshrine this policy framework in legislation were ultimately rejected by B.C. Indigenous Nations, numerous agreements have been signed (and renewed) since 2005 that establish government-to-government relations between B.C. and Indigenous Nations (Griggs & Dunsby, 2015).[3] More recently, both the provincial and federal governments have released policy statements intended to guide their respective relationships with Indigenous peoples (Government of British Columbia, 2018; Government of Canada, 2018). These documents, although not legally binding, both recognize the inherent right to self-determination and express a desire to establish nation-to-nation and/or government-to-government relationships.

---

[3] These agreements, known as Reconciliation Agreements and Strategic Engagement Agreements, are examined in more detail in Chapter Five.

### 2.2.3. Legislative Trends

Over the past two decades, the B.C. government has introduced a number of legislative changes pertaining to resource management and governance (Brandes et al., 2014). The recently enacted *Water Sustainability Act (*WSA*)* is a notable example. The WSA, which came into force in 2016, is widely cited as a potentially transformative move towards reforming how water is governed in B.C. (Brandes et al., 2014; Fraser Basin Council, 2015a; Phare et al., 2017; Simms et al., 2016). The WSA introduces specific tools – such as water sustainability plans and area-based regulations – that are conducive to collaborative water governance (Phare et al., 2017). While the WSA does not explicitly identify collaborative governance with Indigenous Nations as a goal, the Province has indicated a desire for more collaborative processes and greater involvement from Indigenous Nations (Simms et al., 2016). In late 2019, the Province introduced legislation to bring all provincial laws in compliance with the United Nations Declaration on the Rights of Indigenous Peoples (Government of British Columbia, 2019a). While the full implications of this legislation are not yet known, it should help ensure that Indigenous Nations have a strong decision-making role within WSA processes.

Despite its promise, the WSA has been criticized for its failure to adequately take into account Aboriginal rights and title. Gullason (2018) critiques the WSA for largely maintaining the "status quo colonial water regime" and failing to set the groundwork for nation-to-nation water governance. Others, while recognizing the potential of the WSA, agree that it was a missed opportunity to formally recognize Indigenous water governance rights (Phare et al., 2017; Simms et al., 2016). The Province has also been criticized for failing to adequately engage and consult with Indigenous Nations during the lengthy public consultation process leading up to the creation of the WSA (Cave, Ko, Layton-Cartier, & McKay, 2016). Nonetheless, it is early days for the WSA. While flawed, the absence of specific processes and mechanisms does not preclude the possibility of developing innovative collaborative governance arrangements under the new legislation. The flexibility and opportunities for shared governance provided by the Act may yet prove useful to advance watershed co-governance with Indigenous Nations.

## 2.3. Sustainable Funding

Transitioning from a top-down water governance regime to co-governance models that meaningfully share decision-making authority is a significant undertaking. This involves building new relationships, capacity, and governance structures and processes (Griggs & Dunsby, 2015), all of which require adequate, consistent funding. Securing sustainable funding is broadly recognized as a crucial aspect of successful shared watershed governance initiatives (Brandes et al., 2014; Fraser Basin Council, 2015a; Simms et al., 2016). This section explores the need for sustainable funding and the challenge it presents for watershed governance, particularly for co-governance arrangements between Indigenous and Crown governments.

### 2.3.1. Defining Sustainable Funding

Sustainable funding refers to a funding model that provides adequate resources to fulfill an organization's[4] mandate over the long-term, while also remaining flexible enough to take advantage of opportunities and manage risk (Sontag-Padilla, Staplefoote, & Gonzalez Morganti, 2014). A sustainable funding model provides the stability and flexibility needed to engage in multi-year projects and supports a consistent baseline of operational costs (Fraser Basin Council, 2015b). Furthermore, sustainable funding – if employed equitably – can be used to rectify the resource and capacity imbalances that often characterize co-governance initiatives between Crown and Indigenous governments (Simms et al., 2016). Conversely, a lack of sustainable funding means that watershed governance initiatives "will not survive or will be relegated to ad hoc initiatives chasing project-specific funds" (Brandes et al., 2014, p. 32).

### 2.3.2. The Challenge of Sustainable Funding

Securing sustainable funding is a persistent challenge for collaborative watershed governance organizations. This challenge is prevalent in the literature: numerous reports and papers on collaborative watershed governance identify sustainable funding as a key issue (Brandes et al., 2014; Fraser Basin Council, 2016;

---

[4] "Organization" is used as a generic term throughout this report to refer to watershed governance initiatives, regardless of whether they are formal organizations.

POLIS & CIER, 2019; Vodden, 2015); several sources address the need for sustainable funding on a broad scale (Fraser Basin Council, 2015b; Oliphant, 2016); and a number of watershed organizations have commissioned studies to figure out sustainable funding at an organizational level (Dick, Carlson, & Birch, 2018; Jespersen, Nielsen, & Tate, 2012; T. Stanton, Flores, & Batker, 2014). While the nature of the challenge varies depending on the context, a lack of core funding for operational activities (discussed in section 2.4.3 below) is a particularly common barrier for many organizations (Fraser Basin Council, 2015b). Funding opportunities tend to favour projects that involve on-the-ground activities and measurable outcomes, making it difficult for organizations to secure core funding (Fraser Basin Council, 2016). Sustainable funding for watershed governance has also been identified as systemic provincial challenge by a group of civil society organizations known as the B.C. Water Leaders. This group has lobbied the provincial government for establishment of a "Water Sustainability Fund" to support watershed-based activities across the province in a more structured, systematic way (B.C. Water Leaders, 2018; Brandes & Simms, 2019).

Funding issues have also been identified as a core challenge in the sphere of co-governance (Clogg et al., 2017; Kotaska, 2013; West Coast Environmental Law, 2017). Funding for *watershed* co-governance is a less studied issue, likely not because it is less of a challenge but simply because there are few, if any, examples of established watershed co-governance initiatives across the country (POLIS & CIER, 2019). Wilson (2013) argues that "fundamental changes to the way Indigenous peoples are funded must be an essential part of any co-governance regime" (p. 30). Similarly, Kotaska (2013) argues that the onus is on Crown governments to support Indigenous laws and governance structures that allow Indigenous Nations to actively participate in co-governance initiatives. This need has also been recognized in practice: the G2G agreements signed in B.C. following the release of the New Relationship vision document typically include provincial funding for Indigenous capacity building and implementation efforts. These agreements, however, have been critiqued for lacking a "long-term…durable funding model" (Griggs & Dunsby, 2015, p. 38), underscoring the gap between providing funding and implementing the fundamental changes need to ensure *sustainable* funding.

### 2.3.3. Co-Governance Considerations

Co-governance is a unique governance arrangement that necessitates unique funding considerations. First and foremost, a co-governance funding model must take into account the fiscal circumstances of Indigenous communities in Canada. Indigenous communities face significant barriers to generating revenue and accessing capital, some of which are shared by non-Indigenous communities but many that are unique to the Indigenous experience in Canada (Cafley & McLean, 2016; Standing Senate Committee on Aboriginal Peoples, 2007). This experience, while varying widely for Indigenous peoples across the country, includes centuries of colonization, the continued imposition of colonial era legislation such as the *Indian Act*, chronic underfunding (Lees & Mcculloch, 2017), and myriad other issues that contribute to wide socioeconomic disparities between Indigenous and non-Indigenous peoples. Indigenous communities have, for virtually the entire history of Canada, been deprived of the opportunity to generate revenue from their own territory as a result of the dispossession of their lands and forced subordination under Crown governments (Kotaska, 2013). Indigenous communities are further disadvantaged by the complexities of federal funding processes, which place significant capacity demands on Indigenous governments (Roburn & Tr'ondëk Hwëch'in Heritage Department, 2012).

A second, related consideration is that Indigenous Nations often require capacity funding to allow them to participate in government-to-government relations on an equitable basis (Griggs & Dunsby, 2015). The lack of capacity to engage in G2G relations stems from historical and ongoing colonialism (Harris & Simms, 2016), which has both deprived Indigenous Nations of revenue and subordinated their governance structures under the Crown. Given this history, engaging in G2G relations is a challenging undertaking, one that requires significant time and resourcing to "support Indigenous Nations' institution building and internal governance processes" (Phare et al., 2017, p. 25). The onus to provide this funding is on the Crown (Kotaska, 2013). As Nickerson (2017) argues, however, the Crown's role should be limited to *funding*, while the actual process of establishing a vision for self-government and developing internal capacity should be led by each Nation.

## 2.4. Key Funding Concepts

The literature on water governance funding is comprised of studies that look at all aspects of water governance, ranging from collaborative watershed governance processes to on-the-ground water management and infrastructure development. While the former topic is more relevant for the purposes of this study, concepts from the full spectrum of research are instructive. This section summarizes several key funding concepts.

### 2.4.1. Mechanisms and Models

Two closely related but distinct concepts are commonly referenced in the literature: funding *mechanisms* and funding *models*. "Funding mechanism" is used in a number of reports to refer to a wide range of funding sources (Dick et al., 2018; Fraser Basin Council, 2015b; Jespersen et al., 2012; Oliphant, 2016; Rees, Winpenny, & Hall, 2008; T. Stanton et al., 2014). "Funding model" is used as a general term to encompass the various funding mechanisms employed by an organization or initiative (Dick et al., 2018; Fraser Basin Council, 2015b). Yet these terms are generally not clearly defined in the literature. Below I provide a brief explanation of what these terms mean and their relationship to one another.

A funding mechanism is a tool – such as a grant or tax – that provides revenue to support the activities of a watershed organization. Watershed organizations are typically funded by a combination of funding mechanisms; together, these mechanisms form the foundation of a funding model. A funding model is a "methodical and institutionalized approach to building a reliable revenue base that will support an organization's core programs and services" (Bridgespan Group, 2011, p. 1). A funding model, therefore, is more than a collection of individual mechanisms; rather, it is a strategic combination of funding mechanisms that are designed to work together provide adequate revenue.
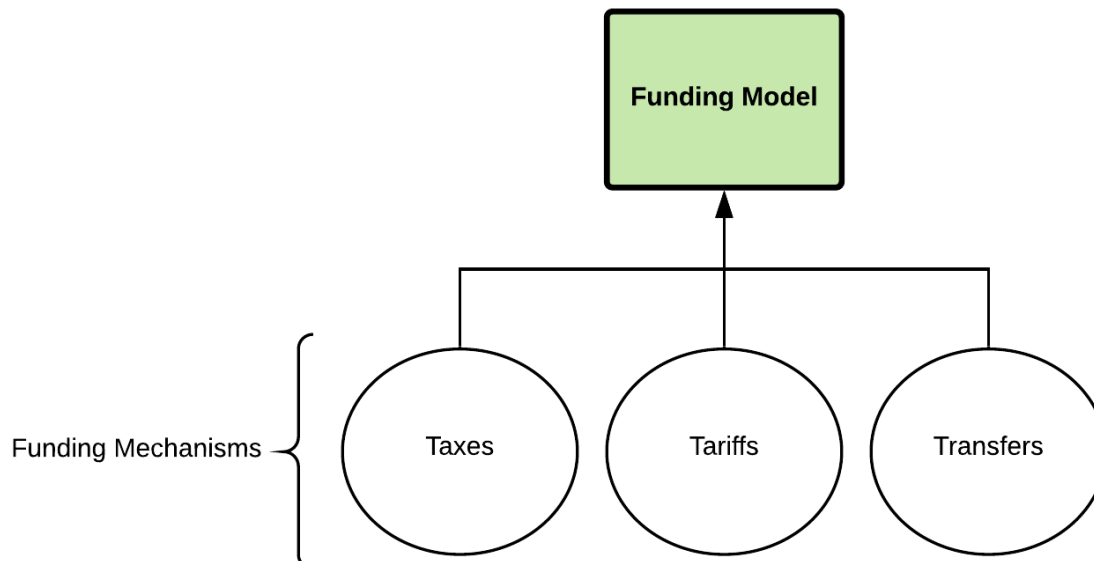
**Figure 1. Relationship between a funding model and funding mechanisms**

## 2.4.2. Types of Funding Mechanisms

Funding mechanisms are numerous and varied. While there is no perfect way to categorize the broad spectrum of existing funding mechanisms, three labels are commonly used: taxes, tariffs, and transfers (Global Water Partnership & International Network of Basin Organizations, 2009; OECD, 2009; Oliphant, 2016). These labels, sometimes referred to as the three T's, are described in more detail below.

*Taxes* refer to compulsory charges, backed up by legislation, levied by governments on individuals and organizations to support public expenditure. Different levels of government have different powers of taxation. Senior governments (i.e., federal and provincial) have the authority to levy income and sales taxes, while local governments are often limited to property and parcel taxes (Oliphant, 2016).

*Tariffs* are also levied by governments, but tariffs, unlike most taxes, charge a set amount for the use of a particular good or service according to a schedule of rates. These funds are often legislatively designated for a particular purpose. Tariffs can generally be thought of as user fees (Oliphant, 2016); for instance, urban residents pay utility fees to their municipality for sewage services, which is a tariff that may only be used for maintaining and upgrading sewage infrastructure.

*Transfers* refer to the transfer of funds from an outside entity to a watershed organization that are not tied to a specific tax or tariff. Outside entities include governments, philanthropic foundations, private corporations, or individuals. Transfers may include, for instance, both federal infrastructure funding and non-profit funding for habitat restoration.

## 2.4.3. Core and Project Funding

Although not always clearly defined, numerous sources make reference to a core or operational budget that is intended to fund a specific set of essential activities (Brandes et al., 2014; Dick et al., 2018; Fraser Basin Council, 2015b; Global Water Partnership & International Network of Basin Organizations, 2009; Hunter et al., 2014; T. Stanton et al., 2014). Core/operational funding is distinguished from funding designated for capital expenses (T. Stanton et al., 2014) or projects and programs (Fraser Basin Council, 2015b; Hunter et al., 2014). Below I draw a clear distinction between *core* and *project* funding, largely following Fraser Basin Council (2015b) but also drawing on broad trends in the literature.

*Core funding* refers to the funding needed to support the basic operational functions of a watershed organization. Operational functions include:

- Administration (financial management, logistics, document management);
- Internal coordination (liaison, trust-building, and collaboration between governance partners);
- External engagement (communications, outreach, and consultation with stakeholders and the public); and
- Office functions (office space, computers, utilities, etc.).

To support these operational functions, core funding is spent on items such as staff positions, technical support, meeting space, office supplies, travel costs, and honorariums.

*Project funding* refers to the funding needed to support the tangible activities of a watershed organization, typically on-the-ground projects and programs that contribute to the overarching objectives of the organization. Programs and projects vary depending on the organization, but may include:

- Conservation and restoration work;
- Monitoring and data collection;
- Planning; and
- Public education.

Core funding provides the basis for securing project funding by creating the capacity for identifying, applying for, and administering project funding sources. In this way, core funding is leveraged to obtain project funding (Dick et al., 2018). This relationship is shown in Figure 2.
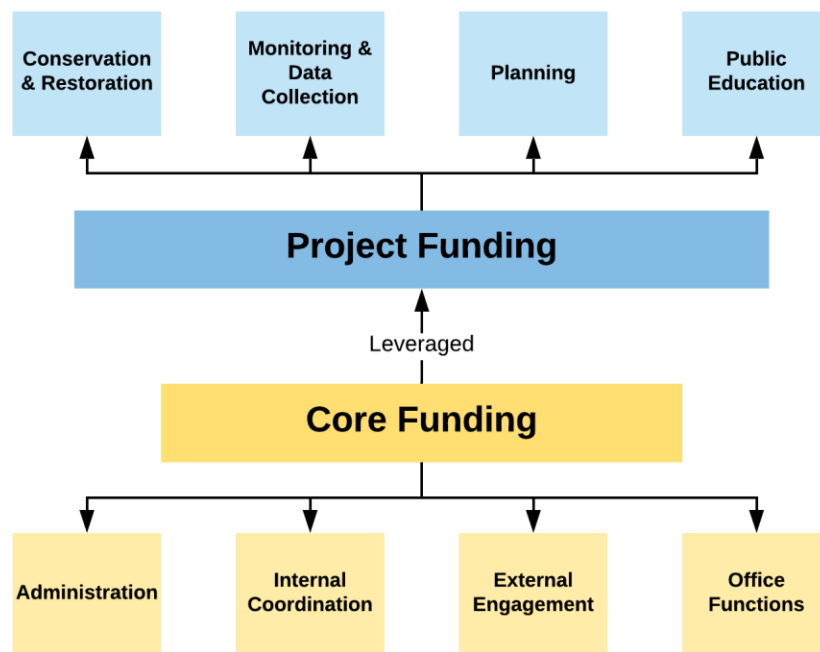


**Figure 2. Core funding and project funding**

## 2.4.4. Water Funding Principles

Research on water funding tends to focus on water systems in their entirety, including hard infrastructure such as water delivery systems and treatment facilities that are outside the scope of most collaborative watershed governance initiatives. Nonetheless, general principles from this body of research can provide guidance for funding collaborative watershed governance. The OECD identifies four key principles

that should inform water governance funding decisions: polluter pays, beneficiary pays, equity, and policy coherence (OECD, 2012).

The ***polluter pays*** principle is a widely accepted idea in environmental management that requires individuals and organizations to pay for the pollution they emit. The objective is to make pollution a costly activity, which will either incentivize polluters to reduce their emissions and/or generate revenue to mitigate the human and environmental harm caused by pollution. A carbon tax is a prominent example of a polluter pays policy.

The ***beneficiary pays*** principle requires the cost of water services to be recovered, partially or in whole, by those who benefit from the services. This includes charging property owners for the direct services they receive, such as drinking water delivery, and indirect benefits they experience from living in a healthy watershed, such as such as recreational opportunities. Indirect benefits, however, are much more difficult to accurately measure and price.

The ***equity*** principle balances the first two principles by inserting important equity considerations into the discussion. Do water users have the capacity to pay? What effect might the polluter pays principle have on industry competitiveness? What are the related economic impacts? What effect might the beneficiary pays principle have on households' economic wellbeing?

The ***policy coherence*** principle highlights the importance of coordinating policy across all water users to ensure water funding strategies work effectively together. This involves examining water-related policies in sectors such as agriculture, energy production, and forestry to ensure they promote efficient water use, which can reduce the costs of water management. It may also mean taking full account of water use and impacts across these sectors to ensure the polluter pays and beneficiary pays principles are being correctly applied.

# Chapter 3.    Case Context

This study addresses the challenge of sustainable funding for watershed co-governance by focusing on a single case study: the Nicola Watershed Governance Project (NWGP). This chapter provides context to help understand the purpose and structure of the NWGP, including an overview of the Nicola watershed, a description of the five Indigenous communities involved in the NWGP, an explanation of how the NWGP was established, and a high-level summary of the Sustainable Funding Project. The chapter concludes by describing 26 funding mechanisms that were identified as possible funding sources for co-governance in the Nicola watershed.

## 3.1.  Co-Governance in the Nicola Valley

### 3.1.1. The Nicola Watershed

The Nicola River, located in southern B.C., runs approximately 213 kilometres in length and drains a watershed spanning over 7,200 square kilometres (Millar, Child, & Page, 1997). The river originates on the Thompson Plateau north of Kelowna, B.C. and flows north and west until it meets the Thompson River, which in turn drains into the Fraser River to the south. The watershed is characterized by the Cascade Mountains in the southwest and high elevation grasslands in the northeast, and is bisected by many tributary streams and over 200 lakes (Summit Environmental Consultants, 2007). As a result of being situated in a rain shadow and at a generally higher altitude than the surrounding area, the Nicola watershed experiences less annual rainfall and colder winter temperatures than adjacent watersheds (Nicola WUMP Multi-Stakeholder Committee, 2010). Its streams and rivers are primarily fed by snowmelt in the spring before experiencing reduced flow over the hot, arid summer (Nicola WUMP Multi-Stakeholder Committee, 2010). Climate change is expected to produce hotter, drier summers and reduced winter snow packs in the region (Summit Environmental Consultants, 2007).

The Nicola watershed is located in the Thompson River watershed, which in turn is nested within the expansive Fraser River basin. Within the Nicola watershed there are ten major sub-basins, each with different populations, challenges, and water use patterns (Summit Environmental Consultants, 2007). The largest population centre in the

watershed is the city of Merritt with a population of approximately 7,000 (Statistics Canada, 2016). In addition to Merritt, the watershed encompasses numerous small towns and 33 Indigenous reserves belonging to seven Indigenous Nations (Summit Environmental Consultants, 2007). The Nicola watershed is contained entirely within the Thompson-Nicola Regional District (TNRD),[5] which boasts a population of approximately 143,000. Nearly 100,000 of these people, however, live outside the Nicola watershed in the city of Kamloops (Government of British Columbia, 2019d).
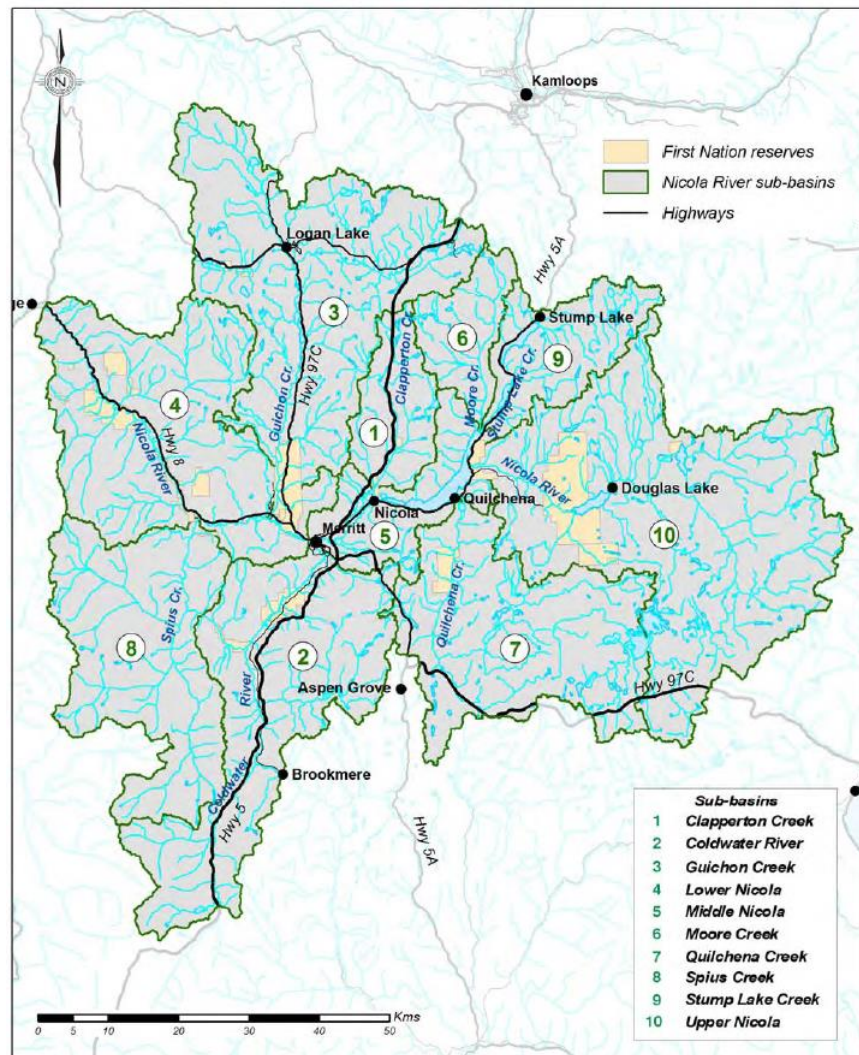


**Figure 3. Location of the Nicola watershed and selected sub-basins (Summit Environmental Consultants, 2007)**

---

[5] Regional districts are governance bodies, unique to B.C., that provide regional coordination and services, as well as local services (such as waterworks and fire protection) for unincorporated rural areas (Government of British Columbia, n.d.-i)

Water use in the Nicola watershed is dominated by agriculture: approximately 76% of annual water use goes toward the agricultural sector, the vast majority of which is used to irrigate fields to support cattle ranching (Summit Environmental Consultants, 2007). The industrial (forestry and mining) and domestic sectors account for most of the remaining water use. Although the Nicola River and its tributaries do not support on-river commercial fisheries, they do host important Aboriginal and sport fisheries (Millar et al., 1997). The watershed is also a popular recreational and tourism destination, as evidenced by increasing demand for lakefront properties (Patterson & Schleppe, 2012). These water uses exert significant pressure on water supply in the region, leading to shortages and restrictions in times of drought (Nicola WUMP Multi-Stakeholder Committee, 2010). Water shortages – and the conflict that typically accompanies them – are expected to intensify as the effects of climate change worsen and the region's population continues to grow (Nicola WUMP Multi-Stakeholder Committee, 2010; Summit Environmental Consultants, 2007). According to one study, by 2050 total annual water demand in the Nicola watershed will be 124% higher than 2007 levels (Summit Environmental Consultants, 2007).

### 3.1.2. The Nicola Nations

This case study focuses on five Indigenous communities that are participating in the NWGP: Coldwater Indian Band, Lower Nicola Indian Band, Nooaitch Indian Band, Shackan Indian Band, and Upper Nicola Band. Each of these communities, collectively known as the Nicola Nations, controls multiple parcels of reserve land in the Nicola watershed. The combined population of the Nicola Nations is approximately 3,492, ranging from 133 (Shackan) to 1,286 (Lower Nicola). Approximately 1,250 of these community members live on-reserve (Indigenous and Northern Affairs Canada, 2019). Four of the five Nicola Nations belong to the Nlaka'pamux Nation. The exception is Upper Nicola, which is the only band from the Syilx/Okanagan Nation located in the Nicola watershed (Upper Nicola Band, 2016).

The Nlaka'pamux Nation's territory encompasses the Nicola watershed and a large area surrounding it, extending south to include a portion of Washington state (Nlaka'pamux Nation Tribal Council, 2011). Ten Nlaka'pamux bands are located outside of the Nicola watershed in the western portion of the Nation's territory (Klassen, 2013). The Syilx/Okanagan Nation includes eight member communities, seven of which are

located in southern interior B.C. and one located in northern Washington state (Okanagan Nation Alliance, 2017). Syilx/Okanagan territory includes most of the Nicola watershed and land to the south and east of the watershed, including part of Washington state. While the Nicola Nations have historically been politically affiliated through the Scw'exmx Tribal Council (STC), Lower Nicola withdrew from the organization in 2003. STC membership is currently comprised of the other four Nicola Nations, with Lower Nicola listed as an affiliated community (Scw'exmx Tribal Council, 2019). Upper Nicola is also a member of the Okanagan Nation Alliance. The Nicola Nations did not sign treaties historically, nor are any of the communities – either individually or through a regional body – currently engaged in modern treaty negotiations (BC Treaty Commission, 2019). Each of the Nicola Nations, therefore, is situated on unceded traditional lands.

### 3.1.3. The Nicola Watershed Governance Project

On March 23, 2018, the Chiefs of the Nicola Nations and the B.C. Minister of Indigenous Relations and Reconciliation signed a memorandum of understanding (MOU) expressing a joint commitment to explore collaborative water management approaches in the Nicola watershed (*Nicola Watershed Pilot Memorandum of Understanding*, 2018). The signing of the MOU was the culmination of over a year of discussion between the Province and the Nicola Nations, with support from the BC Freshwater Legacy Initiative, to initiate a water governance project. The MOU is an ambitious document: it expresses the joint desire of the parties to implement the United Nations Declaration on the Rights of Indigenous Peoples; recognizes the Nicola Nations' inherent rights to self-government and self-determination; and commits both parties to working together in a government-to-government (G2G) relationship (*Nicola Watershed Pilot Memorandum of Understanding*, 2018). To work towards these goals, the Province and the Nicola Nations established the G2G Nicola Forum (the "Nicola Forum").

The Nicola Forum is one of five regional forums established under the Collaborative Stewardship Framework (CSF), an initiative that is funded by the Province and co-designed by the Province and Indigenous Nations. The primary goal of the CSF is to build collaborative, G2G relationships that provide the opportunity and capacity for Indigenous Nations to actively participate in environmental stewardship. This more robust form of collaboration is intended to ensure Indigenous knowledge, interests, and rights are integrated throughout environmental management processes, thereby helping

fulfill the Province's commitment to a renewed relationship with Indigenous Nations. By implementing a more collaborative approach, the CSF is also expected to reduce uncertainty and conflict around economic development projects.

The five regional forums, involving 30 Indigenous Nations, are three-year pilot projects that are scheduled to operate between 2018 and 2021. Each forum's structure and scope vary depending on the priorities and interests in the region it was established. The Nicola Forum – comprised of five provincial appointees and the five Chiefs the Nicola Nations – is supported by a Secretariat and Core Committee. The Secretariat is comprised of a team of dedicated project staff, while the Core Committee is comprised of key staff from the Province and Nicola Nations. The Core Committee functions as the operational arm of the Forum and leads project implementation. For the purposes of this report, these interlinked pieces will be referred to as the Nicola Watershed Governance Project (NWGP).
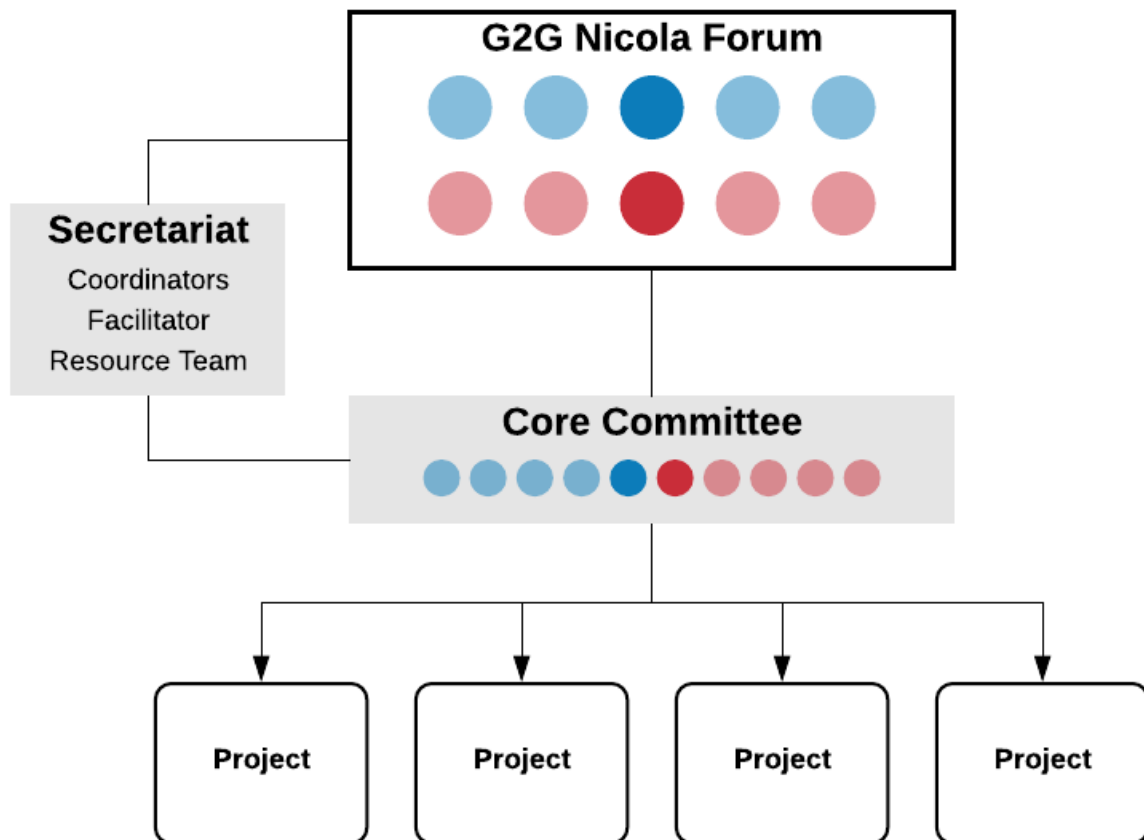


**Figure 4. The Nicola Watershed Governance Project (NWGP) governance structure**

At the conclusion of the three-year pilot period, the five regional forums are expected to produce recommendations, informed by other G2G initiatives around the province, for expanding the CSF across the province. Devising a sustainable funding approach is one area in which the forums will produce recommendations.

## 3.1.4. The Sustainable Funding Project

The Sustainable Funding Project is one of many foundational projects being implemented by the NWGP during the pilot period. Approved by the Nicola Forum in June 2019, the Sustainable Funding Project seeks to develop a long-term sustainable funding plan for the NWGP. The need for sustainable funding was identified in the 2018 MOU and has become increasingly evident due to budget fluctuations and uncertainty around the continuation of pilot funding beyond 2021. This report constitutes the first phase of the Sustainable Funding Project, which is structured as follows:

*Phase One: Research & Analysis*
*2019*

This phase of the project focuses on identifying and assessing sustainable funding options based on previous studies, experiences in other jurisdictions, interviews with funding experts, and a structured evaluation of options. This work was completed by the author of this study with support from NWGP staff. The results were submitted to the NWGP in a separate report, while select results were extracted and summarized for the purposes of this study.

*Phase Two: Implementation*
*2020 – 2021*

This phase will use the research from Phase One to devise and operationalize a sustainable funding model for the NWGP. The specific work involved will depend on the funding model that is chosen, but will likely include clarifying or designing policy, developing an annual operating budget, defining governance and administration procedures, developing an implementation plan, and engaging key parties. It is expected that this work will primarily be undertaken internally by NWGP staff and members.

## 3.2. Funding Mechanisms

Through a review of existing research, conversations with subject matter experts, and consultation with the NWGP Core Committee, I identified 26 funding mechanisms that could be employed as part of a sustainable funding model for the NWGP. Each of these mechanisms fulfills one or more of the following criteria:

- Actively used, in B.C. or elsewhere, to support watershed governance;
- Related to the direct or indirect use of water;
- Related to activities that have adverse impacts on watershed health; and
- Identified in existing research as a potential source of funding for watershed governance.

Each mechanism has been categorized according to the sector that would be responsible for its implementation. These sectors include four levels of government (provincial, Indigenous, local, and federal) and the nongovernmental sector, which includes both private and philanthropic sources. Funding mechanisms that did not fit within one of these sectors are included as 'general' funding mechanisms. Table 1 lists these funding mechanisms and categorizes each one as a tax, tariff, transfer, or 'other'. A brief explanation of each funding mechanism can be found in Appendix A.

**Table 1. In-scope funding mechanisms**

| Source | Mechanism | Tax | Tariff | Transfer | Other |
|---|---|---|---|---|---|
| Provincial | Water Application Fees and Rental Rates | | ▓ | | |
| | Conservation Surcharges | | ▓ | | |
| | Water Discharge Fees | | ▓ | | |
| | Resource Royalties, Taxes, and Fees | ▓ | ▓ | | |
| | Gambling Revenue | | | ▓ | |
| Indigenous | Property Taxes | ▓ | | | |
| | Service Fees | ▓ | | | |
| | Development Cost Charges | ▓ | | | |
| | Impact Benefit Agreements | | | ▓ | |
| | Resource Revenue Sharing Agreements | | | ▓ | |
| | BC First Nations Gaming Revenue Sharing Limited Partnership | | | ▓ | |
| Local | Property Taxes | ▓ | | | |
| | Parcel Taxes | ▓ | | | |
| | Development Cost Charges | ▓ | | | |
| | Water User Rates | | ▓ | | |
| | Utility Fees | | ▓ | | |
| Federal | Gas Tax | ▓ | | | |
| | Governance Funding | | | ▓ | |
| | Nation Rebuilding Program | | | ▓ | |
| Nongovernmental | Grants | | | ▓ | |
| | Industry Contributions | | | ▓ | |
| | Payments for Ecosystem Services | | | ▓ | |
| | Environmental Impact Bonds | | | | ▓ |
| General | Government Grants | | | ▓ | |
| | In-kind Contributions | | | | ▓ |
| | Self-generated Revenue | | | | ▓ |

# Chapter 4.    Methodology

## 4.1.  Methods

This research constitutes one part of a broader project – the Nicola Watershed Governance Project (NWGP) – that is currently in its pilot phase. The pilot phase is fluid by design: the mandate, governance structures, and decision-making processes of the NWGP are being co-created by the Province and the Nicola Nations, a process that requires significant time and effort. It also creates ambiguity that posed challenges for conducting a study on sustainable funding. In short, it is difficult to answer specific funding questions when it is not yet known exactly what is being funded. In response to this challenge, I initially cast my net as widely as possible, capturing as many funding opportunities and as much relevant information as possible. My research process was correspondingly wide-ranging and iterative. Over time, through ongoing research and feedback, I identified the most important aspects of my research and tailored my results accordingly.

I highlight three main aspects of my research process below. First, I explain the scope and purpose of my background research. Second, I discuss the structure of my jurisdictional scan. Third, I describe my methodology for conducting a structured analysis of funding options.

### 4.1.1. Background Research

This initial phase of my research provided the groundwork that allowed me to better understand the context of my case study and begin narrowing the scope of my inquiry. The primary component of this work was a literature review, but I also spoke with subject matter experts to help me identify the most important aspects of watershed governance funding. The four main outcomes of this work are summarized in Chapter Two. First, I situated watershed co-governance in broader governance theories. Second, I identified the judicial, political, and legislative trends over the past several decades in that have made watershed co-governance possible in B.C. Third, I explained the challenge of securing sustainable funding for watershed governance, both for collaborative watershed governance organizations and co-governance initiatives. Fourth, I identified several key funding concepts.

## 4.1.2. Jurisdictional Scan

I conducted a scan of funding models employed in other jurisdictions to identify notable trends and key considerations for the NWGP. The jurisdictional scan focused on collaborative watershed governance organizations (CWGOs) and G2G initiatives. Collectively, these two organization types capture the key characteristics of the NWGP: CWGOs provide insight into how collaborative watershed governance is funded, while G2G initiatives act as a proxy for investigating co-governance funding. The jurisdictional scan was structured in this way because there does not appear to be a functional watershed co-governance initiative that provides a useful comparison for the NWGP. I conducted an in-depth examination of each case study via primary document analysis (governance manuals, financial statements, etc.), secondary research, and several key informant (KI) interviews.

CWGOs are an imperfect comparison because they are not premised on equitable power-sharing between Crown and Indigenous governments; in fact, many of the CWGOs reviewed do not include Indigenous governments as governance partners. Nonetheless, these organizations employ a diverse range of funding models that can provide lessons for the NWGP. The jurisdictional scan includes nine CWGOs: three from B.C., three from other Canadian provinces, and three from outside Canada. These CWGOs were selected because they were identified in the literature or recommended by subject matter experts as notable examples of collaborative watershed governance funding.

The three G2G initiatives reviewed are all from B.C. Although none of them focus on watershed governance, they are all premised on a G2G relationship between the B.C. government and Indigenous Nations. They are, therefore, appropriate proxies to analyze how co-governance initiatives are funded in the province. They are classified as proxies because – although they are based on a G2G relationship – they do not achieve true co-governance. The NWGP is striving for co-governance, which sets it apart from these G2G initiatives. They do, however, provide the closest approximations of co-governance at the provincial level in B.C.

## 4.1.3. Structured Analysis

I identified and assessed 26 funding mechanisms for their potential to support the NWGP. This analysis required extensive background research on each mechanism, including reviewing legislation, policy, and secondary literature. I also conducted informational interviews with 10 key informants (KI) from various levels of government (both within B.C. and from other jurisdictions), nongovernmental organizations, and industry. Each mechanism was assessed according to the following four questions:

- What is it?
- How is it used in the Nicola?
- How could it support the NWGP?
- What are the potential challenges and limitations?

This assessment of all 26 mechanisms provided a baseline understanding that allowed me to develop a structured analysis focusing on the key funding needs of the NWGP. To do so, I first developed an evaluation framework that could be used to assess the potential of each funding mechanism to provide core funding (this process is detailed in Section 4.2 below). I then applied this framework to the 11 mechanisms that are within the jurisdiction of the co-governance partners (i.e., the Nicola Nations and the B.C. government). This framework provided a rough preliminary analysis that allowed me to determine which funding mechanisms warranted further attention. I then undertook a more in-depth analysis of these select funding mechanisms.

The structured analysis was scoped according to two parameters: Indigenous/provincial mechanisms and core funding. The analysis focuses solely on the 11 Indigenous/provincial mechanisms for two reasons. First, the B.C. government and Nicola Nations are the only two governance partners currently involved in the NWGP and are therefore most likely to be the primary funders. Second, although the NWGP might expand to include other governance partners, the co-governance nature of the project means that the Province and Nicola Nations will continue to be the key decisionmakers.

The structured analysis focuses on core funding for three reasons. First, core funding is essential to the operations of the NWGP and is generally more static than project funding. Project funding supports on-the-ground projects and programs that can

be scaled up or down based on the availability of funding from year to year, whereas core funding supports operational functions – staff positions, office space, and meeting costs – that need to be reliably and consistently funded to ensure organizational continuity. Second, it is typically easer to obtain funding for projects and programs than for operational functions. Projects and programs focus on tangible activities, such as habitat restoration or invasive species management, that are more likely to align with the funding objectives of government programs and philanthropic grants. Operational functions, meanwhile, are process-oriented activities that do not have as much appeal for external funders. Third, core funding is often leveraged by watershed organizations to obtain project funding. Core funding provides the capacity – i.e., the staff and resources – needed to explore project funding sources, strategize, write grants, and administer funds.

Mechanisms from the remaining sources – local government, federal government, nongovernmental sector, and 'general' – were not part of the structured analysis, although I did review each of them at a higher level. Rather than assessing them according to the evaluation framework, I produced a broad overview of each source and identified key considerations the NWGP should take into account when considering funding from the source. These considerations were provided to the NWGP but are not included in this report.

## 4.2. Developing the Evaluation Framework

The evaluation framework used for the structured analysis was developed based on a synthesis of existing research on watershed governance funding; in total, eight sources were analyzed to determine key criteria for evaluating funding mechanisms. Only three of these sources attempt to comprehensively define criteria for assessing funding mechanisms (Fraser Basin Council, 2015b; Oliphant, 2016; T. Stanton et al., 2014). The remaining five discuss water/watershed funding in a less systematic way, identifying broad principles and considerations (Brandes et al., 2014; Global Water Partnership & International Network of Basin Organizations, 2009; Havekes, Hofstra, van der Kerk, & Teeuwen, 2013; Jespersen et al., 2012; Rees et al., 2008).

Eighteen distinct criteria were identified from these sources. These eighteen criteria were narrowed down to eight final criteria using two methods. First, criteria

mentioned only once across all eight documents were eliminated, as such criteria typically represented niche considerations of a particular context. Second, and more importantly, I worked with the NWGP Core Committee and funding experts to validate and refine the criteria. The eight final criteria are described below.

### 4.2.1. Evaluation Criteria

*Accessibility.* Determining the accessibility of a funding mechanism will typically be a straightforward assessment based on two considerations. First, the watershed organization or its individual governance partners must be eligible to access the revenue generated by the mechanism. For example, only local and Indigenous governments are legislatively authorized to levy property taxes, which means this mechanism is only available to an organization with local/Indigenous government involvement. Second, the revenue generated by the mechanism should not already be earmarked for another purpose. For example, government revenue that is committed to another program through policy or legislation would not be considered accessible; this revenue could be reallocated, but doing so is more challenging than using general revenue.

*Sufficiency.* The revenue generated by the mechanism is sufficient relative to the funding needs of the organization and the resources required to secure and manage the funds. In short, this criterion asks whether it is worth pursuing the mechanism given the amount of revenue it will provide. This involves estimating the revenue that the mechanism will generate, costing the activities it will support, and accounting for the resources spent.

*Reliability.* A reliable funding mechanism generates revenue that is consistent and predictable over the long term. This means that both the amount of revenue and the existence of the funding mechanism itself are reliable, particularly in the face of personnel turnover, changes in government, and other flux.

*Efficiency.* Efficiency pertains to the administrative processes that are associated with the mechanism. This means that the revenue generated by the mechanism can be consistently secured in a timely and cost-effective manner. It also means that reporting requirements associated with the mechanism are not onerous.

***Flexibility.*** Flexible revenue is not constrained to a particular purpose or timeframe. Many mechanisms generate revenue that must be spent on projects that meet predefined criteria and/or must be spent within one fiscal year. Revenue that has fewer conditions provides more flexibility.

***Perceived Fairness.*** The revenue generated by the funding mechanism is derived from a source that is broadly perceived as fair. Perceptions of fairness are a key driver of public support. Determining fairness is a values-based assessment that must be determined by the partners involved in a watershed organization, which may entail gauging public opinion and engaging with stakeholders. The OECD water funding principles outlined in Chapter Two can help shape discussions around fairness. For example, fairness is often perceived as meaning that there is a logical connection between the source of the funds and how the funds are spent. This conforms with the *polluter pays* and *beneficiary pays* principles. The *equity* principle should also factor into discussions about fairness.

***Policy Coherence.*** The funding mechanism aligns with – or at least does not significantly contradict – existing policy. A funding mechanism that aligns with and complements existing policy is ideal because it will be both more feasible and likely more efficient, while a funding mechanism that significantly contradicts existing policy would be difficult to implement and inefficient. However, it should not be assumed the current policy environment is ideal. If a proposed funding mechanism clashes with existing policy, it is worth examining the conflict and deciding if it is desirable to rectify the conflict through policy changes.

***Proven.*** The funding mechanism is known to be effectively used for environmental governance, ideally at the watershed scale. The existence of an established precedent shows that a mechanism is feasible and provides lessons that can help inform implementation.

## 4.2.2. Evaluation Framework

The evaluation framework below was used to assess the core funding potential of the 11 funding mechanisms under the jurisdiction of the Province and Nicola Nations. Each mechanism was assessed and assigned a value of high potential, medium

potential, low potential, or uncertain. The mechanisms were assessed based on their "potential" to meet the criteria – rather than a more concrete metric – for two reasons. First, as outlined in the introduction to this chapter, there is a lot of uncertainty regarding the NWGP's governance structure and funding needs. This makes it challenging to definitively assess funding mechanisms. Second, the criteria are qualitative and largely subjective. The degree to which a mechanism meets a criterion will depend on the values and priorities of the assessor(s). Nonetheless, assigning a "potential" value allows for an effective preliminary analysis to narrow down options for further investigation.

**Table 2. Evaluation framework template**

| Criteria | Provincial Mechanisms | | | | | Indigenous Mechanisms | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | WA | CS | WD | RR | GR | PT | SF | DCC | IBA | RRS | GRP |
| Accessibility | | | | | | | | | | | |
| Sufficiency | | | | | | | | | | | |
| Reliability | | | | | | | | | | | |
| Efficiency | | | | | | | | | | | |
| Flexibility | | | | | | | | | | | |
| Perceived Fairness | | | | | | | | | | | |
| Policy Coherence | | | | | | | | | | | |
| Proven | | | | | | | | | | | |

| Potential: | ● High | ● Medium | ● Low | ● Uncertain |
|---|---|---|---|---|

# Chapter 5.  Findings

This chapter summarizes key findings from the jurisdictional scan and structured analysis. The jurisdictional scan is divided into two sections: the first section focuses on nine collaborative watershed governance organizations (CWGOs), while the second focuses on three G2G initiatives. Each section identifies findings to help guide creation of a sustainable funding model for the NWGP. The third section of this chapter summarizes findings from the structured analysis of the of the 11 funding mechanisms under the jurisdiction of the NWGP co-governance partners. Based on this analysis, three revenue sources are identified that appear to be particularly promising options for providing core funding to the NWGP.

## 5.1.  Jurisdictional Scan: Collaborative Watershed Governance Organizations

Table 3 summarizes three key funding model characteristics of each CWGO: primary funding sources, mechanisms, and implementation. A more detailed description of each CWGO's governance and funding models can be found in Appendix B.

**Table 3. Summary of CWGO funding models**

| Organization | Primary Funding Sources | Mechanism | Implementation |
|---|---|---|---|
| Coquitlam River Watershed Roundtable (CRWR) | Local | Government grant | Multi-year funding agreement |
| | Indigenous | Government grant | Multi-year funding agreement |
| Cowichan Watershed Board (CWB) | Local | Government grant | Multi-year funding agreement |
| | Indigenous | Government grant | Multi-year funding agreement |
| Okanagan Basin Water Board (OBWB) | Local | Property tax | Legislation |

| Manitoba Conservation Districts | Province | Government grant | Multi-year funding agreement |
| | Local | Property tax | Legislation |
| Ontario Conservation Authorities | Local | Municipal levy | Legislation |
| | Self-generated | Self-generated revenue | Legislation (partial) |
| Alberta Watershed Planning and Advisory Councils (WPACs) | Province | Government grant | Program funding |
| Catchment Management Authorities (CMAs) | State | Government grant | Program funding |
| | Federal | Government grant | Program funding |
| Oregon Watershed Councils | State | Gambling revenue | Legislation |
| | Federal | Government grant | Program funding |
| Nisqually River Council (NRC) | Various | Grants | Various (depending on grant) |

## 5.1.1. Primary Funding Sources

This analysis yields two notable, related outcomes regarding primary funding sources. First, local governments are important sources of collaborative watershed governance funding in B.C. Local governments play a major role in five of the nine funding models reviewed, three of which are located in B.C. This is a consistent trend beyond this small sample size: local governments across B.C. are widely seen as key players in collaborative watershed governance (Brandes, Morris, Archer, Brandes, & Moore, 2016) and are generally the leading innovators for funding solutions (Fraser Basin Council, 2015b). Local governments in Ontario and Manitoba also provide a

substantial amount of funding for watershed organizations, although they are legislatively mandated to do so in these provinces. The local governments involved in the three B.C. CWGOs, by contrast, have voluntarily taken on leadership roles in their watersheds. Second, senior government (provincial or state) plays a primary funding role in five of the six CWGOs outside B.C. (Ontario is the sole exception). Provincial/state governments in Manitoba, Alberta, Victoria, and Oregon all provide dedicated funding to CWGOs within their jurisdictions, while the Washington state government provides a significant amount of grant funding to the Nisqually River Council. B.C., therefore, is an outlier both in terms of its lack of provincial involvement and strong local government engagement. These two outcomes point to a likely conclusion: local governments in B.C. have been forced to step up in the absence of consistent provincial funding.

### 5.1.2. Mechanisms

The most common mechanism used to fund the CWGOs is government grants. A government grant is used here as a catch-all term that refers to non-repayable funding that is awarded by a government entity and that is not tied to a specific funding mechanism. All levels of governments provide grants to external organizations. In these case studies, both senior and local governments provide grants. Specific funding mechanisms, by contrast, are less common. This demonstrates a disconnect between research into collaborative watershed governance funding and on-the-ground reality. Most studies focus on identifying specific funding mechanisms to support collaborative watershed governance because specific mechanisms are seen as more stable (Fraser Basin Council, 2015b; Jespersen et al., 2012; T. Stanton et al., 2014). In this small sample size, however, most governments simply allocate funds out of general revenue into a granting program. Many of these grants are guaranteed by multi-year agreements, which helps ensure some level of sustainability.

### 5.1.3. Implementation

Funding mechanisms are implemented by a range of methods. Four common implementation methods were identified from this jurisdictional scan, each of which is ranked on a spectrum of sustainability in Figure 5 below.
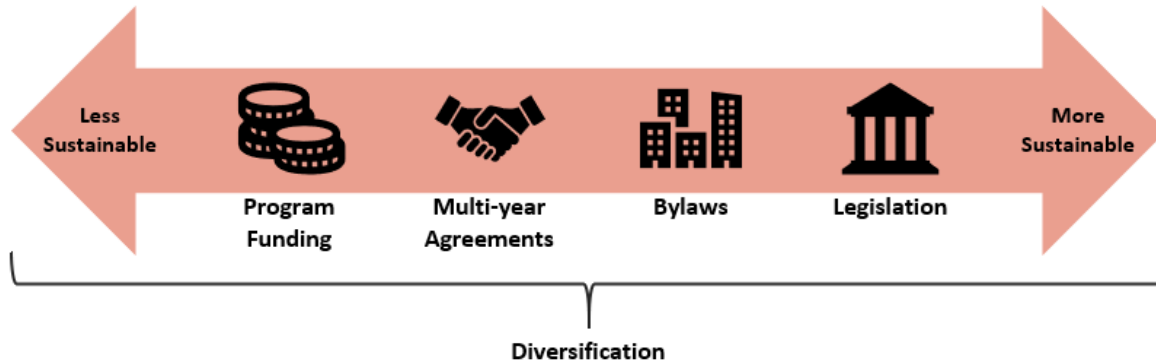
**Figure 5. Spectrum of implementation methods**

*Legislation* can be enacted by senior government (federal or provincial) to mandate the collection of taxes/tariffs and to require revenue generated by these mechanisms to be spent in a particular way. Four of the CWGOs (Ontario Conservation Authorities, Manitoba Conservation Districts, Okanagan Basin Water Board, and Oregon Watershed Councils) employ legislation to implement their funding mechanisms. These organizations are also some of the longest-running organizations reviewed in this scan.

*Bylaws* are passed by local governments; in the context of watershed governance, this often means levying a property or parcel tax to support a watershed organization. In the cases of Manitoba Conservation Districts and the Okanagan Basin Water Board, provincial legislation enables local authorities to enact property tax bylaws specifically to fund these organizations. In other cases, such as the Cowichan Valley Regional District, local governments have taken the initiative to establish their own property tax without provincial assistance. This tax, passed in 2018, will likely be partially used to fund the Cowichan Watershed Board (Cowichan Watershed Board, 2018b).

*Multi-year agreements*, while providing less sustainability than legislation and bylaws, are one way to help ensure funding is stable and predictable for a defined period of time. For instance, the Coquitlam River Watershed Roundtable and its local government/Indigenous funders recently signed three-year contribution agreements (KI9). Similarly, the Manitoba government has a multi-year agreement to provide grant funding to Conservation Districts across the province (KI4). The value of such agreements is recognized by Alberta Watershed Planning and Advisory Councils and Victoria Catchment Management Authorities, both of which are advocating for multi-year

agreements to provide greater funding stability (Rural Municipalities of Alberta, 2019; Victorian Auditor General, 2014).

*Program funding* simply refers to revenue that is connected to specific government programs. Government programs change based on election cycles and budget pressures, among other factors, which makes this the least sustainable method. While allocating funds through program spending is not generally a sustainable approach, some program funding is more secure than others. For instance, Victoria Catchment Management Authorities are legislatively mandated, which means they always receive some level of funding. Organizations that are not legislated in any form, such as the Alberta Watershed Planning and Advisory Councils, are more vulnerable to budget swings.

*Diversification* of funding sources is a good general strategy to ensure sustainability regardless of which implementation method is employed. This strategy is employed by the Nisqually River Council to offset its grant funding structure. While being funded entirely by grants is not typically a sustainable approach, the fact that those grants come from a range of sources adds some funding resilience.

## 5.2.  Jurisdictional Scan: G2G Initiatives

This section summarizes the funding models of three G2G initiatives in B.C. The first initiative, Reconciliation Agreements, are assessed the most in-depth because they offer the strongest interpretation of G2G relations and contain the widest range of funding provisions. The other two approaches, Strategic Engagement Agreements and the Environmental Stewardship Initiative, are more straightforward and are described comparatively briefly. The final section offers key takeaways to help inform funding for the NWGP.

### 5.2.1. Reconciliation Agreements

Reconciliation Agreements (RAs) encompass a broad range of agreements signed between the Province and Indigenous Nations that seek to "create the opportunity for comprehensive and lasting reconciliation" (Government of British Columbia, n.d.-h). These agreements are largely based on the principles of the 2005

New Relationship vision document, a mutually agreed upon policy statement between the Province and First Nations Leadership Council that commits to shared decision-making and a renewed G2G relationship (Griggs & Dunsby, 2015). The agreements vary widely in scope: some establish G2G tables and express the parties' joint commitment to work together on a range of ambitious priorities, while others focus more narrowly on land transfers and completing small-scale, specific projects. The funding provisions of fifteen RAs were analyzed for the purposes of this report.

**Table 4. Reconciliation Agreements**

| Year | # | Agreement |
|------|------|-----------|
| 2008 | A1 | Musqueam Reconciliation, Settlement and Benefits Agreement |
| 2009 | A2 | Coastal First Nations Reconciliation Protocol |
| 2009 | A3 | Kunst'aa guu - Kunst'aayah Reconciliation Protocol |
| 2011 | A4 | Nanwakolas Reconciliation Protocol |
| 2012 | A5 | Tseycum First Nation West Saanich Road Reconciliation Agreement |
| 2013 | A6 | Snuneymuxw First Nation Reconciliation Agreement |
| 2015 | A7 | Saulteau New Relationship and Reconciliation Agreement |
| 2016 | A8 | Gitanyow Huwilp Recognition and Reconciliation Agreement |
| 2016 | A9 | Lake Babine Reconciliation Framework Agreement |
| 2016 | A10 | Shíshálh Reconciliation Agreement |
| 2017 | A11 | Carrier Sekani Whubats'ut'en Nus Whetee (Interim Pathway Forward) Agreement |
| 2017 | A12 | Tsartlip First Nation Interim Reconciliation Agreement |
| 2019 | A13 | Cheslatta Carrier Nation Interim Reconciliation Agreement |
| 2019 | A14 | Secwepemc Government to Government Letter of Commitment [Qwelminte] on Reconciliation |
| 2019 | A15 | Gwets'en Nilt'I Pathway Agreement |

Although each agreement is unique, funding provisions across all 15 RAs broadly correspond to three categories: implementation, project support, and economic accommodation. In the discussion below, each RA is referred to by the number assigned to it in Table 4.

*Implementation*

Most RAs specify an amount of funding that will be transferred from the Province to the signatory Indigenous Nation(s) to support implementation of the agreement. The duration and amount of funding varies widely, although typically includes an initial lump sum and subsequent annual payments for the length of the agreement. Under A2, for instance, the Province provided the seven signatory Nations with $200,000 to commence implementation of the protocol and $600,000 per year for the next five years. Annual funding was renewed for another five years when the parties signed an amending agreement in 2015. RAs that do not include ongoing implementation funding, such as A1 and A10, are typically more focused on narrow objectives (e.g., land transfers) than setting up permanent G2G structures.

Although implementation funding is primarily provided by the Province, some RAs state that the cost of implementation should be jointly funded in recognition of the fact that the agreement is of "mutual benefit". These joint funding commitments do not specify an amount or proportion that the signatory Indigenous Nation(s) will contribute. In some cases (A2, A3, A8), financial support from the Nations(s) is contingent on successful negotiation of a resource-revenue sharing agreement, such as an Atmospheric Benefit Sharing Agreement. In other cases (A4, A13), cost sharing is agreed to in principle without specifying the means by which it will occur.

*Project Support*

Some RAs commit the Province to funding specific projects for the benefit of the signatory Indigenous Nation(s). The amount of funding and type of projects vary widely. On the larger end of the spectrum, both in terms of project scope and amount of funding, A11 commits the Province to providing a total of $12.5 million to support a "Forestry Opportunities Initiative" that will assist the signatory Indigenous Nations in developing and implementing forestry-related business opportunities. A12, by contrast, commits the Province to providing relatively small amounts of funding ($20,000 to $50,000) for projects such as developing a community cultural recognition strategy and completing an inventory of heritage sites. A13 commits the Province to providing $200,000 per year for ten years to support watershed and heritage restoration initiatives in the Indigenous Nation's traditional territory.

*Economic Accommodation*

Economic accommodation provisions are an important part of nearly every RA. This includes broad provisions, such as expressing a shared desire to improve the socio-economic wellbeing of the signatory Nation (A8) or agreeing to discuss revenue sharing opportunities related to future proposed development in the Nations' traditional territories (A4). Economic accommodation provisions can also be specific: A7, for example, sets annual equity payments that the Province must transfer to the signatory Indigenous Nations, while A13 defines regulatory accommodation for a specific forestry license. Resource revenue sharing is a common form of economic accommodation in RAs. A unique tool available under RAs is the Atmospheric Benefit Sharing Agreement (ABSA). ABSAs, which enable Indigenous Nations to sell carbon credits from their traditional territories, can only be negotiated by Nations that have signed a RA; to date, five ABSAs have been signed across the province (Government of British Columbia, n.d.-a). Three of the 15 RAs reviewed (A2, A3, A4) specifically mention carbon offset agreements as an objective of the RA.

## 5.2.2. Other G2G Initiatives

*Strategic Engagement Agreements (SEAs)*

SEAs, like RAs, are agreements between the Province and Indigenous Nations that seek to establish G2G relations based on the principles of the New Relationship vision document. Whereas RAs are expansive and vary significantly depending on the agreement, SEAs all have the same overarching intent: to "establish mutually agreed upon procedures for consultation and accommodation" (Government of British Columbia, n.d.-j). SEAs, unlike RAs, do not include substantial economic accommodation. They do, however, share many of the same elements as RAs, including establishment of a G2G Forum and supporting technical groups (Griggs & Dunsby, 2015). The Province has signed over ten SEAs to date (Government of British Columbia, n.d.-j).

SEAs are funded entirely through transfers from the provincial government. Funding provisions in SEAs are more streamlined than those in RAs. Whereas RAs allocate funding for various purposes and different periods of time, SEAs generally have a single funding section that identifies the total amount that will be transferred from the

Province to the signatory Nation(s). These funds are limited to a three-year period and subject to approval by the provincial Treasury Board (Griggs & Dunsby, 2015). The amount of implementation funding varies depending on the agreement.

*Environmental Stewardship Initiative (ESI)*

ESI is a provincially funded program that facilitates collaboration between the Province and 30 Indigenous Nations in northern B.C. ESI was established to address environmental concerns associated with liquid natural gas (LNG) extraction, although Indigenous Nations do not need to support LNG to participate in the initiative (George & Mortimer, 2018). Four Regional Stewardship Forums have been established under ESI, each of which provides a G2G table for Indigenous and provincial decisionmakers to jointly address regional environmental concerns. The focus of the program is largely on operational aspects of environmental stewardship, such as ecosystem monitoring and knowledge exchange, although the Regional Forums provide considerable flexibility to address broader questions around land use and resource management (George & Mortimer, 2018). In addition to the four Regional Forums, a joint Governance Working Group helps develop and coordinate governance principles, decision-making processes, and long-term operating structures.

ESI is entirely funded by the provincial government. In 2015, the Province committed $30 million to implement and support the project. This initial allocation was intended to be spent over three years (2015-2018) but was less than half spent by 2018; the funding period has since been extended until 2021 through regional contribution agreements. The federal government and LNG industry were initially expected to help fund the initiative, but this has not yet happened. The development of a long-term sustainable funding model has been identified as a priority to ensure the project continues past 2021 (George & Mortimer, 2018).

## 5.2.3. Key Takeaways

This analysis of G2G initiatives in B.C. produced two key takeaways. First, provincial funding appears to recognize that supporting Indigenous participation is an essential component of G2G engagement. The Province provides funding to support Indigenous participation – alternatively called capacity building, implementation, and

enabling funding – in all three types of G2G initiatives. This funding focus is consistent with the Commitment Document, a joint action plan for advancing reconciliation signed in 2015 by the Government of B.C. and the First Nations Leadership Council. The Commitment Document recognizes that "supporting First Nations capacity and governance developments" is a key aspect of supporting reconciliation efforts (Government of British Columbia & First Nations Leadership Council, 2015, p. 6). It is unclear, however, whether this support has kept up with demand. A comprehensive review of RAs and SEAs found that implementation funding under these agreements has often been inadequate to fund the additional work required to engage in G2G processes (Griggs & Dunsby, 2015).

Second, provincial transfers via multi-year agreements are the primary source of G2G funding in B.C. To date the Province has largely funded G2G processes by transferring funds directly to Indigenous Nations without defining a specific funding mechanism for these funds. This method of funding has been critiqued in all three G2G contexts for being unsustainable and creating long-term uncertainty (George & Mortimer, 2018; Griggs & Dunsby, 2015), although the three funding models have important differences. Many RAs provide a specified amount of annual funding for a five-year period and are typically renewed for another five years once the initial term expires. SEAs are similar, although the typical funding period is three years. ESI, on the other hand, is funded entirely by a one-time pledge of $30 million that is being spent at variable rates from year to year. Each initiative, therefore, provides different levels of funding stability and predictability.

## 5.3. Structured Analysis

The structured analysis summarized in this section focuses exclusively on the core funding potential of the 11 funding mechanisms under the jurisdiction of the NWGP co-governance partners (listed in Table 5). The analysis proceeds in three parts. First, Table 6 provides an assessment of each mechanism according to eight criteria. Second, a brief explanation is provided detailing how each criterion was assessed. Third, five mechanisms (categorized into three revenue sources) identified via the structured

48

analysis are assessed more in-depth for their potential to support NWGP core funding. Appendix A contains a brief description of each funding mechanism.[6]

**Table 5. Provincial and Indigenous funding mechanisms**

| Provincial Mechanisms | Indigenous Mechanisms |
|---|---|
| Water Application Fees and Rental Rates (WA) | Property Taxes (PT) |
| Conservation Surcharges (CS) | Service Fees (SF) |
| Waste Discharge Fees (WD) | Development Cost Charges (DCC) |
| Resource Royalties, Taxes, and Fees (RR) | Impact Benefit Agreements (IBA) |
| Gambling Revenue (GR) | Resource Revenue Sharing Agreements (RRS) |
| | BC First Nations Gaming Revenue Sharing Limited Partnership (GRP) |

**Table 6. Structured analysis of select funding mechanisms**

| Criteria | Provincial Mechanisms | | | | | Indigenous Mechanisms | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | WA | CS | WD | RR | GR | PT | SF | DCC | IBA | RRS | GRP |
| Accessibility | High | Low | Low | High | High | Medium | Low | Low | Medium | Medium | High |
| Sufficiency | Uncertain | High | High | High | High | Medium | Low | Low | Uncertain | Uncertain | High |
| Reliability | High | High | High | Medium | High | High | High | Low | Uncertain | Medium | High |
| Efficiency | High | High | High | High | High | Medium | Medium | Medium | Uncertain | Medium | High |
| Flexibility | High | Low | Low | High | High | Medium | Low | Low | High | High | Medium |
| Perceived Fairness | High | Medium | Medium | Medium | Uncertain | Medium | Medium | Medium | Medium | Medium | Uncertain |
| Policy Coherence | High | Low | Low | High | High | Medium | Low | Low | High | High | High |
| Proven | Uncertain | Medium | Medium | High | High | Medium | Low | Low | Uncertain | High | Uncertain |

Potential: ● High  ● Medium  ● Low  ● Uncertain

---

[6] Sources of the information used in this analysis are cited in Appendix A. Information used in this analysis but not cited in Appendix A is cited in the text of this section.

***Accessibility.*** Although every mechanism can be accessed by the NWGP through the co-governance partners, only four of the eleven mechanisms – WA, RR, GR, and GRP – generate revenue that is not designated for another purpose. WA, RR, and GR are provincial mechanisms that flow into general revenue. GRP is a new source of revenue, which means it is likely not fully committed in each community. A portion of this new revenue could theoretically be allocated for NWGP core funding without negatively affecting existing programs and services, although the revenue will almost certainly be in high demand in every community. Revenue from CS and WD is legislatively required to be deposited into particular funds. On the Nicola Nations side, PT, SF, and DCC are taxes that must be spent on service delivery on-reserve, although PT does offer greater flexibility (none of the Nicola Nations currently implement SF or DCC). IBA and RRS provide annual revenue that, while not necessarily designated for a particular purpose, is generally fully committed to programs and services within the communities. Reallocating this revenue risks defunding these services.

***Sufficiency.*** Although exact core funding needs of the NWGP are not known, most of the provincial mechanisms generate sufficient revenue to make pursuing the mechanism worthwhile. The exception is WA, which produces an unknown amount of revenue. The Indigenous mechanisms are mixed in this regard. Only four of the Nicola Nations levy property taxes (PT), and those that do so generate significantly different amounts of annual revenue, ranging from nearly $1.5 million (Lower Nicola) to $8,000 (Shackan) (Council of the Lower Nicola Indian Band, 2019; Council of the Shackan First Nation, 2019). SF and DCC likely would not represent significant revenue sources, while the revenue generated from IBA and RRS is unknown (and also varies by community). GRP, beginning in 2019-20, will generate a significant amount of revenue for each Nicola Nation (at least $250,000 annually).

***Reliability.*** Most of the mechanisms provide consistent and predictable revenue because they are based on annually levied taxes, tariffs, or transfers. DCC is an exception because it only generates revenue when there is ongoing development in the community. The two mechanisms tied to resource revenues – RR and RRS – are somewhat unreliable because of uncertainty around profits in the natural resource

sector.[7] The reliability of IBA in the Nicola is uncertain because the agreements are confidential. An IBA may provide a community with consistent annual payments (reliable) or a variable payment depending on the profit of the project (less reliable) (Gibson & O'Faircheallaigh, 2015).

*Efficiency.* All the provincial mechanisms are considered efficient because the Province has the authority to dictate the administrative and reporting requirements associated with each one. There is less certainty regarding the Indigenous mechanisms. Indigenous governments are often required to conform to onerous accountability and reporting requirements (Baker & Schneider, 2015). While most of the Indigenous mechanisms are part of this system, allocating revenue for the NWGP would not increase accountability and reporting requirements beyond what is already required. Reporting requirements for IBA revenue are unknown, while reporting requirements for GRP revenue are minimal.

*Flexibility.* Two provincial mechanisms – CS and WD – generate funds that are legislatively required to be spent on a specific purpose. The three forms of Indigenous taxation – PT, SF, and DCC – are similarly inflexible in that, as noted above, they must be spent on service delivery on-reserve (although PT revenue is able to be spent on a wider range of activities). GRP is partially flexible because, although Indigenous communities choose how to spend GRP revenue, expenditure must line up with one of six broad categories dictated by the BC First Nations Gaming Revenue Sharing Limited Partnership.

*Perceived Fairness.* Before perceived fairness can be accurately assessed, the Province and Nicola Nations must decide on a joint definition of fairness in the context of NWGP funding. This analysis rates the mechanisms on how likely they are to be perceived as fair based on the principles of beneficiary pays and polluter pays. Of the eleven mechanisms, WA has the highest likelihood of being perceived as fair because it directly links water users with watershed governance. Mechanisms that relate to natural resource extraction (RR, IBA, RRS), pollution (WD), and hunting/fishing (CS) may also be perceived as fair, as they all relate to use and/or degradation of the watershed. Using

---

[7] Provincial natural resource revenue is expected to decline significantly over the next three years (Government of British Columbia, 2019b), while the forestry sector in the Nicola watershed has been rapidly contracting for the past several years (Thompson Nicola Regional District, 2017).

PT, SF, or DCC revenue to support the NWGP may be perceived as fair because taxpayers living in the watershed would be providing the revenue. Last, the perceived fairness of using gambling revenue, either from the Province or Nicola Nations, is uncertain.

*Policy Coherence.* It appears that six of the mechanisms could be implemented without significantly contradicting existing policy. Revenue from two provincial mechanisms – CS and WD – is legislatively mandated to be spent elsewhere, which means reallocating this revenue to the NWGP would contradict existing policy. Similarly, SF and DCC have fairly restrictive spending requirements that would likely create conflict if the revenue they generate were allocated towards core funding for the NWGP.

*Proven.* Three mechanisms – RR, GR, and RRS – are known to be used for environmental governance, specifically related to watershed management, in other jurisdictions (Griggs & Dunsby, 2015; Network of Oregon Watershed Councils, 2013; The Nature Conservancy, 2011). It uncertain whether WA, IBA, and GRP have been used to generate revenue for environmental governance. CS and WD currently contribute to environmental programming in B.C., although generally not at the watershed-scale. PT is used by local governments to provide core funding for collaborative watershed organizations, although there does not appear to be any examples of this occurring in an Indigenous context.

The analysis above reveals five funding mechanisms (categorized into three revenue sources) that appear to be particularly promising options for providing core funding to the NWGP:

- Water Licensing Revenue: Water Application Fees and Rental Rates (WA)
- Gambling Revenue: Gambling Revenue (GR) and BC First Nations Gaming Revenue Limited Partnership (GRP)
- Resource Revenue: Resource Royalties, Taxes, and Fees (RR) and Resource Revenue Sharing Agreements (RRS)

These mechanisms will be considered in more detail below. While these mechanisms are being highlighted as the most promising at this early stage of the NWGP, the other mechanisms should not be ruled out as potential funding sources.

### 5.3.1. Water Licensing Revenue

*Rationale:* Water Application Fees and Rental Rates (WA) provides a new source of revenue in the form of increased fees and rentals under the *Water Sustainability Act*. It should therefore be easier to allocate WA revenue towards the NWGP than other revenue sources that are more established and tied to specific programs. The Province has already committed to using WA revenue to implement the *Water Sustainability Act* (WSA) and "provide tools to sustainably manage B.C.'s water resources" (Government of British Columbia, n.d.-b, p. 3). The use of fees and rentals revenue for supporting watershed-based activities is permissible under section 124 of the WSA, which allows the minister to make regulations according to watershed boundaries (*Water Sustainability Act*, 2015).

*Uncertainties:* It is unclear how much revenue is generated through WA, as the Province does not publicly release this data. The fact that application fees are only charged one-time, and that an estimated 20,000 groundwater users will be paying this application fee over the next few years (Government of British Columbia, 2019e), means that this source of revenue will see significant short-term fluctuation.

*Possible Model:* Earmarking WA revenue for NWGP core funding – and ensuring sustainability of this funding – could be accomplished through the establishment of a special fund that separates WA revenue from general provincial revenue. The Sustainable Environment Fund provides an instructive model. The Sustainable Environment Fund, established through the *Sustainable Environment Fund Act*, earmarks provincial revenue from waste discharge fees and other sources for activities that "protect and enhance the environment" (*Sustainable Environment Fund Act*, 1996, s. 3). This structure ensures sufficient, reliable funding every year.

### 5.3.2. Gambling Revenue

*Rationale:* Gambling revenue (GR) provides a significant source of annual income for the Province. As of the 2019-20 fiscal year, gambling revenue also provides a significant source of annual income for the Nicola Nations via the BC First Nations Gaming Revenue Sharing Limited Partnership (GRP).

Provincial gambling revenue is mostly deposited into general revenue (Government of British Columbia, n.d.-c). Some of this funding, however, is separated into special accounts and designated for specific purposes such as health spending and community projects. A similar model could be used to earmark revenue for NWGP core funding or for watershed governance province-wide.

Nicola Nations gambling revenue will almost certainly be in high demand in every community, but the fact that it is new (i.e., not yet fully committed to other spending priorities) means that there may be an opportunity to allocate a portion of this revenue towards NWGP core funding.

*Uncertainties:* The idea of using GRP revenue to fund the NWGP may be perceived as unfair. Gaming revenue is being transferred from the Province to Indigenous Nations to spend at each community's discretion; using it to cost-share an initiative that is co-led with the Province might be perceived as a claw back.

*Possible Model:* Many state governments in the U.S. dedicate a portion of lottery revenue towards supporting environmental protection and conservation activities (The Nature Conservancy, 2011). For example, the Oregon Watershed Enhancement Board, a state agency that provides grants to support watershed conservation and restoration, receives 7.5% of state lottery funds annually (Oregon Watershed Enhancement Board, n.d.-a). In the B.C. context, the Health Special Account may provide an instructive model. The Health Special Account is a general fund established under the *Health Special Account Act* to support health-related spending by earmarking a portion of gambling revenue for this fund annually (Office of the Auditor General of British Columbia, n.d.).

Using GRP revenue to support the NWGP clearly fits the spending criteria established by the BC First Nations Gaming Revenue Sharing Limited Partnership (BC First Nations Gaming Revenue Sharing Limited Partnership, 2019). If this mechanism is implemented, the greater challenge may be figuring out how much each Nicola Nation should contribute. One way to do this would be to earmark a proportion of each community's GRP funding for the NWGP. The formula established under the GRP determines how much each Nation receives based on population and remoteness (BC First Nations Gaming Revenue Sharing Limited Partnership, n.d.), meaning that a proportional

payment that is the same across all Nicola Nations would implicitly account for these same factors.

### 5.3.3. Resource Revenue

*Rationale:* The two mechanisms that derive revenue from natural resources – Resource Royalties, Taxes, and Fees (RR) and Resource Revenue Sharing Agreements (RRS) – are separated by one major distinction: RR is the total revenue the Province derives from resource extraction, whereas RRS is the portion of this revenue that is shared with Indigenous Nations through formal agreements. RR typically flows into general revenue and is not designated for a specific purpose, while RRS is spent at the discretion of the signatory Indigenous Nation. Both mechanisms provide flexible revenue and are used in other contexts to fund watershed and G2G initiatives. Logging and mining are the two major resource industries in the Nicola Valley; Teck's Highland Valley Copper mine, for instance, which is located in the Nicola, is the largest metal mine in B.C (Government of British Columbia, 2013).

*Uncertainties:* There is uncertainty associated with any source of revenue tied to the extraction of natural resources due to swings in commodity prices and changes in production levels. In the Nicola watershed, for instance, timber production has declined dramatically since 2006 due to the mountain pine beetle epidemic and a reduction of supply (Thompson Nicola Regional District, 2017).

While the Nicola Nations have collectively negotiated numerous resource revenue sharing agreements, the annual revenue generated by these agreements and the availability of this revenue is unknown.

*Possible Model:* Resource revenue is used in other jurisdictions, such as Colorado and Montana, to fund environmental stewardship. Colorado, for instance, uses natural resource tax revenue to fund the Colorado Water Conservation Board and to purchase open space for watershed protection. Montana uses natural resource tax revenue to support two trust fund programs, the Resource Indemnity Trust and the Coal Severance Tax Trust Fund, both of which fund a wide range of stewardship initiatives (The Nature Conservancy, 2011).

RRS revenue is used across B.C. to fund the implementation of Reconciliation Agreements (RAs). Typically, RAs specify that revenue should be derived from resource revenue sharing agreements that are negotiated as part of the agreement, rather than derived from existing agreements. These new agreements are often Atmospheric Benefit Sharing Agreements, which allow the Indigenous Nation to sell carbon offsets from their traditional territory (Government of British Columbia, n.d.-a).

# Chapter 6.    Discussion

The findings presented in Chapter Five illustrate the complex and varied funding environment that must be navigated by the NWGP as it moves forward into the implementation phase of its Sustainable Funding Project. There is no template to follow because watershed co-governance is relatively untraveled terrain. Yet there are lessons to be learned from CWGOs and G2G initiatives that have also struggled with the challenge of sustainable funding, as shown via the jurisdictional scan. It is also possible, even in these early stages of the pilot project, to narrow down promising funding options and chart a possible way forward, as shown via the structured analysis. This chapter refocuses these findings on the primary and secondary research purposes identified at the outset of this report. First, I will discuss how the findings relate to several key areas that will need to be considered in the next phase of the NWGP's Sustainable Funding Project. Second, I will discuss the relevance of these findings in the broader provincial context.

## 6.1.  Considerations for the Nicola

### 6.1.1. Determining Core Funding

Uncertainty surrounding key aspects of the NWGP – its mandate, governance structures, and decision-making processes – makes devising a funding model a challenging endeavor at this stage of the pilot project. It is difficult to figure out funding before it is known what needs to be funded. While the exact funding needs of the NWGP may not be known for some time, a short-term priority should be to determine the approximate core funding needs of the project. Doing so would provide a focal point for developing a sustainable funding model and help shape funding discussions.

There is no formula to figure out the core funding needs of a watershed organization. The core funding activities outlined in Chapter 2 can help guide discussion, but ultimately each organization needs to figure out core funding needs based on its own context. Therefore, the experiences of other watershed organizations should be interpreted carefully. For many organizations, core funding budgets are primarily shaped by the availability of funds. The Coquitlam River Watershed Roundtable, for instance, estimated its core funding needs at $100,000 annually. This is a low figure based largely

on what the organization considered strategically possible rather than what it considers an ideal core funding budget (KI9). The core funding budgets of Manitoba Conservation Districts, meanwhile, are largely dictated by the size of provincial grants (KI4). Budgets of G2G initiatives should also be interpreted carefully, as G2G forums established under Reconciliation Agreements – and Strategic Engagement Agreements, to a lesser extent – have widely varying mandates that shape their budgets. As the NWGP works towards developing a core funding budget, it should take advantage of the fact that it is a pilot project. This means that it has more flexibility than other organizations to propose new solutions rather than fitting its core funding needs within existing opportunities. The NWGP's core funding budget should, of course, still be realistic, but it need not be as constrained as other organizations who are more limited by their current context.

A key budget consideration for the NWGP moving forward is that the pilot period does not provide an accurate account of the NWGP's long-term core funding needs. Identifying and quantifying core funding needs at this stage of the project, just over halfway through the pilot phase, is a challenging task. The NWGP is creating a new co-governance structure that is rooted in G2G relations and meaningfully incorporates both Western and Indigenous knowledge systems, a task that requires a significant investment of time and resources. In addition to co-creating a new governance structure, both the Province and the Nicola Nations are building capacity to be able to effectively participate in co-governance. Such capacity building efforts, crucial in the pilot period, require additional resources that should be considered part of core funding. As the NWGP evolves, however, its core funding needs will likely stabilize. Moving forward, it will be necessary to take a closer look at current core funding needs and discuss how those needs might change as the NWGP becomes more established. This may involve developing different short, medium, and long-term budgets that reflect changes in staffing and project realignment as the NWGP progresses and its priorities evolve from developing G2G structures to conducting on-the-ground water governance.

## 6.1.2. Funding Responsibility

Addressing the issue of funding responsibility requires going beyond considering who *can* pay to consider who *should* pay. This is particularly important in a co-governance context given the added weight and complexity of Crown-Indigenous relations. Determining who *should* pay is a values-based assessment, and as such is a

question that must be discussed by provincial and Nicola Nation decisionmakers. Two key considerations are outlined below.

First, funding responsibilities should reflect the principles of reconciliation. The NWGP is building a G2G partnership based on reconciliation; funding, as an important aspect of this partnership, should be interpreted through the lens of reconciliation as well. In the 2018 MOU, the Province and the Nicola Nations committed to a "respectful relationship that is focused on collaboration and negotiation as the preferable path to reconciliation" (*Nicola Watershed Pilot Memorandum of Understanding*, 2018). Reconciliation has become a defining feature of the NWGP in the time since the MOU was signed, both an overarching objective and a guiding principle. The NWGP should examine what reconciliation means for the funding responsibilities of the co-governance partners. One place to start is the Province's reconciliation policy, *Draft Principles that Guide the Province of British Columbia's Relationship with Indigenous Peoples*, which includes a commitment to a new fiscal relationship that advances reconciliation and Indigenous self-government (Government of British Columbia, 2018). The confluence of reconciliation and funding responsibilities should be discussed by G2G decisionmakers at the Forum level to arrive at a joint understanding.

Second, as evidenced by the jurisdictional scan, the Province typically provides most or all funding for G2G initiatives. In cases in which the Indigenous Nation(s) agrees to contribute funding, the contribution is often contingent on the negotiation of a resource revenue sharing agreement. This means that, in nearly every G2G initiative examined in this report, the existing financial resources of Indigenous Nations were not used to fund the establishment and continuation of G2G structures. This precedent, while not binding on the NWGP, suggests that the Province recognizes its responsibility to be the primary (and often sole) funder of G2G relations.

## 6.1.3. Assessing Future Funding Opportunities

The structured analysis conducted in Chapter Five assesses core funding options for the NWGP, identifying five funding mechanisms (from three funding sources) that warrant further investigation. Moving forward with these funding mechanisms will require discussion between the co-governance partners, additional research, and stakeholder engagement. The 11 funding mechanisms under the jurisdiction of the co-

governance partners and the 26 total funding mechanisms that were assessed in this study are not exhaustive. These mechanisms were identified as the most relevant for the NWGP, although there are many other funding mechanisms that could be utilized to fund watershed co-governance. The evaluation framework developed for this study can be used to help assess additional funding opportunities. The criteria, particularly once they are refined and contextualized through the NWGP's use, are useful to weigh tradeoffs and guide discussions about different funding opportunities.

## 6.1.4. Project Funding

This study was limited to an analysis of core funding opportunities. Core funding is the foundation of a sustainable funding model. Yet the NWGP must also consider sources of project funding, including funding mechanisms that lie outside the jurisdiction of the co-governance partners. As the NWGP moves forward devising and implementing a funding model, it is important to recognize the linkages between decisions that pertain narrowly to funding and broader governance decisions. There is a two-way relationship between governance and funding decisions. Key governance decisions may affect the type of funding opportunities available, while funding implications are one factor that should be considered when making governance decisions. As the NWGP develops the scope of its mandate, for instance, its funding needs will become more defined. Conversely, the availability of funding – such as grants for specific projects or funding streams supporting government priorities – may influence which responsibilities the NWGP decides to include in its scope. This interplay between governance and funding decisions may also affect discussions around which watershed stakeholders should be involved in the governance structure. Involving local governments, for instance, may open additional project funding opportunities, but may also require changes to the governance structure to give them a seat at the table.

The jurisdictional scan of CWGOs and key informant interviews emphasized the importance of dedicating resources to identifying and assessing project funding opportunities. There are countless project funding opportunities administered by various levels of government, philanthropic organizations, foundations, and corporations. Only a fraction of these opportunities is captured in the 26 mechanisms included in this study. A systematic approach to identifying and assessing project funding opportunities, including dedicated staff time and resources, would help ensure the NWGP is able to take

advantage of relevant opportunities. This could be accomplished by establishing a funding taskforce, perhaps comprised of Core Committee members from different sectors and/or NWGP staff, that would identify and assess funding opportunities on an ongoing basis.

### 6.1.5. Ensuring Sustainability

Sustainability is the main theme of this study. Selecting funding mechanisms according to the criteria outlined in the structured analysis will help create a sustainable funding model, as will employing the implementation methods described in the CWGO jurisdictional scan. Building sustainability will likely be an ongoing task for the NWGP, particularly over the short-term as it transitions from a pilot project to an established governance entity. Many of the funding opportunities detailed in this report require changes – to legislation, policy, and budget allocations – that take time to implement. Long-term funding sustainability, therefore, will likely be achieved in stages and may require bridge funding over the short and medium-term.

A key point – emphasized in the literature and key informant interviews – is that a diversity of funding sources is crucial for sustainability. Individual funding mechanisms, therefore, should not be considered in isolation. Building a diverse funding model does not mean including as many different funding sources as possible, as this would impose unwieldy administrative requirements. Rather, it means strategically leveraging funding from several different sources to manage risk associated with external factors – e.g., government change or economic downturn – that could reduce available funding.

## 6.2.  Considerations in the Provincial Context

Although this report focuses on assessing funding options for the NWGP, this research has clear implications for how watershed governance is funded across the province. The research in this report and the NWGP's efforts to devise a sustainable funding model during phase two of this project should be considered in the broader context of provincial funding. Sustainable funding is a challenge that many collaborative watershed governance organizations and G2G initiatives have struggled with in the past, currently struggle with, and will continue to encounter in the future if it is not addressed in a systematic way. This is particularly important in the context of co-governance and

reconciliation. The NWGP is a pilot project that is can help inform future co-governance partnerships across the province, each of which will need sustainable funding. Figuring out funding on an *ad hoc* basis is neither realistic nor desirable, which points to the need for a centralized provincial funding model. This section provides four considerations that support the establishment of a centralized provincial funding model.

## 6.2.1. Provincial Policy Coherence

Centralized funding support for watershed co-governance is consistent with existing provincial policy. There are two main aspects of provincial policy that centralized funding would support. First, the Province is in the process of implementing the *Water Sustainability Act*, which, among other things, enables innovative watershed-scale partnerships. Implementing commitments under the WSA will require additional funding, a fact the Province recognized when it pledged to use additional revenue generated through new water fees and rentals to cover the cost of implementing the WSA and its associated programs (Government of British Columbia, n.d.-m). Second, the Province has committed to reconciliation with Indigenous peoples. This involves implementing the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and renewing its relationship with Indigenous peoples according to ten specific commitments, including a renewed fiscal relationship based on the principles of reconciliation and self-government (Government of British Columbia, 2018). The Province has implicitly recognized its commitment to funding G2G processes through Reconciliation Agreements, Strategic Engagement Agreements, and the Environmental Stewardship Initiative, but it could do so in a more systematic, sustainable way.

## 6.2.2. Efficiencies

Scaling up the funding options in this report would achieve greater efficiency. In many cases the changes necessary to implement a sustainable funding model in the NWGP – changing legislation, setting up a dedicated fund, etc. – require a significant investment of time and resources. Implementing these changes individually in each watershed would be prohibitively inefficient. If the ultimate goal is to achieve sustainable funding for watershed co-governance across the province, it would be more efficient to establish a province-wide model than one solely for the NWGP.

### 6.2.3. Civil Society Support

The establishment of a province-wide funding model is supported by a network of civil society organizations known as the B.C. Water Leaders. This group has extensive experience researching and advocating for water governance and funding reform, including a submission to the B.C. Budget 2020 Consultation process that outlined broad parameters for a "Water Sustainability Fund" (Brandes & Simms, 2019). The Province subsequently recognized the need for dedicated annual funding for water sustainability its budget consultation summary (Select Standing Committee on Finance and Government Services, 2019). This idea is generating momentum, and there is a group of policy experts that could help provide expertise and research capacity if the Province decides to explore this option.

### 6.2.4. Lessons from Other Jurisdictions

As the CWGO jurisdictional scan makes clear, B.C. would not be breaking new ground by implementing a centralized funding model for watershed governance. At least six Canadian provinces – Manitoba, Ontario, Quebec, Saskatchewan, and Prince Edward Island – and some states in the U.S. and Australia already have such models. These cases provide a range of approaches that could help guide efforts in B.C. Ontario and Manitoba may be particularly instructive, as both provinces have long-running programs that are premised on governance partnerships between the province and municipalities. None of these jurisdictions, however, have attempted to build watershed-scale co-governance relationships with Indigenous Nations, which is the crucial difference that distinguishes B.C. Lessons from other jurisdictions would therefore need to be adapted for B.C.'s unique context.

# Chapter 7.    Conclusion

This study examined key considerations and opportunities for developing a sustainable funding model for the Nicola Watershed Governance Project. This is a challenging endeavor in the context of a co-governance pilot project that is still figuring out key aspects of governance, yet the question of sustainable funding must be considered early and often. There is, as is clear from the outcomes of this study, no straightforward pathway to sustainable funding. This study will help the NWGP to focus its efforts moving into the second phase of the Sustainable Funding Project, but ultimately much more discussion, research, and engagement is needed to develop a sustainable funding model. The key considerations outlined in Chapter Six provide a starting point for further inquiry.

This study also addresses, at a high-level, the need for province-wide funding for co-governance. It was clear throughout the course of this study that the NWGP, while unique in its co-governance orientation, is one of many watershed governance initiatives in B.C. that is struggling to address the issue of sustainable funding. The second section of Chapter Six provides several considerations regarding a centralized provincial funding model. This was not, however, the primary focus of this report. Establishing a funding model on this scale is a significant undertaking, and therefore much more research and engagement is required.

# References

*Administrative Agreement on the Federal Gas Tax Fund in British Columbia*. (2014).
 Retrieved from
 https://www.ubcm.ca/assets/Funding~Programs/Renewed~Gas~Tax~Agreement/M
 ain~Page/administrative-agreement-on-the-federal-gas-tax-fund_signed.pdf

Alberta WPACS. (2019). *Watershed Planning and Advisory Councils: 2018-19
 Compendium Achievements*. Retrieved from https://awc-wpac.ca/wp-
 content/uploads/2019/08/190730-FINAL-WPAC-Compendium-2018-19.pdf

Alcantara, C., & Nelles, J. (2014). Indigenous peoples and the state in settler societies:
 Toward a more robust definition of multilevel governance. *Publius*, *44*(1), 183–204.
 https://doi.org/10.1093/publius/pjt013

Anker, K. (2017). Reconciliation in Translation: Indigenous Legal Traditions and
 Canada's Truth and Reconciliation Commission. *Windsor Yearbook of Access to
 Justice*, *33*(2), 15–43. https://doi.org/10.22329/wyaj.v33i2.4842

Assembly of First Nations. (2016). *Donee Status Letter*. Retrieved from
 https://www.afn.ca/uploads/files/16-12-15_donee_status_letter_en.pdf

B.C. Water Leaders. (2018). *B.C. Water Leaders Statement of Essential Elements for
 Freshwater Protection*. Retrieved from
 https://poliswaterproject.org/files/2018/12/WaterLeadersLetterAndStatement.pdf

Baker, R., & Schneider, B. (2015). Accountability and Control: Canada's First Nations
 Reporting Requirements. *Issues In Social And Environmental Accounting*, *9*(2),
 117. https://doi.org/10.22164/isea.v9i2.102

Bakker, K. (Ed.). (2007). *Eau Canada: The Future of Canada's Water*. Vancouver: UBC
 Press.

Barbier, E. B. (2019). Reforming Governance and Institutions. In *The Water Paradox:
 Overcoming the Global Crisis in Water Management* (pp. 110–133).

Barry, J. (2012). Indigenous State Planning as Inter-Institutional Capacity Development:
 The Evolution of "Government-to-Government" Relations in Coastal British
 Columbia, Canada. *Planning Theory and Practice*, *13*(2), 213–231.
 https://doi.org/10.1080/14649357.2012.677122

BC First Nations Energy & Mining Council. (2010). *Sharing the Wealth: First Nation
 Resource Participation Models*. Retrieved from http://fnemc.ca/?portfolio=sharing-
 the-wealth

BC First Nations Gaming Revenue Sharing Limited Partnership. (n.d.). Frequently Asked
 Questions. Retrieved October 10, 2019, from

https://www.bcfngamingrevenue.ca/faq

BC First Nations Gaming Revenue Sharing Limited Partnership. (2019). Historic
      Revenue Sharing Agreement Announced. Retrieved August 15, 2019, from
      https://www.bcfngamingrevenue.ca

BC Treaty Commission. (2019). Negotiation Update. Retrieved December 5, 2019, from
      http://www.bctreaty.ca/negotiation-update

Beaton, R. (2014). Aboriginal Title in Recent Supreme Court of Canada Jurisprudence:
      What Remains of Radical Crown Title? *National Journal of Constitutional Law*, *33*,
      61–81. https://doi.org/10.2139/ssrn.2535051

Benson, D., Jordan, A., Cook, H., & Smith, L. (2013). Collaborative environmental
      governance: Are watershed partnerships swimming or are they sinking? *Land Use
      Policy*, *30*(1), 748–757. https://doi.org/10.1016/j.landusepol.2012.05.016

Berkes, F. (2009). Evolution of co-management: Role of knowledge generation, bridging
      organizations and social learning. *Journal of Environmental Management*, *90*(5),
      1692–1702. https://doi.org/10.1016/j.jenvman.2008.12.001

Brandes, O. M., Morris, T., Archer, J., Brandes, L., & Moore, M. (2016). *Illumination:
      Insights and Perspectives for Building Effective Watershed Governance in B.C.*
      Retrieved from http://poliswaterproject.org/sites/default/files/POLIS-Illumination-
      web-2_0.pdf

Brandes, O. M., O'Riordan, J., O'Riordan, T., & Brandes, L. (2014). *A Blueprint for
      Watershed Governance in British Columbia*. Retrieved from POLIS Project on
      Ecological Governance website: https://poliswaterproject.org/files/2014/01/POLIS-
      Blueprint-web1.pdf

Brandes, O. M., & Simms, R. (2019). *B.C. Water Leaders Submission to the BC Budget
      2020 Consultation*. Retrieved from https://poliswaterproject.org/files/2019/07/Water-
      leaders_Budget-2020-submission.pdf

Bridgespan Group. (2011). *Funding Models Guide*. Retrieved from
      https://www.compasspoint.org/sites/default/files/documents/Funding_Models_Guide
      _0.pdf

Cafley, J., & McLean, J. (2016). Improving Access to Capital for Canada's First Nation
      Communities. In *Public Policy Forum*. Retrieved from https://ppforum.ca/wp-
      content/uploads/2018/03/First-Nation_March-8.pdf

Canada. (1996). *Looking Forward, Looking Back: Report of the Royal Commission on
      Aboriginal Peoples* (Vol. 1). Retrieved from
      http://data2.archives.ca/e/e448/e011188230-01.pdf

Canadian Council of Ministers of the Environment. (2016). *Summary of integrated*

*watershed management approaches across Canada*. Retrieved from
https://www.ccme.ca/files/Resources/water/water_conservation/Summary of
Integrated Watershed Management Approaches Across Canada PN 1559.pdf

Canadian Water Network. (2018). *Balancing the Books: Financial Sustainability for
Canadian Water Systems*. Retrieved from http://cwn-rce.ca/wp-
content/uploads/2018/09/CWN-Balancing-the-Books-Report-EN-HiRes_revised.pdf

Castleden, H., Hart, C., Cunsolo, A., Harper, S., & Martin, D. (2017). Reconciliation and
Relationality in Water Research and Management in Canada: Implementing
Indigenous Ontologies, Epistemologies, and Methodologies. In S. Renzetti & D. P.
Dupont (Eds.), *Water Policy and Governance in Canada* (pp. 69–95).
https://doi.org/10.1007/978-3-319-42806-2

Cave, K., Ko, J., Layton-Cartier, G., & McKay, S. (2016). *Indigenous Watershed
Initiatives and Co-Governance Arrangements: A British Columbia Systematic
Review*. Retrieved from https://www.fnfisheriescouncil.ca/wp-
content/uploads/2015/09/BC-Systematic-Review-Project-Report_Sept-15-2016.pdf

Clogg, J., Smith, G., Carlson, D., & Askew, H. (2017). *Paddling Together: Co-
Governance Models for Regional Cumulative Effects Management*. Retrieved from
https://www.wcel.org/sites/default/files/publications/2017-06-wcel-paddlingtogether-
report.pdf

Cohen, A., & Bakker, K. (2014). The eco-scalar fix: rescaling environmental governance
and the politics of ecological boundaries in Alberta, Canada. *Environment and
Planning D: Society and Space*, 128–146. https://doi.org/10.1068/d0813

Conservation Ontario. (n.d.). About Conservation Authorities. Retrieved July 30, 2019,
from https://conservationontario.ca/conservation-authorities/about-conservation-
authorities/

Conservation Ontario. (2012). *Watershed Management Futures for Ontario*. Retrieved
from https://conservationontario.ca/fileadmin/pdf/policy-
priorities_section/WatershedMang_FuturesforOntario.pdf

Coquitlam River Watershed Roundtable. (2019). *The Coquitlam River Watershed
Roundtable*. Retrieved from
https://www.coquitlamriverwatershed.ca/download/spring-2019-
backgrounder/?wpdmdl=1743

Council of the Lower Nicola Indian Band. (2019). *Lower Nicola Indian Band Annual
Expenditure Law*. First Nations Gazette.

Council of the Shackan First Nation. (2019). *Shackan First Nation Annual Expenditure
Law*. First Nations Gazette.

Cowichan Valley Regional District. *CVRD Bylaw No. 4202 – Drinking Water and
Watershed Protection Service Establishment Bylaw, 2018*. , (2018).

Cowichan Watershed Board. (2018a). *Cowichan Watershed Board Governance Manual*. Retrieved from http://cowichanwatershedboard.org/wp-content/uploads/2010/08/CWB-Gov-Manual-Version3-24Sep2018.pdf

Cowichan Watershed Board. (2018b). *Pathways and Partnerships: A Framework for Collaboration and Reconciliation in the Cowichan Watershed*. Retrieved from https://poliswaterproject.org/files/2019/01/CWB_PathwaysAndPartnerships_Final_web.pdf

Crown-Indigenous Relations and Northern Affairs Canada. (2014). Fact Sheet - Taxation by Aboriginal Governments. Retrieved July 24, 2019, from https://www.rcaanc-cirnac.gc.ca/eng/1100100016434/1539971764619

Crown-Indigenous Relations and Northern Affairs Canada. (2019a). Nation Rebuilding Program. Retrieved July 15, 2019, from https://www.rcaanc-cirnac.gc.ca/eng/1530880050808/1530880135933

Crown-Indigenous Relations and Northern Affairs Canada. (2019b). Nation Rebuilding Program Guidelines: 2019 to 2020. Retrieved July 15, 2019, from https://www.rcaanc-cirnac.gc.ca/eng/1530815582699/1530815652516

Daschuk, J. W. (2014). *Clearing the Plains: disease, politics of starvation, and the loss of Aboriginal life*. University of Regina Press.

Davidson, S. L., & de Loë, R. C. (2014). Watershed governance: Transcending boundaries. *Water Alternatives*, *7*(2), 367–387.

de Boer, C., Vinke-de Kruijf, J., Özerol, G., & Bressers, H. (2016). Collaborative Water Resource Management: What makes up a supportive governance system? *Environmental Policy and Governance*, *26*(4), 229–241. https://doi.org/10.1002/eet.1714

De Haas, E. (2017). A Commitment to Reconciliation: Canada's Next Steps in the Post-TRC Phase. *International Human Rights Internships Program - Working Paper Series*, *5*(9). Retrieved from https://www.mcgill.ca/humanrights/files/humanrights/ihri_wps_v5_n14_de_haas.pdf

de Loë, R. C., Armitage, D., Plummer, R., Davidson, S., & Moraru, L. (2009). *Governance : A State-of-the- Art Review of Environmental Governance*. Retrieved from http://www.assembly.ab.ca/lao/library/egovdocs/2009/alen/149503.pdf

Diaz-Kope, L., & Miller-Stevens, K. (2015). Rethinking a typology of watershed partnerships: A governance perspective. *Public Works Management and Policy*, *20*(1), 29–48. https://doi.org/10.1177/1087724X14524733

Dick, M., Carlson, T., & Birch, M. (2018). *Sustainable Funding Options: Recommendations for the Coquitlam River Watershed Roundtable*. Retrieved from https://www.coquitlamriverwatershed.ca/wp-content/uploads/2018/09/Sustainable_Funding_Mechanisms_-

_Recommendations_FINAL.pdf

Diver, S. (2014). *Negotiating knowledges, shifting access: Natural resource governance with Indigenous communities and state agencies in the Pacific Northwest.* University of California, Berkeley.

First Nations Tax Commission. (n.d.-a). First Nations Fiscal Management Act (FMA). Retrieved September 18, 2019, from https://fntc.ca/en/fma-toolkit/

First Nations Tax Commission. (n.d.-b). Frequently Asked Questions. Retrieved July 24, 2019, from https://fntc.ca/en/faqs/

Fraser Basin Council. (2015a). *Collaborative Watershed Governance: Keys to Success and Current Examples in B.C.* Retrieved from https://www.fraserbasin.bc.ca/_Library/Water_BCWF/Collaborative_Watershed_Governance_Keys_to_Success_and_Case_Studies-May1-2015.pdf

Fraser Basin Council. (2015b). *Financial Mechanisms and Models for Collaborative Watershed Governance in BC.* Retrieved from https://www.fraserbasin.bc.ca/_Library/Water_BCWF/Financial_Mechanisms_and_Models_for_Watershed_Governance-May1-2015_web.pdf

Fraser Basin Council. (2016). *Guidance for Collaborative Watershed Governance in BC.* Retrieved from https://www.fraserbasin.bc.ca/_Library/Water_BCWF/fbc-bcwf-guidance_for_watershed_governance-june_30-2016.pdf

Frideres, J. (2016). *First Nations People in Canada.* Don Mills, Ontario: Oxford University Press.

George, D., & Mortimer, K. (2018). *Environmental Stewardship Initiative: Investing in the Future.* Retrieved from https://www2.gov.bc.ca/assets/gov/environment/natural-resource-stewardship/consulting-with-first-nations/agreements/other-docs/environmental_stewardship_initiative_-_investing_in_the_future.pdf

Gibson, G., & O'Faircheallaigh, C. (2015). *IBA Community Toolkit: Negotiation and Implementation of Impact and Benefit Agreements.* Retrieved from http://gordonfoundation.ca/app/uploads/2017/02/toolkit-english.pdf

Global Water Partnership, & International Network of Basin Organizations. (2009). *A Handbook for Integrated Water Resources Management in Basins.* Retrieved from https://www.inbo-news.org/IMG/pdf/GWP-INBOHandbookForIWRMinBasins.pdf

Government of Alberta. (n.d.). Watershed Planning and Advisory Councils. Retrieved July 30, 2019, from https://www.alberta.ca/watershed-planning-and-advisory-councils.aspx?utm_source=redirector

Government of British Columbia. (n.d.-a). Atmospheric Benefit Sharing Agreements. Retrieved October 22, 2019, from

https://www2.gov.bc.ca/gov/content/environment/natural-resource-stewardship/consulting-with-first-nations/first-nations-negotiations/atmospheric-benefit-sharing-agreements

Government of British Columbia. (n.d.-b). Development Cost Charges. Retrieved July 18, 2019, from https://www2.gov.bc.ca/gov/content/governments/local-governments/finance/local-government-development-financing/development-cost-charges

Government of British Columbia. (n.d.-c). Gambling Revenue Distribution. Retrieved July 29, 2019, from https://www2.gov.bc.ca/gov/content/sports-culture/gambling-fundraising/gambling-in-bc/where-money-goes

Government of British Columbia. (n.d.-d). Local Government Fees & Charges. Retrieved August 19, 2019, from https://www2.gov.bc.ca/gov/content/governments/local-governments/finance/fees-charges

Government of British Columbia. (n.d.-e). Natural Resource Taxes. Retrieved August 14, 2019, from https://www2.gov.bc.ca/gov/content/taxes/natural-resource-taxes

Government of British Columbia. (n.d.-f). Parcel Taxes. Retrieved July 17, 2019, from https://www2.gov.bc.ca/gov/content/governments/local-governments/finance/requisition-taxation/local-government-taxation/parcel-taxes

Government of British Columbia. (n.d.-g). Property Taxes in Rural Areas. Retrieved July 17, 2019, from https://www2.gov.bc.ca/gov/content/taxes/property-taxes/annual-property-tax/rural-area

Government of British Columbia. (n.d.-h). Reconciliation & Other Agreements. Retrieved October 22, 2019, from https://www2.gov.bc.ca/gov/content/environment/natural-resource-stewardship/consulting-with-first-nations/first-nations-negotiations/reconciliation-other-agreements

Government of British Columbia. (n.d.-i). Regional Districts in B.C. Retrieved October 31, 2019, from https://www2.gov.bc.ca/gov/content/governments/local-governments/facts-framework/systems/regional-districts

Government of British Columbia. (n.d.-j). Strategic Engagement Agreements. Retrieved October 22, 2019, from https://www2.gov.bc.ca/gov/content/environment/natural-resource-stewardship/consulting-with-first-nations/first-nations-negotiations/strategic-engagement-agreements

Government of British Columbia. (n.d.-k). *Sustainable Environment Fund.* Retrieved from http://a100.gov.bc.ca/pub/eirs/finishDownloadDocument.do?subdocumentId=5101

Government of British Columbia. (n.d.-l). Water Discharge Authorizations. Retrieved July 29, 2019, from https://www2.gov.bc.ca/gov/content/environment/waste-management/waste-discharge-authorization

Government of British Columbia. (n.d.-m). *Water Sustainability Act: Information About British Columbia's Water Management Legislation*. Retrieved from https://www2.gov.bc.ca/assets/gov/environment/air-land-water/water/laws-rules/wsa_overview_brochure.pdf

Government of British Columbia. (1996). *Sustainable Environment Fund Act*. Retrieved from http://www.bclaws.ca/civix/document/id/complete/statreg/96445_01

Government of British Columbia. (2013). *More than $7 million in mineral tax revenues flow to eight Nlaka'pamux Bands*. Retrieved from https://archive.news.gov.bc.ca/releases/news_releases_2013-2017/2013arr0055-001777.htm

Government of British Columbia. (2018). *Draft Principles that Guide the Province of British Columbia's Relationship with Indigenous Peoples*. Retrieved from https://www2.gov.bc.ca/gov/content/governments/indigenous-people/new-relationship/about-the-ten-principles

Government of British Columbia. (2019a). *B.C. Declaration on the Rights of Indigenous Peoples Act*. Retrieved from https://www2.gov.bc.ca/gov/content/governments/indigenous-people/new-relationship/united-nations-declaration-on-the-rights-of-indigenous-peoples

Government of British Columbia. (2019b). *Budget 2019*. Retrieved from https://www.bcbudget.gov.bc.ca/2019/pdf/2019_budget_and_fiscal_plan.pdf

Government of British Columbia. (2019c). Nearly $200 million transferred to new First Nations revenue-sharing body. Retrieved August 15, 2019, from https://news.gov.bc.ca/releases/2019IRR0044-001589

Government of British Columbia. (2019d). Population Estimates. Retrieved October 31, 2019, from https://www2.gov.bc.ca/gov/content/data/statistics/people-population-community/population/population-estimates

Government of British Columbia. (2019e). Water Application Fees & Rental Rates. Retrieved July 16, 2019, from https://www2.gov.bc.ca/gov/content/environment/air-land-water/water/water-licensing-rights/water-licences-approvals/water-application-fees-rental-rates

Government of British Columbia, & First Nations Leadership Council. (2015). *British Columbia - First Nations Proposed Commitment Document*. Retrieved from https://news.gov.bc.ca/files/Commitment_Document.pdf

Government of Canada. (2018). *Principles Respecting the Government of Canada's Relationship with Indigenous Peoples*. Retrieved from http://www.justice.gc.ca/eng/csj-sjc/principles-principes.html

Government of Canada. (2019). *Budget 2019: Investing in the Middle Class*. Retrieved from https://budget.gc.ca/2019/docs/plan/toc-tdm-en.html

Government of Manitoba. (2017). *Modernizing Manitoba's Conservation Districts Program: A roadmap to true watershed-based governance*. Retrieved from https://digitalcollection.gov.mb.ca/awweb/pdfopener?smd=1&did=25702&md=1

Government of Ontario. (2015). *Discussion Paper: Conservation Authorities Act.* Retrieved from https://www.ontariotrails.on.ca/assets/files/pdf/Discussion_Paper_2015.pdf

Grigg, N. S. (2016). *Integrated Water Resource Management: An Integrated Approach.* London: Palgrave Macmillan.

Griggs, J., & Dunsby, J. (2015). *Step by Step: Final Report for the Shared Decision Making in BC Project.* Retrieved from https://www.sfu.ca/content/dam/sfu/centre-for-dialogue/Watch-and-Discover/SDM/SDM_Final_Report.pdf

Gullason, K. (2018). The Water Sustainability Act, Groundwater Regulation, and Indigenous Rights to Water: Missed Opportunities and Future Challenges. *Appeal: Review of Current Law and Law Reform*, *23*, 29–40.

Habitat Conservation Trust Foundation. (n.d.). Funding Sources. Retrieved July 16, 2019, from https://hctf.ca/about/funding-sources/

Hanson, A. J. (2017). Reading for Reconciliation? Indigenous Literatures in a Post-TRC Canada. *English Studies in Canada*, *43*(2–3), 69–90. https://doi.org/10.1353/esc.2017.0022

Harris, L., & Simms, R. (2016). *"All of the Water that is in our Reserves and that is in our Territories is Ours": Colonial and Indigenous Water Governance in Unceded Indigenous Territories in British Columbia.* Water Economics, Policy and Governance Network and Canadian Water Network.

Havekes, H., Hofstra, M., van der Kerk, A., & Teeuwen, B. (2013). *Building Blocks for Good Water Governance.* Retrieved from https://www.uvw.nl/wp-content/files/Building blocks for water good governance 2013.pdf

Henderson, J., & Wakeham, P. (2013). *Reconciling Canada: Critical Perspectives on the Culture of Redress.* University of Toronto Press.

Herrera, D. (2017). Environmental impact bonds: Next big thing for green investments? Retrieved July 29, 2019, from https://www.edf.org/blog/2017/07/14/environmental-impact-bonds-next-big-thing-green-investments

Hunter, R., Brandes, O. M., Moore, M.-L., & Brandes, L. (2014). *The Cowichan Watershed Board: An Evolution of Collaborative Watershed Governance.* Retrieved from http://cowichanwatershedboard.ca/sites/default/files/CWBCaseStudy-Aug2014.pdf

Indigenous and Northern Affairs Canada. (2019). First Nation Profiles. Retrieved

December 5, 2019, from http://fnp-ppn.aandc-aadnc.gc.ca/fnp/Main/Index.aspx?lasng=eng

Indigenous Services Canada. (2019). Establishing a new fiscal relationship. Retrieved June 28, 2019, from https://www.sac-isc.gc.ca/eng/1499805218096/1521125536314

Infrastructure Canada. (2019). *The Federal Gas Tax Fund*. Retrieved from https://www.infrastructure.gc.ca/alt-format/pdf/gtf-fte/GTF_NATIONAL_EN.pdf

Jespersen, K., Nielsen, J., & Tate, C. (2012). *Watershed Governance Structures & Funding Mechanisms: Considerations for a Colorado River Basin Restoration Initiative*. Retrieved from http://tamariskcoalition.org/sites/default/files/resource-center-documents/Watershed_Governance_Structures_and_Funding_Mechanisms_2013_05_02.pdf

Kielland, N. (2015). *Supporting Aboriginal Participation in Resource Development: The Role of Impact and Benefit Agreements*. Retrieved from Library of Parliament website: https://lop.parl.ca/staticfiles/PublicWebsite/Home/ResearchPublications/InBriefs/PDF/2015-29-e.pdf

Klassen, M. A. (2013). *Indigenous heritage Stewardship and the Transformation of Archaeological Practice: Two Case Studies from the Mid-Fraser Region of British Columbia*. Simon Fraser University.

Kotaska, J. G. (2013). *Reconciliation "At the End of the Day": Decolonizing Territorial Governance in British Columbia after Delgamuukw* (University of British Columbia). Retrieved from https://open.library.ubc.ca/cIRcle/collections/ubctheses/24/items/1.0074235

Ladner, K. (2006). Indigenous Governance: Questioning the Status and the Possibilities for Reconciliation with Canada's Commitment to Aboriginal and Treaty Rights. *Research Paper for the National Centre for First Nations Governance*. Retrieved from http://www.fngovernance.org/ncfng_research/kiera_ladner.pdf

Lautze, J., De Silva, S., Giordano, M., & Sanford, L. (2011). Putting the cart before the horse: Water governance and IWRM. *Natural Resources Forum*, *35*(1), 1–8. https://doi.org/10.1111/j.1477-8947.2010.01339.x

Lees, J., & Mcculloch, C. (2017). *Enhancing Trust and Federal Horizontality in Crown - First Nations Fiscal Relationships*. Retrieved from https://www.afn.ca/wp-content/uploads/2018/11/Federal-Horizontality.pdf

Mandell Pinder LLP. (2014). Tsilhqot'in Nation v. British Columbia 2014 SCC 44 – Case Summary. Retrieved from http://www.mandellpinder.com/tsilhqotin-nation-v-british-columbia-2014-scc-44-case-summary/

Manitoba Sustainable Development. (n.d.). Manitoba's Conservation Districts. Retrieved July 30, 2019, from https://www.gov.mb.ca/sd/water/watershed/cd/index.html

McFarlane, K., Harris, L., & Bakker, K. (2014). Regional Surface and Ground Water Management and Governance Study: Review of North American Case Studies. *Program on Water Governance*. Retrieved from http://watergovernance.sites.olt.ubc.ca/files/2015/08/McFarlane-et-al-2014-North-American-case-study-review_formatted.pdf

McNeil, K. (2007). A Brief History of our Right to Self Governance. *Centre for First Nations Governance*. Retrieved from http://fngovernance.org//publication_docs/Inherent_Right_Timeline_EN_web.pdf

Melnychuk, N., Jatel, N., & Warwick Sears, A. L. (2017). Integrated water resource management and British Columbia's Okanagan Basin Water Board. *International Journal of Water Resources Development*, *33*(3), 408–425. https://doi.org/10.1080/07900627.2016.1214909

Millar, J., Child, M., & Page, N. (1997). *Nicola River Watershed: Fisheries Resource Issues and the Involvement of DFO, MELP and First Nations*.

Mining Association of Canada. (2018). *Towards Sustainable Mining: Water Stewardship Protocol*. Retrieved from https://mining.ca/wp-content/uploads/2019/06/Water-Stewardship-Protocol_Nov2018.pdf

Ministry of Energy Mines and Petroleum Resources. (2018). *Request for Applications: Clean Infrastructure Royalty Credit Program 2018*. Retrieved from https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/natural-gas-oil/royalty/clean-infrastructure-royalty-credit-program/1a_circp_2018_rfa_v3.pdf

Ministry of Forests Lands and Natural Resource Operations. (2016). Freshwater Fishing e-Licence News. Retrieved July 16, 2019, from http://www.env.gov.bc.ca/fw/ds/letters/2016/anglers.html

Molle, F. (2009). River-basin planning and management: The social life of a concept. *Geoforum*, *40*(3), 484–494. https://doi.org/10.1016/j.geoforum.2009.03.004

Morellato, M. (2010). Aboriginal Title and Rights: Foundational Principles and Recent Developments. *2009 Constitutional & Human Rights Conference*. Retrieved from http://www.cba.org/cba/cle/PDF/Constit09_Morellato_paper.pdf

Murray, B. C. (2016). Ecosystem Service Concepts in Practice. *Canadian Public Policy*, S24–S31. https://doi.org/10.3138/cpp.2015-022

National Inquiry into Missing and Murdered Indigenous Women and Girls. (2019). *Reclaiming Power and Place: The Final Report of the National Inquiry into Missing and Murdered Indigenous Women and Girls, Volume 1a*. Retrieved from https://www.mmiwg-ffada.ca/wp-content/uploads/2019/06/Final_Report_Vol_1a-1.pdf

Natural Resources Canada. (2019). Fuel Consumption Taxes in Canada. Retrieved June 28, 2019, from https://www.nrcan.gc.ca/our-natural-resources/domestic-and-international-markets/transportation-fuel-prices/fuel-consumption-taxes-canada/18885

Network of Oregon Watershed Councils. (n.d.). About Watershed Councils. Retrieved August 7, 2019, from https://www.oregonwatersheds.org/who-we-are/oregon-watershed-councils/

Network of Oregon Watershed Councils. (2013). *Oregon's Watershed Councils*. Retrieved from https://olis.leg.state.or.us/liz/2015R1/Downloads/CommitteeMeetingDocument/51765

Nickerson, M. (2017). *Characteristics of a Nation-to-Nation Relationship: National Dialogue Discussion Paper*. Institute on Governance.

Nicola, D. J. (2013). *Environmental Impact Bonds*. Retrieved from https://sites.duke.edu/casei3/files/2013/03/CASEi3_EIB_Report_FINAL-links.pdf

*Nicola Watershed Pilot Memorandum of Understanding*. (2018). Retrieved from https://www2.gov.bc.ca/assets/gov/environment/natural-resource-stewardship/consulting-with-first-nations/agreements/nicola_watershed_pilot_mou_-_signed_2018.pdf

Nicola WUMP Multi-Stakeholder Committee. (2010). *Nicola Water Use Management Plan*.

Nisqually River Council. (n.d.). Who We Are. Retrieved August 23, 2019, from http://nisquallyriver.org/who-we-are/nisqually-river-council/

Nlaka'pamux Nation Tribal Council. (2011). *Nlaka'pamux Territory including Joint Use Area*. Retrieved from https://www.nntc.ca/docs/nntc_territory_map.pdf

Norman, E., Bakker, K., Cook, C., Dunn, G., & Allen, D. (2010). Water Security: A Primer. In *Library and Archives Canada Cataloguing in Publication*. Retrieved from http://watergovernance.sites.olt.ubc.ca/files/2010/04/WaterSecurityPrimer20101.pdf

Nowlan, L., & Bakker, K. (2010). Practising Shared Water Governance in Canada: A Primer. In *UBC Program on Water Governance*.

OECD. (2009). *Managing Water for All: An OECD Perspective on Pricing and Financing*. https://doi.org/10.1787/9789264060548-en

OECD. (2012). *A Framework for Financing Water Resources Management, OECD Studies on Water*. Retrieved from http://dx.doi.org/10.1787/9789264179820-en

Office of the Auditor General of British Columbia. (n.d.). Ministry of Health Revenue.

Retrieved November 1, 2019, from https://www.bcauditor.com/online/pubs/775/776

Office of the Comptroller General. (2019). *Public Accounts 2018/19: Consolidated Revenue Fund Supplementary Schedules.* Retrieved from https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/government-finances/public-accounts/2018-19/pa-2018-19-crf-supplementary-schedules.pdf

Okanagan Basin Water Board. (2010). *Okanagan Basin Water Board Governance Manual.* https://doi.org/10.1111/1468-2443.00034

Okanagan Basin Water Board. (2019). *One Valley One Water: 2019 Annual Report.* Retrieved from https://www.obwb.ca/newsite/wp-content/uploads/2019_obwb_annual_report.pdf

Okanagan Nation Alliance. (2017). Syilx/Okanagan Nation. Retrieved December 5, 2019, from https://www.syilx.org/about-us/syilx-nation/

Oliphant, L. (2016). *Towards Sustainable Financing for Watershed Governance in British Columbia: Tapping into Alternate Revenue Streams.* University of Victoria.

Oregon Legislative Assembly. (2015). *Senate Bill 5541.* Retrieved from https://olis.leg.state.or.us/liz/2015R1/Downloads/MeasureDocument/SB5541/A-Engrossed

Oregon Watershed Enhancement Board. (n.d.-a). Agency Budget and Funding Sources. Retrieved July 29, 2019, from https://www.oregon.gov/oweb/about-us/background/Pages/Agency-Funding.aspx

Oregon Watershed Enhancement Board. (n.d.-b). Agency Budget and Funding Sources. Retrieved August 7, 2019, from https://www.oregon.gov/oweb/about-us/background/Pages/Agency-Funding.aspx

Papillon, M. (2012). Adapting federalism: Indigenous multilevel governance in Canada and the United States. *Publius, 42*(2), 289–312. https://doi.org/10.1093/publius/pjr032

Papillon, M. (2015). Introduction: The Promises and Pitfalls of Aboriginal Multilevel Governance. In M. Papillon & A. Juneau (Eds.), *Canada: The State of the Federation, 2013* (pp. 3–26). Montreal: McGill-Queen's University Press.

Parkes, M. W., Morrison, K. E., Bunch, M. J., Hallström, L. K., Neudoerffer, R. C., Venema, H. D., & Waltner-Toews, D. (2010). Towards integrated governance for water, health and social-ecological systems: The watershed governance prism. *Global Environmental Change, 20*(4), 693–704. https://doi.org/10.1016/j.gloenvcha.2010.06.001

Patterson, A., & Schleppe, J. (2012). *Nicola Lake Foreshore Inventory and Mapping.*

Pendakur, K., & Fiser, A. (2017). Options and Opportunities: Resource Revenue Sharing Between the Crown and Indigenous Groups in Canada. *The Conference Board of Canada*. Retrieved from https://www.conferenceboard.ca/temp/42ccd949-571d-436f-9ece-10c258401cb3/9083_Options and Opportinities_RPT.pdf

Phare, M.-A., Simms, R., Brandes, O. M., & Miltenberger, M. (2017). *Collaborative Consent and British Columbia's Water: Towards Watershed Co-Governance.*

Pinkerton, E. (2003). Toward Specificity in Complexity: Understanding Co-Management from a Social Science Perspective. In D. C. Wilson, J. R. Nielson, & P. Degnbol (Eds.), *The Fisheries Co-Management Experience: Accomplishments, Challenges and Prospects* (pp. 61–77). Dordrecht: Kluwer Academic Publishers.

POLIS, & CIER. (2019). *Strengthening Decision-Making and Collaboration for Healthy Watersheds*. Retrieved from https://poliswaterproject.org/files/2019/04/A-Handbook-for-Water-Champions_web_final.pdf

Prospectors & Developers Association of Canada. (2014). *Government Resource Revenue Sharing with Aboriginal Communities in Canada: A Jurisdictional Review*. Retrieved from https://www.pdac.ca/docs/default-source/priorities/aboriginal-affairs/pdac-grrs-report-2014.pdf?sfvrsn=12d4dd98_0

Province of British Columbia. (1970). *Supplementary Letters Patent: Okanagan Basin Water Board*. Retrieved from https://www.obwb.ca/fileadmin/docs/supplementary_letters_patent.pdf

Rees, J. A., Winpenny, J., & Hall, A. W. (2008). *Water Financing and Governance*. Retrieved from https://www.gwp.org/globalassets/global/toolbox/publications/background-papers/12-water-financing-and-governance-2008-english.pdf

Roburn, S., & Tr'ondëk Hwëch'in Heritage Department. (2012). Weathering Changes: Cultivating Local and Traditional Knowledge of Environmental Change in Tr'ondëk Hwëch'in Traditional Territory. *Arctic*, *65*(4), 439–455. Retrieved from https://www.jstor.org/stable/41758913

Rogers, P., & Hall, A. (2003). *Effective Water Governance*. Retrieved from https://www.gwp.org/globalassets/global/toolbox/publications/background-papers/07-effective-water-governance-2003-english.pdf

Rural Municipalities of Alberta. (2019). *Resolution 9-19S: Watershed Planning and Advisory Council Funding*. Retrieved from https://rmalberta.com/resolutions/9-19s-watershed-planning-and-advisory-council-funding/

Scw'exmx Tribal Council. (2019). About. Retrieved December 5, 2019, from https://www.scwexmxtribal.com/about.html

Select Standing Committee on Finance and Government Services. (2019). *Report on the Budget 2020 Consultation*. Retrieved from

https://www.leg.bc.ca/content/CommitteeDocuments/41st-parliament/4th-session/fgs/reports/FGS_41-2-2_Budget-2020-Consultation-Report_2019-08-07.pdf

Simms, R., & Brandes, O. M. (2018). *Taking the Pulse: B.C. Freshwater Policy Monitor*. Retrieved from https://poliswaterproject.org/files/2018/12/POLIS-BCFreshwater.pdf

Simms, R., Harris, L., Joe, N., & Bakker, K. (2016). Navigating the tensions in collaborative watershed governance: Water governance and Indigenous communities in British Columbia, Canada. *Geoforum*, *73*, 6–16. https://doi.org/10.1016/j.geoforum.2016.04.005

Sontag-Padilla, L. M., Staplefoote, L., & Gonzalez Morganti, K. (2014). *Financial Sustainability for Nonprofit Organizations*. https://doi.org/10.1891/9780826129864

Standing Senate Committee on Aboriginal Peoples. (2007). *Sharing Canada's Prosperity - A Hand Up, Not a Hand Out*. Retrieved from https://sencanada.ca/Content/SEN/Committee/391/abor/rep/rep06-e.pdf

Stanton, K. (2011). Canada's Truth and Reconciliation Commission: Settling the Past? *The International Indigenous Policy Journal*, *2*(3). https://doi.org/10.18584/iipj.2011.2.3.2

Stanton, T., Flores, L., & Batker, D. (2014). *Funding Mechanisms for Restoring and Maintaining a Healthy Nisqually Watershed*.

Statistics Canada. (2016). *Census Profile, 2016 Census: Merritt, City [Census subdivision], British Columbia and Thompson-Nicola, Regional district [Census division], British Columbia*. Retrieved from https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/details/page.cfm?Lang=E&Geo1=CSD&Code1=5933006&Geo2=CD&Code2=5933&SearchText=merritt&SearchType=Begins&SearchPR=01&B1=All&TABID=1&type=0

Summit Environmental Consultants. (2007). *Nicola River Watershed Present and Future Water Demand Study*.

The Canadian Press. (2017, March 23). Alberta government earmarks money for protecting province's watersheds. *Edmonton Journal*. Retrieved from https://edmontonjournal.com/news/local-news/alberta-government-earmarks-money-for-protecting-provinces-watersheds

The Nature Conservancy. (2011). *A Compendium of Financing Sources and Tools to Fund Freshwater Conservation*. Retrieved from https://www.conservationgateway.org/Documents/TNC Financing Compendium FULL RPT.pdf

Thompson Nicola Regional District. (2017). *Regional Growth Strategy 2017 Monitoring Report*. Retrieved from https://tnrd.civicweb.net/document/141369

Truth and Reconciliation Commission of Canada. (2015). *Honouring the Truth, Reconciling for the Future: Summary of the Final Report of the Truth and Reconciliation Commission of Canada*. Library and Archives Canada.

Tualatin River Watershed Council. (n.d.). About Watershed Councils. Retrieved August 7, 2019, from http://trwc.org/about-us/what-is/

Turner, D. (2013). On the Idea of Reconciliation in Contemporary Aboriginal Politics. In J. Henderson & P. Wakeham (Eds.), *Reconciling Canada: Critical Perspectives on the Culture of Redress* (pp. 100–114). University of Toronto Press.

UNDP Water Governance Facility. (2015). *Water governance in perspective*. https://doi.org/10.1787/9789264251090-en

Upper Nicola Band. (2016). About Upper Nicola Band. Retrieved December 5, 2019, from http://uppernicola.com/about-upper-nicole-band/

Victoria State Government. (2016). *Catchment Management Authorities Fact Sheet 2*. Retrieved from https://www.water.vic.gov.au/__data/assets/pdf_file/0022/52438/FINAL-Fact-sheet-2-_Catchment-Management-Authorities_Apr-2016_1.pdf.pdf

Victorian Auditor General. (2014). *Effectiveness of Catchment Management Authorities*. Retrieved from Parliament of Victoria website: https://www.audit.vic.gov.au/sites/default/files/20140917-Effectiveness-CMA.pdf

Vodden, K. (2015). Governing sustainable coastal development: The promise and challenge of collaborative governance in Canadian coastal watersheds. *Canadian Geographer*, *59*(2), 167–180. https://doi.org/10.1111/cag.12135

von der Porten, S, & de Loë, R. C. (2010). Water Challenges and Solutions in First Nations Communities. *Water Policy and Governance Group*, 1–25.

Von der Porten, Suzanne, & De Loë, R. C. (2013a). Collaborative approaches to governance for water and Indigenous peoples: A case study from British Columbia, Canada. *Geoforum*, *50*, 149–160. https://doi.org/10.1016/j.geoforum.2013.09.001

Von der Porten, Suzanne, & De Loë, R. C. (2013b). Water governance and Indigenous governance: Towards a synthesis. *Indigenous Policy Journal*, *23*(4), 1–12. Retrieved from http://www.indigenouspolicy.org/index.php/ipj/article/view/148%5Cnhttp://www.indigenouspolicy.org/index.php/ipj/article/download/148/137

Walters, M. D. (2008). The Jurisprudence of Reconciliation: Aboriginal Rights in Canada. In W. Kymlicka & B. Bashir (Eds.), *The Politics of Reconciliation in Multicultural Societies* (pp. 165–191). Oxford University Press.

Wang, G., Mang, S., Cai, H., Liu, S., Zhang, Z., Wang, L., & Innes, J. L. (2016).

Integrated watershed management: evolution, development and emerging trends. *Journal of Forestry Research*, *27*(5), 967–994. https://doi.org/10.1007/s11676-016-0293-3

West Coast Environmental Law. (2017). *An Ocean of Opportunity: Co-governance in Marine Protected Areas in Canada*. Retrieved from https://www.wcel.org/sites/default/files/publications/2017-06-oceanofopportunity-cogovernance-brief-eng_0.pdf

Wilcox, B. A. (2001). Ecosystem Health in Practice: Emerging Areas of Application in Environment and Human Health. *Ecosystem Health*.

Wilson, P. (2013). *The Blue Paper: Water Co-Governance in Canada*. Retrieved from https://docs.wixstatic.com/ugd/c3d5ce_b5d7609f5430425fae71c87dfb6b36c5.pdf

Worte, C. (2017). Integrated watershed management and Ontario's conservation authorities. *International Journal of Water Resources Development*, *33*(3), 360–374. https://doi.org/10.1080/07900627.2016.1217403

Yaworsky, K. (2017). First Nations Consultation and Impact Benefit Agreements. Retrieved July 25, 2019, from https://www.shk.ca/first-nations-consultation-impact-benefit-agreements/

# Appendix A. Description of Funding Mechanisms

| Provincial Mechanisms |
|---|
| **Water Application Fees and Rental Rates** |
| Under the *Water Sustainability* Act (WSA), the Province has the authority to charge water users one-time application fees and annual rental rates for the right to use or divert water. The WSA introduced several important changes to the fees and rentals structure, including increases to fees and rentals and required licensing for all non-domestic groundwater use. Non-domestic groundwater users – including an estimated 20,000 users from the agricultural, industrial, commercial, and institutional sectors – must apply for a license by March 1, 2022 (Government of British Columbia, 2019e). Water used by Indigenous Nations on reserve or Treaty lands is exempt from this licensing regime. Surface water and groundwater are charged at the same rate, although application fees and rental rates are case-specific depending on the quantity of water authorized and the specific water use. <br><br> According to the provincial government, additional revenue generated through the new fees and rentals structure is intended to cover the cost of implementing the WSA and its associated programs, as well as "provide tools to sustainably manage B.C.'s water resources" (Government of British Columbia, n.d.-m).  Currently, however, all revenue derived from water fees and rentals flows into general revenue (the provincial consolidated revenue fund) rather than being earmarked water-related initiatives (Simms & Brandes, 2018). |
| **Conservation Surcharges** |
| A conservation surcharge is an additional fee levied on fishing, hunting, trapping, and guide outfitting licenses to support conservation initiatives. There are two prominent examples of conservation surcharges in B.C. <br><br> First, Section 120 of the *Wildlife Act* dictates that revenue collected under the Act, including through surcharges on wildlife licenses, must be paid out to the Habitat Conservation Trust Foundation (HCTF). HCTF, in turn, is required to use the funds to benefit fish and wildlife populations. Surcharges are levied on the licenses themselves, as well as on conservation stamps that allow hunters and anglers to harvest particular species. HCTF derives 77% of its total funding from surcharge revenue ($6.3 million in 2019), which it uses to fund both on-the-ground conservation projects and environmental education initiatives (Habitat Conservation Trust Foundation, n.d.). <br><br> Second, under an agreement signed between the Province and the Freshwater Fisheries Society of BC in 2015, 100% of the revenue generated from fishing licenses directly benefits recreational fisheries. The Freshwater Fisheries Society administers these funds, supporting research, stocking, conservation and education programs, and improving angler access (Ministry of Forests Lands and Natural Resource Operations, 2016). |
| **Waste Discharge Fees** |
| Under the *Environmental Management Act* (EMA), industries that discharge specified waste products into the air, water, or land require authorization from the provincial government (Government of British Columbia, n.d.-l). There are numerous exceptions and conditions outlined in the EMA and the Waste Discharge Regulation, as well as a schedule of fees associated with discharging certain types of waste products. As outlined in Schedules 1 and 2 of the Waste Discharge Regulation, some industries require site-specific authorizations whereas other industries – those with less common and/or complex operations – are governed by industry-wide codes of practice. Waste discharge fees are charged on a per tonne basis; |

the release of phosphorus and phosphates as effluent, for instance, carries a fee of $102.91 per tonne.

Revenue derived from waste discharge fees is deposited into the provincial Sustainable Environment Fund, a special account that funds environmental programs and initiatives (Government of British Columbia, n.d.-k). The Sustainable Environment Fund is substantial, totalling over $23 million in the 2018-19 fiscal year (Office of the Comptroller General, 2019). A large proportion of this revenue comes from waste discharge fees, while other sources of revenue include levies on the sale of batteries and tires that is used to fund battery and tire collection and recycling programs. Aside from recycling programs, the fund supports a range of programs that must, according to the *Sustainable Environment Fund Act*, "protect and enhance the environment" (Government of British Columbia, 1996).

## Resource Royalties, Taxes, and Fees

The Province levies a range of royalties, taxes, and fees on natural resource extraction depending on the industry, including the mineral tax, oil and gas royalties, logging tax, and stumpage (Government of British Columbia, n.d.-e). Revenue derived from these sources is sometimes shared with Indigenous communities under revenue sharing agreements, but otherwise is not generally designated for a specific purpose. Various credits are available to companies that pay royalties, taxes, and fees, including credit programs that incentivize environmentally responsible operations. The Clean Infrastructure Royalty Credit Program, for instance, provides a royalty deduction to oil and gas companies that build infrastructure designed to reduce greenhouse gas emissions linked to the development of oil and gas resources. Deductions are granted through a competitive process for as much as 50% of the cost of the project (Ministry of Energy Mines and Petroleum Resources, 2018). Generally, however, tax and royalty credit programs are designed to reduce costs for extractive industries rather than incentivize environmental stewardship.

## Gambling Revenue

The provincial government generates over $1 billion annually in total revenue from commercial gambling. This revenue is managed by the British Columbia Lottery Corporation as per the requirements of the *Gaming Control Act*. The vast majority of gambling revenue ends up in the Province's general revenue fund, although portions of the revenue are redirected towards grants for community organizations, compensation to local governments that host casinos and gambling centres, and support for the horse racing industry (Government of British Columbia, n.d.-c). A portion of the funding is also earmarked for the Health Special Account, a general fund established under the *Health Special Account Act* to support health-related spending.

A significant change to the distribution of gambling revenue took effect in 2019 with the establishment of the BC First Nations Gaming Revenue Sharing Limited Partnership, which will receive 7% of provincial gambling revenue gaming to distribute amongst all B.C. First Nations (BC First Nations Gaming Revenue Sharing Limited Partnership, 2019).

## Indigenous Funding Mechanisms

### Property Taxes

Indigenous governments have the authority to levy property taxes on-reserve through either section 83 of the *Indian Act* or section 5 of the federal *First Nations Fiscal Management Act* (FMA). The First Nations Tax Commission (FNTC), a shared governance institution established under the FMA, supports the creation of property tax regimes in Indigenous communities. FNTC also reviews all property tax laws proposed by Indigenous governments, then either recommends the law to the Minister (if the law is advanced under the *Indian Act*) or directly approves the law (if it is advanced under the FMA) (Crown-Indigenous Relations and

Northern Affairs Canada, 2014). Although Indigenous governments may choose to levy property taxes through either the *Indian Act* or the FMA, the latter offers greater certainty and a comprehensive regulatory framework supported by FNTC and two other institutions established under the Act (the First Nations Financial Management Board and the First Nations Finance Authority). To access the FMA, the Chief and Council of an interested Indigenous Nation must send a resolution of council to the Minister of Crown-Indigenous Relations requesting to be added to the schedule under the legislation (First Nations Tax Commission, n.d.-b).

## Service Fees

Indigenous governments that are party to the *First Nations Fiscal Management Act* (FMA) have the authority to levy fees on residents for the provision of services on-reserve (section 5 of the FMA). Fees must only be spent on the service for which the fees are levied, which includes "water, sewers, waste management, animal control, recreation and transportation, as well as any other similar services". The FNTC supports Indigenous governments who wish to establish service fee laws, including providing standards and guidelines (First Nations Tax Commission, n.d.-a).

## Development Cost Charges

In addition to property taxes and service fees, Indigenous governments are authorized to levy development cost charges (DCCs) on-reserve under Section 5 of the FMA. The intention of DCCs is to recover capital costs associated with building infrastructure for new developments. Infrastructure must fall into one of the following categories:

- Providing, constructing, altering or expanding sewage, water, stormwater and transportation facilities.
- Providing and improving park and recreation land.

In order to pass a DCC law, an Indigenous government must determine the types of services that will be required, the scope of the projects, and the DCC charge for each project. DCC charges are determined based on the capital costs of infrastructure, which must be supported by a long-term capital plan, regional growth strategy, official community plan, or other type of regional plan (First Nations Tax Commission, n.d.-a).

## Impact Benefit Agreements

Impact benefit agreements (IBAs) are "privately negotiated, legally enforceable agreements that establish formal relationships between Aboriginal communities and industry proponents" (Kielland, 2015, p.1). IBAs serve two primary purposes: to compensate Indigenous communities for the adverse effects of resource development and to ensure Indigenous communities receive benefits from resource development activities (Kielland, 2015). IBAs are typically considered confidential due to the commercially sensitive information included in the agreements. There is an important distinction between IBAs and resource revenue-sharing agreements, which are agreements negotiated between governments and Indigenous communities to share public revenues generated from resource development (covered below). Policies on IBAs and revenue-sharing vary depending on the province or territory; in B.C., Indigenous communities are entitled to both IBAs and revenue-sharing agreements (BC First Nations Energy & Mining Council, 2010).

IBAs are negotiated directly between the industry proponent and affected Indigenous Nations. Each IBA is unique depending on the type of project proposed and the needs of the Nation, although some general provisions are common across most IBAs. Common provisions include requirements on the industry proponent to employ members of the Nation, support Nation businesses, provide financial support, contribute to community wellbeing, and mitigate

environmental damage (Yaworsky, 2017). IBA environmental provisions vary widely, ranging from requiring the industry proponent to consult on some aspects of the project to establishing a collaborative management body between the proponent and the Indigenous Nation(s).

## Resource Revenue Sharing Agreements

Resource revenue sharing agreements are agreements between the Crown (federal or provincial) and an Indigenous community to share revenue generated from natural resource extraction or use. Unlike IBAs, resource revenue sharing agreements do not directly involve the industry proponent; the revenue is collected by the Crown via royalties, taxes, fees, and other charges levied on industry, and the decision of how to share the revenue is negotiated exclusively between the Crown and Indigenous communities. In B.C., the modern era of resource revenue sharing began with the New Relationship Accord in 2005, an agreement signed by the federal government, First Nations Leadership Council, and the Province to advance reconciliation and improve nation-to-nation relationships. Resource revenue sharing was a key part of the Accord: as of March 2017, the Province has signed more than 500 economic and reconciliation agreements with Indigenous communities (Pendakur & Fiser, 2017).

Resource revenue sharing agreements are negotiated on a case-by-case basis and therefore each has its own unique revenue sharing formula. There are five main types of sector-specific agreements, linked to mining, forestry, clean energy, oil and gas, and carbon credits, respectively (Prospectors & Developers Association of Canada, 2014):

- Economic Community Development Agreements;
- Forest Consultation and Revenue Sharing Agreements;
- First Nations Clean Energy Business Fund Revenue-sharing Agreements;
- Oil and Gas Economic Benefits Agreements; and
- Atmospheric Benefit Sharing Agreements

Forest consultation and revenue sharing agreements are the most common, with more than 247 agreements negotiated resulting in $420 million of shared revenue as of March 2017 (Pendakur & Fiser, 2017). Atmospheric Benefit Sharing Agreements, which enable Indigenous Nations to sell carbon credits from their traditional territories, are unique in that they can only be entered into by Nations that have signed a Reconciliation Protocol agreement.

## BC First Nations Gaming Revenue Sharing Limited Partnership

In 2019, a revenue sharing agreement was signed between the B.C. government and several B.C. First Nations organizations that allocates 7% of provincial gaming revenue to be distributed amongst all B.C. First Nations (Government of British Columbia, 2019c). Funds will be transferred annually to the BC First Nations Gaming Revenue Sharing Limited Partnership, a newly formed organization that is responsible for receiving, managing, distributing, and reporting on the funds. Funding is expected to total approximately $3 billion over the life of the 25-year agreement. Funds will be distributed to B.C. First Nations based on a formula that takes into account population size and remoteness, totaling between $250,000 and $2 million annually for every First Nation community in the province (BC First Nations Gaming Revenue Sharing Limited Partnership, 2019). Funds can be invested in one of six broad categories:
- Health and wellness
- Infrastructure, safety, transportation and housing
- Economic and business development
- Education, language, culture and training
- Community development and environmental protection
- Capacity-building, fiscal management, and governance

| Local Funding Mechanisms |
| --- |

**Property Taxes**

Property taxes are the main source of revenue for funding local programs and services. Property taxes are levied on leased or owned property in B.C. by municipal authorities or by provincial authorities if the property is located in a rural area (i.e., not in a city, town, district or village) (Government of British Columbia, n.d.-g). The amount of tax owed by a property owner is dependent on two factors: (i) the assessed value of the property as determined by BC Assessment and (ii) the property tax rate set by the relevant taxing authority.

There is an important distinction between municipalities and regional districts regarding their respective ability to levy property taxes. Municipalities are legislated broad powers to establish property tax bylaws under section 197 of the *Community Charter*. Regional districts, on the other hand, do not have the power to tax properties directly. Instead, the *Local Government Act* (section 378) grants regional districts the authority to requisition municipalities and electoral areas within their boundaries to tax on their behalf. Property taxes (and other fees and charges) collected on behalf of regional districts must be tied to cost recovery of a specific service provided by the regional district to all or part of the regional district. To establish a service, a regional district must conduct a feasibility study, establish a bylaw, and receive approval from the electorate (Fraser Basin Council, 2015b).

**Parcel Taxes**

Parcel taxes, like property taxes, are taxes levied by local governments on properties within their jurisdictional boundaries. The authority for levying a parcel tax is established by section 200 of the *Community* Charter, while the authority for regional districts to recover the costs of its services via parcel tax is established in section 378 of the *Local Government Act*. Unlike a property tax, however, a parcel tax is not based on the assessed value of the property. Rather, parcel taxes are either proportional to the size of the property or are imposed as a flat rate on every parcel of taxable property, regardless of size. There are two important requirements for establishing parcel taxes: they cannot be used to recover costs for general revenue and can only be levied on properties that are currently receiving (or have a reasonable opportunity to receive) a specific service (Government of British Columbia, n.d.-f). This means that a parcel tax must be directly tied to a specific service, such as a drinking water system, and that those paying the tax must be connected to the water line (or have a reasonable opportunity to connect). Parcel taxes are typically levied in conjunction with a user fee, in which the user fee covers operational costs and the parcel tax covers fixed capital costs (i.e., infrastructure).

**Development Cost Charges**

Under the *Local Government Act* (section 559), both municipalities and regional districts have the authority to levy development cost charges (DCCs) on every person who obtains approval of a subdivision or a building permit. These charges recover capital costs associated with building the water, sewer, drainage, parks, and road infrastructure required by new developments. Revenue generated through DCCs must be placed in a separate reserve fund and only used for capital costs related to the infrastructure category associated with the reserve fund. In addition, DCCs must be established by bylaw and are subject to approval by the provincial Inspector of Municipalities (Government of British Columbia, n.d.-b).

**Water User Rates**

Utilities that deliver water and wastewater services are usually public enterprises managed by local governments, who in turn charge user rates to households, businesses, industries, and institutions that benefit from these services Water use rates are typically charged in one of three ways: flat rates, uniform rates, and block rates. A flat rate is a set rate charged monthly regardless of how much water is used, and therefore does not require water usage to be

measured by a water meter. Different types of users pay different flat rates; an apartment unit, for instance, pays a lower flat rate than a single-family dwelling. Uniform rates and block rates require water meters. Uniform rates are based on a unit volumetric charge, in which each unit of water used is charged at the same rate. This means that those who use more water pay a higher utility bill. Block rates apply varying rates depending on the amount of water used. A block rate system designed to encourage conservation will charge increasing rates the more water that is used, while one designed to encourage economic development will charge decreasing rates (Canadian Water Network, 2018).

**Utility Fees**

Both municipalities and regional districts have the authority to levy fees for the provision of services, the former under section 194 of the *Community Charter* and the latter under section 397 of the *Local Government Act*. These fees are charged for a range of services, including core services – such as water distribution, wastewater management, and garbage collection – delivered through utilities. Water user rates, discussed above, are one type of utility fee. Although local governments have broad authority when establishing a fee structure, the fee must be proportional to the service rendered and generally applies on a user-pay basis (Government of British Columbia, n.d.-d).

## Federal Funding Mechanisms

**Gas Tax Fund**

The gas tax is a flat tax of ten cents per litre on gasoline and four cents per litre on diesel levied by the federal government on consumers across the country (Natural Resources Canada, 2019). Revenue from the gas tax is held in the Gas Tax Fund (GTF) and distributed to local and Indigenous governments twice per year on a per capita basis to support local infrastructure priorities. Local government GTF funding flows through provincial and territorial governments, while on-reserve Indigenous communities receive GTF funding directly from the federal government (Infrastructure Canada, 2019). In B.C., local government GTF funding is administered by the Union of BC Municipalities (UBCM) under a tripartite agreement between the Government of Canada, Province of B.C., and UBCM (*Administrative Agreement on the Federal Gas Tax Fund in British Columbia*, 2014).

Although they are administered differently, local and Indigenous governments must both spend GTF funding according to the 18 eligible project categories mandated by the federal government. All but one of these project categories relate to hard infrastructure projects (including drinking water and wastewater) (Infrastructure Canada, 2019). The sole non-infrastructure category is "capacity building", which is often used to support planning activities. GTF funding cannot be used to cover ongoing operational costs and must instead be used to cover capital costs associated with a specific project (KI2).

**Governance Funding**

In recent years, the federal government has designated funding to support Indigenous governance capacity building initiatives. This includes $87.7 million over two fiscal years (2018-2020) towards "[supporting] pilot projects in order to strengthen governance and community planning in First Nations" (Indigenous Services Canada, 2019). These pilot projects focus on planning projects that address community needs such as housing and member engagement and are assessed according to community-selected indicators (KI5). Budget 2019 pledged an additional $48 million over two years to support "communities in greatest need" develop the governance capacity to deliver critical programs and services (Government of Canada, 2019). This funding focuses on building financial administration capacity within Indigenous communities, particularly amongst communities with high levels of debt (KI5).

| **Nation Rebuilding Program** |
|---|
| The Nation Rebuilding Program (NRP), established in 2018, is a federal government program that provides $100 million over 5 years "for activities facilitating Indigenous groups' own path to reconstituting their nations" (Crown-Indigenous Relations and Northern Affairs Canada, 2019a). This funding is intended to support a broad range of activities that advance Indigenous self-government at the nation level (rather than as individual communities). NRP objectives include (Crown-Indigenous Relations and Northern Affairs Canada, 2019b):<br><br>• A re-establishment of Indigenous nations;<br>• An increase in the ability of reconstituted nations to take on greater sectoral responsibilities;<br>• An increase in the sense of unity within Indigenous nations;<br>• Identification and agreement among member communities on priorities for action and approaches to issues; and<br>• A reduction in the duplication of the resolution of issues at the individual First Nation or Indigenous community level. |

| **Nongovernmental Funding Mechanisms** |
|---|
| **Grants** |
| Many private corporations and charitable foundations administer water-focused grants. Private sector examples include the RBC Blue Water Project and the Loblaw Water Fund, while charitable foundations that offer environmental grants include the Vancouver Foundation and the Real Estate Foundation of BC.<br>The federal *Income Tax Act* stipulates that only qualified donees can receive philanthropic grants and issue official charitable tax receipts. Municipalities and Indigenous Nations are eligible to register as qualified donees with the Canada Revenue Agency (CRA) but must submit an application to do so. Without qualified donee status, it is difficult for charities to support municipal and Indigenous governments (Assembly of First Nations, 2016). |
| **Industry Contributions** |
| Natural resource extraction companies typically provide funding and support for projects that advance environmental, social, and economic priorities in the regions they operate. This type of investment, often referred to as corporate social responsibility, is based on the idea that companies need social license to operate. Environmental stewardship at the corporate level can take many forms, including changes to the company's operations, implementing conservation and restoration projects, and providing grants to external organizations. The Mining Association of Canada, for instance, recently developed a Water Stewardship Protocol that encourages mining companies to engage in collaborative watershed planning around their facilities (Mining Association of Canada, 2018). The potential for leveraging industry partners to fund watershed governance, however, is highly dependent on the actors and relationships involved. |
| **Payments for Ecosystem Services** |
| Payments for ecosystem services (PES) are direct or indirect payments that are made in exchange for measurable units of environmental services or performance (The Nature Conservancy, 2011). In the context of water management, PES programs have been used to provide landowners with financial assistance to incentivize land use practices – such as maintaining riparian buffers and conserving forested land – that enhance the health of the watershed. There are two common methods for compensating landowners. First, the government may compensate landowners through direct payments, tax incentives, or other |

means. This approach is more common in developed countries. The US Department of Agriculture, for instance, pays farmers to remove environmentally sensitive land from agricultural production through its Conservation Reserve Program (Murray, 2016). The second approach is to establish an ecosystem service market in which buyers, which are typically private entities, pay landowners for the preservation of ecosystem services. A PES market may be voluntary, in which buyers are motivated by social responsibility, or shaped by environmental regulations that encourage private entities to offset their pollution by paying landowners for supplying ecosystem services (Murray, 2016).

### Environmental Impact Bonds

An environmental impact bond (EIB) is a tool for leveraging private sector capital to implement environmental initiatives that are too costly or too risky to be implemented by government. EIBs are structured the same as social impact bonds but aim to achieve environmental rather than social outcomes. EIBs are based on a "pay-for-performance" contract between a government and private sector and/or non-profit investors, in which the investors provide capital to implement an initiative with agreed-upon targets for measuring success (Nicola, 2013). If these targets are met, the government pays a return to investors. EIBs are typically used to fund preventative initiatives that result in long-term cost savings; even after investors are paid out, therefore, the government has still reduced overall costs. For instance, a government may offer an EIB focusing on riparian restoration to improve water quality rather than constructing water treatment facilities. A private investment firm would then provide capital that could be used to carry out restoration activities such as streambank stabilization and wetland revitalization. If these activities achieved the agreed upon water quality targets (perhaps measured by bacterial and sediment counts in the waterway), the government would return the principal investment and provide a return based on the cost savings achieved. There are three components that must be present to make an EIB successful (Herrera, 2017):

1. Returns must be determined by the outcomes achieved by the initiative;
2. The initiative must generate cost savings for the government; and
3. Performance metrics must be well-defined.

### General Funding Mechanisms

### In-Kind Contributions

In-kind contributions are an important source of support for many watershed organizations (KI9). In-kind contributions include staff time, meeting space, office supplies, information, and any other resources that would require revenue if they were not contributed in-kind. Typically, governments and other actors involved in a watershed organization provide in-kind contributions on an ongoing basis. Some grant programs that require matching funds consider in-kind donations to be eligible for this purpose, and therefore it can be useful to track and quantify the value of in-kind contributions received annually (Fraser Basin Council, 2015b).

### Self-Generated Revenue

Some watershed organizations have found ways to generate their own revenue. This may include fees for services, donations and sponsorships, resource development, facility rentals, and commercial/industrial sector partnerships (Government of Ontario, 2015). An organization must be relatively high capacity to generate its own revenue.

### Government Grants

Government grants is used here as a catch-all term that refers to government funding not tied to a specific funding mechanism. A government grant is non-repayable funding awarded by a government entity. All levels of governments provide grants to external organizations. This can take the form of structured, application-based grant programs in which organizations compete

for funding to implement projects that meet the granting government's pre-defined criteria. Grants can also be awarded on a more *ad hoc* basis to individual organizations or projects or disbursed annually as part of a multi-year funding agreement.

# Appendix B. Summary of CWGOs

| Organization | Governance Structure | Funding Model |
|---|---|---|
| Coquitlam River Watershed Roundtable (CRWR) | The CRWR is a multi-stakeholder body that "coordinates and implements activities that promote the health and long-term sustainability of the watershed" (Coquitlam River Watershed Roundtable, 2019, p. 1). Established in 2011 by the cities of Coquitlam and Port Coquitlam and Kwikwetlem First Nation, participation has since grown to include representatives from other levels of government, industry, and the non-profit sector. The CRWR is supported by a Core Committee and a part-time coordinator (Dick et al., 2018). | Although historically reliant on external grants and donations, the CRWR is transitioning to a new funding model in which costs are shared between the cities of Coquitlam and Port Coquitlam, Kwikwetlem First Nation, and Metro Vancouver. Partners contribute different amounts according to three-year funding agreements (KI9). |
| Cowichan Watershed Board (CWB) | Founded in 2010 to implement the Cowichan Basin Water Management Plan, the CWB is an advisory body that seeks to "improve collaborative management and decision-making to protect and enhance the health…of the Cowichan Watershed" (Cowichan Watershed Board, 2018, p. 6). The CWB is co-chaired by the Cowichan Valley Regional District (CVRD) and the Cowichan Tribes, each of whom appoints a Co-Chair of the Board and two other members. The remainder of the Board is comprised of members jointly appointed by the CVRD and Cowichan Tribes, as well as 1-2 representatives appointed by each the provincial and federal government (Cowichan Watershed Board, 2018a). | Core funding is cost shared by the Cowichan Valley Regional District (CVRD) and Cowichan Tribes, with additional fundraising and financial administration capacity provided by the Cowichan Watershed Society, a registered non-profit society (Hunter et al., 2014). Moving forward, the CWB is expecting to receive funding via a property tax levied by the CVRD to support its new Drinking Water and Watershed Protection Service (Cowichan Watershed Board, 2018b). The CWB will likely receive a portion of the revenue from the property tax, which will total approximately $750,000 annually (Cowichan Valley Regional District, 2018). |
| Okanagan Basin Water Board (OBWB) | The OBWB, established in 1968, strives to "provide leadership for sustainable water management to protect and enhance the quality of life and environment in the | The OBWB is the only watershed governance organization in B.C. whose funding is secured through provincial legislation (Melnychuk, Jatel, & Warwick Sears, 2017). |

| | | |
|---|---|---|
| | Okanagan Basin" (Okanagan Basin Water Board, 2010, p.3). The board of directors, the main decision-making body of the OBWB, is comprised of three representatives from each of the three regional districts in the Okanagan Basin, as well as representatives from the Okanagan Nations Alliance, the Water Supply Association of BC, and the OBWB's technical advisory group (Okanagan Basin Water Board, 2010). | Under the *Municipalities Enabling and Validating Act,* the OBWB's three participating regional districts have the authority to levy property taxes to support OBWB (Province of British Columbia, 1970). In 2018/19, the regional districts contributed $3.45 million to OBWB. This funding was leveraged to obtain an additional $2.1 million in external grants (Okanagan Basin Water Board, 2019). |
| Manitoba Conservation Districts | Manitoba's longstanding Conservation District program has been in operation since the 1970s. There are 18 Conservation Districts across the province that are tasked with a range of environmental management duties (Government of Manitoba, 2017). Each Conservation District is managed by a Conservation District Board comprised of representatives from each municipality within the district and one representative appointed by the Province. In 2018, the Province introduced legislation to modernize the Conservation District program, including realigning Conservation Districts to watershed boundaries and renaming them Watershed Districts (Manitoba Sustainable Development, n.d.). | Conservation districts are jointly funded by the provincial government and municipalities. Municipalities have legislative authority to levy a property tax to cover their contribution to their Conservation District, while the Province provides grant funding out of general revenue. The level of funding is based on the geographic size and population of each Conservation District (KI4). Conservation Districts are funded at a 3:1 ratio, with member municipalities required to raise one dollar for every three dollars contributed by the Province (KI4). Under the new Watershed District program, the Province has made changes to ensure Watershed District spending aligns more closely with provincial objectives (Government of Manitoba, 2017). |
| Ontario Conservation Authorities | Local watershed management in Ontario is led by a network of 36 Conservation Authorities established through the *Conservation Authorities* | Conservation Authorities are primarily funded by a combination of municipal levies and self-generated revenue (Conservation Ontario, |

| | *Act* (Government of Ontario, 2015). Conservation authorities are charitable or non-profit organizations comprised of member municipalities and led by a municipally appointed board of directors. They are organized by watershed boundaries and are mandated to undertake watershed-based programs (Conservation Ontario, n.d.). Since the 1990s, Conservation Authorities have transitioned from a municipal-provincial partnership to a municipally-dominated governance model (Conservation Ontario, 2012). | n.d.). Conservation Authorities have legislative authority to levy their member municipalities for funding. Conservation authorities also have legislative authority to charge fees for services, which constitutes one form of self-generated revenue. Other forms of self-generated revenue are not legislated. Conservation Authorities still receive project-specific funding from the Province, but operational costs are funded almost exclusively by member municipalities (Worte, 2017). |
|---|---|---|
| Alberta Watershed Planning and Advisory Councils (WPACs) | WPACs are non-profit, independent organizations designated by Alberta Environment and Parks to lead collaborative watershed management. WPACs were originally established through the 2003 *Water for Life* strategy in response to calls for greater public participation in water policy decisions (Cohen & Bakker, 2014). There are eleven WPACs representing major river basins across the province (Government of Alberta, n.d.). WPAC boards typically comprise a diverse range of members, including representatives from various levels of government, the private sector, academia, environmental non-profit organizations, and individual community members (Cohen & Bakker, 2014). | WPACs receive a large portion of their funding through grants and special project funding from the Alberta government. This funding varies and is not guaranteed by legislation or a multi-year funding agreement (Rural Municipalities of Alberta, 2019). Most recently, in 2017 the former NDP government committed $3.2 million annually over three years to be distributed amongst the 11 WPACs (The Canadian Press, 2017). Other funding sources include in-kind contributions and financial donations from nongovernmental sources (Alberta WPACS, 2019). |
| Catchment Management Authorities (CMAs) | The Australian state of Victoria is divided into 10 catchment and land protection regions, each of which is administered by a catchment management authority (CMA) (Victoria State Government, 2016). CMAs prepare regional catchment | CMAs rely on transfers from senior government and external partners. Between 2009-2014, CMAs collectively received $486.6 million from the state government, $233 million from the federal government, and $100 million from the private |

| | strategies and provide recommendations to the state government while maximizing community involvement in decision-making and program delivery. CMAs are comprised of boards appointed by the relevant state Minister, implementation committees, and staff (Victoria State Government, 2016). | sector (Victorian Auditor General, 2014). State funding includes approximately $9 million annually ($900,000 per CMA) to cover basic corporate activities. The remainder of state funding is disbursed annually through service-level agreements that are tied to specific project streams (Victorian Auditor General, 2014). |
|---|---|---|
| Oregon Watershed Councils | Since 1995, the Oregon state government has encouraged local governments to form local watershed councils. The approximately 90 watershed councils in Oregon are voluntary, non-regulatory, and non-governmental groups established by local governments (Network of Oregon Watershed Councils, 2013). Watershed councils largely play a coordination role, leveraging their local knowledge to plan, develop, and implement watershed restoration and conservation projects (Tualatin River Watershed Council, n.d.). | Watershed councils are funded primarily by the Oregon Watershed Enhancement Board (OWEB), a state agency which receives revenue generated from the sale of lottery tickets (Network of Oregon Watershed Councils, n.d.). Lottery funding is guaranteed until 2021 by legislation, passed in 2015, that established a six-year funding period (Oregon Legislative Assembly, 2015). The OWEB also receives federal funding related to Pacific salmon recovery and surcharges levied on the purchase of salmon license plates (Oregon Watershed Enhancement Board, n.d.-b). |
| Nisqually River Council (NRC) | The Nisqually River Council (NRC) is a longstanding multi-stakeholder organization based in the Nisqually River watershed in Washington state. The NRC is comprised of 24 member agencies representing federal, state, Indigenous, and local governments, as well as a three-person Citizens Advisory Committee. The NRC also oversees two non-profit organizations – the Nisqually River Foundation and Nisqually Land Trust – responsible for carrying out stewardship work (Nisqually River Council, n.d.). | The NRC is funded entirely by grants totaling nearly $1 million annually. These grants are offered by federal, state, local, and private sources. The Nisqually River Foundation acts as the implementation arm of the NRC, providing the staffing and funding power for the Council (McFarlane, Harris, & Bakker, 2014). |