

July 17<sup>th</sup>, 2020

Mr. Russ Jones, FCPA, FCA, ICD.D  
Acting Auditor General of British Columbia  
PO Box 9036, Stn Prov Govt  
Victoria, BC  
V8W 9A2

Dear Mr. Jones,

**RE: BCWF request to the B.C. Auditor General to audit B.C. Hydro's Fish & Wildlife Compensation Programs**

The B.C. Wildlife Federation (BCWF) believes the Auditor General's office should audit B.C. Hydro's (BCH) environmental programs. This audit request applies specifically to the Columbia Basin Fish and Wildlife Compensation Program, the Peace-Williston Fish and Wildlife Compensation Program and the Coastal Fish and Wildlife Compensation Program (herein referred to as FWCP), as well as Water Use Plans (WUPs) in review, including draft reports and comments.

The Auditor General's office should audit B.C. Hydro's Fish and Wildlife Compensation Programs, for the following reasons:

- BCH is not meeting its legal requirements as outlined in its water licenses issued by the B.C. Water Comptroller
- BCH uses the compensation funds it is required to pay to compensate for fish and wildlife losses for its self-serving interests including:
  - The promotion of BCH and the FWCPs
  - Conducting core responsibilities of monitoring and inventory for the B.C. government
  - Failing to focus on FWCP's intent to compensate for the losses of fish, wildlife, and habitat due to hydro development
- BCH is forcing its involvement in conservation and natural resource management areas for which it has no mandate and infringes on federal and provincial jurisdiction (including fish, wildlife, and habitat management)
- BCH selects public members for its board (which is a conflict of interest) and discourages them from communicating in public forums
- BCH terminated the staffed portion of the FWCP during a BCH headcount reduction in 2012 when staff were being paid from via compensation funds
  - The headcount reduction, mandated by the provincial government, was to reduce BCH's cost to the taxpayer
  - Since staff were terminated, strategic direction for the FWCPs has declined
  - FWCP has increasingly spent funds on inventory and monitoring, not compensation
- As part of water use plans in review, BCH has kept science reports in draft form, and we are concerned that it is because the findings demonstrate BCH is not meeting its requirements.

- Data being collected by BCH is not being shared with the Ministry of Environment and the Ministry of Forests, Lands, Natural Resource Operations and Rural Development, even though those Ministries issue scientific collection permits.
- BCH has actively tried to engage the water comptroller, and to usurp fish, wildlife and land managers authority.

### **BACKGROUND:**

In the 1970s, B.C. Hydro (BCH) applied to the B.C. government for water licences that would allow the construction of several dams in the Kootenay region. There were four dams that Canada had agreed to build under the then newly signed Columbia River Treaty. The Water Comptroller (legal authority under the *Water Act*) held several public hearings to determine if a license should be issued and under what conditions. Those public hearings were attended by a wide variety of intervenors led principally by the B.C. Wildlife Federation (BCWF).

The BCWF argued that the dams and their construction would cause significant impacts to fish and wildlife populations; therefore, these impacts should be compensated for by BCH. Compensation meaning investing funding to mitigate/restore what was lost due to hydro development. The Comptroller of Water Rights agreed, and when the licences were issued, there were clauses included in them that required BCH to pay compensation for the losses to fish and wildlife.

The compensation payments from BCH were initially directed to the B.C. Fish and Wildlife Branch; the Branch was tasked with using the funding to compensate for losses to the resources it was responsible for managing. This model continued until 1993 when BCH urged the provincial government to give them more recognition for the spending of compensation money. The provincial government of the time decided to allow the compensation funds to be managed using a 'partnership' model with BCH, Ministry of Environment, DFO, the public and First Nations.

However, BCH led and was in charge of this new model and has been in charge of the funding they are required to pay for their water licenses ever since. BCH continues to believe compensation monies are the corporations to spend as it sees fit.

The BCWF contends:

- This funding is the public's and that BCH is in a position of conflict
- BCH should not oversee the expenditures of these funds
- BCH should not be responsible for the selection of board members.

BCWF has long regarded this model as a conflict of interest for BCH. However, BCH has used the model to showcase their concern for the environment and publicize their environmental stewardship. BCWF has made a number of representations to the government to change the model, allow more transparency and to document how BCH is not meeting the conditions of its water licenses.

The BCWF contends that BCH is not meeting its water license requirements and spending significant amounts of public compensation money on projects that do not compensate for the losses to fish and wildlife. BCH spends a disproportionate amount of FWCP funds on inventory, monitoring, and various studies that do not result in 'on the ground' actions, and on projects that fall into the category of provincial or federal responsibilities such as invasive species control. BCH newsletters demonstrate the lists of esoteric projects which feed numerous consultants with compensation dollars. BCH is also spending compensation funds to promote BCH and FWCPs.

Of particular concern to the BCWF is the audit of BCH's compensation programs that was conducted in early 2019 (which BCWF contributed to) and was completed in June 2019.

As far as we can tell, this audit (which was contracted for by the Ministry of FLNROD) has not been released despite the assurance from Deputy Minister John Allen in November 2019 that a copy would be released. When the BCWF enquired further with regards to the audit, it was referred by FLNRORD to BCH. There was little to no independence during the auditing process. The same applies to various FWCP reviews of performance: BCH provides the final reports only after being vetted by BCH employees.

Our most recent concern relates to BCH's manipulation of the FWCP objectives. BCH is referring to these new objectives as being 'conservation' instead of 'compensation.' They also refer to their programs as being 'forward-looking'. This approach disregards resources already impacted and or lost (i.e., the reason for the compensation programs) due to the environmental destruction and footprint of hydro development. The change intends to give the public the appearance that the corporation is a champion of conservation without accepting the consequences of its hydro developments on fish and wildlife. We find this extremely concerning as BCH has no mandate to conduct conservation activities, and this conflicts with the legislated mandates of the provincial and federal governments.

In addition to the issues associated with the Fish and Wildlife Compensation programs, is more recent issues with BCH's water use plan (WUP) reviews occurring throughout the province. The BCWF is aware that BCH does not share data related to fish, wildlife, and habitat conservation with relevant government ministries. The BCWF is concerned that the data indicates BCH is not operating sustainably and is holding reports in draft form.

Finally, BCWF is aware that DFO, MoE and FLNRORD are rarely involved in their portion of Natural Resource Management. The BCH has approached the Water Comptroller with regards to fish issues, wildlife and land management, an area which is not part of BCH's responsibility. The BCWF is concerned that BCH has attempted to usurp statutory decision-makers responsible for fish, wildlife, and land management.

The B.C. Wildlife Federation respectfully requests a response to this request for the Auditor General to audit the B.C. Hydro Fish and Wildlife Compensation Programs to ensure that the BCH meets its mandate to compensate for losses to fish and wildlife.

Yours In Conservation,



Jesse Zeman  
Director, Fish & Wildlife Restoration Program  
BC Wildlife Federation

**Copies To:**

**Jane Bryant, Director, Performance Audit, The Office of the Auditor General of British Columbia**

**Peter Nagati RPF, MBA, Executive Director, Performance Audit, The Office of the Auditor General of British Columbia**

**Honourable Doug Donaldson, Minister of Forests, Lands, Natural Resource Operations & Rural Development, Legislative Assembly of British Columbia**

**Honourable George Heyman, Minister of Environment & Climate Change, Legislative Assembly of British Columbia**

**Bill Bosch, President, BC Wildlife Federation**