



Mark your calendars! 2019 BCGWA Trade Show, Convention & AGM April 9, 10 & 11, 2019, Coast Langley Hotel & Convention Center, Langley BC

IN THIS ISSUE

General Managers Report3
Presidents Report5
BCGWA 2019 Convention Calendar of Events 7
Response Letter from The Minister of Environment
and Climate Change Strategy14
Mike Wei – Honored by Engineers & Geoscientists
Innovation, President's Awards16
Report from the Provincial Government17
Resolving PST Inconsistencies with Real Property
Contractors 25



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General Manager's Report – March 2019

2019 is well under way and it has been a particularly busy winter for BCGWA members. I'm hoping that after working many long hours in the field and office that you can carve out the time to meet up with us in April in Langley for our annual convention. It's the perfect opportunity to catch up with colleagues and learn about new industry and government developments.

Your BCGWA has been busy this winter as well. Planning for the conference has been in full swing, but before I go into that there are a couple of other items you should be aware of, as described below.

In January we received a recommendation from the ITA Program Evaluation Committee that the apprenticeship pathway for the Water Well Driller program be discontinued, leaving the challenge pathway open. This was based on their observation that challenging the exam seems to be the most preferred way for people to gain certification. The request was put before the BCGWA Executive and Directors. Our response was that we would prefer to keep the door open for well driller apprentice opportunities for those that wish to follow the education path rather than just challenging the exam as it provides much better understanding by learning first hand in classroom and in the field. That said, to keep the apprenticeship option valid we as an association need to do a better job of promoting it within our community as we feel that it provides value to both industry and the public. I would like to thank our BCGWA leadership, particularly David Slade, for their attention to this matter.

Also, last fall there was considerable discussion at the Prince George regional meeting around the topic of PST and PST audits. Some of our members and their associates have had audits and as a result of honest mistakes due to convoluted legislation have had to pay, in some cases, very large fines. Lloyd Ingram has put considerable effort into sorting out this issue and has written a summary for us that is included in the newsletter. Thank you, Lloyd!

2019 Trade Show and Convention, April 9 – 11, Langley BC

There is lots of information about the conference in this newsletter, but I wanted to emphasize a couple of highlights here. First, we are hosting a meet and great on the evening of April 9 to coincide with early registration and tradeshow set-up. It runs from 7 to 10 PM in the main ballroom and will have food and a bar. All registrants will receive a free drink ticket. It's a great opportunity to meet old friends and make new ones. We are very thankful to Andrew Sheret Ltd and Grundfos for their generous sponsorship of this event!

Also, we are excited to present our 9-hour well drillers' course. It is designed to provide a general overview of the knowledge and skills essential to working as a water well or geotechnical/environmental well driller in BC. Look for more information is elsewhere in this newsletter and sign up ASAP.

And finally, we will be opening the tradeshow area to the public for an open house and silent auction during the afternoon on April 10. The intent is to inform the public of the efforts put forth by our association members to help with preservation and sustainable development of our precious groundwater resources. We also recognize that employment is a key concern to our members, so will be emphasizing employment opportunities. We will be looking to our members to help us promote this event.

Thanks again to everyone for your support of the BCGWA. I look forward to sharing a great year ahead with all of you!

Dave Mercer

General Manager, B.C. Groundwater Association

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Presidents Report – March 2019

Happy New Year to everyone, and I hope your year is off to a good start. After a mild December I was thinking we would get away with an easy winter in the interior, but it has been mostly below zero for the last five weeks and the snow is starting to pile up.

This year's BCGWA Annual Conference is quickly approaching, and as you are likely aware, will be held April 10-11 in Langley. There are some exciting components to this year's event which I am hoping will bring strong attendance again this year. One thing I hear time and again from drilling contractors is that everyone is looking to hire a good driller. Good, experienced drillers are hard to come by, and with that in mind it may be wise to start looking to develop this talent internally. At this year's conference there will be a 2 day well driller's course which will be a great way to get young drillers excited and on the path to certification, or serve a final prep course prior to writing the driller's exam. Also at this year's conference we will be inviting up and coming tradespeople from BCIT and other institutions to come and meet our members. Who knows, maybe you will meet someone with the right set of skills to help meet your staffing needs.

I wanted to remind everyone of a well setback requirement that is less commonly encountered but nonetheless important. We all frequently deal with the 30 m setback requirement from septic systems, but there is also a 120 m setback requirement from cemeteries or "dumping grounds". Cemeteries can be well marked, but in small communities often they are not and may appear to the passerby to be a park or greenspace. If you are not familiar with an area you should do some due diligence on this; ask the landowner, scout the area or make a phone call to the appropriate municipality or local government. If you are working for a First Nations client, be sure to ask them about the presence of any burial grounds, either active or historical, near the area you are planning to drill as these are commonly unmarked. "Dumping grounds" is a vague term, but would definitely include active landfills, former landfills no longer in use, and likely areas on agricultural properties where carcasses and mortalities are actively or formerly buried. While active landfills are pretty easy to identify, former dumping grounds are not. Protect yourself and your client by asking questions about these features prior to drilling.

Lastly, remember to submit your drilling logs within 90 days as per the Groundwater Protection Regulation. I have heard that the Ministry is following up on this with some contractors in the interior so this is something to get out in front of.

Please consider investing in your junior staff and send them to this year's conference, either to the Well Driller's Course or just to attend the conference and technical talks. I'm looking forward see you all in April.

Ryan Rhodes, P.Geo

President, B.C. Groundwater Association





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Mark your calendars! 2019 BCGWA Trade Show, Convention & AGM

April 9, 10 & 11, 2019, Coast Langley Hotel & Convention Center, Langley BC

Highlights:

- ★ Tuesday Evening (Apr 9) Meet and Greet Social
- Keynote Speaker Gary Hix, NGWA McElhiney Lecturer "Drilling markets change – so must we"
- ★ Trade Show Open House and Silent Auction
- ★ 2 Day Well Drillers Course
- ★ President's Gala Banquet
- ★ Flowing Artesian Well Panel Discussion

Full 2-Day Delegate Package:

\$500 +tx BCGWA members

\$550+tx Non-members

\$400 +tx Spouse, addl employee, or addl booth participant

Trade Show Booth:

\$750 + tx (includes 1 full 2-day delegates package)



special room rates for delegates

2-Day Well Drillers Course:

\$700+tx (includes breakfasts, lunch & trade show)

Registration available on-line at <u>www.bcgwa.org</u>



DRILL RIG DISPLAY



Thank you to Langley Welding and Machine Shop for offering to host our drill rig display, a 5min walk from the convention

Free space available to delegates / exhibitors







CALENDAR OF EVENTS

TRADE SHOW SET-UP MEET 'N GREET

Tues 7:00 – 10:00 pm

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Thank you to Andrew Sheret Ltd and Grundfos for sponsoring our Trade Show Meet n' Greet. Take this opportunity to set up early and reconnect with your colleagues with a free drink in hand!





48th ANNUAL GENERAL MEETING

Wed 8:30-11:30 am



Tentative AGM Agenda:

- Our 2018 Financial Report
- Election of 2019+ Board of Directors and Executive Committee
- Reports from the President, MD, and Board of Directors
- Business from the 2018 AGM and New Business

Breakfast For Directors and AGM Attendees: 7:30am – 8:30am

The following positions are open and will be voted upon at the AGM:

- President
- Vice President
- Treasurer
- Vancouver Island Region
 Director
- Water Well Driller Director

All members are welcome to attend the meeting, but only Full (Corporate) members can vote or stand for election.



CALENDAR OF EVENTS

KEYNOTE ADDRESS

Wed 12:00 – 1:00 pm

We are excited to this year's NGWA William A. McEllhiney Distringuished Lecturer, Gary Hix, to our event. Mr. Hix has been a water well driller and registered geologist for nearly 40 years. His keynote address, entitled "Drilling Markets Change, So Must We" talks about how to we can adapt to economic and technological changes in the drilling industry to maintain profitability.



TRADE / TECHNICAL TALKS

Wed 1:00 – 3:30 pm

- Tim Lambert, Mike Nolan, Allie Bennett, BCWWA Water System Risk Management Planning: developed by the Ministry of Health, EGBC, and other members of the water community
- Dr. Diana Allen, Dept of Earth Sciences, Simon Fraser University Flowing Artesian Well Risk Mapping in BC
- Amy Sloma, MoECCS Updates on mapping and groundwater science projects; updates on compliance initiatives
- Lindsay Macfarlane, MoECCS update on GWELLS
- □ Engagement Sessions with MoECCS and MoFLNRORD staff

TRADE SHOW OPEN HOUSE, JOB FAIR &SILENT AUCTIONWed 3:30 - 6:00 pm

Come meet the people and companies who work with groundwater in your communitY. Looking for a rewarding and challenging career in our industry, bring your resume!





CALENDAR OF EVENTS

PRESIDENT'S GALA BANQUET Wed 7:00 – 11:00 pm



Join us for a fabulous plated dinner and live entertainment. What are we feuding about? Let's find out!!



TRADE / TECHNICAL TALKS

Thurs 9:30 am – 12:00 pm, 2:00 – 2:30 pm

- □ Jill Sacre, Golder Associates Groundwater as an emergency water supply
- □ Ward VanProsdij, Associated Environmental WSA (British Columbia) <-> SGMA (California)
- Jasmeen Jatana, ALS Global Field sampling considerations and best practices for dissolved metals
- □ Andre Laforest, Stantec Consulting TBA
- Dalton Pajak, Waterline Resources Using Geophysics as a tool for Groundwater Exploration
- □ Worksafe BC Contractor safety, including confined space entry
- Charles Bois, Miller Thomson LLP Contract language for well construction

FLOWING ARTESIAN WELL PANEL DISCUSSION Thurs 1:00 – 2:00 pm

Join us in a post-luncheon panel discussion on Thursday discuss how our industry can be proactive on preventing uncontrolled flowing artesian wells and their inherent consquences. We are excited to welcome David Slade, Nick Sargent, Doug Gellar, and Charles Bois to the panel.







WELL DRILLERS' COURSE

Our 9-hour well drillers' course is designed to provide a general overview of the knowledge and skills essential to working as a water well or geotechnical/environmental well driller in BC. The course is suited to those wishing to sharpen their knowledge of drilling fundamentals and to those preparing to challenge the Industry Training Authority (ITA) driller certification exam.

Course registration includes 2 breakfasts, coffee breaks, 2 lunches, and admission to the President's Gala Banquet on Wed April 10

Day	Driller Class	Time	Subject	Subject Detail		
Wednesday April 10	All drillers (Water Well and Geotech/Enviro)	8:30 - 10:00 am Geology and Hydrogeological Principles 10:30 - 11: 30 am Workplace Safety &		BREAKFAST Geology, hydrologic cycle, sediment logging Groundwater occurrence, aquifer properties, controlling artesian flow Regulations and reporting requirements COFFEE BREAK Safety procedures wrt common hazards (machinery, gases, substances, environmental) Proper use of hand and power tools		
		1:00 - 4:00 pm		LUNCH Hydraulic systems (principles of operation, basic components, failures and causes, maintenance) Sonic, auger, and boring drilling		
Thursday April 11	Water Well Drillers	9:00 - 11:30 am Water well design 8 Well pumping systems		BREAKFAST Water well construction (types of wells, sizing and sealing casing, setting screens and filter packs) Well development, disinfection, rehabilitation, decommissioning Well pump types, applications, maintenance, troubleshooting COFFEE BREAK Pump electrical, pumping tests LUNCH		
	Groundwater contamination & monitoring		contamination &	BREAKFAST Groundwater contaminant sources, transport GW and soil vapour monitoring installations Types and applications of monitoring devices in wells, water quality sampling COFFEE BREAK Borehole closure LUNCH		

INSTRUCTORS

Mark MacNeil (Geotech Drilling), Bill Tuytel (Downrite Drilling), John Vlchek (Cariboo Water Wells), Ron Nelson (Precision Service & Pumps) Thom Hanna (Aquseptance Group), Ineke Kalwij (Kalwij Water Dynamics)

ITA CERTIFICATION EXAM INFORMATION

Taking the Well Drillers' Course does not automatically qualify you to challenge the ITA water well driller or

geotechnical/environmental driller exam. To qualify, your application must be approved by the ITA. For more information, go to: There will be no ITA exam offered at this year's BCGWA convention.

Approved candidates can request to write their exam at one of the regularly scheduled exam sessions (12 locations) across the province or at a local Services BC office (60 locations).

https://www.itabc.ca/program/geotechnicalenvironmental-driller https://www.itabc.ca/program/water-well-driller

For more information, go to:



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MINING CONSTRUCTION

GEOTECHNICAL



Reference: 337827

FEB 0 8 2019

David Mercer, General Manager British Columbia Ground Water Association 1334 Riverside Road Abbotsford BC V2S 8J2

Dear Mr. Mercer:

Thank you for your letter of November 21, 2018, which was also addressed to my colleague, the Honourable Doug Donaldson, Minister of Forests, Lands, Natural Resource Operations and Rural Development, regarding the deadline for existing groundwater users to apply for a licence under the *Water Sustainability Act* (WSA). As Minister of Environment and Climate Change Strategy, I am pleased to respond on behalf of my colleague and I apologize for the delay in doing so. I appreciate you taking the time to express your concerns and recommendations.

While an estimated 20,000 existing non-domestic groundwater users were anticipated to apply for a water licence before March 1, 2019, as you are aware, the public response has been much lower than expected (approximately 12 percent to date). To encourage applicants to engage in the licensing system, the Province has taken a multi-pronged approach to reach out to the public and to process applications. Specialized staff were hired, the online application process simplified, promotional pamphlets distributed, direct mail campaigns piloted, workshops and trade show outreach undertaken and the government's water webpages updated to assist the public in better understanding the changes.

We recognize that the requirement for a non-domestic groundwater licence represents a significant cultural shift for many BC citizens to recognize the value of a licence to secure water rights. This is especially true for people who have used the groundwater for decades for free and without any government oversight.

In 2019, a media advertising campaign via local print media and radio will be launched in addition to direct mail, and government staff will continue to pursue opportunities to enhance public awareness, including looking for opportunities for partnership on implementing *Water Sustainability Act* related changes.

Office of the Minister Mailing Address: Parliament Buildings Victoria BC V8V 1X4 Telephone: 250 387-1187 Facsimile: 250 387-1356 Website: <u>www.gov.bc.ca/env</u> Thank you again for taking the time to share your concerns. We acknowledge your interest in extending the March 1, 2019 application deadline and thank the members of the British Columbia Ground Water Association for their supportive efforts to implement the WSA. Your comments, as well as those of others, will be retained and considered as we continue to monitor the situation.

Sincerely,

Segman

George Heyman Minister

cc: Honourable Doug Donaldson, Minister of Forests, Lands, Natural Resource Operations and Rural Development

PRESIDENT'S AWARDS



MIKE WEI, P.ENG. MERITORIOUS ACHIEVEMENT AWARD

A leader in groundwater regulation and policy development, Mike Wei has made profound contributions to the protection of groundwater resources in BC. Formerly the head of Aquifer and Watershed Science for the BC Ministry of Environment and Climate Change Strategy, Mike was a technical lead in developing essential groundwater legislation, including the *Water Sustainability Act*, as well as the Water Sustainability Regulation and Groundwater Protection Regulation. His exemplary leadership helped ensure that the regulations are practical for owners and the water well industry, while at the same time function to protect groundwater resources across our province. Mike's technical contributions also include the development of groundwater protection tools, such as the BC Aquifer Classification System and the Well Protection Toolkit which are used by communities and practitioners across BC. In 2017 he received the Premier's Legacy Award for outstanding achievements in the BC public service. Sharing his knowledge to inspire future young professionals, Mike has taught courses in environmental science at Royal Roads University and hydrogeology at the University of Victoria.

Creating a better place for future generations. Mike has dedicated his career to raising awareness about the importance of BC's groundwater and the need to manage and protect the critical resources of this great province.

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Update on Groundwater

This report is prepared for you by the water management teams within the *Ministry of Environment and Climate Change Strategy* and the *Ministry of Forests, Lands, Natural Resource Operations and Rural Development*.

In this March 2019 issue:

- Groundwater Licensing Update
- GWELLS Project Update
- Provincial Government Groundwater Program Regional Update
- Contact List of
 Groundwater Staff

Contact Us

The contact information for various groundwater staff across the province is available in every newsletter and we look forward to industry reaching out directly to us with their questions.

Report Non-Compliance

Notice a well that does not meet the construction standards of the Groundwater Protection Regulation? Or know of someone who is drilling a well or installing a well pump without being registered?



Report it anonymously through the Provincial R.A.P.P. line.

Important Groundwater Licensing Update!



Government has extended the water licence application transition period for those who were using groundwater on or before February 29, 2016 for any non-domestic use, including agricultural, industrial, commercial and institutional groundwater uses. Applicants now have until March 1, 2022 to apply for a licence.

Because of the importance of a groundwater licence in ensuring sustainable access to water, government has decided to provide additional time to apply for a water licence by extending both the transition period and the application fee waiver period.

On February 29, 2016 the *Water Sustainability Act* (WSA) came into force, modernizing British Columbia's legislative framework governing the allocation and use of water and protection of aquatic ecosystems. The then new law brought in a requirement for agricultural, industrial, commercial and institutional groundwater users to obtain a water licence.

When the WSA came into force, an estimated 20,000 users who were using groundwater up to and on February 29, 2016 were anticipated to apply for a water licence. However, the application intake has been lower than expected and for many groundwater users, recognizing the value of a licence to secure their water rights represents a significant change.

Existing use groundwater applications can now be submitted until March 1, 2022.

It is important to note that groundwater users who apply under the transition provisions of the WSA are required to pay annual water rentals retroactive to February 29, 2016 to ensure equity for those who applied early. The longer one delays application, the larger the retroactive total rental payment will be owed.

Applicants who were using groundwater on and before February 29, 2016 who apply before March 1, 2022 will continue to enjoy the following benefits:

- exemption from paying application fees,
- opportunity to receive a date of precedence on their water licence that reflects historic use, and
- ability to continue using water until a decision on the licence application is made.

Agricultural, industrial, commercial and institutional groundwater users are encouraged to apply for a water licence as soon as possible.

For information on how to apply or to submit an application please visit:

https://www2.gov.bc.ca/gov/content/environment/air-land-water/water/water-licensingrights/water-licences-approvals/new-requirements-for-groundwater-users.

Groundwater Wells and Aquifers (GWELLS) - Project Update

The Ministry of Environment and Climate Change Strategy will soon be launching the new groundwater well data submission tool! Our anticipated launch date is end of March/beginning of April 2019.

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Groundwater Wells and Aquifers (GWELLS) Project Update - Continued

What does this mean for you?

Individuals and companies currently submitting well records electronically through EWELLS will be transitioned to the new GWELLS application. Communication and instructions will be made available prior to the launch to ensure a smooth transition.

Users not currently submitting well records electronically will be encouraged to begin transitioning to the GWELLS data submission tool as the Ministry will be moving away from paper submission to allow for more efficient access to data and information.

What do you need to do?

At this time, no action is required. However, you are encouraged to sign up to receive regular communication and announcements about the development of the Groundwater Wells and Aquifers (GWELLS) application to ensure you are up-to-date on project progress and any changes to the application. Contact Lindsay Macfarlane at Lindsay.Macfarlane@gov.bc.ca to be added to the email list.

Thank you!

A sincere thank you to everyone who has participated in user feedback related to the development of GWELLS. Your input and feedback helps to ensure that we are developing a system that meets your needs and allows for efficient submission and access to groundwater data and information.

If you have any questions regarding the project or would like to be involved in future research or testing, please contact Lindsay Macfarlane at Lindsay.Macfarlane@gov.bc.ca.

Provincial Government Groundwater Program Regional Update - South Coast Region

We are pleased to provide a brief update on some of the activities that have been carried out by the regional groundwater staff in the South Coast Region of the Ministry of Forests, Lands, Natural Resource Operations and Rural Development (MFLNRORD) since our last update in March 2018.

Groundwater Protection Regulation Compliance

We have received several inquiries regarding authorization requirements for open-loop geoexchange wells. An authorization is required for all openloop geoexchange wells under industrial purposes as defined in Schedule A of the Water Sustainability Regulation (either item 9: "heat exchange" for industrial and commercial operations or item 17: "residential heat exchange" for residential dwellings).

Joint inspections have been conducted with health authorities for several drinking water supply systems. In addition, staff continue to focus efforts on public outreach of the *Water Sustainability Act* and Groundwater Protection Regulation at various events and workshops.



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Update on Groundwater

Provincial Government Groundwater Program Regional Update - Continued

Authorizations

Groundwater management in BC took a big leap in 2016 as the *Water Sustainability Act* came into effect. As of early January 2019, approximately 459 groundwater applications have been received in the South Coast Region, the majority (83%) are existing use licence applications, and about 100 applications have been processed.

The process has not been easy for everyone, but by working together, we are able to better understand the amount of groundwater being used, and take steps towards protecting our valuable water resource for current and future users in a changing climate with growing demand.

Staffing

The South Coast Region has undergone a number of staff changes, including a new water manager (Bryan Robinson), a number of groundwater authorizations staff in Chilliwack, a new Groundwater Protection Officer (temporary assignment), two new co-op students, and the retirement of our Section Head (Ross Kreye) at the end of January 2019.

Ross has been in the natural resource industry for about 30 years, and as one might say, groundwater is in his blood. He grew up on the back of drilling rigs, later joined the public service, and led the effort to map the groundwater resources of the Fraser Valley in the 90's and was integral in the development of the groundwater section in the South Coast Region. Ross' work has been the foundation of how we understand and manage groundwater in British Columbia. Working with Ross has been a valuable experience, and he will be greatly missed.



Provincial Groundwater Observation Network

The Provincial Groundwater Observation Well (PGOWN) network saw a considerable expansion in the past year with new wells added to Miracle Valley, Pemberton, Whistler, Maple Ridge, Keats Island, Squamish, Dewdney, and Deroche. The PGOWN is meant to collect long-term groundwater level and groundwater quality data. Hourly groundwater data is recorded for aquifers throughout the Province, and that data is made available to the public from multiple online sources linked to below, including an ARCGIS interactive webmap.

About half of these new observation wells were drilled by the Province, with the remainder donated to the network from other levels of government.

Please note: when exploring the PGOWN websites for groundwater data, several of the newly added observation wells do not yet have their first set of data published.

Over the next year, the Ministry of Forests, Lands, Natural Resource Operations and Rural Development will add telemetry to most of these sites so that the groundwater level data will be published online daily.

Groundwater Level Data Interactive Map: <u>https://www2.gov.bc.ca/gov/content/environment/air-land-water/water/groundwater-wells-aquifers/groundwater-observation-well-network/groundwater-level-data-interactive-map</u>

Real-Time Water Data: <u>https://www2.gov.bc.ca/gov/content/environment/air-land-water/water/water-science-data/water-data-tools/real-time-water-data-reporting</u>

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Well Record Submission

Well records can be submitted electronically (EWELLS) or by mail to the Ministry of Environment & Climate Change Strategy. Electronic submission of well records will replace paper submission to allow for more efficient processing and to help make information more accessible. Paper records will now only be accepted on a Ministry form.

- EWELLS: <u>https://a100.gov.bc.ca/ext/ewells/</u>
- Mail: Ministry of Environment & Climate Change Strategy, PO Box 9362 STN PROV GOVT, Victoria BC V8W 9M2.

Office	Name	Statutory Designation	Phone	Email	Ministry
West Coast (Nanaimo)	Pat Lapcevic, P. Geo.	Assistant Water Manager	250-751-3149	Pat.Lapcevic@gov.bc.ca	FLNRORD
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Contact Information for Groundwater Staff with Statutory Designation

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RESOLVING PST INCONSISTENCIES WITH REAL PROPERTY CONTRACTORS (2016)

Ever since the reintroduction of the Provincial Sales Tax (PST) back in 2012, issues of administering and collecting the sales tax continues to pop up to this day. The latest issue involving the PST is regarding the collection of the sales tax by real property contractors.

Back in 2008, the provincial government changed the way real property contractors collected and remitted the PST on behalf of customers. Starting in October 2008, real property contractors were required to pay the PST on any materials used in the completion of a contract to improve real property , unless explicitly stated otherwise i n the contract that the customer would pay. Shortly after this change, the BC government began the transition to the HST, which made this transition by real property contractors moot.

When the provincial government transitioned back to the PST, they reverted back to the October 2008 method for real property contractors to pay PST on materials. But not all contractors began to pay the PST on materials they used to complete their projects. Instead, some contractors continued to use their PST exemption number when they purchased materials and then charged the customer the PST back on their invoice. These contractors would then remit the PST they collected from the customer to the provincial treasury.

Since real property contractors aren't allowed to collect the PST from customers under current legislation, any customer charged PST would have to be refunded that amount. At the same time, those contractors who used their exemption on materials still owed the provincial government for the PST on said materials, even though the provincial government already received the PST that the contractor collected from the customers.

This honest error has created a situation where the provincial government would receive a second PST payment for the same material. For some contractors, working on large contracts or multiple projects, this amount they are said to owe is in the tens of thousands of dollars. As a small business operator, with smaller operating margins, this amount is a significant hit on the bottom line for any small business owner.

Real property contractors thought they were doing the right things when they collected the PST from customers. Under current legislation this turns out not to be the case, but an honest mistake that is impacting the viability of a number of small businesses.

This issue does raise the question as to what is the best, most efficient way for real property contractors to collect and remit PST. The Chamber has been consistent in its view, that the introduction of a value-added tax would solve many of these problems, but with the re- introduction of the PST it is vital that the provincial government work with real property contractors to find the right balance that works for them to collect the PST and remit it to the government.



THE CHAMBER RECOMMENDS

That the Provincial Government:

- 1. Review the current method for real property contractors to collect and remit PST with all stakeholders;
- 2. for the real property Contractor to Collect PST Directly from the Customer and remit tax to the Gov't & contractors use PST Exemption # to purchase all goods directly; and
- 3. Offer a one -time relief program for those real property contractors who made an honest mistake in the way they purchased and/or remitted PST since the reintroduction in 2012. To ensure at least the correct amount of PST has been remitted to the gov't. But no refund to the real property contractor for over-collection of PST as they customer paid this not the contractor.

Submitted by the Policy Development Committee

PST Collection and Remittance for Real Property Contractors

The Parkville, District Chamber of Commerce and the Qualicum Beach Chamber of Commerce have been advised of a possible issue with the collection and remittance of PST by Real Property Contractors.

PST is a complicated tax, and even more so for contractors. Currently, there are situations where the provincial government is receiving two PST remissions from contractors on the same item.

The contractors who are impacted by this situation are those who install fixed products into permanent structures. They are called Real Property Contractors. The term, "fixed product" refers to immoveable item such as toilets, flooring, cabinets, light fixtures, security systems etc. By law, contractors must pay PST when they purchase products to be installed. Customers are then invoiced with the PST absorbed in the entire price of the completed project. They are not charged PST separately.

Unfortunately, some contractors are making honest mistakes by purchasing these products as PST exempt items, as if they are purchasing for retail only and not for installation. These contractors are then installing the product charging PST to the customer and remitting that PST to the government. In the latter case, the government has now received the PST remittance. However, the government is assessing many contractors for their error and then, through an intensive PST audit, assessing penalties and requiring them to remit PST a second time on the purchase price of the product, stating that the contractors have collected PST incorrectly. Essentially, the government is then receiving double PST on each of these incorrect purchases.

In many cases, businesses have overpaid by tens or hundreds of thousands of dollars. Government says that the only way contractors can recover the cost is to go back to their customers and ask them to pay the PST back to the contractor. Which no business will do.

The provincial government believes this situation is limited to a very few businesses. **We want to talk to local contractors if they are experiencing a similar situation**. If we can demonstrate to government that this is a far reaching issue we may get more traction in our discussions. We understand that many businesses have not spoken up about this issue because it may be embarrassing for them to admit. We want to hear from you to correct this over taxing and want you to understand that we believe you are not alone are there is a possibility of compensation if everyone speaks up

Ultimately, we would like to ask the provincial government to remove "Real Property Contractors" from the PST act and have PST charged to the customer in all cases, with the exception of new construction builds.

Please get in touch with Anne at the Qualicum Beach Chamber of Commerce: 250-752-0960 or <u>chamber@qualicum.bc.ca</u> if you have any experience with this particular situation. Thank you.

Lloyd Ingram

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