

FILE No. -

July 29, 2004

Mr. Denis Kelly
Regional Clerk, Corporate and Legal Services
Regional Municipality of York
17250 Yonge Street
P.O. Box 147
Newmarket, ON L3Y 6Z1



P04
S. Cartwright
3/8/04

Dear Mr. Kelly:

At Authority Meeting #6/04, of the Toronto and Region Conservation Authority (TRCA), held on July 23, 2004, Resolution #A213/04 in regards to Conservation Ontario's Report on Provincial Re-Investment in Conservation Authorities, was approved as follows:

THAT the Conservation Ontario report entitled, "Submission to the Minister of Natural Resources: Re-Investment in Ontario's Conservation Authorities - Now and in the Future" be endorsed;

THAT Toronto and Region Conservation Authority's member municipalities be requested to endorse the above referenced report;

AND FURTHER THAT the Authority resolution together with member municipal resolutions in support of the report be forwarded to the province and Conservation Ontario.

Enclosed for your information and any action deemed necessary is the report as presented to the Executive Committee on July 9, 2004, as well as the summary of the submission made by Conservation Ontario to the Ontario Minister of Natural Resources. We are requesting your endorsement of the submission prior to September 2004, or if not possible, then at the first meeting of Council thereafter. If you have any questions or require additional information, please contact the undersigned at 416-661-6600 extension 5264.

Sincerely



Kathy Stranks
Supervisor, Board Member Services

cc. Dick Hunter, General Manager, Conservation Ontario
Rocco Sgambelluri, Controller, TRCA

/Encl.

DISTRIBUTION LIST

Brenda Colquhoun, Clerk and Deputy Treasurer, Township of Adjala-Tosorontio

Charlotte Gravlev, Regional Clerk, Regional Municipality of Peel

Denis Kelly, Regional Clerk, Regional Municipality of York

Patricia Madill, Regional Clerk, Regional Municipality of Durham

Keith McNenly, Chief Administrative Officer/Clerk-Treasurer, Town of Mono

Ulli S. Watkiss, City Clerk, City of Toronto

TO: Chair and Members of the Executive Committee
Meeting #6/04, July 9, 2004

FROM: Brian Denney, Chief Administrative Officer

RE: CONSERVATION ONTARIO'S REPORT ON PROVINCIAL RE-INVESTMENT
IN CONSERVATION AUTHORITIES

KEY ISSUE

Request by Conservation Ontario (CO) for conservation authority and local municipal endorsement of its report to the Minister of Natural Resources for re-investment in Ontario conservation authorities.

RECOMMENDATION

THE EXECUTIVE COMMITTEE RECOMMENDS THAT the Conservation Ontario report entitled, "Submission to the Minister of Natural Resources: Re-Investment in Ontario's Conservation Authorities - Now and in the Future" be endorsed;

THAT Toronto and Region Conservation Authority's member municipalities be requested to endorse the above referenced report;

AND FURTHER THAT the Authority resolution together with member municipal resolutions in support of the report be forwarded to the province and Conservation Ontario.

BACKGROUND

Last year, Conservation Ontario established a committee to develop a business case for increased provincial transfer payments, administered through the Ministry of Natural Resources (MNR), to Ontario conservation authorities (CAs). The committee presented and received endorsement of its report, "Submission to the Minister of Natural Resources: Re-Investment in Ontario's Conservation Authorities - Now and in the Future" at the CO Council meeting held on June 28, 2004. At that meeting CO Council also adopted the following the resolution, which reads in part:

...AND FURTHER THAT each Conservation Authority Board be requested to endorse this report prior to September 2004;

AND FURTHER THAT each Conservation Authority seek endorsement of this report from its member municipalities prior to September 2004;...

RATIONALE

Currently, transfer payments to the 36 Ontario conservation authorities amount to \$7.6 million. This contrasts with the \$59 million that was available in 1992. The report notes that reduced levels of transfer payment funding occurred abruptly (mostly in 1995), without consultation and has resulted in significantly higher costs to municipalities. The report also notes that conservation authorities have restructured and refocussed their policies and programs, sometimes at the expense of local priorities.

The report calls for increased transfer payment funding of approximately \$13.0 million and presents three arguments for this new funding. Firstly, it argues that existing transfer payments do not fully fund eligible expenditures, generally elements of the flood and erosion control programs, as defined in the 1997 version of the Ministry of Natural Resources (MNR) Policy and Procedures Manual (PPM). An analysis of eligible expenditures, taken from 2002 audited financial statements of Ontario conservation authorities, concludes that the shortfall in provincial funding is in excess of \$9.1 million at a 50% grant rate.

The report's second argument is that certain expenditure categories which are of provincial interest and integral to the delivery of an effective flood and erosion program should not have been excluded from the list of eligible expenditures as outlined in the 1997 PPM. The excluded categories are municipal plan review services, Section 28 regulation administration and shoreline management planning. Provincial funding for these expenditures, if eligible, would require a further increase in transfer payments of almost \$3.75 million, at 50%.

The third and final point brought out in the report is that transfer payments to Ontario CAs have never been adjusted for inflation. The item accounts for about \$.95 million, when applied on the original base plus the shortfall and additional items noted above since 2002.

The report is also accompanied by an "advocacy strategy" which starts with the adoption of the report by CO Council on the June 28, 2004 and ends with press release reacting to the provincial budget measures in March 2005. An important aspect of the advocacy strategy is endorsement of the report by all 36 Ontario CAs and their member municipalities. Staff have reviewed the report and are recommending its adoption as well as seeking adoption from its member municipalities, including the Regions of Durham, Peel and York, the City of Toronto, the Township of Adjala-Tosorontio and the Town of Mono.

Report prepared by: Rocco Sgambelluri, extension 5232
For Information contact: Rocco Sgambelluri, extension 5232
Date: June 29, 2004

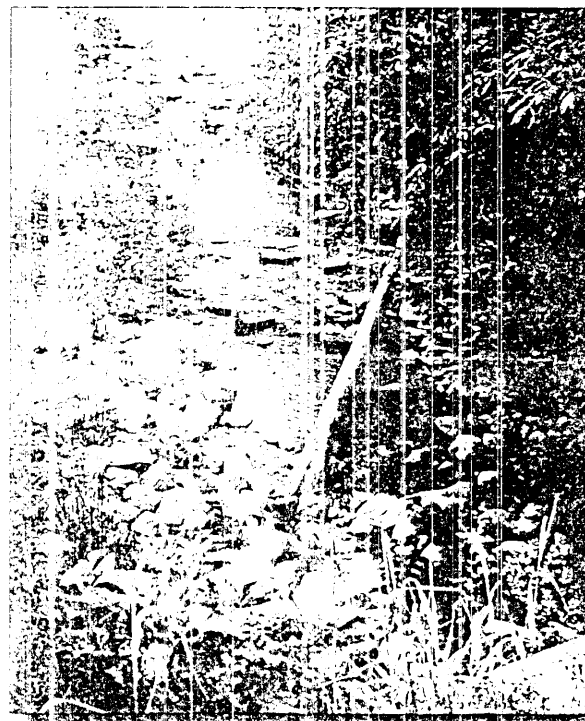


NOW & in the FUTURE

July 2004

RE-INVESTMENT IN ONTARIO'S CONSERVATION AUTHORITIES

A Summary of the Submission
made to the Ontario Minister
of Natural Resources



INTRODUCTION

Conservation Authorities (CAs) have seen significant reductions in provincial funding over the past decade. Transfer payments from the Ontario Ministry of Natural Resources have been cut by 87% since 1992.

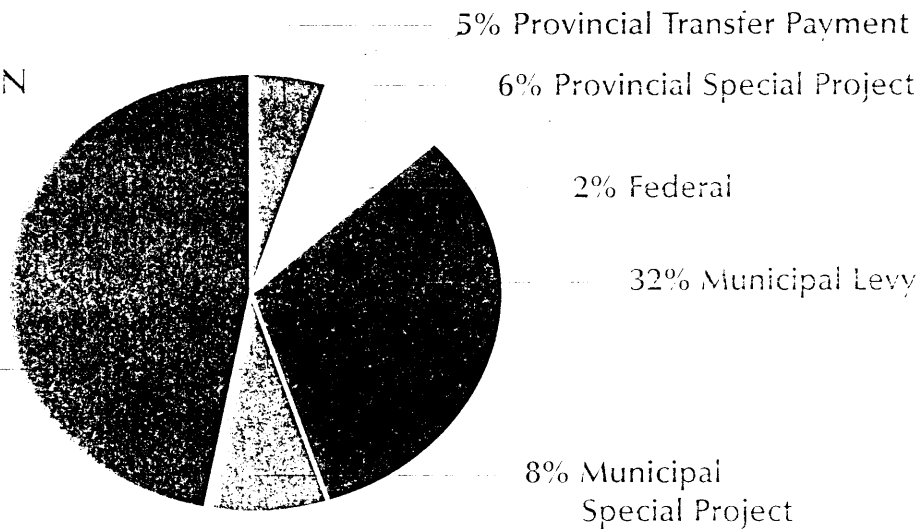
As a result of the cutbacks, over the past decade Conservation Authorities have reduced services and increased other sources of revenue to focus on the highest priorities. Self-generated revenue and increased municipal levies cover the bulk of the cost of work done by Conservation Authorities.

1992 Annual Transfer Payment to CAs: \$58.9 million
2004 Annual Transfer Payment to CAs: \$7.6 million

2002 CONSERVATION AUTHORITY SOURCES OF REVENUES

47% Self Generated

- municipal plan review
- land rental fees
- gate fees, etc.



WHAT HAS CHANGED?

Conservation Authorities have restructured, streamlined and refocused priorities in order to meet their most pressing responsibilities. CAs have instituted fee structures and developed innovative partnerships with government, private industry and other organizations in order to stretch available resources. Today, however, CAs and their member municipalities have reached their capacity to generate additional revenues and are finding it difficult to maintain current services.

Almost ten and a half million people live in watersheds managed by Conservation Authorities. Ontario is experiencing significantly greater threats to our water and land resources as a result of exploding population growth, declining resources and a growing demand for these limited resources.

Conservation Authorities have much more work to do, however they have fewer resources to work with.

CONSERVATION AUTHORITIES

- Are hands-on, community-based resource management organizations which protect, restore and effectively manage Ontario's water and land resources on a watershed basis.
- Deliver local, practical solutions on a wide range of natural resources issues (such as watershed management, source protection, flooding, erosion, drought, and wetland conservation).
- Use a science-based approach to develop, implement, maintain and monitor watershed management plans.
- Are recognized globally for their watershed stewardship activities that address the needs of both the natural environment and landowners.
- Have a strong and publicly recognized track record of partnering with all levels of government and providing advice on decisions that directly affect the long-term sustainability of our water and land resources.

PROVINCIAL FUNDING SHORTFALLS

	Current (2002)	Projected (2005)
Total Provincial funding required for eligible activities	\$ 16.7 M	\$ 17.5 M
Provincial funding required for excluded activities		\$ 3.9 M
● Municipal Review		
● Floodplain/Hazard Land Regulations		
● Shoreline Management		
Provincial Funding Allocated	\$ 7.6 M	\$ 7.6 M
Shortfall	\$ 9.1 M	\$ 13.8 M

RE-INVESTING IN CONSERVATION AUTHORITIES

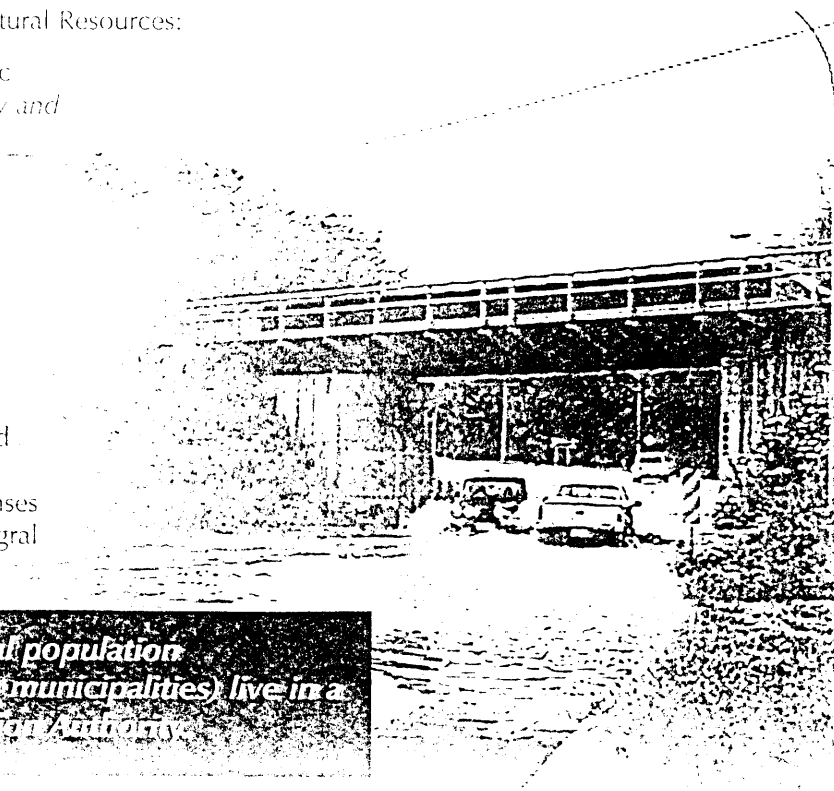
On behalf of Ontario's 36 Conservation Authorities,

Conservation Ontario has requested that the Minister of Natural Resources:

1. Provide a fair, equitable and sustainable funding for basic operational activities defined in the OMNR's *1997 Policy and Procedures Manual* for Conservation Authorities;
2. Re-invest in some activities specifically excluded in 1997, including the Municipal Plan Review, Floodplain/Hazard Land Regulation and Shoreline Management; and
3. Use the annual Consumer Price Index to provide cost of living increases.

Municipal Review, Floodplain/Hazard Land Regulations and Shoreline Management are all activities of significant provincial interest and should be included as eligible expenses under provincial transfer payments. These activities are integral to successful flood and erosion control.

Almost 90 percent of Ontario's total population (approximately 10.5 million people in over 250 municipalities) live in a watershed managed by a Conservation Authority.



RE-INSTATEMENT OF PARTNERSHIP FUNDING - COST SHARING -

Conservation Authorities Act was established by provincial legislation in 1946. This Act delegated provincial responsibilities for the implementation of flood and erosion control programs for the protection of life and property in Ontario.



*A re-investment in
Conservation Authorities
will strengthen Ontario's
leadership in the continued
development of leading edge
watershed management
efforts*

Historically, municipal and provincial governments supported Conservation Authorities by sharing the costs. Every dollar invested by municipalities was matched by the province in order to ensure a fair and equitable approach in funding services that benefited the public good.

It is critical that the province re-invest in Conservation Authorities today in order to enhance their capacity to continue to deliver existing programs and to meet tomorrow's challenges.

- Provincial Transfer Payment funding now makes up only 5% of the average Conservation Authority annual budget. This shortfall in funding, coupled with additional responsibilities being downloaded to municipalities by the Province has created significant funding pressures for Conservation Authorities. This has made it difficult and even impossible for them to fulfill their legislated responsibilities.
- The intention is not to increase local municipal levies, but rather to ensure that the Province re-establishes a 50/50 funding partnership between the province and municipalities as per the original commitment in the 1997 *Policy and Procedures Manual* for Conservation Authorities.
- Additional provincial funding and sustained municipal support will allow for Conservation Authorities to expand current services and initiatives as well as develop new programs required to meet today's increasing demands.



Conservation Ontario is a non-governmental organization that represents the common interests of Ontario's 36 Conservation Authorities across Ontario. This report has been prepared by Conservation Ontario.

For more information, please contact

Conservation Ontario

P.O. Box 11, 120 Bayview Parkway, Newmarket, Ontario L3Y 4W3

Tel: 905-895-0716 Fax: 905-895-0751

Email: info@conservation-ontario.on.ca

www.conservation-ontario.on.ca

