

POLICIES AND PROCEDURES FOR THE TREATMENT OF CONSERVATION AUTHORITY GENERATED REVENUE

1.0 BACKGROUND

Over the 50 years since the Conservation Authorities Act was proclaimed, the province has made a substantial financial contribution towards the acquisition of land and the construction of infrastructure associated with the land. Provincial contributions were largely provided through transfer payments from MNR but also include funding from other provincial agencies. Recognition of this provincial contribution must be made if the property is used to generate revenue or if the property is disposed.

In 1983, Management Board approved a policy for the sharing of revenue derived from the management and disposition of Conservation Authority owned property. The Revenue Sharing Policy allowed Conservation Authorities to use the provincial share of revenue from the disposition of property, with the consent of the Minister, on its highest priority project, or to retain the revenue in a reserve, along with the municipal share and any accrued interest, to be used at a future date.

This augmented the Conservation Authorities' ability to undertake capital works programs and was an incentive for Conservation Authorities to effectively manage surplus lands. Since its' inception, the Revenue Sharing Policy has allowed the Conservation Authorities to invest more than \$15 million into capital works and land acquisition.

Recent changes to the Conservation Authorities Act and reductions in provincial funding may prompt Conservation Authorities to dispose of property and non-fixed assets to which the province has made a financial contribution. This policy identifies how the provincial share of revenues may be reinvested into program eligible areas or returned to the province. Furthermore, this policy recognizes the generation of revenue resulting from the undertaking of activities on conservation authority owned property and the charging of user fees.

2.0 LEGISLATION

2.1 Section 21 of the Conservation Authorities Act lists the powers which Conservation Authorities have for the purposes of accomplishing their objects.

Subsection 21(m) gives Conservation Authorities the power to make charges for admission to and use of Conservation Authority owned or controlled park or recreational property.

Subsection 21(m.1) gives Conservation Authorities the power to charge fees for services approved by the Minister.

Subsection 21(3) states that the Minister may impose terms and conditions on an approval of a Conservation Authority property disposition, including a condition that the Conservation Authority pay a specified share of the proceeds of the disposition to the Minister.

Section 29(1) of the Conservation Authorities Act allows Conservation Authorities to make regulations applicable to land they own, subject to the approval of the Lieutenant Governor in Council.

Subsection 29(1)(c) deals with prescribing fees for the occupation and use of lands and works, vehicles, boats, recreational facilities and services.

Subsection 29(1)(d) deals with prescribing fees for permits designating privileges in connection with use of the lands.

Section 30(1)(d)(ii) of the Conservation Authorities Act allows Conservation Authorities to make regulations delegating all or any of its powers to the executive committee except the power to raise money. These regulations are subject to the approval of the Minister

3.0 DEFINITIONS

3.1 Minister - Minister of Natural Resources

3.2 Property - Lands and fixed assets for which a provincial grant has been provided.

3.2.1 Land - Any estate, term, easement, right or interest in, to, over or affecting land.

3.2.2 Fixed Assets - Any buildings, permanent structures or works which are fixed to the land. This includes administrative, education and interpretation buildings, recreational facilities, workshops, dams, dykes, constructed channels, weirs, berms and reservoirs.

3.3 Non-Fixed Assets - Any equipment, tools, supplies, furniture or other assets not fixed to the land.

3.4 Revenue - funds, including any interest accrued, generated by Conservation Authorities as a result of direct provincial financial involvement, less costs incurred in generating the revenue.

3.5 Managed/Agreement Forest Lands

3.5.1 Managed Forest Lands are lands owned by Conservation Authorities where forest management is the primary objective of the land holding and where harvesting conforms with a forest management and operations plan approved by a professional forester.

3.5.2 Agreement Forest Lands are lands owned by Conservation Authorities which are managed by MNR further to a memorandum of agreement between the Conservation Authority and MNR.

4.0 METHODS OF REVENUE GENERATION BY CONSERVATION AUTHORITIES

4.1 Undertaking of Activities on Conservation Authority Owned Property - Any activity undertaken on Conservation Authority owned property. This includes collection of gate

receipts, operating concessions, and hydro sales. This also includes all leases of Conservation Authority owned property except oil/gas/gravel extraction leases.

4.2 Harvesting and Sale of Wood from Conservation Authority Owned Managed/Agreement Forest Lands

4.3 Disposition of Conservation Authority Owned Property - Selling, exchanging, granting of easements or otherwise permanently disposing of Conservation Authority owned property. This excludes leases of Conservation Authority owned property but includes oil/gas/gravel extraction leases regardless of the lease term.

4.4 Charging of User Fees - Charging of user fees for services rendered by a Conservation Authority. This includes fees generated through Conservation Authority contracts, review of planning applications, conservation services, legal inquiries, site inspection/visits.

4.5 Disposition of Non-Fixed Assets - Sale or lease of non-fixed assets as defined in Section 3.3.

5.0 POLICY PRINCIPLES

5.1 The province retains an interest in revenue generated on/from properties or from the disposition of Conservation Authority owned property and non-fixed assets for which the province provided a grant. This interest relates to the fact that the Province has invested with the Conservation Authority and should therefore share in any resultant profits.

5.2 Should the province decide to allow a Conservation Authority to retain this revenue, the province has a right to direct how the revenue can be used.

5.3 The province has the right to transfer its share of the revenue to Conservation Authorities.

6.0 POLICY

Subject to the terms and conditions of other pertinent agreements, programs, legislation (i.e., the Niagara Escarpment Land and Stewardship Program):

6.1 Revenue derived through **the undertaking of activities on Conservation Authority owned property** (excluding Managed/Agreement Forest Lands) may be used at the discretion of the Conservation Authority for any Conservation Authority program.

6.2 Revenue derived through the **harvesting and sale of wood from Conservation Authority owned Managed/Agreement Forest lands** may be used at the discretion of the Conservation Authority for any Conservation Authority program. This assumes that

all management, planning and operational costs (including taxes not covered by provincial grant funding) for these lands have been covered.

- 6.3** Revenue generated through the **disposition of Conservation Authority owned property** may be held by a Conservation Authority in a capital reserve for future use on capital projects identified under Section 6.6, subject to advance notification of MNR. The Ministry retains the right to either deny use of provincial reserves as per the notification or to otherwise direct provincial reserves.
- 6.4** Revenue derived through **charging of user fees** may be used at the discretion of the Conservation Authority for any Conservation Authority program.
- 6.5** Revenue generated from the **disposition of non-fixed assets** may be used at the discretion of the authority for any Authority program.
- 6.6** Capital reserves established under this policy, or reserves established prior to this policy which are general in nature (not project specific) and which have a provincial share, can be deployed on high priority Conservation Authority capital projects, the following areas:
- . Acquisition of Provincially Significant Conservation Lands or Managed/Agreement Forest lands
 - . Major maintenance of flood control structures
 - . Acquisition of other ecologically significant lands. This includes valley lands, hazard lands, other wetlands, headwater recharge and discharge areas, forested areas and any other lands which support provincial interests identified within the new provincial policy statements (i.e. hazard/natural heritage). This does not include land where the primary purpose is recreation or the generation of revenue.
 - . Hazard land mapping in support of plan input or regulation programs.
 - . Flood and erosion capital projects and related studies
 - . Watershed/subwatershed management plans which are intermunicipal in scope.

7.0 PROCEDURES

7.1 Administration of a Capital Reserve Account

Capital reserves established under this policy through property dispositions must be in the same proportion as the original purchase between the Province and the Conservation Authority. Reserves are to be deployed to eligible projects at some future date. Any revenue which is held in a reserve must accrue interest at current rates. This interest will automatically form part of the revenue which was originally placed in the reserve.

The Minister retains the right to review any reserve account and to request the return of the provincial share to the Minister of Finance at any time. The Minister may also direct the revenue from Conservation Authority property dispositions, as a condition on an approval.

The expenditure of revenue from a reserve shall be in accordance with the prevailing grant rate at the time of deployment of the reserve. Upon expenditure of part of a reserve, the balance held in a reserve shall be in the same proportion as the original share of revenue between the Province and the Conservation Authority.

Where the provincial share of the revenue held in a reserve is at a higher percentage than the prevailing grant rate which will apply to the new project, only part of the local share of the cost of the new project can come from the reserve. The balance of the local share would have to come from the current levy of the Conservation Authority. This will ensure that both the local and provincial share of the reserve are depleted at the same rate over the same period.

Where a Conservation Authority withdraws the local share of revenue, or part thereof, from the reserve, the corresponding Provincial share will be withdrawn and returned to the Minister of Finance within 30 days.

If a Conservation Authority does not wish to establish a reserve, any revenue derived from the disposition of Conservation Authority owned property is to be shared with the province. The provincial share of the revenues shall be in the same proportion as the original participation in the purchase of the property and shall be forwarded to the Minister of Finance within 30 days.

8.0 REPORTING REQUIREMENTS

Conservation Authorities must report to MNR (Director, Lands and Natural Heritage Branch) annually, by April 1, with respect to all Conservation Authority reserve accounts containing provincial funds. There is an option as to whether the information is presented in the Conservation Authority's audited financial statement or separately to the ministry. Regardless of the vehicle for presentation the following information must be conveyed:

Name of the Reserve, date established, grant rate when established

Previous Year

- . Beginning Balance - January 1 (Provincial/Municipal Share)
- . Additions to a) further revenues b) interest (Provincial/Municipal Share)
- . Actual Expenditures from reserve (Provincial/Municipal share)
- . Closing Balance - December 31 (Provincial/Municipal share)

Current Year Anticipated Expenditures

- . Project Name, Category, Description, Cost, Grant Rate
- . Provincial/Municipal Share to be withdrawn from reserve