



Watershed Management Futures for Ontario

Conservation Ontario Whitepaper

October 3, 2012

Introduction

This whitepaper, entitled **Watershed Management Futures for Ontario** has been developed by Conservation Ontario¹ to stimulate a discussion between Conservation Authorities (CA's) and the Province on options for a renewed watershed management partnership. It responds to issues and concerns that have been raised by partners, including municipalities and Ministries, non-government organizations (NGOs), the development industry, landowners, and CAs themselves.

The call for greater government efficiency and effectiveness from the *Commission on the Reform of Ontario's Public Services* (2012) is spurring a modernization and transformational change across the Ontario provincial government. Against this backdrop the fiscal imperative that is driving the modernization and transformation agenda presents a prime opportunity for those working in the environmental sector to leverage resources and streamline operations in order to meet growing environmental challenges within a more constrained economic model.

Given our daily reliance on natural resources in Ontario, it is critical we build resilient local watersheds in order to ensure healthy people and a reliable economy.



Challenges to Ontario's Environment

The physical jurisdiction of the 36 Conservation Authorities is limited to approximately ten percent of Ontario's vast geography, yet more than 90% of Ontario's population - roughly 12 million people – lives in this area.

In addition to the rapidly growing population, this area contains most of Ontario's agricultural lands (close to 35 percent of land area), supporting one of the province's leading industries, contributing more than \$33 billion to the economy every year. The importance of agriculture coupled with the rapid rate of urban development creates significant pressures on Ontario's environment, and seriously challenges the health and security of our future water and land resources critical to the environment, economy and, most important, the health of Ontario's residents.

¹ Conservation Ontario represents Ontario's 36 Conservation Authorities, local watershed management agencies that deliver natural resource management programs to protect water and other related resources.

It is within this context that a meaningful discussion needs to take place about the current and future relationship between Conservation Authorities and the Province’s ministries, most particularly Natural Resources and Environment.

These discussions should include the role and mandate of both the Province and Conservation Authorities to address issues that currently create barriers to implementing a more streamlined approach to watershed management in Ontario.

It is recognized that such a sweeping review of watershed management in Ontario has implications for the Conservation Authority model itself, the refinement of which must certainly be on the table. Conservation Authorities are already pursuing internal discussions on ways to address current deficiencies to provide a more consistent level of service. (See Appendix A: *Contemporary Conservation Authority Watershed Management Programs*)

Building from current successes such as the source protection program, many Great Lakes initiatives, as well as flood and erosion control, this discussion must address how to leverage resources between the Province and Conservation Authorities in order to more effectively implement provincial policy in Ontario’s local watersheds.

Ontario’s 36 Conservation Authorities have produced this whitepaper to spur dialogue that acknowledges the increasing demands of urban growth and to begin to address the growing challenges of a changing climate.

Ontario’s Watershed Management Challenges

Provincially and federally, there is a complex maze of legislation, often duplicative, frequently conflicting and always accompanied by administrative structures and processes which are to some degree independent. This scenario is costly, inefficient and not always effective at obtaining the desired outcomes. Trends in government over time have been to address each new problem (municipal drinking water protection, for example) with new legislation, thereby adding to the regulatory burden which is frequently cited as a barrier to economic activity, and an undue imposition on landowners’ interests. As front-line service delivery organizations, Conservation Authorities frequently find themselves at the nexus of the necessary interaction of the public and government, and are often seen as part of the problem.

Water-Related Federal Legislation	Water-Related Provincial Legislation	
<ul style="list-style-type: none"> • Canada Water Act • Canadian Environmental Protection Act • Environmental Contaminants Act • International River Improvement Act • International Boundary Waters Treaty Act • Fisheries Act • Navigable Waters Protection Act 	<ul style="list-style-type: none"> • Ontario Water Resources Act • Environmental Assessment Act • Environmental Protection Act • Conservation Authorities Act • Lakes and Rivers Improvement Act • Lake Simcoe Protection Act • Beds of Navigable Waters Act • Aggregate Resources Act • Clean Water Act Planning Act 	<ul style="list-style-type: none"> • Municipal Act • Public Utilities Act • Drainage Act • Nutrient Management Act • Pesticides Act • Public Lands Act • Safe Drinking Water Act • Water Opportunities Act

The Province has documented these conditions in many policy papers and action plans, often calling for a more comprehensive approach to deal with these complex problems and detailing numerous specific actions that could be taken on their own, or in partnership. Two examples are the 2011 provincial climate change adaptation plan and strategy, and more recently the Province's 2012 proposed *Great Lakes Act* and Strategy:

- **Climate Ready: Ontario's Adaptation Plan and Strategy 2011 – 2014**, recognized the impacts of climate change, particularly with regard to temperatures and extreme weather conditions and highlighted areas of special concern: human health, infrastructure and personal property, far north, agriculture, forestry, wildlife and biodiversity, water resources, and tourism and recreation. Around a vision that strives to minimize risks to health and safety, the environment and the economy, the report developed five goals with 37 specific actions.
- **Great Lakes Protection Act and Ontario's Draft Great Lakes Strategy (2012)**, suggests that the current problems around the Great Lakes are overwhelming some of the past successes in addressing environmental pressures. According to this report, the "cumulative impacts of many pressures are hurting the Great Lakes' ability to naturally adapt to changes and stresses"². The report warns that the Great Lakes are at a 'tipping point of irreversible decline'³. Similar to the Climate Ready report, the Great Lakes Strategy addresses a broad range of issues across sectors with 6 goals and over 100 actions.

As Ontario's environmental problems become more complex, there are fewer resources to address them. The Drummond Report recognized a shifting economy with a much slower rate of growth, therefore calling for significant transformation within the provincial government in order to accomplish two objectives: decrease/eliminate the deficit over the next few years, and change the way government spends in order to spend less more strategically. Mr. Drummond himself pointed out that "action must begin very soon"⁴. The Drummond Report suggests that a new 'paradigm' needs to be developed among the various agencies working in Ontario's environmental management sector⁵.

Conservation Authorities have long advocated for reforms to this complicated system and support an integrated approach which looks at the watershed as a system involving natural resources, people, and the economy as elements that need to be taken into account in developing solutions. An integrated watershed approach offers a unique opportunity for the province to leverage local expertise and resources. (see *An Integrated Approach for Ontario's Watersheds*, pg 4) With limited strategic investments and changes to the way Conservation Authorities themselves operate, there is potential for a new relationship to be developed based on the solid successes of our current joint work with the Province.

Maintaining the status quo and continuing on the current path will result in expensive and serious consequences. The current environment offers opportunities. It is a time to be bold, to think

² Ontario's Draft Great Lakes Strategy, pg 6

³ IBID, pg 5

⁴ Commission on the Reform of Ontario's Public Services - Public Services for Ontarians: A Path to Sustainability and Excellence, pg vii

⁵ IBID, pg 335

strategically and to consider the range of possibilities that could be implemented through partnerships that leverage resources and expertise.

A New Approach for Watershed Management in Ontario

While the management of Ontario's watersheds involves a very wide range of participants, this whitepaper specifically addresses what Conservation Authorities can provide to the Province in response to the increasingly complex problems that threaten Ontario's natural resources.

There is a lot of good work going on in Ontario that protects water, land, and wildlife; reduces climate change impacts; and promotes awareness about the issues with Ontario residents. What Conservation Authorities bring to the table is their demonstrated ability to leverage local watershed management expertise and knowledge, resources, and support – across the province. The Conservation Authorities' work in watershed science, monitoring, and reporting is critical to informing strategic local and provincial decision-making.

Internationally and within Canada, many jurisdictions have identified an integrated watershed management (IWM) approach as the most efficient and effective way to manage issues around water and related resources. Conservation Authorities believe an integrated watershed management framework provides an effective frame of reference for integration of provincial and federal policy and science into local decision-making to ensure that natural resources and water in particular, are sustainable for environmental, economic, and social uses in our watersheds. Conservation Authorities already have multiple business relationships with several ministries that with better coordination could lead Ontario toward an effective IWM approach.

Conservation Authority Relationships with Provincial Ministries

Ministry of Natural Resources

The Ministry of Natural Resources is an important and long-standing partner of Conservation Authorities. MNR's ongoing transformation process, coupled with the continued reductions in Conservation Authority transfer payments, provide a basis for discussions with the MNR Minister/senior management regarding future roles, relationships and opportunities. Potential topics of discussion include:

An Integrated Approach for Ontario's Watersheds

Integrated Watershed Management (IWM), or Integrated Water Resources Management, is the process of managing human activities and natural resources on a watershed basis taking into account social, economic and environmental issues, as well as community interests in order to manage water resources sustainably.

It is an evolving and continuous process through which decisions are made for the sustainable use, development, restoration and protection of ecosystem features, functions and linkages. IWM allows us to address multiple issues and objectives; and enables us to plan within a very complex and uncertain environment. This approach allows us to protect important water resources, while at the same time addressing critical issues such as the current and future impacts of rapid growth and climate change.

Integrated watershed management is increasingly being adopted in Canadian and international jurisdictions as a fundamental principle for managing water resources. The Canadian Council of Ministers of the Environment (CCME) incorporated IWM into *Strategic Directions for Water* and many provinces are incorporating IWM in their water management strategies.

- **MNR restructuring of field operations** that impact Conservation Authority business areas such as stewardship, natural heritage, etc. and the need for operational, science-based delivery of provincial policies and science.
- Implementation of **hazard management responsibilities**; should they be cost-shared or the sole responsibility of the municipal partners augmented by potential Federal investments in infrastructure, or in specific flood damage reduction programs.
- Support for a Conservation Authority role in **implementation of Climate Ready action items related to CA business** such as the Low Water Response Program.
- **MNR governance and accountability role** under the Conservation Authorities Act given the shift of responsibility for Conservation Authority watershed management activities to the municipal side of the partnership.

Ministry of Environment

The Conservation Ontario/MOE relationship has changed significantly over the last decade as a result of the Ontario Drinking Water Source Protection Program; Conservation Authorities now have a variety of business arrangements with the Ministry of the Environment. The impending transition of the source protection program from planning to implementation, as well as the potentially significant role of Conservation Authorities in the draft Great Lakes Strategy, make this an appropriate time to open a dialogue with the Ministry of the Environment on our collective future. Specific issues that require discussion and are alluded to in the draft Great Lakes Strategy include:

- The **transition of the Source Protection Program to implementation** will shift the role of Conservation Authorities from plan development to support for plan implementation. Anticipating funding from MOE for plan implementation, the transition also means that source protection moves from being a special project to part of ongoing Conservation Authority business. This will require a restructuring of the MOE /CA relationship.
- The proposed **Great Lakes Protection Act and draft Great Lakes Strategy**, which MOE leads, signal a potentially significant role for Conservation Authorities in implementation of Great Lakes programs. This will require the development of a new business relationship with MOE and potentially also the Ministry of Natural Resources, depending on the respective roles of each Ministry.
- Conservation Authorities and MOE have a long term relationship with the Ministry's **Environmental Monitoring and Reporting Branch (EMRB)** to implement the Provincial Water Quality Monitoring Network. This relationship has expanded in recent years to include Provincial Groundwater Monitoring Network, the Ontario Benthos Biomonitoring Network, and more recently, climate change monitoring. Conservation Ontario has also led a number of initiatives with EMRB to undertake provincial scale analysis and improve accessibility to MOE data. Taken collectively these CA/MOE partnerships now form the core of water monitoring in Ontario.
- **Climate Ready: Ontario's Adaptation and Action Strategy**, the Province's climate change adaptation strategy, which is being led by MOE, contains a number of areas that could affect Conservation Authority businesses and the CA/MOE relationship.

Other Ministries

In addition to MNR and MOE, Conservation Authorities have informal relationships with other ministries. These could be expanded and formalized.

For example, the **Ministry of Municipal Affairs and Housing** leads planning and development in Ontario through the Provincial Policy Statement, Planning Act, and provincial plans (e.g. Greenbelt, Oak Ridges Moraine); while the **Ministry of Infrastructure** has leadership around infrastructure planning and regional Growth Plans. The role of Conservation Authorities in translating provincial policy direction into science-based information to support informed local municipal decision-making is a valued responsibility that needs ongoing recognition and support.

The relationship between the **Ministry of Agriculture, Food and Rural Affairs** and Conservation Authorities has been focused primarily on collaborating with various agencies to provide technical services, knowledge transfer and financial support to local agricultural producers for agricultural environmental stewardship. This relationship is particularly evident in watersheds where agriculture is a primary land use.

Refining the Conservation Authority Model

Conservation Authorities acknowledge that there are issues with the current CA model that need to be addressed in order to improve watershed management. The Conservation Authorities are undertaking their own discussions to address CA-specific issues and explore ways to improve their own effectiveness through program improvements, streamlining operations, and better collaborations among themselves. These discussions need to expand to include the provincial government due to the number and complexity of the various relationships.

Issues Impacting Conservation Authority Effectiveness

There are a number of issues relating to the roles of Conservation Authorities and their relationship to the Province which impact CA effectiveness to move forward:

- Broad legislative mandate under Section 20 of the *Conservation Authorities Act*⁶ leads to “questions of legitimacy” raised by some individuals / businesses whose interests appear to be impacted (eg landowners, developers, municipalities)
- Declining provincial support for financial priorities
- Inconsistent provincial policy support and interpretation
- Variability in Conservation Authority capacity often correlating to local tax base, local issues

⁶ Section 20 of the *Conservation Authority Act* states, “The objects of an authority are to establish and undertake, in the area over which it has jurisdiction, a program designed to further the conservation, restoration, development and management of natural resources other than gas, oil, coal and minerals”. (R.S.O. 1990, c. C.27, s. 20)

Broad Legislative Mandate

The role of Conservation Authorities and their relationship to various partners including member municipalities and the provincial government derives primarily from their enabling legislation, the *Conservation Authorities Act* of Ontario. This legislation provides a broad mandate and suite of powers which empowers Conservation Authorities to largely define their own programs, set priorities in collaboration with member municipalities, government ministries and departments, organizations and individuals, and enter into partnerships. It is important to recognize that Conservation Authorities have multiple business relationships with multiple ministries, agencies, municipalities and others, depending upon circumstances, needs, shared goals and opportunities.

In addition to the *Conservation Authorities Act*, other provincial legislation can directly affect Conservation Authority activity including the Planning Act, the Clean Water Act, the Municipal Act, and the Environmental Assessment Act.

The broad mandate of Conservation Authorities, coupled with the complex array of provincial and federal statutes and corresponding Ministries, departments and agencies, has not been well understood by many players and, in fact, has given rise to criticism that Conservation Authorities operate outside of or beyond their scope and mandate. (See *Conservation Authorities Operating in Ontario Today*, pg 8) These perceptions need to be addressed going forward to enhance the legitimacy of the Conservation Authorities and to provide clear lines of responsibility and clear lines of accountability. The Ministry of Natural Resources' (May 2010) *Policies and Procedures for Conservation Authority Roles and Responsibilities for Plan Review and Permitting* which was developed through a multi-stakeholder and multi-ministry process is a good start.

Declining provincial funding for provincial priorities

The original vision of the Legislature in passing the *Conservation Authorities Act* was one of a shared provincial/municipal responsibility for managing natural resources on a watershed basis. This "partnership" has undergone many changes over time and to some extent simply reflects changing philosophy of government in terms of its role in society and its relationship to other levels of government.

In the 1990's Ontario and its municipalities underwent a very thorough exercise in "disentanglement" that attempted to rationalize roles and responsibilities while increasing accountability of various levels of government by improving the link between taxation and program responsibility. For example, the province would fund major social programs including health care and education from its broad (and

Conservation Authorities Operating in Ontario Today

The Conservation Authorities' program has been a success story by any number of measures, and yet there has been a history of controversy and concern that continues to this day.

It is possible to ascribe much of this concern to power sharing – the degree to which a Conservation Authority's power and influence is seen to impact the interests of stakeholders, including its member municipalities; developers and landowners; and environmentalists; and the scope of their "mandate" as prescribed under Section 20 of the *Conservation Authorities Act*.

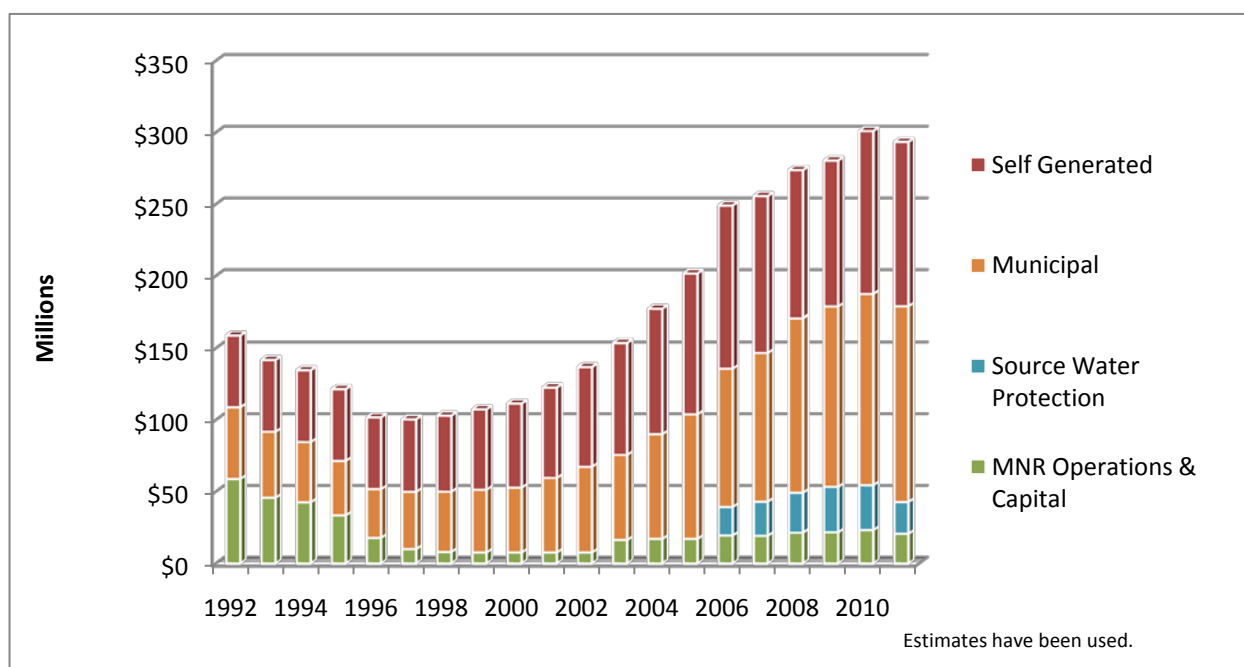
The impacts are manifested in a number of ways, from the power to "levy" the member municipalities to pay for programs and services; to the Conservation Authority role in the land use planning and development process, (largely a municipal sphere); to the "Development, Interference and Alteration" regulation; to their limited ability to expropriate land for the construction of public works such as dams, dykes and channels.

While Conservation Authority programs and projects are undertaken "for the public good" the extent to which other interests are perceived to be impacted negatively gives rise to arguments of too much power and lack of accountability.

deep) tax base while municipalities would fund more place-based services such as roads, sewers and water through the property tax system or other appropriate rates.

Within this context, what had been significant provincial transfer payments to the Conservation Authorities in the early 1990s, often exceeding the municipal share, declined drastically to the point that municipalities contribute three or four times as much as the remaining transfer payments even for provincially mandated programs such as flood hazard management.

Figure 1: Provincial, Municipal and Self Generated Revenue for Conservation Authorities 1990 – 2010



The funding inequity for Conservation Authority programs is an irritant in CA-municipal relations, and in some cases, particularly where population and the local property tax base are sparse, creates significant financial hardship and variability in Conservation Authority capacity.

Inconsistent provincial policy support and interpretation

Also contributing to the confusion around Conservation Authorities is the duplication and lack of clarity of provincial policy in relation to Conservation Authority business.

To some extent, the Province has attempted to grapple with this particularly around the land use planning process and the Planning Act. In this model, responsibility for land use planning from the creation of official plans to zoning bylaws to approval of development applications resides (appropriately) at the municipal level. The Provincial Policy Statement addresses issues such as natural hazards, natural heritage and the appropriate range of housing types and densities. Municipalities are given significant authority under the Planning Act, subject to the requirement that decisions “shall be

consistent with” matters of provincial interest. In some cases, such as flood and hazard policy, there is a very mature and robust policy in place with supportive technical guidelines and the responsibility has been delegated to the local Conservation Authority to represent provincial interests.

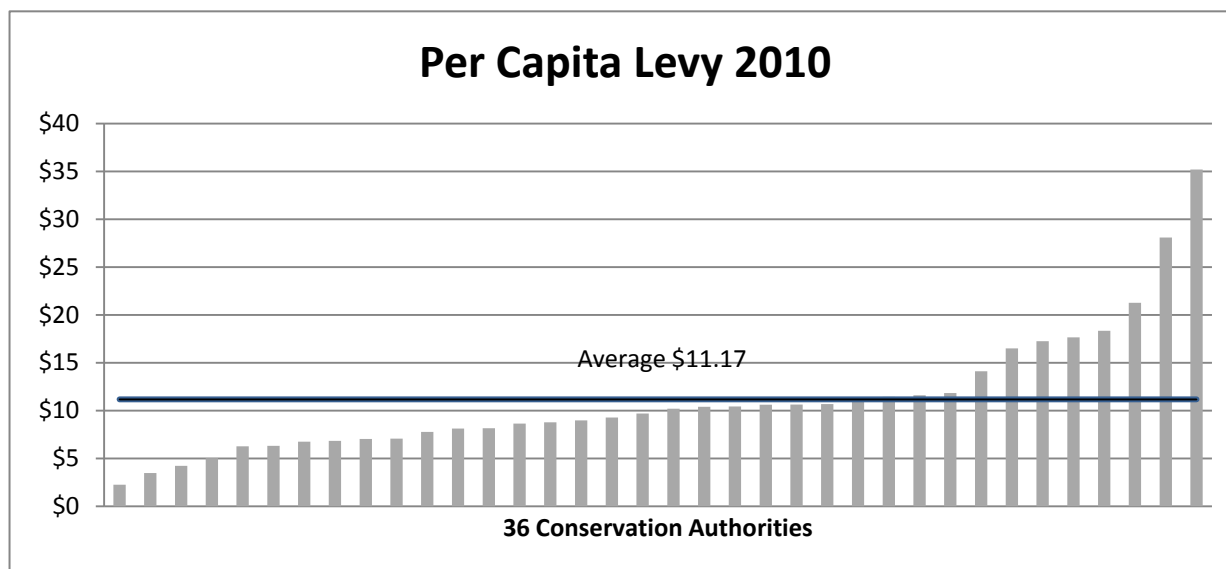
In other cases, such as natural heritage systems, the policy is less robust, there is no provincial standard and limited provincial guidance has only become available recently. Many Conservation Authorities have often been invited to fill the gap by their local municipalities who recognize that the Conservation Authority has the capacity and expertise. As part of its overall watershed plan, some Conservation Authorities have identified the linkages between the natural heritage system, hazard lands, water resources, and so on. In these cases, the Conservation Authority has taken the initiative to “market” a natural heritage system to the municipalities which they are free to incorporate, modify or reject through their Official Plan amendment process.

It is this interface between natural heritage systems planning and land use planning where some municipalities, the development industry, and the provincial government often have conflicting notions of the Conservation Authority role, questioning their legitimacy in any involvement in the process. Notwithstanding a lengthy multi-stakeholder discussion and policy development exercise around this issue [i.e. *Policies and Procedures for Conservation Authority Roles and Responsibilities for Plan Review and Permitting* (Ministry of Natural Resources’, May 2010)], the controversy remains. The most obvious solution from a Conservation Authority perspective is to obtain delegated responsibility from the Province for Natural Heritage implementation under the *Planning Act*.

Variability in Conservation Authority capacity

Conservation Authorities have been criticized for not being able to provide a consistent level of services across all watersheds. While many Conservation Authorities operate with a full suite of professional, technical, scientific and administrative expertise, there are some which are not able to do so due to a limited local tax base. It has to be acknowledged that the local financial burden is not equitable across all Authorities and that this problem is not resolvable locally. Figure 2 illustrates the inequities among the per capita levies across the Conservation Authorities.

Figure 2: Per Capital Levy Across All 36 Conservation Authorities



In reality, there is some merit to the capacity argument, although it is not a fair generalization; and Conservation Authorities, themselves, have recognized this in the current Conservation Ontario Strategic Plan⁷. In the past, one proposed solution has been amalgamation. While this may be appropriate in some circumstances, there are other approaches that can ensure the necessary skills and capacity are available, while avoiding the creation of geographic units that are too large for efficient service delivery. For example, the Ontario Drinking Water Source Protection Program has addressed this issue through clustering of Conservation Authorities to create Source Protection Regions - thereby achieving an economy of scale, necessary technical and professional skills and expertise while maintaining traditional governance frameworks at the local Conservation Authority.

Opportunities for Provincial Discussion

The issues described above have been identified by Conservation Authorities from their perspective, and while the list may not be complete, these issues are considered to be fundamental questions that need to be addressed. Ultimately, the discussion must incorporate the following five elements, all of which are interrelated:

1. Confirmation of a Conservation Authority mandate
2. Enhancements of CA-Ministry relationships
3. Revamped CA Governance Model
4. Development of a sustainable funding formula
5. Improved Accountability Framework

⁷ *The Road Ahead: Sharing Conservation Authority Strengths. Strategic Direction 2011 – 2015*, Conservation Ontario (www.conservationontario.ca)

1. Confirmation of the Conservation Authority Mandate

As discussed earlier in this whitepaper, the Conservation Authority mandate has been a long-standing debate, viewed either through the lens of provincial direction (section 28 regulations, PPS natural hazards) or with a broader interpretation of Section 20 of the *Conservation Authority Act*. Closely tied to the mandate are arguments about overlap and duplication. The issue of multiple pieces of legislation impacting water and related resources has been identified, and the resulting complexity leads to confusion as to who is responsible for what.

It is fair to observe that Conservation Authorities have often willingly extended their programs into areas of emerging need, or to fill a gap created by withdrawal by another agent. The steady decline of the field presence of the Ministry of Natural Resources has, to some extent, been offset by expansion of Conservation Authority programs. It can be argued that more local control of these services has been a beneficial outcome; others may argue its provincial download. Conservation Authorities have taken the position that an integrated approach to watershed management is not only more efficient and effective, it is more equitable in that there is an opportunity for local stakeholders to participate in the process. However, progress toward this paradigm will not be significant unless the province acknowledges the value of IWM and commits to the necessary discussions that will lead to this transformation. Flowing out of a confirmation of a watershed management entity mandate would be a discussion of the relationship with the key Ministries in the watershed management sector.

2. Enhancement of Conservation Authority-Ministry Relationships

Taking a more integrated approach to watershed management is dependent on collaboration among the various agencies with water management responsibilities. Given the existing diversity and complexity of the CA-provincial relationships and the need to enhance these relationships, Conservation Ontario proposes a series of bilateral discussions with the relevant ministries, to take place within an overall framework of a multi-Ministry/stakeholder steering committee.

Renewed Conservation Authority-MNR Relationship

The Ministry of Natural Resources has been responsible for administering the Conservation Authorities Act for the past forty years. The Minister is accountable to the Legislature for the Conservation Authorities program, yet the devolution of the partnership toward a municipally dominated model, leaves the Minister with inadequate tools to meet his or her responsibilities. The extent to which Conservation Authorities operate as autonomous, corporate entities, governed by their own Boards within a provincial policy framework, must be reconciled within an appropriate legislative, policy and governance framework.

Conservation Authorities have historically operated programs that were on the surface, duplicative of those provided through the Ministries own operating entities. Over time, this issue has resolved itself. However an important question remains around the implementation of Natural Heritage. Conservation Authorities believe that the Province needs to retain a strong science and policy role regarding Natural Heritage, and acknowledge the need for a local watershed-based implementation mechanism that can support municipal responsibilities under the Planning Act and the Provincial Policy Statement.

Formalize CA-MOE relationship

The current CA-MOE relationships have evolved on an ad hoc basis and are managed within individual branches of the Ministry of Environment, usually by annual memorandums of agreement. This approach is administratively inefficient and given the complexity and apparent longevity of the CA/MOE relationship it would seem reasonable to discuss with MOE the possibility of rationalizing/normalizing the overall MOE/CA relationship.

Explore opportunities with other ministries

Conservation Authorities have had a successful history of collaboration with a number of other Ministries, including OMAFRA and the agricultural sector to implement initiatives that investigate the supporting science and that undertake Agricultural environmental BMPs at the local watershed level. Management of these partnerships has been through various ad hoc agreements with OMAFRA and others. As OMAFRA develops priorities for research and BMP implementation in priority watersheds (eg. Great Lakes Initiatives, nutrient management), as well as transfers of the knowledge from these watersheds to others in the province, it would seem strategically beneficial to discuss the role of Conservation Authorities in supporting associated objectives.

Other important relationships with Ministries including Municipal Affairs and Housing, Northern Development and Mines, Infrastructure, Education and Tourism need to be examined to identify opportunities for further discussion.

3. Revamped Conservation Authority Governance Model

Governance can simply be defined as the framework in which decisions are made. Under the *Conservation Authorities Act*, municipalities appoint Conservation Authority members. It is important to note that board members are appointed by the municipalities in accordance with their individual and collective policies. For example, some municipalities appoint citizens, while others appoint members of council. The result is that, currently, approximately two-thirds of Authority Board members (province-wide) are concurrently elected to municipal council, although in some instances, this proportion is 100%.

The case for appointing elected members relates to perceptions of accountability, the theory being that elected members will tend to reflect the will of their appointing municipal council more so than will citizen appointees. The principal of fiduciary responsibility would suggest, however that the members should vote in accordance with the best interests of the watershed.

Some members of the environmental non-governmental organization community believe that a Conservation Authority Board comprised of municipal councilors will tend to favour development, while a citizen board will have a more environment-friendly position. There is also merit to the argument that the Conservation Authority would function with greater balance if interests beyond those of municipalities were represented at their Boards. However, as long as municipalities provide the major share of financing for the program, and Conservation Authority Boards retain the power to levy, it is unlikely that the power of appointment would be willingly relinquished by municipalities.

4. Development of a sustainable funding formula

Some discussion on the current financial model has already been provided in this document. It is arguable that Conservation Authorities provide mainly place-based services such as flood control that are reasonably born on the property tax base. It is also a reality that local tax bases are not always commensurate with need, and that a mechanism must exist to create equity. The Province should consider retaining or designing a cost-sharing formula that takes local ability to pay into account, and this should be permanent rather than project-based. In addition, the Province and municipalities must incorporate Conservation Authority infrastructure into the pool of municipally owned infrastructure, or at least develop mechanisms whereby the flood and erosion infrastructure needs can be met within an appropriate asset management framework.

It should also be recognized that Conservation Authorities have been leaders in developing non-tax base revenues including user fees and charitable foundations. In fact, the second largest pool of funding for Conservation Authority programs is self-generated, comparable to the municipal levy but less than total municipal funding. This greatly enhances the value of the Conservation Authority program in terms of its ability to leverage revenues from all levels of government.

5. Improved Accountability Framework

Governance, finance, mandate, and accountability are all closely linked and need to be considered in an integrated fashion. The current accountability framework for Conservation Authorities has been criticized as inadequate from some stakeholders and interests. Some would prefer stronger provincial oversight or control; while others would lobby for greater stakeholder influence.

As previously stated, the Minister of Natural Resources carries the responsibility for the *Conservation Authorities Act* and everything that occurs as a result of it, but he or she has very limited means to hold the Conservation Authority Board to account. Prior to the reduction in transfer payments in the 1990s, the Minister had considerable leverage through the financial and project approval mechanism. At the present time, the Conservation Authority is required to seek the approval of the Minister only for a relatively minor set of needs.

The Conservation Authority is required to conduct an annual financial audit under Public Sector Accounting Board rules, and report to the Minister. It is also subject to the Municipal Conflict of Interest Act and a number of other statutes which compel it to conduct the business of the Authority in a responsible fashion. Implementation of an integrated watershed management approach will require the establishment of a decision making process that gives the various partners and stakeholders an appropriate voice in future watershed management decisions. Refining the Conservation Authority accountability framework to be consistent with this process would address these accountability concerns.

Conclusion

This paper identifies a number of specific challenges with the existing watershed management policy and governance framework in Ontario. These challenges are currently compromising the Province's ability to effectively and efficiently manage its water and other natural resources for environmental, economic, and social benefits. The current fiscal reality further exacerbates these challenges. That said, the transformational agenda that is currently underway presents an opportunity to redesign the watershed management framework.

Conservation Authorities have identified an integrated watershed management approach as the most efficient and effective way to manage issues around water and related resources while providing stakeholders with timely and meaningful opportunities to participate in decision making processes that will ultimately affect their quality of life. The watershed management perspective provides an effective frame of reference for integration of provincial and federal policy and science into local decision-making ensuring that natural resources and water, in particular, is sustainable for all economic, social, and environmental uses in our watersheds and managed to avoid future flood damages.

It is within this context that meaningful discussion must occur and should include all stakeholders (Province, municipalities, non-governmental organizations, and the Conservation Authorities) in order to move forward. These discussions must include the role and mandate of both the Province and Conservation Authorities in order to address issues that create barriers to a more streamlined approach to watershed management. Conservation Ontario recognizes that a sweeping review of watershed management in Ontario will include the refinement of the Conservation Authority model itself.

The Province must accept a leadership role in establishing this dialogue at the earliest possible date, and commit to implement a sustainable, responsive, and effective watershed management future for the benefit of all Ontarians.



Nottawasaga River

Appendix A

A Brief History of Watershed Management in Ontario

It is no accident that a very comprehensive history of the Conservation Authorities Program, published in 1972 by Dr. AH Richardson, one of the founders of the “Conservation Movement” is entitled, *Conservation by the People*. The *Conservation Authorities Act*, passed by the Ontario Legislature in 1946, was a bold, forward looking piece of legislation that was founded on three principles:

- jurisdiction based on the watershed, a fundamental unit for managing water related resources;
- cost-sharing, reflecting a partnership between the province of Ontario and the municipalities within a Conservation Authority’s jurisdiction; and
- local initiative, a program that was locally designed to respond to issues that municipalities had determined to be priorities and for which they were prepared to fund on a cost shared basis.

In fact, local municipalities had control over whether or not a Conservation Authority was formed, in that the legislature did not “impose” Conservation Authorities, rather it “enabled” municipalities to form them by majority vote (passed by 2/3 of the municipalities present).

In the formative years, dating back to the 1940s, the provincial government undertook resource surveys of watersheds and developed a suite of recommendations under the categories of flood control, land use, forestry, and recreation. The resulting “Conservation Reports” formed the basis for the Conservation Authority program until the 1980s when contemporary watershed planning came into being. It is interesting to note that the recommendations not only incorporated natural heritage (forestry, wetlands, and conservation of land) but cultural heritage as well.

Implementing these reports, Conservation Authorities purchased wetlands and marginal agricultural lands for reforestation, often under agreement with the Department of Lands and Forests, the MNR’s predecessor. The development of Conservation Areas to provide public access and recreation opportunities was undertaken, often in conjunction with large water control structures. In order to justify the major expenditures involving in many cases all three levels of government, dams and reservoirs and their surrounding lands were designed for multiple purposes – flood control, flow augmentation, recreation and wildlife - to maximize the return on public investment. The provincial government amended the Conservation Authorities Act in the 1950s to provide grants for the development of facilities to promote public access and use.

From a contemporary perspective, Conservation Authorities have acquired some 150,000 ha of lands that provide outdoor recreation opportunities for more than 6 million visitors annually. These Conservation Areas are largely self-sufficient from either user fees or donations or in some cases the work of service clubs and organizations, and fill a niche in the fabric of greenspace that our rapidly urbanizing population requires to meet their basic needs. In its recently published Strategic Plan, *The Road Ahead: Sharing Conservation Authority Strengths: Strategic Directions 2011 - 2015*⁸, Conservation Ontario has identified the increasingly apparent linkages between human health and access to abundant

⁸ Conservation Ontario’s 2011 – 2015 Strategic Plan can be found at www.conservationontario.ca

and healthy greenspace, as key to managing our future health care costs and improving quality of life in both social and economic terms.

The most recent comprehensive review was undertaken by the Provincial Government in 1986, resulting in a report entitled, *A Review of the Conservation Authorities Program* (1987). This report contained a number of recommendations including changes to provincial funding formulae; reduction in the number of Conservation Authorities through amalgamation; and rationalization of a number of programs to address concerns of overlap and duplication with programs delivered by the Ontario Ministry of Natural Resources and others. Few of the recommendations were implemented and provincial transfer payments were drastically reduced in the late 1990s, making municipalities responsible by default for a greater share of funding for the “partnership”.

Contemporary Conservation Authority Watershed Management Programs

Conservation Authorities deliver practical, cost effective programs that ensure healthy ecosystems which enable them to generate and maintain valuable goods and services.

Watershed Management

- Planning, implementation, monitoring, reporting

Flood & Erosion Control/ Prevention

- Structures, monitoring & warning systems, maintenance, prevention
- Conservation Authority flood and erosion control programs including dams, other water control structures and regulations preventing development in hazardous areas, have resulted in avoided flood damages of more than \$100 million annually in Ontario⁹.

Water Quality & Quantity

- Monitoring networks, source protection, watershed reporting, Dams, reservoirs, stormwater, wetlands, septic system approvals

Regulatory Responsibilities

- Regulate development & activities in or adjacent to river or stream valleys, Great Lakes and large inland lakes shorelines, watercourses, hazardous lands & wetlands

Natural Heritage Protection

- Sensitive land acquisition & securement, tree planting, official plan input and review, land management

Watershed Stewardship

- Rural water quality programs, rehabilitation and restoration programs, fish & wildlife, Ontario Drinking Water Stewardship Program, woodlot management

Technical Support & Land Use Planning

- Plan input & review, technical advice & studies, community sustainability plans, Class EA reviews, EIS reviews, emergency response, engineering and hydrogeologic support, fishery reviews, geotechnical reviews, stormwater / low impact studies, natural heritage systems design

⁹ Protecting People and Property – A Business Case for Investing in Flood Prevention and Control – Conservation Ontario, August 2009

Recreation & Education

- Outdoor recreation activities, environmental education programs for 475,000 students, outreach activities, water festivals

Conservation Authorities Address Consistency and Effectiveness

At a two day workshop in June 2012, the Conservation Authorities identified a number of areas to continue to address. Conservation Authorities are currently pursuing these issues.

- **Development of a common core competency/capacity (eg. minimum standards, service levels, etc) that all Conservation Authorities agree to meet.** This would include not only the core Conservation Authority legislative responsibilities but must also include a consensus of the basic Conservation Authority role envisioned in the IWM concept.
- **A process for all Conservation Authorities to meet those standards either internally or through formal collaboration within a Conservation Authority grouping or cluster.** There were a variety of variations on this idea at the workshop but the key is that these be formal, e.g. written agreements, financial arrangements and reasonable permanency.
- **A process to address Conservation Authority governance** to give the various non-municipal stakeholders a voice. (eg advisory boards as in the *Conservation Authorities Act*, the task force approach, etc)
- **Identification of potential external partnerships and a plan to engage these partners**
- **Review and clarification of the role of Conservation Ontario**