

Chapter 3

Ministry of Natural Resources

Section 3.07

Provincial Parks

Background

Ontario has 334 provincial parks covering over 8.2 million hectares, an area roughly the size of New Brunswick and Prince Edward Island combined. The *Provincial Parks and Conservation Reserves Act, 2006* (Act) governs the development, operation and management of these provincial parks as well as Ontario's conservation reserves. The purpose of the Act is to permanently protect a system of provincial parks and conservation reserves that contain significant elements of Ontario's natural and cultural heritage and provide opportunities for ecologically sustainable recreation. The Ministry of Natural Resources (Ministry) is responsible for establishing, operating and managing provincial parks in accordance with the Act.

About a third of the province's parks are operating parks; these provide recreational opportunities such as day-use areas and overnight and interior camping. Operating parks have staff on site and contain visitor centres, museums, park stores, and other services and facilities. In the 2012/13 fiscal year, operating parks attracted over 9 million visitors. Non-operating parks, while still accessible to the public, have no staff on site and offer only limited facilities.

At the time of our audit, Ontario's provincial parks were divided among six zones for the purposes of operation and management (Figure 1). Most provincial parks in southern Ontario operate from the second weekend in May until mid-October. Most parks in Northern Ontario open on the Victoria Day weekend and close just after Labour Day. There are, however, about 20 provincial parks scattered throughout the province that operate year-round.

The Ministry had approximately 235 full-time staff involved in the operation and management of provincial parks at the time of our audit. This staff was distributed between the Ministry's head office in Peterborough, the park zone offices and the operating parks. In addition to full-time staff, the Ministry uses approximately 600 seasonal staff and 1,600 students at operating parks during peak season each year.

The Act gives the Minister of Natural Resources the authority to set fees for the use of provincial parks or any facilities or services offered within the parks. To help meet park operating expenses, the Ministry charges such fees in the 114 operating parks. The fees depend on the activities (for example, skiing, hiking, swimming, boating, wildlife viewing) and amenities available. Fees are not charged in most non-operating parks. In the 2012/13 fiscal year, provincial parks generated

Figure 1: Provincial Parks by Park Zone (as of March 2013) and Operating Status

Source of data: Ministry of Natural Resources

Park Zone (Zone Office)	Non-operating		Operating		Total Operating and Non-operating		% of Total Park Area
	#	Area (hectares)	#	Area (hectares)	#	Area (hectares)	
Northwest (Thunder Bay)	77	1,868,489	18	1,864,419	95	3,732,908	45.3
Northeast (Sudbury)	75	2,883,243	36	670,819	111	3,554,062	43.1
Algonquin (Whitney)	2	2,040	1	772,300	3	774,340	9.4
Central (Huntsville)	32	57,519	20	29,332	52	86,851	1.0
Southeast (Kingston)	13	7,576	21	63,558	34	71,134	0.9
Southwest (London)	21	9,733	18	10,888	39	20,621	0.3
Total	220	4,828,600	114	3,411,316	334	8,239,916	100.0

Note: On April 1, 2013, the Ministry eliminated the Central zone. Following this, a number of parks were reallocated among the five remaining zones.

about \$69 million in revenues. Operating expenses, including head office expenses, totalled about \$80 million. Historically, revenues generated by user fees paid by visitors have covered over 80% of the parks' operating costs, with the province making up the difference. Expenditures related to the planning and protection of the park system (for example, costs associated with park research and monitoring) are funded solely by the province. The province also funds park infrastructure such as washroom and shower facilities, visitor centres, water and sewage systems, and other capital requirements.

Audit Objective and Scope

The objective of our audit was to assess whether the Ministry had adequate systems, policies and procedures in place to manage provincial parks cost-effectively and in compliance with legislation and ministry policies, and to reliably measure and report on its performance. Senior management at the Ministry reviewed and agreed to our objective and associated criteria.

Our audit work was conducted at the Ministry's head office and three of the six zone offices where

we interviewed staff and reviewed pertinent documents. We also visited six provincial parks that were located in these three zones.

We engaged an ecologist with expertise in the field of environmental management to review ministry policies and a sample of management directions for specific parks, and to provide us with an opinion on whether the policies and directions meet the requirements of the Act and adequately protect these parks.

We met with the Chair of the Ontario Parks Board, established in 1997 as an advisory committee to the Minister of Natural Resources, and staff at the Office of the Environmental Commissioner of Ontario to obtain their perspectives on the province's park system. We also researched park operations and management practices in other jurisdictions and met with officials at Alberta Parks and Parks Canada to identify best practices that may be applicable in Ontario.

Summary

Over the last 10 years, provincial parks have grown in both number and size. The *Provincial Parks and Conservation Reserves Act, 2006* (Act),

which governs the management of provincial parks, expanded the requirements for ensuring that the natural values within the parks are protected. The growth of the provincial park system, combined with the expanded responsibilities contained in the Act, has challenged the Ministry's ability within its funded resources to meet its legislated mandate to protect Ontario's park system and provide opportunities for ecologically sustainable recreation. Currently, the Ministry risks falling further behind in meeting its mandate, specifically:

- The Act states that maintaining ecological integrity is the first priority in the management of provincial parks. It requires each park to have in place a management direction that provides policies for the protection, development and management of the significant resources and values within the park. At the time of our audit, the Ministry had reviewed just over half of the 334 directions in place and had concluded that 104 needed to be either amended or rewritten to reflect the intent of the new Act. Only half of these amendments and rewrites had been completed or were in progress. The ecologist we retained for this audit reviewed a sample of directions that the Ministry had deemed to be consistent with the intent of the Act, and concluded that none contained a clear statement that ecological integrity was the first priority in managing the park. In fact, every management direction reviewed noted significant damage to environmental conditions, but none put forward meaningful strategies or had been updated to address them.
- The Ministry's 2011 survey of park planners, ecologists, biologists and park superintendents confirmed that the Ministry lacked the baseline scientific data on the provincial park system that it requires to meet the rigorous standards of the Act. The survey revealed gaps in information with respect to the native biological components (plants, animals and other

organisms), nonbiological components (such as geology and water) and processes (such as reproduction and population growth) in individual parks, and the pressures that affect them. In this regard, we noted that one ecologist aided by a seasonal assistant ecologist and a few park biologists may be responsible for conducting research and monitoring activities in anywhere from 20 to 50 provincial parks. In comparison, Parks Canada informed us that each park in the federal system has a science team composed of at least one park ecologist supported by a team of technicians, the size of which depends on the size of the park and the ecological issues being addressed. Parks Canada further supports these science teams with a team of senior ecosystem specialists, although it too has a backlog of work.

- Activities such as hunting and fishing are regulated in provincial parks, and the Act specifically prohibits activities such as commercial timber harvesting (except in Algonquin Park) and mining. However, due to constrained resources, significant portions of the operating parks (which provide a range of recreational activities), as well as the 220 non-operating parks that cover about half the area of Ontario's provincial park system, are subject to little or no enforcement. Park staff advised us that they are aware of violations regularly taking place, such as illegal hunting, boundary encroachments by adjacent landowners, waste dumping, and the cutting and removal of trees and plants. The province's Environmental Commissioner was critical of the Ministry recently when he said in a news release accompanying his 2012/13 Annual Report: "It appears that the Ministry of Natural Resources is walking away from many parts of its job to safeguard wildlife and natural resources. Important legal safeguards for provincial parks, species at risk, hunting, and Crown lands have been significantly weakened."

- A key objective of the Act is for provincial parks to provide ecologically sustainable outdoor recreation opportunities. On average, over each of the last 10 years, more than 9 million visits have been made to the 114 operating parks within the province. With respect to the operation and management of these parks, we noted the following:
 - The Ministry's minimum operating standards covering aspects of park operations such as waste management, sanitation, and cleaning and maintenance of facilities and grounds were established over 20 years ago. Visits have since increased by over 40%. When day-use visitors and campers were asked about how parks could be improved, better general maintenance and amenities were at the top of the list.
 - The Ministry's current backlog of desired capital asset expenditures within the provincial park system is significant. For instance, we estimated that assets such as buildings, roads, bridges, drinking-water systems and septic systems listed as being in "poor" or "defective" condition require over \$590 million to replace. Since our last audit of the provincial parks in 2002, the backlog has increased by approximately \$170 million. Without additional investments, it will continue to grow.
 - Although parks in southern and central Ontario often operate at capacity and have significantly more visitors than parks in other regions, the Ministry has not fully explored the possibility of increasing fees in the more popular parks in the south and lowering fees in less visited parks, mainly in the north, to increase visits and improve cost recovery.
 - Another key objective of the Act is to provide opportunities for park visitors to increase their knowledge of Ontario's natural and cultural heritage. The Ministry arranges Natural Heritage Education (NHE) programs for visitors in 43 of the most visited parks. However, results of the most recent visitor survey conducted by the Ministry in 2011 indicated that the programs are underutilized and generally fail to meet visitors' expectations.
 - The Act requires the Minister to publicly report, at least once every 10 years, on the state of the provincial park and conservation reserve systems. The Ministry released its first State of Ontario's Protected Areas Report in 2011. We noted that similar reports in other jurisdictions more fully reported on items such as the status of park management plans and the results of actions taken to meet objectives in the plans; threats to the parks and their impact; relationships with Aboriginal communities in planning and managing parks; and the condition of capital assets. Furthermore, the Ministry has established performance measures for only two of the Act's four objectives, and lacks benchmarks to evaluate its performance in maintaining ecological integrity and monitoring ecological change in the parks.
- Currently, there are nearly 600 private cottage properties held under lease in two provincial parks. The term of the current leases is expected to end in 2017, and is under review. We noted that these lease payments are significantly below fair market value and should generate approximately \$6.7 million more in revenue than the Ministry currently receives. In addition, the fees charged by the Ministry for providing services such as garbage collection and snow removal are also well below the Ministry's actual costs.

OVERALL MINISTRY RESPONSE

The Ministry of Natural Resources appreciates the Auditor General's recognition of the growth of the parks system and the expanded responsibilities under the *Provincial Parks and Conservation Reserves Act, 2006* (Act), and agrees that the sustainability of the parks system continues

to be a fundamental priority. The Ministry is supportive of the recommendations made in this report and offers the following as context.

Protecting Ontario's parks system while providing opportunities for ecologically sustainable recreation are dual priorities for the Ministry. Beginning with the enactment of the Act in 2006, the Ministry has moved to a parks system model that emphasizes biodiversity and ecological integrity in managing and planning parks. As the largest provider of outdoor recreation in the province, the Ministry has made significant investments in parks facilities over the last 10 years, including investments in drinking-water systems, roads and other built infrastructure.

Since 2005, the Ministry has followed the National Quality Institute's Progressive Excellence Program, resulting in a number of initiatives designed to ensure the quality of the natural and cultural resources found in parks and protected areas across the province.

The Ministry published its first State of Ontario's Protected Areas Report (SOPAR) in 2011. SOPAR established benchmarks to measure future progress made by the provincial parks and conservation reserves programs and is intended to keep Ontarians up to date on provincial parks and conservation reserves.

The Ministry will continue to evaluate existing policies, processes and tools to ensure they remain applicable and relevant to its parks program.

Detailed Audit Observations

Over the last 10 years, provincial parks have grown in both number and size. In 2002, Ontario had 277 provincial parks covering about 7.1 million hectares. It now has 334 parks covering over 8 million hectares. In addition, the government passed the

Provincial Parks and Conservation Reserves Act, 2006 (Act), which laid out new requirements to ensure that the parks are adequately protected. The Act lists four objectives for provincial parks:

- to permanently protect ecosystems, biodiversity and significant elements of Ontario's natural and cultural heritage, and to manage these areas to ensure that ecological integrity is maintained;
- to provide opportunities for ecologically sustainable outdoor recreation and encourage associated economic benefits;
- to provide opportunities for the residents of Ontario to increase their knowledge of Ontario's natural and cultural heritage; and
- to facilitate scientific research to support monitoring of ecological change.

The growth of the park system, combined with the Ministry's expanded responsibilities under the revised legislation, has challenged the Ministry in meeting its mandate with respect to the management and operation of the park system. Currently, the Ministry risks falling further behind in meeting its mandate. We discuss this more fully below.

PARK PROTECTION

Ecological Integrity

A key objective of the Act is to permanently protect significant elements of Ontario's natural and cultural heritage by establishing and managing provincial parks. To this end, the Act makes the maintenance of ecological integrity its first priority. The Ministry considers ecological integrity within the park system to be maintained if native biological components (plants, animals and other organisms), nonbiological components (such as geology and water) and processes (such as reproduction and population growth) remain intact. According to the Act, the Ministry is also to consider restoring the parks' ecological integrity where necessary. In this regard, the Act and its accompanying *Ontario Protected Areas Planning*

Manual require the preparation of a management direction for each provincial park that provides policies for the protection, development and management of the significant resources and values within the park.

In June 2012, the Act was amended to require the Ministry to examine management directions that have been in place 20 years (previously 10 years) to determine if the directions need to be amended or replaced.

As seen in Figure 2, at the time of our audit, with the exception of five provincial parks established in 2011, all the parks had management directions in place. However, over 40% of the directions had not been amended for 20 years or longer.

At the time of our audit, the Ministry had reviewed 179 management directions to determine if these reflect the overall intent of the Act, and specifically whether the directions speak to the assessment, maintenance and restoration (where needed) of ecological integrity. The Ministry concluded that 26 management directions need to be amended and 78 need to be completely replaced. Our discussions with zone and park staff indicated that it takes, on average, five to 10 years to complete a management direction from the initial information-gathering phase to the final approval, with the review and approval process taking up about two-thirds of this

time. At the time of our audit, only 52 of the 104 amendments and rewrites were in progress. The remaining 75 management directions were deemed by the Ministry to be consistent with the intent of the Act and required at most administrative changes.

The ecologist we retained reviewed a sample of directions that the Ministry had either updated or deemed to be consistent with the intent of the Act, to confirm whether these directions did indeed adequately consider the protection and restoration of the parks' ecological integrity. In addition, the ecologist reviewed a management direction from 1985 for one of the flagship parks in the system, which, at the time of our audit, the Ministry had just completed reviewing for compliance with the Act's current direction on ecological integrity.

The ecologist concluded that none of the directions reviewed contained a clear statement that ecological integrity was the first priority in managing the park it pertained to. The ecologist also found that the directions did not call for an assessment of the ecological condition of the parks and therefore could not be considered to meet the intent of the Act. In fact, every management direction reviewed noted significant damage to environmental conditions at the park it covered; however, none put forward any meaningful strategies to address them, specifically:

Figure 2: Age and Status of Current Management Directions

Source of data: Ministry of Natural Resources

Age (Years)	Total Approved Management Directions		Management Directions Reviewed Since Enactment of <i>Provincial Parks and Conservation Reserves Act, 2006</i>			
	# of Management Directions	% of All Parks	Total # of Management Directions Reviewed	No Significant Changes Required	Amendment or Replacement Required	Amendment or Replacement Currently in Progress
<5	12	4	0	0	0	0
5-9.9	87	26	15	9	6	3
10-19.9	90	27	51	19	32	22
20-29.9	131	39	106	45	61	24
>30	9	3	7	2	5	3
No management directions	5	1	0	0	0	0
Total	334	100	179	75	104	52

- A 2012 ministry review of a management direction from 1989 concluded that only an administrative update was required to make the direction compliant with the Act. However, the direction made few references to the natural features within the park, despite the availability of a considerable amount of information on them, mostly collected by universities and the federal government. The park has many endangered species, including snakes, birds and plants, but the direction did not contain strategies for protecting them. In fact, the ecologist noted that the species that were at risk were mentioned only in passing.
- In its 2010 review of another direction, which dated back to 1986, the Ministry again concluded that the direction complied with the Act and needed only an administrative update. However, the ecologist noted that it contained only an anecdotal assessment of the park's ecological condition and no plans to monitor natural changes. The direction cited red and white pine trees as the only significant natural value in the park and noted that many had died from the impact of recreational users of the park. Nevertheless, the direction did not contain a strategy to address this problem.
- A management direction recently approved for one park but awaiting release at the time of our audit did list ecological integrity as a priority and aimed to protect the park's rare features such as sensitive sand dunes and rare aquatic habitats. The direction acknowledged that recreational use had significantly impaired the park's main natural features. However, it provided no consideration to restoring these values or even establishing a program to monitor the impact of continued recreational use.
- The overall goal of the 1985 direction for one of the flagship parks in the system focused on recreation. It made little provision for nature conservation and had no plans to monitor and assess the natural conditions within the park.

At the time of our audit, the Ministry had just completed reviewing this direction. The ecologist, consistent with the Ministry's assessment, concluded that this was an outdated plan that did not contain the current direction of maintaining or restoring ecological integrity, and that it needed to be replaced.

Research and Monitoring

The ecologist that we retained advised us that the maintenance and restoration of ecological integrity is a relatively new standard for protected area management and its adoption into legislation makes Ontario a global leader in this area. The fact that it has a more rigorous scientific basis than older management standards places significant responsibilities on the Ministry, requiring it to have the capability to develop the following:

- detailed inventories of significant values within provincial parks to assess their condition;
- an ecological monitoring system within the parks with defined indicators that track how an ecosystem is changing;
- scientifically based thresholds that define when an indicator is acceptable or when a critical condition is reached;
- the ability to define, conduct and assess ecological restoration projects; and
- a data management and reporting system to capture all required information.

The Ministry's 2011 survey of park planners, ecologists, biologists and park superintendents indicated that the Ministry lacked baseline scientific data on the provincial park system. The survey results revealed gaps in information with respect to native biological and nonbiological components and processes that exist in individual parks and the pressures that affect them. Our discussions with ministry staff during our visits to zone offices and parks confirmed this lack of research data.

Each park zone has only one full-time ecologist on staff. This ecologist, aided by a seasonal

assistant ecologist and a few park biologists, is responsible for conducting research and monitoring activities in all the parks within the zone. Therefore, this one ecologist may be responsible for 20 to 50 provincial parks. As a comparison, Parks Canada informed us that each park in the federal system is assigned a science team composed of at least one park ecologist supported by a team of technicians; the size of the team depends on the size of the park and its ecological issues. Parks Canada further supports these science teams with another team of senior ecosystem scientists from the national office who specialize in areas such as species conservation, environmental assessment and ecological restoration. However, according to the November 2013 report issued by the interim Commissioner of the Environment and Sustainable Development, Parks Canada is still experiencing a backlog of work even with these resources.

Universities and environmental groups also apply to the Ministry to conduct research in the province's parks. Before the Ministry grants permission to these third parties, they must agree to share any data collected. However, ecologists in the zones that we visited informed us that time constraints often keep them from reviewing this data. Research requests are also often unrelated to the Ministry's needs. In contrast, Alberta Parks informed us that, to gain additional research capacity, it tries to leverage outside research efforts by identifying knowledge gaps within its park system and setting research priorities that it then communicates to potential researchers. Alberta Parks also attempts to provide partial funding to entice outside researchers to conduct research it deems worthwhile.

In 2009, the Ontario Parks Board, responsible for providing advice to the Minister on aspects of planning, managing and developing the provincial park system, put forward a number of recommendations regarding research in Ontario's provincial parks. One was to hire a full-time manager to review ministry policies surrounding research and existing zone research strategies. The Board also highlighted the need for new funding models to

encourage research and monitoring in provincial parks. At the time of our audit, the Ministry had not addressed the Board's recommendations.

RECOMMENDATION 1

To help ensure that the maintenance and restoration (when necessary) of ecological integrity is the first priority in the planning and management of Ontario's provincial park system, as established by the *Provincial Parks and Conservation Reserves Act, 2006*, the Ministry of Natural Resources (Ministry) should:

- develop an overall strategy that includes partnering with the outside research community to ensure that sufficient baseline scientific data exists on native biological and nonbiological components and processes within the province's park system, and the pressures that affect these; and
- develop a plan to adequately monitor changes in ecosystems within the province's parks, conduct ecological restoration when the need to do so has been determined, and assess the results of such restoration.

MINISTRY RESPONSE

The Ministry agrees with the Auditor General's recommendation that an overall strategy should be developed to obtain the necessary baseline information on biodiversity (biological and nonbiological components, as well as ecological processes), as well as the pressures upon those values. In 2010, the Ministry conducted a research needs survey of protected area staff and managers to determine their priorities, and to develop products that can be used to help focus the research of our partners. In addition, the Ministry participates in a research consortium of academic institutions and other government bodies known as Centre for Applied Science in Ontario Protected Areas. The centre's mandate is to facilitate and transfer applied scientific

research that enhances policy, program development and on-the-ground management of Ontario's protected areas.

The Ministry will review approaches to monitoring and reporting on pressures and changes to ecosystems within parks. Broader landscape-scale monitoring of ecosystem change will occur as maps, databases and ecosystem classifications are updated.

The Ministry has recently partnered with other Canadian protected area jurisdictions under the auspices of the Canadian Parks Council to develop a set of principles and guidelines for ecological restoration in protected areas. These guidelines can be applied where needed and where resources permit. Currently, restoration and resource management activities occur annually in the province's parks based on park and zone level priorities and within available resources. The Ministry will develop a more strategic approach to resource management planning, including ecological restoration.

Enforcement

The Act specifically states that provincial parks are dedicated to the people of Ontario and visitors for their inspiration, education, health, recreational enjoyment and other benefits, and that the parks are to be managed to leave them unimpaired for future generations. To this end, activities such as hunting and fishing are regulated in provincial parks, and the Act specifically prohibits activities such as commercial timber harvesting (except in Algonquin Park) and mining. Park wardens, who have the same authority as members of the Ontario Provincial Police within a provincial park, are responsible for enforcing legislation in provincial parks. In 2012, 360 seasonal park wardens on two- to six-month contracts were primarily responsible for carrying out enforcement activities in operating parks. The approximately

100 full-time park superintendents and assistant superintendents, in addition to their other responsibilities, are also designated park wardens.

Based on our discussions with park staff and our analysis of enforcement activities in the six parks we visited, we noted the following:

- In the parks we visited, the area patrolled by enforcement staff varied significantly, ranging from five square kilometres to 3,900 square kilometres and averaging about 700 square kilometres.
- Due to constrained resources, enforcement at operating parks is focused mainly on areas known to have heavy human traffic. These areas represent only a small portion of these parks. Therefore, significant portions of the operating parks, as well as all areas within the 220 non-operating parks that cover about 4.8 million hectares, or over half the area of Ontario's provincial park system, are subject to little or no enforcement presence.

Limited enforcement in provincial parks increases the risk that violations of the Act will go undetected. Although the Ministry has not assessed the full impact of this risk, park staff advised us that violations take place regularly in provincial parks as a result of a lack of enforcement. These violations include illegal hunting, boundary encroachments by adjacent landowners, waste dumping, and the cutting and removal of trees and plants.

We raised similar concerns with respect to the lack of enforcement in our *2002 Annual Report*. In response, the Ministry made a commitment to undertake a review of park enforcement and to develop a strategy for enforcement in non-operating parks based on the level of risk. While we found that the Ministry did in fact undertake a review and has developed a risk-based strategy for enforcement in non-operating parks, it has been unable to execute this strategy, as it lacks the additional enforcement resources to address the identified risks.

RECOMMENDATION 2

To help ensure that provincial park resources are adequately protected, the Ministry of Natural Resources (Ministry) should update its review of its risk-based enforcement strategy for parks and examine cost-effective strategies for addressing the identified risks.

MINISTRY RESPONSE

The Ministry agrees with the Auditor General's recommendation to review the risk-based enforcement strategy and examine cost-effective strategies for addressing risks. Since 2002, the Ministry has allocated additional resources to support custodial management needs in non-operating parks, which included new funding for additional staff dedicated to monitoring and enforcement. As a result, staff have visited over 150 non-operating parks to complete assessments. Ontario Parks also receives assistance from conservation officers to help address non-compliant activities in non-operating parks.

The Ministry has recently provided additional funds to implement a resource stewardship program to support monitoring activities in non-operating parks and in particular land management activities. This funding includes additional human resources to address concerns regarding non-compliant activities occurring in those parks.

The Ministry will regularly review the risk-based enforcement strategy for both operating and non-operating parks and update the strategy as new or changing regulatory requirements are introduced.

PARK OPERATIONS

Visits and Revenues

As noted earlier, one of the key objectives of the Act in establishing and managing provincial parks is to provide opportunities for ecologically sustain-

able outdoor recreation and encourage associated economic benefits. On average, each year over the last 10 years more than 9 million visits have been made to the 114 operating parks that provide recreational opportunities such as day-use areas and overnight and interior camping. Figure 3 shows the number of visits in 2012/13 by provincial park zone.

Park superintendents manage the 114 operating parks, supported by full-time, seasonal, student and volunteer staff who perform various functions such as managing park revenues and expenditures, maintaining park infrastructure, ensuring the safety of visitors, delivering natural heritage education programs and maintaining park facilities. In the 2012/13 fiscal year, the operating parks generated about \$69 million in revenues. As Figure 4 indicates, camping and day-use services offered by parks, and the parks' merchandise and sales concessions generated over 90% of these revenues.

In 1996, the government established a business model that required operating parks to use revenues from park fees to fund their direct operating costs, in order to enhance financial self-sufficiency. On average, over the last five years more than 80% of park operating expenditures has been recovered through park fees. The government directly funds capital repairs and activities related to park planning, such as research and monitoring.

As shown in Figure 5, provincial parks located in the southern and central parts of Ontario, where the population is larger, are able to generate revenues greater than their operating costs. This helps

Figure 3: Operating Park Visits by Park Zone, 2012/13

Source of data: Ministry of Natural Resources

Park Zone	# of Operating Parks	# of Visits
Central	20	3,036,813
Southwest	18	2,061,244
Southeast	21	1,901,968
Algonquin	1	828,372
Northeast	36	749,663
Northwest	18	615,478
Total	114	9,193,538

to subsidize parks located in the north where visits tend to be fewer and a smaller percentage of the operating costs is recovered.

In September 2012, the Ministry announced that it was changing the designation of 10 parks (all but one of them located in Northern Ontario) from operating to non-operating, citing these parks' low visiting rates and inability to recover much of their operating costs through the limited revenues they generate. In changing the status of these 10 parks, the Ministry expected to save approximately \$1.6 million in annual operating costs and \$4.4 million in capital repairs. In January 2013, the Ministry retracted this decision for three Northern Ontario parks, stating that it would work with the affected municipalities to continue operating the parks with the goal of increasing their revenue and visiting rates. We reviewed statistics supporting the decision to keep the remaining seven parks closed and noted that these parks combined had averaged only about 70,000 visitors annually over the last four years, or less than 1% of the total number of annual visitors to all provincial parks combined. In addition, fees gen-

erated by these seven parks over the last four years on average recovered less than half of their operating costs, and capital repairs of approximately \$2.5 million were expected to be needed. We therefore concluded that the Ministry, from its perspective, had valid financial reasons for changing the status of these parks from operating to non-operating.

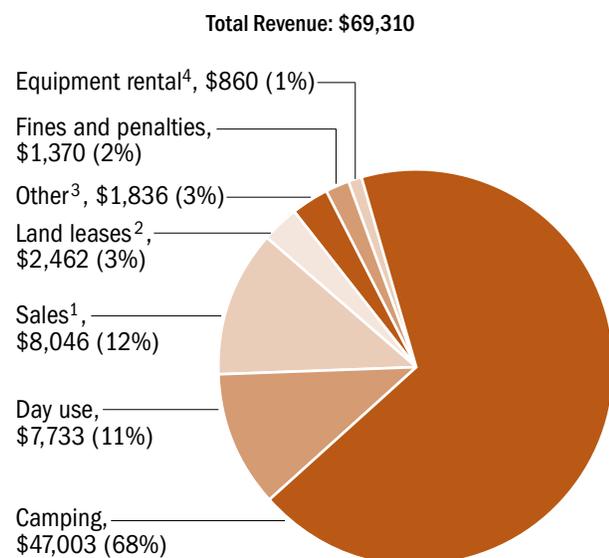
Park Fees

While we acknowledge that recovering park operating expenses is a worthwhile goal, we note that park fees in Ontario are already among the highest of any province in Canada, as indicated in Figure 6.

As seen earlier, parks located in the southern and central parts of Ontario, where the population is greater, are generally more popular and have significantly more visits than parks located in the northern parts of the province. Fees for day use and overnight camping differ according to the location and popularity of a park in addition to the activities (for example, skiing, hiking, swimming, boating, wildlife viewing) and amenities that the park has to offer. The Ministry has not fully explored how further varying provincial park fees based on popularity (increasing fees in parks that are currently operating at or near capacity and lowering fees in the less visited parks, mainly in the north) could affect visits and revenues, and hence cost recovery.

Figure 4: Park Revenues by Source, 2012/13 (\$ 000)

Source of data: Ministry of Natural Resources



1. Sales revenues include revenues from concessions, merchandise sales, vending, and sales of firewood and camping supplies.
2. Land lease revenues are from private cottage leases in Algonquin and Rondeau Provincial Parks.
3. "Other" includes revenues from donations, trailer storage, *Parks Guide* advertising, etc.
4. Equipment rental is rental of canoes, boats, skis, picnic shelters, barbecues, etc.

Figure 5: Cost Recovery by Park Zone, 2012/13

Source of data: Ministry of Natural Resources

Park Zone	Revenue	Operating	Cost
	(\$ million)	Costs	Recovery
		(\$ million)	(%)
Southwest	18,052	14,993	120
Central	15,851	13,560	117
Southeast	14,328	12,896	111
Algonquin	10,485	10,071	104
Northeast	6,276	9,638	65
Northwest	3,972	6,960	57
Subtotal	68,964	68,118	
Head Office	346	12,600	
Total	69,310	80,718	86

Figure 6: Comparison of Ontario's Camping and Day-use Fees with Fees in Other Provinces (\$)

Prepared by the Office of the Auditor General

	ON	BC	AB	MB	SK
Camping	31.36-48.31	11.00-30.00	5.00-23.00	11.55-28.35	13.00-26.00
Day use – vehicles	10.75-20.00	Free	Free	5.00	7.00

Note: Fees include all applicable taxes. Fees for camping and day use vary according to the facilities and services provided, and the popularity of the park.

RECOMMENDATION 3

To help increase overall visits to provincial parks, draw more visitors to underused parks and increase its revenue from the provincial park system, the Ministry of Natural Resources (Ministry) should assess the impact on visits and revenues that would result from reducing fees in the less visited parks and increasing fees in the more popular parks that are currently operating at or near capacity.

MINISTRY RESPONSE

The Ministry acknowledges the Auditor General's recommendation and will assess the current park fee structure as well as research the fee structures of other jurisdictions to consider their applicability within our program. A differential fee system is already in place that results in lower fees in Northern Ontario than in Southern Ontario. The Ministry implemented reduced fees in 2007/08 with limited success. Ontario Parks undertakes an annual review of its fees to determine which fees may require adjustment and measures customer reaction to fees through regular consumer research.

Operating Standards

The Ministry has established minimum operating standards covering, among other things, security and enforcement, waste management, sanitation, and cleaning and maintenance of buildings, facilities and grounds. For example, with respect

to waste management, the Ministry's standards currently require central trash containers and day-use containers to be emptied twice a week during periods of high and moderate use, once a week during periods of low use, and as required during the off-season. Similarly, with respect to maintenance of facilities and grounds, the Ministry's operating standards require litter to be picked up twice a week in public areas during high-use periods and once a week during moderate-use periods.

While we found that the parks we visited met the Ministry's minimum operating standards, we noted that the standards were established over 20 years ago. Visits have since increased by over 40% and, therefore, the standards may no longer be appropriate. There is evidence that the current operating standards do not meet the expectations of many visitors.

The 2011 visitor survey conducted by the Ministry found that only 57% of day-use visitors were satisfied with the cleanliness of the washroom and shower facilities. The rating was higher among overnight campers, at 70%. Similarly, only 57% of day-use visitors were satisfied with the level of enforcement of park rules. Again, the rating among overnight campers was higher, at 77%. Overall, when day-use visitors and campers were asked how parks could be improved, better general maintenance and amenities were at the top of the list.

RECOMMENDATION 4

In light of the significant increase in visits to provincial parks since the Ministry of Natural Resources (Ministry) last set minimum operating standards for, among other things,

security and enforcement, waste management, sanitation, and cleaning and maintenance of buildings, facilities and grounds, the Ministry should review and update its standards. In addition, the Ministry should continue to conduct visitor surveys and monitor the results to ensure that visitor expectations are met.

MINISTRY RESPONSE

The Ministry agrees with the recommendation and is in the process of revising the minimum operating standards. As a result of the level of use, many parks currently exceed these minimum standards; for example, some washrooms are cleaned three times per day rather than twice as stated in the standards. Some parks have enforcement coverage for 12, 14 or even 24 hours a day compared to the minimum standard of eight hours during the peak season.

The Ministry conducts park user surveys that have been a successful measure of customer feedback for over 30 years. We will continue to conduct the survey program on its current three-year cycle.

Capital Asset Management

Capital assets within the province's parks include buildings (for example, visitor centres, roofed accommodations, comfort stations, offices, maintenance buildings), machinery and equipment, drinking water systems, campsites, roads and trails, and bridges. In the 2011/12 fiscal year, the Ministry publicly reported the replacement value of the capital assets in Ontario's provincial parks to be \$1.2 billion.

Each individual park is responsible for maintaining up-to-date information on its own assets within the Ministry's asset management system. In fact, ministry procedures require each park to verify the existence and condition of each asset listed in its asset management system every two years and

update the system as required. The Ministry relies on the completeness and accuracy of the information in this system to make key management decisions, including how to allocate capital funding among parks. However, based on our discussions with staff in the zones and parks that we visited and our review of the parks' capital asset listings, we found the following:

- Park staff did not verify the existence and condition of assets listed in the Ministry's system as required in ministry procedures. In most cases, the asset condition listed was the same as the state of the asset when it was initially acquired and entered into the system. The Ministry's asset management system was also not updated regularly to reflect new or deleted assets.
- The value of the assets in the Ministry's asset management system had been significantly misstated. As a result of our inquiries, the Ministry significantly reduced the value of the assets in its asset management system after it discovered numerous recording errors. The errors were mainly a result of the inaccurate recording of pooled assets.

We also noted a significant current backlog of required capital asset expenditures in the Ministry's asset listings. Specifically, over one-third of the buildings and structures in the provincial park system were listed as being at, near the end of or beyond their service life. In its asset listings, the Ministry estimated the total cost to replace these buildings and structures to exceed \$300 million.

Other assets, such as roads, bridges and septic systems, that were listed as being in "poor" or "defective" condition in the Ministry's listings had an estimated replacement cost that exceeded \$280 million. Figure 7 lists some of these assets that, based on the assets' age, the Ministry has determined to be in "poor" or "defective" condition.

Also, at the time of our audit, 25 of the 181 drinking water systems in individual parks were on a "boil water" advisory. Eighteen of these advisories have been in place for nine years. The Ministry of

Figure 7: Park Assets Considered “Poor” or “Defective” by the Ministry Based on Their Age

Source of data: Ministry of Natural Resources

Asset Category/Type	Total # of Assets	Assets in “Poor” or “Defective” Condition		Estimated Cost to Replace (\$ million)
		#	% of Total	
Small Machinery and Equipment	2,358	1,282	54	32.0
Sanitation Facilities				
Sewage lagoons	14	14	100	11.2
Septic systems	938	598	64	29.9
Infrastructure				
Bridges	53	48	91	36.0
Footbridges	130	77	59	2.3
Roads	2,000 km	1,400 km	70	84.0
Chain and wire fencing	98 km	85.4 km	87	6.2

Health’s local Public Health Units had completed risk assessments and issued reports for 110 of the Ministry’s 181 drinking water systems; after assessing these reports, the Ministry projected that 42 drinking water systems required improvement or replacement. The cost of the improvements and replacements was estimated to be about \$11 million.

Since our last audit of provincial parks in 2002, the backlog of required capital asset expenditures has increased by approximately \$170 million. In the 2012/13 fiscal year, the Ministry spent only \$13 million on capital assets, and over the next five years the Ministry’s spending on capital assets is expected to average only about \$15 million annually. At this rate of spending, as existing assets continue to age, the Ministry’s backlog of capital asset expenditures will continue to grow.

RECOMMENDATION 5

To ensure that park infrastructure is in a satisfactory state, the Ministry of Natural Resources (Ministry) should take action to correct infrastructure deficiencies already identified. The Ministry should also ensure that its asset management system contains accurate, complete and up-to-date information on the condition and value of the parks’ capital assets.

MINISTRY RESPONSE

The health and safety of park staff and visitors are of paramount importance to the Ministry. The Ministry continues to ensure that any infrastructure deficiencies that may pose a threat to health and safety are corrected and will continue its ongoing efforts to restore the parks’ infrastructure with available resources. The Ministry has invested over \$100 million to improve more than 50 drinking water systems in Ontario parks since 2001 and has committed additional capital funds beginning with the 2013/14 fiscal year to continue to address high-priority projects, such as drinking water systems, and to increase park sustainability.

The Ministry accepts the Auditor General’s finding regarding the asset management system and will undertake the development of a system that contains complete and accurate information on the condition and value of capital assets in each park. The Ministry is currently developing an updated asset management plan for Ontario parks and is working collaboratively with program areas to implement processes that support the plan.

Maintaining an accurate and up-to-date asset management system is a concern for many park

programs across Canada. The Ministry is part of a broader Asset Management Working Group involving federal, provincial and territorial park jurisdictions to develop a comprehensive picture of the state of Canada's park assets. The group will also complete a jurisdictional scan to see what types of software-based asset management systems are in place.

NATURAL HERITAGE EDUCATION

As noted earlier, a key objective of the Act in establishing and managing parks is to provide opportunities for residents of Ontario and visitors to increase their knowledge of Ontario's natural and cultural heritage. Natural Heritage Education (NHE) is offered by the Ministry in 43 of the most-visited operating parks. NHE is designed to educate visitors on the natural and cultural heritage of the parks and their surrounding areas. The Ministry uses predominantly seasonal staff and students to present interpretive programs in these parks that include guided walks, children's programs, evening programs, night hikes and special-event weekends. An additional 64 parks provide self-use NHE activities in which education is carried out through signs, park tabloids and trail guides, but with no park staff to provide interpretive programs. In the 2012/13 fiscal year, the Ministry spent approximately \$2.5 million on NHE programs and estimated that approximately 2.8 million visitors participated in an NHE program that year.

Ministry policies require an NHE plan to be prepared for each park zone. These zone plans are to be reviewed and updated every 10 years, or as new parks are established in the zones. In addition, individual NHE operating plans that provide direction for the NHE programs are to be prepared for each of the 43 parks that provide staff-led interpretive programs. These park operating plans are to be evaluated and updated annually. At the time of our audit, four of the six zones did not have an NHE plan, and

the plan in one of the remaining two zones had not been reviewed in 20 years. In addition, of the 43 operating parks with interpretive NHE programs, only about half had an updated NHE operating plan in place.

The most recent visitor survey conducted by the Ministry in 2011 indicated that educational programs are underutilized, for example:

- only 8% of day visitors and 18% of overnight campers surveyed said that they had taken part in educational programs; and
- 35% of day visitors and 18% of overnight campers surveyed said they did not know the programs were available.

In 2011, the Ministry also conducted a strategic review of its NHE programs and found the following:

- There has been very little change in the types of interpretive programs offered over the last few decades. As a result, in some locations attendance in these programs has declined.
- Many parks with NHE programs did not have a comprehensive NHE plan, and many existing plans were very outdated.
- The NHE program collects quantitative data, such as the number of people attending an interpretive program, but very little qualitative data about the success and outcomes of the interpretive program. The trend toward having more students present NHE programs has also negatively affected the quality of the programs being delivered to the public.
- Smaller parks do not get the direction or attention needed from senior zone personnel to develop and present effective programs for the public.

At the time of our audit, the Ministry was in the process of implementing some changes to address concerns raised about its NHE program from its strategic review and visitor survey.

RECOMMENDATION 6

To ensure that Natural Heritage Education (NHE) programs meet visitor expectations and program objectives, the Ministry of Natural Resources (Ministry) should develop or update NHE plans in all zones and parks that offer NHE programs. The Ministry should ensure that the plans address the concerns that were noted in its 2011 strategic review of NHE programs.

MINISTRY RESPONSE

The Ministry agrees with the Auditor General's findings regarding the NHE program. Ontario Parks has the largest interpretive program in Canada. In 2011 the Ministry completed a strategic review of the program; recommendations included reviewing traditional interpretive programs, developing new methods for delivering effective interpretation, and demonstrating a stronger link between the NHE program and Ontario Parks objectives. The Ministry will continue to implement these recommendations.

The Ministry agrees with the Auditor General's finding that NHE plans should be developed for all zones and parks offering the program. Updated NHE plan guidelines and document templates to facilitate these plans will be prepared and distributed to the zones.

REPORTING

The Act requires the Minister to publicly report on the state of the provincial park and conservation reserve system at least every 10 years. The report should assess the extent to which the objectives of the provincial parks and conservation reserves set out in the Act are being achieved. It should also detail the number and size of the provincial parks and conservation reserves, their ecological health and any known threats to their ecological integrity, and the socio-economic benefits they provide.

There is no requirement to limit the report to these broad areas, however.

The first State of Ontario's Protected Areas Report (SOPAR) was released by the Ministry in 2011. We reviewed the SOPAR and noted that it meets the minimum reporting requirements of the Act. However, when we compared the SOPAR with similar reports in other jurisdictions, we noted the following:

- The SOPAR provides an overview of the Ministry's management planning process for protected areas, but does not provide the status of management plans for individual parks. In comparison, Parks Canada and Parks Victoria in Australia both reported on the status of park management plans for all established parks within their jurisdictions, including the number of parks with completed plans and the age of existing plans. In 2008, Parks Canada started preparing a state of the park report for each park in the federal system. These reports highlight actions taken at individual parks and the results of those actions relative to key objectives in their management plans.
- The SOPAR provides only a general discussion of threats such as climate change, water and air pollution, invasive species and fire to the park system as a whole. It does not speak to specific threats and their impact on key values in individual parks. There is also no assessment in the SOPAR of the extent to which ecological integrity is being maintained in individual parks and in the park system, nor is there an assessment of areas in parks where ecological integrity needs to be restored. Parks Canada informed us that, in comparison, it established indicators that track changes in ecosystems within individual parks and thresholds that define when an indicator is acceptable or signifies a critical condition. Parks Canada reports discuss the current trend in these indicators.
- While reporting on the status of relationships with Aboriginal people is not a specific

requirement of the Act, we noted that other jurisdictions tended to report on their relationships with these communities in planning and managing their parks. For instance, Parks Canada reported on recent actions it had taken with respect to Aboriginal communities in five areas: building meaningful relationships, creating economic partnerships, increasing Aboriginal interpretation programs, enhancing employment opportunities and commemorating Aboriginal themes. Similarly, BC Parks reported on the number of collaborative management agreements with First Nations in British Columbia's protected areas; New South Wales in Australia reported on the state of Aboriginal cultural heritage in protected areas and the park system's role in protecting and promoting Aboriginal objectives, places and features of value. The SOPAR is silent on the state of the relationships between the Ministry and Aboriginal communities, even though they are significant stakeholders in Ontario's provincial park system.

- Unlike the SOPAR, some jurisdictions also reported on the condition of capital assets such as buildings, dams and bridges.

The Ministry has established performance measures for only two of the four objectives of the Act noted earlier. To gauge its performance in relation to the objective of permanently protecting ecosystems, the Ministry has established six classes of provincial parks in Ontario, with each class having specific purposes and permitted uses. Specific targets have been set for the number, size and distribution of some classes of parks throughout the province. For example, the Ministry's target is to establish wilderness-class parks of not less than 50,000 hectares and averaging at least 100,000 hectares in each of 14 predetermined sectors across the province. The Ministry has reported that it has been only 57% successful in meeting this target, which may not be a realistic one, especially in the southern part of the province where population

density and lack of available land preclude establishing such large parks. In addition, the Ministry reported in the SOPAR that it has been 65% successful in achieving its plan to establish natural environment parks throughout the province. However, our analysis suggests that the Ministry has been only 48% successful.

Similarly, for the Act's objective of providing the population with opportunities for ecologically sustainable outdoor recreation, the Ministry has set a target of 1.3 day visits and 0.5 camping days per year by every individual living within a two- to three-hour travel radius of a provincial park. However, the Ministry does not track its success in meeting these targets. In addition, Ontario's population has grown by over 60% since these targets were established in 1978. The Ministry has not assessed whether the parks have the capacity to accommodate this number of visits in an ecologically sustainable manner, given the province's population growth.

The Ministry also has not established any benchmarks to evaluate its performance in meeting the Act's requirements to maintain ecological integrity in provincial parks, to provide residents with opportunities to increase their knowledge of Ontario's natural and cultural heritage, and to facilitate scientific research to support monitoring of ecological change in the parks.

RECOMMENDATION 7

The Ministry of Natural Resources (Ministry) should compare its State of Ontario's Protected Areas Report (SOPAR) with similar reports in other jurisdictions to identify and emulate best practices in reporting. The Ministry should also set appropriate benchmarks and collect the information it needs to assess its performance against all four legislated objectives for the effective management of Ontario's parks, and present the results in future reports.

MINISTRY RESPONSE

The Ministry acknowledges this recommendation and will build on the comparisons completed, and other best practices identified to date, when developing the next SOPAR, as it did during the development of its first SOPAR in 2011. The Ministry will consider the development of benchmarks as appropriate indicators through the process of completing the next SOPAR. As mandated by the *Provincial Parks and Conservation Reserves Act, 2006*, the role of the SOPAR is to report on the system of protected areas, rather than individually on Ontario's over 600 provincial parks and conservation reserves.

OTHER

Privately Leased Lands

Currently, there are nearly 600 private cottage properties held under lease in two provincial parks. These lease agreements were initially entered into in the late 1800s and the early 1900s. In 1954, the government enacted the *Provincial Parks Act*, which stipulated that no new leases were to be approved and existing leases were to be phased out as their terms expired. Nevertheless, the government continued to renew the leases. The term of the current leases is expected to end in 2017 and is under review. The existing leases permit leaseholders to sell the cottages on the leased land, with the leases then automatically transferring to the new owners. Over the last 10 years, there have been 10 such sales ranging from \$60,000 to \$500,000.

While the current Act does not allow the Minister to enter into new leases, it does allow the Minister to extend existing leases, providing that the extensions are consistent with all the requirements of the Act. In this regard, the Ministry had commissioned a study on the environmental and economic impact the cottages have had on the two

parks, but at the time of our audit it had not yet received the results. Infrequent ministry inspections of these cottages indicate that some leaseholders have encroached on public park lands outside the boundaries of their leased areas.

The lease payments for the cottage properties typically range from \$1,500 to \$2,000 per year. In addition to the annual lease payments, each cottage owner pays an annual fee that typically ranges from \$204 to \$421 for services such as garbage removal. Further, the majority of owners do not pay municipal property taxes. In September 2012, the Ministry contracted a consulting firm to assess the net economic value of these leases. The consultant concluded that the private leaseholders were enjoying a benefit that was not available to other Ontarians, specifically:

- Revenue from the lease payments is significantly below fair market value. The consultant estimated that at fair market value, the lease payments should generate approximately \$6.7 million more in revenue than the Ministry currently receives from the lease payments.
- The fee charged for services is also well below the Ministry's actual cost of providing these services. The Ministry collects approximately \$182,000 annually in service fees, but incurs about \$474,000 in actual costs.

RECOMMENDATION 8

The Ministry of Natural Resources (Ministry) should, once its study is complete, act to mitigate any negative environmental and economic impacts posed by private cottages in the two provincial parks identified. If the decision is made to renew these leases in 2017, the Ministry should ensure that the lease payments are increased to at least fair market value and that the fees charged for services to the cottagers recover the Ministry's cost of providing the services.

MINISTRY RESPONSE

The Ministry appreciates the Auditor General's recommendation on the private cottages in two provincial parks. The Ministry has recently completed economic and environmental studies regarding the private cottages on leased land in the two provincial parks, and is examining the results to consider the financial arrangements between the cottagers and the Crown as well as the environmental impacts posed by the cottages and their use.

Should the government decide to renew the leases in 2017, it will consider an updated fee structure that will move toward ensuring that the province receives a fair rate of return for use of the land and recovering its costs of providing services to the cottagers. If the government decides to renew the leases in 2017, the Ministry will also develop lease conditions intended to address environmental impacts. In the meantime, the Ministry will continue to monitor and enforce the current lease conditions to help address ongoing environmental impacts.

Reservation and Registration Services

At the time of our previous audit in 2002, reservation and registration services were provided by a private contractor. When the Ministry's 10-year agreement with the contractor ended in 2009, a request for proposals was issued for a new reservation system. A new 10-year, \$25-million contract was awarded to a new contractor that was the lowest bidder, effective November 2009.

The Ministry, however, claimed that this new contractor was unable to provide contract deliverables with respect to hardware and software development, and that it did not meet service-level requirements for the call centre and for Internet connectivity. Accordingly, the Ministry terminated its agreement with this contractor effective October 31, 2010, and the Deputy Minister approved the awarding of the contract to the second-ranked bidder in the 2009 request for proposals, which was the contractor whose 10-year agreement had expired. As a result of the termination, the new contractor filed a Statement of Claim against the Ministry and the original contractor in September 2011. The new contractor is claiming substantial damages against the Ministry for breach of contract. At the time of our audit, the lawsuit was ongoing. The reservation and registration system put in place by the replacement contractor was working well at the time of our audit.