
Finance and Budgets in Ontario Provincial Parks: 1982 to 2004

Paul F. J. Eagles

Department of Recreation and Leisure Studies, University of Waterloo
Waterloo, Ontario, Canada. N2L 3G1
519-888-4567 ext. 2716 Fax: 519-886-2440
eagles@uwaterloo.ca

Abstract

At minimum, park management requires a suitable legal framework, an effective staff complement, and adequate finance. This paper looks at the finance and budgets of Ontario Provincial Parks over the period of 1982 to 2004. In that period, the number of parks increased from 132 to 314, an increase of 138%. The area to manage increased from 4 250 000 ha to 7 506 293 ha, an increase of 77%. The visitor days of use increased from 8 005 721 to 10 179 153, an increase of 63%. The budget increased from \$28 952 953 in 1982 to \$110 700 000 in 2003, an increase of 282%. The research found that the money available for management increased over time. It increased more than the rate of inflation. It also increased proportionately more than the increases in parkland area and visitation. However, the major factor giving this increase in recent years was massive capital spending for the upgrading of visitor-related water infrastructure and new parks. Such spending will soon come to an end, suggesting a decline in Ontario Provincial Parks' total budget in the near future.

Keywords: *Ontario, Provincial parks, finance, budget, assessment*

Introduction

The successful operation of a park system requires several basic fundamentals. The basic needs of a park system include:

- effective legislation;
- acceptable numbers of staff with appropriate skills;
- public sanction and support; and,
- sufficient financing.

Legislation provides the legal sanction and structure for the planning and management of parks. It provides the legal basis for the creation of a management agency and the staffing of that agency. Public agencies require staff with appropriate skills. The number of staff and their skill level varies according to the program needs. Over time, the skill level of park managers increases to match the increasing sophistication of resources management and visitor management. Public parks exist only through public sanction and public support. All management functions depend upon sufficient finance. The number of staff and their skill level are determined by the finance available. Typically, in Ontario, all such finance comes from two sources: government grants derived from taxes, and tourism fees and charges.

Ontario Provincial Parks are the oldest and possibly the largest provincial park system in Canada. Ontario's provincial parks hold more land area than exists in all the USA state parks combined. The Ontario system has long been a policy leader in Canada, with other provinces and agencies following the innovations adopted by this agency.

Van Sickle and Eagles (1998) showed that in the early 1990s the provincial park budgets across Canada were in decline. The authors documented a "*continuing loss of management capability due to the reliance on insufficient government funding for capital and operational needs.*" Riley and Eagles (1988) documented the budget and associated program changes in five provincial parks from 1975 to 1984. At this time, access to a complete data set of the budgets of the entire agency in this period was denied by the provincial parks agency, and work could only be conducted on a set of five parks. Nevertheless, this review of five parks showed that the parks studied had a loss of management capability due to a budget loss over this period.

This current paper deals with the finance of the Ontario Provincial Park system over the 1982 to 2003 period. Given the literature background, one might expect that the results of this research will reveal an ongoing loss of management capability in Ontario provincial parks over the study period.

Data were compiled on the number of provincial parks, the total area of provincial parks, and the visitor days of recreation in all parks. These data were readily available from the annual statistical reports compiled and published by Ontario Parks (2004). Bruce van Staaldinien kindly provided the budget data for each fiscal year. The consumer price index came from Statistics Canada.

Research Findings

Over the research period, the number of provincial parks increased from 132 to 316, an increase of 132% (Figure 1). This increase was driven by the successful adoption of the park system plan by a large number of environmental groups. These groups successfully lobbied governments for the completion of the system plan. This is an interesting process of a public agency creating goals for itself and then public advocacy acting on behalf of the agency to ensure that the political bodies accept and implement these goals.

As the park numbers increased so did the park area, increasing from 4.2 million hectares to 7.5 million, an increase of 77% (Figure 2). This expansion created a very large land area to manage, with the associated financial needs for infrastructure, equipment, staff and programs. However, it is important

Figure 1. The number of Ontario Provincial Parks, 1982 to 2004.

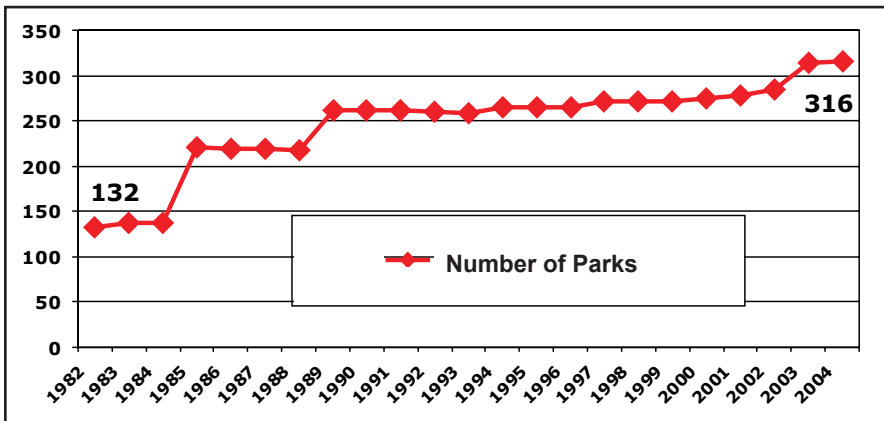
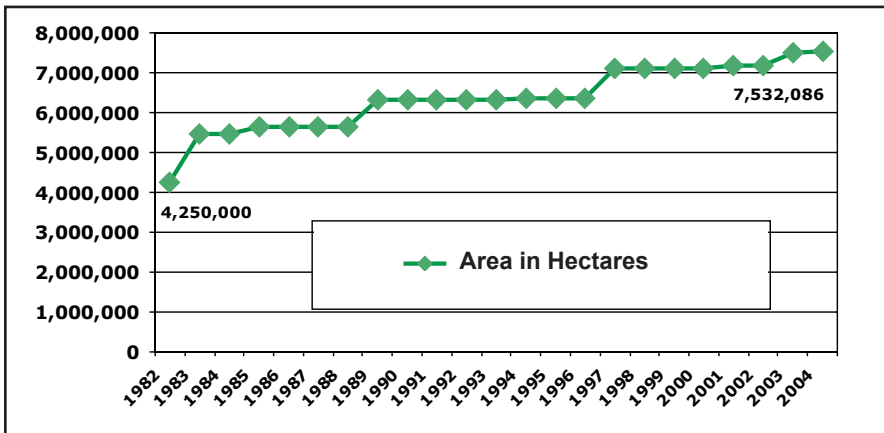


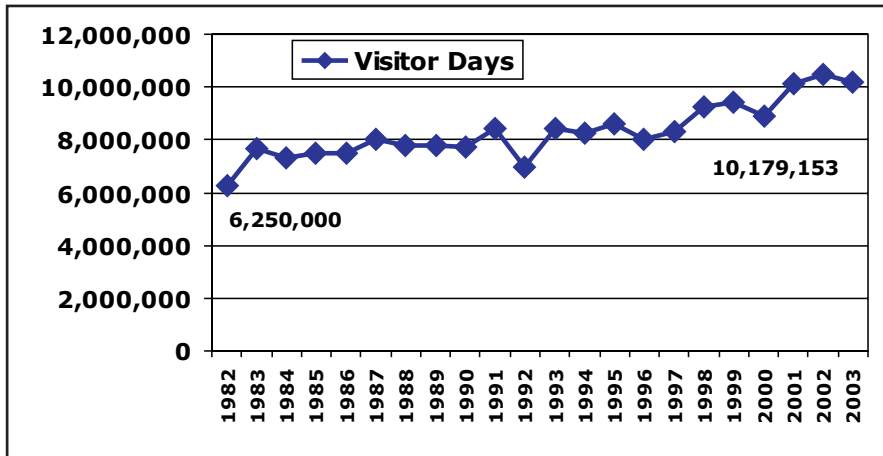
Figure 2. The area of Ontario Provincial Parks, 1982 to 2004.



to note that the majority of new parks and new park area that entered the park system during this period are “non-operating.” This means that these parks do not have on-the-ground staff for most of the year. They typically do not provide any visitor services and they do not have the capacity to monitor direct visitor use that may occur.

One would expect that with increasing population in Ontario and with increasing parkland area, the amount of recreation use of the parks would increase accordingly. Figure 3 shows that the visitor days of recreation changed from 6 250 000 in 1982 to 10 179 153 in 2003, an increase of 63%. This is a substantial increase. It is greater than the 40% increase in the Ontario population that occurred in the same time period. Therefore, the increase in recreation use is proportionately greater than the population increase, suggesting increased popularity of provincial parks in Ontario.

Figure 3. Visitor days of use in Ontario Provincial Parks, 1982 to 2003.



Data reveal that over the 1982 to 2003 time period the number of parks increased by 132%, the area of parkland increased by 77%, and the visitor days of parkland recreation increased by 63%. Clearly the budget necessary to plan and manage this increasing area and increasing recreation use must also increase. However, over this time period there was monetary inflation. Figure 4 shows the increase in the Canadian Consumer Price Index each year. The rate was very high for the first decade but dropped considerably from 1991 onward. For park management effectiveness to continue at 1982 levels, the budget would have to increase according to the increase in area to manage the increase in recreation use and the increase due to monetary inflation.

Data provided by Ontario Provincial Parks show that the overall budget increased considerably over the study period (Figure 5). The budget increased from \$28 952 953 in 1982 to \$110 700 000 in 2003, an increase of 282%. This is a large increase in finance, suggesting that the park budgets may have kept pace with expanding area, expanding visitor use and inflation. It is important to note that these budget figures include both operating expenditures and capital expenditures. To check the validity of this conclusion it

Figure 4. Canadian monetary inflation rate per year, 1982 to 2003.

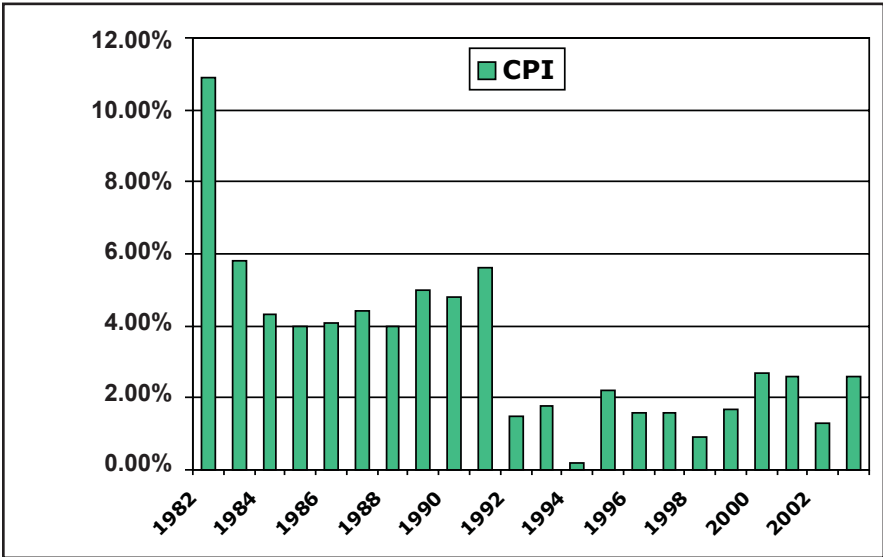
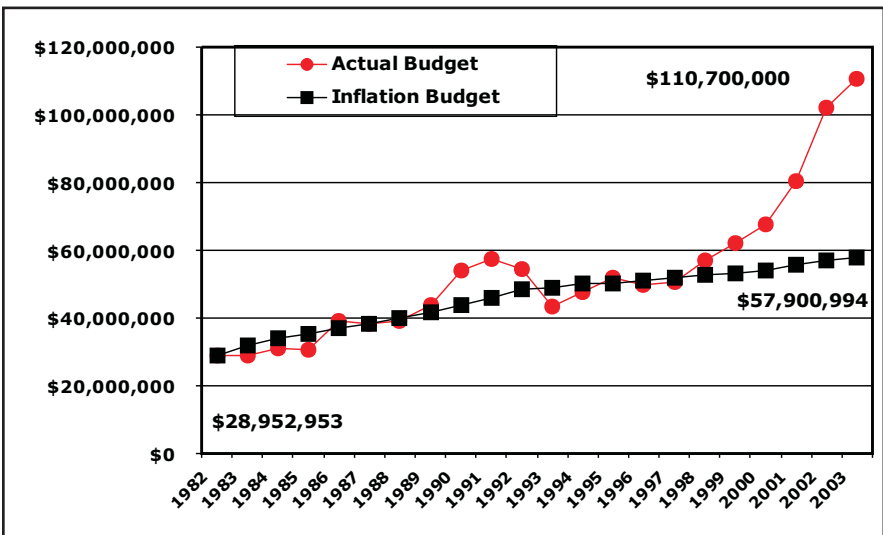


Figure 5. Ontario Provincial Park budgets, 1982 to 2003.



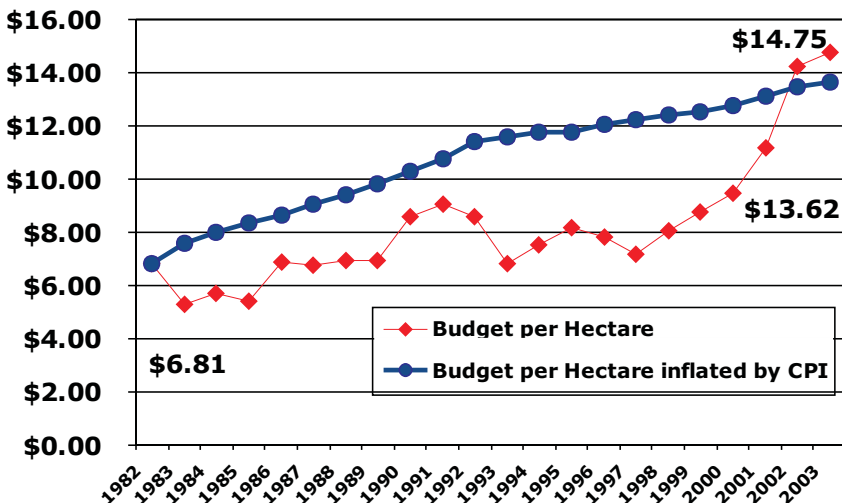
is necessary to normalize the data according to the variables of expanding area, expanding visitor use and inflation.

Figure 5 also includes an inflation budget line. This line shows the increases in budget that would have been necessary for the 1982 budget to keep up with inflation, ignoring any increases in parkland or visitation. This line shows that a budget would have to increase from \$28 952 953 in 1982 to \$57 900 994 in 2004, simply to keep up with inflation. Clearly, the budget increased much more than the rate of inflation.

Figure 5 shows the budget increasing over time. However, it is important to calculate the impact on the budget of increasing parkland area and increasing inflation (Figure 6). If one assumes that in 1982 the entire provincial park budget was spent on land management, then \$6.81 was spent on each hectare of parkland. Figure 6 shows the change in the actual budget per hectare of land, ignoring the impacts of inflation. This reveals that the budget per hectare dropped from 1982 to 1984, largely as a result of the additions of more parkland without increasing budget allocation from government. The budget per hectare stayed low until 1998 when a large and ongoing increase started to occur. By 1993 the actual spending increased to \$14.75 per hectare.

However, to keep up with inflation the park budgets had to increase each year. A second line in Figure 6 shows how the 1982 budget would have had to increase each year if it was to increase according to the inflation rate. This is shown on the graph as budget per hectare inflated by the consumer

Figure 6. Budget changes according to park area and inflation.



price index (CPI). This line shows that the budget would have to increase from \$6.81 per hectare to \$13.62 per hectare just to allow the park agency to maintain the 1982 level of purchasing power.

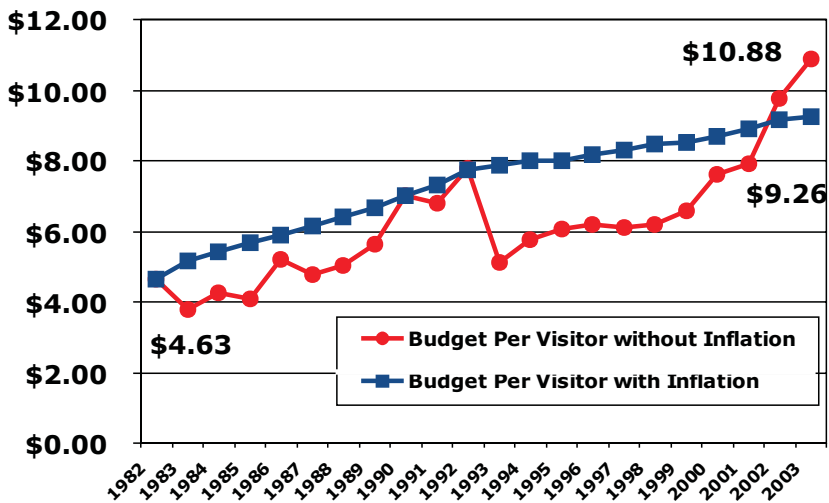
Figure 6 shows that the budget available to manage each hectare of parkland in the Ontario Provincial Park system kept up with both the increases in area to manage and the increase in inflation. In fact, in the last year the actual expenditure of \$14.75 per hectare is slightly higher than the \$13.62 that was necessary if inflation was taken into account.

Figure 6 shows that over this 21 year period the budget available for land management in Ontario provincial parks increased at a rate approximately equal to the increases in parkland and inflation.

Figure 3 revealed that over the study time period the visitation level to Ontario provincial parks increased by 63%. If one assumes that in 1982 all the provincial parks' budget was spent on visitation then the expenditure per visitor day of recreation was \$4.63 (Figure 7). If one took this 1982 rate as the base rate and increased it according to the rate of inflation as well as the increases in use levels, one can see that it must increase over time to \$9.26 per visitor day. However, at the end of the time period the actual expenditure level was \$10.88 per visitor day.

Figure 7 reveals that if one assumes that the entire provincial park budget was spent on visitor use management, the actual expenditures increased both according to inflation and increased usage.

Figure 7. Budget changes according to visitor use levels and inflation.



Summary

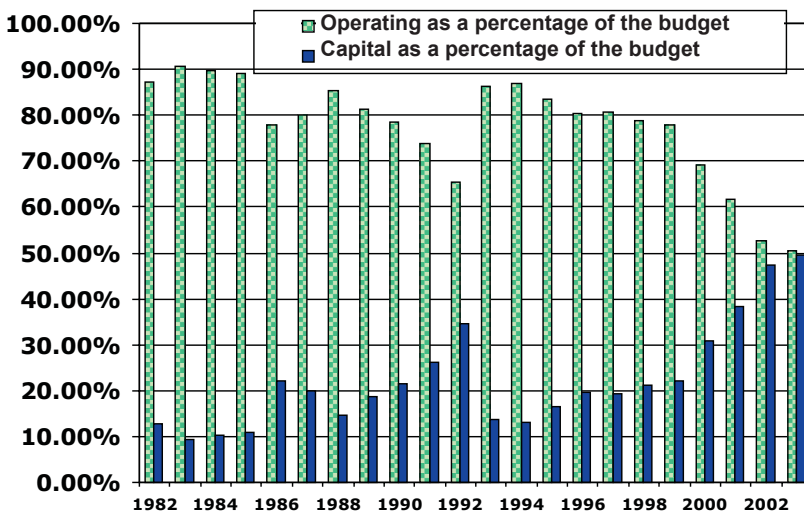
This analysis reveals that the budget available to Ontario Provincial Parks for management increased above the rate of inflation. It increased along with the increases in the area to manage and the visitation levels. This is a positive finding and one that was unexpected.

This analysis reveals that the conclusions of Van Sickle and Eagles (1998), that a loss of management capability due to the reliance on insufficient government funding for capital and operational needs in the early 1990s, are no longer valid for Ontario Provincial Parks. This park system emerged out of the 1990s in a strong position in regards to parkland establishment, visitor use management, and overall fiscal strength. It is very important to note two factors affecting this conclusion.

First, the increase in budgets was largely due to large capital spending. Figure 8 shows that capital expenditures occupied approximately 10 to 25% of the overall budget for each year but one until 2000. This one year of 1992 had capital expenditures reaching 34.66% of the budget. These expenditures were related to capital monies made available for the construction of visitor centers, for example in Algonquin and Pinery, in anticipation of the 1993 centennial celebration.

In 2000, capital percentage jumped to 30.81% of the overall budget, in 2001 to 38.23%, in 2002 to 47.31% and in 2003 to 49.41%. These four years were exceptional, similar to 1992. The large capital expenditures in the last four

Figure 8. Capital-operating ratios in Ontario provincial park budgets.



years were due to massive spending on the upgrading of water systems in provincial parks. New water treatment, distribution, and usage systems were constructed in Ontario Parks at a cost greater than \$60 000 000. This was one outcome of the massive upgrading of water systems in Ontario after the Walkerton disaster. Some of this capital spending was associated with new monies made available through the Ontario Living Legacy program of park expansion.

Once these two capital programs are complete, and they are scheduled to end soon, one can expect a decrease in overall provincial park expenditures. When that happens, one can predict that the operating budget available for land and visitor management may not be sufficient.

A second major factor affecting the park budget levels is the revenue retention given to Ontario Parks in 1995. After that year Ontario Parks could function like a corporation within government, with more flexibility in setting prices and the ability to retain all revenue and the ability to keep this revenue beyond the fiscal year end. This change was very successful in enabling the park agency to operate its visitor use programs more like a business. The overall revenue retention increased dramatically from 32% in 1990 to 82% in 2001. This new revenue was largely used for operating expenses. Once combined with the capital money for water systems both contributed to the overall healthy budget figures of this park agency and system. The Ontario provincial park system would be in much poorer financial health if the new revenue and finance scheme had not been introduced in the mid-1990s.

Van Sickle and Eagles (1998) found in Canada in the early 1990s “*a shift from government budget funding to a higher utilization of tourism-based fees and charges*”. This study agrees with part of this earlier study that Ontario is making a much higher use of tourism fees and charges. However, it also finds that high levels of funding came from government for capital expenditures. Therefore, this study finds the government providing substantial money for capital and especially for capital in regards to visitor safety and health.

It is unlikely that tourist fees and charges on services such as camping, land leases, day-use fees, and merchandise sales could provide sufficient money to cover the high cost of capital construction and system upgrading in parks. However, it appears that such tourism income can cover the costs of operating such services. It is unclear whether the resource management of parks must rely solely on tourism fees and charges, or if it will be handled by grants from government.

These findings are significant in documenting the relative fiscal strength of the Ontario Provincial Park system. Ontario's park system may be the strongest provincial system in Canada, both politically and financially. This strength is certainly due to the large number of public supporters, largely composed of park users, who lobby the government for capital funds for the system. It is also due to the willingness of those users to pay higher fees and charges for park services over the last decade.

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