



# Can Markets Save Canada's National Parks?

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## Executive summary

There is no question that Canada's parks and protected areas enrich the quality of life of Canadians, providing us with valuable recreational and environmental amenities. Unfortunately, the politics of park management have prevented Parks Canada from considering the full range of policy options that could help secure a sustainable future for Canada's national parks.

### The real state of Canada's parks

- ◆ Between 1989 and 2003, the size of protected areas in Canada grew 178%. These protected areas add up to nearly 82 million hectares, or 8.4% of Canada's total land mass. Parks Canada manages over one third of this total area.
- ◆ The growth of Canada's national park system has occurred at expense of existing parks, as governments have used new parks to fuel economic development, and reward political interests. More recently, Parks Canada has flouted its own revenue policy by re-channeling user fees to fund the development and operation of new parks and sites.
- ◆ 20% of Canada's heritage buildings have been lost in one generation and another two-thirds are in fair or poor condition. New funding promised by the federal government falls far short of the \$425 million Parks Canada needs for immediate infrastructure recapitalization (and the \$100 million needed thereafter to maintain them).
- ◆ With more than 87% (down from 91% a decade earlier) of its income coming from government appropriations rather than internally generated revenue that may be reinvested directly into park services and facilities, Canada's national parks remains vulnerable to shifting political whims and objectives.
- ◆ Government conservation initiatives can actually work against long-term conservation goals, both publicly and privately. For instance, by subsidizing environmental and recreational amenities government can actually crowd out private individuals or non-profit groups who seek to make private conservation areas self-sustaining.
- ◆ Notwithstanding heavy government involvement, private land conservation initiatives are achieving considerable success in Canada: over the past 5 years, the number of known land trusts operating in Canada has more than doubled, from 60 to 125, protecting a growing expanse of Canada's land and waters.

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## Taking care of Canada's parks

If Canada's parks are to be properly protected and managed, policy-makers must move beyond the public-park paradigm and learn from the best practices of the non-profit conservation sector as well as privatization techniques that have proven successful in Canadian provinces, American states, and abroad. This can be done by:

- ◆ Decentralizing decision-making and having user fees for various recreational opportunities and services be determined locally, reflecting the real costs of providing services, public demand, and ecological values. Individual parks should fully retain and reinvest all locally-generated revenues.
- ◆ With 60% of Parks Canada's budget going to salaries and benefits, the organization can achieve significant cost efficiencies by contracting out park management and service delivery. Consideration should be given to reinstating the Employee Takeover (ETO) Process initiated (and subsequently abandoned) in the mid-1990s to provide current park employees the opportunity to become environmental entrepreneurs.
- ◆ More flexibility on the issue of ownership of individual parks and sites is needed if the federal government wishes to fulfill its 2002 Action Plan to increase the size of the national park system. Fiduciary trusts, managed by an independent board obligated to manage and protect parks into perpetuity, can be established with an initial endowment but be required to attain full self-sufficiency within 10 years.

Parks Canada has confirmed the need for creative solutions to save our parks, warning that "Unless a solution is found, the deterioration of cultural assets will lead to the closure of facilities, or the permanent loss of natural treasures" (Parks Canada, 2004a: 12). Creative solutions lie in localizing management and decision-making processes, creating new efficiencies by experimenting with various privatization options, and managing parks towards self-sufficiency, preferably through trusts and other voluntary means.

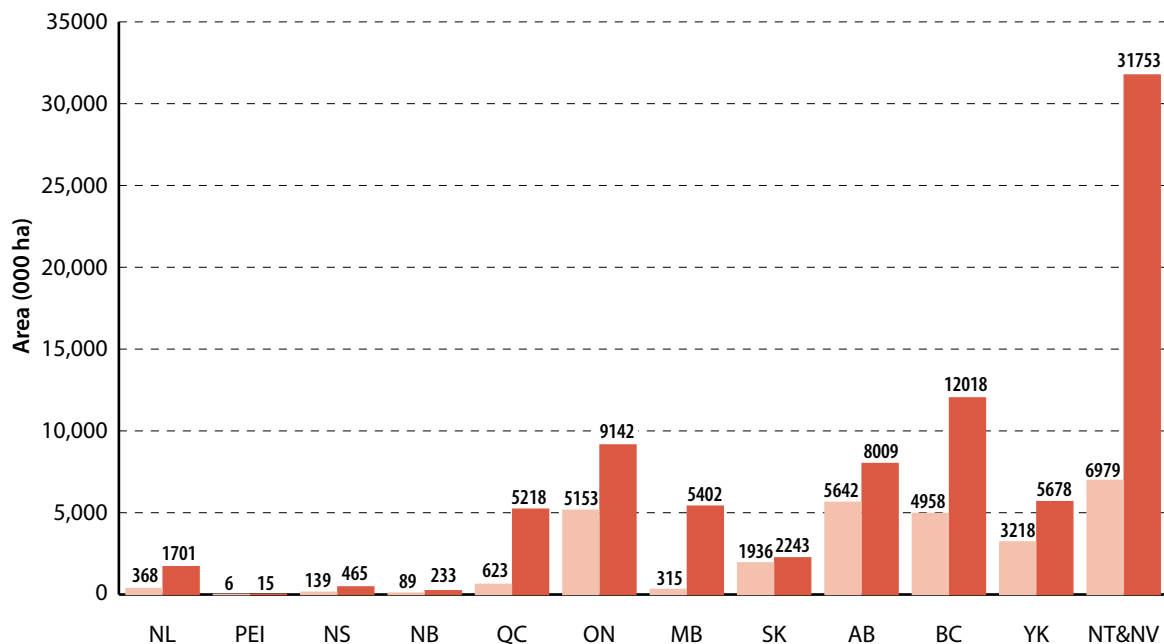
## Canada's commitment to conservation

There is no question that Canada's national parks and protected areas enrich the quality of life of Canadians, providing us with valuable recreational and environmental amenities. From the majestic grandeur of Canada's first national parks in the Rocky Mountains of British Columbia and Alberta to the remote beauty of the newest arctic parks, these areas are symbols of the diversity of the Canadian landscape and the challenges and opportunities of its people. These parks have also become powerful symbols of Canada's commitment to the environment and its conservation.

This commitment is evident in the steady growth of Canada's network of public parks and protected areas. Between 1989 and 2003, the area of land permanently protected through legislation that prohibited logging, mining, hydro-electric development, as well as oil and gas and other large-scale developments has grown 178%. [\[Figure 1\]](#) These protected areas add up to nearly 82 million hectares, or 8.4%, of Canada's total land mass. Parks Canada manages just over one third of this total.

This growth in government-protected areas has continued into the new century, accompanied at the federal level by a strengthened *National Parks Act* and, in June 2002, a *Canadian National Marine Conservation Area Act* committing Parks

**Figure 1: Total area (ha) of land protected in Canada, by jurisdiction, 1989 & 2003**



Source: Statistics Canada, 2003.

Canada to establishing and managing national marine conservation areas (MNCAs) representing each of Canada's 29 marine regions. In October 2002, the Government of Canada announced an Action Plan to create 10 new national parks and five new marine conservation areas, and expand the size of three existing national parks, by the end of 2008. This will bring an additional 100,000 square kilometres of wilderness and natural areas under the management of Parks Canada, an increase of almost 50%. [Parks Canada, 2004a] Three of these new parks have since been established, increasing the size of the national park system by another 30,533 square kilometres. [1]

## The real state of the parks

While the immediate reaction of environmentally conscious citizens might be to celebrate this apparent commitment to the protection of Canada's natural heritage, the picture is not uniformly bright. Canada's Auditor General has looked at the situation and found that Canada's parks and historic sites are indeed threatened, not from natural stressors or a lack of legislation, but from government mismanagement and neglect. According to the Auditor General's most recent report, 20% of the heritage buildings managed by Parks Canada have been lost in one generation and two thirds of national historic sites are currently at risk. One third of park facilities are now in "urgent need of repair," with another third needing repair in the next five to 10 years. [OAG, 2003] This steady deterioration represents a tragic loss to the people of Canada who have placed their trust and their tax dollars in government hands to manage and protect these heritage resources for future generations.

Parks Canada's own internal and arms-length reviews, less critical than that of the Auditor General, have suffered from their own methodological deficiencies, focusing on "ecological integrity" and key indicator species to the exclusion of other socio-economic factors. [LeRoy and Cooper, 2000; Cooper, Hayes, and LeRoy, 2002] In the 1997 *State of the Parks Report*, all but one of the then 39 national parks were deemed ecologically impaired according to "subjective surveys" of 29 "stressors." [Parks Canada, 1998] Remarkably, only two of the stressors considered (park infrastructure and park management practices) originated inside the parks. The remaining 27 stressors were deemed regional in scope, originating either exclusively outside the park, (sport hunting, mining, agriculture, and forestry), or both inside and outside. Despite its subjective nature, this survey of stressors formed much of the empirical basis for Parks Canada's blue-ribbon Panel on Ecological Integrity that recommended a more stringent regulatory regime both within the parks and on the "buffer lands" adjacent to them. [Jones and LeRoy, 2002]

While there is now wide recognition that there are serious problems with public park management, to date the majority of policy reforms proposed have concentrated

on strengthening the parks agency's legislative mandate for environmental preservation and throwing additional monetary resources into park management. As we will discuss, neither approach offers significant hope for improvement.

## The politics of park management

A long history of broken promises and politicized decision-making suggests that new appropriations alone will not be enough to save Canada's national parks and heritage places. The experience of the US Park Service is instructive in this regard. From 1980 to 1995, the total budget of the US Park Service nearly doubled, from almost \$700 million to about \$1.3 billion. Throughout this period, spending on operations, including staffing and wage increases, grew at annual rate of 3.1%. Spending for major park repairs and renovations, on the other hand, fell at an inflation-adjusted annual rate of 1.5%. [Leal and Fretwell, 1997; Leal, 1997; for further discussion and analysis, see also O'Toole, 1999b] Given the findings of the Auditor General regarding the poor management of Canada's parks, there is little reason to believe that incentives exist for Parks Canada to manage new appropriations better than its American counterpart has.

With less than 15% of Parks Canada's budget covered by internally generated revenue that may be reinvested directly into park services and facilities, the federal agency remains vulnerable to shifting political whims and objectives. This vulnerability to political influence has led to the ad hoc and opportunistic creation of new parks, even as old parks suffered neglect. [OAG, 1983; Nielsen, 1986; Doern and Conway, 1994: 171] These politics of park establishment were pointed out by Canada's auditor general over a decade ago and persist to this day, in spite of Parks Canada's incorporation in 1998 as an independent agency.

As John Baden and Douglas Noonan of the Foundation of Research on Economics and the Environment put it, "Government support for parks is problematic for many reasons. Politicizing national parks leads to 'park barrel' projects and poor management incentives." [Baden and Noonan, 1996] This problem of "park barrel" politics is by no means unique to Canada, whose national parks depend on government appropriations for approximately 85% of their funding. As James Ridenour, a former director of the US National Park Service, has observed, the push to bring new park units under federal management was driven by the US Congress, "which has treated the National Park Service as if it were an economic development agency, rather than the protector and conservator of the nation's finest resources." [Ridenour, 1997 13; see also Ridenour, 1994] Ninety percent of the budget of the US Parks Service comes from taxes and congressional appropriations, letting the politicians holding the purse strings direct major spending initiatives. [Anderson and Leal, 2001: 52]

Such political influences are especially problematic when, as Parks Canada CEO Alan Latourelle observed earlier this year, “The most fundamental operational issue facing Parks Canada is also the least glamorous one.” [Parks Canada, 2004a: 5] Translated into the political arena, this means that basic maintenance and conservation priorities continue to take a back seat to more “glamorous” initiatives such as the establishment of new marine conservation areas, parks, or historic sites. As David Anderson, the former federal minister responsible for Canada’s national parks, told the *Vancouver Sun* in June 2004, “My feeling is we should grab it [new properties] even if we do not have money in the budget to maintain it the way we would like. I am not going to stop acquiring properties even though I am short on maintenance money, because I know maintenance money is going to come in eventually.” [Hogben, 2004: A5] History suggests, and recent events confirm, that Anderson’s confidence in the appropriations process is misplaced.

Indeed, the federal budget of February 2003 directed hundreds of millions in new appropriations to Parks Canada: \$144 million over five years with \$29.2 million ongoing funding was committed for a radical expansion of the national parks system and an additional \$105 million over five years with \$25 million thereafter was dedicated for “ecological integrity.” While the \$138 million in new one-time funding Parks Canada has received may address the most urgent health and safety concerns arising from this unfunded liability, it falls short of the \$425 million the federal agency says is needed for immediate infrastructure recapitalization and \$100 million required thereafter to maintain them to sustain these resources.

## Beyond public parks

Fortunately, trends in private land stewardship make it clear that it is no longer necessary to rely on government to meet the conservation goals that are important to Canadians nor to rely on a single legislative framework that prevents many ordinary Canadians from enjoying a diverse array of recreational activities. Incorporating the private conservation initiatives of non-profit environmental groups, private landowners, and other long-term stewards from ranchers to private forestry companies, Canada’s network of parks and protected areas is significantly larger than is commonly known.

In particular, non-profit groups known as land trusts, nature trusts, or conservancies have achieved considerable success by recognizing that conservation goals can best be advanced through a system of well-enforced property rights that give private landowners the incentives to provide both environmental and recreational amenities. Short of buying tracks of land outright, these groups work cooperatively with landowners to establish conservation easements in which landowners agree to impose permanent restrictions on activities that might threaten the environmental value of the land.



While such trusts were first introduced in Great Britain and the United States a century ago, acceptance of the concept has been slower in Canada, likely because of heavy involvement by government in establishing parks and protected areas. Nevertheless, by 1998 there were 60 known trusts operating in Canada, a number that surpassed 80 three years later. [Watkins and Hiltz, 2001] The [Canadian Land Trust Directory \(2003\)](#), compiled by the University of Guelph's Centre for Land and Water Stewardship, lists 125 non-governmental conservation groups operating at the national and provincial levels.

The area protected by these groups, both through titled ownership and various covenants, easements, and servitudes, is significant. While comprehensive data is unavailable, a 2001 survey of 58 of 82 known land trusts in Canada reported that just under 500 square kilometres was protected, either through direct ownership of property or through legally binding conservation easements. [Watkins and Hiltz, 2001] A more recent survey of 63 land trusts conducted for Environment Canada by the Land Trust Alliance of British Columbia recorded that 2,091 square kilometers of land was protected privately through conservation covenants, easements, and servitudes. This area does not include all of the close to 1,000 square kilometers protected by Canada's largest non-profit conservation, the Nature Conservancy of Canada. [Barstead, 2004] [2] This is clear indication of a new trend towards private conservation.

One threat to the growth of this nascent movement is governmental competition. Government conservation initiatives can actually work against long-term conservation goals, both publicly and privately. For instance, by subsidizing environmental and recreational amenities government can actually crowd out private individuals or non-profit groups who seek to make private conservation areas self-sustaining. [Dennis, 1981; Anderson and Leal, 1988]

## Can markets save our parks?

If our parks are to be properly protected and managed, policy-makers must move beyond the public-park paradigm and learn from the best practices of the non-profit conservation sector as well as privatization techniques that have proven successful in Canadian provinces, American states, and abroad. Parks Canada has itself confirmed the need for creative thinking in its latest corporate plan, warning that, "Unless a solution is found, the deterioration of cultural assets will lead to the closure of facilities, or the permanent loss of natural treasures." [Parks Canada, 2004a: 12]

In the following pages, we shall examine the ideological constraints that have prevented Parks Canada from considering the full range of policy options that could help secure a sustainable future for Canada's national parks. We shall discuss successful examples of private stewardship initiatives in Canada and abroad that should put

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to rest the myth of market failure that suggests parks are “public goods” that can only be provided and protected by government. On the contrary, as we shall show, government failure is largely to blame for deteriorating conditions in Canada’s national parks. Even as federal funding for existing parks has fallen, Parks Canada’s preservationist policies have undermined the viability or potential for private investment in Canada’s parks. As currently managed, there are insufficient resources to maintain existing parks, much less create new ones.

In order to sustain Canada’s national parks for future generations, new revenue sources are needed and new management efficiencies must be found. Accordingly, we shall survey how market incentives have been successfully incorporated into alternative park-management strategies in Canada and the United States and evaluate Parks Canada’s current management practices in light of these successful policy reforms.

Finally, building on our analysis of the current state of the parks and the effectiveness of alternative management strategies, we shall provide concrete recommendations to help move Parks Canada towards self-sufficiency, ensuring that environmental and recreational values are no longer compromised by the politics of park management. Government mismanagement has threatened Canada’s national parks. Now it is time to give the market a chance to save them.

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## The economics of conservation

In Canada, a country whose vast expanse is only 1% urban, parks and wilderness areas have come to symbolize our commitment to environmental conservation and protection. [3] While Canadians are generally agreed about the importance of conservation, there is more disagreement about the best means to achieve this goal. In particular, the public-policy debate has been predominantly focused on government ownership and regulation, assuming that the conservation of this land and its resources is simply too special and too sensitive to leave to “the vagaries of the market.” But this assumption that government ownership and control is needed to protect the land and its resources stems from several fallacies about the relationship between the environment, the economy, and the willingness to pay for the benefits that derive from its protection.

### Valuing the benefits of parks

A market for environmental amenities such as parks and wilderness areas depends on two preconditions: there must be a demand for such amenities that translates into a willingness to pay for them and there must be a system of property rights in place that allows producers to capture the benefits derived from their production.

Such a demand clearly exists. One quarter of all Canadians visited a national park in the past year, while 8% visited a national historic site. [Parks Canada, 2004a: 12] Even more Canadians took part in nature-related activity. [Environment Canada, 1996] According to a survey by Environment Canada, in 1996 20 million Canadians (84.6% population over 15 years of age) took part in nature-related activities, ranging from camping and boating to bird-watching to fishing. Canadians spent \$11 billion on nature-related activities that year. [Environment Canada, 2000] [Table 1] The willingness to pay for these activities was found to be \$13 billion, \$2 billion more than the amount actually spent.

According to Parks Canada, national parks, historic sites, and marine conservation areas have even greater indirect economic value, contributing \$1.2 billion annually to GDP and creating 38,000 full-time jobs. Every dollar invested in Parks Canada programs is said to have an impact of \$3.50 on GDP. [Parks Canada, 2004a: 1] In 1998, expenditures of visitors in Alberta's popular Rocky Mountain Parks (Banff, Jasper, and Waterton) had an economic impact of over a billion dollars and resulted in 28,000 person years of employment. [Alberta Economic Development, 2000] [4] An economic impact study conducted by the province of British Columbia meanwhile, found that there were \$533 million in expenditures related to provincial parks in 1999, an increase of \$70 million, or 15%, since 1994. [5] This represents the total direct effects

**Table 1: Expenditures on nature-related activities, 1996 (CDN\$ millions)**

Outdoor activities in natural areas	7,246.7
Viewing wildlife	488.1
Recreational fishing	1,329.6
Hunting wildlife	666.4
Residential wildlife-related activities*	320.5
Nature-related organizations	158.3
Maintaining, restoring, or purchasing land for conservation	746.1

Source: Environment Canada, 2000.

Note: \* Includes the cost of feeders, feed for wildlife, birdhouses, magazines, film and cameras used primarily for wildlife.

of expenditures by visitors and the Ministry of Water, Land and Air Protection's operational budget for British Columbia's park system. In addition, economic activity generated by the park system sustained about 9,100 direct and indirect person years of employment, ultimately contributing about \$521 million to the provincial GDP. [\[Government of British Columbia, 2001\] \[6\]](#)

Such economic impact statistics, however, fail to consider significant opportunity costs (the impact that park expenditure dollars would have had if directed towards other social or economic goods or services). Nevertheless, recent data from Statistics Canada draws an economic profile of Canada's nature parks that shows significant earning potential of Canada's parks. For instance, earned operating revenues at Canadian nature parks that have educational or interpretational programs have grown significantly over that past decade, both in dollar value and as a percentage of total operating revenues. Beyond paid memberships and admissions, new revenue generated from gift shops, sales counters, cafeterias, or recreational activity fees reached \$123 million in 2003. [\[Table 2\]](#)

Clearly Canada's parks provide many economic, environmental, and social benefits. By capturing these benefits through a regime of carefully enforced property rights, these parks can begin to generate the revenue needed to ensure their own survival.

## Are parks "public goods"?

By definition, a public good is one that cannot be made private. That is, a supplier cannot exclude anyone from benefiting from the good, because it is unfeasible or prohibitively costly to do so. [\[Law and Clemens, 1998; Samuelson, 1954\] \[7\]](#) These extra benefits, or "positive externalities," enjoyed by individuals who do not incur any of the costs associated with providing the good (sometimes called "free-riders") may lead to an under-provision of the good or an overuse without conservation or maintenance. [\[Law and Clemens, 1998\]](#) But, the notion that private parties have no incentive (or ability)

**Table 2: Economic profile of Canadian nature parks, 1993–2003** [1]

	1993/1994	1995/1996	1997/1998	1999/2000	2002/2003
Number of institutions	169	172	163	168	155
Attendance ('000) [2]	56,307	58,483	60,239	61,960	58,693
Unearned operating revenues (\$000s)					
Federal government	104,048	82,355	81,405	104,432	140,338
Provincial government	58,512	34,604	35,160	35,153	58,769
Other government [3]	60,337	x	64,200	x	70,807
Institutional/private [4]	x	1,888	2,633	2,439	4,156
Total unearned revenues	223,623	174,218	183,398	209,918	274,070
Earned operating revenues (\$000s)					
Memberships	260	339	268	249	396
Admissions	22,995	38,079	38,120	45,682	41,596
Other earned revenues [5]	x	x	61,144	81,352	123,321
Total earned revenues	74,213	87,127	99,532	127,283	165,313
earned revenue as % of total	25%	33%	35%	38%	38%
Total operating revenues	297,836	261,344	282,930	337,201	439,383
Capital revenues (\$000s)					
Federal government	47,703	40,323	28,777	24,865	22,874
Provincial government	9,207	x	11,520	10,540	8,156
Other governments [3]	12,676	10,298	22,178	24,490	16,929
Institutional/private	1,385	3,833	1,472	1,042	1,419
Other capital revenues [6]	1,143	360	x	88	81
Total capital revenues	72,114	82,563	64,032	61,025	49,458
Operating expenditures (\$000s)					
Wages	157,889	162,102	156,880	173,067	227,304
Artifacts	91	70	236	147	202
Other operating expenses	x	x	x	x	135,488
Total operating expenditures	221,777	234,162	236,816	260,872	362,993
wages as % total expenditures	71%	69%	66%	66%	63%
Capital expenses (\$000s)					
Purchase and construction	9,854	57,590	24,404	23,495	18,433
Renovations	11,707	9,953	10,922	22,573	x
Other capital expenses [7]	x	34,946	27,657	17,998	6,089
Total capital expenses	63,104	102,489	62,984	64,066	59,730
Employment [8] (number)					
Full-time (number)	2,821	2,681	3,011	2,720	2,592
Part-time (number)	6,886	5,885	5,392	7,138	7,784
Volunteers (number)	4,193	5,806	5,476	4,825	4,263

Sources: Statistics Canada: Survey of Heritage Institutions, 2002/2003 ; Heritage institutions: data tables, October 2004, catalogue no 87F0002XIE.

- 1 Includes only those parks that have an interpretation or educational program; the data reported pertain to the whole park, not just the interpretation program. This category also includes wildlife area.
- 2 Includes paid and non-paid admissions.
- 3 Includes municipal and regional sources.
- 4 Includes educational, religious, institutional, or corporate budgets; corporate or foundation grants; and donations.
- 5 Includes earned revenues such as gross revenues from gift shops, sales counters, cafeterias, camping or recreational activity fees as well as interest income and other earned revenues.
- 6 Includes interest income from capital endowment funds.
- 7 Includes capital expenses such as capital equipment, furniture and vehicles.
- 8 Full-time includes paid employees who worked at least 30 hours per week all year. Part-time includes paid employees who do not meet the full-time definition.

to provide the recreational and environmental amenities associated with parks and wilderness areas is contradicted by the history of North America's first national parks at the end of the nineteenth century. Indeed, tourism and commercial interests drove the very creation of Canada's national parks.

The history begins in 1883, when three Canadian Pacific Railway workers hunting for gold on their day off on the northern slope of Sulphur Mountain, Alberta, stumbled across what would later become known as the Cave and Basin hot springs. While not exactly gold, the workers saw that hot baths in Alberta's wintry Rockies might do as well to make them rich. As William van Horne, general manager of the CPR, famously remarked, "Since we can't export the scenery, we'll import the tourists." The government of the day, however, also saw the area's profitable potential and refused the request to grant a private deed to the hot springs. And so the government surveyed the land, reserving 26 square km around the hot springs as protected Crown lands, legally designated for public use in 1885. As Canada's Prime Minister John A. MacDonald observed, the hot springs would help "recuperate the patients and recoup the Treasury." [MacEachern, 2001: 158]

Tourism, it was presumed, would pay for the national railway, which the Prime Minister had promised to build as a pre-condition of British Columbia's joining confederation. In 1887, the Rocky Mountain Parks Act was passed and, by 1911, five other Rocky Mountain national parks were established. The concessions paid to Ottawa in order to introduce tourist facilities into the Rockies were expected to support its upkeep and make the park possible. [Bella, 1987]

Regardless of the actual history, however, the concern that the market will fail to supply the "right" amount of nature-related amenities is still used to justify public provision or subsidization. This is largely what has happened in Canada, where approximately 90% of all land is publicly owned (and managed). With respect to parks, the myth of market failure combined with Keynesian economic theories that public goods and services could be provided more cheaply and efficiently by government, led to the rapid expansion of Canada's national park system over the past three decades.

Subsidization, however, can have the unintended consequence of limiting the provision of environmental and recreational amenities by private parties. When public parks tend to charge below market costs for everything from park entrance to camping to hunting and fishing opportunities, private property owners have little incentive to devote more land to activities other than traditional commodity production (agriculture, forestry, mining) for which a market is established and assured. [Anderson and Leal, 1988] In other words, subsidized recreation, ranging from camping and hiking in Canada's parks to hunting on public lands, serves to crowd private environmental entrepreneurs out of the market. This is exacerbated by government subsidization of forestry and agriculture that also encourages property owners to stick with traditional commodity production.

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## Political versus economic decision-making

Those who argue that the market will fail to provide adequate recreational and environmental amenities also ignore the fact that the appropriate number of, and degree of protection for, parks and wilderness areas is itself a subjective judgment depending on individual values and preferences rather than established fact. This becomes obvious when reviewing the shifting conservation goals that environmental activists and conservation biologists have called politicians to meet through legislation and regulation over the past few decades. [LeRoy and Cooper, 2000: 14–15] Despite the fact that Canada's network of protected areas has increased 178% in recent years, environmental activists continue to urge politicians to legislate larger tracts of wilderness out of public use.

The growth of the national park system into the twentieth century, for instance, shows how politicians began to view the establishment of parks as the key to economic development strategies to help struggling communities out of economic hardship. This was particularly the case in the Atlantic provinces, a region that saw its first national park established at the height of the Great Depression. There, citizens in communities undergoing economic hardship, already frustrated that they were paying for national parks whose benefits they could not enjoy, looked enviously west at the opportunities that having their own national parks would bring. [MacEchearn, 2001]

The motivation for creating other national parks was more directly political. Prince Albert National Park, for instance, was established in 1927 against the opposition of the Parks Service itself, as a reward for giving Prime Minister Mackenzie King a safe seat in the 1926 general election. [Waiser, 1989] A national park was established in Newfoundland as a condition of that province's joining Canada. [Octeau, 1999]

Politics continued to dominate the establishment of national parks through a period of rapid expansion that began in the late 1960s. As minister responsible for national parks, Jean Chrétien oversaw the establishment of 10 new parks in as many years, some of the most turbulent in the history of Parks Canada. The establishment in 1969 of Kouchibouguac National Park in New Brunswick, for instance, was met with great local resistance, which ultimately escalated into violence. Conflicts between national park planners and local residents continued into the 1970s, as a new park systems plan dictating that individuals could not reside within new park boundaries led to the government expropriation of existing communities in Fundy (New Brunswick), Terra Nova (Newfoundland), and Forrillon (Quebec) national parks, among others. [Octeau, 1999] This policy of expropriation was continued until 1979.

Economists use the term “rent-seeking” to describe the dynamics that encouraged such policies. Rent-seeking occurs when individuals or groups can receive concentrated benefits through government action while the costs are dispersed throughout the whole of society. Jonathan Adler, associate professor of law at Case Western University and former Director of Environmental Studies at the Competitive Enterprise

Institute explains: “The ‘rents’ sought are economic returns in excess of those that a competitive marketplace would allow.” [Adler, 1996] Interests that stand to benefit disproportionately from the establishment of new parks would include the politicians credited for their commitment to environmental protection and associated economic rewards, as well as the environmental interest groups that lobbied for their protection. “Parks—creating them, improving them, being seen in them—offered the chance of taking the environmental high ground more often than in other areas of the DOE [Department of Environment] mandate.” [Doern and Conway, 1994: 168]

Unfortunately, such political decision-making does not always lead to the most efficient, far less the most environmentally sound, results. Most politicians would rather cut the ribbon at a ceremony to open a new park, visitor centre, or campground than a new sewage treatment plant. [Anderson and Leal, 2001: 52] This was reflected in the 1983 Report of Canada’s Auditor General, which criticized Parks Canada for acting in an ad hoc and opportunistic manner in establishing new parks, neglecting the deteriorating state of existing parks in the process. As the report noted, “Initiatives taken by Parks Canada have established a pattern of growth ... without providing sufficient information on the total future cost implications, in terms of both the cost of acquiring and developing new assets and the cost of operating and maintaining them.” [OAG, 1983]

This criticism has been echoed repeatedly by authorities ranging from the Nielsen Task Force on Program Review in 1985 [Nielsen, 1986] to the Panel for Ecological Integrity in Canada’s National Parks 15 years later. [Parks Canada, 2000] Despite these concerns, the Government of Canada established 10 new national parks between 1983 and 2000, and established its first of 29 planned National Marine Conservation Areas (MNCAs). This rapid growth has put tremendous stress on Canada’s existing national parks, illustrating the problem of leaving the protection of such national treasures up to the political marketplace.

Ultimately public land-use decisions bring interests and values into conflict. But, as Professor William Dennis has noted, “In a diverse democratic society questions of value are often most difficult to deal with in a public forum. Often we turn to [other means] when dealing with questions of value. Churches, voluntary organizations, and nonprofit corporations are particularly useful agencies that promote the public good through non-coercive means.” [Dennis, 1981] We will now consider how these private groups have succeeded in advancing Canada’s conservation goals.

## Private conservation in Canada

A growing number of private conservation groups have begun to recognize that private ownership is one of the best ways to guarantee the protection of Canada’s land and natural resources. Eschewing politics and confrontation for tangible results, these



groups purchase and encourage the donation of land or, short of outright ownership, negotiate partial interest in the land of private property owners. These partial interests are called conservation easements, covenants, or servitudes, customized legal agreements in which landowners agree to impose restrictions on activities that might threaten the value of the land.

The use of easements, covenants, or servitudes depends largely on the province in which the agreement is negotiated. The most common type of agreement, an easement, is broadly defined as the right of use of another's land (generally a right of passage). A covenant, the dominant vehicle to legal protect private land in British Columbia, is an agreement whereby the signatory commits to do or not to do certain things on a certain set of facts. [8] In Quebec law, a servitude requires a land owner to permit access to the beneficiary of the servitude. [Hillyer and Atkins, 2004] These agreements are enforceable under provincial and territorial legislation.

Because of the perceived abundance of Canadian wilderness and, later, the dominant government involvement in establishing parks and protected areas, the concept of land trusts was much slower to develop in Canada than in Great Britain or the United States, where they were first introduced over 100 years ago. In the United States, where approximately 900 such organizations now exist, areas protected by these groups jumped 226% between 1990 and 2000, to 6.2 million acres. [Lorinc, 2002, citing the Land Trust Alliance] More recent estimates put the number of land trusts operating at state and local levels in the United States at 1,300, up from 535 in 1984. [Parker and Thurman, 2004]

The idea did not gain real momentum in Canada until the 1990s but, even with such a late start, by 1998 there were approximately 60 known land trusts operating in Canada. Three years later there were over 80. [Watkins and Hilts, 2001] The *Canadian Land Trust Directory (2003)*, compiled by the University of Guelph's Centre for Land and Water Stewardship, lists 125 non-governmental conservation groups operating at the national and provincial levels.

### ***Ducks Unlimited and the Delta Waterfowl Foundation***

Conservation groups formed by hunters have been some of the most successful. Ducks Unlimited and the Delta Waterfowl Foundation are two examples of such groups working privately for the conservation of wetlands. Founded in 1938, Ducks Unlimited has initiated over 6,500 projects, protecting almost 7.3 million hectares of wildlife habitat across Canada. Through their Prairie CARE program, Ducks Unlimited also assists by educating farmers about wildlife-friendly agricultural techniques to conserve land and water. With an annual budget of \$70 million, Ducks Unlimited spends 90% of their funds on habitat protection, research, and public education. [Scull, 2003]

Among the stewardship programs operated by the Delta Waterfowl Foundation is "Adopt-a-Pothole" established in 1991 to link waterfowl enthusiasts with prairie

grain farmers. Landowners accept a 10-year lease agreement not to clear, cultivate, drain, spray, graze, or hay wetlands within the contract area. By reducing cropland acres in these areas, the Delta Waterfowl Foundation helps increase the overall viability of the farm. In 1999, it began signing conservation agreements in Manitoba, offering incentives to farmers to convert former wetlands that currently provide only poor to marginal cropland, back to wetland habitat.

### ***Southern Alberta Land Trust Society***

The Southern Alberta Land Trust Society (SALTS) is a similar group that operates in Alberta. Billing itself as “the first rancher-driven land organization in Canada,” SALTS was incorporated as not-for-profit society and federally registered charity in 1998. Adopting the multiple-use approach to land management characteristic of these private conservation successes, the preservation of agricultural lands and livelihoods is central to its mission.

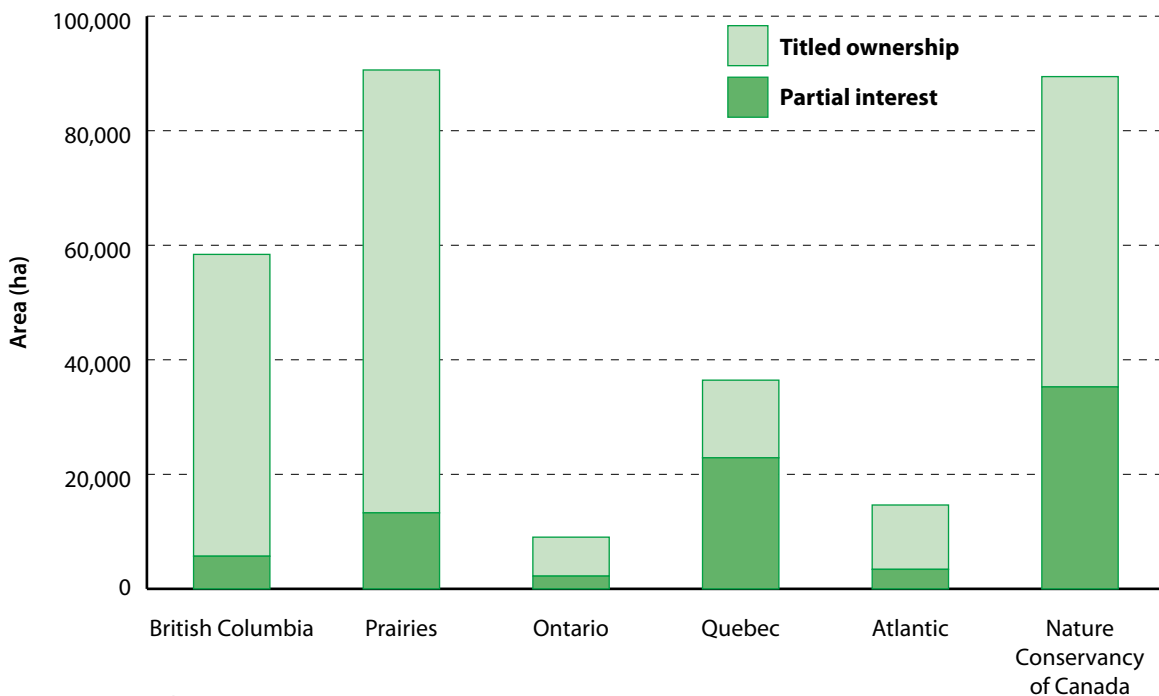
### ***Nature Conservancy of Canada***

Established in 1962, the Nature Conservancy of Canada (NCC) is the country's largest and best-known land trust, protecting close to 90 hectares of private land, 90% of which is owned fee simple, through its national office and seven regional offices. The NCC also provides other conservation groups with direct financial support for land acquisition, stewardship support, and assistance in protecting land. With annual revenue of more than \$22 million, the NCC spends approximately 62% of these funds on land acquisition and 20% on stewardship of existing land holdings. [Scully, 2003] Another notable policy of the Nature Conservancy is that they only accept donations of land when accompanied by a trust fund for its long-term management. [9]

To date there is no national record of land trust activities that accurately records activities and quantifies land holdings. [Watkins and Hiltz, 2002] However, a recent survey by Environment Canada of some 65 Canadian land trusts (the best available data), shows that almost 210,000 hectares of land are now privately protected, more than three quarters of which is owned by conservation groups fee simple. [Barstead, 2004] [Figure 2]

This growth of the land-trust movement has been advanced by changes to the *Income Tax Act* introduced in 1995 that created new financial incentives for the donation of ecologically sensitive land to qualified private stewardship groups. Prior to 1995, donors of ecologically sensitive land were allowed to deduct up to 100% of the value of their gift from the tax due on their annual income so long as the recipient of these gifts was a government or Crown agency; if the ecological gift was donated to a charity or municipality, a 20% deductible limit applied. [Rubec, 1999: 6] The amendments to the *Income Tax Act* in 1995 extended this 100% limit to gifts to any qualified charity.

**Figure 2: Area (ha) of parkland privately protected in Canada, by jurisdiction**



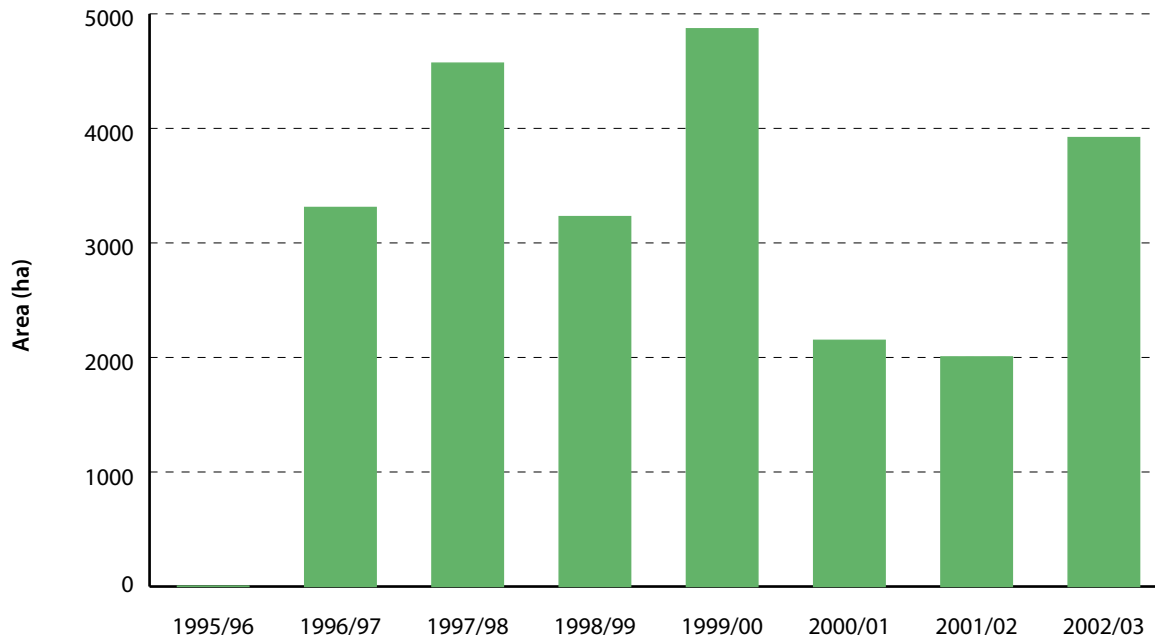
Source: Barstead, 2004.

Further reforms to the *Income Tax Act* were introduced in February and October 2000, whereby the inclusion of taxable income on capital gains on land donated was reduced to 25%—half the usual rate—and a procedure for determining fair market value of this land was developed. More recently, amendments have been proposed to allow for split receipting. This will mean that, when an easement placed on land makes the value of the land drop, its owner gets a tax receipt for the difference.

Before these tax benefits are granted, the federal Minister of the Environment must certify that the property given was in fact ecologically sensitive, that the recipient is qualified to receive the gift, and that the donation value is fairly determined. [10] Between October 2000 and March 31, 2003, 202 properties were appraised, resulting in 166 recommendations to the Minister of the Environment. [11]

Between 1995 and 2003, 325 ecogifts totaling 24,058 hectares of ecologically sensitive land, valued at over \$67 million, was protected through this program. [Figure 3] Recipient organizations now manage three quarters of these ecogifts independently or, in the case of covenants, easements and servitudes, jointly with the original (private) landowners. [Table 3] A quarter of these gifts were donated to provincial or municipal governments. [Table 4] The number of registered charities eligible to receive ecogifts has also grown considerably, to 163 organizations, up from 147 just a year ago, and 110 in 1997.

**Figure 3: Area (ha) of "ecogifts," 1995–2003**



Source: Environment Canada, 2003a.

**Table 3: "Ecogifts" made, 1995–2003**

	Pacific / Yukon	Prairie / Northern	Ontario	Quebec	Atlantic	TOTAL
Number	23	134	126	15	27	325
% Titles	74	28	63	100	78	343
% Easements	0	71	37	0	18	126
% Covenants	26	1	0	0	4	31
Area (ha)	418	16,095	5,330	460	1,755	24,058
Value	\$11,356,790	\$31,840,125	\$20,736,650	\$939,495	\$2,433,350	\$67,306,410

Source: Environment Canada, 2003a.

**Table 4: Recipients of "ecogifts"**

	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NL	Total
Province	3	0	38	0	7	1	0	0	1	0	50
Municipality	8	0	0	0	3	6	0	0	0	0	17
NGO	12	53	43	0	116	8	12	7	7	0	258

Source: Environment Canada, 2003a.

While the amount of land may seem small in comparison to the massive expanses under the stewardship of federal and provincial governments, the geographic location of these properties is significant. For instance, in Atlantic Canada, private stewardship groups were responsible for creating over 70% of new protected areas between 1987 and 1996. [Statistics Canada, 2000] At least 26% of all ecogifts made between 1995 and 2003 included wetland, among Canada's most threatened habitats. [Barstead, 2004]

### ***Measuring the success of private management***

Most trusts are run by a board of five to 10 volunteer directors and employ one or two regular staff plus seasonal help from field biologists, conservation planners, and student project workers. [Watkins and Hilts, 2002] Land trusts and other private stewardship groups rely heavily on volunteers for everything from organization and project administration to project implementation and development. Newer trusts are almost exclusively run by volunteers.

A survey of 57 Canadian land trusts conducted by the University of Guelph's Centre for Land and Water Stewardship in 2000 found that the 38 trusts that provided information about their human resources were supported by over 680 committed volunteers. As the Centre's Melissa Watkins and Stew Hilt note, "Almost all land trusts are borne [sic] of community-based volunteer efforts to protect land resources that are of community value. Volunteers are the backbone of land trust organizations." [Watkins and Hilts, 2001: 7] [12]

These ties to the community and the land they are stewarding are reflected in the best practices of these private organizations. Recognizing that the development and spread of these best practices depends on measuring progress and success, groups such as the Nature Conservancy and the Land Trust Alliance of British Columbia (LTABC) have developed valuable benchmarking tools to help them measure success. From a simple inventory of "bucks and acres" to a more complex family of measures that monitor organizational mission, vision, goals, strategies and activities, the NCC's system of performance measurement has evolved significantly in recent years. [Sawhill and Williamson, 2001] [13] The LTABC, meanwhile, has developed a benchmarking tool (based on McKinsey Capacity Assessment Grid) that considers "what makes a successful stewardship organization?" [Land Trust Alliance of British Columbia, 2003]

In addition to monitoring their own organizational performance, these land trusts see the value of working cooperatively with private landowners to monitor the protected areas for which they are responsible for both the land's ecological condition and compliance to their established conservation goals. Ninety-three percent of all respondents to Environment Canada's National Ecogift Monitoring Survey monitored their full-title

properties regularly (once or twice a year) and approximately 95% monitored their conservation easements, covenant, or servitude properties regularly (Barstead, 2004). As Michael DeAlessi, Director of Natural Resource Policy for the Reason Foundaton has noted, “Measuring performance, as well as benchmarking and setting annual performance goals, may be the only way to cut across the partisan lines that have been drawn over environmental protection. [DeAlessi, 2005: 3]

## Conclusion

Parks and wilderness areas are valuable for many reasons. Parks can serve as laboratories of biological and ecological science, teaching us about the wonders of nature and wildlife. Under the care of responsible stewardship, these lands can also provide us with valuable natural resources, sustaining economies and communities through forestry, agriculture, and mineral exploration. They also enhance the quality of life of Canadians by providing important recreational opportunities ranging from back-country hiking and camping to hunting and fishing.

It is worth recalling the sound advice of Professor Dennis:

In any situation of conflicting claims, interests, and judgments, two methods can be used to settle the difference. One can develop a system of property rights and entitlements in which individual owners decide on resource uses and in which market transactions set price levels so that the value of alternative uses and personal preferences can be compared using a common standard, or one can turn to the political arena where ultimately the “might makes right” argument of the numerical majority will prevail. [Dennis, 1981]

These different incentives facing decision-makers in the political and economic arenas will become increasingly clear as we turn our attention to the management dilemmas of Canada’s national parks.

## Government failure in Canada's parks

The responsibilities of Parks Canada have grown enormously since the first Rocky Mountain national parks were established at the end of the nineteenth century. From just four parks covering less than 10,000 square kilometres, Canada's national park system has grown to include 41 parks and three marine conservation areas distributed over 224,466 square kilometres, or 2.2% of the country's total area. [Table 5; Table 6] In addition, Parks Canada is responsible for managing and protecting 149 national historic sites and contemporary and cultural assets valued at over \$7.1 billion.

This growth gained new momentum in late 2002, when outgoing Prime Minister Jean Chrétien announced a new commitment to establish 10 new national parks, five new marine conservation areas, and expand the boundaries of three existing national parks in just five years. [14] Mr Chrétien's plan would add another 100,000 square kilometres to Canada's network of national protected areas, an increase of 50%. In addition, Parks Canada plans to designate 135 new national historic sites, persons, and events within the next five years, an average of 27 per year. [Parks Canada, 2004b]

### Mission creep

One problem with government management of parks is "mission creep," the tendency of agencies to expand their original mandate, frequently into areas where they lack relevant expertise. The relatively recent addition of National Marine Conservation Areas (NMCAs) to Parks Canada's management responsibilities exemplifies mission creep, representing a significant extension of Parks Canada's mandate. The first NMCA was established in 1987, a year after Parks Canada's release of a National Marine Park Policy document. [Environment Canada, 1987] The release of "Sea to Sea to Sea," a systems plan for marine conservation areas that laid the groundwork for the establishment of a system of marine conservation areas representing 29 marine regions, including the Pacific, Arctic, and Atlantic oceans, as well as the Great Lakes was followed by legislation introduced in June 1998. [15] While this bill died on the order paper, new legislation was introduced in February 2001, [16] and the *National Marine Conservation Areas Act* was passed in 2002. Unlike national parks, whose resources are fully protected, marine conservation areas are managed for "sustainable use," with a focus on recreation, tourism, education, and research. While regulated fishing may occur in some MNCAs, in others even this is prohibited. Undersea mining, oil and gas exploration and extraction [17] as well as ocean dumping is prohibited in all areas.

Considering that the Department of Fisheries and Oceans already regulates and monitors Canada's coastline, the introduction of this new legislative regime has

**Table 5: Canada's National Parks, by year established**

Park	Province	Year established	Area (km <sup>2</sup> )
Banff	Alberta	1885	6,641
Yoho	British Columbia	1886	1,313
Glacier	British Columbia	1886	1,349
Waterton Lakes	Alberta	1895	505
Jasper	Alberta	1907	10,878
Elk Island	Alberta	1913	194
Mount Revelstoke	British Columbia	1914	260
St. Lawrence Islands	Ontario	1914	9
Point Pelee	Ontario	1918	16
Kootenay	British Columbia	1920	1,406
Wood Buffalo	Alberta/Northwest Territories	1922	44,807
Prince Albert	Saskatchewan	1927	3,874
Riding Mountain	Manitoba	1929	2,973
Georgian Bay Islands	Ontario	1929	26
Cape Breton Highlands	Nova Scotia	1936	948
Prince Edward Island	Prince Edward Island	1937	22
Fundy	New Brunswick	1948	206
Terra Nova	Newfoundland & Labrador	1957	400
Kejimikujik	Nova Scotia	1968	404
Kouchibouguac	New Brunswick	1969	239
Pacific Rim*	British Columbia	1970	500
Forillon	Quebec	1970	240
La Mauricie	Quebec	1970	544
Kluane(*)	Yukon	1972	22,015
Nahanni*	Northwest Territories	1972	4,766
Auyuittuq*	Nunavut	1972	21,471
Gros Morne	Newfoundland & Labrador	1973	1,943
Pukaskwa	Ontario	1978	1,878
Grasslands	Saskatchewan	1981	907
Mingan Archipelago*	Quebec	1984	151
Ivvavik	Yukon	1984	10,168
Quttinirpaaq	Nunavut	1986	39,500
Bruce Peninsula	Ontario	1987	154
Gwaii Haanas*	British Columbia	1988	1,495
Aulavik	Northwest Territories	1992	12,200
Vuntut	Yukon	1995	4,345
Wapusk	Manitoba	1996	11,475
Tuktut Nogait	Northwest Territories	1996	16,340
Sirmilik	Nunavut	1999	22,200
Gulf Islands*	British Columbia	2003	33
Ukkusiksalik (Wager Bay)	Nunavut	2003	20,500
Torngat Mountains*	Newfoundland & Labrador	2005	10,000

Source: Natural Resources Canada, *Atlas of Canada*, <<http://atlas.gc.ca/site/english/learningresources/facts/parks.html>>; Parks Canada, <[www.pc.gc.ca](http://www.pc.gc.ca)>.

Note: \* National Park Reserve. A national park reserve is an area set aside as a national park pending settlement of any outstanding aboriginal land claim. During this interim period, the National Parks Act applies and traditional hunting, fishing and trapping activities by Aboriginal peoples will continue. Other interim measures may also include local Aboriginal people's involvement in park reserve management.



**Table 6: Canada's National Marine Conservation Areas**

	Province	Year	Area (km <sup>2</sup> )
Fathom Five	Ontario	1987	112
Saguenay-St. Lawrence	Quebec	1998	1,138

Source: Natural Resources Canada, *Atlas of Canada*, <<http://atlas.gc.ca/site/english/learningresources/facts/parks.html>>; Parks Canada, <[www.pc.gc.ca](http://www.pc.gc.ca)>.

prompted concern from many parties. In addition to making even greater demands upon Parks Canada's already tight budget, this mission creep could put the federal agency in direct conflict with traditional resource-based communities who depend on the ocean's harvest for their livelihood. The move could also create conflict with provincial and territorial governments as well as private and aboriginal interests, who recognize the enormous potential for offshore oil and gas exploration.

This conflict is all the more likely given the Government of Canada's new legislated commitment to "adopting the precautionary principle in the conservation and management of the marine environment so that, where there are threats of environmental damage, lack of scientific certainty is not used as a reason for postponing preventive measures." [Canada National Marine Conservation Areas Act, 2002] Notably, this definition of the precautionary principle goes even further than the classic formulation embodied in the 1992 *Rio Declaration on Environment and Development*, expanding the concept by deleting the references to *serious or irreversible* damage, *full* scientific certainty, and *cost-effective* measures. [For further discussion, see Dunsmuir, 2001]

## Dual mandate abandoned

In addition to this quantitative growth in Parks Canada's management responsibilities, recent shifts in policy have brought a qualitative change to the parks service's traditional "dual mandate" to foster both human use and environmental protection. [LeRoy and Cooper, 2000] According to the original *National Parks Act* of 1930, Canada's national parks were "dedicated to the people of Canada for their benefit, education, and enjoyment ... and such Parks shall be maintained and made use of so as to leave them unimpaired for the enjoyment of future generations." Amendments to this act, first introduced in 1988, and then strengthened in 2000, placed new emphasis on preserving the "ecological integrity" of whole ecosystems.

This new singular mandate have been accompanied by policy trends that extends Parks Canada's beyond the borders of federally owned land to the provincial and private lands that lie adjacent to them. [LeRoy, 2002a] The final report of the Ecological Integrity (EI) Panel, commissioned by the federal government to chart a new direction for parks policy in 1998, concluded that Parks Canada should become

an advocacy organization actively promoting its “park values” not only within the parks but beyond their borders as well. [Parks Canada, 2000] The Panel even recommended that the *National Parks Act* and the *Canadian Environmental Assessment Agency (CEAA)* should be amended to give Parks Canada a stronger voice in land use decisions outside national parks. These suggestions reflect the new paradigm of “ecosystem management” that seeks to manage land use on a regional or landscape scale, regardless of existing property rights or jurisdictional boundaries.

Stretching scarce resources even further, Parks Canada’s new restorative “Ecological Integrity” (EI) mandate has introduced new costs that threaten to overwhelm the good intentions of park managers. For instance, in 2000/2001, Parks Canada spent \$24.6 million to buy out commercial leases in the name of ecological integrity. [Parks Canada, 2001: 73] In July 2001, Parks Canada spent \$3.6 million to terminate the commercial leases of hotels in Kootenay National Park, despite the Yoho and Kootenay field unit’s maintenance backlog of over \$38 million. The hotels were demolished in order to restore the habitat connectivity for the area’s bighorn sheep—who still prefer to graze on the lawns of the remaining hotels rather than in the newly restored wilderness area. [LeRoy, 2002b]

These purchases demonstrate that Parks Canada is following the recommendations of the Panel on Ecological Integrity that it should “enable management decisions in support of ecological integrity to be separated from revenue implications.” [Parks Canada, 2000: 21] Such decisions raise serious questions about the economic viability of both existing and new parks, especially insofar as they are integrated into their regional economies.

## Political neglect

Government agencies are also, depending upon political winds, subject to political neglect. Parks Canada’s mission creep comes at a time when the existing natural and cultural assets of Canada’s national parks are already feeling the cumulative impact of decades of government mismanagement and neglect. In 2003, Canada’s Auditor General reported that 20% of the heritage buildings managed by Parks Canada have been lost in one generation and two thirds of national historic sites are currently at risk. One third of park facilities are now in “urgent need of repair,” with another third needing repair in the next five to 10 years. [OAG, 2003] According to Parks Canada, expenditures on necessary maintenance and repair have been less than 50% of industry benchmarks. [Parks Canada, 2004b: 44] [18]

This neglect should come as no surprise. Two decades ago, an extensive A-base review of Parks Canada’s programs concluded that its resources were deficient, by close to 300 person-years, to maintain and operate existing parks and historic sites.

The study also drew attention to a serious need to repair and recapitalize assets that had deteriorated during the period of rapid expansion while Jean Chrétien was minister responsible for parks during the 1970s. [See Nielsen,, 1986]

This attention to the deteriorating state of the parks was affirmed that same year by Canada's Auditor General who observed that "Parks Canada's initiatives have established a pattern of growth for the parks system without providing sufficient information on the total cost implications for the overall acquisition, development and operation of parks over a stated period of years." [OAG, 1983] For instance, when Parks Canada entered an agreement with the province of Newfoundland for the transfer of land for Gros Morne National Park in 1973, they failed to inform the federal government of the estimated total cost (subsequently estimated at \$130 million in 1982 dollars). Cost estimates made prior to the signing of an agreement with British Columbia for the establishment of Pacific Rim National Park were similarly inadequate. The Auditor General also described unresolved operational problems. In Banff, for instance, unacceptable sewage effluent levels (a problem at two other national parks as well) was addressed at a cost \$4.5 million only after a serious outbreak of *giardiasis* (a bacterial infection that causes intestinal disorder) was discovered. [OAG, 1983]

These criticisms formed the backdrop of the federal government's Task Force on Program Review, created in September 1984 with the objectives of providing better service to the public and improving the management of government programs. Headed by Deputy Prime Minister Erik Nielsen, the task force reviewed all Parks Canada's programs (then run within the Department of the Environment) with the intent of improving responsiveness to clients, users, and the public through increased decentralized or consolidated delivery; of removing any duplication of, or irritants in relations to, programs of other federal departments, provincial or territorial governments, universities or business; and of reconsidering existing delivery mechanisms to determine if increased efficiency was feasible, with a particular emphasis on privatization. [Nielsen, 1986: 1–2] The Task Force called for a more cost-effective operation and more involvement of the private and non-profit sectors in joint-management and cost-sharing activities, contracting, and increased cost-recovery. Despite this critical scrutiny, it would take a fiscal crisis and another decade before even the most limited recommendations in this report received serious political consideration.

## Financial management

The fiscal crisis occurred in the mid-1990s, when Parks Canada's budget was cut dramatically as part of a government-wide strategy to reduce debt and the deficit. Between 1994/95 and 1998/99, Parks Canada saw approximately \$104 million, or 25%, trimmed from its budget each year. [Parks Canada, 2000: 13-2] [19] This prompted Parks Canada

to undertake a series of reforms of its internal management and operations and led to the introduction of a new revenue policy and user fees, an aborted attempt to contract out park operations through an “employee takeover” (ETO) process, and establishment of an independent Parks Canada Agency. We will evaluate the success of each of these initiatives in turn.

Up until 1994, Canada’s national parks were almost entirely dependent on government appropriations to fund all management and operations as well as the establishment of new parks. At the time the Nielsen Task Force was undertaking its review in 1983/84, for example, internally generated revenue amounted to just 7% (\$20 million) of Parks Canada’s total expenses (\$310 million). Because all revenues were funneled directly into the federal government’s Consolidated Revenue Fund (CRF), however, in essence all funding for national parks were subject to the parliamentary appropriation process.

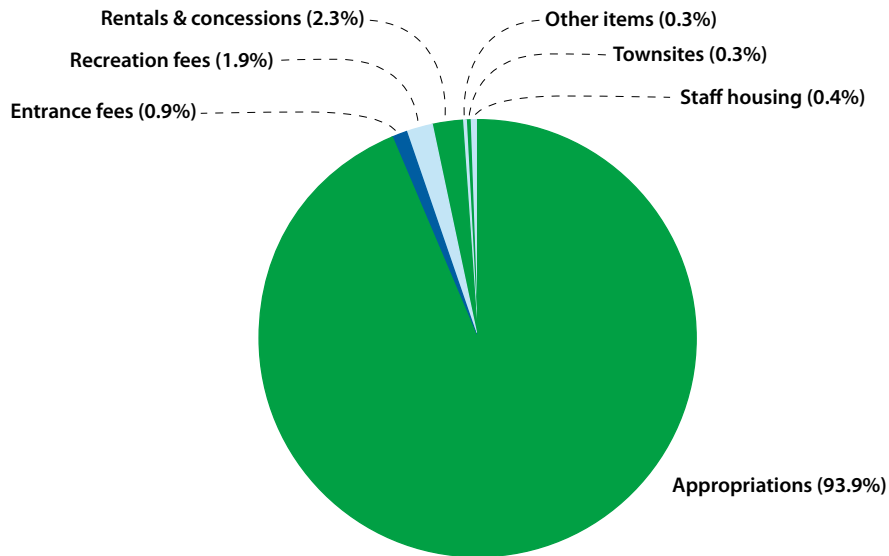
This was problematic for a number of reasons. First, the dependency on appropriations made Parks Canada’s programs vulnerable to competing departmental priorities, lobbying by special interest groups, and other elements of the “park barrel” politics described above in “[The economics of conservation](#).” Second, as internal revenue targets were completely disconnected from the level of funding Parks Canada would be granted through the appropriation process, park managers had little incentive to increase that revenue through more diligent fee collection or to create other efficiencies. Between 1983/84 and 1993/94, internally generated revenue amounted less than 10% of Parks Canada’s total expenses. [\[Figure 4; Figure 5\]](#)

The fact that user fees for all national parks in Canada were collected as flat per-vehicle charges upon entering a park was further cause for economic concern. When fees were set too low (a hazard of a centrally determined pricing system), the environmental and recreational amenities provided in the parks competed unfairly with provinces, municipalities, as well as private and non-profit organizations providing comparable services in the same region.

In 1994, Parks Canada introduced a new visitor-use fee system guided by the principle that those deriving benefits from park services should pay for them. In other words, entrance and other fees for using the park and its amenities would go towards paying for park operations and maintenance while tax-based appropriations would pay for the costs of establishing and protecting areas. [\[Parks Canada, 1998\]](#) “Services providing both a public good and a personal benefit, such as heritage presentation programs in parks and sites, will be financed through a combination of tax-based appropriations and fees.” [\[Parks Canada, 1998; quoted in Parks Canada, 2000: 13–18\]](#)

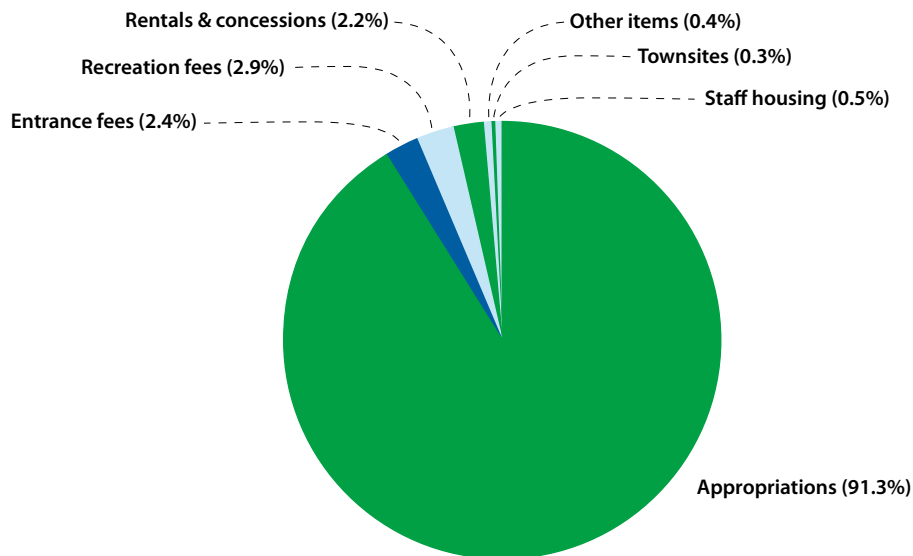
Parks Canada also put an end to subsidies for businesses within parks, which now had to fund their own operational costs and investments. Three hot springs (the Banff Upper Hot Springs, Kootenay’s Radium Hot Springs and Jasper’s Miette Hot springs), one golf course, and all (six) national park communities [\[20\]](#) would be managed

**Figure 4: Sources (percent) of Parks Canada's income, 1983/84**



Source: Michel D'Amour, Parks Canada, personal communication (Sept. 6 & Oct. 4, 2002); calculations by the authors.

**Figure 5: Sources (percent) of Parks Canada's Income, 1993/94**



Source: Michel D'Amour, Parks Canada, personal communication (Sept. 6 & Oct. 4, 2002); calculations by the authors.

as revolving funds, separate from the main budget of Parks Canada. Revolving funds are more financially separate and independent, retaining possession and control of any revenues generated over the year. If a revolving fund generates a loss over the year, this loss would be carried over to the next year, repaying Parks Canada for any loss, unlike a regular fund centre or field unit, whose net loss would be absorbed by Parks Canada without affecting next year's appropriations.

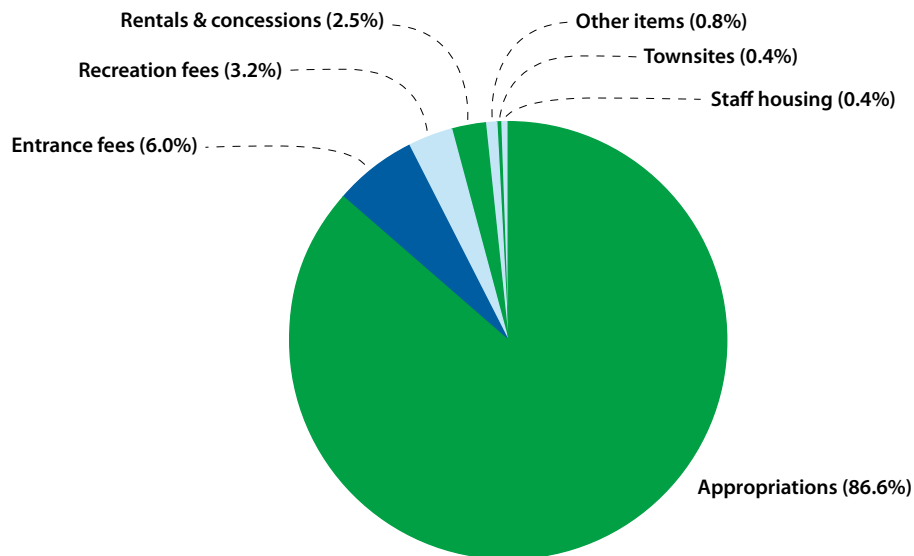
Further decentralization occurred in 1998, when the federal government passed Bill C-29, the *Parks Canada Agency Act*. This act transformed Parks Canada into a quasi-independent agency with more flexible human resources, administrative, and financial authorities. The new Parks Canada Agency still reports to the minister responsible for national parks (now the Minister of Environment), who remains responsible for overall direction and policy implementation, including the fixing of fees. Nevertheless, the Parks Canada Agency can now retain all internally generated revenue, maintain a two-year rolling budget, and a non-lapsing account for the establishment of new protected areas and sites. The Agency can also now procure goods and services from outside the public service (i.e., Public Works and Government Services Canada), "with the approval given generally or in a specific case by the Governor in Council." [\[Government of Canada, 1998: clause 9\]](#)

The authority to retain and invest all park-generated revenue on a non-lapsing basis was a significant development, providing new incentives for the agency to increase the revenue generated from its products and services and to link revenue to real costs. Indeed, revenues from new and increased user fees increased nearly 75%. As a result of these measures, revenues from new and increased user fees increased nearly 75% between 1994/95 and 1998/99, from \$32.3 million to 75.2 million. By 2003, revenue generated by Parks Canada had risen to \$78 million, 15% of all park expenditures. Of this revenue, 45% comes from entrance fees, 24% from recreation fees, 19% from rentals and concessions, 3% each from park townsites and staff housing, and 6% other. [\[Figure 6\]](#)

## Limited accountability

While the independence and financial accountability of the Parks Canada Agency may have increased, however, this independence and accountability has not extended to the management of individual parks. For instance, while the Panel on Ecological Integrity was given two years to study and report on the national parks between 1998 and 2000, they quickly realized the difficulty of isolating the financial information of individual parks, concluding that, "Despite a strong collaborative effort, in the end this financial information could not be obtained in any rigorous, comparable format." [\[Parks Canada, 2000: 13-2\]](#) While park-by-park data on the financial profile of individual

**Figure 6: Sources (percent) of Parks Canada's income, 2003**



Source: Parks Canada, 2003a; calculations by the authors.

field units was eventually obtained for this study, this information is not readily available either through Parks Canada's corporate plans, annual reports, or purportedly biannual "state of the parks" reports, or through the Treasury Board Secretariat.

**Table 7** provides a list of the total revenue, expenses, and maintenance backlog [21] for each of Parks Canada's 32 field units and one highway service centre. Despite all of the previously discussed reforms, only Banff and Jasper come close to being self-financing. Banff shows revenues amounting to 122% of operating expenses; Jasper shows revenues amounting to 78% of operating expenses. Many others, such as Newfoundland's Terra Nova National Park, Quebec's Forillon National Park, and Saskatchewan's Grasslands National Park, earn revenues amounting to less than 5% of all park expenses. Across the whole park system, less than 15% of Parks Canada's total expenses are covered by internally generated revenue. Even the costs of maintaining campgrounds are not fully recovered. This is a far cry from the self-sufficiency Canada's national parks were originally intended to have.

To make matters worse, while the Parks Canada Agency was now able to retain these revenues, not all revenues have been redirected to park and visitor services as the revenue policy stipulated. Rather, the financial strain of Parks Canada's expanded mission and mandate has been used to justify rechanneling this revenue, "partially to fund the development and operation of new parks and sites." [Parks Canada, 2000: 13-3] Auditor Generals past were clearly correct to fear that Parks Canada was expanding the national park system at the expense of properties and sites currently under its care.

**Table 7: Economic profile of Canada's National Parks, by field unit, 2001/2002**

Field unit	Park or historic site	Total revenue (\$000s)	Total expenses (\$000s)	Expenses covered (%)	Maintenance backlog (\$000s)
Mainland Nova Scotia	Kejimikujik	1,461.2	7,005.3	21%	10,676.4
Newfoundland West & Labrador	Gros Morne	882.5	8,183.1	11%	17,765.2
Newfoundland East	Terra Nova	549.3	11,033.2	5%	31,908.1
Cape Breton	Cape Breton Highlands	2,172.1	14,593.7	15%	44,183.6
Southern New Brunswick	Fundy	1,167.4	4,679.5	25%	11,895.2
Northern New Brunswick	Kouchibouguac	689.6	5,486.5	13%	6,410.2
Prince Edward Island	Prince Edward Island	2,537.2	6,968.6	36%	19,258.9
Mingan	Mingan Archipelago Reserve	64.0	2,557.4	3%	1,180.3
Gaspesie	Forillon	872.8	5,318.1	16%	16,148.1
Quebec City	Fortifications of Quebec	920.9	7,745.7	12%	55,980.0
La Mauricie	La Mauricie	1,578.3	4,953.1	32%	4,401.0
Montreal Area	Lachine Canal	848.0	20,014.5	4%	38,001.7
Saguenay	Saguenay-St Lawrence	89.7	2,794.3	3%	509.0
Ontario East	St Lawrence Islands	1,276.4	11,645.8	11%	23,942.8
Central Ontario	Georgian Bay Islands	2,328.2	10,864.4	21%	39,191.0
Southwest Ontario	Bruce Peninsula	1,417.6	8,245.1	17%	10,164.1
Ontario North	Pukaskwa	189.6	4,096.6	5%	13,054.1
Manitoba	The Forks	261.0	4,526.1	6%	5,297.0
Riding Mountain	Riding Mountain	1,529.4	6,983.8	22%	26,068.7
Northern Praries	Elk Island	2,215.6	9,601.4	23%	1,179.0
Saskatchewan South	Grasslands	238.3	5,347.6	4%	4,864.9
NWT Southwestern	Nahanni	114.9	8,340.8	1%	4,537.4
Nunavut	Auyuittuq	138.1	4,614.5	3%	31,908.1
Western Arctic	Aulavik	78.8	3,110.3	3%	1,483.5
Banff	Banff	19,480.1	15,995.9	122%	18,964.0
Jasper	Jasper	12,312.8	15,588.9	79%	48,085.1
Kootenay and Yoho	Kootenay	6,619.5	17,187.3	39%	38,024.5
Waterton /Bar-U	Waterton Lakes	2,140.7	5,656.2	38%	16,548.0
Mt. Revelstoke/Glacier	Mount Revelstoke/Glacier	565.6	4,026.4	14%	4,797.6
Highway Service Centre	—	1,665.4	22,851.7	7%	86,735.0
Coastal British Colombia	Pacific Rim Reserve	1,591.5	9,253.8	17%	10,878.3
Gwaii Haanas	Gwaii Haanas Reserve	153.0	4,459.6	3%	3,558.2
Yukon	Kluane	604.2	8,313.8	7%	10,174.3

Source: Paul Hartley, Parks Canada, personal correspondance (Aug. 2, 7 & 16, 2002); calculations by the authors.



This problem has not yet been resolved. In Jasper, for instance, one of only two national parks that come close to self-sufficiency, [22] Superintendent Ron Hooper recently admitted that fees are being used to offset Parks Canada's general operating budget, paying for research and the salaries for parks wardens and interpreters rather than going to repair infrastructure and maintain visitor services. [Walker, 2004] Considering that Jasper suffers from a \$48 million maintenance backlog, this is a violation of the public trust that could ultimately undermine support for the user fees, which begin to look increasingly like just another tax.

## Human resource management

On the expenditure side of the ledger, the contracting out of Parks Canada's programs and services has by far the most potential to save Canada's national parks. This is a logical area to introduce the discipline and efficiency of the market as 60% of Parks Canada's budget currently goes to salaries and benefits. [Parks Canada, 2002]

Contracting out was an area of potential cost-saving that had been highlighted by the Nielsen Task Force in its final report in 1983. The requirement that Parks Canada had to go through government "service departments" (Supply and Services, Public Works), noted the Task Force, increased the cost of services to taxpayers, increased the paper burden on public servants, and was source of great irritation to communities and merchants located near national parks from whom Parks Canada could purchase services at equal or lower cost. All in all, the requirement that Parks Canada deal with the Canadian Government Expositions Centre, a central government procurement centre, added 24% to costs in addition to a great deal of time. [Nielsen, 1986: 39-40] The Task Force estimated at least \$1 million could be saved annually by such contracting out, noting that, "Just as the government [the Mulroney Conservatives] feels that deregulation of the private sector would benefit the economy, the study team is convinced that deregulation of the bureaucracy could pay similar dividends." [Nielsen, 1986: 40]

In the mid-1990s, Parks Canada became the first federal agency to take advantage of the Employee Takeover (ETO) Policy introduced by the Treasury Board Secretariat in 1993. This policy let employees establish their own companies and then bid for their jobs against private contractors. Entrepreneurially minded employees would have the opportunity to own and profit from their own business while Parks Canada would retain full ownership of the land and ultimate control of entrepreneurs awarded three-year contracts subject to extensive environmental and heritage conditions and requirements.

Many park services, such as the operation of campgrounds (costs of Parks Canada's campgrounds are not fully recovered), maintenance, and road clearing lend themselves easily to contracting out to small, local companies. In addition to saving

money in a time of cut-backs, such public-private partnerships may be the only available way to expand park services. As a pilot project, Parks Canada's Alberta regional office quickly identified 40 candidate programs to subject to the ETO process, including the maintenance of buildings, trails, and vehicles, plowing roads, painting signs, and the operation of natural hot springs. The contracts were to be for the provision of services only, involving no fixed investments and no revenue sharing.

While Parks Canada had counted on the ETO process to save millions of dollars during a time of tough cuts, public-sector unions fearing big layoffs quickly mobilized against it. University of Calgary economist Chris Bruce attributes the success of the unions to three factors. First of all, the civil service unions organized powerful coalition of lobby groups targeting the Minister responsible for Canada's national parks, Sheila Copps, personally at a time when she was facing reelection in what is ostensibly a union town (Hamilton, Ontario). Second, the unions also appealed to the environmental lobby, who argued to the Media and the public that contracting out would lead to the "privatization of Canada's heritage." Third, the lobbying efforts were also directed at senior administrators at Parks Canada who needed union support for efforts to gain independence as an agency. [Bruce, 2001: 118–19]

In the end, only four of 74 proposals were accepted in Alberta, all for services requiring very limited budgets to begin with. When Parks Canada gained independent agency status in 1998, the ETO process was abandoned. In sum, Bruce concludes, "Politics seems to have led to the failure of Parks Canada's ETO process. Bidders were able to identify sources of efficiency gains, and deficiencies in the bidding process could have been rectified by Parks Canada during the bidding process. The primary cause of the breakdown was the strength of political opposition that unions were able to mount." [Bruce, 2001: 122]

As a report for the Library of Parliament on the new Parks Canada Agency Act noted in 1998, "Parks Canada has already experimented with contracting out some of its services. According to departmental statements, it has decided that privatization of its services is not a popular way to proceed" (Alter and Dakers, 1998). The issues and realities surrounding the Parks Canada strike in the summer of 2004, however, suggest that, popular or not, this privatization of services may be the only viable way to proceed.

After more than a year without a contract, on Friday, August 13, 2004, 4,800 Parks Canada employees, belonging to the Public Sector Association of Canada (PSAC) were in a legal strike position. This included everyone from park wardens, to maintenance workers, and clerical staff. The union rejected Parks Canada three-year, \$28 million, salary package (consisting of a 3.5% raise over two years for most employees, and a 5.9 to 10.1% raise over three years for others), holding out for three consecutive 5% raises over three years for *all* employee categories, plus an extra 20% wage hike for "operational employees." Of the 13 employee categories of Parks Canada

workers, operational employees include campground attendants, gate attendants, and tour guides, and make up 85% of Parks Canada staff. [Jaimet, 2004] Basic campground attendants get paid \$16.40 an hour.

Among the most contentious of the union's demands was that even seasonal staff must be recruited into classified positions at pay scales established through national collective bargaining, regardless of variable living expenses. These national pay scales are often considerably higher than prevailing regional rates, especially in rural areas where many parks, historic sites, and canals are located. Just as the underpricing of user fees for environmental and recreational amenities provides a major irritant for other regional park managers, the over-pricing of basic labour causes significant economic problems for employers outside the park system as well.

Unfortunately, it is once again Canada's parks and the visitors that use them that suffer the most for these management problems. According to Parks Canada CEO Alain Latourelle, Parks Canada would have to reduce its services to visitors by 10% to 20% if union demands were met (Jaimet, 2004). The two-month rotating strike, which ended October 11, 2004 when a tentative deal was struck giving park employees across-the-board raises of 9.6% over 4 years as well as additional salary increases of between 2.6% and 19% for some workers, is estimated to have cost Parks Canada millions of dollars in lost revenue from uncollected park entrance fees. [Slobodian, 2004] [23]

## Conclusion

While major institutional changes initiated at the time of these budget cuts have given Parks Canada new flexibility and autonomy over its financial and human resource management, these changes have done little to reduce the dependency of Parks Canada on government appropriations and the vulnerability of our parks to competing political demands. If Parks Canada wants a long-term solution to this crisis, rather than lobbying for new appropriations, Parks Canada should turn to the creativity and efficiency of the marketplace for some entrepreneurial solutions to save our parks.

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## Market solutions for Canada's national parks

Canada's national parks are not the only parks to have faced serious challenges over the past decade. Provincial parks have also been confronted with some tough management realities stemming from the rapid expansion of the 1990s combined with government-wide fiscal constraints. Throughout the country, new and existing parks were soon suffering from reductions in service, the closure of trails and campgrounds, and a mounting maintenance backlog that threatened some of Canada's most precious natural areas. This tells us that the traditional environmental approach of protecting wilderness through the establishment of government-run parks and protected areas has fallen short.

Some provinces have dealt with these challenges more creatively than others. Alberta and Ontario, for instance, introduced extensive market-based reforms in the mid-1990s, while the \$1.8 million that Newfoundland's provincial parks service lost from its \$3.2 million budget in 1997 prompted the province to consider privatization options. After doubling the size of its network of protected areas in the 1990s, British Columbia launched a Recreation Stewardship Panel to consider a new management and funding model for BC Parks that placed a new emphasis on self-sufficiency.

American states, whose parks have long been threatened by huge maintenance backlogs, facility closures, and limitations on access have also introduced measures to make their parks less reliant on government funding. Even the US National Parks Service, once prohibited from responding to fiscal constraints and maintenance backlogs through new user fees, have at last recognized the need to cut costs and find management efficiencies.

These challenges in park management are not confined to North America. Parks in African and South American countries, where serious poverty and other social problems limits the political priority placed on protecting parks and wilderness areas, also provide examples of private environmental entrepreneurship. In the Caribbean, the conservation budgets of private parks are twice as high per square kilometer as those of government-run parks; they are 15 times as high in sub-Saharan Africa. [\[James, Kanyamibwa, Green, 2001\]](#)

These subnational and international examples illustrate the importance of four key reforms that can make parks more self-sufficient, ensuring their maintenance and protection for future generations: income diversification, user fees, competitive sourcing, and privatization.

## Income diversification

Financed solely out of government appropriations, park users have incentives to lobby, or “rent-seek,” for higher levels of park funding in the rational expectation that the bulk of the costs will be borne by majority of taxpayers who rarely use the parks. [24] As parks become more self-sufficient, political conflict in the management and administration of parks is reduced since managers are no longer as vulnerable to the lobbying and pressures of special interest groups or politicians. [Leal and Fretwell, 1997] Table 8 describes possible income sources that can be tapped to reduce park dependence on government appropriations.

In the state of New Hampshire, where government-run parks are legally mandated to be financially self-sufficient, entrance fees increased, campsite fees were diversified, and donor programs and corporate partnerships were introduced. US\$2.8 million in volunteer labour and private funds were donated in 1992. [Leal and Fretwell, 2001] In British Columbia, the government appointed a Recreation Stewardship Panel (RSP) in 2002, to recommend a new management and funding model for the provincial parks service. Throughout a six-month consultation process, the panel considered how the self-sufficiency of BC Parks could be improved through the introduction of new user fees, corporate donations, or a even a “Green lottery,” whose resources would be directed into a park trust overseen by a Parks Advisory Board.

**Table 8: Possible sources of park income**

Revenue Source	Description
Entrance fee	Allow access to points beyond entry gate
User fee	Fees for facilities and services within protected area (i.e. parking, camping, boat use, etc.)
Concession fee	Charges or revenue shares paid by concessioners providing services to visitors to protected areas
Royalties and sales revenue	Revenue from sale of souvenirs
Licenses and permits	For operation of private firms on protected area property (i.e. tour operators, guides, etc.)
Consumption taxes	i.e. hotel room, airport, vehicle, camping equipment taxes
Leases and rent fees	For renting or leasing park property or equipment
Voluntary donations	Includes cash, in-kind gifts, and labour

Source: Brown, 2001.

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## User fees

The most common source of park revenue comes from user fees. As government appropriations have been reduced and visitation to parks has increased, there has been a global trend for park systems to rely increasingly on user fees both to manage the number of visitors and raise scarce revenue. [Brown, 2001: 44; see also Eagles, 1999] In January 2003, the government of British Columbia, for example, announced that users at 28 parks would have to pay fees of \$3 to \$5 per visit for the first time since the first provincial parks were established in 1911. User fees in 41 provincial parks now provide an important source of income for BC Parks.

User fees ensure a more equitable distribution of the costs and benefits of maintaining parks and recreation areas as those who do not use the parks are no longer subsidizing those who do. [Manning et al., 1984] In other words, user fees eliminate cross-subsidies of a particular community by a community of non-residents. [Beckwith, 1981] Given that those in higher income brackets have more money and leisure time to travel and visit protected areas more often, this subsidization raises ethical as well as economic concerns. [Brown, 2001: 46] User fees internalize the costs of parks, imposing costs directly on users rather than on taxpayers who may rarely (or never) have the opportunity to enjoy them, ensuring that the public has greater appreciation for services it pays for. [Brown, 2001; see also Ibrahim and Cordes, 1993; Binkley and Mendelsohn, 1987]

The provision of services also becomes more efficient, innovative, and responsive to the public when parks depend on internally generated revenue for significant portions of their operational budget, as managers want to keep users happy so as to encourage repeat use. This reliance on user fees can also encourage more realistic pricing within parks. [Leal and Fretwell, 1997]

The pricing and methods of collecting user fees are best kept as local as possible, reflecting the reality that people place different values on visits to parks, depending on such variables as the location and quality of the park, the time of year, the day of week, and so on. [Hanson, 2001] State parks in Texas, for instance, charge entrance fees ranging from \$1 to \$5 depending on a park's popularity. Ontario introduced differential pricing to respond to different customer demands in 1997. Instead of a charge of \$7 per day for every vehicle, park fees now range from \$5 to \$10 depending on market demand. Not only can such differential pricing generate greater revenues, it can serve as a park management tool, helping to disperse congestion and limit traffic at ecologically sensitive sites, encouraging visitation to underused sites. [Brown, 2001; see also O'Toole, 1999a; Ibrahim and Cordes, 1993]

The introduction of user fees must be accompanied by proper administrative and accounting checks. As Kurtis Swope *et al.* have noted, "fees may simply create a pot of money, the value of which is dissipated as competing interests attempt to

establish a claim on it.” [Swope, Benjamin, and Anderson, 2000: 122] Unless this revenue is protected from competing claims, public support for otherwise sensible user fees will quickly wane. To put it another way, the public must see tangible benefits from user fees at the parks they are paying for.

An illustrative example is the US Duck Stamp Program, established in 1934. Under the program, hunters purchased duck stamps, a user fee to support the conservation of waterfowl habitat. Rather than paying to support land acquisition, however, the majority of revenues raised were actually diverted to non-land acquisition activities, including administration costs, as well as the development and improvement of other bird refuges. Indeed, \$198,534 of the \$635,344 raised in program's first year was spent on enforcement and administration of the new user-fee regime; none went to land acquisition. [Swope et al, 2000: 125] According to a US Senate report, just 15% of the \$54 million that was generated from the duck stamps between 1934 and 1958 went to support the programs core mandate of land acquisition. [Swope et al., 2000: 126] Because revenues from duck stamps funded activities they were not intended for until Congress stepped in in 1958 and explicitly forbade such misappropriation, duck hunters did not feel they were getting what they paid for and demanded new government funding.

## Revenue retention

The retention of revenue by parks agencies and even by individual parks and sites managed within these agencies creates new incentives for park managers to introduce new efficiencies and mechanisms for generating revenue. It also improves accountability. If the services those fees pay for are disappointing to visitors, they are unlikely to return, reducing the revenues available to support that park or site. As Bishop Grewell of the Property and Environment Research Center (PERC) has noted, “Recreation fees that remain where they are collected provide the *essential* incentive to spend that increased funding on aspects of public lands that visitors value.” [Grewell, 2004b: 22]

When the province of Ontario reorganized its parks system along this business model in 1996, park managers were granted the ability to retain and manage park revenues through a special account or revolving fund. Prior to this reform, all revenues went into the provincial government's general revenues. The return of these revenues through the appropriation process was unpredictable and uncorrelated to consumer satisfaction and park use.

The US Parks Service's 1996 Fee Demonstration Program provides evidence of the effectiveness of user fees that are retained by park managers. The program (scheduled to end in October, 2004) allowed four federal land management agencies to begin or expand fee collection and to retain those fees for reinvestment by local

land managers. In fiscal year 2002 alone, the program paid for the Parks Service to complete 136 deferred maintenance projects (80 of which were related to natural resource protection), make some facilities accessible to the handicapped, fund avalanche safety programs, repair trails, and pump septic tanks. [Grewell, 2004b] User fees have also helped to reduce vandalism, litter, and crime on public lands and reduce congestion at popular sites through differential pricing. [Grewell, 2004b: 4; Grewell, 2002: 170–73]

While this move towards self-sufficiency has been largely positive, when park managers are allowed to keep both receipts from user fees and government appropriations, there are incentives to cross-subsidize programs and services. The US Forest Service, for instance, has used recreation fees to subsidize its timber program and fees collected from mountain climbers to cross-subsidize campground users. [25]

## Equity concerns

Despite broad public acceptance of user fees, concerns have been raised that fees will prevent low-income Canadians from using public parks. Recent research suggests that such concerns are unfounded. While some survey evidence indicates that access fees do limit outdoor recreational use by low-income families, other studies suggest that actual behavior is often less sensitive to price. [Moore and Stevens, 2000, cited in Grewell, 2004b: 7] Where low-income families have been priced out of the market for outdoor recreation, it is generally due to the high costs of traveling to national parks and forests, not user fees. [Grewell, 2004a, 2004b]

Even if high user fees may discourage visitation by low-income individuals who live near public parks, such equity concerns are better addressed through means other than universal subsidies. For instance, Richard Burke, of the Cascade Policy Institute's Better Government Competition, suggests targeted programs, such as coupons sponsored by local business or free and discount days. Indeed Parks Canada already provides free access to the parks on Canada Day. Equity concerns could also be addressed by providing recreation vouchers, providing a limited number of free admission tickets set aside daily on a first-come, first-serve basis or by distributing rebates through local charities or land agencies, possibly linked to time contributed as volunteers. [Grewell, 2004a] As PERC's Bishop Grewell has noted, "recreation policy may not be the best avenue for addressing welfare concerns. Because poor people use the parks less, they might like to see the tax dollars spent elsewhere than on public lands." [Grewell, 2004: 8] Indeed, in light of the fact that those with higher incomes generally use the parks more than the poor, addressing such welfare concerns through parks policy is actually regressive.



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## Contracting out

Short of divesting ownership of parks to private or non-profit organizations, techniques that capture some of the benefits of privatization range from the use of volunteers to shedding a government service completely. The most common techniques involve contracting out a service previously provided by government employees in-house, such as custodial work, fee collection, security service, or even the entire operations of an individual park. These techniques can lower costs by introducing competition into the provision of park services, which can in turn improve the levels of service provided and encourage parks managers to focus on core services. [Hanson, 2000] While a government bureaucracy has little incentive to keep costs down, competing private firms must keep costs down in order to survive and produce a profit.

These reasons, and the fact that labour costs make up a significant portion of most park management budgets, have prompted a growing number of jurisdictions to consider contracting out. For instance, in 2003 Gail A. Norton, the US Secretary of the Interior, announced plans to contract out 70% of National Parks Service jobs, including secretarial, maintenance, archeologist, and biologist positions. [Cart, 2003] Savings are expected to be upwards of 30%.

The competitive sourcing of British Columbia's provincial park service began in the 1980s with private contracts for the operation of campground services. By 1992, BC Parks had contracted out 100% of maintenance and operations, with estimated savings averaging 20% per year. [Hanson, 2000] While most of these contracts were short-term (e.g., two years), they were renewable for an additional three years at a time. Surveys of regular park users showed high satisfaction following the change and very few contracts were cancelled for poor performance.

Unfortunately, the effectiveness of this competitive sourcing was limited by the fact that BC Parks did not permit contractors to charge user fees and therefore compensated the private operators for running and maintaining day-use facilities. The government also covered the costs of larger operational repairs (contractors just dealt with minor repairs). Recent fiscal realities have prompted British Columbia's government to rethink this ban on user fees. This is important because the ability to realize benefits from providing environmental and recreational amenities can encourage new entrepreneurs to invest in the establishment and maintenance of parks and protected areas. [Manning et al., 1984; Brown, 2001]

Following the recommendations of the BC Recreation and Stewardship Panel, in January 2003 the provincial government bundled 198 parks for private management. Bidding from private operators was invited for long-term leases in these parks. Fifty-year leases have been signed with private operators in Cypress, Manning, and Mt. Seymour Provincial Parks. While long-term leases can provide environmental entrepreneurs with incentives to invest in responsible stewardship of the land and its

resources, if the value of contracts does not reflect escalating recreation values, private operators could end up earning a windfall at the expense of taxpayers.

Alberta has also relied heavily on private-sector providers for the operation of campgrounds: 92% of campsites were maintained and operated privately by the time a new management strategy was introduced in 1997. The strategy proposed contracting out the management of many provincial parks and recreation areas, though some flagship parks representing “significant natural landscapes,” remained under public management. [AEP, 1997] While ownership of all land titles and existing facilities remained in government hands, the province encouraged capital investment by extending standard five-year operating leases up to 20 years, depending on the extent of proposed upgrades. [AEP, 1997] Alberta saved millions through these public-private partnerships, making it possible for the provinces to increase the size of its network of protected areas during a time of deep budget cuts.

The satisfaction of visitors has been high: in a 1998 survey, it averaged 4.2 out of 5 across all parks. Satisfaction scores ranged from low of 3.66 to a high of 4.68. As in British Columbia, however, the lack of day-use fees has limited the efficiency gains from this competitive sourcing. While private contractors could increase their profits by improving the services for overnight services, for which they could charge user fees, there remained a temptation to cut corners on day-use services. [Hanson, 2000]

The new business model adopted by Ontario's parks in 1996 led to 116 service contracts, totaling \$3.7 million, being signed. Work such as janitorial services, grounds maintenance, and enforcement services were contracted out, as were the entire operations of five small recreational parks. Security services were contracted out at two large recreation parks and a contract for the central reservation system was signed with the private company Bluewater Parklands Management. The combination of adopting a business model, introducing new user fees, and contracting out park services has led to better service (for instance, visitors can now make reservations 24 hours a day, 365 days per year), greater revenues, and less dependence on general tax support. Cost recovery on operating and capital expenditures has increased from 45% to 70%. [Hanson, 2000]

Newfoundland went even further than Ontario. When the annual operating budget of Newfoundland's provincial park system was cut more than 50% in 1997, the province signed public-private partnerships for the management of 21 of its 34 parks. Under this arrangement, profit incentives, not tax dollars mobilized resources to upgrade park facilities. During the very first season under private management, 13 operators at newly privatized parks had made capital improvements. [Government of Newfoundland and Labrador, 1997] These parks are now modest revenue earners with capital upgrades and better public services. [Hanson, 2000] [26]

However, union problems can be a significant barrier to achieving new efficiencies by contracting out services. While the Saskatchewan government of Premier

Grant Devine privatized approximately 100 park services, ranging from golf and mini-golf courses to hotels and restaurants in the mid-1980s, problems with unions have persisted. In the summer of 2003, for instance, unionized park workers in Saskatchewan's Duck Mountain Provincial Park ripped out the flower beds of a group of senior citizens, concerned that the volunteer initiative represented a serious threat to their jobs. [Sokoloff, 2003] As union president Bob Bymoer explained to the group of seniors, "you need to understand that if you are willing to plant the flowers then next year, the government will find out if you are willing to cut the grass and, the next year, maybe pump the sewers." [Cook, 2003] As Professor James Beckwith has noted, "Few people welcome competition of any sort, especially charging zero price." [Beckwith, 1981]

## Private management

Environmental entrepreneurs in South America and Africa, confronted with the inadequacy of traditional public-management models, have also turned to the private sector for solutions. Facing high costs of financing social programs from education, to HIV/AIDS prevention, health care, and other basic infrastructure, many parks—especially smaller ones—have been totally neglected. Poaching was rampant as park wildlife was killed by local inhabitants for food and many species of wildlife all but disappeared.

In response to this "tragedy of the commons," Dutch multimillionaire Paul van Vlissingen came up with an idea to save smaller parks in Kenya, Zambia, Malawi, Mozambique, and Uganda. The African Parks Management and Finance Company was established in 1989 to unite public and private resources in the cause of developing parks in five sub-Saharan countries, including Sioma Ngwezi and Liuwa Plains in Zambia; Marakele National Park north of Johannesburg (SA); and Malawi's Majete Wildlife Reserve. [Vesely, 2003] This new private involvement has not led to commercialization and erosion of wilderness values. Rather, the introduction of property rights has encouraged many to switch from cattle and crops to wildlife conservation. Since the 1960s, reserves have seen returns 1500% greater than farming; employment is up 2500% on these private properties. [Platts, 2004: 18]

The United States, meanwhile, has begun experimenting with the land trust model pioneered by private and non-profit conservation groups such as the Nature Conservancy. In 1996, Congress passed the Omnibus Parks and Public Lands Management Act, creating a trust to manage San Francisco's Presidio, a 1,480 acre area within the Golden Gate Recreation Area. The goals of the trust are "to preserve and enhance the Presidio as a national park and achieve financial self-sufficiency by fiscal year 2013." [Anderson and Fretwell, 1999: 12; see also Presidio Trust, 1998: 3] Other goals include finding tenants and establishing programs to preserve the natural, historic, and cultural resources (Presidio contains 510 historic buildings with over 7-million square feet of

space), while providing educational and recreational opportunities. While the Presidio board, including a designee of the Secretary of the Interior and six presidential appointees, has a fiduciary obligation to raise revenues by leasing buildings and managing the property towards self-sufficiency, it was initially given a budget of up to \$25 million a year for up to 15 years. While this may continue the drain on the federal treasury longer than necessary (loopholes also allow the board to transfer unprofitable buildings or areas back to the park service), over the long-term incentives are now in place to implement land and resource uses that will cover costs. [\[Anderson and Fretwell, 1999: 13\]](#)

More recently, Congress established the Valles Caldera National Preserve (VCNP). Consisting of 89,000 of formerly private lands (known as the Baca Ranch) in New Mexico's Jemez Mountains, the VCNP represents the largest use of a trust for federal land management with the primary mandate of conservation. [\[27\]](#) The nine-member board, legally mandated to include experts in key areas such as livestock, wildlife, and fish management, and sustainable forestry, must achieve financial self-sufficiency within 15 years. In its first year of operation alone, close to half a million dollars was generated from user fees for hiking, photo excursions, fly-fishing clinics, elk hunting, and trout fishing. The trust, authorized to function as a working ranch, may also generate additional revenue from grazing fees and timber harvesting, in addition to research grants, film and location fees, and other private fundraising. [\[See Yablonski, 2004: 3-5 for further discussion.\]](#) As with the Presidio trust, however, 15 years of guaranteed federal subsidies weakens the incentives to bring the Preserve to self-sufficiency as quickly as possible.

Trusts have also been proposed for the Grand Staircase-Escalante National Monument, a natural area of 1.9 million acres on Utah's southern border, and Missouri Breaks National Monument, 377,346 acres of federal lands and resources on the Upper Missouri River Corridor. In order to ensure that multiple land uses would be carefully balanced, the Grand Staircase-Escalante Trust proposed by PERC's Terry Anderson and Holly Fretwell would have board members nominated to staggered terms from groups representing environmental, recreational, wildlife, Indian, ranching, mining, and oil and gas interests as well as from state and local governments. [\[Anderson and Fretwell, 1999: 7\]](#) Anderson and Fretwell estimated that revenues from carefully managed commodity production and recreation would be over \$7.1 million annually, significantly more than the \$6.4 million granted in government appropriations to manage the area as a national monument.

The Upper Missouri River Trust proposed by Sally Fairfax, Professor in the College of Natural Resources at the University of California at Berkeley, and Randal O'Toole, senior economist at the Thoreau Institute, would also be managed by a board nominated to staggered terms and representing an array of experiences and priorities. [\[See Fairfax and O'Toole, 2001 for detailed discussion.\]](#) In addition to revenues generated by user fees, the Trust would be supported in its mission by a 501(c)(3) non-profit

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organization called the Friends of the Upper Missouri River. In addition to providing important financial support, volunteers, outreach, and education, the Friends (open to any member of the public willing to pay a \$10 to \$20 annual membership fee) would play an important role in maintaining and enforcing the rules of the trust. Fairfax and O'Toole's proposal suggested that, while Congress would provide an initial endowment equal to 10 years of the estimated historic costs of managing the Missouri Breaks National Monument lands, it would receive no further appropriations.

The Presidio and Valles Caldera Trusts and Grand Staircase-Escalante and Missouri River Trust proposals provide tangible blueprints for protecting parks and recreation areas for the appreciation, education, and enjoyment of future generations. These models of management take the politics out of park management and give park managers (or trustees) the incentives to make best use of available resources.

## Conclusion

While the stakes are not quite as high in rich countries such as Canada and the United States as they are in countries in South America and Africa, the gradual decline of North American parks has prompted far-sighted governments to consider a range of privatization options ranging from income diversification and the introduction of new user fees to competitive outsourcing.

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## Policy recommendations

The current funding crisis faced by Canada's national and provincial parks agencies has introduced a new urgency into the debate over how best conservation goals can be met. The successful application of market principles to the conservation of parks and wilderness areas in Canada and abroad provide evidence that, rather than imperiling Canada's wilderness, property rights and private ownership are essential for sustaining them for future generations. We shall now consider how decentralized, market-oriented approaches to land management and use can help save Canada's national parks for future generations.

### Local decision-making

First, local decision-making and flexibility in land-use management, planning, and pricing is vital. As Terry Anderson and Holly Fretwell of the Property and Environment Research Center (PERC), an environmental think-tank based in Bozeman, Montana, have observed, many of the problems in government-run parks have arisen not because of, but in spite of, the best intentions of park managers. Indeed, "their ability to manage environmental assets is severely constrained because they are not free to consider the benefits that might come from shifting both budget priorities and uses of some park land." [Anderson and Fretwell, 1999: 5] For this reason, user fees for various recreational opportunities and services should be determined locally and should reflect the real costs of providing services, public demand, and ecological values. The provision of a wide variety of services can also be a way to respond to equity concerns: while not everyone may be able to afford a weekend stay at the famous Banff Springs Hotel, nearby hotels, campgrounds, and RV hook-ups provide opportunities to enjoy the parks on a more limited budget.

### Self-sufficiency

Parks Canada's stated commitment to reviewing its national pricing strategy represents a positive step towards making Canada's parks more self-sufficient and less vulnerable to changing political priorities. [28] As an Ipsos-Reid poll reported in October 2003, Canadians would much rather see user fees increase than watch parks close or perish from neglect. Current fee proposals (estimated to raise fees up to 40%), to take effect beginning 2004/2005, are intended to maintain and improve services and facilities through increased cost recovery and, in the case of existing business licenses

and newly introduced film and location fees, “to permit the government to earn a fair return for the use of publicly owned [sic] resources.” [Parks Canada, 2004b: 62] While this move will help to move Canada’s national parks towards greater self-sufficiency, incentives to cross-subsidize parks and park services remains.

For this reason, the principle of full retention and reinvestment of all revenue generated by individual parks must be respected. As user fees are raised, Parks Canada must be able to demonstrate that those fees are being reinvested into visitor services. This will help to maintain public support for the user fees and prevent the cross-subsidization of ill-managed or less visited parks, programs, and services. Park management plans should be amended to include specific strategies to bring parks towards self-sufficiency.

For remote and rarely visited parks that may have difficulty supporting themselves solely through user fees, other revenue generation mechanisms are available, ranging from concessionaire contracts to the establishment of new visitor services and recreational opportunities. [29] Consideration should also be given to turning a small portion of land in some parks to multiple uses and commodity production that can generate revenues to enhance and preserve more ecologically sensitive areas. For these parks, consideration should be given to adopting the land trust model successfully used by non-profit organizations (see below, “Divestiture”).

## Privatization options

Recognizing the significant efficiencies that can be gained by contracting out park management and service delivery, Parks Canada should reinstate the Employee Take-over (ETO) process initiated, and subsequently abandoned, in the mid-1990s. This move towards contracting out, which would have allowed park employees to establish their companies and then bid for their jobs against private contractors, could save Parks Canada millions of dollars and improve service delivery in the process. This move would have the added benefit of keeping salaries for park employees competitive with workers performing similar jobs in parks and recreation areas on neighbouring provincial and municipal land.

Short of full divestiture or outright privatization, such arrangements would constitute an extension of existing public-private partnerships (P3s). [30] While contracting out reduces the number of potential political rent-seekers, public parks will remain politicized as long as they remain dependent on government appropriations. [Beckwith, 1981] [31]

For this reason, Parks Canada should reconsider the recommendation of the 1985 Nielsen Task Force to “shift the approach of Parks Canada from the acquisition of new parks and sites by the federal government alone to a focus on joint funding

and shared management with other levels of government and organizations.” [Nielsen, 1986: 36] The recommendations of the Nielsen Task Force were echoed a decade later by the Auditor General who recommended that Parks Canada consider alternatives to federal ownership of the parks:

The need for the federal government to own the land limits alternatives. It could also increase the cost of establishing new parks, particularly if such lands are allocated to development interests before a potential national park has been identified, negotiated, and established. We believe that flexibility on the issue of ownership of specific sites is essential if all natural regions are to be represented on time and at reasonable cost. [OAG, 1996: 31]

## Fiduciary trusts

Thus, we recommend the establishment of independent, fiduciary trusts to manage both existing parks and any that are planned. [32] The transfer of management to an independent, fiduciary trust should especially be considered for those remote and rarely visited parks that may have difficulty supporting themselves solely through user fees. It is also an ideal solution for planned and proposed parks whose establishment has been delayed due to protracted negotiations and the multiple land-use rights and interests of private and provincial landowners, aboriginals, environmental, and private industry.

An ideal testing ground for this trust model would be the planned expansion of Waterton National Park. Environmental groups, including the Nature Conservancy and the Canadian Parks and Wilderness Society (CPAWS) have already been extremely active in protecting a great deal of ecologically sensitive land, both on the northern border of Waterton and on its western border into British Columbia.

CPAWS first presented its \$25 million proposal to expand Waterton National Park 600 square kilometres westward into British Columbia more than three years ago, and committed \$10 million of its own money to help compensate Tembec Industries, the private company that own significant timber rights in the area. While CPAWS' initiative in leveraging private conservation dollars should be lauded, there is good reason to question the group's intention to transfer ownership to the federal government. Recent studies have shown that land trusts are better stewards of conservation easements than government agencies. [Guenzler, 1999 and Pentz, 2001, cited in Parker and Thurman, 2004] This is likely due to the pressures from interest groups and bureaucratic constraints that plague government's management of public lands documented throughout this study. Furthermore, the transfer of land from private



conservation groups to government makes these independent groups little more than government land-management agents, which could have the unintended consequence of politicizing conservation strategies. [Yandle, 1999]

A preferable solution would be to follow the example of the Nature Conservancy of Canada and the W. Garfield Weston Foundation. They have been quietly and cooperatively been using their “Conserving Working Landscapes” approach for the past seven years to work with landowners and ranchers to create a “buffer zone” along Waterton’s northern edge. On June 23, 2004, the organizations celebrated the assembly of an area of 100 square kilometres through direct purchase of land and conservation easements, Canada’s largest private conservation initiative. [CNW, 2004] The independent success of this initiative relative to the CPAWS Waterton National Park expansion proposal raises questions as to whether the federal government need be involved at all.

Nevertheless, if the federal government is determined to go ahead with the planned westward expansion of Waterton, such an expansion should be managed by an independent trust, not Parks Canada. A board of trustees, nominated by local stakeholders and environmental and industry representatives and appointed by the Minister of Environment responsible for national parks to staggered four-year terms, would be legally bound by a fiduciary obligation to manage the land and its resources into perpetuity within the constraints of a written trust agreement. Given an initial endowment, the trust would be obliged to cover all costs through revenue generated from user fees for recreation and other traditional land uses (i.e., limited grazing, and oil, gas, and other mineral development), plus private donations of money, property, services from individuals, corporations, and charitable foundations. A non-profit, cooperative association, registered as a charity with the Canadian Revenue Agency (CRA) would be established to help raise these donations as well as to serve as an educational, outreach, and enforcement arm of the trust

## Encouraging private stewardship

There is already precedent for the involvement of cooperative associations in the management and stewardship of Canada’s national parks. Between 1981 and 1986, organizations in the voluntary sector partnering with Parks Canada grew from five to 25, representing approximately 3,000 volunteers. [Nielsen, 1986: 89] These cooperating associations (commonly referred to as “Friends”) carry out educational and interpretative activities such as the printing and sale of booklets and pamphlets on topics related to the parks, among other things.

By 2002/2003, the number of cooperating associations that were assisting in providing visitor services in 72 national parks, national historic sites, and national

marine conservation areas had grown to 53. In addition, in 2002/2003 Parks Canada's National Volunteer Program engaged 3,600 volunteers who contributed more than 100,000 hours to a wide range of activities such as creating historical enactments, designing exhibits, and studying wildlife for research purposes. [Parks Canada, 2003b] Given the current interest in private conservation and environmental initiatives, there is good reason to believe that this private support will only grow. Government's interest in encouraging greater private, voluntary support for conservation in Canada should also recognize that reductions in marginal tax rates will leave individuals with more resources to donate to environmental causes.

## Conclusion

Almost 20 years ago, the Nielsen Report observed that, "Ironically, the protection of Parks Canada's mandate can best be supported by integrating the parks, canals and historic sites into the economy of the region in which they are located." [Nielsen, 1986: 36] As our study documents, this integrated, cooperative approach to conservation can be achieved by localizing management and decision-making processes, creating new efficiencies by experimenting with various privatization options, and managing parks towards self-sufficiency, preferably through trust and other voluntary means.

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## Notes

- 1 These new parks include Gulf Islands National Park in British Columbia (established May, 2003), Ukkisiksalik (Wager Bay) National Park in Nunavut (established August, 2003), and Torngat Mountains National Park Reserve in Labrador (established January, 2005).
- 2 While the survey results from the Nature Conservancy of Canada's regional offices that were contacted are included in the cumulative national total, the results of the national office (who also surveyed their own monitors) are not. [See Barstead, 2004: 9]
- 3 Forty-five percent of Canada is forest, 23% tundra, 12% wetland, 8% freshwater, 6% cropland, 3% icefield and 2% range. [Brown et al., 2004: 81]
- 4 According to the study, taxation revenues of \$401 million accrued to all levels of government, with over half going to Ottawa. The provincial share was \$135 million while local government received \$55 million.
- 5 Ninety percent (\$486 million) of direct expenditure was spending by visitors in parks, which also is responsible for the majority of new expenditures over the past decade. Almost one third of visitor spending (\$148 million) were made by out-of-province residents, making this an export market.
- 6 The same study found that parks in British Columbia generated approximately \$219 million in tax revenues, the majority of which (\$122 million) went to Ottawa.
- 7 These costs are the "transaction costs" of monitoring and enforcing property rights. For further discussion in the specific context of establishing and maintaining parks and conservation areas, see [Parker, 2002].
- 8 In British Columbia, conservation covenants are registered on title to property in the British Columbia Land Title Office under section 219 of the Land Title Act.
- 9 I am indebted to Randal O'Toole for this observation.
- 10 The fair market value of an ecogift is determined by an Appraisal Review Panel made up of a chair, a senior appraisal specialist from each of the five regions of Environment Canada, a legal expert, and a land-use specialist. "Ecologically sensitive" land is described as "areas or sites that presently, or in the future, could significantly contribute to the conservation of Canada's biodiversity and natural heritage." [Environment Canada, 2003b: 7]

- 11 The other 36 were still in process or returned for further information.
- 12 In addition, many trusts reported that they were assisted by “many” volunteers, without qualifying the number.
- 13 While financial metrics, including the percentage of revenue spent on overhead and administration are also important, they are not included in the framework since American law requires them to report this information anyways.
- 14 In addition to signing recent agreements to establish Ukkuniksalik National Park in Nunavut and the Gulf Islands National Park Reserve in British Columbia, Parks Canada is negotiating or planning the establishment of national parks in the Tongat Mountains (NL), Manitoba Lowlands (MB), Bathurst Island (NV), Mealy Mountains (NL), East Arm of Slave Lake (NT), and South Okanagan Valley-Similkameen (BC). Plans are underway to expand Nahanni National Park Reserve (NT), Tuktut Nogait National Park (NT and NV), and Waterton Lakes National Park (AB). Three of the five new NMCAs include Gwaii Haanas (BC), Western Lake Superior (ON), and Southern Strait of Georgia (BC); the remaining two will be named by March 2005. [[Parks Canada, 2004b](#)]
- 15 Bill C-48.
- 16 Bill C-10.
- 17 Clause 13 implements a complete ban on exploration for, or exploitation of, hydrocarbons, minerals, aggregates, or any other inorganic matter within a marine conservation area.
- 18 Parks Canada is falling \$100 million short each year on the investment required to restore or replace its asset base. [[Parks Canada, 2004b: 45](#)]
- 19 This decrease refers to Parks Canada’s base, not total appropriations. Taking into account one-time supplementary funding of \$35 million received for project advancement, Parks Canada’s total budget actually grew during this period from \$385.5 to \$396.7 million.
- 20 These national park communities are Field (Yoho National Park), Jasper (Jasper National Park), Lake Louise (Banff National Park), Waterton (Waterton Lakes National Park), Wasagaming (Riding Mountain National Park), and Waskesiu (Prince Albert National Park).

- 21 Estimates of maintenance backlogs should be interpreted with caution. In the United States, for instance, about half of the maintenance backlog in the National Park Service is for housing for employees that could otherwise be provided in towns outside parks. In addition, the US National Park Service takes a 20% “overhead” cut out of all money appropriated for capital improvements, making the costs of capital improvements significantly higher than they are in the private sector. Thanks to Randal O’Toole for bringing this to the author’s attention.
- 22 Banff is the only national park in which internally generated revenue exceeds expenses. In Jasper, less than 80% of operating expenses are covered by internally generated revenues. The Kootenay and Yoho field unit (incorporating both Rocky Mountain national parks) comes next in terms of revenue-generation, with less than 40% of expenses covered by internally generated revenues.
- 23 Entrance fees from Banff National Park’s east entry gates alone are estimated to generate between \$90,000 and \$120,000 in daily revenue in peak summer months.
- 24 Less than 25% of Canadians visited a national park in 2002, while only 8% visited a national historic site. [\[Parks Canada, 2004a: 12\]](#)
- 25 Thanks to Randal O’Toole for this observation.
- 26 These parks were generally rural, primitive parks with relatively low usage, and wilderness parks without utility hookups for which lease payments were just hundreds of dollars per year. All parks remained crown land, with leases up to 50 years, although some private operators signed shorter “licences to occupy.”
- 27 The only two other federal trusts are the Presidio and a memorial to the Oklahoma City bombings.
- 28 The decision is a clear departure from the unequivocal position that Parks Canada’s CEO took four years ago by arguing that the public would not stand for higher user fees.
- 29 Some of the new revenue sources suggested by the 1986 Nielsen Task Force included, for instance, user fees for land-based activities associated with the canals managed by Parks Canada and leasing portions of historic sites to caterers after hours for events such as period dinners. [\[Nielsen, 1986: 43–44\]](#)
- 30 A P3 is a “partnership between government and the private sector in which the government routinely retains ownership of the underlying asset and leases or otherwise

permits a private company to use the asset. The private business is subsequently responsible for financing and operating the enterprise.” [Clemens and Veldhuis, 2004: 3] Full-fledged privatization involves the sale of a crown-owned asset (i.e. park) to the private or non-profit sector.

- 31 Other reasons to consider privation options include the fact that the public sector uses less capital and is more labour intensive than the private sector; the government’s preoccupation with social goals rather than economic or business objectives can lead to the misallocation of resources; over the short-term, governments will receive a one-time injection of new revenue and, over the long-term, increased economic growth. The final reason concerns the different type of budget constraints faced by the public and private sectors: government budget constraints are “soft,” since it is impossible for them to go broke, while the private sector faces “hard” budget constraints, since unsustained losses or declines of capital will push them into bankruptcy. [Clemens and Veldhuis, 2004: 3–4; see also Kornai, Maskin, and Roland, 2003]
- 32 The trust approach was first proposed in 1982 by economist Richard Stroup and political scientist John Baden, who recommended establishing “wilderness endowment boards” bound by the common-law doctrine of trust. Boards would cover costs of maintaining wilderness areas out of revenues earned. [Stroup and Baden, 1982; Stroup, 1985]

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