

**Full Authority**  
**16 May 2019**  
**Agenda Item: 11**

**2019 Transfer Payment**

For 20+ years the Provincial Transfer Payment to the CVCA has been \$116,741. This amount had never been changed to take into account inflation and it never matched the Provincial commitment from the 1990's when the Province slashed funding at that time. Repeated attempts have been made by the CVCA, Member Municipalities and CVCA staff to bring attention to the Ministry of Natural Resources and Forestry the underfunding and inequality issue of the Transfer Payment.

In addition, through Conservation Ontario's lobbying efforts with the current government, small rural conservation authorities had hoped this fiscal year would be the opportune time to realign payments to match needs across the Province, even if reductions were to be made. In essence, larger more affluent CAs could have borne the brunt of funding reductions considerably easier than CAs with significantly smaller budgets and what Provincial funding was available could have been distributed to those in greater need of support because of a low population base.

However, on 12 April 2019, the CVCA received notification from the Ministry of Natural Resources Deputy Minister that the 2019 Transfer Payment of \$116,741 would be reduced to \$60,267.07. Therefore, in order to maintain the 2019 Budget as approved, the CVCA would be need to cover a shortfall of \$56,474. In terms of a percentage, this is a 48.4% cut to the Province's commitment to support core mandate services the CVCA is required to provide.

The explanation from the Ministry for the cut was simply vague and not adequate. There was no consultation or recognition that not all CAs have the same financial resources. Without a doubt, the blanket approach to reduce all CAs the same percentage indicates the easiest "solution" was chosen by the Province.

In response to the reduction, the CVCA Executive Committee met via teleconference on the 18<sup>th</sup> of April.

As per the direction of the Committee, the following information is provided for the Board's consideration:

1. As per the 2018 Financial Statements, the CVCA will have a surplus of \$219,882 for 2018. This is primarily due to the unused portion of the 2018 special benefitting levy of 78,430, the Budget amounts reallocated to reserves and funds not spent throughout the year.

2. Therefore, once these items are taken into consideration, the actual surplus for the year is  $\$219,882 - (78,430 + 96,000) = \$45,952$ .
3. The CVCA Board could use this \$45,952 to cover the majority of the lost revenue due to the cut in the transfer payment.
4. The remaining shortfall of \$10,522 ( $56,474 - 45,952$ ) could be covered through savings in staff wages to date and would be realized at year end.
5. However, should the Board wish to pursue other options, there are other choices which could be deliberated to offset the remaining shortfall. However, there are pros and cons to be considered for each possibility.
6. For example:
  7. The 2019 COLA increase for staff could be reduced or eliminated.
  8. There are areas of the budget which could be reviewed and staff would make every effort to minimize expenses throughout the year.
    - a. Eliminate reduce Board orientation
    - b. Use part of the contingency
    - c. Reduce expenses to Admin Building
    - d. Lower Flood Management Unfunded Liability
    - e. Reallocate WECI Funding
9. Reserves could be utilized, as the CVCA has been able to add sufficiently to reserves and they provide temporary relief for this type of situation.
10. Make no changes to the 2019 budgets and see how significant the deficit is at year end and make transfer from reserves at the end of the year. Staff will make every effort to reduce spending when possible to ease the deficit for the year. This would allow us to move forward with the 2019 budget as it is set and not revisit increasing municipal levies or slashing specific budget items.

Given the Provincial Government's current initiatives, further cuts to CA Transfer Payments could be expected in 2020.