

**Evaluation of Issues Related to the
National Historic Sites of Canada Cost-Sharing
Program**

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EXECUTIVE SUMMARY

National historic sites are places that have been designated as such by virtue of a direct association with a nationally significant aspect of Canadian history. Since 1987, Parks Canada has administered a contribution program aimed at sharing the costs of conservation and/or presentation projects with non-federal owners of national historic sites. Parks Canada sought approval for revised Terms and Condition (T&Cs) for the program in 2007, at which time an extension of the existing T&Cs was approved for the specific purpose of supporting urgent conservation work at one national historic site. With the extension, TBS advised that approval of new T&Cs would require an evaluation to address four specific issues:

- Reasons for not signing contribution agreements during the period of 2000 to 2006
- How the funds were used during the period
- The relevance and importance of the program
- An adequate level of funding to deliver on the objectives

This evaluation addresses these requirements.

The first two issues are essentially factual questions regarding why and how program funds were used during the period when no new agreements were signed. The decision to not enter into new agreements in 2000 was originally driven by the fact that program funds were already allocated to existing National Historic Sites of Canada Cost-Sharing Program (NHSCCSP) projects (i.e., about \$5.1M or 41% of the available funds was spent on these between April 2000 and March 2005). As these agreements closed and more funds became free the Agency decided not to enter into new agreements given other funding pressures related to national historic site conservation and protection. These included investing in acquiring, conserving and presenting the HMCS Haida (i.e., about \$5.3M or 43% of available funds) and on heritage conservation projects at three other national historic sites (i.e., about \$1.17M or 9% of available funds). Currently, the Agency is showing a nominal A-base of approximately \$1.08M for the program and an effective budget of about \$3.3M starting in April 2008 given a carry forward from the previous year.

We reviewed several lines of evidence related to the questions of the relevance and importance of the cost-sharing program. The program is one instrument aimed at providing federal leadership in protection of cultural resources not administered by the federal government. As such it is consistent with commitments in both the federal government's overall planning framework and the Agency's PAA to protect, restore, preserve and present Canada's built heritage. Limited public opinion polling shows general support for these overall objectives including support for federal government financial investments in national historic sites. Federal financial investments might serve both as symbols of the government's commitment to these sites that it designated, and as a means of adding credibility and legitimacy to sites' major project proposals and thereby helping to secure financial commitments from other sources of funding.

Based on both indirect and direct evidence we found substantial support for the claim that national historic sites are under threat and could benefit from direct federal government financial investments to conserve, stabilize and present these sites. Concern with the deterioration and/or loss of a variety of public and private infrastructure including heritage infrastructure is widespread. Two percent of Canada's national historic sites have been lost since the 1950s, although not all due to deterioration of the infrastructure.

These general trends were consistent with the direct evidence gathered in a survey of national historic sites owners conducted in February and March 2008. The majority of respondents (i.e., 67%) reported that at least some of the historic resources at their site are in fair or poor condition. Impairment of historic resources was linked to self-reports of inadequate operating and maintenance budgets, and lack of ability to carry out major project work in the past mainly due to a lack of secured funding.

Most owners have, are currently, or would like to invest in the future to conserve their resources and/or present their sites. Within our sample of sites the total amount of reported current and desired future investment is approximately \$172M. The median future project cost was estimated to be \$350K rising to \$750K for those who specifically mentioned the federal government as a possible source of future funding.

Collectively owners rely on a variety of funding sources including the federal, provincial and municipal governments, site-generated revenues, voluntary contributions and foundations to fund their major conservation and presentation projects. While there are many potential sources of funding, on average, particular owners rely on a few sources that do not replicate or replace the NHSCCSP (i.e., they have wider target groups, give smaller amounts of funding and each program would be open to only a limited number of national historic sites). Perhaps because of this, most owners reported that it takes a year or more to raise the necessary funds for major projects and most are only moderately confident they will obtain the funding for their most important future project. If funding is not obtained, the vast majority of respondents to the survey expect some negative impact on their sites including a decrease in the condition of historic resources, loss of these resources or value, and/or reduced presentation of their sites.

Finally, we concluded based on a) consideration of the results of the survey of non-federal owners, b) an analysis of the size of the program's historic contribution budget, c) inflation in the costs of construction and d) the increase in the size of the eligible population, that a contemporary contribution budget of between \$3.2M and roughly \$8M would be adequate for the program to achieve its objectives.

INTRODUCTION AND PURPOSE

National historic sites are places that have been designated as such by virtue of a direct association with a nationally significant aspect of Canadian history. A national historic site might be an archaeological site, a structure, a building, group of buildings, a district, or a cultural landscape. The Minister of the Environment on the advice of the Historic Sites and Monuments Board of Canada (HSMBC) designates national historic sites. There are currently 925 designated national historic sites in Canada. The federal government, through Parks Canada or other federal departments, owns and administers 236 of these sites (25.5 %).

Since 1987 Parks Canada has administered a contribution program aimed at sharing the costs of conservation and/or presentation projects with non-federal owners of national historic sites. Between 1987 and 2000 the National Historic Sites of Canada Cost-Sharing Program (NHSCCSP) entered into cost-sharing contribution agreements with 53 sites for approximately \$26.1M. The Terms and Conditions (T&Cs) of the original NHSCCSP were revised and renewed in 2000 for the period covering August 2000 to August 2005 and then extended until March 2006. During this time no new cost-sharing agreements were signed. Parks Canada sought approval for revised T&Cs in spring 2007, at which time an extension of 2000 T&Cs was approved (June 2007) for the specific purpose of supporting urgent conservation work at the Basilica of St. John the Baptist National Historic Site in St. John's, Newfoundland & Labrador¹ (i.e., an agreement for \$1M allocated over two years).

With the extension of the 2000 T&Cs for one year, TBS advised that approval of new terms and conditions for the NHSCCSP would require:

1. Development of audit and evaluation frameworks for a renewed program prior to advancing funds for additional projects
2. An evaluation be conducted to address four specific issues:
 - Reasons for not signing contribution agreements during the period of 2000 to 2006 under the old terms and conditions
 - How the funds were used during the period of 2000 to 2006
 - The relevance and importance of the program
 - An adequate level of funding to deliver on the objectives

This evaluation addresses the second of these requirements. As such, it is not a summative review of past program performance and does not provide recommendations aimed at program modification or improvement. Rather it is focused on describing what happened in the inactive phase of the program, on determining if a cost-sharing contribution program continues to be a relevant and important instrument to address an identified need, and on suggesting adequate funding levels to address this need. Although the focus of the evaluation is not on past program performance, we reviewed and summarized information on the program's activities, outputs, reach and results during its active phase in order to provide important context and because this information (e.g., evidence of sustained demand in the past, value of contribution funding and recommendations for funding) is relevant to assessing need for and likely demands in the future.

¹ Submission to Treasury Board (833752), June 26, 2007

Although Parks Canada had proposed new T&Cs in spring 2007, these were under revision at the time the evaluation work was completed. We did know that the proposed revised program budget would likely be funded out of the Parks Canada Agency A-base and that the program would likely use the *Canadian Standards and Guidelines for Heritage Conservation* and the associated certification process as part of its process for evaluating projects and approving payment. Other elements of the program design such as categories of support and eligible expenses were not known and therefore not addressed in the evaluation.

METHODOLOGY

The Parks Canada Agency evaluation staff carried out the work, between September 2007 and March 2008, with contracted resources (i.e., Environics Research) used to conduct a survey of non-federal owners of national historic sites. Evaluation staff had control over the budget for the project.

The evaluation work involved collection and analysis of secondary data (i.e., records, files, documents, decision letters, presentations and reports prepared by the program management, the Historic Sites and Monuments Board of Canada and Finance Branch in Parks Canada's National Office), and reports and documents produced by third parties including surveys and published research. Interviews and discussions were held with current and past program management, other staff in the National Historic Sites Directorate, Parks Canada field personnel and with staff of the Finance Branch to elaborate on the information found in the documents.

Primary data collection consisted of a survey of non-federal owners of national historic sites who were potential participants in a revised program to generate information related to the current condition of their sites, historic and anticipated costs associated with operating and maintaining their sites, and as well, past, current and anticipated sources of funding for heritage preservation and presentation. Details of the survey population, methodology and response rates are found in Appendix A. In addition to the survey, the evaluation team also conducted primary research to identify other potential sources of funds for heritage conservation activities.

The first two evaluation issues (i.e., reasons for not signing agreements and use of funds during the April 2000 to March 2006 period) were largely addressed by obtaining information on program budgets and expenditures and records of decisions. In addressing these issues we have relied on the accuracy of the information provided by National Office Finance Branch and have not conducted independent assurance work to verify it against source documents.

The issues of the relevance and importance of the program and an adequate level of funding are more complex. Our understanding of relevance and importance in this context is influenced by the kinds of issues covered in the Strategic Review process the government has introduced as part of expenditure management reform. We developed multiple lines of evidence related to the:

- ▶ Nature of government and Agency objectives with respect to heritage protection and presentation
- ▶ Interest in and support of the public for heritage protection
- ▶ Extent of the underlying need and demand (e.g., condition and threats to historic resources, extent of major project work undertaken to address resource protection and presentation)
- ▶ Sources of funding to address demand and their equivalence to the NHSCCSP

In addressing these questions, we looked critically at evidence previously used by the program to demonstrate its relevance and importance and reasonable levels of funding. Limitations of the data are identified throughout the report.

HISTORY OF THE NATIONAL HISTORIC SITES OF CANADA COST-SHARING PROGRAM

As noted, the Minister of the Environment on the advice of the Historic Sites and Monuments Board of Canada (HSMBC) designates national historic sites. Parks Canada provides a secretariat to the HSMBC.

The HSMBC members are appointed from each province based in part on their knowledge in the history of the province or territory as well as the historical trends that have shaped the development of Canada as a whole. They advise the Minister on the commemoration of places, persons and events that represent nationally significant aspects of Canadian history and suggest the form of commemoration. The Board might also offer advice to the Minister on other matters that it thinks are relevant to the recognition or preservation of Canada's history or on matters about which the Minister requests advice.

Prior to the inception of the NHSCCSP in 1987 until the revision of the terms and conditions in 2000, the HSMBC had a role in reviewing and recommending for approval proposals for cost-share funding.² It is reported that between 1965 and 1987 contribution agreements were negotiated with 35 national historic sites to, in large part, assist them in preserving the architectural value of the site. The HSMBC also recommended an unknown number of other sites for cost-sharing projects that were not funded during this period. With the renewal of the terms and conditions of the NHSCCSP in August 2000, the role of the Board in recommending sites for cost-sharing funds was removed.

Program Reach, Outputs and Results 1987 to 2000

In February 1986, Cabinet approved the original NHSCCSP with an on-going funding base of \$1.0M per year to enter into agreements.³ Table 1 summarizes the key phases in the life of the NHSCCSP and the number of agreements signed as well as the number and estimated liability of projects recommended for funding by the HSMBC.

² Submission to Treasury Board (818927), September 17, 1992

³ *ibid.*

Table 1: National Historic Sites of Canada Cost-Sharing Program History

Years	Highlights	Agreements	Recommendations for Funding
Pre 1987			10 recommendations, two with notional amounts totalling \$1.2M
1987/88 - 1991/92	<ul style="list-style-type: none"> ▶ Contributions of up to \$1M or 50% of project costs for planning, physical acquisition, stabilization, restoration or conservation ▶ Funded (\$1M per year) through the Social Development Policy Reserve 	15 agreements with 13 sites, valued at \$5.3M	13 recommendations, 8 with notional amounts totalling \$5.0M
1992/93 - 1996/97	<ul style="list-style-type: none"> ▶ Contributions of up to 50% of eligible expenses or \$1M (or more in certain cases) for conservation, presentation, physical acquisition of sites; preparation of planning documents; conservation of the cultural resources of the site; presentation of the site's messages of national historic significance and certain operational expenses ▶ External funding of \$1M was renewed, and the program received re-profiled Green Plan funding bringing the budget to about \$2M per year. 	22 agreements with 21 sites, valued at \$12.3M	18 recommendations, 17 with notional amounts totalling \$6.9M
1997/98-1999/00*	<ul style="list-style-type: none"> ▶ The previous T&Cs lapsed. Program management engaged a consultant to conduct a review of the program in support of renewal of the T&Cs. ▶ The program continued to operate under the previous T&Cs but used the Agency's <i>General Grants and Contributions Program</i> as the mechanism to enter into agreements. ▶ Funding was Parks Canada A-base resources 	21 agreements with 19 sites, valued at \$8.4M**	21 recommendations, 8 with notional amounts totalling \$6.8M
August 2000/01-2005/06	<ul style="list-style-type: none"> ▶ New T&Cs provided funding for preparation of planning documents, small conservation & presentation projects and large-scale conservation & presentation projects. Recipients were limited to a maximum of \$1M in funding over any five-year period. ▶ The HSMBC role in recommending sites for cost-sharing agreements was removed, and a formal application process involving program management reviewing and making recommendations to the Minister for approval was introduced. ▶ A Performance, Evaluation and Audit Framework for the program was developed. 		
		58 / 53	62

Sources: Treasury Board submissions (804461; 818927; 828364; 833752), Canadian Heritage ARLU 1996-97; June 2000 *Evaluation, Audit and Performance Framework for the NHSCCSP*, August 1999 *Status Report National Cost-Sharing Program*, National Historic Sites.

* Includes two agreements from May 2000 and one recommendation from June 2000.

** Approximately \$5.1M (61%) of the \$8.4M related to 15 of these projects was paid out after August 2000. Expenditure details are reviewed in Table 2.

The target population for the NHSCCSP throughout the period was non-federal government owned, incorporated organizations (i.e., sites owned by Parks Canada, other federal government departments, private individuals or unincorporated organizations were not eligible). Non-federal owners of national historic sites include:

- ▶ Aboriginal groups/bands
- ▶ Educational institutions
- ▶ Historical societies
- ▶ Incorporated enterprises
- ▶ Municipal governments
- ▶ Provincial/territorial/other government
- ▶ Religious groups

The National Historic Sites Directorate maintains a database of non-federal owners of national historic sites from which it is possible to estimate the overall number of eligible sites and the number of each type of owner. When the NHSCCSP was launched in 1987 there were an estimated 356 eligible national historic sites (i.e., the non-federal government administered sites designated in 1987 or earlier, excluding private owners or unincorporated organizations). The likely contemporary population of eligible national historic sites is 605 (see Appendix B for details).⁴ This represents a 70% increase in the number of national historic sites likely eligible for the program between 1987 and 2008.

The period when the program entered into contribution agreements (i.e., 1987 to 2000) was governed by two sets of T&Cs. During that time 58 agreements were signed with 53 national historic sites (i.e., five sites had two agreements for work done in two phases). Most agreements supported conservation/ restoration and presentation projects, while a few supported land acquisition, planning, and research & development. The time frame for agreements varied from one to five years with an average duration of three years. The number of projects considered for cost-sharing agreements, but not recommended for funding, was not tracked and therefore the proportion of recommended versus not recommended projects is not known.

The number of agreements per fiscal year varied from one to seven with an average of just under five agreements per year (i.e., 4.8). Both the number of agreements and the number of unfunded recommendations for agreements per year increased over the life of the program (i.e., combined average of 5.6 agreements and recommendations in the first five years versus combined average of 21 agreements and recommendations in the last two years).

The value of contribution agreements ranged from \$12,400 to \$2,600,000 with an average value of \$450K (median \$264K). Average agreement size increased from \$355K in the first five years of the program to \$561K in the second five years, but then decreased in the last 28 months to \$403K.

⁴ Nephin Consulting Partners (1997) *Review of the National Cost Sharing Program for National Historic Sites* reported 660 as the approximate number of eligible sites. In its May 2007 TBS Submission seeking renewal of the program's T&Cs, Parks Canada estimated that there were currently 675 eligible national historic sites. These estimates likely included sites that were subsequently identified as owned by Parks Canada, owned by private individuals who are not eligible for the program, or for which the appropriateness of the designation as a national historic site is in dispute.

Recipients of contribution agreements represented a cross section of owner types (i.e., 39% municipal government, 20% religious groups, 18% historical societies, 11% aboriginal groups/bands) and were distributed across the country (i.e., 56% Ontario and Quebec, 26% western Canada, 13% eastern Canada and 5% northern Canada).

Monitoring results of contribution agreements consisted of verifying that work set out in an agreement was performed as required in order to authorize payments. Parks Canada did not have guidelines or a standard approach for verifying work done or for authorizing payment.

In 1997, a consultant was engaged by program management to conduct a review of the NHSCCSP in support of renewal of the T&Cs.⁵ The review found the program to have successfully contributed to the restoration, acquisition or development of national historic sites but recommended a number of changes in the program's structure and operating conditions (e.g., creating separate funding envelopes, increasing the budget in order to fund more projects). Specifically, it found that the program had "increased understanding and commitment to heritage conservation and to ensuring the "architectural integrity of the site," based on interviews with directors and managers at funded organizations. A tendency for the dollar value of contribution agreements to increase over time (i.e., "plan toward ceiling") was noted. Finally, the review concluded that the program was successful in leveraging funds from other sources although it likely overstated the magnitude of this effect (i.e., see the June 2000 *Evaluation, Audit and Performance Framework For The National Historic Sites of Canada Cost-Sharing Program* for an analysis of this issue).

Wait-Listed Sites

The role of the HSMBC in recommending NHSs for projects for cost-sharing contributions was noted previously. The Board's recommendations were made based on priority need and historic and/or architectural merit relative to others of its kind, without regard to the program's available budget. This resulted in more recommendations than could be addressed from available funds. Prior to 2000, NHSs with an identified need were moved on and off the wait list as new applicants were received and judged in relation to those on the list (see for example *Parks Canada's 2000-2001 Annual Report* for a description of this type of activity.) With the coming into force of the 2000 T&Cs this process changed and the wait list was essentially frozen at 62 sites.

Of the 62 sites, 41 had suggested notional amounts for size of the contribution totalling \$19.9M. Parks Canada has estimated the total liability of all 62 recommended projects (i.e., using the historic average value of contributions as an estimate for the missing values) at approximately \$30M (see for example *Parks Canada Annual Report 2000-2001*). As with recipients, sites that were recommended for cost-sharing contributions represented a cross section of different types of owners (e.g., 24% religious groups, 19% provincial government sites, 16% municipalities, 16% incorporated enterprises, 14% historical societies and 8% aboriginal groups) and were widely dispersed across the country.

The wait list has sometimes been cited as evidence of continuing unmet demand for conservation support from historic sites. This claim should be treated cautiously. Many of the

⁵ Nephin Consulting Partners (1997) *Review of the National Cost-Sharing Program for National Historic Sites*

recommendations date back more than 20 years and the program does not have evidence that the original need continues to exist. In fact in 11 of these cases there is evidence in program records that restoration work had taken place or was in the process of taking place prior to 2000. In addition, we found that a few sites on the wait list would not be eligible for the NHSCCSP (i.e., a private owner or a request for retroactive reimbursement of expenses). For these reasons we do not believe the wait list is a reliable or valid indicator of either the current number of sites requiring conservation work or the dollar value of the work required. We do however believe that the list is useful for showing the gap between available funding and the amount of known meritorious work that could have been done at the time (i.e., wait listed sites includes all sites judged by the HSMBC as meriting funding for protection and presentation purposes). Therefore, the wait list is useful as an indicator of what would have been required (i.e., up to an additional approximately \$2M a year) in order to fund all known meritorious projects up to 2000. It is likely that an unknown amount of meritorious work existed at the time that was not brought to the attention of the HSMBC and therefore was not included on the waiting list.

Expressions of Interest Since 2000

Since April 2000, the program has attempted to track expressions of interest for aid from non-federal owners of national historic sites. What constitutes an expression of interest has not been rigorously defined and tracked. We noted in reviewing these documents that at various times program management has counted sites for which a) no documents could be found supporting the expression of interest, b) documents on file did not contain an expression of interest, c) the expression of interest was from someone other than the owners of the site, and d) the expression of interest was from a site that was not eligible for the program. In addition, we found documents from some sites expressing interest in funding but which were not included in the count by program management at the time of our review.

Based on our file review we identified 51 eligible sites with a reasonably clear expression of interest in funding (i.e., between 2000 and 2008) and which had not previously received a cost-sharing contribution or had not been wait listed.⁶ Some of these sites had made more than one expression of interest. In slightly less than half of these cases, expressions of interest included some indication of the overall cost of the proposed work and/or the amount of funding being sought (i.e., amounts sought ranged from \$8K to more than \$2M).⁷

Expressions of interest are not an indicator of total demand for the program (i.e., some sites with a need might not have been aware of the program or might have been discouraged from seeking aid given their knowledge of the program's lack of funds) and do not provide reliable data for estimating future financial demands on the program. They do indicate continued interest in the program from potential recipients and suggest that the nature and dollar value of the projects being proposed for funding is consistent with the type of work and dollar amounts associated with the active phase of the program.

⁶ Sites that had previously received an agreement or were wait listed also expressed interest but we were not able to verify the information. If these were included the total expressions of interest would be 76.

⁷ In some cases the amount of funds sought by the site was estimated based on the assumption that the site was seeking 50% of total proposed project costs.

In addition to expressions of interest from individual sites, a few organizations concerned with heritage conservation also expressed interest and urged the federal government to provide ongoing funding for the NHSCCSP including the National Historic Sites Alliance for Ontario (letter dated 23 June 2005), the Federation of Canadian Municipalities (Resolution of Board of Directors, 2003⁸) and Heritage Canada Foundation (At Risk, 2008⁹)

Appendix C provides a summary of the number and percentage by owner type of the program recipients, those on the wait list and those expressing interest in the funding.

FINDINGS

Reasons For Not Signing Agreements Between 2000 And 2006 And Use Of Funds

No new agreements were signed between August 2000 and March 2006 because funds were committed to existing contribution agreements or used for other related heritage conservation projects. The details of the program budget and expenditures are shown in Table 2.

The NHSCCSP had a budget of \$2M throughout the period, which was augmented in certain years by carry forward amounts from previous years leaving a total of approximately \$12.4M to allocate. These funds were allocated to:

- 1. The HMCS Haida.** As the last remaining Tribal Class Destroyer in the world, it was designated a national historic site in 1984 and recommended for cost-sharing support with the highest priority in 1990 but not funded. In 2000, an assessment of the ship's condition identified significant deterioration and recommended that it be dry-docked and repair work begin to ensure its long-term preservation. At the time, the ship was owned by the Government of Ontario and berthed in Toronto. Discussions between the federal, provincial and municipal governments led to the decision that Parks Canada acquire the ship and relocate it to Hamilton in August 2003. It was dry-docked and major preservation and restoration began, which included expansion of the Discovery Centre in Hamilton already serving the nearby HMCS Star. The total cost of this project was \$7.52M¹⁰. Parks Canada contributed \$5.28M from the budget of the NHSCCSP during the four-year period starting April 2002 and ending March 2006. Due to both its ownership and the size of the contribution, the Haida was not eligible for a cost-sharing contribution under the NHSCCSP. Transfer of these funds for this conservation project left the NHSCCSP with an effective budget of \$7.1M for the period.
- 2. Supporting Existing Cost-Sharing Agreements:** In the five years between April 2000 and March 2005, the program continued to make payments totalling \$5.1M on 15 cost-sharing contribution agreements entered into between April 1997 and June 2000 (see Table 2 for details).

⁸ <http://www.fcm.ca/english/policy/ac2003.html>

⁹ <http://www.heritagecanada.org/eng/featured/risk.html>

¹⁰ In 2001-2002, Parks Canada received \$2M from Canadian Heritage towards the Haida project

Table 2: National Historic Site of Canada Cost-Sharing Program Budgets and Expenditures (April 2000 to March 2006)

Budget	Province	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	Total
Opening Budget		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	12,000,000
Carry forward		130,974	206,151	689,061	0	0	0	130,974*
Supps Items (Sikh Temple from PCH)					300,000			300,000
Less: Transfers to HMCS Haida				-1,307,665	-1,683,613	-1,599,674	-691,965	-5,282,917
Total		2,130,974	2,206,151	1,381,396	616,387	400,326	1,308,035	7,148,057
Expenses								
A - Cost-Sharing Contributions**								
1. Saskatchewan Heritage Foundation - Claybank NHS	SASK	200,000	185,000	164,000				549,000
2. Fall Caribou Crossing	NUN	45,000	50,000					95,000
3. Arviat Historical Society	NUN	20,000	20,000					40,000
4. Inglis Grain Elevators	MAN	123,931						123,931
5. Stirling Agricultural Village	AB	13,500	10,000					23,500
6. Stephen Leacock House	ONT	137,000	40,000	50,000	25,000			252,000
7. Elizabeth Cottage	ONT	1,140			1,529			2,669
8. Isle Verte Courthouse	PQ	186,185	6,800	75,281	35,196			186,185
9. Old Stone Mill (Delta Mill Society)	ONT	141,000	78,500	295,216	34,840			258,277
10. Ruthven Park (<i>Lower Grand River Land Trust</i>)	ONT	170,000	53,099	41,000		286,160		864,716
11. Christ Church Royal Chapel	ONT	193,000	15,000		0			287,099
12. Woodstock Town Hall	ONT	76,267	350,000	4,578	235,422			91,267
13. Parkwood National Historic Site	ONT	250,000	180,000	189,921	95,000			840,000
14. North Pacific Cannery (Gwaii) <i>Port Edward Hist. Society</i>	BC	34,800	333,000	334,000				499,721
15. Manoir Mauvide Genest	PQ	333,000						1,000,000
A- Sub Total		1,924,823	1,321,399	1,153,996	426,987	286,160	0	5,113,365
B- Non-Cost-Sharing Contributions								
1. St John's Anglican Church	NS		100,000					100,000
2. Inglis Area Heritage Committee	MAN		95,691	227,400	189,400			512,491
3. Khalsa Diwan Sikh Temple	BC					114,166	445,835	560,001
B- Sub Total		0	195,691	227,400	189,400	114,166	445,835	1,172,492
Total Contribution Expenditures		1,924,823	1,517,090	1,381,396	616,387	400,326	445,835	6,285,857
Difference Budget Vs Expenditures (residual carried forward)		206,151	689,061	0	0	0	862,200	

* Only the first carry forward is included in this total to avoid double counting amounts included in the yearly A-Base.

** These agreements were signed between December 1997 and May 2000. Only expenditures between April 2000 and March 2006 are shown in the Table. An additional \$2.2M was provided to these sites prior to April 2000.

3. Supporting Conservation Projects with Non-Cost-Sharing Contribution Agreements:

During the period Parks Canada entered into three contribution agreements with national historic sites which, while eligible for the program, were unable to meet the matching requirement and/or came to the attention of the program at a point when the decision had been made not to enter into new agreements. These sites were:

- a) **St. John's Anglican Church**, designated as a national historic site in 1994, the Church suffered extensive fire damage on Halloween night 2001. Parks Canada approved a contribution of \$100,000, in emergency funding with no matching requirement, to assist with stabilizing the remains and erecting a protective covering over the site to shelter it from the winter.
- b) **Inglis Grain Elevators** (Inglis Heritage Committee Inc): Designated in 1995, the site entered into a four-year cost-sharing contribution agreement in 1998 for \$1M. Payments totalling \$ 493,694 were made between April 1998 and March 2001 (i.e., the last payment of \$123,931 is shown in Table 2). In 2001, given difficulties in raising matching funds, the Committee requested that the original agreement be replaced with an emergency contribution agreement. Parks Canada agreed and a non-cost-sharing contribution agreement was struck, resulting in the site's receiving \$512,491 between April 2001 and March 2004.
- c) **Khalsa Diwan Sikh Temple**. The site was designated in 2002. In 2003, the Khalsa Diwan Society applied for emergency support for the stabilization and rehabilitation of the fabric of the Temple in the amount of \$560,000. Parks Canada entered into a contribution agreement under its General Class Contribution Program that paid out \$560K from the cost-sharing budget between April 2004 and March 2006.

In summary, during the period April 2000 to March 2006, the NHSCCSP budget funded 15 projects (41% of available funds) under cost-sharing contribution agreements signed prior to 2000, and three other projects aimed at achieving similar objectives (9% of available funds) under a different contribution program. A significant portion of the budget (i.e., 43%) also went to supporting the acquisition, restoration and presentation of the HMCS Haida.

It should be noted that the program does not have readily available records concerning the results of these contribution agreements (i.e., whether the specifications in the Conservation and/or Presentation Plan which form part of the agreement were carried out as intended, and whether sites acknowledged the financial assistance of the federal government in some visible way in both official languages). Follow-up in the form of site visits prior to reimbursing sites for eligible expenses is common but documentation in National Office is lacking.

Post March 2006

Table 2 shows that as of March 2006 there was a residual of \$862K in unspent program budget (i.e., 7% of the total budget in Table 2). Beginning in April 2006, the Agency executive decided to reduce the NHSCCSP A-Base from \$2M to \$1.23M. Therefore, the nominal budget for 2006-2007 was \$2.09M. Finance records show no expenditures against the program budget in 2006-2007.

In fiscal 2007-2008, the Agency reallocated \$1.5M out of the program funds to be paid over the next ten years to provide operational support to Augustine Mounds and Oxbow NHSs (Red Bank, New Brunswick). The first of these transfers from the NHSCCSP A-base left a nominal budget of \$1.08M for fiscal 2007-2008. With the carry forward from fiscal 2006-2007, the effective budget for fiscal 2007-2008 came to \$3.2M, of which \$900K was used for the new cost-sharing project approved for St John’s Basilica. This left approximately \$2.3M to carry forward into fiscal 2008-2009.

Relevance and Importance of a Cost-Sharing Program

a) Government and Agency Objectives

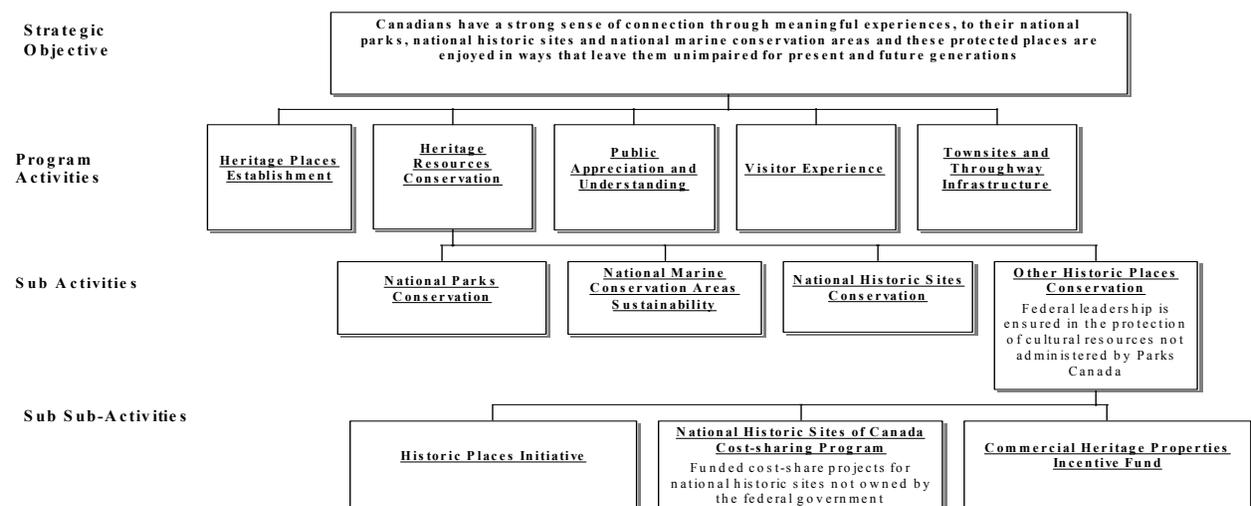
The Government of Canada is committed to ensuring “a vibrant Canadian culture and heritage” including “celebrating and commemorating Canadian history, our citizens, and their stories and contributing to the protection, restoration, preservation, and presentation of Canada’s built heritage”.¹¹

This commitment is delivered through various Departments, Boards (e.g., the Historic Sites and Monuments Board of Canada) and the Parks Canada Agency. The Agency’s mandate is to

Protect and present nationally significant examples of Canada’s natural and cultural heritage, and foster public understanding, appreciation and enjoyment in ways that ensure the ecological and commemorative integrity of these places for present and future generations (Parks Canada Agency Act, 1998).

With the revision of the Agency’s program activity architecture (PAA) in 2007, the NHSCCSP was identified as an explicit sub sub-element of the Agency’s programming. Figure 1 summarizes the Agency PAA structure leading to the NHSCCSP.

Figure 1: Place of NHSCCSP in Parks Canada’s PAA



¹¹ See *Whole-of-Government Framework for Planning and Reporting* <http://www.tbs-sct.gc.ca/rma/krc/>

Protection, restoration, preservation and presentation of Canada's built heritage are both overall government and Agency goals. It should be noted that designation of national historic sites does not directly contribute to these objectives (i.e., unlike some provincial and municipal heritage designations) since it does not create legal obligations to preserve and/or present the site or its historic structures or resources.

Implicit in these objectives is the assumption that preservation and presentation of built heritage has intrinsic value for Canada and Canadians, and that there is a need for the federal government to contribute to this activity. Empirical evidence of threats or risks associated with built heritage and investment demands is reviewed below in some detail. Neither the government's nor Agency's objectives in this area is to address all the needs or demands that might exist. Rather the objective is to provide leadership in heritage protection and presentation.

Federal leadership in built heritage protection can take a variety of forms including for example development of the *Canadian Register of Historic Places*, development and promotion of the *Canadian Standards and Guidelines for Heritage Conservation* and the associated certification process - all of which were led by Parks Canada. The Agency also engages in a variety of other activities aimed at promoting the protection and presentation of national historic sites including publications, training, exchange of information, encouraging alliances and networks, and providing support for developing commemorative integrity statements (i.e., a statement of a site's heritage values, what conditions must be met for its values and resources to be unimpaired, and what constitutes effective communication of the reasons for its national significance).

Historically, Parks Canada has also used contribution agreements through the NHSCCSP and other contribution programs (i.e., the *General Class Contribution Program*¹² and the *Commercial Heritage Properties Incentive Fund*¹³) to advance the objective of protecting and presenting built heritage. Direct financial contributions to national historic sites by the federal government are often justified on the basis that it was the federal government that designated these places, and that they are of significance for the country as a whole and not one region or municipality. Therefore, the government has an implicit obligation to contribute financially to their protection, celebration and presentation. On a more utilitarian level it was also noted in our interviews with Parks Canada staff that contributions by the federal government serve, at least in some cases, to add credibility and legitimacy to a project and therefore help secure financial commitments from other sources. The existence of a contribution program can also serve as a mechanism to build relationships with the community of non-federal owners and encourage the adoption of good conservation practices (e.g., use of Standards and Guidelines for Heritage Conservation).

¹² The *General Class Contribution Program* is not a program in itself but a funding authority to enter into contribution agreements to achieve Agency objectives. It was used for example to fund the non-cost-share projects listed in Table 2.

¹³ The *Commercial Heritage Properties Incentive Fund* (CHPIF) supports heritage conservation work at properties having a commercial purpose and is open to those with any of a federal, provincial or municipal heritage designation and listed on the Canadian Register of Historic Places. Only national historic sites with a commercial purpose would be eligible for this program. Some specific structures within national historic districts or complexes have received funding under this program and some national historic sites might receive funding if they complete scheduled work prior to the program sun setting in October 2008.

b) Public Support for Heritage Conservation

A number of public opinion polls show general support for the Government's objective of commemorating Canadian history, protecting and presenting built heritage, and in one case for federal involvement in funding interventions at national historic sites. For example:

- 92% of the 1,155 Canadians polled in 2003-2004, as part of the International Social Survey Program, said that they take pride in Canada's past. This placed Canada fifth among the 34 countries participating. In the same study, only 1.3% of Canadian respondents reported that they were not proud at all of their nation's past. No other country reported a lower percentage (Jack Jedwab, *Historic Pride, National Identities and Diversity: Situating Canada on the World Map*, July 2007).
- 98% of 1,013 Canadians living in Vancouver, Toronto and Montreal, surveyed in 2005, agreed that it is important for Canada to protect its significant places. Eighty percent agreed that too many historic buildings are being torn down rather than being preserved and restored (Diversity in Canada: *Travel and Attitudes towards Heritage*, 2006).
- 99% of the 6,086 respondents to a survey commissioned by Parks Canada (2005) agreed or strongly agreed that it is important for Canada to protect its significant historic places. Eighty-three percent of respondents supported increasing government funding to Canada's national historic sites and 94% said that the federal government should assume responsibility for the conservation of the country's historic sites (Canadian Perceptions of Parks Canada, 2005).

As with most public opinion surveys, the results should be treated cautiously given typically low response rates (e.g., about 10% in the Canadian Perceptions of Parks Canada 2005 survey) and lack of information on the relative priority the public would give to heritage protection and investment compared to other potential investments.

c) Evidence of Need and Demand

In this section, we consider several lines of evidence related to the issue of the extent of an underlying need and demand.

General Loss of Built Heritage

The Canadian Inventory of Historic Buildings (CIHB)¹⁴ is a listing of 206,000 pre-1880 buildings in Ontario and eastwards and pre-1914 buildings from Manitoba westward compiled from the late 1960's and continuing to the present day. The inventory is not exhaustive of all older buildings in Canada. Buildings in the inventory are not necessarily designated at the federal, provincial or municipal level as being of historic or heritage value (i.e., there are approximately 17,700 such designations in Canada, see *Parks Canada Agency, Background To Performance Report 2006-2007*).

In 1999 Carter compared¹⁵ the state of a sample of older buildings listed in the inventory prior to 1980 with their condition and use 25 years later. The study drew on a sub-set of the inventory (i.e., 41,897 buildings) concentrated in ten major urban areas and their surrounding small

¹⁴ C. Cameron (1986), Canadian Inventory of Historic Building, *Bulletin of the Association for Preservation Technology*, 18(1, 2): pps. 49-53

¹⁵ M. Carter (1999), CIHB Revisited 1999, A Research Report prepared by Heritage Research Associates Inc., Ottawa, Ontario

communities and rural areas. From this sub-set of the database, a sample of 588 buildings was drawn and visually inspected by 10 historians using the rating guide developed for the creation of the original database. The margin of error for this sample is approximately +/- 4.6%. The results are only generalizable to the sub-set of the inventory from which the sample was drawn.

The researchers found that 23% of the stock (i.e. 121 buildings) had been demolished. A further 10% of the surviving stock was estimated to be at risk of damage due to neglect or redevelopment pressures.¹⁶ A greater proportion of buildings at risk were located in rural areas (21%) as opposed to urban areas (13%).

The research demonstrates a general level of threat to historic buildings in Canada but does not address the threat or loss for national historic sites in particular.

Loss of National Historic Sites Since 1919, 946 sites have been designated as National Historic Sites. Twenty-one of these were removed from the list of designated NHSs, between 1954 and 2004, (i.e., 2% of all the designated NHSs) because the feature for which they were originally designated was lost or destroyed. Seven sites were removed from the list since the NHSCCSP was in effect.¹⁷ This is typically the result of demolition (15 cases), but also can occur for example when a building is preserved but moved from its historic setting. There is some evidence based on interviews with the officials in the National Historic Sites Directorate that some of the seven sites lost during the years the NHSCCSP was operating had sought funding from Parks Canada to help preserve the site. In one case, the HSMBC recommended a site for cost-sharing funding but with a low priority given a lack of other partners. Parks Canada was unable to respond to these requests for several reasons including lack of funds and/or because of uncertainty concerning what priority should be put on the request.

Condition of Federal Government Owned Built Heritage The federal government owns and operates two kinds of built cultural heritage: National Historic Sites and Federal Heritage Buildings.

As of March 2007 Parks Canada administered 157 national historic sites. The Agency has been conducting assessments of the commemorative integrity of its administered sites over several years and has reported on these results in successive Departmental Performance Reports. Ratings of 84 of its sites since 2000 have found that approximately two-thirds of the physical resources of the sites are in fair or poor condition meaning that they required recapitalization of the resource within one to five years. The Agency does not have any information on the condition of national historic sites managed by other federal government departments.

¹⁶ Carter (1999) reported 20% of the stock demolished and 14.3% was at risk. We adjusted the overall sample estimates to correct for disproportionate sampling within the three strata (i.e., city, town and associated rural areas) and calculated the overall margin of error for the sample, as Carter did not report this. Margins of error for individual strata are larger (i.e., +/- 5% for cities and +/- 9.5 for town and rural areas). It should be noted that 7% of the sample was not assessed as it could not be located or the questions could not be addressed from visual inspection.

¹⁷ List of Designated National Historic Sites of Canada (March 2007) includes a section on sites whose commemorative integrity has been lost.

In accordance with the Treasury Board *Policy on Management of Real Property*, all government departments must respect and conserve the heritage character of federal buildings throughout their life cycle (i.e., buildings 40 years of age or older that have been classified or recognized as having significant heritage value). Parks Canada administers this policy through the Federal Heritage Buildings Review Office (FHBRO). Although FHBRO maintains an inventory of the the federal government's 1,357 federal heritage buildings (i.e., type of building, location, reasons for designation) it has only general information on the condition of the buildings. A survey (February 2000) conducted by FHBRO of the 13 major departments and agencies owning heritage buildings found that more than two-thirds of the buildings were rated in fair to poor condition.

The Auditor General, in her November 2003 chapter on *Protection of Cultural Heritage in the Federal Government*, concluded that “built, archival, and published heritage under the auspices of the federal government is exposed to serious risks of losses. This is because of deficiencies in various protection regimes, weaknesses in management procedures, and the combined effect of a decrease in protection expenditures and continued growth in heritage.”¹⁸

It is not known how representative the federal government stock of NHSs and heritage buildings is of the population of all NHSs and heritage buildings.

Owners Self-Reports of Historic Resource Condition

A survey of eligible owners of non-federal national historic sites was carried out in February and March 2008. The methodology and sample characteristics are described in Appendix A. The results reported here are based on 211 completed interviews as of March 17th 2008.¹⁹ They cannot be assumed to be representative of the eligible population of 605 national historic sites. We have only reported on selected survey results (i.e., condition of resources, activity and costs associated with past, current, and future capital projects, sources of funding for these projects).

Owners were asked to rate the **current condition of historic resources** at their sites (i.e., relevant structures, artefacts and landscape features). Forty-six percent of the respondents reported their resources are in good condition (i.e., showed no signs of deterioration), 44% reported the resources are in fair condition (i.e., some of the resources are impaired or threatened) and 9% reported that the resources are in poor condition (i.e., many of the resources are impaired or threatened). When probed, 30% of the owners who reported that their historic resources are in good condition also reported that some specific elements of the resources are under threat (i.e., in poor condition). Therefore, just over two-thirds of the respondents reported that either overall or some specific elements of their historic resources are in fair or poor condition, which is consistent with the limited information available on the federal government's own stock of NHSs and heritage buildings.

¹⁸ In part this conclusion is based on Parks Canada's statistics related to the condition of its NHSs and the survey results for federal heritage buildings. These results were cited but not independently audited by the Auditor General in their report (November 2003) and follow-up (February 2007).

¹⁹ The final data set, based on 250 interviews, was received on August 11th 2008. Results from analysis of this data set typically reflect results reported in this document.

It is worth noting that a survey of 291 non-federal owners carried out between October and December 2004 found that only 23% of owners rated the condition of the historic structure, features or materials at the site as being in fair or poor condition.²⁰ It is tempting to conclude that the current survey results show a significant deterioration in the condition of heritage resources since 2004; however, given changes in question wording between the two surveys and potential differences in the sample of respondents, this conclusion should be treated cautiously. Comparisons of responses from the same site in 2004 and 2008 were not available at the time of the writing of this report.

Ideally, from an asset management point of view, historic resources should be in good condition. Deterioration of assets from this condition generally reflects failure to perform normal preventative maintenance and repairs. Cumulative deferred maintenance and repairs will lead over time to the need for more costly repairs or eventually major re-capitalization expenditures. The fact that many sites report that their resources are in fair and poor condition suggests that normal preventative maintenance and repairs have been lacking. Field-staff we interviewed in the Agency, who deal regularly with national historic sites, consistently endorsed this idea and reported that by and large sites have to focus on holding things together and taking stopgap measures to maintain the resources. Problems associated with aging infrastructure and the cumulative effects of deferred maintenance and repair are not unique to national historic sites but are reported to be typical of public buildings and infrastructure.²¹

In fact, just over half of the survey respondents (51%) characterized the current amount of money they had to operate and maintain their site as less than adequate. Those who report that their operating budget is more than adequate or adequate were significantly more likely to report their resources are in good condition (i.e., 80% and 59% respectively) compared to those who reported their operating budget is less than adequate (i.e., 32%). Current ratings of the adequacy of the operations and maintenance budget are also strongly correlated with expectations of the adequacy of the budget in the future (i.e., 72% of those who rated their current operating and maintenance budget as adequate expected it to be adequate in the future, and 86% who reported it is currently less than adequate expected it to be less than adequate in the future) suggesting that for some sites problems associated with deferred maintenance and repair are likely to persist and result in increased investment requirements in the long term. As a corollary of this we note that, in the 2004 survey, 70% of the owners who rated their resource condition as fair or poor reported that the resources had been in this condition for three or more years (i.e., the problem had persisted over time).

We found that 71% of owners who indicated their historic resources are in fair or poor condition reported not being able to undertake a capital project (i.e., defined as expenditures that are large for the owner and that were not normal operating costs) related to conservation, restoration or presentation in the last three to five years, compared to only 40% of owners who reported their historic resources are in good condition. The most common reason given for being unable to

²⁰ The 2004 survey was also contracted to Environics Inc. and followed the same procedure used in the 2008 survey although it targeted a larger population of sites than the 2008 survey.

²¹ See for example: National Academy of Sciences, 2000, *Committing to the Cost of Ownership: Maintenance and Repair of Public Buildings* and S. Mirza, Nov. 2007, *Danger Ahead: The Coming Collapse Of Canada's Municipal Infrastructure*, Report For The Federation Of Canadian Municipalities

undertake a capital project (i.e., 78%)²² is lack of secured funding. Actually having undertaken a capital project in the recent past or currently doing a project is not related to self-report of historic resource condition. This might reflect the fact that some projects serve to stabilize or maintain the condition of a site rather than improve it, and/or because some projects serve to present the site rather than improve the resource condition.

Owners were also asked to report their **expectations of the site's condition in the future** (i.e., next three to five years). Regardless of their current self-assessment of the condition of their site, a majority of respondents (55%) thought the condition would improve. Expectations of improvement are related to having spent money on major capital projects in the last three to five years (i.e., 77% of those who spent money expected the resource condition to improve while more than half of those who expected the condition of the site to get worse had not spent on capital projects). Expectations of improvement are also associated with current and future project work. Those doing current work and who would also like to do projects in the future were most likely to expect the resource conditions to improve (71%), compared to those only doing a current project (59%), those only indicating a future project (52%) and those with no current or future project (22%).

The most common reason given by all owners who expected the condition of their historic resources to deteriorate (n=29) or have a fair or poor rating and expected it to stay the same (n=28) is a lack of secured funding (i.e., 79% and 66% respectively). This is consistent with the results of the 2004 survey of non-federal owners where 80% of those who expected the site to deteriorate in the future indicated lack of access to capital or resources as the major barrier. Other reasons for not expecting any improvement in 2008 such as lack of background research to make improvements, lack of permission (e.g., city permits), lack of specialized skilled people to do the work or lack of internal capacity to plan and supervise the work, were mentioned by a handful of respondents (i.e., n=2 to 6).

Finally, we examined the relationships between three demographics (e.g., geographic location, owner type, and whether the site reported that it was primarily a heritage attraction open to visitors or had some other purpose) and both self-reports of resource condition and expectations of improvement in the condition. Poorer site condition is associated with ownership by municipal governments, aboriginal groups and historic societies (i.e., 25% to 44% in good condition compared to 50% to 57% of other types of owners). Poor site condition is also associated with **not** being open to the public primarily as a heritage attraction (i.e., 68% of poor condition sites were in this group). Condition ratings are not associated with geographic location but expectations for improvement are. Expectations are highest in New Brunswick, Ontario, Alberta and British Columbia (i.e., 63% to 88% of owners expected improvement) followed by Newfoundland, Quebec and Saskatchewan (i.e., 52% to 58% expected improvement) and then PEI, Nova Scotia and Manitoba (i.e., 14% to 30% expected improvement).

Geographic location is also associated with self-report of the current and future adequacy of operations and maintenance budgets. Sites in central Canada were more likely to report that their

²² Analysis of the final data set (250 interviews) indicates that 96% of those unable to undertake a capital project cite lack of secured funding as the reason. This is the only reported result that differs significantly when compared to results from analysis of the final data set.

operating and maintenance budgets are **less** than adequate (58%) compared to sites in the east (47%) or in western/northern Canada (43%). Similarly, sites in central Canada were more likely to report future O&M budgets will be less than adequate (47%), compared to sites in the east (40%) and sites in western/northern Canada (28%). There are also important differences within regions related to the adequacy of current and future O&M budgets, although the overall association is not statistically significant. By way of illustration, respondents in PEI and Saskatchewan were most likely to view their current O&M budget as adequate or more than adequate (over 70%) and held similar views about future O&M budgets. In contrast, respondents from Manitoba were least likely to view the current O&M budget as adequate and less likely to think future O&M budgets would be adequate (27% in both cases).

In summary, about two-thirds of owners reported threats to the **current condition of historic resources** (i.e., a fair or poor condition) or threats to elements of resources rated in good condition. Self-reports of historic resource condition are linked to certain types of owners, inadequate operating and maintenance budgets (i.e., which are linked to geographic location of respondent) and not being able to do a capital project in the last three to five years. They are not linked to geographic location or actual capital expenditures either in the past or currently. This latter finding might be due to major project work serving to stabilize, maintain or present the site's resources rather than improve them.

Although self-assessed condition is not linked to capital expenditures, **expectations of the site's condition in the future** are linked to geographic location of the respondent and past, present and future capital expenditures. Those with current and future projects were more likely to expect the resource conditions to improve, followed by those only doing a current project, and those only planning a future project. Owners with some impairment to their resources and who did not expect improvement were much more likely to report being unable to undertake a capital project in the past three to five years and to report a lack of secured funding - both as a reason for not undertaking a project in the past and as a reason for expecting little improvement in the future.

Owners Self-Reports of the Extent of Major or Capital Project Work

The extent and value of capital or major project work aimed at improving the condition of heritage resources or communicating their importance is an important indicator of what is required to maintain and present the sites. The vast majority of owners (91%) have undertaken, are currently undertaking and/or would like to undertake major projects to address heritage protection and presentation issues.

A majority of owners (68%) reported having spent money on major capital projects during the last three to five years. Most of these owners (71%) also reported wanting to undertake other capital projects during that time but being unable to do so largely due to a lack of secured funding. A further 50% of the owners who had not done capital projects in the recent past also reported wanting to do so but being unable to do so due to lack of funds.

Less than half of the respondents (44%) reported a current major project underway to improve the condition of the heritage resources or to communicate their importance and 72% reported they would like to undertake such projects in the next three to five years.

Owners were asked to describe from a list the nature of projects they had undertaken, were currently doing or would like to do. They could use more than one descriptor to characterize the project (i.e., average number of descriptors ranged from 2.10 to 2.44 depending on whether it was a past, current or future project). Most common major projects are characterized as focused on conservation (64% to 73% of the respondents), followed by stabilization and presentation of the site (34% to 46% of the respondents). Projects identified as acquisition, marketing, research or planning were identified by between 13% and 25% of the respondents depending on whether they were referring to past, current or future projects.

Estimated project costs for current and future projects tend to be large. Twenty nine percent of owners currently undertaking a major project reported it would cost \$500K or more, and an additional 28% reported current projects costing between \$100K and \$500K. When asked to estimate the cost of the most important project they would like to do in the next three to five years, 41% of those who wanted to do a project, estimated costs in excess of \$500K and 27% estimated costs of between \$100K and \$500K.

In order to estimate the total costs of current and future major project work we translated our categorical survey data into point estimates of project costs using the middle value of each category as the average cost per project for owners within the category. For instance, an owner who indicated their project fell in the range of \$10K to \$24.9K was assigned an estimated project cost of \$17.5K. We did this for all categories except for projects estimated to cost “\$1M or more” where we assigned an average project cost of \$2M.²³ Based on this procedure we estimated total costs of current projects reported by the sample at \$53.3M (average \$586 and median \$150K) and the estimated total costs of future projects at \$118.8M (average \$848K and median \$350K).

The relatively low median costs of current projects compared to future projects is consistent with the suggestion that many sites might be deferring significant and more costly investments to the future. It is also interesting to note that median project costs tend to be higher among those respondents who indicated they had the federal government as a current or future potential funding source (i.e., median project cost of \$750K for both current and future projects²⁴).

Raising funds for projects is time consuming. Twenty-nine percent of owners with current capital projects reported that it took three years or more to raise the funds, while an additional 33% reported it took between one and two years. Once the funds are raised most owners reported it takes some time to complete the project work (i.e., 69% of those with current capital projects reported it will take more than a year to complete the work and 65% estimated that it will take more than a year to complete the most important capital project they would like to undertake in the future). This latter finding is consistent with the experience of the program’s contribution agreement history where the average period of funding was for a three-year period.

²³ We originally fixed the project ceiling at \$1M as a conservative estimate. Given this, the estimated total cost of current projects reported by the sample was \$33.3M (average \$366 and median \$150K) and the estimated total cost of future projects was \$70.8M (average \$505K and median \$350K). On review this assumption did not seem reasonable given that the program itself was predicated on providing up to \$1M in funding implying that some projects overall costs would be at least \$2M.

²⁴ Means are \$863K and \$1.09M for current and future projects respectively.

We again examined the relationships between demographic variables and sites' history and intentions with respect to capital or major projects. We found that sites owned by aboriginal groups are less likely to have spent money on capital projects in the past (63% have not) compared to other owner categories (i.e., 64% to 84% of other owner types had undertaken capital projects). Region of the respondent is also linked to having undertaken a capital project, with sites in central Canada most likely to have done so (79%) compared to sites in eastern Canada (60%) and sites in western/northern Canada (55%). Sites that are primarily heritage attractions open to the public are also more likely to have undertaken a capital project in the past (81%) compared to sites that are not primarily heritage attractions (54%). None of the demographic variables is associated with currently doing projects or intentions concerning future projects. While there are group differences between estimates of the cost of current and future projects, none of these are statistically significant.

In summary, within the sample of sites that responded to the survey, the extent of investment underway or which owners would like to undertake is significant (i.e., a combined total of \$172.1M). While there are demographic differences with respect to having done capital projects in the last three to five years, we did not identify significant differences with respect to current or future investments. Past, present and future investments are most frequently directed toward site conservation followed by stabilization and presentation. Acquisition, marketing, research and planning are the least common types of investment. Raising project funds tended to require long time frames and the actual projects required a year or more to complete, which is consistent with the prior experience of the program.

d) Sources Of Conservation Support

Owners Self-Reports of Sources of Financial Support Respondents were asked how they financed (i.e., the source of funds for) their current project and how they expected to finance their most important major project in the future. They could mention more than one source of funding. The number of sources mentioned range from 1 to 4 for past projects (average 1.7), 1 to 8 for current projects (average 1.8) and 1 to 6 for future projects (average 2.1) suggesting that the breadth of support for any one site is not great. This is consistent with the results of interviews with program and field staff in Parks Canada who reported that sources of funds are scarce. The majority (77%) of respondents reported they are using the same sources of funds for the current project that they have used in the past, and expect to use the same sources for future major projects (74%).

Not surprisingly government, which includes federal, provincial and municipal levels, is a major source of funding for past projects (73% of respondents), current projects (56%), and potential future projects (57%). Of these, the most common source is provincial government (41%, 32%, 36% of respondents for past, current and future projects respectively). With respect to the federal government, 14% of owners reported receiving federal funding for past projects, 19% for current projects and 31% reported the federal government as a potential source of funds for future projects. Government support at any level might be obtained from programs with economic development or infrastructural renewal goals rather than strictly heritage protection objectives (e.g., at the federal level, the Western Economic Development and the Atlantic Canada Opportunities Agency were mentioned as sources of funding.) There is a risk when

funding is provided for economic, rather than heritage protection, objectives that a project might actually damage the heritage character or values of a site.

Other sources of funds include site-generated revenue such as admission fees, fundraising activities, business revenue, rental space income, gift shop sales, owner's own funds and membership fees (i.e., cited by 28% and 13% of owners for past and current projects and by 23% as a potential source for future projects); voluntary donations (i.e., cited by 20% and 30% of the owners for past and current projects respectively but only by 9% as a potential future source of funds); and foundations (cited by between 9% and 11% of the respondents).

With respect to future projects, less than half of the respondents (i.e., 41%) are confident or extremely confident they would obtain the funds they need (i.e., a score of 4 or 5 on a five point scale), 40% are moderately confident (i.e., a score of 3) and 18% are not confident they will obtain the funds required (i.e., a score of 1 or 2). When asked what the impact on the site would be if the funds were not obtained, the most common responses were that it would decrease the condition of the resources at the site (40%), destroy the historic value of the site (29%) or reduce the presentation (i.e., hours open, extent of promotional material) of the site (23%). Only a small group of respondents (i.e., 11%) anticipated no impact.

We reviewed the extent to which type of owner, region in which sites are located and whether or not sites are primarily heritage attractions are associated with government as a source of funds. For the most part, region and function as a heritage attraction are not related to government as a source of funds. Owner type is related to source of funds in predictable ways. Sites owned by aboriginal groups or bands are more likely to report the federal government as a source of funds for past projects (67% compared to a third or less of other owners). Owners do not differ with respect to the federal government as a source for current and future projects.

Not surprisingly, sites owned by provincial/territorial governments and conservation authorities or commissions frequently mentioned provincial governments as a funding source (i.e., 71% for past and current projects and 52% for future projects). Other owners cited provincial governments much less frequently for past (44% or less) and current projects (37% or less). For future projects, historical societies and religious groups also frequently identified provincial governments as a source of funds (56% and 48% respectively) compared to other owners (29% or less). Similarly, sites owned by municipalities frequently reported municipal grants or taxes as a source of funds for past, present and future projects (70%, 57% and 47% respectively). Only 30% or less of other owners reported municipal government as a source of project funds. The one exception to this is historic societies, 48% of whom reported municipal governments as a source of funds for future projects.

Respondents' reports concerning their use of traditional funding sources for current and future projects, and their confidence that they would obtain the funds necessary for future projects are not associated with owner type, region or function as a heritage attraction.

In summary, owners collectively reported a variety of funding sources for their major projects including the federal, provincial and municipal governments, site-generated revenues, voluntary contributions and foundations to fund their major projects to improve the condition of their

historic resources, and stabilize and present their sites. On average, sites rely on a small number of sources of funding; these usually being the ones they have used in the past. Sources of funds differ somewhat by type of owner. Most owners (58%) are only moderately confident they will obtain the funding for the most important project they would like to do within the next three to five years. The vast majority of owners with future projects expected some impact on their sites if the funds are not obtained, including decreases in the condition, or loss of historic resources or value, and/or reduced presentation of their sites.

Government and Foundation Support for Heritage Conservation

In addition to the survey of other owners, we also conducted primary research on federal provincial and municipal government programs supporting heritage conservation and of foundations that support heritage conservation.

Brenda Manweiler (January 2007)²⁵ produced a report on provincial and territorial programs that support heritage conservation in Canada as of June 2006. We used this as our starting point for identifying government sources of funding and supplemented it with web searches. In the course of this work we identified other government sources of funds not listed in the Manweiler report as well as some programs included in the report that have since terminated. As a result, we identified 52 government-administered programs²⁶: one at the federal level, 25 at the provincial/territorial level and 26 at the municipal level. The amount of information available concerning these programs' funding goals, application requirements, overall budgets, and funding limits was quite varied.

At the federal level, the one program identified was *Cultural Spaces Canada* operated by the Department of Canadian Heritage. This program provides grants and contributions for improving, renovating and constructing arts and heritage facilities. Between 2000 and 2007, the program provided support to 10 owners/administrators of national historic sites for an approximate total of \$1.61M (i.e., amounts ranged from \$4K to \$297K).

The number of provincial or municipal programs within each province ranged from nine to ten in Ontario and Quebec to only one each in Newfoundland and the North. The majority are broadly aimed at supporting conservation/preservation (64%) and/or restoration (58%) of built heritage. A much smaller percentage of these programs identify support for stabilization work (19%) and professional or technical assistance (13%) as part of their funding interests. Few programs note support for other types of work (i.e. acquisition, research, planning, marketing, equipment and operating costs). Many of these programs also require that a site have a municipal or provincial heritage designation in order to be eligible for funding.

The majority of programs at the provincial level (84%) have limits on the portion of project costs they will support (i.e., 57% fund 50% or less of the costs of a project). We only identified one program each at this level that used grants or tax relief as the program instrument. At the

²⁵ Brenda Manweiler (January 2007), *The State of Heritage Conservation in Canada: Provincial and Territorial Levels*, Prepared for Heritage Branch, Ministry of Tourism, Sport and the Arts, Province of British Columbia

²⁶ We did not examine other federal or provincial economic development and/or infrastructure programs that might support work at a national historic site but which do not have a historic or cultural focus e.g., Infrastructure Canada

municipal level more programs made use of grants (n=6) or tax measures (n=9). We were only able to obtain information on the maximum amount of support provided for 27 programs. Of these 23 provide a maximum of \$50K or less in support per project. Only three programs provided support in excess of \$100K.

Foundations that support heritage conservation work were identified through the listing of foundations on the *Heritage Canada Foundation* website and/or a search of the *2004-2005 Canadian Directory of Grants and Foundations* and its current electronic database listings. Organizations on the Heritage Canada website are identified by Heritage Canada as potential sources of heritage conservation funding. The publishers of the *Canadian Directory of Grants and Foundations* actively search for granting organizations within Canada and develop a financial profile of the organizations based on their tax filings with the Canada Revenue Agency. The identified organizations are asked to self identify by type (i.e., family, community, corporate, government etc.), areas of funding interest (i.e., includes categories such as heritage conservation, historic societies and historic sites and monuments as well as many others), the type of support they provide (i.e., operational, project, capital funding etc.) and their geographic area of focus. In many cases they provide a list of grants made over the last two years including recipients and amounts given.

Our review of these sources yielded 165²⁷ foundations that identify heritage conservation, historic societies or historic sites and monuments as one of their funding interests. Of these we focused on 36 that had provided grants of more than \$100K (i.e. roughly equivalent in size to the NHSCCSP). All but two of these foundations have other funding interests beside heritage conservation (i.e., applicants interested in heritage conservation work must compete against many other demands on these funders).

All of these 36 foundations indicated they fund non-profit organizations while 56% fund institutions and 33% fund municipalities. The group is evenly spread across Canada but most focus their funding either within their provincial/region (12) or city/local region (12). Twelve report a Canada-wide focus (two of these giving preference to a particular region or province) and three of these have an international scope. Based on our incomplete data we identified only two foundations that had given money to a national historic site during the period 2004 to 2006 (i.e., Molson Foundation, \$150K to G. Stephen House in 2004 and Macdonald Stewart Foundation, \$250 to Fondation de la Maison Trestler in 2005).

In summary, the universe of funding sources fluctuates over time with potential sources of funds appearing and disappearing sometimes in response to each other (e.g., one government program might sunset if other levels of government enter the funding space). While the universe of potential funding sources might appear large, we know that most national historic sites rely on only a few sources for their major projects. In part this is likely due to the fact that any particular national historic sites will only be eligible for funding from a subset of the complete universe of funding sources (i.e., due to geographic and other eligibility restrictions). In addition, it appears that they would only have access to relatively limited amounts of per project funding (e.g., \$50K or less in the case of many provincial programs) which perhaps contributes to the length of time

²⁷ Includes six foundations, trusts or funds financed by endowments or grants provided by provincial or municipal governments but which operate at arms length from government

required to raise sufficient project funds noted previously. Unlike the NHSCCSP that was exclusively targeted at NHSs, virtually all the other funding sources we identified target either the wider heritage community or, in the case of many foundations, a vast array of funding interests.

Adequate Level Of Funding To Deliver Program Objectives

Our focus in this section is on the level of funding necessary for contribution budget and not on the costs of managing the NHSCCSP.²⁸ As noted previously, the objective of a cost-sharing contribution program targeted at national historic sites is not to address all the threats to, and investment needs of, these sites, but rather to demonstrate leadership in the form of a tangible financial commitment to built heritage preservation and presentation and serve as a stimulus to encourage networking, leverage other sources of funding and promote good standards of heritage conservation. An adequate program budget should also consider Parks Canada's other priorities including investment needs for its own assets (e.g., Parks Canada's annual capital investment target for both build heritage and contemporary assets is \$120M representing only a fraction of the investment standard of 2% of the replacement costs of its asset inventory).

It is clear that the budget of \$1M originally introduced in 1987 was insufficient to meet the demand at that time and that the demand for funds continued to outstrip available funds even after the program's budget was increased to \$2M in 1992. The 1997 consultant's review of the NHSCCSP's operations and results highlighted this fact and recommended a contribution budget of \$6M per year based on assumptions about the number of eligible sites that would require restoration, presentation, and new site development work in any given year and on the average value of these types of projects. In December 1998, the HSMBC recommended the government augment the funding base of the cost-sharing program but did not specify an adequate budget. In 2003 the Federation of Canadian Municipalities recommended a contribution budget of \$10M for a revised NHSCCSP. This amount was also mentioned in interviews with program staff and it is our understanding it was predicated on the assumption that funds would be used to address the needs of the 62 national historic sites on the wait list for contribution agreements. For the reasons already mentioned we do not believe the estimated liability implied by the wait list is a reliable or valid indicator of current needs or demands. In spring 2007 Parks Canada proposed a contribution budget of \$900K as a minimal effort to restart the program with the intention of expanding the budget in the future.

We were unable to find a rationale for the original program budget of \$1M or for why the amount was increased to \$2M in 1992. It is likely that the original budget was based, at least in part, on the pre-program level of demand (i.e., the HSMBC had made a number of recommendations some funded and some not prior to 1987) and the budget increase in 1992 was an attempt to close the gap between the supply of funds and the demand. As noted, the 1997 consultant's

²⁸ The cost of administering the NHSCCSP was identified as \$875K in the 1997 Nephin Report including salaries, goods and services and payments to PWGSC for use of its specialized heritage conservation services. This latter cost fluctuated significantly each year so, for example, the 2000 Performance, Audit and Evaluation Framework for the NHSCCSP found the most recent yearly administration costs to be \$660K. Given changes in the program design introduced with the 2000 T&Cs (i.e., the centralization of program administration), it is not clear if these costs remain relevant in the current context.

report provided a more detailed rationale for an adequate contribution budget based on a number of assumptions about likely demands and expenditures by type of project. We considered this approach to estimating an adequate contemporary budget given the survey results.

For example, it could be assumed that maximal demand for funding from a contribution program would be 50% of the roughly \$119M in estimated future major project costs over the next five years identified in the survey of non-federal owners. Meeting 100% of this level of demand would require an average contribution budget of \$12M a year. If the sample were representative of all sites, meeting 100% of the total population demand would require a contribution budget of approximately \$34M per year. In practice, demands are likely to be smaller since not all sites would approach the federal government to fund 50% of their project costs and not all proposed work would be deemed to merit funding. If we further speculate that the real demands would follow either the portion of the sample that expressed an interest in federal funding for a future project (31%) or the percentage of the estimated dollar value of future projects in this group (42%) then the estimated contribution budgets to meet 100% of these demands would vary from \$3.6M to \$5.5M (i.e., assuming \$12M as the base) to \$10.2M to \$14.3M (i.e., assuming \$34M as the base). This approach assumes the survey estimates are reasonably valid and reliable indicators of future demand for federal contribution payments and that the survey results can be generalized to the population of all sites, which we cautioned against. In addition, they assume that the program would meet 100% of the demand, which as previously noted, is not necessary to achieve the program's objectives.

Another approach to estimating an adequate budget to meet program objectives is to assume, first, that the historic contribution budget of \$2M was a minimal reasonable amount at the time for achieving the objective of ensuring federal leadership in the protection of cultural resources (i.e., it demonstrated a tangible commitment on the part of the government but did not address all the demand). Second, as noted previously, it could be assumed that the program could have dispersed approximately double its actual budget (i.e., \$4M) for known meritorious projects (i.e., based on the wait list of projects meriting funding as determined by the HSMBC and their value at the time) and therefore this represented a reasonable maximum at the time for the contribution budget. To make these minimal and maximal budgets more relevant to the contemporary context they can be adjusted upward to take account of the effects of inflation in construction costs and the increase in the size of the eligible population.²⁹ The approach does not take account of the extent of unknown meritorious work at the time or the possibility that the extent of need in the population has changed over time. Because of this it is likely to produce conservative estimates.

Making these adjustments from year 2000 when the program stopped entering into new contribution agreements results in a contemporary budget range of \$3.1M to \$6.3M (i.e., based on an estimated eligible population of 560 sites in 2000). We also noted that the program's budget was at its maximum in terms of funds available per eligible population member in 1992

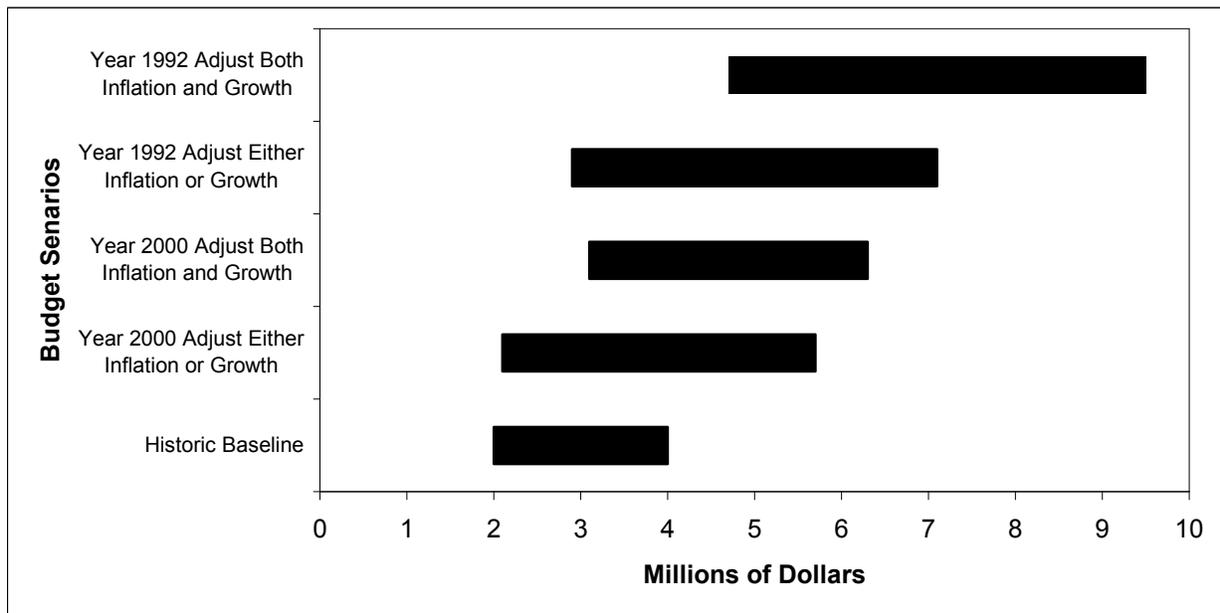
²⁹ The adjust involves calculating the amount of budget available per member of the eligible population, inflating this amount by Statistics Canada's non-residential construction price index (i.e., commercial, industrial and institutional structures) averaged across several geographic locations and then multiply this amount by the size of the contemporary population. Construction inflation has ranged between 0% and 9.6% per year between 1992 and 2007 with higher rates typical in the later period.

when the budget was increased from \$1M to \$2M. Adjusting from year 1992 yielded a contemporary budget of between \$4.7 and \$9.5M (i.e., based on an estimated eligible population of 450 sites in 1992).

Of the two factors we included in the adjustments, construction inflation is more consequential. The eligible population grew by 34.4% between 1992 and 2008 and only 7.4% between 2000 and 2008. The resulting adjustments for that factor alone yielded estimated budgets of between \$2.1M at the low end (i.e., adjusting from \$2M in year 2000) to approximately \$5.7 at the high end (i.e., adjusting from \$4M in year 1992). Adjusting only for inflation produced estimated budgets of between \$2.9M (i.e., from \$2M in 2000) and \$7.1M (i.e., from \$4M in 1992).

Figure 2 summarizes the various budget scenarios starting with our assumptions about the reasonable historic minimum and maximum budget at the bottom (i.e., between \$2M and \$4M) and showing the progressively increased budget ranges under the various scenarios we explored.

Figure 2: Budget Options for the NHSCCSP



The budget estimates in the four scenarios shown in Figure 2 ranged from a low of \$2.1M (i.e., adjusting the real budget of \$2M for population growth since 2000 but not for inflation) to a high of \$9.5M (i.e., adjusting a hypothetical \$4M budget for both population growth and inflation). The average minimum budget (i.e., not including the baseline scenario) is \$3.2M and the average maximum is \$7.2M with an overall average of \$5.2M. This level of funding represented between 26% and 60% of the total potential \$12M yearly demand estimated from the sample and between 9% and 21% of the total maximal demand of \$34M if the sample results were generalized to the population.

In the absence of more definitive information, we concluded that a reasonably adequate contemporary contribution budget to achieve the program's objectives would fall in the range of \$3.2 to roughly \$8M taking into account both the survey based and historic based estimates.

SUMMARY AND CONCLUSIONS

This evaluation was conducted to address four specific issues identified by Treasury Board at the time of the approval of the extension of the Terms and Conditions for the National Historic Sites of Canada Cost-Sharing Program in June 2007. The issues were:

- Reasons for not signing contribution agreements during the period of 2000 to 2006 under the old terms and conditions
- How the funds were used during that the period of 2000 to 2006
- The relevance and importance of the program
- An adequate level of funding to deliver on the objectives

The first two issues are essentially factual questions regarding why and how program funds were used during the period when the program did not enter into new agreements. Parks Canada continued to maintain the program budget during this period and track expenditures against it. The decision to not enter into new agreements in 2000 was originally driven by the fact that program funds were already allocated to existing NHSCCSP projects (i.e., about \$5.1M was spent on these between April 2000 and March 2005). As these agreements closed and more funds became free the Agency decided to not enter into new agreements given other funding pressures related to national historic site conservation and protection. These included investing in acquiring, conserving and presenting the HMCS Haida (i.e., about \$5.3M) and on heritage conservation projects at three other national historic sites (i.e., about \$1.17M). Currently, the Agency is showing a nominal A-base of approximately \$1.08M for the program and an effective budget of about \$3.3M starting in April 2008 given carry forward from the previous year.

We reviewed several lines of evidence related to the questions of the relevance and importance of the NHSCCSP. The program is one instrument, among others, aimed at providing federal leadership to protect cultural resources not administered by the federal government. As such it is consistent with commitments in both the federal government's overall planning framework and the Agency's PAA to protect, restore, preserve and present Canada's built heritage. Limited public opinion polling shows general support for these overall objectives including support for federal government financial investments in national historic sites. Federal financial investments might serve both as symbols of the government's commitment to these sites, which it designated, and as a means of adding credibility and legitimacy to sites' major project proposals and thereby helping to secure financial commitments from other sources of funding.

Based on both indirect and direct evidence we found substantial support for the claim that national historic sites are under threat and could benefit from direct federal government financial investments to conserve, stabilize and present these sites. Concern with the deterioration and/or loss of a variety of public and private infrastructure including heritage infrastructure (Carter, 1999, Auditor General's Chapter on *Protection of Cultural Heritage in the Federal Government*) is common along with concerns about the long-term financial consequences of deferred maintenance and repair. Two percent of Canada's national historic sites have been lost since the 1950s, although not all due to deterioration of the infrastructure.

These general trends are consistent with the direct evidence gathered in the survey of national historic sites owners. The majority of respondents (i.e., 67%) reported that at least some of the historic resources at their site are in fair or poor condition. Impairment of historic resources is

associated with certain types of owners, self-report of inadequate O&M budgets, and lack of ability to carry out major project work in the past mainly due to a lack of secured funding. Owners who were able to carry out major projects in the past, are currently doing so, or would like to do so in the future are more likely to expect the condition of the historic resources at their site to improve. Those with impaired resources, who do not expect the condition of the resources to improve, cite lack of secured funding as the major reason.

Most owners have, are currently, or would like to invest in the future in conserving their resources and presenting their sites. Within our sample of sites, the amount of reported current investment is estimated to total \$53.3M. In addition, our sample of owners reported wanting to invest an estimated \$118.8M over the next three to five years. The majority of respondents are looking at investing more than \$100K per project and substantial minorities more than \$500K (i.e., median project cost for future projects was \$350K rising to \$750K for those who specifically mentioned the federal government as a possible source of future funding). There is some indirect evidence that owners are delaying more costly investments to the future, and thus, risking increased costs or possible loss of historic resources.

Owners rely on a variety of funding sources including the federal, provincial and municipal governments, site-generated revenues, voluntary contributions and foundations to fund their major projects. We found evidence of both change and stability in the universe of funding sources over time (e.g., owners tend to rely on their traditional funding sources but we noted changes in the availability of provincial funding programs even within the last year or two). We examined the types of funding directed at heritage protection and presentation by governments and foundations and found that, while the total number of such programs appears to be large (i.e., 52 government programs, 165 foundations), particular national historic sites rely on relatively few sources of funding in part because of geographic and other eligibility restrictions.

In addition, we found that virtually all of these programs have a wider range of eligible recipients and most provide smaller amounts of funding than the NHSCCSP. Perhaps because of this, most owners (62%) reported it took a year or more to raise project funds and 29% reported it took three or more years. Most owners (58%) are only moderately confident they will obtain the funding for their most important future project. If funding is not obtained, the vast majority of them expect some impact on their sites including decreases in the condition, loss of historic resources or value, and/or reduced presentation of their sites.

Based on these findings, we concluded that national historic sites face the same infrastructure pressures widespread in government at all levels, and that while alternative sources of funding exist they do not replicate or replace the NHSCCSP. Owners are moderately uncertain about obtaining future investment and require substantial periods to secure funding. Lack of investment in national historic sites increases the risk that these resources will deteriorate further or lose their historic value.

Finally, we concluded, based on an analysis of the historic size of the program's contribution budget in relation to demand and taking into account inflation in the costs of construction and an increase in the size of the eligible population, that a contemporary contribution budget of between \$3.2M and roughly \$8M would be adequate for the program to achieve its objectives.

MANAGEMENT RESPONSE

Management acknowledges the evaluation and agrees with the majority of its findings. While the evaluation does not make specific recommendations to Management, it thoroughly addresses the four specific questions asked of the Parks Canada Agency by Treasury Board. Furthermore, the evaluation supports the Agency's position that the program remains both relevant and necessary to help achieve our mandate of providing federal leadership in the conservation and presentation of nationally significant historic resources.

Management would like to highlight two areas of the report that require either further clarification or a response:

- 1) The evaluation provides an analysis of the funding sources available to national historic sites. While Management agrees with the observation that other sources of funding exist, we would like to emphasize the fact that sites targeted by the National Historic Sites of Canada Cost-Sharing Program cannot access the majority of these funding sources given their objectives. Furthermore, none of these sources duplicate the Cost-Sharing Program's purpose of providing assistance to nationally significant historic sites. In addition, it is important to emphasize that the vast majority of these funding sources are regional in nature and scope, and thus not open to sites from other jurisdictions. At best, these other funding sources could be seen as complementary in providing assistance for expenditures not eligible under the Cost-Sharing Program. The National Historic Sites of Canada Cost-Sharing Program remains the only funding source targeted specifically at the conservation and presentation of national historic sites.
- 2) At the time that the evaluation was conducted, the program budget was being finalized and therefore, the budget identified in the evaluation is no longer accurate. Management accepts the Evaluation's premise that a renewed investment is required in order to advance the goal of federal leadership.

The report concluded that "a reasonably adequate contemporary contribution budget to achieve the program's objectives would fall in the range of \$3.2 to roughly \$8M taking into account both the survey based and historic based estimates." While we recognize that the appropriate contribution budget for the program may be larger than the \$13.1M currently allocated over the program's five-year terms and conditions, we are of the view that this level of funding is a tangible financial commitment from the Agency to demonstrate federal leadership in the conservation and presentation of national historic sites owned and operated by others. Given the priority placed on the renewal of the Cost-Sharing Program, Management has conducted an internal financial reallocation exercise in order to secure a total budget of \$13.1M, of which \$12M will be for contributions. While we accept that a risk exists in "underfunding" the program as identified in the RBAF, we believe that not proceeding with program renewal until a greater budget is allocated would lead to the greater risk of the continued deterioration and loss of national historic sites. The allocated budget will allow the program the necessary base to fund projects related to serious conservation needs thereby maximizing the program's impact and serving as leverage for partners to seek complementary assistance from other sources.

Since the Cost-Sharing Program became inactive in 2000, stakeholders have continued to seek financial support from the federal government. Although the Agency, on behalf of the Minister, has obligations for national historic sites under the Parks Canada Agency Act (Section 4), it must balance financial assistance provided to sites owned and operated by partners with its own financial capacity in the context of overall priorities. Therefore, Management is in agreement with the Evaluation when it states “An adequate program budget should also consider Parks Canada’s other priorities including investment needs for its own assets (e.g., Parks Canada’s annual capital investment target for both built heritage and contemporary assets is \$120M representing only a fraction of the investment standard of 2% of the replacement costs of its asset inventory)”.

Taking into consideration the Evaluation’s findings as well as the overall context and priorities within the Agency, we are of the opinion that the current budget of \$13.1M allocated over 5 years for the delivery of the program is adequate. This budget will:

- ▶ Position the Agency in an appropriate manner to play a leadership role related to national historic sites;
- ▶ Allow the Agency to gather data and other information over the short to medium term to accurately determine the adequate level of funding to maximize the program’s investments; and
- ▶ Enable the Agency to address and support serious conservation needs at national historic sites of Canada.

Management is committed to continuously gathering information on 1) the level of total demand, 2) reactions to the program from the eligible population and stakeholders on the federal government's leadership role, 3) changes in the size of the eligible population and the costs of interventions. As a result of this information, Management may modify its position with respect to the adequacy of the level of investment, in order to continue to achieve the leadership objective in the most economical and efficient way possible.

LIST OF INTERVIEWEES**Parks Canada**

Susan Algie, Planner

Western and Northern Service Centre –
Winnipeg

Michel Audy

Executive Secretary, Historical Sites and
Monuments. National Office, Gatineau

Monika Bayer

Finance, National Office, Gatineau

Genevieve Charrois

National Historic Sites Directorate
Planning and Programs Branch
National Office, Gatineau

Michel d'Amour

Finance, National Office, Gatineau

John Grenville

Ontario East Field Unit
Bellevue House NHS

Guy Groulx

Real Property Branch National Office,
Gatineau*Paul Hartley (retired)*

Finance, National Office, Gatineau

Brenda Jones

External Relations and Visitor Experience
Social Science, National Office, Gatineau

John McCormick

Western and Northern Service Centre
Resource Conservation – Vancouver

David Mowat

National Historic Sites Directorate
Planning and Programs Branch
National Office, Gatineau

Robert Moreau

National Historic Sites Directorate
Director General's Office
National Office, Gatineau

Sonya Oko

National Historic Sites Directorate
Planning and Programs Branch
National Office, Gatineau

Mesmin Pierre

National Historic Sites Directorate
Planning and Programs Branch
National Office, Gatineau

Kim Seward-Hannam

Southwestern Ontario Field Unit - Kitchener

Manuel Stevens

Ontario Service Centre, Cornwall

Doug Sullivan

National Historic Sites Directorate
Planning and Programs Branch

Rob Thompson

Atlantic Service Centre - Halifax

Janet Wright

Western and Northern Service Centre –
Calgary, Planning*Richard York*National Historic Sites Directorate
Planning and Programs Branch
National Office, Gatineau**External Interviewees:**

Jennifer Rieger

National Historic Site Alliance of Ontario
(NHSAO)

Jack Vandenberg

Director, Heritage Conservation Directorate
PWGSC

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APPENDIX A: METHODOLOGY FOR 2008 SURVEY OF NON-FEDERAL OWNERS OF NHSS

Methodology

A telephone survey of owners of eligible national historic sites was carried out in February and March 2008 by Environics Canada on behalf of Parks Canada. Parks Canada provided a database of eligible program recipients along with basic information including where known owner name and contact information, and name and address of the site. Respondents were first contacted to explain the survey purpose, identify the appropriate respondent at the site, and arrange an interview date. They were then sent a summary of the types of information sought to prepare for the interview. At least one attempt was made to contact each of the 605 eligible sites (an average of six attempts per site). In thirty-three cases telephone numbers were invalid and the site could not be contacted. Respondents at 17 sites refused to participate. As of March 17th, 211 owners had responded to the survey (i.e., a response rate of 35%).

Population and Sample by Province

Province	Population n=605		Sample n=211	
	Frequency	Percent	Frequency	Percent
Newfoundland	25	4	12	6
Prince Edward Island	14	2	7	3
Nova Scotia	49	8	20	10
New Brunswick	44	7	8	4
Quebec	108	18	50	24
Ontario	178	29	54	26
Manitoba	35	6	11	5
Saskatchewan	29	5	13	6
Alberta	38	6	10	5
British Columbia	66	11	24	11
Nunavut	5	.8	1	.5
North West Territories	9	1.5	1	.5
Yukon	5	.8		

Population and Sample by Owner Type

Program Assigned Owner Type ¹	Population n=605		Sample n=211	
	Frequency	Percent	Frequency	Percent
Aboriginal group/band	49	8	16	8
Educational Institution	14	2		
Historical Society Includes Friends of, and Museums	68	11	32	15
Incorporated enterprise	75	12	23	11
Municipal government	174	29	67	32
Provincial/territorial governments and other governmental organizations (e.g., Conservation Authorities, Commissions)	135	22	36	17
Religious groups	90	15	37	18

1. Owner type was assigned by program staff based on their knowledge of the each site prior to the survey. When asked in the survey to identify their owner category or class from a list only 72% of surveyed owners provided the type assigned by the program staff.

APPENDIX B: POTENTIAL ELIGIBLE POPULATION FOR A COST-SHARING PROGRAM

Owner	2008	1987
Ineligible Population		
Parks Canada Agency	157	
Other Federal Government Departments	53	
Other Parks Canada ¹	26	
Private ownership	40	
No owner type identified ²	44	
Sub-total	320	
Eligible Population		
Aboriginal group/band	49	28
Educational Institution	14	8
Historical Society Includes Friends of, and Museums	68	34
Incorporated enterprise	75	40
Municipal government	174	121
Provincial/territorial government	124	95
Other governmental Includes Conservation Authorities, and Commissions	11	
Religious groups	90	30
Sub-total	605	356
Total	925	

1. Includes 24 HSMBC plaques and sites owned but not administered by Parks. Some of these sites are little more than a plaque encircled by an iron fence, serving as markers of historic designations. PCA might be a joint owner of the Ridgeway Battlefield NHS. Ownership of the last site is currently under investigation but the NCC might be the owner.
2. Some sites included in this category were early designations and lack designated places and associated structure or properties. The status of these designations is currently under review.

APPENDIX C: SUMMARY OF PROGRAM REACH BY OWNER TYPE

Owner Type	Agreements signed		Wait List As of June 2000		Expressions of Interest Post April 2000	
	Number of sites	Percent of sites	Number of sites	Percent of sites	Number of sites	Percent of sites
Aboriginal group/band	6	11.3	5	8.1	3	5.9
Educational Institution	0	0.0	0	0.0	3	5.9
Historical Society	10	18.9	7	11.3	6	11.8
Incorporated enterprise	2	3.8	10	16.1	2	3.9
Municipal government	21	39.6	10	16.1	13	25.5
Provincial/territorial government	4	7.5	12	19.4	10	19.6
Religious group	10	18.9	15	24.2	14	27.5
Total eligible sites	53	100.0	59		51	100.0
Parks Canada owned			1	1.6		
Private Owner			2	3.2		
Total sites			62	100.0		

Note: Expressions of interest does not include expressions made by sites with prior cost-sharing contribution agreements or from those on the wait list as none of these were verified during the course of the evaluation. Adding these sites would increase the total expressions of interest to 76.