

Placing Environmental Goods And Services In Context: A discussion

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Some Key Questions

- How do we define an Environmental Good or Service?
- How is value placed on these environmental goods and services?
- How is value realized by the vendor as well as the purchaser?
- What rights and responsibilities are attached to both the vendor and purchaser?
- How is the performance of the transaction monitored and provision assured?

Ownership of Property: Rights and responsibilities

- Property rights in Canada entitle you to reasonable use under the designation as set out by the zoning by law.
- Reasonable use is use that does not create liabilities under the law or under civil action by other interests.
- All private properties interact with or entail public and other private interests.

Environmental and Resources Law

- Environmental and resources law sets out the public interest in the environment and resources.
- Society alters these norms or standards of public interest from time to time as it seeks greater protection or as we seek to redefine the public interest.
- This is particularly the case in recent time with changing standards for environmental quality and with development of precautionary legislation such as the Nutrient Management Act and Clean Water Act.
- Civil liability may also define the public interest or in some cases competing interests to those of the private land holder.

Limitations of Regulatory Instruments and Minimum Standards

- Regulatory standards express the current state of our knowledge concerning
 - impacts of individual actions on the environment
 - acceptance of risk to the environment and human health
- Regulatory standards do not deal with
 - situations where cause and effect are not well known or well defined
 - situations where impacts are the result of cumulative effects over time or space or different types of actions
- Regulatory standards work best
 - where there is a significant capacity for control
 - where cause and effect are well defined and attributed with high levels of certainty
- Regulatory enforcement provides
 - Accountability of institutions with respect to their legislative due diligence
 - A negative incentive for compliance
 - A barrier to collaborative problem solving

A Tentative definition of Environmental Goods and services

- EG&S constitute the common interest in resources that are available to all and are a benefit to many
- EG&S represent a shared interest in both the environment and in private property
- EG&S are the result of activities that exceed the standards of due diligence under the law and with respect to civil liability
- EG&S arrangements agreements have been negotiated under stewardship (voluntary) as well as fee simple and partial purchase arrangements (contracts) by both government and NGOs for sometime

Valuing Environmental Goods and Services

- Valuing E G&S has been based on a variety of methods, willingness to pay, various contingent valuation methodologies, a bidding process, and others
- Some experience exists with programs such as conservation easements, green cover #1, some Certificates of approval that have included support for management. The New York watershed approach to replacement cost for other solutions, etc.
- Building a knowledge base for the value of EG&S will require development of pilot agreements and regular review of the costs and benefits and their monetary value
- This represents an adaptive learning approach to value determination

Identifying Environmental Goods and Services

- Society will identify the major issues (habitat systems analysis, Source water protection plans, landscape quality assessments, multi-functionality opportunities) that are appropriate as opportunities for E G &S management through assessments of the state of the environment and determination of the values that are desired
- Land holders will need to assess their management systems and identify opportunities for improvements that fit with E G & S
- Statements of policy and program will be required to provide the institutional arrangements that are necessary to implement E G &S programs that will respond to the needed E G & S

Primarily Services Not Goods

- Many of the environmental outputs are not directly controlled by the land holder (e.g. managing and development of habitat does not guarantee the presence of a population of a desired species)
- Management may not instantly result in changes in environmental quality (it may take a long time for a practice to result in measurable change)
- Many of the environmental benefits can not be owned or traded since they are common properties under the authority of the state (province or federal governments)
- Thus we will most likely be negotiating for services that are linked through best available knowledge to the development or enhancement of an environmental good

Negotiated EG&S Agreements

- Some models in Denmark for source water protection, C of As for sewer and water treatment plants, conservation easements, green cover #1 Program
- Buyer entitlements
 - services and goods as agreed
 - proof of services or goods as agreed
 - right to periodic re-negotiation or termination of the agreement
 - right to seek damages or enforce the agreement if not complied with
- Seller entitlements
 - right to timely payment for services rendered or good provided
 - right to exclusive use of the land as agreed under the contract
 - freedom from unscheduled egress on the property by the buyer
 - the right to renegotiate terms and conditions from time to time

Negotiated EG&S Agreements

- Buyer obligations
 - pay compensation as agreed in a reasonable and timely fashion
 - negotiate the service to be provided in good faith
 - resolve difference through an expert board of arbitration (Farm Food Practices Protection Board, FFPPB,)
 - assist in monitoring activities and outcomes of the services provided and monitor outputs
- Seller obligations
 - implement the agreed upon services in a fashion that reasonably satisfies the buyer
 - negotiate the services to be provided in good faith
 - resolve differences through an expert board of arbitration (FFPPB)
 - to monitor the services provided in concert with the buyer

Monitoring and Performance Assurance

- Monitoring should respond to the following questions:
 - 1) Are the agreements fairly and reasonably negotiated and are amendments the result of mutual learning and agreement?
 - 2) Are actions and expenditures carried out in accordance with the agreement as far as can be controlled by the parties? What circumstances se that limited the capacity to implement the agreement?
 - 3) Were the outcomes that were expected achieved and to what degree?
 - 4) Were the outputs that were expected obtained and to what degree?