



## Creating a Blue Dialogue: Water Governance into the 21<sup>st</sup> Century Webinar Summary Document

### *The Blue Economy: Understanding the Value in Water*

October 13, 2010

#### Introduction

The second webinar of this series focused on understanding the economic value of water and innovation opportunities in new water management approaches.

Our first guest, Steven Renzetti, discussed the value of water from a macroeconomic perspective, linking economic prosperity with environmental prosperity. Anastasia Lintner, our second guest, discussed the Province of Ontario's new *Water Opportunities and Conservation Act*.

Over fifty individuals participated in the online seminar, providing questions and discussion in a multimedia setting.

#### Guest Speakers

**Steven Renzetti** is a Professor of Economics at Brock University

**Anastasia M. Lintner** is a Staff Lawyer and Economist with Ecojustice

#### Presentation Summaries

##### **Steven Renzetti**

In his presentation, Renzetti discussed the importance of comprehensive water valuation techniques and market-orientated tools in water governance. Renzetti argued for the use of a full economic valuation of water that would reflect the true social, financial and ecological cost and benefit of water services. He argued that economic water valuation can be beneficial in three ways:

#### About the Series:

The POLIS Project on Ecological Governance and the Living Water Policy Project have organized an online seminar series, "Creating a Blue Dialogue: Canadian Water Governance into the 21<sup>st</sup> Century," about key issues facing water policy and decision making in Canada. The purpose of these webinars is to engage Canadian water policy and management experts in emerging opportunities, trends and challenges as they relate to water governance.

By offering insights into the evolving and complex concepts related to Canada's governance framework, the Living Water Policy Project is helping to empower the water community to understand the challenges ahead and, ultimately, better manage freshwater resources into the 21st Century.

The goals of the webinars are:

- to build a stronger understanding between research and on-the-ground implementation;
- to share perspectives and expertise on the latest water issues, best practices, and policies across the country; and
- to join a network of expert practitioners and thinkers from across the country to create a more robust community that crosses sectors and jurisdictions.



**Full Cost Assessments:** Currently, firms and individuals do not pay the full, “real” cost of water services, and are therefore less motivated to consider the true value that they receive from their access to water. Before water services can be priced properly, the value to society (including the environment) must be formally recognized. Full cost assessments can incorporate water’s contribution to market activities such as agriculture and manufacturing, as well as water’s contribution to non-marketed “goods and services” such as recreation, aquatic ecosystems and wetlands. As a microeconomic tool, such pricing mechanisms mesh well with the free-market paradigm and financial responsibility in government.

**Reduced Water Consumption:** Water pricing will lead to reduced water usage, and in addition, raise the cultural standing of water services that are often taken for granted in Canada. Firms and individuals who include water use in their account books can be expected to take rational measures to maximize utility through water conservation and innovation.

**Water Rights and Responsibilities:** Universal access to clean water is a human right, and as such, it is important to evaluate the effect of policy on all socio-economic classes. An inclining block-rate pricing scheme is one policy option that is supported by advocates for water pricing reform, because it will allow households access to necessary volume of water without financial restriction. Charging progressively higher fees for greater levels of consumption is also a proven motivator that keeps users of public services cognizant of their usage.

### **Anastasia Lintner**

In her presentation, Lintner discussed Bill 72, the *Water Opportunities and Conservation Act*, which would be a first step in legislating conservation-based decision-making mechanisms in Ontario. Lintner noted that Ontario has taken the lead in Canada by legislating conservation principles. Water policy experts hope to see Bill 72 used and improved upon as a template for other regions of Canada. Her summary of Bill 72 included:

**Supporting Conservation:** Through the Great Lakes – St. Lawrence River Basin Sustainable Water Resources Agreement, the Government Ontario has committed to encouraging water conservation that is environmentally and economically innovative. The purpose of Bill 72 is to foster innovative water, wastewater and stormwater technologies, services and practices in the private and public sectors; to create opportunities for economic development and clean-technology jobs in Ontario; and to conserve and sustain water resources for present and future generations. One tool will be to establish water conservation targets that will be designed to be environmentally sound, rely on established best practices, and are technologically feasible and cost effective.

**Bill 72 and Water Governance:** A legislated conservation-driven approach to sustainable water management can facilitate the inclusion of non-financial inputs into water policy decisions and build management capacity for the incorporation of research and innovation into management practices. Bill 72 focuses on facilitating conservation by enabling target setting, goals, and requirements that would apply to Ontario municipalities and the public sector. The Bill aims to promote innovation, and to strengthen green technology, services and practices in Ontario.



**What's Next:** Bill 72 was passed in the Ontario Legislature on November 23, 2010 and received Royal Assent on November 29, 2010. Although questions remain regarding complete implementation, Bill 72 represents a new conservation-orientated approach to water management.

### Analysis of Discussion

POLIS has drawn out potential policy actions based on the content of the presentations, discussion and questions during the webinar session:

| Recommended Actions  | Benefits  |
|--|---|
| Government should adopt comprehensive valuation techniques for water services. Valuation criteria should be given the widest possible scope, pricing water based on net cost and benefit to society. | Better understanding of the “true” contribution of water (to recreation, property values, ecosystem functions etc.) will lead to more, sustainable behavior on the part of government, firms and individuals. |
| Government and stakeholders should utilize social marketing campaigns to counter the myth that Canadians oppose higher pricing of water services.  | The will of society to work together for security and the collective good can open the policy windows that make good governance and sustainable water management possible.                                    |
| Senior government should pass laws that promote sustainable water management practices.  | Water conservation laws can encourage innovation, research, outreach, and new sustainable water management mechanisms.  |
| Local government and water authorities should implement market mechanisms, such as volumetric pricing and an inclining block rates.  | An inclining block rate pricing structure is a market mechanism proven to reduce the use of water while ensuring households are not restricted financially from the base level necessary for survival.        |
| Governments and non-state actors should set ambitious, achievable conservation targets.  | Conservation targets and standards create a level playing field for all water-users and help facilitate innovation.   |
| Local government and water authorities can use market valuation of ecosystem services for environmental protection   | While the economic, socio-cultural and environmental value of the ecosystem can be hard to quantify, doing so can promote better environmental protection.  |

For more information or to participate in future webinars, please contact:  
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