



**Smart Prosperity
Institute**

SUBMISSION

TO THE ONTARIO MINISTRY OF NATURAL RESOURCES AND FORESTRY:

BILL 139 - (SCHEDULE 4) – THE PROPOSED BUILDING BETTER
COMMUNITIES AND CONSERVING WATERSHEDS ACT, 2017:
AMENDMENTS TO THE CONSERVATION AUTHORITIES ACT

JULY 2017



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July 31, 2017

Finn MacDonald
Policy Officer
Ministry of Natural Resources and Forestry
Policy Division
Natural Resources Conservation Policy Branch
300 Water Street
Peterborough Ontario
K9J 8M5

Dear Mr. MacDonald,

RE: EBR Registry Number: 013-0561

Proposed amendments to the Conservation Authorities Act as part of Bill (139), the Building Better Communities and Conserving Watersheds Act, 2017

The Smart Prosperity Institute welcomes the opportunity to provide comments on *Bill 139 - (Schedule 4) – the proposed Building Better Communities and Conserving Watersheds Act, 2017: Amendments to the Conservation Authorities Act*. Smart Prosperity Institute (formerly Sustainable Prosperity) is a national research network and policy think tank based at the University of Ottawa. We deliver world-class research and work with public and private partners – all to advance practical policies and market solutions for a stronger, cleaner economy.

We welcome the proposed clarification of the role of conservation authorities in providing programs and services that further the conservation, restoration, development and management of natural resources in Ontario watersheds. We also welcome the recognition (in the supporting document *Conserving Our Future: A Modernized Conservation Authorities Act*) that climate change and the resulting vulnerability of natural resources and biodiversity, coupled with the continued growth of Ontario's communities, only underscores their important role in providing these programs and services.

In light of the proposed clarifications, we would like to take this opportunity to emphasize the potential for conservation authorities to be key players in two innovative areas that could help advance Ontario's environmental and economic well-being: municipal natural asset management and environmental markets.

Opportunity for Leadership in Municipal Natural Asset Management

Municipalities across Canada are looking for ways to improve management of infrastructure assets that provide key municipal services, such as stormwater management, water treatment and supply, and flood mitigation. Natural assets – woodlands, wetlands, creeks, etc. – are now being recognized for their role in supporting many of these services in a cost-effective and financially sustainable manner. This is re-focusing asset management efforts on finding ways to effectively integrate natural assets alongside other forms of green and traditional engineered infrastructure in to an overall comprehensive asset management approach. One of the challenges, however, with identifying and managing natural assets at the municipal level is that unlike roads, bridges, and buildings, natural assets do not start and stop at municipal boundaries. How can one municipality effectively manage a wetland that receives water from an adjacent municipality and mitigates flood waters to yet another?

What are Municipal Natural Assets?

Municipal natural assets refers to the stocks of natural resources or ecosystems that contribute to the provision of one or more services required for the health, well-being, and long-term sustainability of a community and its residents.

The *Municipal Natural Asset Management (MNAM)* approach views municipal natural assets through an infrastructure asset management lens and generally considers those municipal natural assets whose services would otherwise need to be provided by a municipality, regional government, or other form of local government.

Source: *What are Municipal Natural Assets? Report forthcoming Sept 2017*
<http://institute.smartprosperity.ca/initiatives/municipal-natural-assets-initiative>

Municipal Natural Asset Management (MNAM) is one way to address this challenge and conservation authorities, as the organizations structured on the basis of watershed boundaries, are perfectly positioned to be a key player in implementing MNAM in Ontario. The *Conserving Our Future* document outlines a number of proposed provincially-mandated roles and responsibilities for conservation authorities that may be included in new regulations: the role of CAs in promoting climate change adaptation and mitigation, conserving wetlands under Ontario's Wetland Conservation Strategy, increasing resiliency, and investigating other programs that could support "natural heritage identification, assessment and reporting, land and cultural heritage conservation, biodiversity conservation, and watershed planning and management". Conservation authorities could address many of these mandates through effective MNAM:

- Natural areas improve resiliency (adaptation & mitigation) to climate change – urban forests remove air pollutants, cool air temperatures and reduce energy consumption; woodlands, wetlands and permeable surfaces reduce stormwater runoff and filter out pollution; natural areas recharge groundwater sources
- Wetland protection would be a focus of natural asset management due to the role of wetlands in stormwater management, water filtration, biodiversity conservation and flood mitigation
- Natural asset management will improve assessment and reporting on natural areas and resources
- Land, cultural and biodiversity conservation will be improved through better management of natural areas

The Credit Valley Conservation Authority (CVC), for example, is already working with the Region of Peel on a pilot project for the [Municipal Natural Assets Initiative](#), identifying the flood mitigation services within subwatersheds of the Credit River. Results and lessons learned from this experience could help other conservation authorities and municipalities set up municipal natural asset management approaches that will continue to further the Ministry of Natural Resources and Forestry and conservation authorities' ability to conserve, restore, develop and manage natural resources in watersheds across Ontario.

To solidify the role of conservation authorities in MNAM, the proposed changes to the *Conservation Authorities Act*, as set out in *Bill 139, Building Better Communities and Conserving Watersheds Act, 2017* and as outlined in the *Conserving our Future: A Modernized Conservation Authorities Act* document, could place greater emphasis on the potential strategic planning role of conservation authorities for asset management. Given the concurrent proposal of an Ontario Asset Management Planning regulation, a clear link between conservation authorities and natural asset management would help to strengthen both legislations.

Opportunity to Explore the Broader Use of Environmental Markets

Urban sprawl, industrial activity, agriculture and other economic activities can impose environmental costs that are not always factored into the price of goods and services. As a result, there can be little incentive to reduce harmful activities or conserve ecological services.

Environmental markets, defined as any market in which the transactions are aimed at either improving or maintaining environmental quality, or minimizing environmental degradation, are a policy tool used to internalize these environmental costs and benefits. They create a monetary value where none currently exists, and thus create incentives to protect and enhance ecological goods and services and minimize environmentally-damaging activities.¹

Conservation authorities could explore the expanded use of localized environmental markets through the flexibility provided by Bill 139 - Schedule 4 (subsection 21), which confirms the ability of conservation authorities to develop their own suite of programs and services tailored to their capacity and expertise and the particular needs of their municipal partners. Potential environmental markets could include water quality trading markets, biodiversity offsets, carbon offsets, and payment programs that can be established at a watershed scale.²

Expanded use of environmental markets can be built on the lessons learned from the conservation authorities already implementing different types of environmental markets. Rideau Valley Conservation Authority, for example, sells carbon offsets generated from tree-planting activities to individuals and companies looking to offset their carbon footprints. *The Green Economy Roadmap for Conservation Authorities* documented more of these initiatives,³ providing a baseline for how existing markets could be expanded and new ones developed. The way in which new or expanded markets are established could vary in accordance with the proposed subsection 21.1 of the *Conservation Authorities Act*. These markets could be regulated by:

- The Province, where the Province makes regulations to establish a market and designates a conservation authority to administer a program, such as in a water quality trading program.⁴
- A conservation authority could also run an environmental market in partnership with a neighbouring municipality, as is the case with Ottawa's Rural Clean Water Program where the three local conservation authorities administer the program on the city's behalf.
- Finally, a conservation authority could choose to offer additional programs and services beyond those mandated by the Province and municipalities, and establish or take part in an environmental market.

The more extensive use of environmental markets by conservation authorities would not only generate price signals to encourage increased environmental protection by watershed residents, it could also

¹ For more information on environmental markets, see SP's. 2014. *Environmental Markets in Canada*.

<http://www.sustainableprosperity.ca/content/environmental-markets-2013>

² For a detailed explanation of how each one of these markets work see Smart Prosperity Institute's report *Ontario's Environmental Markets: Creating Price Signals to Protect Our Natural Environment*

<http://institute.smartprosperity.ca/library/publications/ontarios-environmental-markets-creating-price-signals-protect-our-natural>

³ Conservation Ontario. 2013. *The Green Economy Roadmap for Conservation Authorities*.

http://www.greeneconomyroadmap.com/docs/CO_GE_Roadmap_Mar-25-2013.pdf

⁴ An amendment to section 75 of Ontario's Water Resources Act states that the Lieutenant Governor in Council may make regulations establishing and governing water quality trading (this amendment will come into force on July 1st, 2017)

provide an alternative source of revenue that would allow for the implementation of additional conservation projects.

Most importantly, although these markets are delivered at a local watershed scale, they are designed to address some of the most pressing challenges threatening the province's natural environment and its ability to sustain economic activity and way of life for all Ontarians. For instance, water quality trading markets can not only contribute to the reduction of phosphorus levels in localized watersheds, they can also help mitigate the incidence of toxic algal blooms in the Great Lakes — a dangerous problem that can be harmful to both aquatic life and humans — by reducing total nutrient loadings to the Great Lakes.

Although the proposed changes to the *Conservation Authorities Act*, as set out in *Bill 139, Building Better Communities and Conserving Watersheds Act*, confirm the ability of conservation authorities to develop their suite of programs and services, the act could provide greater direction as to the specific use of environmental markets.

Summary

Conservation authorities are unique agencies aligned with watershed boundaries in order to better serve local needs from a science-based perspective. With 70 years of experience monitoring and improving water quality, restoring and rehabilitating habitats, and implementing many other stewardship activities, conservation authorities are ideally suited to be key players in implementing and administering municipal natural asset management and environmental markets in Ontario. In addition, they have built trust with local landowners, which will be critical for the implementation of MNAM and environmental markets due to the role of private lands and landowners in achieving effective natural resource management. Ultimately, the involvement of conservation authorities in these two innovative policy areas would contribute to the advancement of Ontario's environmental and economic well-being.

Sincerely,

Sara Jane O'Neill
Senior Research Associate
sarajane@smartprosperity.ca

Mercedes Marcano
Research Associate
mercedes@smartprosperity.ca



Smart Prosperity Institute

1 Stewart St (3rd Floor), Ottawa, ON, K1N 6N5