

The Value of Natural Capital in Settled Areas of Canada

SUMMARY



Ducks Unlimited Canada
CANADA'S CONSERVATION COMPANY





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OF NATURAL
CAPITAL IN
SETTLED
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CANADA

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Preamble:

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Dr. Nancy Olewiler, an internationally recognized environmental economist, developed this comprehensive discussion paper pro bono for Ducks Unlimited Canada with support of the Nature Conservancy Canada. Dr. Olewiler is a professor of economics and director of Public Policy Program at Simon Fraser University in Vancouver.

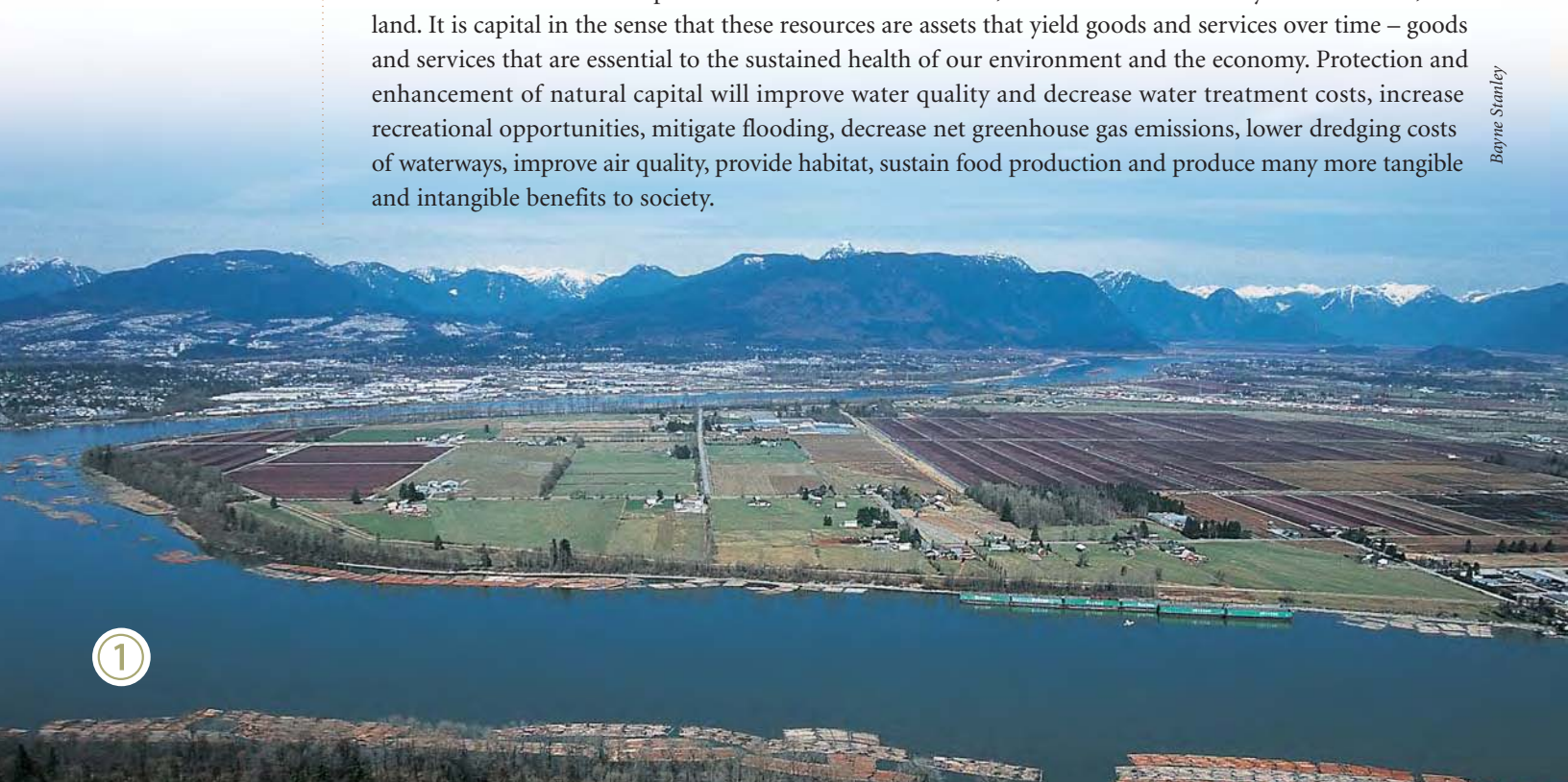
For many Canadians, a primary motivator for habitat conservation is the desire to leave for our children the natural wealth that we inherited from our parents. Yet, there is growing evidence of another factor that needs consideration for the conservation of our lands. That is, natural areas within the settled regions of Canada provide numerous goods and services that have economic values, not only for the people within or adjacent to these natural areas, but also for the communities farther away. Still these natural areas continue to be lost across Canada, despite the fact that recent global studies suggest that the economic value of these natural areas to society far outweighs any gains from converting them for human uses such as urban development or intensive agriculture.

This paper illustrates the services provided by, and the importance of valuing, natural capital in the settled areas of Canada. While this paper does not propose specific policies or programs for the protection of natural capital, it identifies that governments have very important roles to play and need to get engaged immediately.

Executive Summary of The Value of Natural Capital in Settled Areas of Canada:

This paper illustrates the services provided by, and the importance of valuing, natural capital in the settled areas of Canada. Natural capital consists of natural resources, environmental and ecosystem resources, and land. It is capital in the sense that these resources are assets that yield goods and services over time – goods and services that are essential to the sustained health of our environment and the economy. Protection and enhancement of natural capital will improve water quality and decrease water treatment costs, increase recreational opportunities, mitigate flooding, decrease net greenhouse gas emissions, lower dredging costs of waterways, improve air quality, provide habitat, sustain food production and produce many more tangible and intangible benefits to society.

Bayne Stanley



Destruction and degradation of natural capital occurs continually across Canada. Yet, we may not recognize the full value of these losses until it is too late. Case studies in this paper illustrate that governments may be making inefficient choices in allocating land to uses that destroy or degrade natural capital. For example, protecting the existing natural capital in the Lower Fraser Valley may save society hundreds of millions, if not billions, of dollars every year.



Yet, natural capital continues to be destroyed in this area. The agricultural lands case studies revealed that the estimated net value of conserving or restoring natural areas is about \$195/ha/yr in the Grand River Watershed of Ontario, about \$65/ha/yr in the Upper Assiniboine River Basin in eastern Saskatchewan and western Manitoba, and about \$126/ha/yr in the Mill River Watershed in P.E.I. These case studies reinforce that ignoring the value of natural capital when making decisions about land use will likely result in the degradation and destruction of natural capital and lead to outcomes that are very costly to society both now and into the future.

This paper does not propose specific policies or programs for the protection of natural capital; rather, it identifies that governments have the following important roles to play:

- Provide essential data on the physical quantities and attributes of natural capital and their changes over time. Efficient management of our natural capital resources requires knowing how much we have. No company would stay in business long if its management did not know how much product was being produced, how much it cost to produce it, or the market price for the product. Why should we treat our natural capital – capital that sustains life on the planet – any differently?
- Assist in better decision making by co-ordinating and funding efforts to measure and value natural capital. Many agencies, public and private, are engaged in measurement and valuation processes. A national clearing house for information would greatly assist these efforts.
- On Crown lands, ensure that estimates of the value of the many benefits from natural capital attributes are compared to market values of the land before releasing that land for housing, commercial or industrial uses.
- When land is privately held, design policies that provide incentives for landowners to conserve their land when the value of the natural capital from that land equals or exceeds its value in other uses.

The federal government should take a strong leadership role by creating a national task force to: (1) fund and co-ordinate the comprehensive measurement of baseline data on the state of Canada's natural capital, to estimate its loss over the past decades and to ensure sustained measurement into the future; (2) ensure traditional economic analyses and forecasting approaches are revised to properly account for the services provided by natural capital and integrate the true cost of its degradation with economic decision making; and (3) co-ordinate efforts to conserve and restore natural capital.





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Ducks Unlimited conserves, restores and manages wetlands and associated habitats for North America's waterfowl. These habitats also benefit other wildlife and people.

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The Nature Conservancy of Canada's goal is to preserve Canada's biological diversity by taking direct action to secure ecologically significant landscapes.

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