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Market-based environmental governance and public resources in Alberta, Canada

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ABSTRACT

Both proponents and critics of market-based conservation instruments (MBIs) have shared a tendency to characterize these new governance tools as a shift from former state centred management to a greater reliance on markets and market actors as a means of achieving conservation goals. A growing literature on the use of MBIs has outlined a series of characteristics and typologies thought to define these new environmental governance approaches. Chief among these has been the tendency to view such tools as either a displacement of state intervention in favour of private actors and free markets, or active state engagement in re-regulation in support of such ends. This paper draws on a case study of conservation offsets in response to resource development in the Canadian province of Alberta to complicate some of these pervasive narratives. Rather than representing a shift from state to market, or state intervention in support of market instruments, the provincial government has actively engaged in both limiting the development of a market-based system and shaping the parameters of existing industry-NGO offset projects in ways that avoid risks and conflict and support existing power dynamics around resource allocation and use in the province.

1. Introduction

Over the past decade there has been increasing interest in the use of terrestrial conservation offsets as a policy tool to address the growing ecological impacts of Alberta's oil sands industry. Offsets have garnered the support of industry, environmental and conservation groups, the provincial government and some First Nations. Despite this broad support, and a decade of pilot projects and studies, a market in terrestrial offsets has failed to take hold in Alberta. A number of factors have been responsible for the constrained development of markets in offsets in the province, but perhaps none as important as a lack of state leadership and intervention in support of such strategies. This paper explores how the lack of a diversified provincial economy, state reliance on the revenues derived from extractive resource development, and a context of public land and resource ownership have led to a lack of state intervention and the hindering of attempts to implement conservation offsets as a market-led mitigation tool in the province. Such an analysis complicates some of the dominant narratives surrounding the growing global trend toward market-based environmental governance tools.

Market-based instruments for environmental governance (MBIs) have become increasingly popular on a global scale. Support for the use of MBIs is often premised on the assumption that these new techniques offer greater flexibility and efficiency than state centred command & control, and often espouse the ability to reconcile economic development and growth with environmental protection (see inter alia Anderson and Leal, 2001; Daily and Ellison, 2002; Shogren, 2005; Turner and Daily, 2008). Over the last several decades there has been a growing interest in a variety of market based instruments from markets in atmospheric carbon to the banking of significant ecological habitat. Payment for ecosystem services, tradable credits in pollution and biological resources, and biodiversity offsets are but a few examples of these new market based instruments. The concept of conservation (or biodiversity) offsets has global antecedents in earlier regulated compensation or mitigation measures, but have more recently evolved to include a stronger focus on the use of market initiated systems whereby development disturbance is mitigated via the purchase, storage, and exchange of terrestrial habitat credits. The concept of mitigating ecosystem disturbance via the conservation of equivalent units of habitat elsewhere can occur through a variety of mechanisms, including voluntary initiatives on the part of industry, or government regulation requiring mitigation via offsets, which in many instances have been facilitated via market-based systems where third party bankers develop offset credits for sale to buyers requiring them under government regulation. Ecosystem Marketplace documents the

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existence of approximately 65 conservation (or biodiversity) offset programs in various stages of development across the globe (Masden et al., 2010).

A number of researchers in geography and cognate social sciences have provided rich typologies for understanding the various forms these market-based governance tools might take (Bakker, 2007; Castree, 2008; Lemos and Agrawal, 2006; Heritier and Rhodes, 2011). In his exploration of nature's neoliberalizations Castree (2008) outlines a series of core characteristics or "ideal types" found in much of the literature on neoliberal environmental governance and the shift to market-based approaches. While recognizing the limitations of such ideal types, Castree's (2008) overview includes: privatization, marketization, deregulation, reregulation in support of privatization and marketization, the development of "market-proxies in the residual public sector", and the "construction of flanking mechanisms in civil society" p. 142. Bakker's (2007) study of water governance provides a series of similar typologies of possible neoliberal governance reforms that may be employed either singularly, or in combination, by a number of governance actors and institutions.

Much scholarship on the use of MBIs as governance tools have wisely recognized the ongoing role of the state, albeit this recognition most often focuses on the role of the state as facilitator via re-regulation in support of privatization and markets. Despite this recognition there has been a strong tendency in much of the critical literature to focus on a co-occurring deregulation, or retreat, of the state. This is most clearly seen amongst critics who view the use of market-based instruments as a shift from state centred command and control to governance via private interests and markets. Much critical scholarship has raised concerns about the level of democratic deficit that results from these shifts, a concern that is largely premised on the apparent shrinking of the public sphere (Katz, 1998; Smith, 2007; Walter, 2003; Swyngedouw, 2005; O'Neill, 2007; Prudham, 2004).

Other scholars of neoliberal environmental governance have complicated these understandings and have drawn our attention to the need to evaluate the complexities and contradictory logics of actually existing attempts at market-based governance (Roth and Dressler, 2012; Dressler and Roth, 2011). There is now a growing body of literature that suggests that market-based tools (or attempts at neoliberal governance, as it is often termed) may hybridize with, or be complicated by geopolitical context and existing systems of governance, such that these new market tools (or neoliberalizations) no longer fit the neat categorizations and typologies to which they are said to cohere (see inter alia Milne and Adams, 2012; McElwee, 2012; Shapiro Garza, 2013).

The sections that follow explore the development and use of an apparent MBI, terrestrial conservation offsets, in response to oil development in the Canadian province of Alberta. The paper queries the extent to which governments actively shape and manage what are often presented as market-based instruments. Such analysis complicates some of the dominant narratives to be found in the existing literature which would characterize offsets as part of a growing global trend away from state centered governance toward a greater reliance on markets in the provision of environmental goods and services. The following case study demonstrates that rather than representing a clear shift from state centred management to markets, attempts at offset programs have been complicated by existing geopolitical context, including the lack of a diversified provincial economy, a relatively rigid policy realm and provincial property regimes. These factors have hindered the development of a true market based system in conservation offsets, resulting in governance mechanisms that don't neatly fit standard interpretations or ideal types. Despite language that would suggest an adherence to market principles, what have emerged in their place are perhaps best thought of as a form of industry-NGO corporate social responsibility program that has been highly constrained by the provincial government.

The case study of Alberta demonstrates the absolutely crucial role of state involvement in apparently market-driven governance. However, what this paper aims to demonstrate goes further than the pervasive narratives around a retreat of the state, or common recognition of the role the state plays in re-regulation in support of market-based instruments, and rather, focuses on the ways in which active and ongoing intervention of the state shapes the discursive and material contours of the projects in ways that benefit particular actors.

2. Methods

The analysis presented in the following sections is based on an in depth case study of the development and implementation of terrestrial conservation offsets in response to resource development in Alberta, Canada. The Boreal Habitat Conservation Initiative (BHCI) was selected as the primary point of investigation due to its role as the original, and to date, most highly developed offset program in the province. The focus on the BHCI was not exclusive and the study also included investigation of other pilot offset projects. Semi-structured and key informant interviews were conducted during 2012–2013 with a variety of participating and non-participating offset stakeholders including provincial and municipal government officials, industry, environmental non-governmental organizations, and some First Nations. An informal 'town hall meeting' was also held with residents in communities and regions impacted by offset sites to gauge community perceptions of offset programming. Data collected from interviews and the town hall meeting were supplemented with analysis of relevant documents and existing literature.

3. Context of Alberta

The province of Alberta in Western Canada is a resource driven economy. The province does not support a highly diversified economy and has historically relied on the benefits of a few extractive resource industries to fuel much of its economic development and growth. Forestry and the extraction of petroleum resources have been primary players in this regard, although the contribution of the petroleum industry to the provincial economy greatly outweighs the benefits derived from forestry operations (Alberta Enterprise and Advanced Education, 2012). The province has historically witnessed a number of resource booms related to petroleum resources, the latest of which has been the expansion and intensification of bituminous oil sands extraction over the last decade and a half in the Athabasca region of the province's Northeastern frontier.

Much of the northern portion of the province and its great storehouse of natural resources are provincially owned (Crown) lands. The provincial government, as tenure holder and resource manager, provides leases to private firms to develop the resources in these areas within the constraints of provincial government guidelines and policy. The government draws significant general revenues from royalties flowing from the development of these resources on state owned lands. The historical context of public lands and resources in the province place the provincial government in the often conflicting role of approving and regulating extractive development, while simultaneously profiting from these activities via resource derived royalties—a scenario that is common in most Canadian provinces (Howlett and Rayner, 2001; Beyers and Sandberg, 1998). Scholars of Canadian resource management have noted that such an arrangement has historically resulted in provincial resource policies that