A New Zealand Perspective on Value Transfer

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Google Scholar

Number of items

- Benefit Transfer
- Value Transfer

Year:
- 1992
- 1993
- 1994
- 1995
- 1996
- 1997
- 1998
- 1999
- 2000
- 2001
- 2002
- 2003
- 2004
- 2005
- 2006
- 2007
- 2008
- 2009
- 2010

Value Transfer

Benefit Transfer
<table>
<thead>
<tr>
<th>Reference</th>
<th>Topic</th>
<th>Commissioned by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ball et al. (1995)</td>
<td>Outdoor recreation: Auckland Regional Council parks</td>
<td>Auckland Regional Council</td>
</tr>
<tr>
<td>Patterson &amp; Cole (1999b)</td>
<td>Ecosystem services: Waikato</td>
<td>Environment Waikato</td>
</tr>
<tr>
<td>Patterson &amp; Cole (1999a)</td>
<td>Outdoor recreation, ecosystem services: Te Kouma Farm Park</td>
<td>Environment Waikato</td>
</tr>
<tr>
<td>Kaval et al. (2003)</td>
<td>Outdoor recreation, ecosystem services: Maungatautari Ecological Island</td>
<td>Author</td>
</tr>
<tr>
<td>Kerr (2004a)</td>
<td>New Zealand existence values</td>
<td>Meridian Energy Limited</td>
</tr>
<tr>
<td>Kerr (2004b)</td>
<td>Option and existence values: Waitaki catchment</td>
<td>Ministry for the Environment</td>
</tr>
<tr>
<td>Sharp &amp; Kerr (2005)</td>
<td>Outdoor recreation - generic</td>
<td>Authors</td>
</tr>
<tr>
<td>Kerr (2009)</td>
<td>Biosecurity</td>
<td>Foundation of Research, Science and Technology</td>
</tr>
<tr>
<td>Bell et al. (2009)</td>
<td>Big game hunting: Generic</td>
<td>Authors, Game &amp;Forest Foundation</td>
</tr>
<tr>
<td>Kerr &amp; Woods (2010)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The value transfer market

• Supply
  – Inputs
    • Availability, commensurability, quality
  – Production costs

• Market failure
  – Transaction costs

• Demand
  – Legal matters
Commensurability

• Resource
• People
• Change
• Type of value
• Published/ not published
### Source studies: NZ Non-Market Valuation Database

[http://www2.lincoln.ac.nz/nonmarketvaluation/](http://www2.lincoln.ac.nz/nonmarketvaluation/)

<table>
<thead>
<tr>
<th>N (studies)</th>
<th>Broad field of study</th>
</tr>
</thead>
<tbody>
<tr>
<td>41</td>
<td>Recreation</td>
</tr>
<tr>
<td>21</td>
<td>Environmental preservation or enhancement</td>
</tr>
<tr>
<td>21</td>
<td>Other</td>
</tr>
<tr>
<td>20</td>
<td>Transport</td>
</tr>
<tr>
<td>9</td>
<td>Risk</td>
</tr>
<tr>
<td>8</td>
<td>Pollution</td>
</tr>
<tr>
<td>6</td>
<td>Aesthetics</td>
</tr>
<tr>
<td>5</td>
<td>Community facilities/infrastructure</td>
</tr>
<tr>
<td>4</td>
<td>Consumer goods</td>
</tr>
<tr>
<td><strong>135</strong></td>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>
### Source studies: NZ Non-Market Valuation Database

<table>
<thead>
<tr>
<th>N (studies)</th>
<th>Type of recreation</th>
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<tbody>
<tr>
<td>8</td>
<td>Freshwater fishing</td>
</tr>
<tr>
<td>5</td>
<td>Marine fishing</td>
</tr>
<tr>
<td>9</td>
<td>Forest recreation /walking tracks</td>
</tr>
<tr>
<td>3</td>
<td>Lake activities</td>
</tr>
<tr>
<td>3</td>
<td>Mountain area activities</td>
</tr>
<tr>
<td>13</td>
<td>Various others</td>
</tr>
<tr>
<td><strong>41</strong></td>
<td><strong>Total</strong></td>
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</table>

EVRI may help though
Practitioner perspective

• Supply affected by:
  – Costs of entering the market
    • Low: It’s not rocket science
    • But increasing complexity
  – Delivery costs
    • Data costs
    • Reporting costs
  – Demand
    • Low & sporadic

• There is not much incentive to participate
  – Bell et al. (2009) is the only “commercial” case
Market Failures

• Poor knowledge about availability, costs and time required

Demand

• Management
  – Pricing, effects assessment, demand prediction

• Moral
  – Give nature a voice

• Legal
## Ways to integrate environmental values

(Australian Government, 1995)

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<th>Method</th>
<th>Description</th>
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# Ways to integrate environmental values

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<td>Describe them</td>
<td>Present a descriptive list alongside the list of monetary values</td>
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<tr>
<td>Make a qualitative comparison</td>
<td>Describe the non-monetary effects and compare them with the monetary effects. For example: Are the monetary benefits of a decision worth the non-monetary costs?</td>
</tr>
<tr>
<td>Make a quantitative non-monetary assessment</td>
<td>Assess and record effects in non-monetary units</td>
</tr>
<tr>
<td>Make a quantitative monetary assessment</td>
<td>Evaluate in monetary terms as many effects as possible and integrate them in the decision. Describe and record the remaining effects.</td>
</tr>
</tbody>
</table>

- **Strong(er) sustainability**
- **Weak sustainability**
Laws

- Biosecurity Act (1993)
- Resource Management Act (1991)
  - Sections 7 & 32
S32 Consideration of alternatives, benefits, and costs

(1) In achieving the purpose of this Act, before a proposed plan, proposed policy statement, change, or variation is publicly notified, a national policy statement or New Zealand coastal policy statement is notified under section 48, or a regulation is made, an evaluation must be carried out by [the relevant agency].

(3) An evaluation must examine—

- (a) the extent to which each objective is the most appropriate way to achieve the purpose of this Act; and

- (b) whether, having regard to their efficiency and effectiveness, the policies, rules, or other methods are the most appropriate for achieving the objectives.

(4) For the purposes of the examinations referred to in subsections (3) and (3A), an evaluation must take into account—

- (a) the benefits and costs of policies, rules, or other methods.
S 32 interpretation

• 1993 guide

As with costs, the objective is to measure benefits in dollar terms. ... Environmental and community impacts are ... virtually impossible to quantify in terms compatible with economic analysis, and to this extent can be treated as intangibles.

• 2000 guide

[Environmental] benefits and costs are almost always intangible and cannot be quantified.

• 2008 guide

Efficiency is not to be confused with the terms ‘net benefit’ or ‘net present value’ (a measure that implies that all benefits and costs can be converted to a common ‘currency’ and netted off against one another to generate a single measure). ... Section 32 requires that the appropriateness of policies and methods be assessed having regard to their efficiency, rather than a more formal and prescribed cost benefit analysis (CBA). ... A robust evaluation of efficiency should not be regarded as requiring the full and comprehensive monetisation of every cost and every benefit.
The Courts

• **Pre 2001** Judge Jackson rulings supportive of economics and valuation

• **2002-2007** Several rulings against “economic” interpretation

Judge Woodhouse rules in the High Court ("Contact Energy” 2007)

> there was no error of law by the Environment Court’s not setting out in its final decision a detailed analysis, as might be undertaken by an economist, carefully recording and weighing costs and benefits
The Courts

• 2009 Judge Jackson again!

“Waitaki” [515] estimates of the value of fishing and other recreation in the affected reach of the Waitaki were of interest to the Court. The use of non-market valuation techniques to assess the cost of externalities of proposals is encouraged.

“Maniototo” [639] We have to weigh the quantified benefits detailed above plus any other unquantified benefits against those costs that have been quantified, together with any other costs not quantified. Some of these other costs could have been quantified but have not been.

• August 2010 High Court appeal against “Maniototo”

(“Meridian Energy”, Judges Chisholm & Fogarty)

[116] it is our view that the Court went too far when it decided that s7(b) required a comprehensive and explicit cost benefit analysis in this case.

[148h] evaluation is not to penalise Meridian for failing to provide non market valuation evidence in relation to landscape or heritage values.
Value Transfer Market Summary

• Supply
  – Low entry cost
  – Historic high cost of data
  – Participation risk for supplier
  – Low demand

• Demand
  – Doesn’t serve a clear purpose

• Market Failures
  – Poor information
Prospects

• Data costs are decreasing
• Publicity about conflict may help cure the information problem
• Probably not worth it for commercial providers
• Big gamble for end users – but at least the possibility is allowed
• Ministry for the Environment initiatives
  – EVRI
  – Gap analysis
  – Study funding
Thank you

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