

PRACTICAL GOVERNANCE CHALLENGES FOR
OFFSETS AS MARKET-BASED INSTRUMENTS IN A
REGULATORY WORLD

A Case Study on MBIs for Environmental
Governance in Alberta, Canada

Dr. Gillian Kerr
Gillian.kerr@dal.ca

CASE STUDY:
PROVINCE OF
ALBERTA 2000-
2015



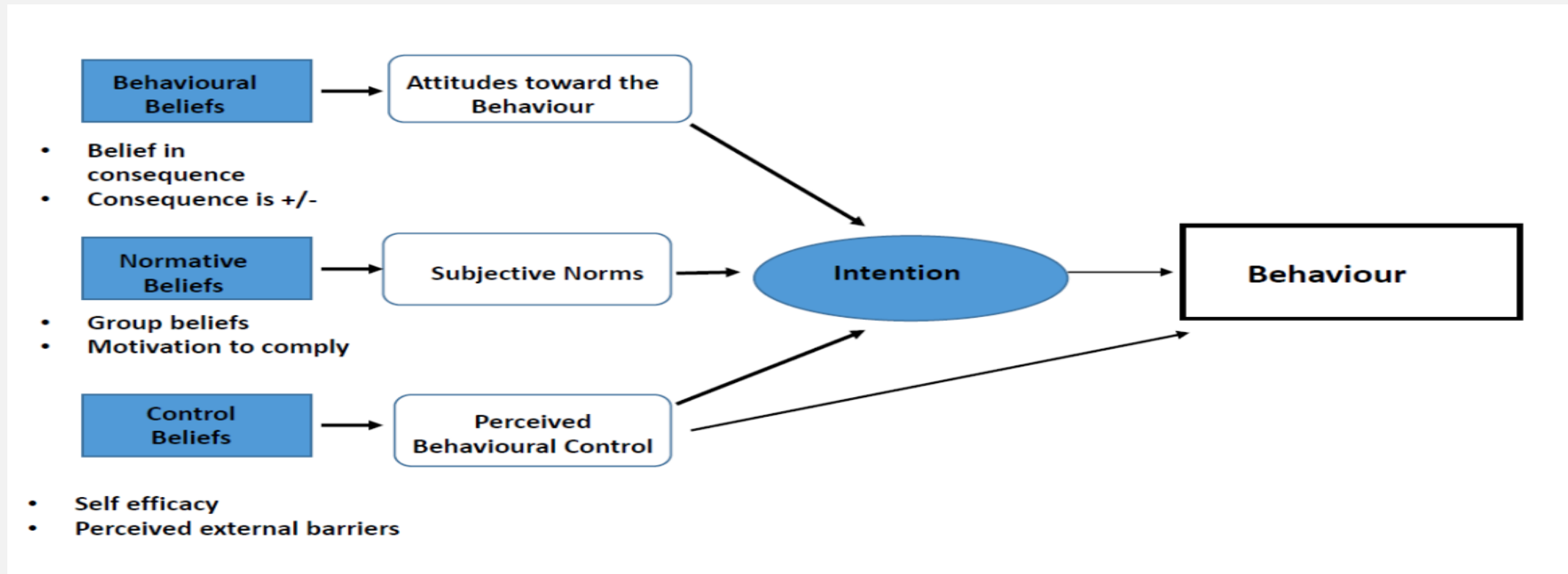
STUDY GOAL: WHAT INTERNAL INSTITUTIONAL FACTORS INFLUENCED THE MBIS IMPLEMENTATION GAP

- In 2010, Alberta poised to be a Canadian leader in MBIs (including offsets) within the Canadian governance context.
- MBIs were:
 - The conservative government (43 years of same party) had a pro market governance approach
 - Enabled in legislation: Water Act, Environmental Protection and Enhancement Act, Cumulative Effects Management Act, Alberta Land Stewardship Act
 - Promoted in Policy: Water for Life (2003, 2008), Land-use Framework (2008), Institute for Agriculture, Forestry and Environment (2013), Alberta Wetland Policy (2013)
 - Active work with ENGOS, resource industries, environmentalist to look at potential
- Alberta Environment and Parks (MoE) is the primary source of environmental legislation and policy.
- Of the 57 MBI commitments made by the Ministry of Environment (MoE) during the study period from 2000 to 2015, only 13 were implemented and only 7 are uniquely new.

INFORMAL INSTITUTIONS: KEY FACTORS

- Institutional fit refers to the informal institutions, norms, and internal unwritten rules that guide the behaviours of MoE staff and affect their acceptance of MBIs as legitimate and appropriate tools of government (Swainson, de Loë, & Kreutzwiser, 2011).
- MBIs must be viewed as acceptable, which depends on informal institutions—the norms, codes of conduct, and socially shared rules that determine the legitimacy of behaviour (Hodgson, 2006).
- “Each jurisdiction has its own pattern of social conflicts that predisposes its decision makers to choose a particular instrument” (Dressing, Howlett, and Summerville 2005, p. 237). Further, they suggested that the choice of instrument is restricted by the culture and concerns of the agencies and their relationships with clients and other agencies.
- This policy culture is part of the informal institutional structure of an organization and reflects the shared, but often unwritten, norms of behaviour, conventions, and self-imposed codes of conduct (Hodgson, 2006).

THEORY OF PLANNED BEHAVIOUR



Internal institutional governance issues revealed included:

- path dependency - specialization, disciplinary preference
- trust in process - distrust of economics, lack of belief in non-regulatory approaches
- legitimacy – regulatory agencies regulate vs. incented participants