

## **Case Study:**

# **Huron County Payment for Ecological Goods and Services Pilot Project**

### **Name and Organization**

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### **About the case study**

The Huron County Payment for Ecological Goods and Services (PEGS) Pilot Project was initiated in 2007 with two goals: a. to introduce the model of providing annual financial payments to compensate for environmental services in Huron County; and b. to determine if providing annual financial compensation for a period of five years will increase the adoption of best management practices to improve water quality.

The project is administered by the County of Huron and delivered by Maitland Valley and Ausable Bayfield Conservation Authorities. Other project partners include the Maitland Watershed Partnership Terrestrial Action Team, Ontario Ministry of Natural Resources and Huron Stewardship Council.

Money was secured to fund four projects to protect surface water quality through livestock access restriction and riparian tree planting. Thirty-five acres (14 hectares) of floodplain pasture have been retired from agriculture with the producers receiving up to \$250 per acre per year for five years to compensate for lost production.

A number of funding partners including Greencover Canada, Ontario Ministry of Natural Resources and the Huron Clean Water Project provided funding for the installation costs of the fencing and trees.

### **How this case study advances sustainable development and fosters resilience**

Huron County has some of Canada's most productive farm land. The farm landscape also provides environmental benefits to society by providing important services such as maintaining natural buffers along waterways, protecting water quality by filtering and recharging groundwater aquifers and enhancing fish and wildlife habitat.

Soil and water conservation is essential to the sustainability of the agricultural sector. Retiring erosion-prone farm land, reducing sedimentation of watercourses and eliminating the contaminants entering the watercourse will provide protection for the producer at the site and downstream water users. Establishing healthy buffers also makes the watershed more resilient to extreme rainfall events which accompany climate change.

This project will help determine if ongoing compensation for landowners is an increased incentive to undertake projects which will benefit society and protect and improve livestock health.

At these project sites, cattle had unrestricted access to the water for many decades despite the fact cost-share programs to assist with the implementation costs of fencing had been available for several years. The ongoing payments “tipped the scales” in favour of changing a long-time agricultural practice.

### **Barriers / Challenges**

There are several barriers and challenges to the PEGS approach.

In the Huron County PEGS pilot project, the cost to society of protecting the watercourses was three times greater than traditional one-time payments (\$60,000 vs. \$20,000).

The producers needed to change their farm practices by converting other row-cropped land to hay or pasture or purchasing hay to compensate for the lost pasture land.

The amount of money paid in this project reflected current land rental values and the cost of the “crop” lost. We did not endeavor to determine the actual financial benefit of improved water quality and biodiversity to society.

### **Interesting Lessons**

- The majority of the producers knew fencing cattle out of watercourses would be better for the health of the watercourse and their livestock.
- It was necessary for producers to see other successful projects on neighbouring farms.
- One-on-one site visits were essential to help with the administrative and technical aspects.
- Financial costs are not always the motivating factors for people to undertake BMPs. Cultural, ethical and management factors also play a role.
- Only livestock producers participated in the project; no cash crop farmers expressed an interest in retiring erosion-prone land from row crops.

### **Moving Forward**

Currently, there is not enough funding available to compensate all farmers who undertake similar projects. However, this approach may be applied to high-priority watersheds. Ideally, some compensation for all producers who lose on-going income from implementing BMPs would be available.

### **Remaining Comments and Questions**

The mandate of Ontario’s conservation authorities is to improve and protect watershed resources. Any method that not only increases the uptake of BMPs but ensures the BMPs remain in place is welcome.

As mentioned above, healthy riparian buffers are essential to mitigate the impacts of intense rainfall events which will accompany climate change.