

# Valuing the Health of the Yarra River: Contingent Valuation Revisited by a Citizens' Jury

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## **Abstract**

The validity and legitimacy of contingent valuation (CV) as a non-monetary valuation technique has been the subject of a long-running debate. At the heart of this debate are questions as to 1) how accurately willingness to pay (WTP) figures can be measured, 2) what is measured, and 3) whether survey participants respond as consumers or citizens and how this affects the portrayal of the public in policy decisions. This paper reports on WTP estimates obtained in two pilots that were conducted as part of a study of non-market valuation methods for urban water utilities to value their externalities in order to achieve full cost recovery. In the first pilot, a CV survey was designed and administered to reveal people's WTP for a (hypothetical) residential water conservation program that would improve the health of the Yarra River in Eastern Victoria, Australia. Using representative online panels, the CV survey was administered to 414 households in metropolitan Melbourne. A bidding game was used for WTP estimation, allowing insight in the dynamics of respondent decision making. Mean WTP based on the final price point was AU\$17. The second pilot, in which a Citizens' Jury addressed several aspects of decision-making about the long-term water supply/demand balance, employed a deliberative valuation process to explore the validity and legitimacy of using WTP to measure the cost of externalities. The bidding game as employed in the CV survey during the first pilot was replicated, resulting in a final WTP figure of AU\$20. Results from this session were used to prompt small group and plenary discussion on the process. Jurors expressed concern about: whether the order of the questions would affect answers; whether the "average" response captures the spectrum of preferences; whether sufficient information was provided to make a decision; and the nature and importance of protest bids. These outcomes are consistent with those from previous research. A traditional CV survey followed by a deliberative evaluation does provide an avenue to accommodate the important dialogue and reflections that put the dollar outcomes in perspective.