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**Department of the Environment,  
Water, Heritage and the Arts**



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# Paying for Environmental Services

**Australian Alpine Valleys Agribusiness Forum  
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# Part of the Policy Mix

- Well understood policy tool kit
- All components are necessary to achieve behavioural and hence resource condition change
  - Information - extension services, facilitator networks, publications, networks eg Landcare
  - Incentives - grants, market approaches
  - Regulation – eg EPBC Act 1999



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# Paying for Environmental Services

<b><i>Year</i></b>	<b><i>Program</i></b>	<b><i>\$ Amount</i></b>
1997-2002	Natural Heritage Trust 1	\$1.25 billion
2003-2008	Natural Heritage Trust 2	\$1.5 billion
2001-2008	National Action Plan for Salinity and Water Quality	\$1.4 billion
1992-2008	National Landcare Program	\$1.0 billion
2004-2008	Managing Australia's Biodiversity Hotspots	\$36 million
2007-2009	Forest Conservation Fund	\$21.3 million to date
2008-2013	Caring for our Country	\$2.1 billion



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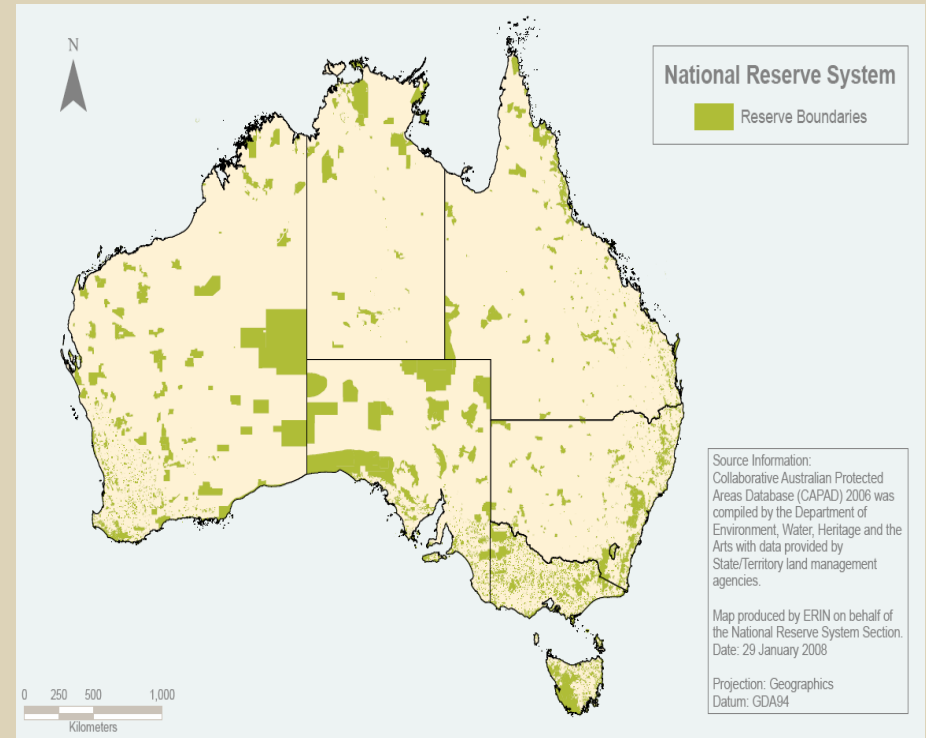
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# When/why should Government pay?

- Private land managers – 77% of land
- Significant biodiversity on private land
- OECD Environmental Performance Reviews AUSTRALIA (March 08)

**“continue to develop and apply market-based instruments to protect biodiversity values on private land, as appropriate; ensure effective off-reserve conservation”**



~ 9,000 places  
~ 10.5% area



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# When/why should Government pay?

- To get the outcome?
  - Issues with precedent and expectations
  - Perverse incentive for land managers not to act
- When there is a public benefit
  - Clear that private benefit should be privately funded
  - Distinction between private and public benefit is blurred
  - Land manager duty of care is inconsistently defined
  - Increased public benefit can justify public expenditure
- To create markets
  - Provide choice signals where they currently do not exist  
eg for biodiversity conservation



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# What should Government pay for?

- Constrained budgets
- Investment will be increasingly targeted
  - eg Environmental stewardship program
  - eg Caring for our Country business plan
- Employ broad range of mechanisms to achieve more tightly defined outcomes



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# Paying for environmental services

- **Challenges**

- Clearly articulating purchasing preferences –objective and scope
- Transaction costs
- Measuring outputs and tracking change
- Optimising landscape/ecosystem scale outcomes
- Ensuring long term improvement in resource condition
- Aligning with climate change, water management and other agenda's



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