Australian Government
Department of the Environment and Water Resources

ENCOURAGING ENVIRONMENTAL PHILANTHROPY

Lessons from Australian case studies and interviews

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Contents

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Executive summary

This document is aimed at land holders, organisations, researchers, philanthropic and conservation groups, and anyone with a special knowledge of, or interest in, environmental philanthropy or nature conservation. It discusses environmental philanthropy (voluntary measures for protecting the environment and conserving nature, or 'doing good' for other people by acting voluntarily to protect the environment without seeking personal or financial benefit), focusing on the main attitudes and factors influencing such philanthropy, and on how incentives could be used to encourage philanthropy.

The document is based on two studies, one by the Bureau of Rural Sciences (BRS), which concentrated on incentives for encouraging conservation and environmental philanthropy, and the other by the Commonwealth Scientific and Industrial Research Organisation (CSIRO), which focused on options and attitudes to environmental philanthropy.

The BRS study was conducted in late March to early April 2004, and used a literature review, interviews and focus groups with 42 land holders and organisations to determine how incentives might be used to encourage conservation and environmental philanthropy on private land.

The CSIRO study was undertaken in May 2004, and used interviews and meetings with eight land holders interested in conservation to examine issues that affect environmental philanthropy on the New South Wales Central Coast, as well as the policy options that could be used to support and promote conservation on private land.

The small numbers involved in both studies mean that further work is required to assess the regional extent and significance of the issues raised.

The studies identified important factors that need to be taken into account when developing incentives for environmental philanthropy:

- *Cultural issues* — Australia lacks a culture of environmental philanthropy, because of factors such as the perception that this is a government responsibility and a lack of adequate information or publicity about philanthropic opportunities.
- *Financial issues* — Those wishing to make philanthropic contributions may be hindered by financial constraints. These include opportunity costs borne by landowners (loss of potential income from production), need for off-farm income, council rates, costs associated with — for example — managing conservation areas, and the ineligibility of retirees and lifestyle land holders to claim expenses for conservation works because they are not running a business on their land that relates to primary production. Similarly, high costs associated with Voluntary Conservation Agreements may make land holders cautious about being involved. The lack of mechanisms for funding ongoing management of public and private conservation land is a growing and significant issue for peri-urban areas (such as the New South Wales Central Coast).
- *Communication issues* — Individuals or communities may not understand how conservation agreements work.
- *Practical issues* — The complexity of current philanthropic measures may discourage land holders from donating land for conservation purposes. Similarly, people may have concerns about the ability of organisations to manage land and provide support; for example, administrative bottlenecks may discourage people from participating in some conservation schemes.

In addition to the factors described above, a number of successful current conservation incentives were identified in both studies. These included rate rebates and special purpose grants, the Land for Wildlife scheme, the Victorian Bush Tender trials and the activities of

various non-government organisations. Characteristics shared by many successful incentives include the facts that they are long term and are supported by social networks, information services, peer liaison and committed local 'conservation farmers'.

The studies identified various ways in which environmental philanthropy could be encouraged in Australia; these are summarised below.

- *Increase awareness* — In rural areas, creating and maintaining an awareness of conservation issues and the role of land holders are important and ongoing tasks as new land holders arrive from urban areas. Information and education material focusing on the range of institutions involved, the types of current schemes and the means by which people can become involved would help to increase awareness of environmental philanthropy in Australia, as would developing new policies targeting different groups of land holders, such as retiring baby boomers and farmers.
- *Establish broader categories for environmental philanthropic contributions* — Contributions from the corporate or private sector could be put towards broader environmental objectives, such as improved water quality and quantity; reduced greenhouse gas emissions; mitigation of dryland salinity, soil acidification or erosion; and protection of ecosystem services.
- *Increase involvement of foundations and corporations* — Organisations could, for example, assist in monitoring projects and aligning them more strongly with regional natural resource management strategies. They could also help to improve relationships and coordination between local, state and federal governments, in terms of conservation incentives. Better coordination of activities in various jurisdictions might also reduce the complexity of current schemes.
- *Develop more secure and ongoing programs* — Programs could be made more secure by having longer timelines for funding (an aspect that is particularly relevant for regeneration of native vegetation), ensuring that conservation covenants and financing agreements are processed efficiently, and ensuring that governments provide clear and consistent support, with coordination across different levels of government.
- *Improve financial incentives* — Ideas include providing stewardship payments to cover conservation management costs for people on lower incomes who need them, and providing a tax rebate to anyone conserving native vegetation on rural land.
- *Overcome practical barriers* — Options include setting up schemes to recognise and reward landowner contributions, improving access to local labour, integrating private wildlife initiatives into regional conservation, and using a facilitator to help individuals and groups to achieve improved environmental outcomes.

1 Introduction

'Environmental philanthropy' refers to doing good for one's fellow humans by acting voluntarily to protect the environment.

This document gives an overview of environmental philanthropy in Australia and looks at people's attitudes to incentives for private-sector voluntary nature conservation. It is aimed at land holders (including primary producers and lifestyle and retiree land holders), organisations (government, non-government and regional), researchers, philanthropic groups, and anyone with special knowledge or interest in the areas of environmental philanthropy, philanthropy in general and private-sector nature conservation.

The document contains the following chapters:

- **Chapter 2 — Environmental philanthropy** looks at general philanthropy in Australia and the objectives for environmental philanthropy. It identifies factors influencing private-sector environmental philanthropy, including perceptions of native bushland, financial constraints of land holders, sociodemographic changes in rural areas and land tenure. This section also identifies recent policy initiatives aimed at encouraging environmental philanthropy and conservation.
- **Chapter 3 — Australian case studies on environmental philanthropy** contains the outcomes of two studies, one from the Bureau of Rural Sciences (BRS — a scientific agency within the Australian Government Department of Agriculture, Fisheries and Forestry) and the other from the Commonwealth Scientific and Industrial Research Organisation (CSIRO). The BRS study looked at how incentives might be used to encourage private land to be set aside for biodiversity conservation; the CSIRO study examined the range of issues that affect environmental philanthropy in a specific region — the Wyong and Gosford Shires on the New South Wales Central Coast. Both studies focused on changing landscapes where there is development pressure and turnover of landowners, rather than on old and stable rural areas; they also looked at the potential for new investment from 'baby boomers' (those born between the years 1946 and 1964).
- **Appendixes** — these contain details of the studies described in Chapter 3.
- **References** and a **glossary**.

2 Environmental philanthropy

2.1 What is environmental philanthropy?

Philanthropy can be defined as 'a love of humankind, especially as manifested in deeds of practical beneficence' (Macquarie Dictionary 1997). It is related to altruism, which means taking the good of others into account when deciding how to act. However, philanthropy is often interpreted in a narrower sense, to mean the act of doing good without seeking to obtain any personal financial or material benefit from the action.

Thus, 'environmental philanthropy' can be interpreted to mean either:

- voluntary measures to protect the environment and conserve nature, which generally involve an element of public spiritedness

or

- doing good for one's fellow humans by acting voluntarily to protect the environment, without seeking personal or financial benefit.

Although not seeking personal or financial benefit, environmental philanthropists may still seek to minimise the financial costs to themselves of acting philanthropically, particularly when a philanthropic act has incidental costs or reduces the value of an asset. Therefore, environmental philanthropy also involves considering the:

- regulatory and financial context in which the actions are taken
- property rights that may be involved
- institutions that may be needed to facilitate such actions.

Most environmental and conservation objectives can only be achieved if several participants work cooperatively towards shared goals and objectives. In the case of common-good objectives, both the government and the private sector need to be involved. This is just as true for environment and conservation as it is for health, education and social welfare.

Philanthropy is closely associated with ideas of volunteerism, and with the charitable, not-for-profit and non-government sectors. Governments are seen as part of the institutional structures that regulate and control the actions of these sectors. Thus, governments' financial contributions to charitable and public-good causes are generally not seen as philanthropy, but as part of the normal operations of government. For example, the Australian Government's overseas aid is not normally regarded as philanthropy.

The following factors may influence environmental philanthropy:

- institutional aspects
- values and beliefs systems
- attitudes
- social barriers
- social norms
- financial incentives
- incentives to motivate people to be engaged, and adequacy of institutions to facilitate this process.

Farmers have identified tax incentives and other forms of financial assistance as important for encouraging improved on-farm conservation and environmental practices. Although a discussion of taxation policies is beyond the scope of this document, existing tax incentives for environmental philanthropy are summarised in Box 2.1. The main voluntary conservation schemes for privately owned land in the various states and territories are summarised in Table 2.1.

Box 2.1 Current tax incentives encouraging environmental philanthropy

Major voluntary conservation schemes

Landowners, individuals, corporations and community organisations are, of course, free to donate land, money or other property to environmental causes via a wide range of organisations, both government and non-government. However, if they wish to claim tax deductions for donations, the recipient organisation must be a deductible gift recipient, as recognised by the Australian Taxation Office (ATO 2003). Deductible gift recipients are those organisations that are elegible to receive income tax deductions for gift donations, as determined under *The Income Tax Assessment Act 1997*. Organisations must be endorsed by the ATO or listed by name in the Act.

Individuals may make donations during their lifetimes or via bequests in their wills. Landowners may also voluntarily participate in land and wildlife conservation schemes developed by government or non-government organisations, with or without permanently sacrificing property or development rights. Table 2.1 summarises the major voluntary conservation schemes of this kind in Australia that apply to privately owned land.

In the financial year 2005–06, approximately 1 167 202 hectares of land were covered by conservation covenants (defined below) Australia-wide as approved under the *Income Tax Assessment Act 1997*. The significance of conservation covenants is that they can be entered on the property title and be binding on future owners, providing protection in perpetuity. This feature has been used by a number of nature conservation organisations that have established 'revolving funds' to purchase land, place conservation covenants over areas with conservation significance, and on-sell the land with the covenant in place to ensure protection. This then frees up funds for future purchases.

Conservation covenants

For the purposes of the *Income Tax Assessment Act 1997*, a conservation covenant is defined by the ATO (2003, p 74) as a covenant that:

- restricts or prohibits certain activities on the land that could degrade the environmental value of the land
- is permanent and registered on the title to the land (if registration is possible)
- is approved in writing by, or entered into under a program approved in writing by, the Minister for the Environment and Water Resources.

Trust for Nature in Victoria defines a conservation covenant as 'an agreement between a land holder and the trust, which protects and enhances the natural, cultural and/or scientific values of the land'.

Further information is available on the ATO website.

2.2 Conservation and environmental objectives for environmental philanthropy

Potentially, philanthropy can contribute to achieving almost any environmental objective. However, environmental philanthropy is most often seen as relevant to biodiversity conservation, which has been the subject of many previous studies of 'private sector conservation'.

In Australia, approximately two-thirds of all land is in private ownership as either freehold or leasehold, and about one-tenth of the country is in the form of national parks, conservation reserves or similar public nature conservation areas owned by the government. This spread of ownership, coupled with the fact that public nature conservation areas are neither comprehensive nor representative of the overall Australian natural environment, means that conservation objectives cannot be achieved by depending only on publicly owned land. Private land holders and privately owned land are essential contributors to conservation objectives. In particular, private land holders and their lands are needed to:

- protect existing habitat networks or corridors (or establish new ones) to allow native plants and wildlife to disperse, migrate and colonise new areas

Table 2.1 Main voluntary conservation schemes for privately owned land in the various states and territories

State/territory	Name of scheme	Agency/organisation involved
Commonwealth	Conservation Agreement	Australian Government Department of the Environment and Water Resources
Victoria	Bush Tender trial	Dept of Sustainability and Environment
	Bush Broker	Dept of Sustainability and Environment
	Land for Wildlife	Dept of Sustainability and Environment
	Conservation Covenant	Trust for Nature
New South Wales	Wildlife refuges and Land for Wildlife	NSW National Parks and Wildlife Service
	Wildlife Management Areas	NSW National Parks and Wildlife Service
	Voluntary Conservation Agreements	NSW National Parks and Wildlife Service
	Registered Property Agreements	Dept of Land Nature Conservation Trust
Queensland	Nature Refuge and Conservation Agreements	Qld National Parks and Wildlife Service
	Land for Wildlife	Qld National Parks and Wildlife Service
	Conservation Covenants	Qld National Parks and Wildlife Service Dept of Natural Resources and Water Wet Tropics Management Authority
Tasmania	Land for Wildlife	Tas Parks and Wildlife Services
	Conservation Covenants	Dept of Primary Industries and Water
South Australia	Heritage Agreements	Native Vegetation Council of SA
	Conservation Covenants	Nature Foundation SA
	Private Sanctuaries	Dept of Environment and Heritage
Western Australia	Conservation Covenants.	National Trust of Australia (WA) Dept of Environment and Conservation
	Land for Wildlife	Dept of Environment and Conservation
	Private owners can apply to manage land as a timber reserve, national park or nature reserve.	Dept of Environment and Conservation
Northern Territory	Joint Management Agreements and Protected Area Management Scheme Agreements (Aboriginal land)	Dept of Natural Resources, Environment and The Arts

Source: Environment Australia (2003); Young et al (1996), and information from interviewees

- help plant and wildlife populations to survive the impacts of droughts, floods, fires and land-clearing activities.

This role is becoming increasingly important as climate change makes existing habitats unsuitable for some wildlife populations and forces them to move to new areas to survive.

Biodiversity conservation has been a major focus of voluntary and philanthropic contributions. However, such contributions could also be aimed at achieving other objectives, such as:

- improved water quality and quantity
- reduced greenhouse gas emissions

- mitigation of dryland salinity, soil acidification and erosion
- protection of ecosystem services.

The report *Repairing the Country* (ACG 2001) highlights such issues and considers possible ways to attract private investment to deal with them.

2.3 Encouraging conservation: enforcement and incentives

2.3.1 Market-based approach

The traditional approach to protecting the environment and preventing its overexploitation has been a prohibitive one, based on enacting laws and regulations; constraining the activities of private individuals, businesses and corporations; and specifying appropriate standards of conduct. Transgressions result in penalties and fines, creating disincentives for behaviour that contravenes laws or regulations.

Recently, there has been a shift to a different approach, using market incentives to develop new markets or trading schemes to protect environmental 'goods'. When designed correctly, market-based initiatives have the potential to deliver outcomes at lower cost to government, and with greater flexibility and lower compliance costs to land holders, than many alternative approaches. Because of this flexibility, market-based initiatives can encourage change.

Related to this shift are moves to clarify property rights relating to environment and natural resources. In some cases, this involves assigning private property rights to resources previously treated as 'free goods' or 'open access resources', or to resources where userights have been retained by governments (LWA 2002). A paper by Young et al (1996) provides an example of reallocation of natural resource rights and uses.

Market approaches are based on the belief that individuals will act to maximise the benefits they receive from environmental and natural resource uses, and that, given appropriate institutions and incentives, these private motives will lead to socially optimal outcomes. The approach assumes that individuals will behave rationally to maximise their personal gains, both financial and nonfinancial. However, many individuals and organisations are willing and able to make voluntary contributions to environmental or social objectives, and do not necessarily seek private financial benefits from doing so. Commonly cited motives for making voluntary contributions include:

- the emotional and moral satisfaction of doing the right thing
- contributing towards shared social and environmental goals
- protecting the interests of future generations
- protecting the intrinsic values of nature.

Market-based approaches can form part of a broader range of measures to protect the environment, control natural resource uses and protect public interests in these resources. Implementing such measures may involve a range of players, including government and non-government organisations, industry, community organisations, owners of resource rights and resource users.

2.3.2 Formal recognition of contributions

Formally recognising voluntary contributions may provide moral support and encourage others to make similar contributions.

2.3.3 Financial benefits

For land holders with low incomes and high reliance on farm income, potential financial benefits have a strong influence on decisions about whether or not to undertake environmental activities. Many land holders see the tax system as an appropriate way of delivering financial benefits for activities that are in the public good. An alternative approach that is acceptable to many land holders is to provide direct payments (such as those for environmental stewardship) to reward land holders' activities that protect the conservation values of their properties (Wise 2003, Phillips and Simpson 2002).

Although they may still identify themselves as farmers, land holders who earn a significant income from off-farm activities or investments are likely to have more financial capacity to engage in conservation practices on-property, and to become environmental philanthropists in the broader sense. This situation may also apply to corporate land holders and family trusts who have a larger capital base and possibly more diverse income sources than the traditional farm family.

Box 2.2 Types of Landcare expenditure eligible for a deduction

- Eradication or extermination of animal and plant pests from the land.
- Destruction, eradication or extermination of weed or plant growth detrimental to the land.
- Prevention or combating of land degradation otherwise than by the erection of fences on the land.
- Prevention or restriction of land degradation by erecting fences, including fences to exclude stock to help reclaim areas.
- Construction of fences to separate land classes in accordance with an approved plan.
- Construction of a levee or similar to prevent water erosion or inundation.
- Construction of a drainage works to drain low-lying areas or to reduce salinity.

Tax deductions

In terms of tax, land holders can be broadly classified into two groups — those with primary producer status and those without. Primary producer status applies to land holders who conduct a business on their land that relates to primary production.

Decision-making influences and opportunities for tax deductions and rebates differ between those who have primary producer status and those who do not. For example, Landcare tax deductions are not available to retiree or lifestyle land holders unless they are also primary producers. Therefore, they cannot claim costs for expenditure on the environment.

Farmers have identified tax incentives and other forms of financial assistance as important in encouraging improved on-farm conservation and environmental practices.

2.4 Factors affecting private-sector environmental philanthropy

Currently, there are a number of factors affecting private-sector participation in environmental philanthropy. For example, in some situations, financial disincentives are sufficient to deter potential donors from making philanthropic gestures. A lack of recognition of voluntary contributions to conservation and environmental objectives may also deter potential donors.

Major potential issues in environmental philanthropy are discussed below, but can be summarised as:

- perceptions of native bushland (Section 2.4.1)
- financial constraints on land holders (Section 2.4.2)
- sociodemographic change in rural Australia (Section 2.4.3)
- land tenure (Section 2.4.4).

2.4.1 Perceptions of native bushland

Rural land holders may be actively opposed to government conservation objectives; they may see them as conflicting with making a living from the land, or imposed from above without due consultation with those most affected. Some farmers have negative perceptions of native bushland and see it as a source of vermin and weeds, difficult to manage or a fire hazard. In a study by Williams and Cary (2002), rural land holders were asked to describe and express preferences for native vegetation depicted in photographs. The land holders described the vegetation in production-related terms (eg noting whether it had value for stock grazing), rather than in terms of aesthetic or conservation values. Landowners who indicated higher preferences for vegetation rated as having 'moderate to high ecological quality' also reported more engagement in 'biodiversity protection behaviour'.

Elix and Lambert (1997) looked at barriers to protecting privately owned remnants of grassy white box woodlands in several locations in eastern New South Wales. They found that, although most land holders were

Box 2.3 Factors affecting land holders' adoption of new practices

A range of factors have been found to affect land holders' adoption of new practices (Cary et al 2002):

- *Relative advantage* — Is the practice likely to provide a financial advantage? Innovations with a net financial cost to the farmer are seldom adopted.
- *Risk* — Is there a significant risk associated with the new practice? For example, could it lead to a loss of profit or threaten farm viability?
- *Complexity* — Is the new practice complex and difficult to integrate into the existing farm management system? If so, it may be avoided.
- *Compatibility* — Is the new practice and its anticipated benefits consistent with existing knowledge and social norms? If local communities are opposed to it, or if it conflicts with local views about good farming practices, it is unlikely to be adopted.
- *'Trialability'*— Can the land holder trial the new innovation? Visible evidence of success, practicability or social acceptance tends to foster adoption.
- *'Observability'* — Can the land holder see the benefits? This aspect is closely related to trialability. Practices that produce clearly visible benefits are more likely to be adopted.

interested in protecting their woodlands, there were a number of barriers to doing so, including financial barriers, lack of knowledge or awareness of the value of the woodlands, and difficulties in changing established attitudes to rural land management. The study identified methods of encouraging environmental philanthropy; for example, by providing:

- financial and property-based incentives
- technical information and advice
- legislative protection
- support in the local community.

2.4.2 Financial constraints of land holders

Practical issues affecting philanthropy

Land holders may support conservation objectives, but be unable to contribute for practical reasons. For example, a study of land holders in the box–ironbark woodlands of northern Victoria (Hamilton et al 1999) found that land holders were constrained either by the need for properties to be productive and profitable (eg on large properties where owners depended on on-property income), or by lack of time and knowledge (eg on small properties where owners' income came mainly from off-farm activities).

A comparable study in a county in Indiana, in the United States, found that nonfinancial benefits from land-use activities (eg aesthetic improvements, hobbies and recreation) varied according to landowners' household income, educational attainment, age and reliance on income from the land (Koontz 2001). Younger landowners who had higher household incomes and higher educational attainments, and did not rely on income from the land, were more likely to make land-use decisions based on their anticipated nonfinancial benefits.

Factors affecting adoption of new practices

In looking at factors affecting environmental philanthropy, it is helpful to consider the extensive work that has been done on land holder adoption of new practices, including practices likely to lead to environmental improvements on-property. Box 2.3 summarises the main factors affecting land holders' adoption of new practices. Appropriately modified, these factors are likely to apply to land holders' adoption of new conservation measures on their land and possibly to other forms of environmental philanthropy.

2.4.3 Sociodemographic change in rural Australia

Issues such as a negative view of government and authority in general may have less of an effect on those holding urban values and attitudes (ie metropolitan people and those who have recently moved to rural areas) than on those holding traditional rural views. Thus, rural–urban migration and its associated socio-demographic changes in parts of rural Australia are significant in terms of environmental philanthropy. The change is most evident in the southeastern coastal region, where many of the 'baby-boomer' generation (those born between 1946 and 1964) are nearing retirement and seeking to leave major cities to move to the coast or country.

A detailed analysis of these internal migrations is presented in the book *Sea Change* (Burnley and Murphy 2004), whose title refers to people moving from the cities, either to the coast or to country areas close to cities. The book includes maps of 'sea-change' or 'population-turnaround' regions, based on sociodemographic information from the 1991, 1996 and 2001 social surveys and qualitative interviews commissioned by the Australian Bureau of Statistics Census of Population and Housing. The authors point out that Australia's rural population has actually increased markedly over recent decades — from around 1 820 000 in 1971 to 2 239 000 in 1996 — although the number of farms has fallen over the same period.

Wealth is becoming increasingly polarised among people moving from metropolitan areas to the coast or country. 'High-income sea changers' are those who have investment incomes or well-paid jobs in the city or nearby nonmetropolitan areas. These people may be potential environmental philanthropists. In contrast, 'low-income sea changers' are those who find it difficult to afford city life, are looking for cheap housing, and are likely to rely on income support and social security payments. They are unlikely to be in a situation where they can contribute to environmental causes.

Increasing life expectancies, the current age range of the 'baby boomer' generation and greater uptake of early retirement suggest that the sea-change phenomenon, and its associated numbers of relatively affluent retirees, are likely to increase substantially over the next few decades. Workplace flexibility, made possible by the telecommunications revolution, also means that more people can work from home, 'telecommute', and choose where to live on the basis of lifestyle preferences rather than proximity to a workplace. These people may choose to buy land with significant environmental values, and may be in a position to take up private-sector nature conservation initiatives.

2.4.4 Land tenure issues

Only about one-third of the area of privately held land in Australia is under freehold title. The remaining two-thirds is mainly leasehold, principally pastoral leases of varying durations (perpetual and limited-term leases), which are administered by state and territory governments (referred to in this context as 'the Crown'). A study of issues in encouraging nature conservation activities on pastoral leasehold land, with particular reference to Queensland (Byron et al 2001), identified two main issues:

- The land tenure system, which is designed to encourage pastoralism and has limited scope to alter lease purposes. Stocking requirements may be difficult to alter, and lease terms generally preclude activities other than pastoralism and associated activities.
- Uncertainties about which property rights are still held by the Crown and which are held by traditional owners where native title exists over the property. These uncertainties may make it more difficult for lessees to participate in nature conservation activities on their land, because such activities must be consistent with the rights of native-title holders.

All relevant state and territory authorities can grant exemptions to lease conditions or add additional purposes to existing leases. The relevant government can also resume leases for specified reasons, but in practice this seldom happens. If government decides a property is more valuable for nature conservation purposes than for pastoralism, it is much more likely to purchase the lease and add the property to the public nature conservation system than to change the lease conditions. A number of non-government conservation organisations have purchased, or are interested in purchasing, the leases of pastoral

properties to protect conservation values (Byron et al 2001). However, others argue that leasehold tenures offer special opportunities for nature conservation, because governments, as the ultimate owners, are in a strong position to negotiate and develop cooperative agreements with lessees (Holmes 1996).

2.5 Recent policy initiatives to encourage philanthropy and private sector conservation

In Australia and other developed countries, government support for some community sectors has diminished or become more contestable. However, governments wish to encourage greater private-sector involvement in public-good activities, and new initiatives have been introduced to promote philanthropy.

Some Australian initiatives to encourage philanthropy are shown in Box 2.4.

Box 2.4 Australian initiatives to encourage philanthropy

Australian initiatives to encourage philanthropy include:

- Prime Minister's Community Business Partners--hips and associated Awards for Excellence.
- Release of the report *Public Good Conservation: Our Challenge for the 21st Century* (HRSCEH 2001).

A summary of initiatives encouraging environmental philanthropy is provided in the Natural Heritage Trust booklet *Gifts That Keep on Giving, a Landholder's Guide to Land Protection and Conservation Options.*[1]

[1] http://www.environment.gov.au/biodiversity/publications/gifts-keep-giving/index.html

3 Australian case studies on environmental philanthropy

3.1 Introduction

This chapter describes studies undertaken by the Bureau of Rural Sciences (BRS) and the Commonwealth Scientific and Industrial Research Organisation (CSIRO) in 2004, to examine:

- attitudes to environmental philanthropy
- impediments to private land being set aside for conservation
- current incentives that encourage conservation
- potential incentives that could be used to encourage conservation.

The studies were designed to complement other studies in conservation policy research in Australia, which have tended to focus on either broadscale agricultural areas or the coastal strip. Both studies focused on changing landscapes where there is development pressure and turnover of landowners, rather than on old and stable rural areas; they also looked at the potential for new investment from 'baby boomers' (those born between the years 1946 and 1964).

This chapter:

- outlines the methods used in the studies (Section 3.2)
- summarises the main results of the studies (Section 3.3)
- suggests ways in which environmental philanthropy might be encouraged or increased (Section 3.4).

The studies involved only small numbers of people, and the results should therefore be seen as reflecting the views of a representative range of people rather than as determining the views of most members of any stakeholder group. This means that the results described here may not apply to the wider population. Also, the conclusions are the interpretation of the authors of the studies, and those who participated in the studies may not necessarily agree with them.

3.2 Methods

This section summarises the methods used in the studies; further details are given in Appendixes 1 and 2 for the BRS and CSIRO studies, respectively.

3.2.1 BRS study

The study involved individual or group interviews with representatives from a range of organisations, focus testing of two groups of lifestyle and retiree land holders, and a review of relevant literature. The regions for the focus groups — Ballina in northern New South Wales and Macedon Ranges Shire in Victoria — were chosen in consultation with the Australian Government Department of the Environment and Water Resources. They were selected because they represent different biogeographic regions and different states, and also because they have a considerable proportion of new retirees and lifestyle land holders on agricultural land. The study aimed to gauge the success of government conservation programs by analysing participants' attitudes to the scheme and the type and area of land protected under particular schemes. Supplementary information from program managers and industry bodies was then used to ensure that quantitative data about the programs had been interpreted correctly.

Individuals with special knowledge and interests in the areas of environmental philanthropy, philanthropy in general, or private-sector nature conservation, were interviewed face-to-face or by telephone. During March and early April 2004, a number of individual and group interviews were conducted, as shown in Tables 3.1 and 3.2. The interviews were loosely structured around questions in an interview guide (shown in Appendix 1). Not all questions in the guide were put to all interviewees; also, interviews were modified as appropriate to the interviewee's situation. Interview notes were used to summarise responses to each question.

Table 3.1 Individual interviews	
Organisations represented	Number of interviewees
Environmental non-government organisations, philanthropic organisations and philanthropic umbrella bodies	6
Research organisations and research and development corporations covering subjects relevant to nature conservation	6
State government agricultural or environmental agencies	4
Regional organisations or local government	6
Accountant dealing with rural land holders	1
Land holders opportunistically interviewed during field work in northern New South Wales	2

Table 3.2 Group interviews	
Organisations represented	Number of people in group
Philanthropic umbrella organisation	2
State government agency	2
Wetlands Care Australia and New South Wales Fisheries	NA

NA = not available

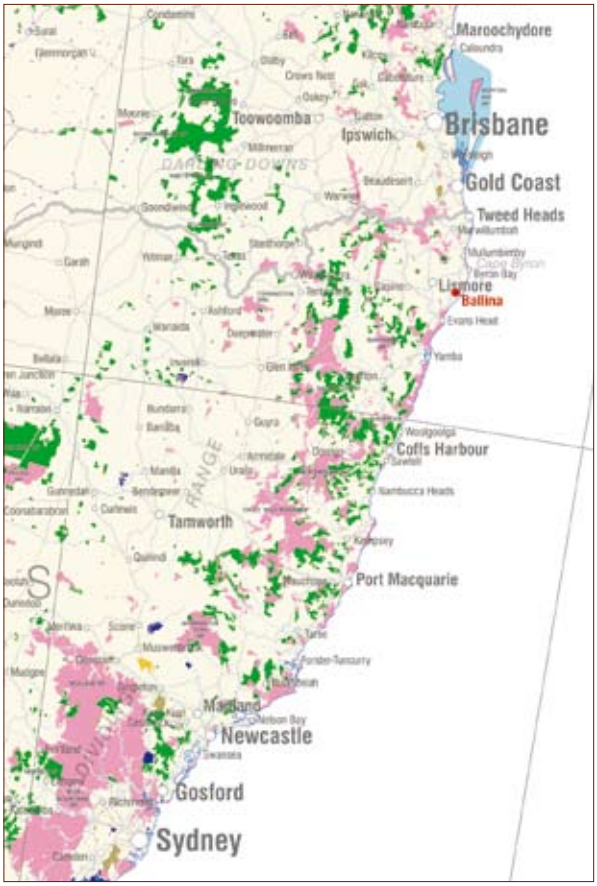
Focus group participants were purposefully selected to be broadly representative of new retirees (6 participants) and lifestyle farmers (6 participants) who owned properties of at least 10 hectares. Participants differed between the two regions chosen; Ballina group participants generally owned small properties, whereas those in the Macedon group owned properties covering a range of sizes. Discussion topics for the focus groups included features and uses of participants' properties and the most important environmental and conservation issues, both in the region and for participants' private properties. The focus group discussions ran for approximately three hours and were recorded on a computer by one of the researchers. Content was analysed to summarise the basic content of the discussions.

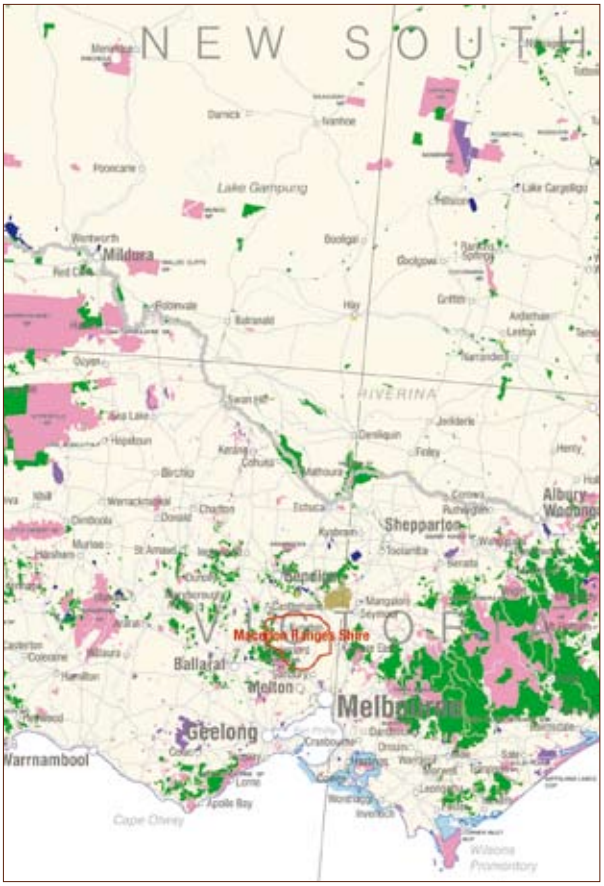
3.2.2 CSIRO study

The study focused on the inland areas of the Central Coast of New South Wales where lifestyle and small agricultural holdings dominate the private holdings of native vegetation, and the close proximity to Sydney affects land-use issues. Extensive conservation of native vegetation on private land in this area is required if regional conservation goals are to be met. Achieving such conservation is beyond the scope of existing or likely government funding. Instead, it will require people to protect and improve remnant vegetation on their properties and to contribute property, funds, skills and time to the protection of important natural assets; that is, it will require environmental philanthropy. A range of policy reforms will be needed to remove impediments and to stimulate environmental philanthropy from a diverse range of people.

The project consisted of on-site interviews with eight land holders and managers in the Central Coast area who were undertaking a range of conservation activities. The purpose of the visits was to gain a broad understanding of the range of conservation management activities, aims and issues within the region. A focus group with eight land holders (including two of those interviewed on site) was also conducted to discuss the social and economic circumstances affecting their land management issues and objectives, determine their conservation management needs and constraints, and gauge their response to the tax proposals put forward by the CSIRO.

Ballina and Central Coast, NSW and Macedon, VIC





The land holders were selected to provide a cross-section of management perspectives. Newly arrived retiree owners of lifestyle blocks were also specifically targeted for inclusion. This group was identified as potentially important, given their increasing numbers and potential for conservation philanthropy. The small sample of respondents is consistent with the aims of this study, which were limited to identifying potential issues for environmental philanthropy in peri-urban areas. However, the small sample of respondents also means that further work is required to assess the regional extent and significance of the issues raised.

3.3 Results

This section summarises the findings of the interviews and focus groups in the two studies; detailed findings are given in Appendixes 1 and 2.

3.3.1 General attitudes to environmental philanthropy

General views expressed in the interviews and focus groups undertaken in the BRS study were that the number of committed environmental philanthropists, although small, is growing (some people felt that it could probably grow faster, given a 'push'). Participants also felt that attitudes are changing, with more individuals making contributions to conservation in Australia and more corporations showing an interest.

Despite these positive trends and generally favourable attitudes, study participants generally felt that Australia lacks a culture of environmental philanthropy. For example, donations for environmental philanthropy were seen as low in comparison with those for human health. Interviewees and focus group participants suggested a number of reasons for this situation:

- nature conservation and environment protection are primarily seen as the responsibility of governments, because people are already paying for them through their taxes
- environmental philanthropy is often seen as the province of the rich
- there is little publicity or information about environmental philanthropy
- there is often no expectation or obligation for people to donate
- relatively few people are aware of opportunities in environmental philanthropy
- much of the rural population feels that city people need to contribute, rather than leaving rural land holders to bear the costs of conservation (one person quoted the saying 'you have to be in the black to be green').

Factors seen as necessary for encouraging environmental philanthropy were education, leadership, supportive policies and appropriate institutional structures and opportunities. For example, participants felt that government needed to officially sanction and support philanthropic actions to add a sense of 'rightness and legitimacy' to philanthropic behaviour. Focus group participants in the BRS study varied in their level of interest in setting aside land for conservation purposes. Those who were using nearly all their land for conservation purposes and had formal conservation covenants in place indicated that they would continue with that approach. Several other participants reported that they wanted to increase the proportion of land set aside on their property for conservation.

In terms of current conservation behaviour, participants in both focus groups had a strong interest in maintaining and improving native vegetation (in the region and on properties) — in particular, protecting creek lines and native forest remnants. Ballina participants sought to conserve rainforest remnants, and Macedon participants were primarily concerned with low eucalypt woodland, wet sclerophyll forest and planes grasslands remnants. Participants were highly focused on water conservation and quality, soil erosion and fire management. However, the major issue in terms of cost and management was the impact of weeds. This was especially so in Ballina, because of the higher rainfall and longer growing season in this region. Most participants were already contributing significant amounts of time and money to conservation projects on their land.

3.3.2 General issues in conservation management

General issues in conservation management raised in the CSIRO study included objectives for land ownership, use and management; aesthetic values and conservation management; importance of wildlife in motivating private conservation; place attachment; agricultural production and change of ownership. Each of these is discussed below.

Objectives for land ownership, use and management

Participants' reasons for owning bushland were consistently a combination of aesthetic factors, personal interests and conservation values. Personal interests, such as horse riding and bushwalking, often provided the initial motivation to move to a rural area. Such interests also determined the features of the land that people were interested in purchasing and provided the means by which they interacted with the surroundings. These activities are often compatible with, and complemented by, conservation and thus tend to affect conservation beliefs. For example, in this study, people interested in wildlife often viewed vegetation primarily as habitat, and therefore were perhaps less concerned about non-native species or rare plants than those with a botanical interest.

Interviewees often had a strong commitment to conservation goals; however, the priority they gave to conservation was lower than other personal and family goals and commitments. For example, a widely expressed view was that conservation on their land, as an end in itself, was of a lower priority than recreation and lifestyle values.

Aesthetic values and perceptions in conservation management

Some interviewees reported that their interest in conservation grew over time in response to increased knowledge about the issues and area. Exercises such as developing a Voluntary Conservation Agreement management plan or preparing a development impact statement were often identified as pivotal incidents.

Box 3.1 Stylised description of native vegetation management on rural residential blocks

Generally, native vegetation could be categorised as being in one of three states:

- *Natural* — A near natural state with significant overstorey cover and well-established, relatively weed-free native understorey. This is a relatively low-maintenance state, requiring management of edge and pest effects.
- *Degraded* — Native vegetation that is not well managed and is subject to degradation; for example, from heavy weed infestations. Continuing in this state will often reduce the conservation values of the site, and restoration can be a difficult task that is labour intensive and requires specific local knowledge. However, with degraded land, it is relatively easy to 'clean up' the understorey and move to a semicleared state. Such action is illegal, but enforcement is widely perceived as being ineffective.
- *Semicleared* — A state of mown grassland, with or without an overstorey of mature trees. This is a relatively low-maintenance state; it has low conservation value but costs relatively little to achieve.

People reporting a strong growth in conservation interests also appeared to be predisposed to this change in values by having other compatible interests and values, such as an interest in wildlife.

The study found that perceptions of native vegetation and attitudes to its conservation on rural residential blocks were affected by the type of vegetation involved (see Box 3.1 for a description of the main vegetation types). Comments from participants indicated that people committed to restoration of semicleared or degraded land may consider themselves to be attempting to do the 'right thing' rather than taking the easy option, and are thus likely to need support and encouragement. This situation may create an expectation for a high level of public assistance, and may also mean that institutional impediments to conservation have a disproportionately negative influence. Participants felt that incentives for conservation could provide an important signal of support, but conflicting signals from different areas of government could be discouraging.

Importance of wildlife in motivating private conservation

An interest in wildlife often appeared to include or lead to a more general interest in nature conservation among interviewees. This is significant because some of the people interested in wildlife conservation tended to be highly motivated, capable and willing to commit significant time and resources to conservation. The wildlife conservation activities were often highly focused (for example, on animal rescue or protecting and breeding threatened species).

Place attachment

The extent to which land had personal significance to the owners varied in unpredictable ways. Some long-term owners reported that they would readily substitute for other similar areas, whereas some new owners indicated a strong attachment to a particular environment or place. Few people expected their children to live on the land, citing the increasing mobility of people following jobs. However, one person saw their land as a strategic family asset and a home for future generations, and this view strongly influenced their conservation activities. In general, respondents reported a strong commitment to conservation within the region, rather than an attachment to one particular place. Regional place attachment was the prime motivation for widespread interest in a regional land trust and could therefore be an important consideration when designing institutions for environmental philanthropy.

Agricultural production

Rising land prices meant that many rural land holders were finding agricultural production less viable. The lower local-government rates on agricultural land were identified by many as an incentive to continue financially marginal agricultural practices.

Box 3.2 Influences on conservation during a change in ownership

Before sale

The declining ability of aging retirees to meet the physical demands that management requires was highlighted as a concern in the CSIRO study. When combined with the situation that conservation is generally a lower priority than lifestyle health and family concerns, there is a risk that land management will be neglected as owners get older.

During sale

Participants reported that most rural lifestyle properties were marketed to buyers from Sydney, and were promoted along the lines of the traditional landscape aesthetic. In light of this, sellers were encouraged to clean up land before a sale, which is likely to select for new owners lacking an interest in conservation.

After sale

New owners may negatively affect conservation values if they lack knowledge of what biodiversity values exist or how to best maintain such values and manage threatening processes. Given the promotion of the traditional landscape aesthetic, the new owners' initial burst of enthusiasm may result in the place being 'tidied up' to create the desired manicured lawns before the owner has had an opportunity to learn about the conservation value of understorey and how to manage the property's biodiversity values. New owners coming from other regions may also not develop the local social networks that would allow them to develop this knowledge. However, this scenario may not happen if the new owners do not take up residence immediately (eg if a block is purchased as a weekender with plans as a retirement residence) or if they still have significant social or business interests in Sydney. Building a new house can also lead to neglect of land management during the initial stage of ownership.

Changes in agricultural land use and intensification are seen as threats to conservation; however, the conversion of agricultural land to nature-based lifestyle land has a range of indirect consequences. For example, one submission indicated that crop damage from wildlife was an issue. The loss of agriculture also results in a loss from a region of machinery and knowledgeable labour required for conservation management work such as fencing and spraying.

Change of ownership

Transition of ownership is a time of high risk for loss of biodiversity values, with threats to conservation likely to appear at all stages of the sale process, as shown in Box 3.2. Figures from the Australian Bureau of Statistics suggest that about 40% of people change address every 5 years (ABS 2003). These figures are consistent with suburb-level data for the Gosford–Wyong region. However, high turnover does not appear to correlate with high conservation value of the land. Influences on turnover of rural land may include:

- lifestyle owners being likely to have a higher turnover rate than traditional agricultural land owners
- growth in the popularity of rural residential property leading to a one-off increase in land sales (by increasing land values, it will also force intensification and rationalisation of agricultural production)
- lifestyle properties with significant upkeep requirements being likely to have a higher turnover, particularly if this forces retiree owners to downsize later in retirement.

3.3.3 Impediments to private land being set aside for conservation

Both studies identified a range of impediments to setting aside or donating land for nature conservation. The main impediments mentioned (discussed below) were:

- personal financial constraints, including opportunity costs to landowners
- complexity of current measures and institutional and organisational arrangements (including tax provisions)
- concerns about the ability of nongovernment organisations (NGOs) and other organisations to manage land and provide support

- lack of information and poor community understanding about how conservation agreements work.

Financial constraints

People vary in their willingness and ability to finance conservation activity on their land. The notion that a new wave of retirees to the coast will be relatively well-off and able to contribute to conservation was to some extent borne out in this study, although expectations about the resources required to manage a property affected this willingness to pay for conservation management.

The financial constraint most frequently mentioned by retirees and lifestyle land holders was the lack of ability to claim expenses for costs because they did not have a primary producer tax status (primary producers are those who run a business on their land that relates to primary production). Other financial constraints mentioned were:

- opportunity costs borne by landowners, such as loss of potential income from production, costs of fencing and managing conservation areas, and council rates
- lack of institutional mechanisms for people to 'pool' their money to buy land
- lack of funding for government to acquire land for conservation or to deal with the many conflicting issues in their shires (fire protection, pest control, protecting roadside vegetation etc)
- land holders' lack of farm profit and need for off-farm income
- taxation; for example, property or capital.

The reported amount of resources required to protect and maintain the conservation values on a property varied greatly among properties in the CSIRO study. Reasons given included the condition of the vegetation, the degree of fragmentation and threatening processes from surrounding land uses.

The extent to which conservation management is compatible with other activities on the land affects the perceived cost of management. For example, owners may be more willing to pay for fencing to manage pests or exclude neighbouring livestock if fences are also required to keep horses or livestock.

Complexity of current measures and institutional arrangements

Many participants in interviews and focus groups said they were confused about the complexity of current measures and tax incentives, with many professional players ill-informed and unable to provide advice to land holders. Participants felt this situation contributed to land holders mistrusting governments and doubting their ability to work towards long-term conservation goals.

Placing a covenant on land before donating it was suggested as a way to achieve greater certainty when seeking conservation values. However, much debate in the focus groups and some comment from interviewees related to concerns about whether covenanted land could be protected in perpetuity. Perpetual covenants were considered very important for protecting inter-generational rights. Queries and concerns about covenants are summarised below:

- *Subdivision* — The majority of participants with covenants had covenanted a percentage of their land. Unless they were zoned for subdivision, they would be unable to gift, bequest or bargain sale that portion of land. Participants were concerned about possible restrictions on use or loss of access to areas set aside for conservation.
- *Institutional capacity to deliver programs* — Participants were concerned that local government might be unable to implement programs because of lack of funding, low staff levels and lack of knowledge.
- *Security and shifting priorities* — Some participants believed that government mandates and funds were more reliable than those of NGOs.
- *Rate rebates for covenanted land* — Participants noted that some councils provide various degrees of rate relief for covenanted land, and others provide none. Some people felt that land covered by permanent or temporary conservation covenants was devalued and took longer to sell. They believed that real estate agents, lawyers and accountants were uninformed and cautious about covenanted land, and believed that currently there were few incentives beyond 'personal beliefs' to covenant land.
- *State governments' monopoly as covenanting agencies* — Participants believed that state governments' virtual 'monopoly' as covenanting agencies may reduce participation in private-sector conservation because of mistrust and fear of intervention.

Ability to manage land and provide support

Interviewees in the BRS study emphasised the need for ongoing management support for land holders and thought that administrative bottlenecks were discouraging people from participating in some conservation schemes. Land holders held similar views, expressing frustration at delays in the processing of conservation covenant applications and the lack of ongoing monitoring of funded projects. They stressed financial and institutional factors, particularly the need for assurances about the accountability of the governments and NGOs involved, and the need to monitor their activities to check they have a strategic focus and are providing environmental benefits.

Study participants from regional and state government organisations in the two regions were concerned about strategically aligning and monitoring land holder activities with regional priorities and targets for natural resource management.

Another issue was the short-term nature of, and perceived lack of consistency among, conservation programs; for example, those funded from the National Action Plan for Salinity and Water Quality and the Natural Heritage Trust. This situation contributes to land holders doubting the ability of governments to work towards long-term conservation goals.

In the CSIRO study, by far the strongest message from land holders attempting to manage native vegetation on their land was a call for additional labour, particularly to help with weed management. The main factors affecting the ability of land holders to supply the necessary labour were:

- pressures on working-age people, who often have a combination of significant mortgages, long distances to commute to work, demanding professional jobs, and time commitments to other interests related to ownership of the land (eg hobby farming, home construction or horse riding)
- relatively young retirees often have significant energy to put into native vegetation management; however, this still has to compete with other interests
- older retirees face the issue of decreasing ability to do the required manual labour, and much land management may be reluctantly neglected as lifestyle land holders age and face difficult lifestyle choices.

Other problems with land management raised by participants in the CSIRO study were:

- timing — many conservation management activities need to happen at a specific time of year, and therefore risk being neglected as other demands take priority
- liability issues — these relate to use of publicly supplied labour on private land, although participants felt that local environment organisations could provide appropriate guidance and expertise in organising this labour
- inappropriate use of public funds — again, this relates to use of publicly supplied labour on private land; public funding of additional labour on private land could be seen as inappropriate because the benefits would be captured by the private land holders in the form of increased amenity value.

Lack of information and poor community understanding

A major issue was landowners' lack of awareness of current measures and programs, compounded by a lack of competent or experienced professional NGOs in the area. Other concerns were poor community understanding of issues surrounding use of private land for conservation, neighbours' opinions, family objections and lack of a supportive culture or community (mirroring the lack of support from government).

Some local and state government interviewees felt that demographic changes in rural areas were constraining their ability to provide information about conservation effectively because:

- there is much diversity among land holders
- measures used to disseminate information often focus on certain kinds of vegetation associations, target audiences or land holders, and ignore others
- lifestyle properties often turn over rapidly, few primary producers are left in some regions, and young people lack interest in conservation.

Focus group participants and some interviewees were unsure about the current scope and range of conservation tools available to land holders. Interviewees suggested that there was a lack of estate planning until late in life, and many participants had not considered long-term options for the land.

3.3.4 Current incentives that encourage conservation

Some interviewees expressed doubts about whether any current incentive schemes had been successful or were appropriately resourced. However, some specific incentives were seen as working. Some of the successful schemes included:

- rate rebates or relief, fencing assistance and special purpose grants or payments to land holders; for example:
  - the Surf Coast Shire in Victoria, where the local government assesses all bushland areas within the shire and makes cash payments to landowners based on the conservation value of their remnant bushland; payments are increased by 50% if the bushland is protected under a conservation covenant
  - native vegetation legislation and the associated Heritage Agreement scheme in South Australia, which have been successful when combined with state government support for land holders who suffered financial disadvantage
- Land for Wildlife
- Victorian Bush Tender trials
- activities of NGOs, such as Trust for Nature, Australian Bush Heritage Fund and the Australian Wildlife Conservancy
- conservation covenanting schemes (several interviewees felt that such schemes should be rated as successful and that more participation would come in time).

Successful schemes shared certain characteristics; for example, they had a long timeframe (eg 10 years) and combined continuity of effort with local social support networks and information sources. Such schemes also involved peer liaison and committed local 'conservation farmers'.

Interviewees identified a number of problems with current incentives, such as lack of targeting, coordination, continuity and consistent funding. Another issue was how rate rebate schemes may affect local government revenue.

Existing incentives that encourage conservation among private landowners discussed by focus groups were:

- donating land for conservation
- living bequests
- bargain sales (revolving funds)
- management costs of conservation covenants.

These options all concern tax incentives, and are thus outside the scope of this document. However, the results of this aspect of the study are given in Appendix 1.

3.3.5 Potential incentives that could be used to encourage conservation

Interviewees and focus groups discussed possible new strategies or incentives that could be used to encourage conservation. Some of the main ideas proposed are listed in Box 3.3.

To succeed, schemes such as those listed in Box 3.3 would need to link into state planning processes and be supported by local extension officers with strong technical expertise and ability to interact personally with landowners. Continuity would need to be provided by local government, support would need to be provided at local or regional level (under a 'whole package' approach), and long-term funding and education would be needed.

Potential incentives for corporate philanthropists, philanthropic organisations or trusts

It is worth considering corporate philanthropy as a special case. Foundations and trusts are now working in a more strategic way to achieve conservation aims, actively seeking out supportive individuals and organisations and putting specific proposals to them, including new and more flexible options to support land purchases. Also, some large Australian corporations and superannuation funds are expressing interest in environmental philanthropy.

This type of environmental philanthropy would require philanthropic organisations with 'form and legitimacy' (to safeguard shareholder values), activities or particular schemes that corporations can promote, and tangible conservation goals or conservation assets that corporations can identify with. Also, results from donations would need to be rapid and visible.

Box 3.3 Potential incentives for encouraging conservation

- Establish flexible arrangements to allow farmers to offer lifestyle accommodation, timeshares and leisure opportunities for tourists, possibly by consolidating adjoining properties.
- Develop 'conservation clubs' to serve as networks for land holders involved in conservation on their properties.
- Make arrangements for any not-for-profit environmental organisations to be covenanting agencies (noting that governments are not necessarily better than the private sector in ensuring arrangements 'in perpetuity').
- Encourage relevant government agencies to develop extension programs for the property market, including valuers, surveyors, accountants, tax agents, real estate agents and property developers; also work with the professional associations for these groups.
- Map turnover of hobby farm properties and entry of new landowners.
- Make better use of abandoned homesteads and other infrastructure rendered redundant by property subdivision (perhaps use these to support conservation activities?).
- Introduce environmental rating schemes for properties and arrange for people with good ratings to pay less tax or be exempted from an environmental levy (eg the 'Five Frog' environmental or sustainability rating — an analogy is the ACT Government's energy rating system for residential buildings).
- Introduce biodiversity credits.
- Introduce works grants schemes and property management courses, in some cases linked to covenanting and rebate schemes (to provide assurance of support and continuity).

Examples of corporate philanthropy options include:

- working with established groups such as the US Nature Conservancy, Earth Sanctuaries and the US Sonoran Institute (which trains NGOs, particularly in financial skills)
- building community–business partnerships
- contributing to pilot 'land repair' funding for Greening Australia, applying market-based incentives.

3.4 Conclusions and recommendations

The case studies and literature review suggest there are opportunities for increasing the uptake of conservation by lifestyle and retiree land holders, and corporations. This section looks at voluntary programs, government support, foundation and corporate support, funding for conservation land, raising awareness, and opportunities for targeting initiatives.

Voluntary programs

Programs such as Land for Wildlife and Voluntary Conservation Agreements (VCAs) are important as the basis for other conservation activities, such as land trusts. The VCA framework could be made more attractive, flexible and cost effective; for example, by coordinating VCAs across adjoining properties or by developing VCAs that specify only minimal management actions.

Coordination of VCAs across adjoining properties would reduce some of the problems caused by small block size (eg increased risk of fragmentation and introduction of pest and weed problems) and could also minimise the cost of negotiating management plans, as is the case with protected area networks (Binning and Young 1997). Having a VCA on neighbouring land could provide a benefit for land holders. Publicly funded labour could provide an incentive for neighbours to coordinate management and adopt VCAs.

Developing VCAs that specify only minimal management actions could overcome many of the difficulties associated with preparing detailed management agreements, and could also significantly reduce the cost of developing a VCA. For example, the VCA could specify only that the land must not be cleared, subdivided or developed. Investment of public funds for management would then be contingent on development of suitable detailed management plans.

Overall, a greater variety of secure and ongoing programs is needed, as are stronger viable institutions and organisational structures, and schemes that recognise and reward existing and new landowner contributions. The complexity of existing schemes could be reduced by better coordination between the various jurisdictions.

Government support

Clear and consistent government support for private conservation efforts is needed. Coordination across levels of government is difficult because a range of policy areas can affect conservation. For example, discounted local government rates for agricultural areas are designed to support agriculture, but they also act as a disincentive to convert agricultural land to conservation purposes.

Foundation and corporate support

Suggestions for increasing the involvement of foundations and corporations in environmental philanthropy include:

- efficient processing of conservation covenants and financing agreements
- longer funding timelines (particularly relevant for regeneration of native vegetation)
- clarifying activities that qualify under the 34% Landcare rebate and broadening the eligibility of these to anyone conserving native vegetation on rural land
- providing stewardship payments to cover conservation management costs (in lieu of tax deductions) for people on lower incomes who need them
- monitoring of projects and stronger alignment to regional natural resource management strategies
- improving relationships and coordination between local, state and federal governments, in terms of conservation incentives
- investigating how philanthropic contributions from the corporate or private sector could work towards broader environmental objectives.

Funding for conservation land

The lack of mechanisms for funding ongoing management of public and private conservation land is a growing and significant issue for peri-urban areas such as the Central Coast. Clearly, there is a great diversity of land holders, particularly in coastal and peri-urban regions. Many rely on various percentages of off-farm incomes; therefore, a range of incentives needs to be in place to match this diversity. Do land holders who obtain significant income from off-farm activities or from investments have more financial capacity both to engage in conservation practices on-property, and to become environmental philanthropists in the broader sense? Also, do these lifestyle and retiree land holders have the knowledge and physical capacity to manage land for conservation purposes? Research into rural areas has shown that land holders depending on on-farm income are unlikely to have much ability to invest in environmental improvements on their own properties, let alone make philanthropic contributions towards environmental objectives.

Raising awareness

Options for providing information and education material on environmental philanthropy in Australia need to be explored. Information is needed on the range of institutions involved, the types of current schemes and how people can become involved. In conservation areas where new land holders continue to arrive from urban areas, creating and maintaining awareness of conservation issues and the role of land holders in conservation will be an important and ongoing task.

Opportunities for targeting initiatives

There are opportunities to develop policies targeting several different groups of land holders. Retiring baby boomers offer considerable promise for conservation; however, the existing cohort of retiring farmers also represents a one-off opportunity to negotiate long-term environmental outcomes for some of the remaining large tracts of agricultural land. Such land holders, who have been made asset rich by recent rises in land values, are likely to be interested in using

this wealth for a range of regionally based philanthropic causes, including conservation. Opportunities discussed below include improving access to local labour, integrating private wildlife initiatives into regional conservation, and involving private conservation negotiators.

Improving access to local labour

It may be possible to selectively provide publicly funded labour as an incentive to achieve coordinated and strategic conservation outcomes. One of the most consistent and highest priority requests from landowners trying to achieve conservation on private land was a request for help with labour. Publicly funded labour, such as that available via the 'work for the dole' scheme, could potentially be used, although liability and insurance issues may restrict the use of public labour on private land. Another option could be to strategically subsidise volunteer labour, organised privately.

Broadening the categories for contributions

Additional support for environmental philanthropy could be obtained by broadening the categories for contributions; for example, to include:

- improved water quality and quantity
- reduced greenhouse gas emissions
- mitigation of dryland salinity, soil acidification or erosion
- protection of ecosystem services.

Integrating private wildlife initiatives into regional conservation

Private wildlife-based conservation efforts could be better integrated into regional conservation. This requires strategies for bridging the cultural and communication gaps between individuals engaged in significant private conservation efforts and regional conservation organisations.

Research is needed into acceptable ways to remove the current legislative impediments to private wildlife conservation initiatives, and develop wildlife policies that provide positive incentives for private conservation.

A role for private conservation negotiators?

This study highlights the range of issues that can affect or prevent environmental philanthropy. There is potentially a role for a skilled facilitator or negotiator, to help individuals and groups to negotiate improved environmental outcomes using the range of policy incentives available. The task would involve identifying opportunities for significantly improved environmental outcomes on private land, developing appropriate policy options on a case-by-case basis, providing a consistent face to government across its various levels and departments, and developing and maintaining good relationships among all parties. For example, a facilitator could coordinate VCAs among neighbours and deal with the range of issues that often arise in local government development approval and rating.

A1 Appendix 1: BRS study

A1.1 Introduction

This appendix provides details of the study of incentives for encouraging conservation and environmental philanthropy undertaken by the Bureau of Rural Sciences (BRS), which is summarised in Chapter 3. It includes:

- details of the advisory committee for the project (Section A1.2)
- details of the survey regions (Section A1.3)
- interview questionnaires (Section A1.4)
- details of study findings:
  - participants and properties (Section A1.5)
  - interviews (Section A1.6)
  - focus groups (Section A1.7).

A1.2 Advisory committee

An advisory committee provided advice on methods and sampling strategies. The committee consisted of representatives from:

- Wetland Care Australia – a nongovernment organisation (NGO)
- Australian Government Department of the Environment and Water Resources (DEW)
- Australian Government Department of Agriculture, Fisheries and Forestry (DAFF) — Natural Resource Management Business Unit, and Rural Policy and Innovation Business Unit
- Australian National University
- Land and Water Australia.

A1.3 Details of survey regions

A1.3.1 Ballina Shire, New South Wales

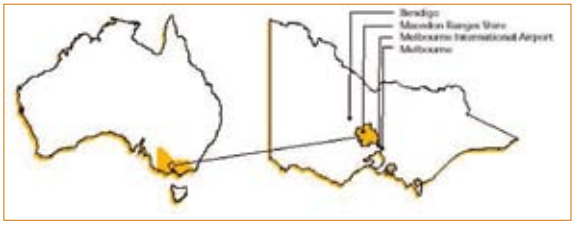
Area: 484 sq km; population: 38 852
Source: http://www.ballinacouncil.com.au/

From the rainforests and villages of the hinterland to the blue waters of the coast, the Ballina Shire is a natural wonder. Forests and heathlands ring with a chorus of native birds, pelicans cruise the shoreline and the bush teems with wildlife. The climate is superb, with sultry summers and winters cool enough for a cosy open fire.

Away from the coast, the hinterland is punctuated by the pioneer settlements of Teven, Tintenbar and Knockrow, where you can play golf, savour the regional cuisine or sample the delights of the surrounding coffee, macadamia, peanut, avocado, stonefruit and banana plantations. The village of Alstonville is a must for curio hunters and culture buffs with historic buildings, galleries and antique shops and intimate cafés and tea-houses. Among the hills are secluded waterfalls, lush, sub-tropical parks and, at Victoria Park Nature Reserve, one of the remnants of the famous 'Big Scrub'.

A1.3.2 Macedon Ranges Shire, Victoria

Macedon Ranges Shire is located within an hour's drive of Melbourne's central business district to the south and Bendigo to the north. The area is renowned for its semirural lifestyle, its pristine landscapes and forests, unique natural features such as Hanging Rock, and the character and heritage of local townships. These features have attracted residents and visitors since the early 1900s and continue to do so today.



The Macedon Ranges Shire is constantly growing. An estimated 38 384 people were living in the shire at 30 June 2002 — more than double the number of people living there 25 years ago. Recent estimates predict that the population of the shire will grow to approximately 50 000 by the year 2021. The most significant recent growth has occurred in the southern part of the shire, close to urban Melbourne.

Source: http://www.macedon-ranges.vic.gov.au

A1.4 Interview questionnaires

This interview is part of a project the Bureau of Rural Sciences is doing for the Australian Government Department of the Environment and Water Resources. The aims are to:

- define the attitudes of people moving to coastal and key regional areas to environmental philanthropy (in the sense of making personal donations or contributions towards conservation, with a particular focus on making land available for conservation purposes)
- recommend a mix of strategies and incentives that will build partnerships and appeal to landowners, particularly new retirees and lifestyle landowners
- investigate the likely take-up rate of four proposed tax changes (see next page) designed to encourage environmental philanthropy.[2]

[2] Note that these are hypothetical tax changes.

Table A1.1 Interview information collection sheet

ENVIRONMENTAL PHILANTHROPY	Interview information collection sheet
NAME OF INTERVIEWEE:	INTERVIEWED BY PHONE OR IN PERSON:
INTERVIEWER:	
DATE OF INTERVIEW:	LENGTH OF INTERVIEW:
NAME OF ORGANISATION:	
ADDRESS:	
PHONE NO:	EMAIL:
REFERENCES/WEBSITES:	

The project is designed to:

- profile community and land-holder attitudes towards setting land aside for conservation purposes, particularly focusing on new retirees and lifestyle land holders
- provide a report that outlines the conclusions from the above analysis and includes practical policy recommendations.

In reporting results, we will not associate responses with particular individuals. We will either report results collectively or, if using quotes, we will use generic terms for different kinds of interviewees, not name people individually. Only the researchers will have access to the names of interviewees and interview notes.

Do you have any questions before I start?

Many thanks for your time and trouble. We will send you a copy of the final project report when it is completed. [Check contact details are correct.]

A1.5 Characteristics of participants and properties

A1.5.1 Ballina focus group

Ten people participated in the Ballina focus group — seven men and three women, most aged between 51 and 65 years, with two people aged between 35 and 50 years.

Sources of income

Participants' main sources of income were varied. Four participants were salary/wage earners, two received a government pension, one was a primary producer, and the remaining participants earned their incomes from investments and superannuation.

Landholdings

The participants had landholdings that varied in size and other features (see Table A1.3). Four participants had blocks that were 10 ha or smaller. Another four properties were between 17 and 27 ha, and the largest two properties were 52 ha and 84 ha. Most of the participants used their land for some form of farming, most often grazing, and retained some native bush as well. The highest proportion of native bush retained was 95% and the lowest was 10%. When asked to identify special features of conservation value on their land, most participants referred to the presence of subtropical rainforest remnants.

A1.5.2 Macedon focus group

Twenty people (from 11 households) participated in the focus group held in Macedon Ranges Shire, with most participants aged between 51 and 65 years, or over 65 years; two participants were aged between 35 and 50 years.

Sources of income

Participants derived their income from a variety of sources. Three of the participants were on a salary or wage, two reported 'the farm' as their main source of income, one listed 'farm and investments', and the remaining participants listed investments, superannuation, allocated pension and 'other' as their income. Three of the participants identified themselves as primary producers.

Landholdings

Participants' landholdings varied in size and other features (see Table A1.4). The three largest properties were between 340 and 500 ha, four properties were between 30 and 65 ha, and the smallest properties ranged from 9 to 16 ha. For those using some or all of their land for farming, most of that was devoted to grazing or pasture. Approximately half of the properties for which details were provided had some native bush. The percentage of native vegetation varied considerably: two participants had as much as 95% and 85% of their land retained as native vegetation (remnant forest and riparian vegetation), another had 30%, and three participants had 10% of their land as native vegetation (remnant forest and/or riparian vegetation).

A1.6 Interview findings

This section gives the main findings of the interviews with groups and with individuals. Results are discussed by organisation, under the following topics:

- barriers to private land being set aside for conservation or environmental purposes in Australia (Section A1.6.2)
- existing incentives that encourage conservation among private landowners (Section A1.6.3)
- potential environmental incentives that might appeal to new retirees and lifestyle landowners (Section A1.6.4)
- potential incentives that might appeal to corporate philanthropists, philanthropic organisations or trusts (Section A1.6.5)
- factors that may influence uptake of financial incentives (Section A1.6.6).

A1.6.1 General attitudes towards environmental philanthropy

Philanthropic organisations

Interviewees from philanthropic organisations mentioned the prevailing view that governments are responsible for environmental philanthropy, and that people are already paying for environment protection and conservation through their taxes. Although noting that there is a small market or that they deal with a 'discrete community' of philanthropists, several interviewees reported a positive change in attitudes and a major increase in individuals making contributions to conservation in Australia. Interviewees referred to the need for education, leadership and appropriate institutional structures and opportunities to encourage environmental philanthropy. Several noted that there is a major gap between the scale of donations for environmental philanthropy and similar donations in the human health area. For example, one interviewee said:

> Generally, I think it lags behind philanthropy concerned with human health and welfare, even animal welfare, for example the RSPCA. For example [think of] an appeal for cancer versus one for the white-browed babbler. In conservation there are long-term goals and objectives versus short-term gains in saving lives.

Further points made were about beliefs that philanthropy is for the rich and is 'another tax dodge'. There was concern that a culture of privacy or secrecy about philanthropy exists in Australia, with little publicly available information about it.

Researchers

Researchers noted generally favourable attitudes towards, but a lack of a culture of, philanthropy in Australia. Several thought that there was no expectation or obligation on people to donate, and that relatively few people were aware of opportunities in the environmental philanthropy area. One researcher commented that there is a small group of highly committed individuals but thought there were others who 'with a small push' would become committed. Two researchers noted increasing interest from corporations. Other comments referred to the need for education and for supportive policy and institutional frameworks to encourage environmental philanthropy.

State governments

State government interviewees mentioned the diversity of land holders and a corresponding diversity of attitudes. They suggested a commonly held view in the country that city people need to contribute, rather than leaving rural land holders to bear the costs of conservation. One interviewee cited the land holder opinion that 'you have to be in the black to be green'.

Regional organisations

The comment from a regional organisation member was that a minority of people are interested, but numbers are growing.

Accountant

The accountant reported seeing increased interest in environmental philanthropy in the region, and noted that some of his wealthiest clients were 'greenies'.

General comments

Several interviewees referred to the draft Productivity Commission report, *Impacts of Native Vegetation and Biodiversity Regulations* (PC 2003), as a good source of information on the range of community views about native vegetation.

Table A1.3 Property features in the Ballina area				
Property size (ha)	Years owned	Land uses	Future plans	Conservation agreement in place
84	40+	25% bush 25% grazing 33% crop/orchard 17% weeds	Increase areas for conservation	New South Wales Department of Land and Water conservation (DLWC)[a] property agreement
26.6	4	10% bush 15% grazing 25% plantation 50% weeds	Increase areas for conservation	None
8	18	84% bush 16% grazing	Continue as at present	Voluntary Conservation Agreement
17.45	6	30% bush 70% weeds	Continue as at present	DLWC conservation agreement
25.12	26	75% bush 25% grazing	Continue as at present	Land for Wildlife conservation agreement application pending
17	2	70% bush 30% grazing	Increase areas for conservation	Seeking information
1	1	45% grazing 55% plantation	Continue as at present	None
52	5	95% bush 5% other	Continue as at present	None
10	15	35% bush 63% grazing 2% plantation	Increase areas for conservation	Bushcare
8	15	10% bush 90% grazing	Increase areas for conservation	None

[a] DLWC agreements have now been replaced by property vegetation plans, under the state's *Native Vegetation Act 2003*. Further information can be found on the website of the Department of Infrastructure, Planning and Natural Resources.[1]

[1] See http://www.dipnr.nsw.gov.au/nativeveg/fact_sheet_06.shtml

A1.6.2 Barriers to private land being set aside for conservation or environmental purposes in Australia

Philanthropic organisations

Interviewees from philanthropic organisations referred to obstacles associated with institutional and organisational arrangements, including:

- laws, regulations and lack of competent or experienced professional NGOs in the area
- the opportunity costs borne by landowners (eg loss of potential income from production, costs of fencing and managing conservation areas, and council rates)
- social factors (eg 'neighbours may think you are a nut case', family objections, and lack of a supportive culture or community, including ongoing support and advice from government)

Table A1.4 Property features in the Macedon Ranges area				
Property size (ha)	Years owned	Land uses	Future plans	Conservation agreement in place
340	61	10% bush 90% grazing	Continue as at present	None
9	2	95% bush	Continue as at present	Trust for Nature
29	40	10% bush 90% grazing/pasture	Continue as at present	Macedon Ranges Landcare
465	35	10% bush 87% grazing/pasture 3% plantation	Continue as at present	None
54	16	85% bush 13% grazing 1% crops 1% domestic use	Unsure	Trust for Nature
15.4	3	No details	No response	None
16	5	96% grazing/pasture 1% plantation 3% exotic gardens	Continue as at present	None
46	36	100% grazing/pasture	Continue as at present	None
500	30	100% grazing/pasture	Continue as at present	None
16	9	95% grazing/pasture 5% plantation	Continue as at present	Maribyrnong Landcare
64.7	30	30% bush 70% grazing/pasture	Increase area for conservation	None

- poor community understanding of issues and fear of possible restrictions on use or loss of access to areas set aside for conservation.

One interviewee replied:

> Tax is a central impediment. You will pay tax, and tax on tax; as compared with primary production, where you can negatively gear and so on. There are business tax breaks. Conservation ain't a business, it is the most highly taxed land use activity in Australia …

On the need for appropriate institutions, one comment was:

> [We] need competent professional organisations at arms-length from government. Why should people trust government? They need to trust, there is a need for a track record. We still have greenstick institutions, young and sappy.

Researchers

Researchers made similar points, but also emphasised the need for an official sanction from government, supporting philanthropic actions and conveying a sense of 'rightness and legitimacy'. Incurring capital gains tax for gifts, for example, was seen as conveying the wrong message. One researcher considered that state governments' virtual 'monopoly' as covenanting agencies was an impediment to more land holders participating in this kind of private-sector conservation, because they mistrust government and fear government intervention.

Several researchers also referred to the barriers posed by the complexity or 'clunkiness' of current measures, and the fact that many professional players are not well informed and cannot provide advice to land holders:

> … lack of knowledge of the possibilities, particularly in the property sector. Real estate agents, valuers, councils, banks. As a land use option it is not on the radar screen.

State governments

In addition to points about financial implications and opportunity costs for farmers, state government interviewees emphasised the diversity of land holders they dealt with, and the fact that current measures (including the state-based conservation programs they worked on) do not focus on all types of vegetation associations, target audiences or land holders. This highlighted the need for a range of approaches and incentives to reach people in different geographical, cultural, social and economic circumstances. An associated issue raised by state government interviewees was the short-term nature of, and perceived lack of consistency among, conservation programs funded, for example, from the National Action Plan for Salinity and Water Quality and the Natural Heritage Trust. This, they thought, contributed to land holders mistrusting governments and doubting their ability to work towards long-term conservation goals. Another issue was sociodemographic change, including high turnover of lifestyle properties, few primary producers left in some regions, and lack of interest from the young. The view was expressed that Generation X are poor land managers compared with earlier generations.

Regional organisations

Regional organisation members referred to:

- landowners' lack of awareness of current measures and programs
- their lack of farm profit and need for off-farm income
- high rates of property turnover in some areas
- high land values driving development
- lack of institutional mechanisms for people to 'pool' their money to buy land
- lack of appropriate professional advice from real estate agents and accountants, and perceptions that covenanted properties have limited resale value
- the fact that local governments do not have budgets to acquire land for conservation nor to deal with the many conflicting issues in their shires (eg fire protection, pest control and protection of roadside vegetation).

One interviewee considered that lack of estate planning was a major impediment, and that many people left this until after they were 65 years of age. He also thought that high levels of capital growth in real estate, particularly in coastal areas, were a problem.

A1.6.3 Existing incentives that encourage conservation among private landowners

Philanthropic organisations

There were varied views on existing incentives for private land holders, with some interviewees from philanthropic organisations expressing doubts about whether any current incentive schemes had been successful or appropriately resourced. One interviewee said that 'most [schemes] are purely cosmetics and a joke'. This person expressed the view that government support for these schemes and for the relevant philanthropic organisations is 'peanuts'.

Other interviewees cited examples of specific incentives that they thought had worked, including rate rebates, special purpose grants or payments to land holders. One example was the Surf Coast Shire in Victoria, where the local government assesses all bushland areas within the shire and makes cash payments to landowners based on the conservation value of their remnant bushland. The payments are increased by 50% if the bushland is protected under a conservation covenant. Native vegetation legislation and the associated Heritage Agreement scheme in South Australia were cited as successful when combined with state government support for land holders who suffered financial disadvantage.

One interviewee cautioned about unrealistic expectations about rapid uptake, and the need for time to 'watch the development and maturation of the institutions'. He thought 10 years was needed as a time horizon.

Researchers

The views of researchers were also somewhat mixed, although there were initiatives on a limited scale that they considered to be successful. One researcher attributed the local success of one incentive scheme to peer liaison and the role of committed local 'conservation farmers'. Continuity of effort was seen as key, combined with ongoing local social support networks and information sources: 'Government seems to make contact and then lose interest'.

Schemes such as Land for Wildlife and the Victorian Bush Tender trials were discussed as successful examples both by researchers and state government interviewees, together with the activities of NGOs, including the Trust for Nature, Australian Bush Heritage Fund and the Australian Wildlife Conservancy. Several researchers thought that conservation covenanting schemes should be rated as successful and that more participation would come in time.

State government and regional organisations

State government and regional organisation interviewees considered rate relief and fencing assistance useful, but there were concerns about the regional and social targeting, coordination and continuity of many incentive schemes:

> Some activities are too piecemeal and should be linked to regional priorities and hotspots. There is a need to acknowledge that there may be mismatches between ecological priorities and the interest, motivation and capability of land holders.

State and regional interviewees pointed out the challenges of 'fluctuating money supplies', partly due to dependence on grant funding, and lack of resources at the state, local or regional levels. State government bottlenecks in processing land holders' applications to undertake 'higher order' conservation activities on their properties as a result of the success of the Land for Wildlife Scheme were specifically mentioned by one regional interviewee.

A1.6.4 Potential environmental incentives that might appeal to new retirees and lifestyle landowners

Philanthropic organisations

Interviewees from philanthropic organisations suggested a number of possible new strategies that could be used to encourage environmental philanthropy and participation in conservation activities. These are summarised in Box A1.1, below.

State government

State government interviewees discussed some of the state-based schemes they were familiar with, including the Victorian Bush Tender trials and a Bush Broker scheme currently being developed. The use of biodiversity credits was also discussed. It was pointed out that all these schemes should be linked into state planning processes. The importance of education, as well as financial incentives, was stressed. It was felt that education should cover the benefits of vegetation retention, the effect of keeping pets on native fauna, and how to identify threatened species and control weeds. Local extension officers with strong technical expertise and ability to interact personally with landowners were considered vital.

Regional organisations

Regional organisation members referred to the important ongoing role of local government ('NGOs come and go') and the value of their rate rebate schemes, although these schemes have implications for local government revenue and have worried some councillors. Works grants schemes and property management courses, in some cases linked to covenanting and rebate schemes, were mentioned as being useful in assuring land holders that they would be supported and in providing 'a whole package approach' at the local or regional level. However, the problems associated with short-term funding arrangements for some activities were mentioned again.

A1.6.5 Potential incentives that might appeal to corporate philanthropists, philanthropic organisations or trusts

Philanthropic organisations

Interviewees from philanthropic organisations mentioned that foundations and trusts are now working in a more strategic way to achieve conservation aims. These groups are actively seeking out supportive individuals and organisations and putting specific proposals to them, including new and more flexible options to support land purchases. Several interviewees reported receiving expressions of interest from large Australian corporations and also from superannuation funds. To capitalise on this interest, corporations need philanthropic organisations 'with form and legitimacy', as they need to safeguard shareholder values. Corporations also want to see rapid and visible results from their donations. Interviewees referred us to the example of the US Nature Conservancy and also mentioned partnerships between community and businesses.

Researchers

Researchers discussed a number of examples of corporate involvement and application of a corporate model in the nature conservation arena (eg as was done by Earth Sanctuaries). One researcher mentioned the US Sonoran Institute and its role in training NGOs, particularly in financial skills. A new program cited was a pilot 'land repair' fund for Greening Australia, applying market-based incentives.

State governments

One state government interviewee discussed a consultancy report they had commissioned on this topic, and the possibility of encouraging land developers to donate money to protect remnant vegetation. The two state government interviewees who commented on this topic both pointed out that corporations need to be able to promote their activities and identify themselves with a particular scheme, tangible conservation goal or conservation asset.

A1.6.6 Factors that influence uptake of financial incentives

Philanthropic organisations

Interviewees from philanthropic organisations referred to:

- personal (nonmonetary) factors, such as emotional attachments to land and wanting to see it protected in perpetuity or secured for the future, and people's stage of life
- financial factors, such as tax considerations and the effects of the philanthropic gesture on the donor's financial situation (eg 'how they're going to be at the end of the day')
- social factors, such as obligations to others (eg discharging obligations to a deceased relative), or the influences of family and neighbours; and disputes between neighbours over managing weeds and feral animals (eg on heritage agreements in South Australia)
- institutional factors, such as the need for assurances that organisations to which gifts are made have quality, viability and independence from government.

Researchers

The researchers referred to similar factors to those mentioned by philanthropic organisations. In relation to life stage, one researcher commented, 'Retirees have more time but are possibly less capable [of managing the land] and less knowledgeable'. Researchers emphasised institutional factors related to the need for donors to be confident that their donation is 'rort-proof'; that processes are transparent and that people know about them (including the tax provisions); and that donors will be supported and valued. Suggestions were made about how information could be spread about relevant tax changes (eg 'the tax office doesn't go out and bang a drum'). One researcher referred to the fact that some individual donors do want personal credit for donations and want their contribution to be recognised by the community. An example cited was a 'Giving wall', where the names of people contributing to a community cause were recorded.

Box A1.1 Possible new strategies or incentives mentioned by researchers

- Examine the potential for flexible arrangements for farmers to offer lifestyle accommodation, timeshares and leisure opportunities for tourists, possibly by consolidating adjoining properties.
- Develop 'conservation clubs' to serve as networks for land holders involved in conservation on their properties ('you can have a bit of a yarn about what you're doing in your back paddock').
- Make arrangements for any not-for-profit environmental organisations to be covenanting agencies (successional arrangements are needed for these organisations but governments are not necessarily better than the private sector in ensuring arrangements 'in perpetuity').
- Relevant government agencies could develop extension programs for the property market, including valuers, surveyors, accountants, tax agents, real estate agents and property developers, and also work with their professional associations ('All Departments of Agriculture and Environment should have an extension program for blockies') — in conjunction with this, map turnover of hobby farm properties and entry of new landowners.
- Make better use of abandoned homesteads and other infrastructure rendered redundant by property subdivision (perhaps use these to support conservation activities?).
- Introduce environmental rating schemes for properties and arrange for people with good ratings to pay less tax or be exempted from an environmental levy; eg the 'Five Frog' environmental or sustainability rating — an analogy is the AC Government's energy rating system for residential buildings.

Regional organisations

Members of regional organisations stressed financial and institutional factors, particularly the need for assurances about the accountability of the governments and NGOs involved, and the need to monitor their activities and check they have a strategic focus. These interviewees also highlighted factors related to lack of ongoing management support for land holders and thought that administrative bottlenecks discouraged people from participating in some conservation schemes.

Land holders

Land holders referred to institutional factors in terms of the need for governments and covenanting organisations to show a commitment to accountability (including administrative processes, and ecological monitoring and evaluation), and to assure land holders that their efforts were appreciated and would be supported in the long term. The need for simple procedures was stressed, 'otherwise people will get put off'.

A1.7 Focus group findings

This section gives the main findings of the focus groups. Results are discussed, by group, under the following topics:

- key environmental issues (Section A1.7.1)
- interest and involvement in conservation activities (Section A1.7.2)
- potential opinions for encouraging environmental philanthropy (Section A1.7.3).

A1.7.1 Key environmental issues

Focus group participants were asked to identify key environmental and conservation issues operating in their region and on their specific properties.

Ballina group

For the region, participants were concerned about:

- conserving biodiversity, protecting threatened flora and fauna from the impact of weeds, feral animals and inappropriate development

- water conservation and quality
- soil erosion
- acid sulfate soils
- fire management.

Managing the impact of weeds was an 'on-property' issue for most participants. Another significant issue was how to secure adequate support to regenerate the native bush on their properties.

Macedon group

There was a strong emphasis on maintaining and enhancing native vegetation (in the region and on properties), particularly protecting creek lines and native forest remnants. There was also considerable concern about water conservation, how to most effectively manage weeds, and the impacts of urban values on rural regions.

A1.7.2 Interest and involvement in conservation activities

Ballina group

Participants had a strong interest in protecting private land with high conservation values. When indicating what their future plans for their property were, five participants wanted to increase the proportion of land set aside on their property for conservation. One of those people already had a conservation agreement in place. Two other participants with conservation agreements planned to stick with their current course of action. Only one participant had no active plans to set aside any land for conservation purposes.

Most of the participants wanting to increase the proportion of their land set aside for conservation did not see any substantial barriers to doing so. Three other participants saw barriers to setting aside land for conservation, such as opportunity costs, a lack of understanding of the idea, potential problems when selling the land, and how to pay for conservation works.

Macedon group

Interest in setting aside land for conservation purposes varied among participants. Those who were using nearly all their land for conservation purposes had formal conservation covenants in place and intended to continue with that approach. A land holder with 30% of their property devoted to native vegetation was interested in increasing that amount, but as yet had no formal conservation covenant in place. None of the participants with 10% of their land as native vegetation had immediate plans to change their strategies. Land holders without native vegetation on their properties gave no indication that they would be substantially changing their farm management strategies.

Those participants who had covenants with the Trust for Nature saw no barriers to setting aside land for conservation. Other participants, who felt that barriers existed, were primarily focused on the opportunity costs of devoting land to conservation purposes, including financial constraints, water supplies, 'government red tape' and a lack of community appreciation for doing so.

A1.7.3 Potential options for encouraging environmental philanthropy

Participants considered four options:

- donating land for conservation
- living bequests
- bargain sales
- tax deductions or rebates on management costs of conservation covenants.

Donating land for conservation

Ballina group

In discussing the option of donating land for conservation, participants were mainly concerned about finding appropriate recipient organisations that could meet donors' needs and expectations. One participant had an acquaintance who had been unable to donate land to governments and was unaware of the appropriate or interested conservation NGOs.

Some participants felt that there would be limited interest in this option, because most people would want to leave their assets to their children. This topic led to a discussion about the capability of recipient organisations to effectively manage the gifted land. The difficulty of obtaining covenants was raised, in terms of organisations such as the NSW National Parks and Wildlife Service not having sufficient funds to rehabilitate or manage land, or not being interested in properties unless they met certain criteria (eg size, ecological significance). Some participants concluded that land of high conservation value might be better off under private ownership.

Macedon group

There was discussion of how desirable it would be to pass on property to organisations or individuals outside one's immediate family. One participant had to abide by a family expectation that the property would remain in the family, and therefore needed to feel extremely confident about the capabilities and stability of the recipient organisation before they would consider overriding the family wishes to keep the property. This issue led to further discussions about whether governments or NGOs are more reliable and effective in managing land for conservation purposes. Participants were concerned about shifting priorities and situations, with some feeling that governments' mandates and funds made them more reliable. Others felt that NGOs with legislated mandates, such as the Trust for Nature, were sufficiently trustworthy. Participants discussed the extent to which people should rely on certainties to make a range of life decisions, including setting aside land for conservation purposes.

Other points about certainties were raised, such as the need to distinguish between donating land and covenanting it. One participant suggested that covenanting with organisations like the Trust for Nature was less about guaranteeing certainties than about helping land holders find someone who would agree to hold it under the same conditions. Placing a covenant on land before donating it was offered as a way to achieve a greater level of certainty when seeking to protect conservation values. Some participants felt that conservation criteria and standards could help ensure sound management, while others were unaware of governments' and NGOs' priorities for land with conservation value.

Questions remained about the security of government-managed versus NGO-managed covenants, responsibility for the management and rate payments for donated land, and land valuations.

Most participants had limited experience with conservation organisations that manage land for conservation. Some of the organisations or schemes named included Trust for Nature, the World Wildlife Fund, Conservation Trust for Volunteers and Land for Wildlife.

Living bequests

Ballina group

Participants generally felt that interest in this option would be limited, believing that philanthropic people would be more likely to simply give away the assets in question (shares or land), rather than try to continue to receive some income from the gift.

The scenario of someone choosing to gift their land to an organisation and retain their residence on that property was discussed. Participants raised questions about how various zoning regulations might affect the feasibility of residing on land with a conservation covenant on it. This topic led to further discussions about tax incentives and covenants. After it was explained that people could receive tax deductions for covenanted land, including land with threatened species on it, one participant suggested that the Australian Government's processes for conservation agreements seemed clearer than other governments' procedures.

Participants generally felt that the uptake of living bequests would be limited to those with substantial incomes, and that those with lower incomes would be more interested in other incentives, such as stewardship payments. This point was especially salient for those concerned about their age, the extent of weeds on their properties, and their need for labour support to help them to implement long-term weed eradication plans.

Macedon group

When discussing the donation of shares to a conservation NGO, several participants raised their concerns about whether such an organisation had sufficient (financial) expertise to act in the donor's best financial interest. Participants were asked what they thought about the option of gifting land (as opposed to shares) to an

organisation and still being able to live on that property while it was being managed by the recipient organisation. The ensuing discussion highlighted participants' concerns that recipient organisations needed to be responsible managers, irrespective of whether they were being asked to look after land with high conservation value or more conventional financial assets. Participants also pointed out that varied perceptions of financial risk would influence the uptake of this option.

Several participants felt uneasy about the idea of living on land that they technically did not own. They were concerned that it could compromise their ability to make future choices about their lives and expressed doubts that an organisation would prioritise their best interests. These participants suggested that they were best qualified to look after their own land.

Finally, this option was thought to be of little use to people with little or no income.

Bargain sales

Ballina group

The discussion opened with questions about whether revolving funds might be a more appropriate way to conserve land, and about the impacts of zoning on the feasibility of this option. It was suggested that most people have covenants on parts of their property, and unless they are zoned for subdivision, they would be unable to sell those parts. Some participants suggested that interest in this option would be limited due to the lack of a strong philanthropic culture in Australia, as well as a strong culture of passing land onto the next generation rather than selling it to people or organisations outside the immediate family. However, one participant suggested that, where subsequent generations were ***not*** interested in either farming the land or managing it for conservation, the land could be sold to a conservation organisation and people could distribute the assets among the family members. Some participants also believed that placing a covenant on the property before its sale would provide additional reassurance that its conservation values would be retained.

Macedon group

Questions were raised about being able to guarantee long-term conservation agreements and about stamp duty implications for the purchasing organisation. Generally, many participants appreciated the difficulty of iron-clad guarantees, but still felt it important to have some assurances that the recipient organisation was a credible and responsible entity that would honour a conservation agreement, and be able to consistently implement effective management measures. Two participants believed that Trust for Nature covenants offered sufficient certainty for them to feel relatively confident that the conservation values of their land would remain protected. This issue of confidence in potential or actual recipient organisations was an important factor in participants' ability to decide how appealing the option of bargain sales might be for them.

Tax deductions or rebates on management costs of conservation covenants

Ballina group

This option was of most interest to participants, although they felt that certain issues would need to be addressed to ensure good uptake and environmental outcomes. Again, this option was seen as more relevant to those with higher income-tax liability. It was also suggested that low-income earners would be more interested in tax rebates and other incentives, such as stewardship payments and rate rebates.

Some participants believed that 'management costs' identified by this option would need to be clarified — namely, whether native vegetation ***enhancement*** activities were equated with ongoing management, and would therefore be considered tax deductible. It was also pointed out that this ambiguity was similar to the confusion and low awareness about which land management activities could be claimed under the 34% Landcare tax rebate.

Participants also raised their concerns about how well conservation values could be protected in the long term if conservation agreements varied in length and requirements. Examples such as the 5-, 10- and 20-year property agreements of the NSW Department of Infrastructure, Planning and Natural Resources were clarified, and the challenges of enforcing 'in perpetuity' agreements were discussed.

Macedon group

This option attracted the most interest and support, with four participants indicating they would like further information. It was suggested that this option was more equitable than the other options, because it provided incentives for 'smaller players.' However, some participants felt unsure about how land holders with smaller incomes would benefit, particularly when they needed sufficient funds to manage their land for conservation in the first place. Participants felt that tax rebates would be more appropriate for land holders in those situations.

Participants expressed their support for revolving funds schemes and other conservation incentives that used a targeted approach to achieve ecological restoration at the landscape scale. However, they suggested that any interest in setting aside land for conservation purposes should be supported. There was some disagreement about the appropriateness of governments acquiring high-conservation-value land on a compulsory basis.

A2 Appendix 2: CSIRO study

A2.1 Introduction

This appendix provides details of the Commonwealth Scientific and Industrial Research Organisation (CSIRO) study on options and issues for promoting private conservation on the New South Wales Central Coast, described in Chapter 3. It includes:

- details of the survey region (Section A2.2)
- details of the methods used in the study (Section A2.3)
- a report on a meeting held in Gosford in 2004 (Section A2.4).

A2.2 Details of survey region

A2.2.1 Overview of the New South Wales Central Coast

The Central Coast covers Wyong and Gosford Shires, approximately one hour's drive north of Sydney. The region covers an area of 1854 square kilometers, and in 2001 had a population of 285 508 (ABS 2003). In many respects the Central Coast forms a transition zone - from East to West there is a transition from coastal to urban and suburban to areas of mixed agriculture and forest; and from North to South the transition zone extends to the outer fringes of Sydney. Once based on the use of natural resources, the Central Coast is now increasingly influenced by the proximity of Sydney, with successive waves of holiday homes, retirees and then Sydney families seeking affordable housing. As a result, the area has complex land-use patterns and pressures.

A2.2.2 Population pressure

The population of the Central Coast has grown at a high rate in the past, and will continue to do so, due to its proximity to Sydney. Population projections for the region (see Table A2.1) suggest an additional 80 000 to 100 000 people could live in the region by 2020 (ABS 2003). However, population projections are uncertain, since the large population pressure means that future growth will largely be determined by government land zoning and release policies. *Wyong State of the Environment* report (p 7) suggests that 20 000 to 80 000 is a plausible range for growth in Wyong over the next 20 years.

The population of the Central Coast is relatively old, with 17.5% of the population over 65 years of age, compared with the NSW average of 14%, and the population is predicted to get older, with 23% of the population projected to be over 65 by 2019. The population is also strongly urban, with only 17 000 people (6%) living in rural villages or on rural lots outside of suburban areas.

Table A2.2 shows how the income distribution on the Central Coast differs between rural and urban residents and between the two local government areas. The Central Coast was traditionally considered as a cheap housing option, catering for low-income earners from Sydney. However, the income profile of Gosford rural owners is consistent with the area being part of the Sydney lifestyle market. In addition, land prices for select rural areas are comparable to the medium to high end of the Sydney market (GCC 1996). Sinclair et al (2003) also report that, in 2001,

Table A2.1 Central Coast population and population projections 1991–2019

	1991	2001	2006 projection	2011 projection	2019 projection
Gosford	128 781	154 654	175 127	185 881	201 856
Wyong	100 643	130 854	154 735	171 776	198 209

Source: ABS (2003)

Table A2.2 Household income distribution, 2001				
	Urban		Rural	
	% Low income	% High income	% Low income	% High income
Gosford LGA	22.9	6.8	16.2	11.0
Wyong LGA	28.4	3.6	24.5	6.0
Sydney SD	**16.9**	**13.9**	**16.6**	**10.7**

Low income < $400/week, high income > $2000/week.
LGA= Local Government Area SD=Statistical Division Adapted from Sinclair et al (2003)

Table A2.3 Land use in Wyong statistical local area		
Wyong land use	Area (Ha)	%
Forestry	26 500	37
Bushland	20 900	29
Extensive agriculture	10 800	15
Intensive agriculture	2900	4
Residential	5600	8
Rural residential	800	1
Wetlands	1400	2
Industry/commerce	1400	2
Turf farms/golf	800	1
Other	600	1
Total	**71 700**	**100**

Source: Wyong Shire Council (2001)

15% of rural residential workers in Gosford and 6% in Wyong worked from home. Anecdotal evidence from this project suggests that the trend for increasing lifestyle-based rural residents now extends to Wyong Shire. These figures reflect a 'tree change' phenomenon (Sinclair et al 2003), a part of the larger sea change that is having widespread repercussions for coastal areas. (See for example MSC 2004.)

However, there is also a notable proportion of low-income households in rural residential areas in both areas: 16% of Gosford and 24% of Wyong households have incomes less than $400 per week. These figures for low-income earners may include many self-employed and retired individuals.

A2.2.3 Land use

In Gosford, approximately 32% of the area is protected by national parks and nature reserves (GCC 2000). For Wyong, approximately 2% is protected in this way; however, 66% is classified as either forest or bushland. A breakdown of land use for Wyong is provided in Table A2.3 (similar figures were not available for Gosford). The aggregate statistics hide the concentration of development on the eastern side of the Sydney-to-Newcastle Freeway.

A2.2.4 Urban land use

Most of the Wyong population is concentrated in suburbs surrounding the northern and southern ends of Tuggerah lake. Most population growth is also

concentrated in these areas; in particular, the Warnervale and Wadalba areas to the northwest of Tuggerah lake are expected to accommodate up to 50 000 extra people in the future.

In Gosford, no major new land area has been identified for release since 1988. As a result, there are few remaining new greenfield residential land releases to be developed. This has led to increasing demand for incremental rezoning of marginal land. The urbanisation process therefore provides threats to conservation via new greenfield development and pressures for infill of existing residential areas.

A2.2.5 Agriculture

Peri-urban agriculture has been characterised as a 'rolling wave,' where low-value extensive agriculture is replaced by higher-value and more intensive uses, and ultimately by residential development. Johnson et al (1998) document the decline and intensification of various agricultural activities on the Sydney fringe. Agriculture on the Central Coast is a significant and currently growing industry. Figures from the National Land and Water Audit indicate that 9% of Central Coast land was in holdings with agricultural activity in 1997. This area produces more than 10 000 tonnes of fruit (mostly oranges), nearly 3000 tonnes of vegetables, 3 million chickens and 26 million eggs. The area of agricultural holdings has declined from 13% in 1983, but is still above the low of 5% in 1991. These figures may indicate that intensive agriculture is a viable and growing concern in the region; however, they may also indicate that the rolling wave of development is currently pushing the outer band of intensive agriculture through the Central Coast. Developing specialised agriculture and food processing is seen as a key strategy for generating local employment. The strategic direction for rural lands of Gosford (GCC 2000) aims to protect traditional agricultural areas for sustainable agriculture. Local government policies, notably reduced agricultural land rates, support this goal. The growth, intensification and constant change in agriculture provide a direct threat to conservation. However, the trend towards green production and intensive production requiring buffer zones offers opportunities for conservation on private lands.

A2.2.6 Rural residential land use

Figures from Wyong Shire (Table A2.3) indicate that only 1% of land is classified as rural residential. The classification criteria used mean that this figure significantly understates the areas of residential and rural residential land with conservation value. For both local government areas, some of the land classified as urban, plus significant and increasing areas of the land classified as extensive agricultural lands, are likely to effectively be rural residential land.

A2.2.7 Biodiversity threats on the Central Coast

The *Wyong State of the Environment Report* (Wyong Shire Council 2001) indicates that population growth will have a negative impact on biodiversity through development and increasing road networks, causing loss and fragmentation of habitat. The main threats on private land include:

- clearing and fragmentation
- weeds and pests
- altered fire regimes
- removal of understorey
- timber harvesting
- grazing
- change in agricultural land use.

Although these are similar to the threats in agricultural areas, the underlying drivers of these processes are significantly different. In many cases, the threats are a function of the management choices made for aesthetic and lifestyle reasons (eg 'cleaning up' understorey or grazing horses). Other threatening processes relate to the removal of bush to manage fire risks and weeds. The relatively high density of urban bush blocks means that weed and pest problems are likely to cross ownership boundaries.

A2.2.8 State and local government native vegetation and biodiversity policies

The *Wyong State of the Environment Report 2001-2* identifies a continuing decline in key environmental indicators and identifies three major options for addressing environmental issues. They are smart and strong planning, slower urban development and more funds for environmental management. Identified funds fall well short of what is required to manage the shire's natural assets. A draft conservation strategy for Wyong (WSC 2003) identified conservation on private land as a key element in developing effective protected areas, providing necessary wildlife corridors and increasing areas of native vegetation to compensate for development pressures (p 149). It recommended several innovative polices to provide conservation incentives, including rate rebates for land under a Voluntary Conservation Agreement (VCA), granting of limited development rights in exchange for entering into a VCA, and partial rate rebates for land zoned as a primary conservation area.

The *Gosford State of the Environment Report* (GCC 2000) identifies urban and agricultural development as key pressures on native vegetation. Native vegetation on developed land is also suspected to be in decline, partly as a response to increase urban infill caused by the lack of new greenfield development opportunities. A Coastal Open Space System (COSS) has been the main conservation initiative in Gosford. This identified key tracts of land for conservation and used a combination of development negotiations and direct purchases to acquire this land for conservation. This has been successful in protecting large areas of land in the eastern coastal areas of the shire. A western COSS is currently under development. Although land acquisition under the COSS scheme has been the primary focus of policy in the region, the lack of mechanisms for funding ongoing management of public and private conservation land has been identified as an emerging issue.

A wide range of state policy and legislation potentially affects private conservation. However, a review of state government legislation affecting private conservation is beyond the scope of this report. An example of the potential for a wide range of legislation to affect private conservation is the recent changes to New South Wales land tax and land vendor duties. The initial legislation needed to be amended in order to exempt land under a VCA or land trust agreements from these duties (Miller and Sanghi 2004).

A2.3 Methods

The project consisted of on-site interviews with eight land holders and managers in the Central Coast area, undertaking a range of conservation activities. The purpose of the visits was to gain a broad understanding of the range of conservation management activities, aims and issues within the region. A focus group with eight land holders (including two of those interviewed on site) was also conducted to discuss the social and economic circumstances affecting their land management issues and objectives and what their conservation management needs and constraints are, and to gauge their response to the tax proposals.

The land holders were selected to provide a cross-section of management perspectives. Newly arrived retiree owners of lifestyle blocks were also specifically targeted for inclusion. This group was identified as potentially important, given their increasing numbers and potential for conservation philanthropy. The small sample of respondents is consistent with the aims of this study, which are limited to identifying potential issues for environmental philanthropy in peri-urban areas. However, the small sample of respondents also means that further work is require to assess the regional extent and significance of the issues raised.

A2.4 Report of meeting to discuss options for developing a land trust on the Central Coast

A2.4.1 Introduction

This report summarises a meeting held in Gosford on 26 May 2004 to discuss the possibilities of setting up a local land trust on the Central Coast. It outlines the issues discussed and puts forward several proposals

for developing a local land trust. It is intended as a discussion paper to prompt further activity on developing a trust.[3,4]

A2.4.2 Acknowledgements

The meeting was initiated as part of the CSIRO project *Options for Philanthropy*, which was funded by the Australian Government Department of the Environment and Water Resources (DEW). The meeting was arranged and chaired by John Asquith from the Central Coast Community Environment Network, and hosted by Mark Attwood at the Rumbalara Environmental Education Centre.

Present at the meeting were:

- John Asquith (Central Coast Community Environment Network)
- Mark Attwood (Rumbalara Environmental Education Centre)
- Graham Douglas (Nature Conservation Trust of New South Wales)
- Bill Evans
- Russell Gorddard (CSIRO Sustainable Ecosystems)
- Steve Hatfield Dodds (CSIRO Sustainable Ecosystems)
- Robert Pallin (Nature Conservation Council
- Teena Pennington (Gosford City Council)
- David Tierney (Wyong Shire Council)
- Kathy Tracy (Department of the Environment and Water Resources)
- Barbara Wills.

A2.4.3 Motivation

The following points were made as introductory comments explaining why people were interested in developing a local land trust:

- Conservation of native vegetation on private land is necessary for the Central Coast to achieve regional conservation goals.
- There is limited scope to use public funds to purchase private land for conservation. This is exacerbated by high property prices near the coast and Sydney.
- Public funds for managing public lands are limited. This limits the scope of government to accept land donations and maintain proper environmental management.
- The scope for government to negotiate for land for conservation by development offsets is also limited by funding for ongoing management, especially given the current restriction on using Section 94 funds for recurrent expenditures.
- There is widespread concern that council conservation zoning provides insufficient protection against development pressure.
- VCAs provide a mechanism for protecting land where landowners are willing to sign up. However, the need for a willing landowner limits the ability to use VCAs alone to protect strategic tracts of land.
- The VCA mechanism does however provide the necessary legislative framework to enable more strategic land conservation schemes, such as a revolving fund, to work.
- There is no regional body that people can donate assets and land to that people trust to maintain the land's natural values. As a result, bequests will either leave the region or not be made.

A2.4.4 Why a land trust?

The policy niche for land trusts is in enabling the use of private donations of land and money to protect areas of high conservation value that occur on private lands, particularly land with high-value alternative uses. As a private organisation without the bureaucratic restrictions of government, a land trust can operate in a flexible and entrepreneurial manner. Also, a trust can use a range of methods to best suit individual donors and issues.

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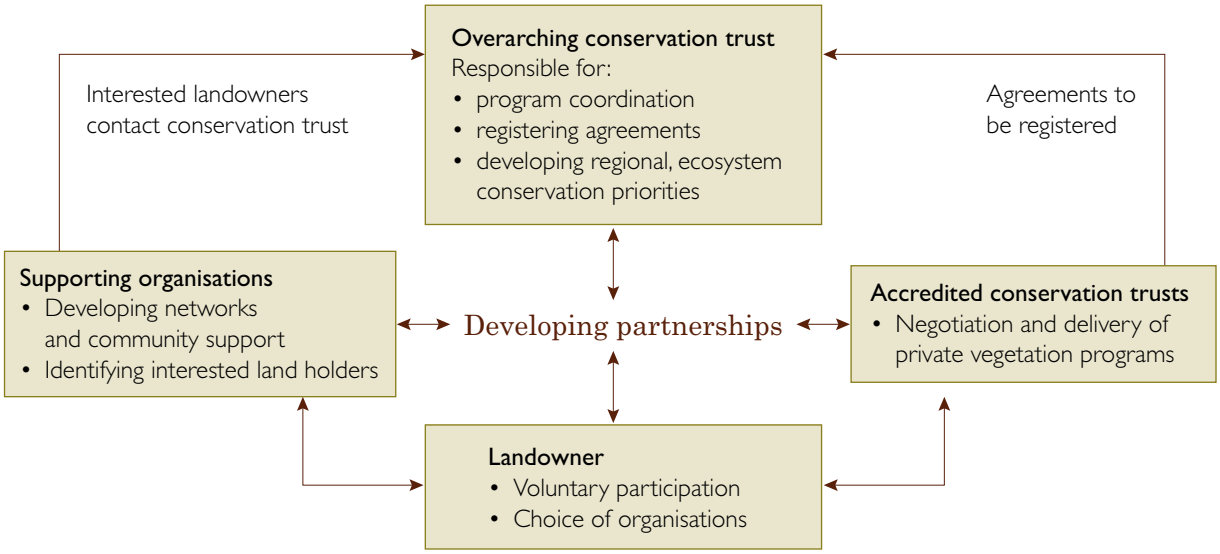
3 The summary given here is based on a paper prepared by Russell Gorddard (CSIRO Sustainable Ecosystems) and John Asquith (Central Coast Community Environment Network).

4 The information contained in this report is provided for the purpose of providing background information relevant to developing a regional trust. It should not be relied upon for the purpose of a specific matter. Legal advice should be obtained before any action is taken on the basis of any material in this report. CSIRO does not assume liability of any kind whatsoever resulting from any person's use of or reliance upon the contents of this report.

Figure A2.1 Model for conservation trusts



Source: Binning, C (2001). Philanthropy Sustaining the Land – Encouraging Australians in the Conservation of Biodiversity. http://www.ntwa.com.au/forum/slidesCBinning.pdf

A2.4.5 Background on the Nature Conservation Trust of NSW

The Nature Conservation Trust of NSW (NCT) was established by the *Nature Conservation Trust Act 2001* and is based on the Victorian Trust for Nature (VTFN). The trust was established with a total of $2 million via grants from national and state governments. Summarised from the Act, the main functions of the trust are to:

- operate the revolving fund scheme
- establish and maintain such other funds as are appropriate to its activities
- negotiate, enter into, monitor and enforce compliance with trust agreements
- enforce compliance with conservation and property agreements
- provide technical, financial and managerial assistance to land holders to achieve conservation goals
- be the repository of gifts and bequests of land or money to be used for conservation
- raise money from the general public to help fund its activities.

The legislative basis to the NCT gives it the power to negotiate VCAs. It also provides the NCT with exemptions from certain state and local government duties associated with the purchase, lease and sale of land. The Act also specifies the relationship between the state and the trust; this is explicitly at arm's length, but the Act also specifies circumstances under which the trust can pass land to the Crown and what happens to assets in the event of the trust being wound up.

The trust is in the process of being established. Looking at the VTFN provides some indication of the capabilities it might evolve. The VTFN has a volunteer board of eight people and meets six times per year. It has an office staff of 12 people based in Melbourne. It also has 10 regional managers and four regional extension staff. At least some of these positions are part time, and some of the funding for these positions comes from the Natural Heritage Trust. This is a significant administrative capacity and overhead that a local trust must use and support if both are to be efficient.

A2.4.6 Why develop a regional/local land trust?

A local trust would need to complement and enhance the local activities of the NCT. Figure A2.1 identifies a range of roles that are required at the regional level, and their relationship to an overarching state-level trust.

As well as playing a supporting role for the NCT, a strong local trust could also provide additional benefits:

- Improving the perceived integrity of the trust in the eyes of potential donors. A local identity signals a strong commitment to local issues. Given that a person's emotional attachment to a piece of land may be important in determining their decision to donate, a local face to the recipient organisation may be important. In addition, integrity is likely to be improved by the greater personal contact and word-of-mouth endorsements with the people involved in a local trust.
- Increasing the opportunity for ongoing involvement of a donor with the trust.
- More efficiently raising local awareness of the options for environmental philanthropy that a land trust (local and state) offers.
- Developing a local network that can identify opportunities for land acquisitions.
- Developing the local capability to conduct trust activities that may be only informally related to the local or state trust.
- Increasing the possibility of donation for ongoing management. This is perhaps more likely if it is tied to a particular piece of land and if the person can be involved in negotiating management arrangements.
- Improving the ability to target issues with high local support.
- Developing strong ongoing ties with local environmental groups. This may be particularly important in developing effective management plans for trust land.
- Developing an ongoing relationship with local government.

The question of how well these functions can be achieved using the Victorian regional manager model needs to be debated. However, if a local trust is to be developed, a strong relationship with the NCT will be important.

A2.4.7A Central Coast trust

The Central Coast is an area that attracts people who need to be based in Sydney, yet have the motivation and means to be involved in conservation activities. The area also has a highly developed environmental network that can provide the community interface needed to support a trust.

What would a local trust look like?

A local trust could consist of:

- a legally defined trust board that could act as a recipient and manager of funds
- a network of people with the know-how to initiate and oversee local-trust-type activities (this group could possibly form an advisory board)
- formal links to the NCT, perhaps by including a regional representative of the NCT as a board member (employment by the NCT gives a person certain powers under the *NCT Act*).

Possible objectives

The relative strength of land trusts is that they allow the use of private donations of land and money to protect areas of high conservation value that occur on private lands, particularly land with high-value alternative uses. Some of the key functions a land trust can aim to provide include:

- creating and maintaining an enduring and credible identity (the land trust board) that can act as the recipient and custodian of funds and property for a variety of environmental causes
- providing the capacity to identify, recommend and facilitate the execution of a range of different strategies that allow landowners to donate land and other assets to best achieve both personal and community conservation goals

- increasing awareness of these options among owners of key conservation assets
- providing the local community with the focal point and mechanisms to collectively negotiate for conservation outcomes on key private land sites
- providing the means to use significant private donations to leverage further community fund-raising to achieve community conservation goals
- providing effective community-based management solutions for the ongoing management of conservation areas on private land
- providing a credible and funded mechanism for the ongoing monitoring and enforcement of conservation management on these lands.

A2.4.8 Tools and activities of a local trust

Typical activities of a trust include:

- overseeing management of donated land
- buying, holding and managing land
- operating a revolving fund
- buying options of first refusal for purchase of strategic conservation lands
- developing a local fund for ongoing monitoring and compliance negotiations with existing local land covered by VCAs
- developing an alternative real estate market for land with conservation values.

There are relatively cheap options for improving conservation outcomes when properties change owner. The VTFN advertises land of high conservation value that is for sale.[5] Some kind of endorsement or certification of real estate agents may also be possible; for instance, for agents who, in addition to their standard promotion, advertise blocks with biodiversity values on a trust's website where the biodiversity values are emphasised, identify local native flora and fauna of bush blocks, highlight these values to prospective buyers and make the seller aware of options for conservation available through the trust.

[5] Jill Turton discusses the Western Australian Bush Brokers scheme on http://www.ntwa.com.au/forum/presentJTurton.shtml

A key role for a trust is to be innovative and proactive in identifying and recommending the appropriate donation strategy to meet the donor's and the trust's objectives. A good example of a less routine activity that a land trust might facilitate is the work by Rob Pallin to use a private company model to facilitate the purchase of three properties near Jamberoo, place a VCA on the property and sell private company shares in the property. Feature of this were:

- *Acting quickly* — when land with high conservation value was to come onto the market.
- *Compatible use* — a house and four cabins in one corner of the property are to be used to generate income to cover the maintenance costs of the property.
- *Local place attachment* — much of the interest in the shares was from people who had a long term attachment to the area.
- *Know-how* — Rob Pallin's working knowledge of the *Companies Act 1981* allowed him to effectively use the private company model for this purpose.

A2.4.9 Operating principles and strategies

Developing and maintaining integrity of the trust

A Central Coast land trust board should be able to replicate much of the infrastructure that exists elsewhere to ensure proper operation.[6]

Other issues related to maintaining integrity include:

- minimising the overhead costs of the local operation by using the administration and expertise of the NCT
- seeking advice from local professional bodies (such as lawyers and accountants) as to how they might contribute by providing guidance to the board, auditing, developing guidelines and strategies for different types of deals, and identifying and endorsing a range of professionals who can execute deals

[6] A statement of land trusts standards and practice can be found online at http://www.lta.org/sp/sp_second_draft.pdf and operating principles for a revolving fund can be found at http://www.conservationfund.org/.

- restricting the trust's role where it might be perceived as having conflicts of interest (eg trust activities should be divorced from negotiations over development rights, because this risks damaging the trust's credibility for its core role of being a credible institution for attracting and wisely investing donations)
- maintaining independence from government.

Relationship with government

By focusing on private land conservation, land trusts play a complementary role to public land conservation agencies. As a general principle, a trust needs to operate at arm's length to government in order to provide an effective alternative mechanism.

However, local government would have at least two important roles to play:

- Helping to identify strategic conservation priorities for land trusts — priorities that most effectively complement public conservation activities.
- Facilitating efficient navigation of local government regulations and fees in the negotiations of land trust activities. There is perhaps room for significant innovation here. For instance, a council representative could have pre-approval to negotiate with the trust a certain value of fee waivers and property rating changes.

Funding strategy

There is a high risk to the survival of a local trust if it relies on insecure government funding programs. Also, since government funding to acquire and manage land for conservation is limited, a local land trust needs to actively complement this effort and limit the risk of competing for public conservation funds.

- To the extent possible, ongoing funding of a local trust should be independent of government.
- A high priority of a local land trust must be to provide for ongoing management via private funding and voluntary community work.
- Leveraging donated funds to attract additional funds and achieve larger goals is a potentially valuable strategy. An example of this is a challenge grant, where a person makes a significant donation contingent on it being matched by local fundraising.

Compromise on outcomes

When developing management agreements, allowing a range of compatible uses (eg bushwalking, horse riding, limited development) is likely to be important in developing community support.

Glossary

bargain sale	A sale that is made at a price below the market value of the property being sold. For example, a landowner may be prepared to sell a property with conservation value to a conservation organisation at a bargain price because of the assurance that the property will be protected in the future.
BRS	Bureau of Rural Sciences.
capital gains tax	Capital gains tax is payable on the capital gain derived from the sale or disposal of assets acquired after 19 September 1985. The tax is payable at an individual's personal tax rate or at company rates for a company.
conservation covenant	Conservation covenant, as defined in the Australian Taxation Office's GiftPack (ATO 2003, p 74), is a covenant that: • restricts or prohibits certain activities on the land that could degrade the environmental value of the land; • is permanent and registered on the title to the land — if registration is possible; and • is approved in writing by, or entered into under a program approved in writing by, the Minister for the Environment and Water Resources.
CSIRO	Commonwealth Scientific and Industrial Research Organisation.
deductible gift recipients	An organisation that can receive income tax deductible gifts.
environmental philanthropy	Doing 'good' by acting voluntarily to protect the environment (often biodiversity conservation), without necessarily seeking personal gain, and sometimes seeking to avoid or minimise the cost of doing so.
lifestyle farmer	A land holder choosing to reside on a rural property mainly for aesthetic and amenity reasons, without seeking to generate significant income.
living bequest	A bequest that is made while the donor is still alive. With these bequests, the donor can see the benefit during their lifetime. It is also possible for them to retain some rights or benefits until death, while still donating (eg 'retained rights of occupancy' for a building on a property that has been bequeathed to others).
NGO	Non-government organisation.
part gift	A gift in which some rights or portions of the gift are retained by the donor. For example, the donor may retain rights to occupy a dwelling on a property that has been donated to a conservation organisation.
peri-urban	An area on the periphery of a city, with characteristics of both rural and urban settings.
primary producer status	The status of tax payers who are running a primary production business and have an associated Australian Business Number.
private sector nature conservation	Involvement of private sector organisations and individuals in nature conservation; for example, by acquiring or managing land for conservation purposes.

retiree	Someone no longer working for salary or profit.
strategically significant gift	A gift that makes a special contribution to achieving the recipient organisation's mission, can be used to establish or expand a permanent endowment or capital fund, or has intrinsic properties or values that will be able to be better protected through the donation.
tax credit or rebate	An amount of money that can be deducted from an income tax liability otherwise payable.
tax deductions	Any legitimate loss or outgoing that is incurred in gaining or producing assessable income or is incurred in carrying on a business for the purposes of gaining or producing assessable income.
VCA	Voluntary Conservation Agreement. This is a voluntary agreement between landowners and the National Parks and Wildlife Service, which provides permanent protection for special features of the land covered by the agreement. The terms of a VCA remain in place even if land is sold.

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