

You call that an incentive?

**Incentives for conservation works in the
Mount Lofty Ranges, South Australia**

Steven Gatti

Onkaparinga Catchment Water Management Board



**Onkaparinga Catchment Water
Management Board**



CWMB subsidies offered

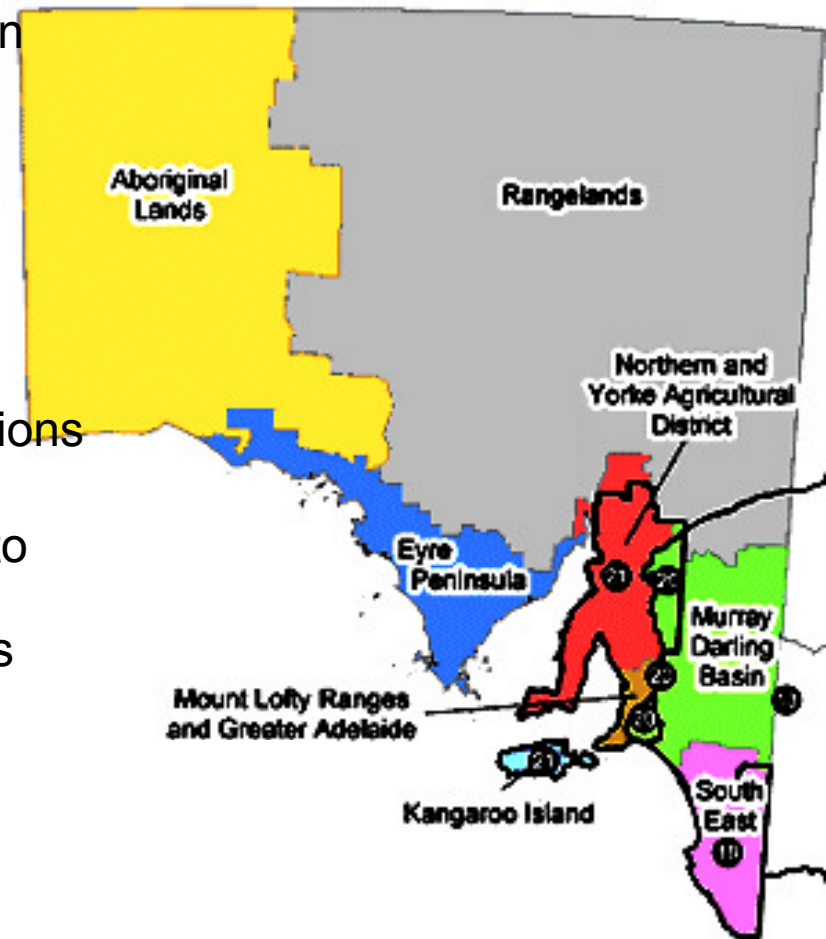
- Priorities and subsidies for works have evolved since inception of Board on ground work programs (OCWMB since 1999).
- Since 2000, Board has progressively shifted its on ground works focus to areas on high environmental priority.
- At same time Boards have adopted a more flexible approach to funding, in order to turn *subsidies* into *incentives*.
- Level of funding is based on an assessment of environmental assets and determined in one-on-one negotiations with the landholder.
- Funding is commensurate with environmental asset values and considers landholder's willingness to contribute (in-kind and financial).

Activity	Subsidy
Electric fencing	Up to \$1,500 per km
Energiser	Up to \$180 - standard
Energiser	Up to \$400 - solar
Conventional fencing	Up to \$2,000 per km
Lay down gate	Up to \$5
Spring gate	Up to \$120
Standard stock gate	Up to \$300
Strainers per gate	Up to \$100
Stock crossing/flood gates	up to \$100 strainers up to \$30 per metre (using 3.2mm chain, spaced 150mm apart, with 2m length, attached to steel cable).
Stock troughs	\$320 for 360L fiberglass - concrete stock trough and 400m of 19mm poly pipe. \$420 for membrane pump for cattle.
Watering points	\$100 for fencing materials
Water supply	\$720 for rainwater tank and \$550 for a pump and \$180 for poly pipe.
Exotic tree removal	100% subsidy
Weed control	Up to 100% on herbicide and spraying
Revegetation	Up to 100%
Erosion control	Up to 100%



Other sources

- At the same time funding for conservation works have been offered by alternative sources.
 - EPA – watershed areas not covered by a CWMB
 - NHT – both in and outside of CWMB regions
 - NAPSWQ through Interim INRM regions
- In some cases, different subsidies were being offered by different organisations to neighbouring landholders with similar on ground works programs for watercourses in similar condition.
- Confusing!





Current thinking on funding rates for INRM regions

- Most recently, SA has been considering incentives/subsidies for works which would be funded through the regional INRM Group (MLRGA region).
- Criteria incorporates sliding scales in consideration of env. asset values

ACTIVITY	INCENTIVE	ELIGIBILITY CRITERIA/COMMENTS
Fencing Remnant veg, revegetation, watercourses	\$1,500 to \$4,000/km Variations to rate may be offered subject to negotiations	<i>Ranges from</i> >2 ha, 15 native species, basic native vegetation structure, weeds manageable. Watercourse mapped as LOW priority (CWMBs, 2003) to South Australian Arid Lands >5 ha, 25 native species, Mainly intact native vegetation, minor weeds and/or feral animal invasion Watercourse - HIGH or EXTREME priority
Revegetation (local native species)	\$1 per plant / \$2 per plant for planting to \$1 per plant / \$1 per plant for planting.	<i>Ranges from</i> 1 ha or greater, at least 50m wide, includes at least 10 native species with components of all storeys To 3 ha or greater, at least 100m wide with components of all storeys.
Watering Points	\$400 - max 4/property \$400 pump \$1000 header tank	Watercourses fenced.
Willow / Woody Weed Removal	50% costs	Assessed by INRM technical support team.
Bushcare	Negotiable depending on condition of native vegetation Between 25% and 100% of costs	Incentive payable depends on the biodiversity score, vegetation communities and presence of State rated plants.



Subsidy or Incentive?

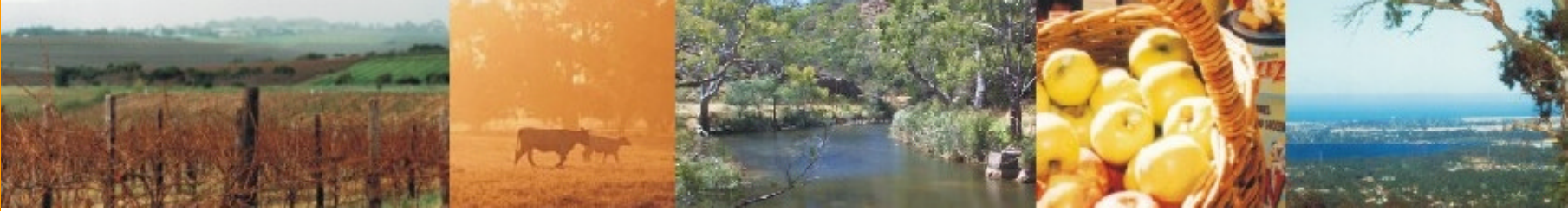
- Current practice in determining funding levels is better able to consider Board objectives.
- More closely resembles an *incentive* rather than a *subsidy*.
- However, process can be very subjective and does not fully uncover landholder willingness or ability to pay.
- Need a transparent and defensible means of negotiating funding agreements with landholders that does not leave avenues open for accusations of “unfair play”.
- Need a system which allows a two way exchange of information on what really constitutes an *incentive*.





Market Based Instruments

Pro's	Con's
25 – 35% more efficient in delivering outputs (prelim figures).	Lacks ability to negotiate with higher priced bidders
Enables landholders who are able to supply environmental benefits very cheaply to do so.	More expensive environmental benefits could be lost to the system.
<p>Power to the people!</p> <ul style="list-style-type: none"> • Incentive determination. • Closely attached to plan development. • In charge of plan implementation. 	<p>Power to the people!</p> <ul style="list-style-type: none"> • In charge of plan implementation. • Quality of works contingent upon landholder ability.
Has proven to be an excellent way of connecting landholders with issues and solution on their property.	Does not allow direct targeting of highest value environmental values where landholder is either not interested or “holding out”.



Conclusion

- Room for both systems that involve direct one-one one interaction with landholders to negotiate funding levels and a more competitive auction system.
- The negotiation and leverage ability of one-on-one interactions may be integrated into the auction system to create a hybrid MBI that enables access to the higher priced environmental benefits.

