

Nature Repair Market bill submission

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Doctors for the Environment Australia (DEA) is an independent, self-funded, non-government organisation of medical doctors in all Australian states and territories.

DEA's work is based on the premise that humans need a future with clean air and water, healthy soils capable of producing nutritious food, a stable climate, and a complex, diverse and interconnected humanity whose needs are met in a sustainable way. We are therefore interested in environmental protection and restoration to promote human health and social stability.

DEA's work is supported by a distinguished Advisory Committee of scientific experts whose knowledge of medical and public health issues is fully contemporary. Our members work across all specialties in community, hospital, and private practices.

Doctors for the Environment welcomes the opportunity to make a submission to the Nature Repair Market bill which has important implications for the health and wellbeing of Australians, both now and for future generations.

1 Introduction

DEA's interest in the Nature Market Repair bill relates to our concern with biodiversity on which human health depends [1]. Australia's landscape is uniquely biodiverse reflecting its size, geography, and long isolation from other land masses. However, we are suffering the largest decline in biodiversity of any continent with the highest rate of extinction of species and loss of ecosystems. Increasing pressures on Australia's biodiversity from climate change, habitat loss, pollution, resource extraction, and invasive species are threatening every Australian ecosystem, with 19% already showing signs of collapse. Australia loses more land to deforestation than any other developed country [2], and deforestation is a significant source of biodiversity loss [3]. While this is tragic for ecological and aesthetic reasons it also directly threatens our health and livelihoods. Humans depend on biodiversity, and its loss threatens food security, water quality and supply, mental health and wellbeing, ecosystems which protect human health, possible future opportunities for new drug discovery and the protection that biodiversity provides against infectious diseases [1]. The emergence of new fatal infectious diseases in Australia such as Hendra and Bat lyssa virus shows how vulnerable we are to this particular threat [4].

DEA's submission on the Nature Repair Market bill is based on serious concerns with the proposal to use market logic to repair nature. Conceptualising and developing markets for any aspect of nature, particularly nature repair, may increase threats to biodiversity and therefore human health. DEA is concerned both theoretically with the proposal to market nature repair and with the practicalities of marketing nature repair.

2 Theoretical concerns with nature repair through markets

DEA believes that the concept of a market for nature is fundamentally flawed. An economic model that assigns monetary value to nature would devalue and degrade what it attempts to protect [5]. While in the immediate term it may generate funds, in the longer term it will further entrench disordered thinking about the values of nature, the environment and biodiversity that we depend on [1].

The theory of market economy is based on assumptions that humans are rational, self-interested, acquisitive and try to minimise effort [6]. While some aspects of our lives are based in the market economy, most human interactions are not market based. Our interactions are based on mutual caring, self-development, meaningful labour, our emotional demands and "a beautiful, bountiful earth" [7]. Even as health professionals integrated into the economy, we doctors experience most interactions both in and outside the workplace as professional caring, sharing of knowledge and goodwill rather than formal market

transactions. Principles and motives of caring, sharing and goodwill drive our healthcare system and we question whether principles of market economy are needed to drive the protection of nature.

There is no reason using values and principles of market exchange will be more effective than other strategies to protect biodiversity [7]. Furthermore, despite economic theory, experience both in Australia and globally shows that market forces do not lead to optimal or even efficient outcomes, and markets often fail to deliver benefits they were established to achieve [8]. DEA believes that strengthening the real economy through our resourcefulness and creativity is likely to lead to better environmental outcomes than establishing market mechanisms.

As we prepare to vote on an Aboriginal and Torres Strait Islander voice to parliament, we can anticipate that such a voice could bring the concerns of Aboriginal and Torres Strait Islander peoples for nature to the attention of parliament and executive government. Indigenous peoples around the world developed economic systems that were not market based, but effective in sustaining productive environment and human livelihoods over many generations. Indigenous people's economies recognised the importance of nature and other common goods which can sustain people only if they are not exploited to generate wealth [9]. The on-going resistance of some Australian Indigenous communities to incorporation into the mainstream economy shows their defiance of the narrow market economy view of society [10].

Thus, DEA believes that the market concept should not be developed as a means to protect and preserve nature. There are fundamental flaws in assuming that markets are effective or efficient means to sustain nature. Biodiversity and its protection are too valuable to be left to the whims of the market. More widespread understanding among Australians of the importance and value of biodiversity is needed [1]. Governments must lead in generating a political environment resourced to protect the natural environment that sustains us. Protecting nature is too important to leave to the assumption that markets will provide optimal social outcomes.

Recommendation 1: Enhance economic literacy about values of nature that transcend market values.

3 Practical concerns with nature repair through markets

The Albanese ALP government has already introduced legislation for what it describes as a “nature repair market” and believes that this is the only way that sufficient financial resources can be generated to pay for conservation in Australia [11]. The nature repair market is based on certificates available to landowners, farmers, conservation and Indigenous groups, businesses and councils for activities that increase biodiversity and protect nature. The legislation does not specifically state that certificates can be traded [12], but Minister Plibersek has described the use of certificates to allow companies to “offset obligations under the Environmental Protection and Biodiversity Conservation Act” [13]. Thus, through the nature repair market, companies can pay for damage to ecosystems, species or heritage areas by purchasing certificates in the nature repair market [14]. This suggests that an entity with enough money can pay to legally and knowingly allow species extinction and the elimination of ecosystems.

Under the Nature Repair Market Bill, the Clean Energy Regulator will be responsible for regulating the nature market. Legislators believe using the Clean Energy Regulator will provide efficiencies because of similarities between carbon and nature markets [12]. This is despite concerns with Australia's carbon market which appear to have been ignored in the proposed use of this model for the nature market [15]. These include difficulties in measuring carbon uptake by diverse plants over time, and the perverse incentives of removing ancient forests to make room for plantations [16]. There are questions of whether a project would have been undertaken without carbon offsets, challenges in regulating the carbon market, and overall integrity of governance of the market [17]. Each of these reasons should be addressed to

restore integrity in the carbon market before this form of accounting is considered as a means to repair nature, and the Clean Energy Regulator given responsibility for regulating the nature market.

The water market provides another example of marketisation of an environmental good. Australia's water market was established to use concepts of supply and demand in an attempt to manage water resources. However, market mechanisms failed to manage trader conduct and ensure integrity. Attempts to control water exchanges and brokers have proven inadequate. Water is traded across multiple platforms, and for each water right there may be multiple 'market prices' at any given moment. Information is fragmented, and the overall market is in a permanent state of disequilibrium. Market concepts have perverse consequences in water use because they give monetary value to a natural and human right. As a result, water trading has led to increased water prices which can stimulate and increase use while overall supply declines due to climate change and inaccurate measurements of availability. The water market has permanently damaged the Murray-Darling water system, leading to irreversible loss of biodiversity and human wellbeing, and experts have called for overhaul [18]. To implement a similar system in an attempt to protect biodiversity is fraught with unmanageable risk of loss of an irreplaceable resource.

Furthermore, experiences elsewhere with attempting to use market mechanisms to protect nature have resulted in negative outcomes. Conservation efforts are not enhanced, and market structures undermine Indigenous and local peoples' livelihoods because of the focus on financial transactions rather than on fundamental human and conservation issues [19].

DEA believes that Australia's biodiversity must be protected, sustained and repaired, and this can be achieved through direct government intervention. Governments on behalf of the people can legislate, regulate, fund and undertake activities that protect and repair nature. Australians want to see nature protected and are willing to pay for it [20]. The cost of restoring and protecting the environment has been authoritatively estimated at \$2 billion a year, about 0.1% of GDP. This is achievable if government is committed [21]. Speculative and risky activities such as the establishment of a market are not needed. If individuals, organisations or companies recognise benefit in providing financial resources to protect nature, this could be recognised and awarded with certificates but these should not be tradable. Rather than further entrench a market approach, which has already proven problematic in carbon and water resources, DEA believes that biodiversity protection requires government leadership, as recommended in the State of the Environment report [22].

Recommendation 2: Commit to implementation all the recommendations of the State of the Environment report: action, innovation and collaboration, and prioritising development and implementation of a framework to ensure holistic environmental management [22]; and the Samuel review of the Environmental Protection and Biodiversity Conservation Act [23].

4 Conclusion

Just as contemporary medical practice is underpinned by evidence, so environmental protection policy and practice should be based on science. DEA is not convinced by either the theory or the evidence that markets can effectively protect and repair nature.

Rather than rely on markets as suggested in this Nature Repair Market Bill, Australia must implement recommendations of the State of the Environment 2021 report. This includes strengthening the Environment Protection and Biodiversity Conservation Act through long term and bipartisan commitment to protect Australia's priceless nature, and implementing recommendations from its independent review in 2020 [23]. Nature is too precious to be left to market forces.

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