

Submission to Inquiry into public good conservation – Impact of environmental measures imposed on landholders

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Submission in brief:

- Caution should be exercised in assessing the impact of costs without examining the ownership of assets such as the Great Barrier Reef;
- Rigorous methods for cost and benefit estimation are available;
- Cost sharing can be a blessing in disguise if it enhances possibly invalid claims to ownership; and,
- Covenants and easements show particular promise as innovative ways of achieving conservation.

These issues are addressed in turn below.

What is meant by public good conservation

The focus of the inquiry on the impact on landholders and farmers in Australia of producing goods without payment for consumption by the community (public goods) is to be applauded. But, I would like to caution the committee on the range of goods they have included within their examples. For example, the protection of the Barrier Reef by its owner (the people of Australia represented by their governments) against damage by land-based activities should not be considered a public good provided by landholders. This case is no different to any asset owner protecting the value of their assets – for example I am entitled to seek prevention from my neighbor dumping pollutants on my land and indeed can sue for damages. The case of environmental flows in rivers and some other public goods can be considered in a similar fashion.

Properly considered all these cases are determined by who owns the property rights to the benefit stream, or the conservation outputs, that are termed ‘public good conservation’. This concept is vital to attaching costs of maintaining the costs of provision of public goods – this is returned to below.

Impacts of conservation measures and their costs/sharing costs

Well established methodologies exist (such as Choice Modelling and Contingent Valuation) that can be used to estimate both the costs and benefits of public good conservation. For a rigorous example of where costs AND benefits of public good conservation are being estimated a study titled: 'The private and Social Values of Wetlands' by Stuart Whitten and Professor Jeff Bennett is available as a series of Research Reports.¹ Unfortunately only the first six reports are available as yet, however the authors can provide further information about the work in progress.

The nature of this research also provides explicit guidance for potential cost sharing. While cost sharing is an important concept and tool to achieve outcomes caution should be exercised. Cost sharing to maintain the value of the Barrier Reef (for example) may be warranted. However, inappropriate cost sharing arrangements can lead to perceived rights becoming more difficult to change. As indicated above it is difficult to argue that landholders have the right to damage the Barrier Reef (or water quality in a river for that matter). But by giving incentives in perpetuity that right is effectively granted. However adjustment costs to achieve an outcome faster may be warranted for example. A good article on these issue is by Professor Daniel Bromley (1997) titled 'Environmental Benefits of Agriculture: Concepts' in an OECD Proceeding Publication titled 'Environmental Benefits from Agriculture: Issues and Policies'.

Financial assistance for conservation by landholders

I am currently undertaking an examination of overseas incentives and institutions for nature conservation on private land. Unfortunately this work will not be completed until October. However, I suggest that the committee seek further information on: 'The Nature Conservancy' a non-government way of achieving the public good benefits, the 'Wetland Reserve Program' and the 'Habitat Incentive Program' from the US Department of Agriculture, and on the use of conservation covenants and easements from the 'Land Trust Alliance'. These are all easily found on the web however I can provide contacts for each on request. The use of covenants and easements is particularly popular and common in the United States and is regarded as a highly successful and flexible way of achieving provision of public good benefits.

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