

AN INNOVATION IN LAND MANAGEMENT

Certified Land Management



Introduction

Since European settlement the agricultural sector has played a varied but generally prominent role in the Australian economy. Now, as always, the sector is facing a diverse set of opportunities and challenges. These include a prolonged period of growth in the mining sector resulting in competition for resources and a high exchange rate, climate change, growth in Asian economies, increased price-based competition in the retail sector, predictions of global food shortages and related concerns about food security and foreign investment.

The dominant response to this bundle of issues is a broadly based consensus that Australia should increase agricultural production. Gleeson and Quinn¹ present a strong case for the driver of production to be improved farm profitability rather than to seek to increase production for production sake.

Improving farm profitability requires a portfolio of intertwined and interdependent innovations. Certified Land Management (CLM) is one thread of this web of innovations.

CLM is a management system to support superior land and animal welfare management in ways that improve farm profitability and enable the achievements of landholders to be recognised and rewarded. These are important outcomes with private and public benefits. Additionally, CLM is a pathway for the effective and efficient delivery of government support for improving natural resource management.

Purpose of certified land management

The primary purpose of CLM is to support superior land and animal welfare management in ways that improve farm profitability and enable the achievements of landholders to be recognised and rewarded. These are important outcomes with private and public benefits.

Land managers use the CLM system to develop and implement strategies that integrate their own commercial and other requirements with government policy and regulatory requirements. Hence it enables and motivates them to continuously improve biodiversity and land, water, air, vegetation and animal welfare management.

The CLM farm ecology, planning and certification processes strengthen on-farm operations and enable the more effective and efficient delivery of government support for natural resource management. Additionally, CLM enables the differentiation of food and fibre products on the basis of externally verified superior environmental and animal welfare performance.

Australian, Japanese and Korean corporations have supported CLM, as does the RSPCA. The Australian Competition and Consumer Commission (ACCC) has approved registration of CLM as a certification trade mark.

CLM delivers multiple benefits

CLM delivers multiple incentives benefits (See Appendix 1) to motivate and enable landholders to improve environmental and animal welfare management. These benefits can be categorised as being internal or external and they are enabled because of the certification *per se* and because of the processes that lead to the certification. The range and potential magnitude of benefits to landholders are important but they are only part of the CLM story. Additionally, CLM is an effective and efficient conduit for delivering public sector support for superior environmental management and it is an effective tool for marketers of food and fibre to differentiate their products on the basis of the ecological integrity of their production.

CLM-an innovation in land management

CLM was conceived and designed with inputs from people with deep experience in particular domains or broad experience across domains, from practical and conceptual perspectives. It is not surprising then that it does not lend itself to being slotted into a particular category of tools or instruments.

The essential difference between CLM and what exists now is that CLM motivates rather than mandates. CLM motivates a culture of continuous improvement. CLM enables creativity rather than imposes prescription. CLM introduces recognition and reward without a diminution of the intrinsic drivers of the creativity. CLM integrates and adopts ecological time frames in contrast to the fragmentation and short-termism embedded in many existing instruments to support improving environmental, biodiversity and animal welfare management.

¹ Gleeson T and Quinn N (2013) Australian Agriculture in the First Half of the Twenty First Century. www.almg.org.au

² Tennent R. and Lockie S. (2013) Market-based instruments and competitive stewardship funding for biodiversity conservation: the achievable reality. *Aust. Journal of Environmental Management* Vol.20 No 1.pp 6-20

³ Lindenmayer D., Hulvey, K, and Hobbs, R et al 2012, 'Avoiding bio-perversity from carbon sequestration solutions', *Conservation Letters*, vol. 5, no. 1, pp. 28-36.

The use of CLM to deliver recognition and reward avoids the ecological fragmentation and consequent perverse impacts normally associated with market-based instruments narrowly focused on just a part of functioning of ecosystems. The problems associated with that reductionism are well articulated by Tennent and Lockie² and by Lindenmayer, Hulvey, and Hobbs³. Notwithstanding the gap between expectations and reality in improving land management, there has been little, if any, systematic innovation since Landcare in how the gap might be reduced. Instead, we have been relying on the goodwill of landholders, more regulation, more short-term projects and more education, training and research; and Landcare itself has been drawn into the dominant project paradigm where well-intentioned people other than the landholder (the primary investor) determine priorities and timeframes for support and impose creativity constraining, expensive and ineffective accountability arrangements.

The design of CLM is based on the premise that land management performance is constrained by institutional

factors, in particular by market failure. Essentially market failure exists when markets are not designed to account for outcomes that are in whole or part public goods, for externalities and for organisational, spatial and temporal fragmentation due to factors beyond the influence of markets. The design of CLM reflects the potency of markets in influencing behaviour and the balancing need to enable altruism. In other words CLM is designed to provide incentives to land managers to improve environmental and animal welfare management. CLM is designed to be a critical complementary instrument, in particular to regulation and to education, training and research.

CLM is an elegant set of internationally recognised processes and outcomes that benefit land managers, communities and consumers.

For further Information

- Access CLM videos at: www.youtube.com/CertLandManagement
- Read about CLM at: www.almg.org.au

For more information about CLM contact
Tony Gleeson
P 07 4666 4112 **M** 0402 099 884 **E** tony.gleeson@almg.org.au



ALM Group foundation partners



QUEENSLAND
MURRAY-
DARLING
COMMITTEE



Appendix 1. Benefits of CLM.

CLM delivers 'internal' on-farm profitability, productivity, and risk management, personal and social benefits for landholders as follows:

- More effective and efficient planning, which flows from using the enabling and repeatable CLM robust planning and implementation processes
- Reduced fragmentation and duplication. This is a consequence of balanced consideration of the multiple objectives of landholders as well as contemporaneous consideration of external requirements from, for instance, all tiers of government, regional catchment management agencies/NRM boards, NGOs and operators along product chains. This is enabled in part through use of the diagnostic and planning processes embedded in the CLM software *myEMS*.
- Improved understanding. This results from participation in the CLM Farm Ecology component, which provides property customised information on soil-plant-animal interactions and interdependencies and from improved access to information in *myEMS*, including information on regulation and on the aspects and impacts of activities affecting environmental and animal welfare performance.
- Improved risk management, from being able to identify environmental risks and regulatory requirements.
- Improved capability and motivation, from networking with other landholders and CLM trainers and specialist advisers.
- Strengthened self-esteem this flows from the externally assessment of the continuous improvement necessary for certification and from the certification.

External or off-farm benefits for landholders include:

- Improved competitiveness in higher priced food and fibre markets as a result of increasing consumer demand for credible verification of preferred production attributes.
- Improved access to markets for ecosystem services (NRM support). This is because participants can verify continuous improvement in landscape-linked, whole-of-property environmental performance and in the delivery of particular services as sought by CMAs/NRM boards, governments, philanthropic agencies and industry organisations.
- Improved capacity to negotiate with providers of farm inputs, in particular for insurance and finance.

- Improved capacity to negotiate with other resource users, in particular with mining and energy companies.
- Improved community respect and recognition from having certification

Other features of CLM that improve its attractiveness to landholders include:

- It is not prescriptive, unlike, for instance, improvement plans based on best management practices.
- It is highly customised for individual properties yet it enables the benefits of many properties having the same certification.
- It is supported by web based software supported by accredited trainers.
- It is applicable nationally to all land uses/industries and providing international and national recognition.

The external or off-farm benefits flow because CLM is designed to provide benefits not only to landholders but also to governments, organisations and corporations providing those benefits. Critical design features in this context include:

- CLM is credible. It is externally audited, complies with the internationally recognised ISO14001 environmental management standard, Australian Competition and Consumer Corporation (ACCC) acceptance that it meets requirements to be registered as a certification trade mark and supported by the RSPCA.
- CLM is whole-of-farm and nationally applicable, hence enabling ecologically sound whole-of-farm (across products) procurement of ecosystem services and marketing of food and fibre products.
- CLM is efficient because of its very low transaction costs compared to project-based funding and the existing restricted Stewardship Program because the costs can be shared between beneficiaries and because there are substantial economies and benefits of increased scale.
- CLM is recognised nationally and internationally, in part because it complies with the ISO14001 standard
- CLM complements and improves the effectiveness of other policy instruments. It increases awareness of and compliance with legislation, provides an extension pathway for new ideas/technologies, it helps identify information gaps, integrates the major investment (the investment by the landholder) and co-investment (from other sources), takes a landscape perspective and helps integrate action across properties.

Lack of understanding of these CLM design features and of the breadth of benefits has led to misconceptions that constrain adoption, including:

- It won't work because there is no consumer preference for environmentally certified products other than for organic products, which ignores that the preference can't be expressed if the product is not available. Extensive data shows that 10 to 20 per cent of food consumers wish to express such preference, all else being equal, and that many are prepared to pay a small premium. Related data also show that certification provides the assurance sought by consumers.
- It won't work because landholders don't get paid for ecosystem services. This ignores the substantial amount of tax dollars spent supporting landholders for improved NRM outcomes in ways that arguably are less effective and efficient than if outcomes were procured through CLM.
- It would not suit my operation because I don't wish to use certification to help differentiate my product, ignoring the possible benefits from payments for ecosystem services and the on-farm benefits from improved diagnostic, planning and information generating processes.
- I know of two people who tried ISO14001 certification and gave it up. This ignores the fact that they implemented a traditional ISO 14001 certified environment management system, which is different to CLM, that they incurred large certification costs and that they were pioneers who did not have access to accredited trainers or to specialised web based software.
- It does not meet all the requirements of a co-regulation instrument, ignoring that it was not designed and is not a co-regulatory instrument.
- We don't support a one-size-fits-all approach, especially one based on ISO14001 which was not developed for land management in Australia. This ignores the fact that CLM is much more than an ISO14001 based environmental management system and that in any event ISO 14001 is widely applicable, is easily customisation to all farming situations and that it provides for recognition on both domestic and international markets.
- There is no role for government because it is a market-based-instrument (MBI). This ignores the facts that: CLM is much more than a narrowly defined MBI, the need for the role of government should first be determined on the basis of the nature of the outcome sought rather than on the nature of the preferred instrument or instruments and the potential increases that would result from some of the public sector support for improved NRM being channelled through mechanisms like CLM.