



# Australian Landcare Management System Group

## Improving land management<sup>1</sup>

### **Lack of motivation is the primary constraint to improving land management**

Most analysts present a complex picture of the constraints to improving land management and of the necessary features of interventions. However, unless the primary constraint is addressed in pragmatic ways then returns on investments to remove secondary constraints will be severely constrained.

*The contention here is that a lack of reward is the primary constraint to improving land based environmental outcomes.*

Many of the arguments put forward to explain poor land based environmental outcomes are based on agro-political and/or service supply considerations rather than on what would encourage land managers to wish to improve environmental outcomes.

As an example, there is widespread acceptance of the notion that improved agricultural profitability is a prerequisite to improving environmental outcomes. This notion flies in the face of:

- the fact that land prices generally exceed what is justifiable on expected agricultural returns
- the fact that at least half of farm households earn more net income from non-agricultural sources than from agriculture
- the importance of capital gain to the wealth of land holders
- the lack of data showing a positive relationship between environmental outcomes and individual property or industry profitability
- that such considerations do not apply generally across industries

We argue for greater scientific information and certainty before investing in improving environmental outcomes notwithstanding the essential continuous improvement nature of science and that many of the truly revolutionary innovations in land management originate from motivated land managers themselves.

We allege primary deficiencies in research, development and extension but accept large differences between land managers in environmental and economic performance.

We try to fractionate the outcomes of land management into various eco-services as though they are not intertwined and interdependent.

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We try to determine investment strategies on the basis of a private-public allocation of benefits ignoring that possibly with clean air (broadly defined-including greenhouse gases etc) being the only exception then all environmental outcomes (including biodiversity) are an inseparable mix of public and private goods.

### **What would motivate land managers to improve environmental outcomes?**

Put simply, we need to increase the rewards from improving environmental outcomes relative to the rewards/penalties from not doing so.

The rewards can be intrinsic (from the doing) and/or extrinsic (from having done).

**Intrinsic motivation.** Most natural resource management policies and programs constrain intrinsic motivation through the external establishment of goals, targets and processes, through excessively high transaction costs, through fragmentation, through inappropriate time frames for funding and execution and through ineffective and laborious accountability processes.

Generally speaking we have the knowledge and tools necessary to rectify these policy and program deficiencies. For instance:

- we need greater focus on supporting positive impacts and avoiding adverse impacts as compared to focusing on the state of the resource *per se*
- we need informed property-up approaches to determining goals, targets and strategies
- we need to integrate rather than fragment ecological and reward considerations.

**Extrinsic motivation.** The rewards from improving environmental outcomes may come from existing agricultural or natural resource management systems and/or markets or from new agricultural or natural resource management systems/markets.

It is ironic that Australian farmers lament being price takers but generally are reluctant to develop markets that reward features, including environmental considerations, for which they have comparative advantage.

It is also ironic that the strong public sector advocacy of market-based instruments to improve land management has not lead to a realisation that we don't have a way to define the product of improved land management. There is no way markets can work effectively if the product is not defined.

### **What are existing and potential markets and hence drivers for improving environmental outcomes?**

The presence and relative importance of existing and potential drivers for improving environmental outcomes vary between land managers, they vary over time and they vary between regions and land uses.

Existing and potential drivers include:

- the intrinsic reward/self satisfaction from implementing improved practices
- improved productivity

- decreased legal risk
- maintained of or enhanced land values
- increased/maintained access to natural resources, particularly to water and leased land.
- improved market access/profitability through improved product differentiation
- improved access to public support for improving environmental outcomes
- improved regulatory frameworks

### **What needs to be done?**

We need a system for recognising improved land management.

There is a largely mindless and seemingly never-ending chorus stating there are no drivers for improving environmental outcomes. This is not only cart before the horse; it is cart and horse before the raceway.

The horses (the drivers listed above) pulling the ecoservice carts (agricultural products with environmental credence/eco-label features; market based instruments managed by regional natural resource management bodies etc) need a raceway.

And the raceway they need is a recognition system for improving environmental outcomes. The horses will gallop along this roadway pulling their various eco-service charts to the common point of improved environmental outcomes.

### **What are the design features of the recognition system?**

The recognition system needs to be:

- relevant to the delivery of as many rewards as is possible, but it must be relevant to rewards mediated through agricultural markets and NRM markets/programs
- credible to as many markets as possible for environmental outcomes-on-farm, locally, regionally, nationally and globally
- ecologically sound
- practical and cost effective