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## **Private Investment in Biodiversity Conservation. A Growing Trend in the Western World?**

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The paper examines the increasing trend of philanthropic bodies and private individuals to invest in the conservation of Australia's biodiversity. This is seen as part of a more general Western trend in which Australian organizations are linked to bodies such as the large US-based Nature Conservancy. It is part of a response to the need to integrate conservation measures on public land with those on private land. The paper reviews two cases of private conservation reserves being created in the 1930s and 1940s. Private conservation through covenants on relatively small parcels of land was facilitated by the Victorian State Government in the 1970s. In the 1990s, the Australian Wildlife Conservancy and the Bush Heritage Trust were formed as charitable trusts which now own and manage 2.6 million ha of land in 55 reserves. The case study of the Thomas Foundation and its relationship with the Nature Conservancy is presented. The Nature Conservancy's model of corporate fund-raising use was found to be successful in Australia for purchasing land and conserving it to preserve biodiversity. By 2010, private philanthropy and corporate sponsorship had almost 4 million ha of land under protection and managed for conservation. The paper ends by considering four issues that may influence the future of private investment in Australian conservation. One concerns the effect of the Global Financial Crisis on the flow of investment funds for conservation. A particular concern is whether governments might transfer their funding for conservation as private support increases. Private support depends on favorable tax treatment for charitable giving. It is hoped that the greater transparency now being required will maintain community support for tax arrangements. A fourth concern which is now starting to be addressed is the relations between the bodies managing private conservation reserves and the traditional Aboriginal owners of the land.

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## **Private Investment in Biodiversity Conservation. A Growing Trend in the Western World?**

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**L**indenmayer and others concluded their *Ten Commitments* to the future of Australia's natural environment: "In Australia's oceans, rangelands, cities and agricultural areas, there is a common need for integrated approaches to managing the environment. Despite progress in catchment management, regional marine planning, and so on, this need for connection continues to challenge largely disconnected policy sectors, management agen-

cies and research disciplines”.<sup>1</sup> Implicit in their call for integrated approaches was the need to include private as well as public land. In most Western mixed economies, including Australia, the majority of the land is owned by private land owners, but much of the conservation action has been concentrated on public land. For better ‘integrated approaches’ to be possible at scale, *all* land owners must be engaged. Trends in Australia suggest there is now an appetite for private land conservation that is greater than ever before.

“Western polities” have long had small but committed groups of people investing in conservation. This seems to be related to the degree of ‘detachment’ from government. Nineteenth-century conservation movements in the northern hemisphere placed different emphases on political responsibility. European groups in France, Germany and the Netherlands urged government action, whereas in Britain to some extent and even more strongly in the USA there was no expectation of government action, so private natural and cultural conservation organisations flourished.

Australia initially followed the British model, but, as in many other social movements, now seems to be following the US lead. It is the country’s increasing and now significant investment in nature conservation through philanthropic and corporate sponsorship that is the focus of this paper. This has grown to become an important component of Australian conservation, with some 56 reserves covering about 3.5 million ha owned by just two organisations. The reserves are spread across the Australian continent with its many varied ecosystems, from tropical rainforests to alpine grasslands. These reserves are too varied to be described in this paper, whose focus is on a structural change in the organisation of Australian conservation. Some of the origins of this trend to philanthropic conservation, and its international extent, are set out in the first two parts of this paper, before a case study of the Australian experience is presented. Some of the questions about the effectiveness and sustainability of these philanthropic endeavours are discussed in the final section.

<sup>1</sup> D. Lindenmayer, S. Dovers, M.H. Olson, and S. Morton, *Ten Commitments. Reshaping the Lucky Country*, CSIRO Publishing, Melbourne 2008, p. 228.

## The setting

In Australia, from early in the 20<sup>th</sup> century there have been private individuals prepared to invest in conservation on their own lands. But over recent decades, and with a great acceleration in the late 20<sup>th</sup> century, there has been significant investment through philanthropic and corporate sponsorship of nature conservation.

Colonial settler societies like Australia, Canada, the USA and many countries in South America were characterized largely by approaches to land management based on practices they had pursued in their places of origin. In these societies, from the 17<sup>th</sup> to the 19<sup>th</sup> centuries it was commonly held that the animals and plants they knew would adapt to the new environments and land management would be similar to their places of origin in Europe.<sup>2</sup> In Australia, this meant that land management approximated that prevailing in England in the 18<sup>th</sup> and 19<sup>th</sup> centuries. Using initially convict, then paid labour, land was cleared of trees to produce staple crops and forage for grazing animals. This transformation advanced very quickly across the landscape, reducing biodiversity and leading to loss of soils and nutrients in already low nutrient soils.<sup>3</sup> The continental scale of the country, however, meant that these practices could not be absolute or unchallenged. Indeed, from the late 19<sup>th</sup> century the beginnings of an environmental conservation consciousness led to the development of practices of conservation.

The ideas of American writers such as Henry Thoreau, George Perkins Marsh and later John Muir assisted in stimulating the rise of this environmental consciousness in Australia, as they did elsewhere in the English-speaking world, so that by the end of the 19<sup>th</sup> century ideas about nature conservation had become widespread. The world's second national park was the Royal National Park south of Sydney, created in 1879, only two years after Yellowstone in the

<sup>2</sup> See for example R.H. Grove, *Green Imperialism. Colonial Expansion, Tropical Island Edens and the Origins of Environmentalism, 1600 -1860*, Cambridge University Press, Cambridge 1997.

<sup>3</sup> A good study of this is T.F. Flannery, *The Future Eaters*, Reed New Holland, Sydney 1994.

USA. The idea that in a large continent you could have productive farming land and land managed for protection of the environment had begun to take root.

The social movements of Australia show many similarities to those in Britain. Accordingly, society tends to see a strong role for individuals on the one hand and, on the other, to espouse the British model of citizen-led concern for the environment rather than an assumption that the government will undertake all tasks associated with cultural or natural conservation. In an earlier study, I have canvassed these differences in attitudes between European, North American countries and Australia since the late 19<sup>th</sup> century.<sup>4</sup> I have shown that there is good evidence that Australians did not trust governments to 'look after the environment' without direct citizen action. This led to both activist citizen movements on the one hand and individual actions to conserve land privately on the other.

The origins of private investment in conservation are typified by two case studies. The first has its beginnings in the 1930s, when Dr David and Dr Thistle Stead, both noted wildlife biologists, wrote extensively and researched issues to do with nature conservation. Upon David's death after World War II, Thistle decided to purchase and develop a wildlife conservation and study centre at Bargo in New South Wales as a memorial to him. The Wirrimbirra Sanctuary, as it is known today, was the first intensively managed private conservation project in Australia.<sup>5</sup> The second case study is set in South Australia. Dr Reg Sprigg, a former student of the great geologist and explorer Douglas Mawson, was keenly aware of the geological and biological significance of an area in the north Flinders Ranges called Arkaroola. In 1946 he had discovered beds of the important Ediacaran fossils – the earliest known form of multi-cellular organisms – in the area, whose international significance is today acknowledged. He lobbied for government to take steps to conserve this particularly im-

<sup>4</sup> M. Bourke, *A Cultural Task*, Diplôme Supérieur Thesis, College of Europe Library, Bruges, Belgium 1981.

<sup>5</sup> T. Stead, *Wirrimbirra*, available at: <http://www.wirrimbirra.com.au/Thistle%20Harris%20&%20David%20Stead.htm> (accessed 20 July 2011).

portant area. When they did not he purchased it himself to establish the Arkaroola – Mt Painter Wildlife Sanctuary in the late 1960s.<sup>6</sup>

From the early 1970's, private land conservation in Australia began to increase in both diversity of structure and types of institution. Later on, new ideas about the role and function of the private sector and private philanthropy began to appear in the country.<sup>7</sup> The Trust for Nature in Victoria (TfN) was established in 1972 by the Victorian State Government with legislation to facilitate private conservation efforts.<sup>8</sup> It now has over 1000 private property owners, who have taken out land conservation covenants on properties covering some 80,000 ha of land. The covenants bind the owners in perpetuity to conservation management. In return they receive advice and assistance in carrying out this task. Today the Trust also raises substantial funding from private philanthropy to support its advisory and advocacy work.

In 1991 a far-sighted philanthropist, Martin Copley from West Australia, created the first of what has grown to be an extremely diverse collection of sanctuaries for nature conservation. This has now been transformed into a public charitable trust which owns and manages some 2.6 million ha of land and 22 sanctuaries around Australia known as the Australian Wildlife Conservancy (AWC).<sup>9</sup> These sanctuaries protect land in some 300 ecosystems, including 100 endangered ones, and are pioneering large-scale work in native animal reintroduction and protection. With an annual budget of over \$10 million p.a. it raises funds from the public and through large philanthropic gifts, as well as receiving government assistance.

Also in 1991, a medical practitioner and environmental activist, Dr Bob Brown (now a Federal Senator and leader of the Greens Party) bought a property in Tasmania to conserve forested land from proposed logging. This too began what has grown into a large organi-

<sup>6</sup> R. Sprigg, *Arkaroola*, available at: <http://www.arkaroola.com.au/history.php> (accessed 20 July 2011).

<sup>7</sup> G. Heal, *Nature and the Marketplace: Capturing the Value of Ecosystem Services*, Island Press, Washington 2000. G.C. Daily, K. Ellison, *The New Economy of Nature: The Quest to Make Conservation Profitable*, Island Press, Washington 2002.

<sup>8</sup> <http://www.trustfornature.org.au/about-us/> (accessed 19 October 2011).

<sup>9</sup> <http://www.australianwildlife.org/About-AWC.aspx> (accessed 19 October 2011).

sation, Bush Heritage Australia (BHA).<sup>10</sup> Now boasting some thirty-three reserves covering almost 1 million ha around Australia, it aims to protect 1% of Australia's land mass. This charitable trust has also raised funds from individuals and large philanthropic trusts, as well as corporate sponsors and the Federal and State Governments.

### **The Thomas Foundation and The Nature Conservancy**

In 1998 David Thomas, the founder of Cellarmaster Wines, decided after selling his business to establish a charitable foundation to support a diversity of interests covering social welfare, the arts and the environment. Among the environmental issues he was interested in addressing through The Thomas Foundation (TTF) was whether the model of The Nature Conservancy (TNC) could be made to work more widely in Australia. All of the earlier Australian bodies like AWC, BHA and TfN had at various times studied the work of TNC.

The Nature Conservancy had its roots in 1946, in the Ecologists Union in the USA, where a small group of scientists from the emerging profession of ecology decided that direct action needed to be taken to conserve wildlife above and beyond that being taken by government. In 1950 it changed its name to The Nature Conservancy and in 1951 it became an incorporated charitable foundation.<sup>11</sup> By the late 1990s it had one million members and was raising upwards of \$1 billion (USD) annually, largely in the USA. Today it operates in all the states of the US and in thirty other countries around the world. It predominantly raises funds through private philanthropy and corporate sponsorship, although it collaborates with and receives funding from many governments as well.

Thomas had come across TNC's work through members he had met in remote fishing camps. He wondered if the foundation might be induced to setting up an office in Australia. He thought the model

<sup>10</sup> <http://www.bushheritage.org.au/about> (accessed 19 October 2011).

<sup>11</sup> <http://www.nature.org/aboutus/visionmission/history/index.htm> (accessed 19 October 2011).

it had developed, taken up in part by AWC, BHA and TfN, could be emulated in Australia. The core of this model was to employ whatever tools were practical to protect biodiversity using private sector methodologies. In 2000 Thomas teamed up with Rob McLean, who had recently retired from his position as head of McKinsey Consulting in Australia, to research this proposal. McLean had been exploring bringing TNC to Australia since 1997 and had carried out research on the possibility of this in Washington and with various State Chapters. When he met with Thomas in 2000 they formally agreed to join forces to lobby for the setting up of an Australian Chapter of TNC.

The Thomas Foundation backed an initial pitch to the TNC Executive and Board by McLean, and TNC (Aust) was thus established. McLean became the Founding Chairman of the Advisory Board and TTF committed to supporting the work of the organisation in its initial years through projects and general assistance. Thomas and McLean believed that an approach modelled on corporate fund raising would be successful in Australia, and this proved to be correct. They also agreed that all the tools the private sector used for marketing and fund raising could be deployed for the operations of securing land and conserving it to sustain biodiversity. They also agreed, and this was crucial, that this effort must be driven by good science-based assessments of the biological value of properties. Because its land acquisitions were to be made in the market place, and not driven by political sensitivities but purely by the quality of the site and the commercial ability to raise funds, the acquisitions should reflect as closely as possible a wish to create comprehensive, adequate and representative reserves.

The Thomas Foundation decided to focus almost exclusively on biodiversity conservation.<sup>12</sup> This led to extensive collaboration with BHA, AWC and TfN through the Australian offices of TNC, and to the use of the Foundation's methodologies to assess and develop conservation projects such as Conservation Action Planning. The establishment of The David Thomas Challenge in 2006 lifted investment in biodiversity

<sup>12</sup> [http://www.thomasfoundation.org.au/index.php?option=com\\_content&view=article&id=12&Itemid=26](http://www.thomasfoundation.org.au/index.php?option=com_content&view=article&id=12&Itemid=26) (accessed 19 October 2011).



conservation in Australia by private donors to a new level.<sup>13</sup> Thomas had always wanted to encourage new partners to share his vision. By drawing new donors to these projects at new levels of commitment the Challenge effectively more than doubled the financial commitment of TTF. Thomas was much influenced in his approach to philanthropy by writers such as Porter and Kramer, and Fleishman.<sup>14</sup>

Other projects included support for academic training of young ecologists, initially in collaboration with the Ecological Society of Australia, later with Taxonomy Australia; support to encourage philanthropy in the environmental sector through assistance to Australian Environmental Grantmakers Network and Philanthropy Australia; encouraging exchange fellowships between experts from TNC around the world and Australia; direct assistance in the training of staff at BHA; and the publishing of scientific documents and development of the Thomas Orations, which brought new ideas and speakers to Australia for major tours.

### **Private philanthropy and the biodiversity conservation project**

By 2010, a serious process of private philanthropy as well as corporate sponsorship working in conjunction with the government to protect biodiversity, was under way with almost 4 million ha of land now protected and managed. The intellectual drivers of the process included a feeling that the state was not doing enough, in fact could never do enough, to save Australia's declining biodiversity. By this time many of the scientific papers being published pointed ominously to collapse of ecosystems even under national park administrations. There was a strong feeling among both philanthropists and some corporations that more could and should be done by the private sector, and pos-

<sup>13</sup> [http://www.thomasfoundation.org.au/index.php?option=com\\_content&view=article&id=16&Itemid=30](http://www.thomasfoundation.org.au/index.php?option=com_content&view=article&id=16&Itemid=30) (accessed 19 October 2011).

<sup>14</sup> M.E. Porter, M.R. Kramer, *Philanthropy's New Agenda: Creating Value*, Harvard Business Review, Nov-Dec 1999, Reprint number 99610, pp.119-130. J. Fleishman, *The Foundation: A Great American Secret. How Private Wealth is Changing the World*, Public Affairs, New York 2007.

sibly done better. This up-welling of private commitment to nature conservation through investment of funds and personal effort reflects, in part, the wealth of Australians during the period and a concern for the environment. Key papers such as that by Young et al. in 1996 and later by the Allen Consulting Group in 2001 were bringing about a change of mood among corporate and high net worth individuals.<sup>15</sup>

During this period, the Federal and State Governments had established frameworks to define the issues using their own and academic researchers.<sup>16</sup> More recently the Federal and State Governments have established national priorities in *Australia's Biodiversity Conservation Strategy 2010-2030*.<sup>17</sup> This document calls for increased effort by private land owners and managers as well as the Australian community to meet the biodiversity challenges, including indigenous land owners who have a large stake particularly in northern and central Australia. The Federal and State frameworks, often using data from the IUCN Red Book process, then set out target sites for private action.

The state and public agencies had accumulated over a century a 'conservation estate' of considerable scale whose 9300 reserves cover almost 13% of the country.<sup>18</sup> This includes both government and privately owned reserves, though the majority in the area are publicly owned. The aim of the National Reserves system is 'to develop a "comprehensive, adequate and representative" system of protected areas – commonly referred to as the "CAR" reserve system'.<sup>19</sup> However, many

<sup>15</sup> M.D. Young, B. Howard, N. Gunningham, P. Grabosky, E. McCrone, J. Elix, and J. Lambert, *Reimbursing the Future: An Evaluation of Motivational, Voluntary, Price-Based, Property-Right and Regulatory Incentives for the Conservation of Biodiversity*, Biodiversity Series Paper No 9, Department of Environment, Sport and Territories, Canberra 1996. The Allen Consulting Group, *Repairing the Country. Leveraging Private Investment*, Business Leaders Roundtable, Melbourne August 2001.

<sup>16</sup> See for instance, H. Possingham, S. Ryan, J. Baxter, and S. Morton, *Setting Biodiversity Priorities*, Report to the Prime Minister's Science, Engineering and Innovation Council (PMSEIC), Canberra 2002, available at: <http://www.dest.gov.au/science/pmseic/meetings/8thmeeting.htm> (accessed 10 July 2011).

<sup>17</sup> *Australia's Biodiversity Conservation Strategy 2010 -2030*, available at: <http://www.environment.gov.au/biodiversity/strategy> (accessed 10 July 2011).

<sup>18</sup> <http://www.environment.gov.au/parks/nrs/index.html> (accessed 19 October 2011).

of the publicly owned reserves, particularly from the early years of the 20<sup>th</sup> century, would be considered today to fail to qualify as “comprehensive, adequate and representative”. They were often acquired because they were considered “waste land” or rather unsuitable for farming and agricultural or urban development. Australia has arrived at the end of the first decade of the 21<sup>st</sup> century with a large estate on land privately owned for the purposes of biodiversity conservation. Many of the new reserves are in significant areas that have been designated under the national government’s Biodiversity Hotspots program.<sup>20</sup>

We are also now aware that the total area set aside for biodiversity conservation is unlikely to be adequate to slow down the rate of biodiversity loss. Reserves purely for conservation are obviously important in an exemplary sense, but they will never be sufficient. Mixed uses on farm land where productive capacity and nature conservation are aimed at together seems to be the only method for ensuring we slow down the rate of loss.<sup>21</sup>

## The future

Large areas of privately owned reserves are an important addition to the national estate, but only if their management leads to better outcomes for biodiversity conservation. Early evidence suggests good results are being achieved by some of the main players. However, there have been reports of state and national parks failing in their objectives to preserve biodiversity.<sup>22</sup> The reasons for these failures are unclear at present and are likely to be complex.

<sup>19</sup> <http://www.environment.gov.au/parks/nrs/science/scientific-framework.html> (accessed 19 October 2011).

<sup>20</sup> <http://www.environment.gov.au/biodiversity/hotspots/index.html> (accessed 4 December 2011).

<sup>21</sup> D. Lindenmayer, R. Hobbs (eds), *Managing and Designing Landscapes for Conservation*, Blackwell Publishing, Carlton 2007. D. Lindenmayer, *On Borrowed Time*, Penguin Books, Camberwell 2007. D. Lindenmayer, *What Makes a Farm Good for Wildlife?*, CSIRO, Collingwood 2011.

<sup>22</sup> See particularly, J. Fitzsimons, S. Legge, B. Traill, and J. Woinarski, *Into Oblivion. The Disappearing Mammals of Northern Australia*, The Nature Conservancy, Melbourne 2010.

High level UN agencies still regard the role of the private sector as both manager and donor to the processes of biodiversity conservation as crucial.<sup>23</sup> But is there a prospect that privately owned/managed biodiversity conservation will be better?

There is a list of issues that need to be addressed in this field:

1. The most obvious and short term problem will be the capacity of many 'rich' countries to keep up the required investments post the Global Financial Crisis, whenever that may end.

2. A range of issues in private philanthropy *vis-à-vis* government funding will emerge. At present in Australia there is strong government support for this activity, but there must be concerns as to whether this will persist. For instance, those in the non-government sector could well be worried that cost-shifting, transferring responsibility from government to private support, would see government budgets in environmental management decline. In Australia cost-shifting between the three levels of government and the not-for-profit sectors has been chronic and caused widespread dispute in fields from education and health to the environment.<sup>24</sup>

3. The private support at present depends on favorable tax arrangements that encourage giving by individuals and corporations alike. Public support for tax exemptions for charitable giving depends on perceptions that "good work" is being done by the not-for-profit sector. As that sector has grown very rapidly in Australia over the last decade, the Federal government has responded by the establishment of an Australian Charities and Not-for-Profits Commission, to some extent modeled on overseas bodies. It is hoped that this will lead to greater transparency and ensure community support for philanthropy itself.<sup>25</sup>

4. Large areas of current activity in biodiversity conservation are now focused on collaborations with indigenous land owners and

<sup>23</sup> See particularly, [http://www.unep.org/pdf/TEEB\\_D1\\_Summary.pdf](http://www.unep.org/pdf/TEEB_D1_Summary.pdf) (accessed 4 December 2011).

<sup>24</sup> Cfr. <http://www.aph.gov.au/house/committee/efpa/localgovt/submissions/sub202.pdf> (accessed 4 December 2011).

<sup>25</sup> <http://acnctaskforce.treasury.gov.au/content/Content.aspx?doc=statistics.htm> (accessed 4 December 2011). <http://acnctaskforce.treasury.gov.au/content/Content.aspx?doc=about.htm> (accessed 4 December 2011).

managers. This is obviously an ethically sensible approach as biting critiques of the neglect of traditional owners have been previously made in Australia and overseas.<sup>26</sup>

Most of these matters are now being addressed in Australia, save the imponderable one of whether there will be ongoing financial support after the Global Financial Crisis passes. However, Rob McLean, Chair of TNC, is optimistic: “I see the future a bit differently. While acquisitions will continue using philanthropy I expect that we will see more capital market innovation to marshal large amounts of money. For instance, one Australian firm, R.M. Williams, is planning a fund of \$400 million or so. TNC is issuing its first bonds next year. With carbon and food production we’ll see capital raised to acquire land where conservation is a primary or secondary aim”.<sup>27</sup> If this can be achieved it will enable critical work to be done to develop much more widespread private conservation activities on land owned for productive purposes such as farming and grazing. This is essential because the area of private land in Australia grossly exceeds the area managed for conservation, but the need for connectivity to ensure biodiversity corridors rests largely with private productive land owners. There are now hopeful signs of small numbers of private landowners managing productive farms but with highly innovative approaches to biodiversity conservation.<sup>28</sup> We are starting to see some of the integration called for by Lindenmayer and others that I mentioned at the start of this paper.

The role of the private sector both as donor and curator is now important in Australia and is likely to continue to be significant in such an economy, yet will continue to require encouragement. Here the development of bodies like the Australian Environmental Grant-makers Network suggests a level of sophistication and optimism for the process in Australia.<sup>29</sup>

<sup>26</sup> M. Dowie, *The Hundred-Year Conflict between Global Conservation and Native Peoples*, MIT Press, Cambridge 2009.

<sup>27</sup> Rob McLean, A.M. *pers comm.* 4 December 2011.

<sup>28</sup> For examples of ideas and their practical application, see D. Lindenmayer, A. Bennett, R. Hobbs (eds), *Temperate Woodland Conservation and Management*, CSIRO Publishing, Melbourne 2010.

<sup>29</sup> <http://www.aegn.org.au> (accessed 4 December 2011).