



BushTender Trial

Using a market-based mechanism to
improve native vegetation management
on private land

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Background to trial


Why another approach?

- Govt Agriculture Policy - *World Class and Green* - commitment to trial new contractual arrangements for native vegetation management on private land
- recognition that more effort is required to address biodiversity decline through appropriate management in addition to clearing controls (quality and quantity outcomes)

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Conduct of trial was part of Government election policy recognising that maintenance/improvement of quality of private land remnants is as important as halting loss of quantity.



Public investment in native vegetation management on private land

Substantial current Govt/landholder effort, however

- we are not engaging the whole private land audience
- those already participating are often contributing at their limit e.g. Landcare “burnout”

£ **need better cost-sharing resolution**

- more accountable expenditure of public resources (how do we allocate further funding?)

• £ **need better cost-effectiveness measures**

Need to develop other tools for achieving biodiversity targets and for engaging a broader private land audience



What are the objectives of the trial?

- **develop & apply a biodiversity benefit measure**
how well can we quantify our preferences?
- **test the tender mechanism**
how well can we make the process work?
 - NRE implementation, landholder participation & understanding, stakeholder & community support
- **test the effectiveness of management agreements**
how well can we achieve appropriate actions & outcomes?
 - design simple and effective management agreements / landholders sign agreements / management change occurs / actions and outcomes are linked

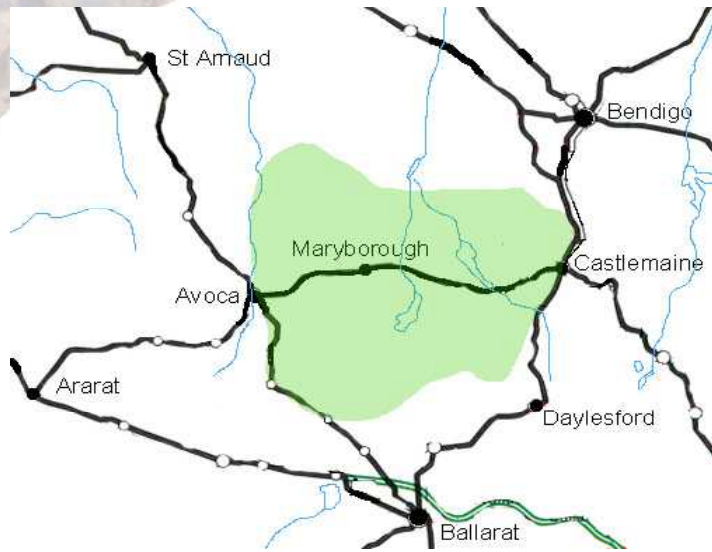
Three objectives for trial - focussing on biodiversity outcomes only due to availability of adequate information for decision-making.



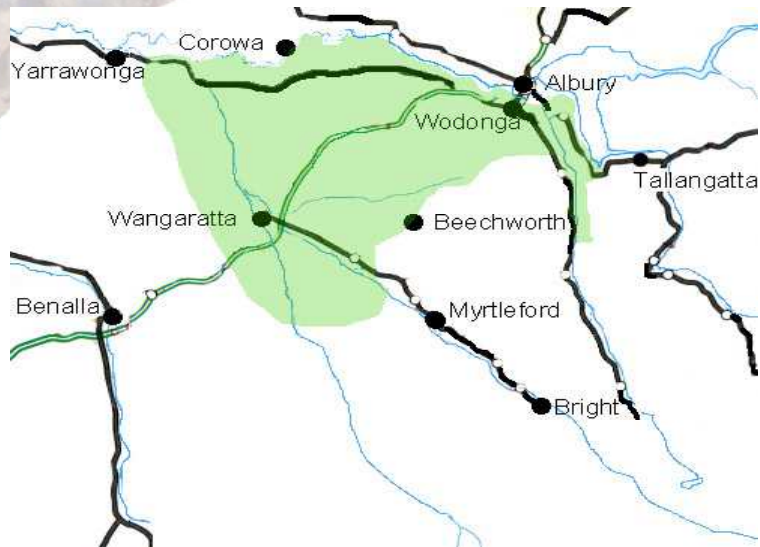
Features of the trial

- \$400 000 available for landholder payments
- time span of agreements for trial will be limited to 3 years (a broad-scale program could include longer agreement periods)
- two trial areas - parts of North Central & North East

North Central Trial Area



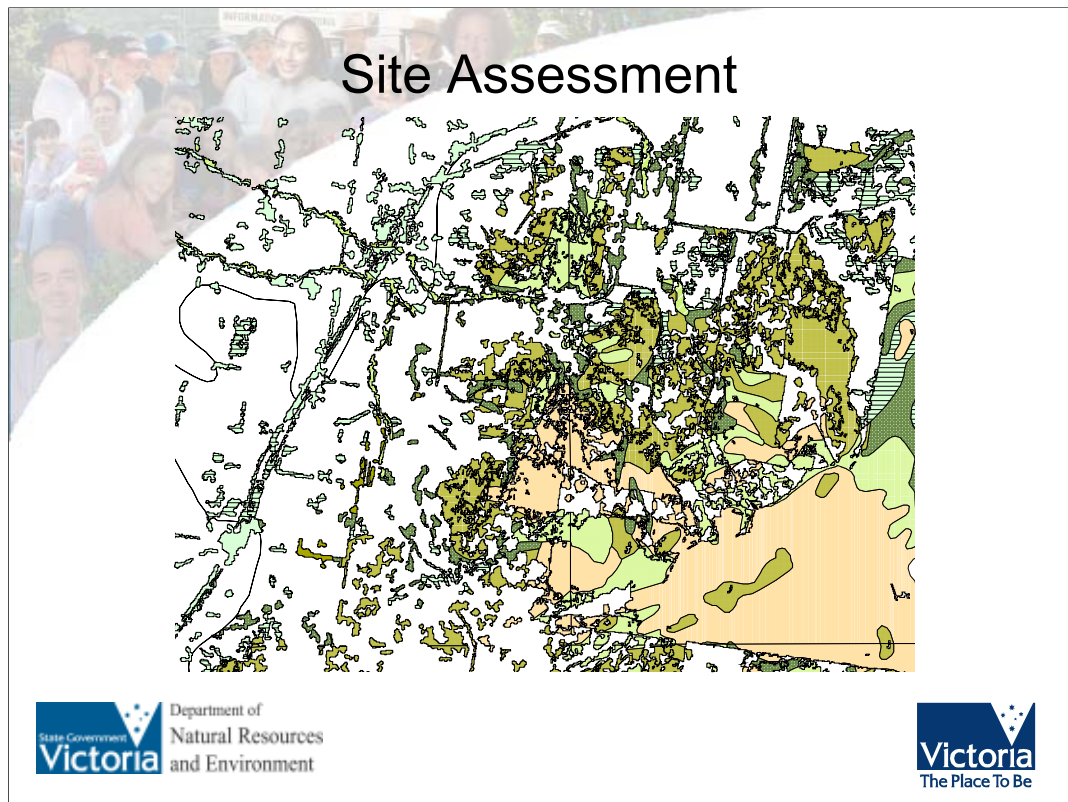
North East Trial Area



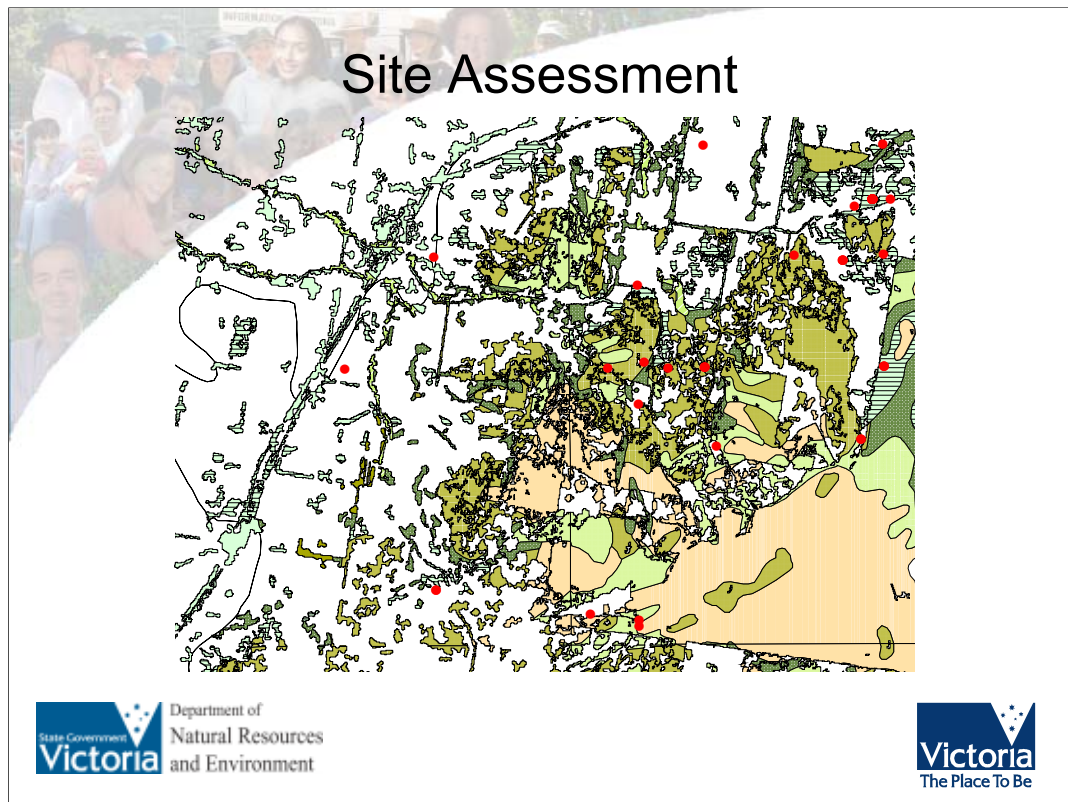
BushTender Process

NRE role	landholder role
ENGAGEMENT IN TENDERING PROCESS	
information	expression of interest
SITE ASSESSMENT	
assess sign. & quality - discuss & score mgt options	
BID DEVELOPMENT	
agreed management plan as basis for bid.	
summary of site information	determine \$ sought & submit sealed bid
BID ASSESSMENT (outcomes)	
objective comparison of all bids	
inform bidders of outcome	
MANAGEMENT AGREEMENTS (actions)	
sign agreement, payments, reporting, monitoring	

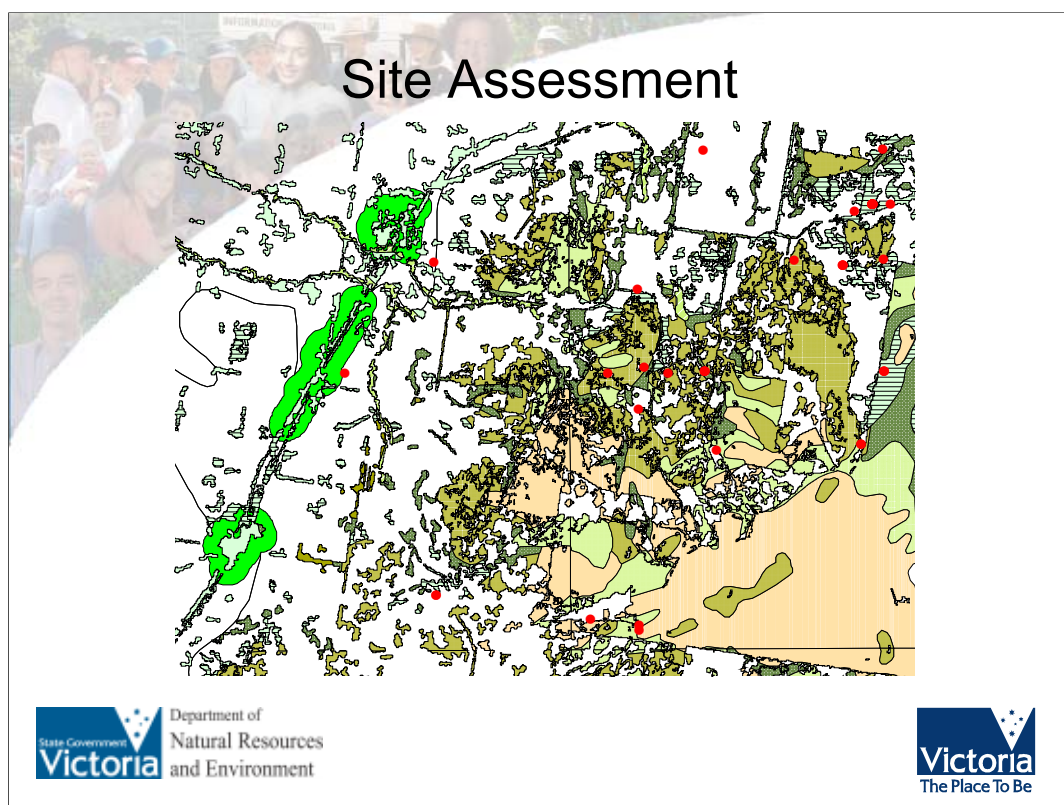
The BushTender bidding process is a combination of shared and private (“asymmetric”) information



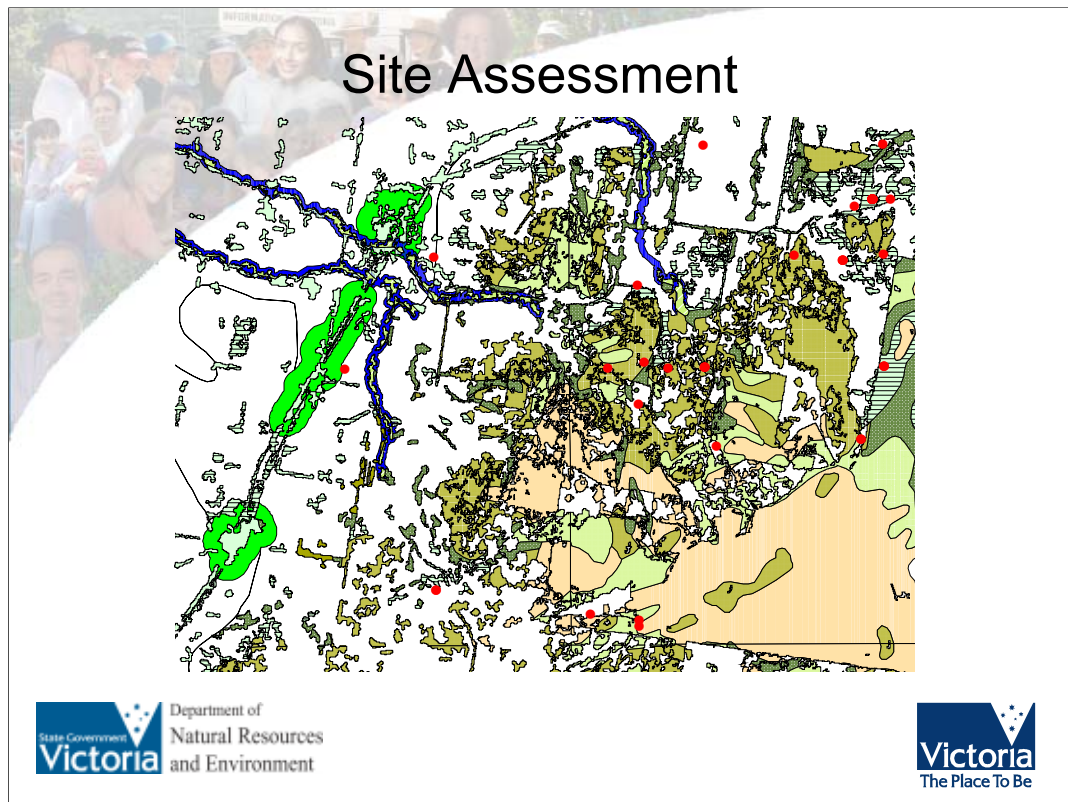
The site assessment process relies on the availability of information such as vegetation mapping (and determination of preferences in relation to vegetation types)



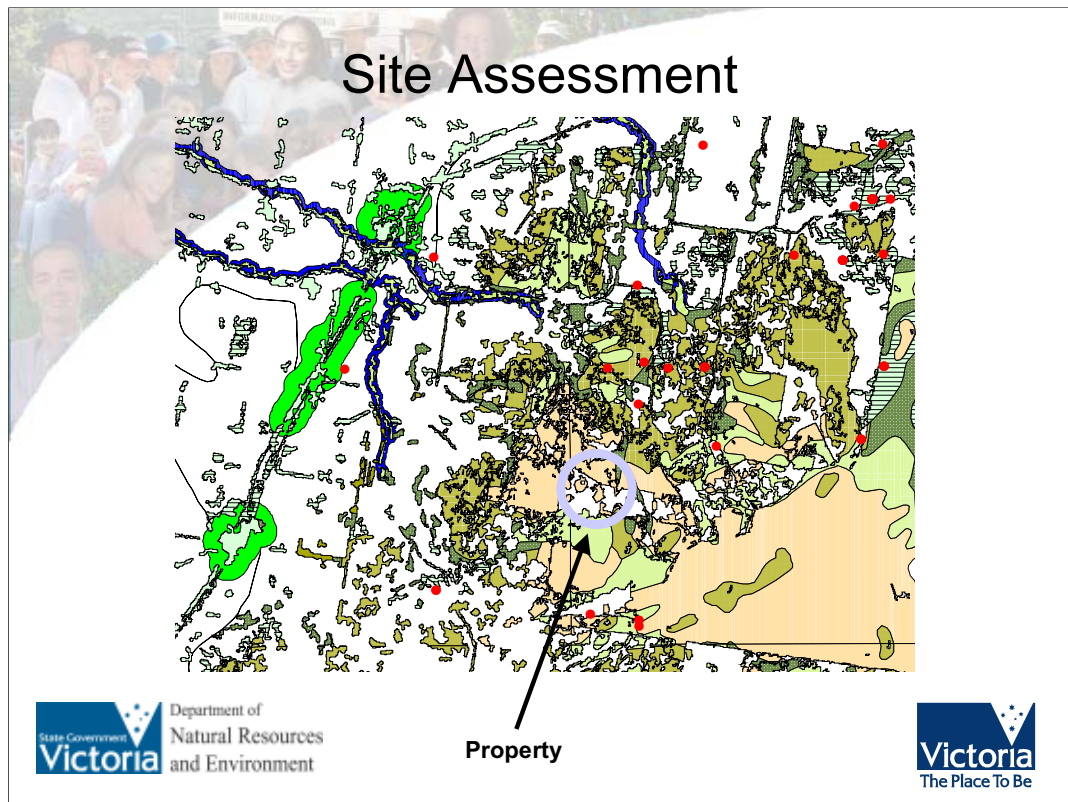
Rare/threatened species records and preferences



Identification of priority zones in the broader regional landscape - based on minimum patch size requirements for key threatened species



.... and preferences



This information is compiled for a property before the NRE field officer conducts the site assessment and then relayed to the landholder to help them understand the conservation value of their offered site

Site Assessment and Bid Development

NRE field officer

- Collates significance information on site - threatened species/position in landscape
- Identifies vegetation types and determines significance
- Scores vegetation quality against defined benchmark for vegetation type
- Discusses management "issues" with landholder
- Scores landholder management commitments
- Prepares management plan and site plan
- Provides summary of site conservation values and plans to landholder as basis of landholder bid

Site Assessment and Bid Development

NRE field officer

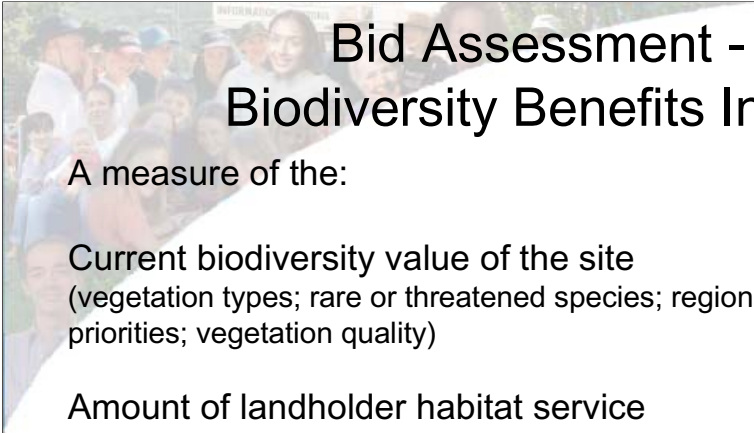
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Once on site, the NRE field officer assesses the quality of the habitat against a benchmark for various weighted habitat components that take into consideration the site condition and the local ‘landscape’ context - ie. where the site sits in relation to surrounding habitat.

The field officer also scores the “quality” maintenance and improvement outcomes estimated from the proposed landholder management commitments - this forms the basis of the landholder habitat service score and this is translated into a draft management plan that forms the basis of the landholder bid.

Note that only landholder commitments above “current duty of care” obligations qualify as a habitat service.



Bid Assessment - Biodiversity Benefits Index

A measure of the:

Current biodiversity value of the site

(vegetation types; rare or threatened species; regional landscape priorities; vegetation quality)

Amount of landholder habitat service

(scale & degree of landholder commitments based on agreed management plan - maintenance/improvement of site quality)

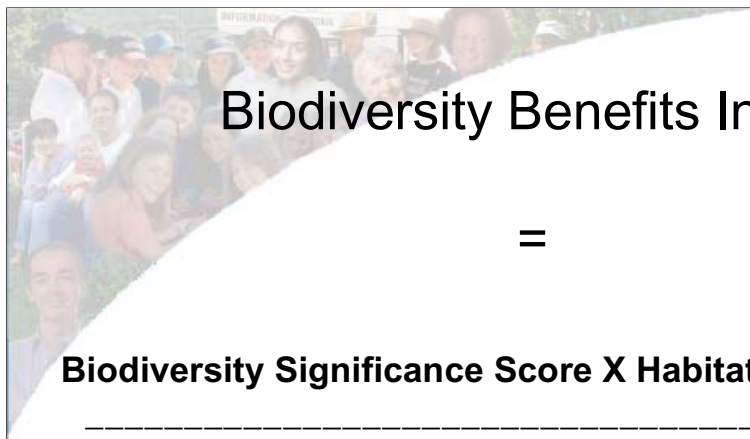
Cost

(landholder bid - based on cost of actions; size of site; degree of cost-sharing / voluntarism acceptable to landholder; may include opportunity cost)



The information compiled from NRE databases and from the site inspection and landholder discussion/management plan is used to determine the current biodiversity value of the site and the amount of habitat service offered by the landholder - two components of the BBI.

The cost is the landholder bid.




Biodiversity Benefits Index

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$$\frac{\text{Biodiversity Significance Score} \times \text{Habitat Services Score}}{\text{Cost of landholder bid}}$$

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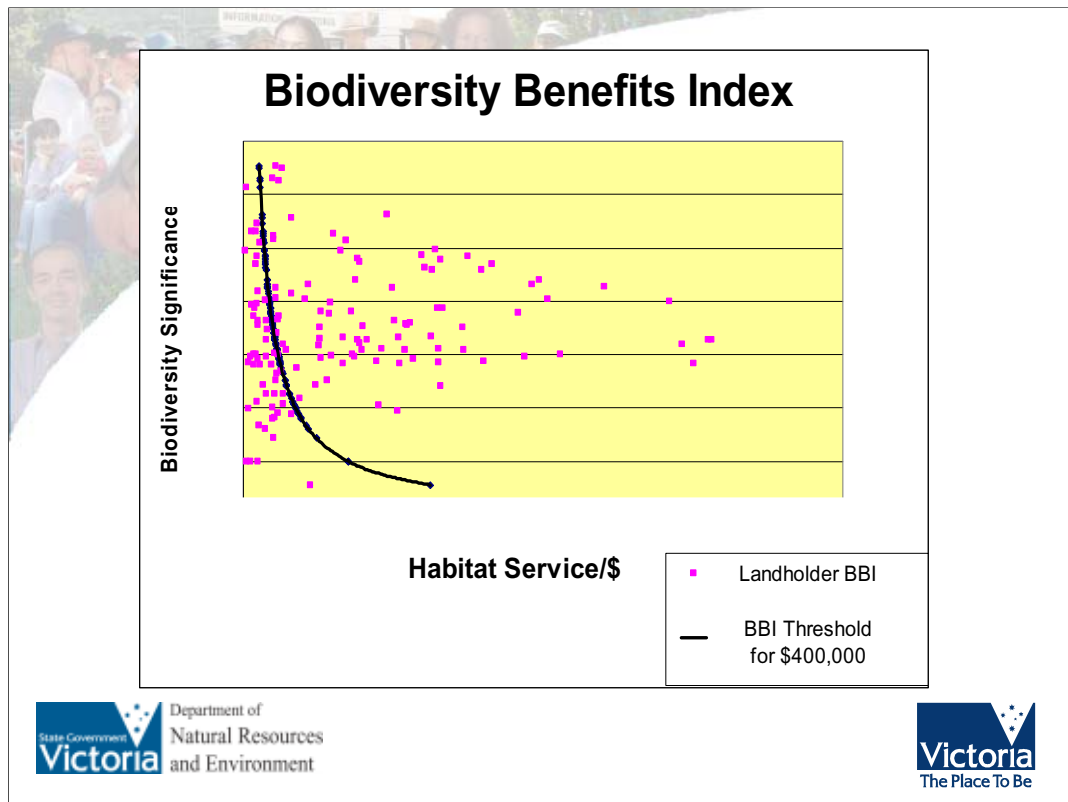
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Bids are ranked according to “best value for money” and the total money available determines the threshold of successful/unsuccessful bids



Bids can be depicted on a BBI graph that shows the site conservation value on the Y-axis and the habitat service score/\$ on the x- axis.

Those bids to the right of the BBI threshold line are the successful bids.

BushTender Results

Site assessments	Auction	Successful
116 properties	98 bidders	73 bidders
	148 bids	98 bids
223 sites	192 sites	132 sites
	3840 ha	3254 ha

- Majority of “successful” sites considered to be of high or very high conservation significance (*sensu*. NRE 2000 - Draft Native Vegetation Framework)
- Results split evenly between two trial areas
- Results still being analysed



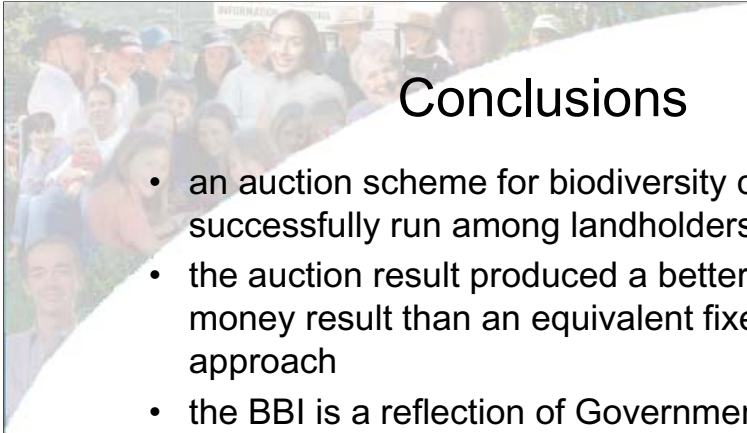
BushTender Results

Participants:

- rated the site assessment process highly
- considered the approach a 'very good idea'
- represented a cross-section of landholders and landholdings including larger farms
- were typical of rural landholders in the trial areas

Cost-effectiveness:

- an equivalent "fixed-price" auction would buy 33% less biodiversity for the same amount of money



Conclusions

- an auction scheme for biodiversity can be successfully run among landholders
- the auction result produced a better value for money result than an equivalent fixed-price approach
- the BBI is a reflection of Government preferences for expenditure on biodiversity
- the auction mechanism requires a rigorous process/decision-making