

# The Murray or the MCG?

Where will the money come from for land-use reform, and how could the returns on such an investment be calculated?

Implementing the reforms outlined by the Wentworth Group will be expensive. Studies commissioned for the Business Leaders Roundtable and others suggest that a public investment of \$20 billion is required during the next 10–20 years. If such costs are put into perspective, however, they are decidedly achievable.

‘It should be possible to fence off most of the 20 000 kilometres of rivers in the Murray-Darling Basin for less than a quarter of the cost of extending the Melbourne Cricket Ground for the 2006 Commonwealth Games,’ WWF environmental policy specialist, Peter Cosier says.

‘If we can spend \$400 million on a sporting complex, we should be able to find the money to fix our environment. It’s a matter of Australians identifying priorities.’

The Wentworth Group says an investment of an average of \$2 billion a year for the next decade represents less than 2% of the federal budget and less than 0.5% of Australia’s Gross Domestic Product. Such an investment would provide an average of over \$30 million a year per region. So how will the money be raised?

‘The Wentworth Group is not advocating another new tax, but we are arguing that a major investment of public capital is needed if we are to restore the degraded parts of our landscape,’ Cosier says.

‘We’ve identified a range of sources for such an investment, but it is up to others to work out the details.’

The investment options include: consolidated revenue; the full sale of Telstra; an environmental levy; incorporating hidden environmental subsidies into the cost of food, fibre and water; state and local government taxes and charges; and/or government bonds.

The Wentworth Group advocates a public inquiry to identify the cost of land management reform, and to recommend

options for funding. But how would such an inquiry estimate the returns on such investment?

## Services of infinite worth

A report on one of the most comprehensive attempts to calculate the value of ecosystem services appeared in the journal *Nature* in 1997.

Drawing from more than 100 previous studies, an international team headed by Robert Costanza of the Maryland Institute of Ecological Economics proposed a comprehensive figure that would cover the global costs of 17 categories of ecosystem services.

The team acknowledged that while, in one sense, the total value of ecosystem services to the global economy was infinite, it was still useful to consider the cost to society if the capacity of particular ecosystems changed or disappeared.

In descending order of value, the ecosystem services identified were: soil formation, recreation, nutrient cycling, water regulation and supply, climate

regulation, habitat, flood and storm protection, food and raw materials production, genetic resources, atmospheric gas balance, pollination, and other services.

The research team put an average price tag of US\$33 trillion a year on these ecosystem services: nearly twice the value of the global gross national product of US\$18 trillion. This figure is likely to rise as complex ecological interactions are better understood.

Importantly though, increasing awareness has seen a growing number of proposed projects being weighed against the social costs of lost ecosystem services.

‘This is the first broad attempt using conservative economic rules to put a price on ecosystem services,’ Cosier, says.

‘It shows that even under the most conservative analysis, the so-called free services provided by nature are worth nearly twice the value of the global economy.’

‘Our failure to properly value our natural systems is a primary cause of the damage to our global environment.’



CSIRO Land and Water

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