

# DETERMINING LANDOWNERS' WILLINGNESS TO PARTICIPATE IN OFFSET MARKETS

## overview of the project

Market-based trading schemes are increasingly being considered as an option to help facilitate the development of markets for environmental 'services' such as water, carbon and biodiversity. Creating such markets gives these services a financial value, and there is greater incentive for landowners and businesses to preserve and enhance the environment.

Researchers at the University of New England investigated farmers' perceptions of the value of environmental services, their willingness to be paid for providing environmental services and their attitudes to current government policy. The project also tried to determine the price farmers would want to be paid to manage parcels of their land for conservation.



*Retaining areas of native vegetation on farms provides an environmental service*

## how the project was carried out

Interviews were conducted with 45 landowners from the Walgett district in western New South Wales. The size of properties owned or managed by participants ranged from 400 ha to 55,000 ha and covered both freehold and leasehold land.

A semi-structured questionnaire was designed to guide the face-to-face interviews. Questions were trialled with five farmers prior to the survey, and were mostly open-ended to allow participants to express their opinions. Interviews were then arranged at various venues in Walgett with each taking about 1.5 hours to complete.

The questionnaire was divided into three sections. The first collected general background information on the property and the farmer; the second sought information concerning farmers' perceptions and the provision of environmental services; the third asked farmers to estimate their willingness to be paid for supplying environmental services on their property and what they might need in terms of management practices to maximise these benefits. Statistical analysis of the data was undertaken to determine if statistically significant correlations existed between the various parameters for which data was collected.

## outcomes now and in the future

The survey revealed a number of interesting results which provide insight into the thinking of farmers in the Western Division in relation to the provision of environmental services. Generally it was concluded younger farmers were better able to understand the concept of 'environmental services' than older farmers. The requirement for agreements to be in perpetuity was a major concern, with many farmers being unwilling to consider long term binding contracts. Voluntary and market-based instruments were favoured over regulatory approaches and it was found that farmers with a greater concern for the environment were less likely to require payment for producing environmental services, as were those more open to changes in farming activities in the future.

Land value had an important influence on willingness to be paid incentives to conserve grazing and cropping land. To conserve land for environmental purposes, farmers would need to be paid \$25/ha for basic grazing country, \$53/ha for 'special' grazing land (such as riparian zones, unique land features or wildlife corridors) and \$206/ha for conversion of cropping country to environmental services.

## benefits, challenges & lessons learned

It was originally proposed to select 50 farmers to participate in the project however during the fieldwork some were unavailable or unable to be contacted resulting in a slightly smaller sample of 45 farmers. The usefulness of the study is limited by the restricted geographic area and land use types that were sampled, and consequently the findings may not be representative of all farmers across New South Wales.

Interviewers learned that it is important to gain farmer's confidence and trust in order to receive open responses to the questionnaire. For this reason the participants were chosen from respected farmers and business people in the community who were already known to the interviewers. The researchers believe that the use of a formal questionnaire helped in obtaining answers to sensitive questions as it made the questions seem less personal.

The project was exploratory in nature and comprised a relatively small sample size. However it has provided some useful indicators for future directions in environmental markets. It has confirmed that farmers in rangeland areas of NSW are interested in the potential to produce a new product called 'environmental services' and that many farmers already do so for the public good. However there needs to be a market mechanism to encourage society and investors in general to participate in the provision of these services.