

# Conservation Finance

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## HANDBOOK



Australian Land  
Conservation Alliance

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Cover image by Annette Ruzicka

## Important information

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## Foreword from the CEO

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Nature is not just the scenery around us: it is the intricate web that supports all life on earth. Our connection with nature goes beyond a simple, and sometimes unrealised, appreciation; it sustains the water we drink, the food we eat and the air we breathe, and underpins our wellbeing, cultural identities, communities and way of life.

Yet this invaluable resource faces unprecedented threats, with ecosystems collapsing and biodiversity rapidly declining. It is our responsibility to arrest this decline, to protect and nurture these vital systems – not only for ourselves but for future generations.

Australians care deeply about nature and are united in a desire for a healthy and resilient future. This vision is achievable, and within our grasp, if we act now, and together.

To create the Australia we need and want, we must invest in nature and in the people who steward it. Right across the country, thousands of landholders – including First Nations peoples, farmers and graziers, private landholders and conservation organisations – are managing, protecting and restoring biodiversity and building resilient communities. We must urgently scale up this work and the investment that will enable it. It cannot wait.

Protecting, stewarding and restoring our natural environment must be realised as an economic imperative. Healthy ecosystems contribute billions to the global economy through ecosystem services and reduce economic risks. By redirecting capital towards sustainable practices and conservation efforts, we can create a resilient economy that thrives in harmony with the environment.

This document outlines how integrating financial strategies with the ecological stewardship provided by the expanding private land conservation sector can unlock new opportunities, driving both profit and protection in a world where these two goals are increasingly intertwined.

Since publishing the first conservation finance scoping paper in 2018 ALCA has established its role as a conservation finance leader – helping to unlock more investment and upskill the growing network of conservation finance practitioners across the non-profit, private and public sectors.

Following continuous feedback on the usefulness of the scoping paper, we are pleased to release an updated version as the *Conservation Finance Handbook*. In producing the Handbook it has struck me that while there is still more to do, so much has changed since we released the *Conservation Finance Scoping Paper* in 2018. The original 2018 scoping paper

was released when even the term 'conservation finance' was not in common usage, and the paper included many overseas examples to demonstrate how various conservation finance mechanisms work. The increase in Australia's conservation finance capacity is such that conservation finance is a term commonly used by practitioners today, and the vast majority of case studies in this updated Handbook are Australian.

This hasn't just happened by accident. We have steadily built our capacity and capability in Australia, learning and adapting from the global experiences of conservation finance. In particular this has included a close relationship that continues to this day with the [US Conservation Finance Network](#) based in the Yale Centre for Business and Environment. Continuous engagement with global networks allows us to learn and innovate in the Australian context.

Since 2018 we have seen a range of other positive changes including, for example the emergence of:

- an active Conservation Finance Network with ALCA hosting regular Conservation Financed Intensives that build capacity and capability and ultimately increase the flow of finance to the conservation sector
- large philanthropic donations that have supported the purchase of significant conservation properties and projects
- market based approaches such as the Australian Carbon Credit Unit (ACCU) scheme and emerging voluntary biodiversity markets like the Nature Repair Market as a tool to bring more finance to conservation.
- nature being understood as a material business risk alongside the emergence of frameworks such as the Taskforce on Nature-related Financial Disclosures and the Science Based Targets Network.

The private land conservation sector in Australia is continuing to mature and use more sophisticated approaches to finance its work, as evidenced by the range of case studies in this Handbook.

This Handbook is written to support the sector to understand and utilise available mechanisms for scaling private land conservation. We look forward to continuing our work with you on this important effort.

## About ALCA

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The Australian Land Conservation Alliance (ALCA) is the peak national body representing organisations that work to conserve, manage and restore nature on privately owned and managed land.

ALCA is at the helm of an expanding sector that is addressing the nation's most critical conservation challenges. This work is pivotal in restoring and safeguarding endangered ecosystems, expanding protected areas, controlling invasive species, mitigating climate change and enhancing community and landscape resilience.

ALCA's purpose is to represent its members and supporters to grow the impact, capacity and influence of private land conservation. With 60% of Australia's land privately managed, the sector offers a unique opportunity and proven solutions to help achieve national and global biodiversity and climate targets.

As the sector prepares to meet the growing demands for nature protection and nature-based solutions, ALCA plays a crucial role in supporting and enabling its members by advocating for good policy, securing significant investment, fostering a capable sector, cultivating a pipeline of leaders and, at the core, building a community that understands and values the role of private land conservation.

Together, ALCA and its members work towards a healthy, resilient Australia in which nature thrives and is cared for by empowered people and communities.

Alliance members are embedded in regional communities and economies, creating jobs, securing investment and supporting food security while bringing the productivity and profitability increases that come from improved natural capital.

Many ALCA members contribute significant on-ground conservation action, and others play a critical enabling and coordination role. The Alliance generates over \$370 million in annual revenue, the majority from non-government sources.

Alliance members' combined current impact extends across more than 71 million hectares – 9.3% of Australia's total land area.<sup>1</sup>

ALCA has an established role as a conservation finance leader. It published a conservation finance scoping paper in 2018 and regularly hosts conservation finance intensives to unlock

more investment and support the growing network of conservation finance practitioners across the non-profit, private and public sectors.

ALCA and its members are steadfast in their support for Australia's commitment to the [Kunming-Montreal Global Biodiversity Framework](#) and their willingness and desire to partner with governments, businesses and philanthropic institutions across Australia to deliver the targets of this Framework.

# Acknowledging, respecting, and enabling Aboriginal and Torres Strait Islander leadership

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Wherever you are in Australia, you are on the lands and waters of Australia's First Peoples. Aboriginal and Torres Strait Islander peoples live on and have cared for Country for more than 60,000 years.

ALCA acknowledges Aboriginal and Torres Strait Islander peoples across Australia as the First Peoples of the nation.

ALCA recognises and respects the Aboriginal and Torres Strait Islander peoples deep and enduring relationship with land, sea and water, and their persistence, knowledge and connection built over tens of thousands of years.

Improving the outlook for Australia's nature, which includes managing, restoring and healing Country, will require increased financial investment. This includes utilising mechanisms and tools that fall under the banner of conservation finance.

Approaches to increasing investment in conservation must respect and support the rights of Australia's First Nations people. This includes ensuring equitable benefit sharing of the funding and resourcing flowing from conservation finance. ALCA acknowledges the United Nations Declaration on the Rights of Indigenous Peoples and the principle of Free, Prior and Informed Consent.

We acknowledge and support the application of principles that can give effect to First Nations leadership in conservation, including conservation finance. This includes, for example, the themes that emerged from the Reimagining Conservation Forum - Working Together for Healthy Country (2022):

1. A rights-based approach to conservation to ensure the social, cultural and economic needs of Indigenous communities are met.
2. Valuing culture and recognising Indigenous cultural authority by asking Indigenous people before acting to ensure programs are in the best interests of Country and communities.
3. Weaving knowledge systems where Indigenous knowledge is appropriately 'woven' together with 'western' conservation science.

4. Equity in managing Country, including in funding, skills, capacity, education and self-determination, and ensuring non-indigenous partners are culturally competent.
5. Managing Country together, with joint management seen as the start of the journey towards sole management.
6. Economic opportunities in which market mechanisms are based on respect for the right of local Indigenous cultures and ensure benefit to local communities.

For further information on these themes see: [Reimagining Conservation: Working Together for Healthy Country report](#)

## Document background

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This document is an update to the 'Scoping Paper: Expanding Finance Opportunities to Support Private Land Conservation in Australia', published in October 2018 by Trust for Nature (Victoria) on behalf of ALCA, authored by Dr Adrian Ward and Marnie Lassen.

ALCA acknowledges and recognises the contributions made to develop the original document. This update has been authored by Steven Lynch and Marnie Lassen for and on behalf of ALCA.

ALCA also acknowledges the organisations who provides case studies and people who provided feedback on draft versions including Simon O'Connor, Guy Williams, David Major, Corinne Proske, Peter Stein and ALCA's Policy and Government Relation Committee members.

## How to use this document

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The primary objective of this Handbook is to help the private land conservation sector understand and apply the range of conservation finance approaches available. By doing so, it is hoped this document will help the sector identify and access critical funding pathways to support the ongoing management, restoration and protection of nature.

Although the Handbook is intended primarily for those in the private land conservation sector, many of the approaches discussed will be relevant to a wider audience including government and the business, finance and investment, agriculture and philanthropy sectors.

This Handbook is deliberately comprehensive. While it can be read in its entirety, it is expected that readers will use sections that are of relevance to them at a given point in time. Readers may wish to start by reviewing the [Conservation Finance Overview](#), [Summary of Mechanisms](#) and [Key opportunities to increase conservation finance](#) before exploring the more detailed sections.

Where a snapshot assessment or further guidance is provided this information is intended to help practitioners gain a quick understanding. Readers should investigate further and seek their own advice in advancing any particular strategies outlined in this document.

# Contents

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Important information .....	3
Foreword from the CEO .....	4
About ALCA .....	6
Acknowledging, respecting, and enabling Aboriginal and Torres Strait Islander leadership .....	8
Document background.....	10
How to use this document .....	10
Contents .....	11
Introduction .....	14
Conservation finance overview: Summary .....	16
Summary of mechanisms.....	18
Key opportunities to increase finance to private land conservation .....	20
Why we need conservation finance .....	25
Nature in crisis .....	25
The twin challenges of nature loss and climate change .....	26
Nature positive .....	27
The conservation finance gap .....	28
Trends in conservation finance flows.....	30
Closing the nature finance gap .....	31
The landscape of conservation finance.....	34
What is ‘conservation finance’? .....	34
Major stakeholder groups and their role in conservation finance .....	34
Relationship between project types and funding types .....	36
Conservation finance mechanisms .....	38
Enablers.....	39
Indigenous knowledge and leadership.....	40
Policy and legislation .....	43
Australia’s Nature Positive Plan.....	43
Private sector drivers .....	44

Measuring nature.....	47
Nature Positive Initiative.....	47
Environmental and environmental–economic accounting .....	48
Australia’s natural capital accounts .....	49
Blended finance .....	50
Public–private partnerships .....	52
Credit enhancement tools.....	53
Market development assistance .....	54
Technical assistance.....	54
Intermediaries .....	55
Networks .....	56
Communication and language.....	56
Technology.....	57
Direct contributions .....	58
Government and philanthropic grants .....	59
Philanthropic donations .....	62
Crowdfunding .....	64
Corporate partnerships .....	67
Government-led .....	70
Environmental levies.....	70
Favourable tax incentives .....	72
Transitioning harmful subsidies .....	73
Charitable tax deductions .....	74
Income tax deductions for covenanted land .....	74
State-based land tax concessions & exemptions .....	75
Rebates .....	76
Special investment vehicles and environmental trusts .....	76
Clean Energy Finance Corporation (CEFC) .....	76
Australian Renewable Energy Agency (ARENA).....	77
Land Restoration Fund .....	77
The Reef Trust .....	78
Biodiversity Conservation Trust .....	78

Flagship initiatives .....	80
Future Made in Australia .....	80
Sustainable Finance Strategy .....	80
National Reconstruction Fund .....	80
US Inflation Reduction Act .....	81
Water sector investments.....	81
Market-based approaches.....	83
Environmental credit markets .....	83
Carbon markets .....	84
Biodiversity credit markets (including Nature Repair Market) .....	89
Biodiversity offsets .....	93
Revolving land funds.....	95
Loans .....	97
Green bonds .....	99
Impact investments .....	101
Sustainable supply chains.....	105
Supply chain .....	105
Green product and service certification .....	106
Agriculture .....	107
Insurance.....	113
Recap .....	115
References .....	117

# Introduction

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We are in the grip of the twin global crises of climate change and biodiversity loss. While the impacts of climate change are well known, we are only beginning to recognise nature loss as a material risk to the economy, communities and culture. Notably, half of Australia's Gross Domestic Product is moderately to highly dependent on nature<sup>2</sup> – a percentage on par with the global average.<sup>3</sup> Consequently, Australian investors are increasingly seeking or engaging in nature-based opportunities<sup>4</sup> for managing risk and ensuring business continuity.

In December 2022, Australia joined 195 other nations in tackling the accelerating biodiversity crisis by committing to the 23 targets in the Kunming-Montreal Global Biodiversity Framework (Global Biodiversity Framework).<sup>5</sup>

While strong commitments are welcome, a significant gap remains between the current levels of nature investment and what is needed to turn commitments into action to halt and reverse nature loss. Estimates put the global annual investment gap between US\$598 billion and US\$830 billion.<sup>6 7</sup>

In recognition of this gap, the Global Biodiversity Framework includes a target to increase annual investment to at least US\$200 billion annually from both public and private sources by 2030.<sup>8</sup>

In Australia, the Wentworth Group estimates at least A\$7 billion per year for 30 years is required to repair Australia's landscapes.<sup>9</sup> Closing the nature finance gap in Australia requires long-term public funding of no less than 1% of the Commonwealth budget, alongside increased private and philanthropic investment.

The Global Biodiversity Framework targets include protecting at least 30% of land, freshwater and ocean ecosystems by 2030 (Target 3) and restoring 30 per cent of degraded terrestrial, inland water, and marine and coastal ecosystems by 2030 (Target 2) .<sup>10,11</sup> The private land conservation sector is crucial for helping to achieve these targets as private land encompasses significant habitat, provides connectivity between protected public areas and hosts innovative and community-driven conservation efforts.

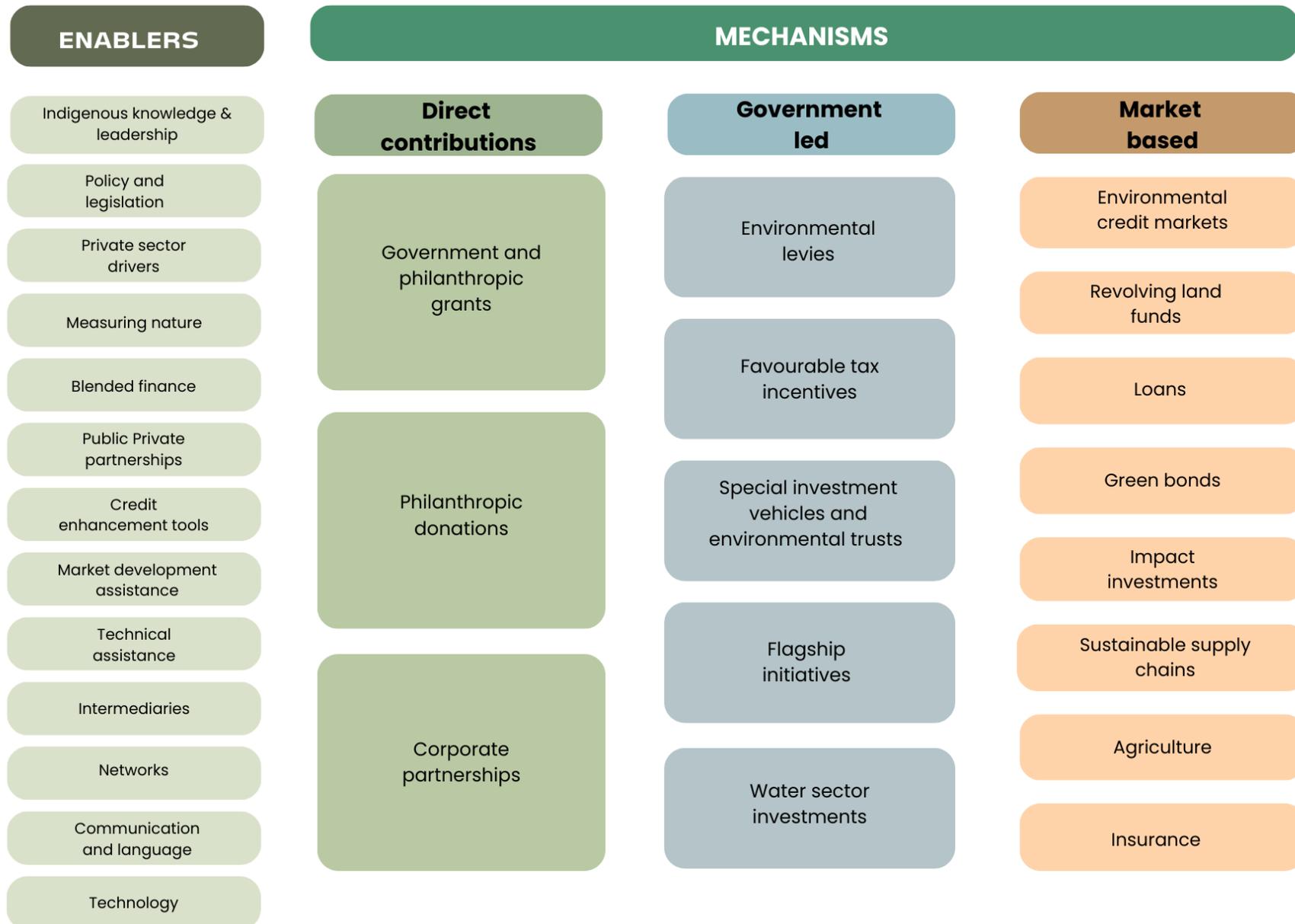
The price of achieving these targets represents a much-needed downpayment on our future. Significant increases in government investment are required to realise its policy framework and deliver on our national and international commitments. However, governments will not be able to shoulder the load alone. Increased investment from the private and philanthropic

sectors is also necessary to improve the long-term outlook for Australia's nature. Durable and ongoing commitments to nature that go beyond the term of election cycles, annual reporting periods and annual funding rounds are needed.

The Conservation Finance Handbook has been developed as a resource to support the work of private land managers in restoring, conserving and managing Australia's landscapes, waterways and populations of threatened species.

It provides a comprehensive background to conservation finance, outlines enabling factors that lay the groundwork for scale and describes a range of conservation finance mechanisms that can scale up and diversify investment in nature.

# Conservation finance overview: Summary



## ENABLERS

<b>Indigenous knowledge and leadership</b>	Providing the resources and cultural authority to revitalise knowledge, practices and leadership on Country
<b>Policy and legislation</b>	Includes regulation enforcement, incentives, market settings
<b>Private sector drivers</b>	Includes reporting and compliance frameworks, business and reputational risk management, investor and shareholder expectations
<b>Measuring nature</b>	Environmental accounts, environmental-economic accounts and other biodiversity measurements
<b>Blended finance</b>	A mix of government, philanthropic and/or private investment
<b>Public-private partnerships</b>	Long-term agreements between government and private sector to finance, build and operate projects
<b>Credit enhancement tools</b>	Includes first loss capital, letters of credit loan guarantees, insurance
<b>Market development assistance</b>	Synthesis reports, guides, incentives
<b>Technical assistance</b>	Capacity building support
<b>Intermediaries</b>	Structure and broker deals between project partners
<b>Networks</b>	Collection of individuals or organisations working toward common objectives
<b>Communication and language</b>	Development of shared language across sectors
<b>Technology</b>	Includes drones, digital twins, satellite imagery and environmental DNA

## MECHANISMS

### Direct contributions

<b>Government and philanthropic grants</b>	Non-repayable financial assistance to fund a project and/or organisation
<b>Philanthropic donations</b>	Donations from individuals, corporations, trusts and foundations to fund projects and/or organisations, incl crowdfunding. Donor often receives a tax deduction
<b>Corporate partnerships</b>	Includes financial and in-kind support via corporate social responsibility partnerships, corporate foundations, and workplace giving

### Government led

<b>Environmental levies</b>	Government taxes or charges to create revenue for environmental protection and conservation programs
<b>Favourable tax incentives</b>	Includes tax exemptions, deductions, tax, concessional rates or liability deferrals that incentivise, or remove disincentives to, conservation
<b>Special investment vehicles and environmental trusts</b>	Separate legal entity set up and funded by government to deliver a government priority. Eg Reef Trust, Qld Land Restoration Fund, CEFC
<b>Flagship initiatives</b>	Signature government policies that cut across several government portfolios and usually include significant government investment
<b>Water sector investments</b>	Variety of investments by water agencies that have environmental benefits

### Market based

<b>Environmental credit markets</b>	Includes carbon markets, biodiversity credit markets and biodiversity offsets
<b>Revolving land funds</b>	Capital sum used to purchase, protect and on-sell conservation properties; proceeds fund future purchases
<b>Loans</b>	Funds provided for conservation project or organisation that are repayable, typically with interest
<b>Green bonds</b>	Fixed income investment product generally issued by institutions where funds are used to fund projects with environmental benefits
<b>Impact investments</b>	Made into organisations, projects or funds to generate social and/or environmental outcomes, with a financial return
<b>Sustainable supply chains</b>	Includes green product certification and inputs into goods and services (eg clean water, healthy soils)
<b>Agriculture</b>	Includes conservation-agriculture partnerships and improving on-farm natural capital
<b>Insurance</b>	Includes risk transfer to mobilise capital, protecting natural assets and enabling trading in environmental markets

## Summary of mechanisms

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The conservation finance mechanisms described in this Handbook fall into 3 broad categories: (1) direct financial contributions, such as grants; (2) government-led mechanisms, such as environmental levies; and (3) market-based approaches, such as the carbon market and the emerging Nature Repair Market.

Figure 1 below lists the conservation finance mechanisms covered and assesses each one against its current use in Australia, potential for scale and relative ease of deployment. The key shows what each of the traffic light colours represents when considering these assessments. The use of a traffic light-style assessment is for information only and readers should be aware that the assessments were informed by the following considerations:

- All assessments relate to the Australian context only.
- As described further in later sections, some mechanisms provide direct support to nature (such as government environmental grants), while others provide indirect support (such as sustainable agriculture, where the primary purpose is growing food but benefits to nature may also result). In considering scalability, mechanisms that provide direct support to nature were weighted more heavily than those that provide indirect support.
- Relative ease of deployment takes into account both the complexity in deploying mechanisms and the projected likelihood of them being deployed. The latter consideration particularly applies to government-led mechanisms, where the likelihood of deployment is often as much a matter of political will as of technical complexity.

		Current use	Scalability	Relative ease of deployment
DIRECT CONTRIBUTIONS	Government and philanthropic grants	●	●	●
	Philanthropic donations	●	●	●
	Corporate partnerships	●	●	●
GOVERNMENT LED	Environmental levies	●	●	●
	Favourable tax incentives	●	●	●
	Special investment vehicles and environmental trusts	●	●	●
	Flagship initiatives	●	●	●
	Water sector investments	●	●	●
MARKET BASED	Environmental credit markets	●	●	●
	Revolving land funds	●	●	●
	Loans	●	●	●
	Green bonds	●	●	●
	Impact investments	●	●	●
	Sustainable supply chains	●	●	●
	Sustainable agriculture	●	●	●
	Insurance	●	●	●
<b>KEY</b>				
●	Limited	Low	Complex	
●	Moderate	Moderate	Moderate	
●	Common	High	Simple	

Figure 1: Comparison of conservation finance mechanisms in the Australian context

## Key opportunities to increase finance to private land conservation

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In closing the nature finance gap, Australia's governments, the private, philanthropic and Australia's conservation, land management and restoration sectors all have unique and complementary roles.

There are several current and emerging opportunities that can collectively help to close this gap. Taking up the following opportunities would substantially scale up nature investment and close the nature finance gap specific to Australia's conservation, land management and restoration sector.

### **Opportunity 1 – Restore and protect Australia's nature with government as a significant investor.**

Nature is significantly underfunded in the budgets of Commonwealth and state governments. Current funding for nature in the federal budget is around 0.1% of the total spend.<sup>12</sup> Increasing funding to nature to 1% of government budgets would go a long way towards closing the nature finance gap. While governments will not be able to shoulder the load alone, significant cornerstone investment from government can deliver public and social benefits and leverage additional new non-government investment. An increase in [government funding](#) could support:

- The purchase of land of high biodiversity value to create new public, private or Indigenous protected areas through a new dedicated \$5 billion fund.
- An increase in the uptake of permanent conservation covenants to expand the protected area estate in underrepresented bioregions and ecosystems. This should include the Australian Government encouraging jurisdictional efforts to adopt and implement enhanced protection conservation covenants.<sup>13</sup>
- The stimulation of demand for the Nature Repair Market, at least during the establishment phase of the market, with significant purchases of biodiversity certificates by the government important to derisking and firming up the market to encourage the entry of other purchasers.
- Increased research and development alongside increased monitoring and evaluation.

The Australian Government should consider a range approaches to increase funding to nature, including:

- Instigating a Treasury or Productivity Commission review into federal and state tax and financial incentives and barriers to private land conservation, including opportunities to transition harmful subsidies to nature improvements. The Biodiversity Council estimates the total monetary value of [Australian Government subsidies](#) that are likely to have a medium to high adverse impact on biodiversity is \$26.3 billion per year, based on 2022–23 figures.<sup>14</sup>
- Tasking the Productivity Commission to undertake a public inquiry into a long-term scheme to support the protection, management and restoration of Australia’s environment.
- Amending the investment mandate of the Clean Energy Finance Corporation (CEFC) and/or the investment plan of Australian Renewable Energy Agency (ARENA) to require them to explicitly consider nature in their investments. This would drive innovation and further investment into nature.

The private land conservation sector has been a vital partner for governments in delivering high-quality conservation projects at scale. Importantly, the private land conservation sector has also demonstrated it can leverage investment from governments to draw in significant additional investment, as evidenced through the implementation of the Australian Government’s National Reserve System Funding program, which delivered the most significant uplift yet in private land under permanent protection through its support of Australia’s land trusts and nature conservancies.

**Opportunity 2 – Ensure that any increase in funding for nature in Australia respects and promotes the inherent rights of Indigenous peoples.**

For Aboriginal and Torres Strait Islander peoples, connection to nature, land and waters is central to culture and identity. Both the monetary and non-monetary benefits of increased investment in Australian nature should be directly accessible to and/or equitably shared with Aboriginal and Torres Strait Island peoples.

[Indigenous knowledge and leadership is a critical enabler](#) to addressing the nature finance gap and increases in investment must support and apply principles that give effect to First Nations leadership in conservation and conservation finance, such as the themes that emerged from the report of the [Reimagining Conservation Forum – Working Together for Healthy Country](#).

### **Opportunity 3 – Create a lasting legacy for Australia’s nature through a major increase in the amount of philanthropic funding to nature.**

It is estimated that only 5% of philanthropic funding in Australia currently goes to environmental issues, with about half of that directed to biodiversity. There is a clear opportunity to increase this level of funding.

As part of its strategy, the Australian Environmental Grantmakers Network (AEGN) – Australia’s largest and most connected network for environmental and climate philanthropy – has set a goal of increasing giving to the environment and climate to \$2.5 billion by 2030.

Domestic and international [philanthropy](#) is a critical and growing area of funding for the conservation sector. It can be instrumental in directly funding on-ground conservation projects, and because philanthropic investment does not usually require a financial return, it can be critical to supporting innovation through investing in new structures for financing nature, including blended finance approaches.

The expected intergenerational wealth transfer of \$2.6 trillion in the period 2021 to 2040<sup>15</sup> is an opportunity the private land conservation must seek to leverage by working in partnership with philanthropy. The private land conservation sector provides opportunities for philanthropy to leave a legacy for Australia’s nature and future generations of Australians, such as through supporting the acquisition, restoration, management and protection of properties with significant biodiversity values.

### **Opportunity 4 – Turn nature risk into nature opportunity through partnerships between business and the private land conservation sector.**

With half of Australia’s Gross Domestic Product moderately to highly dependent on nature<sup>16</sup> there is an [increased focus on the links between business and nature](#). Recent legal opinion<sup>17</sup> holds that Australian company directors have a duty under corporate law to consider their company’s exposure to nature-related risks, and the emergence of frameworks such as the Taskforce on Nature-related Financial Disclosures (TNFD) and the Science Based Targets Network (SBTN) are helping business understand and respond to these risks and to develop nature strategies.

The private land conservation sector already has experience working with some of Australia’s largest and most successful businesses. This experience provides a solid base for the private land conservation sector to further partner with business, to support their understanding of their nature impacts, and to ensure that business investment in nature is delivered in the right places and creates wins for business, the community and nature.

## **Opportunity 5 – Enhanced outcomes for nature through the Australian Carbon Credit Unit (ACCU) scheme.**

Markets need to be credible and stable for private finance to invest.

The Commonwealth invests significant public resources in delivering lowest cost abatement of greenhouse gas emissions. However, there are large opportunity costs in such approaches to supporting [carbon projects](#), which neglect the environmental, social, cultural and other public benefits that are also available and aligned with other government public policy goals. The Australian Government could amend the *Carbon Credits (Carbon Farming Initiative) Act 2011* such that carbon market procurement efforts are delivered to maximise public value (i.e. maximise social profit including nature outcomes), rather than simply seeking the lowest cost abatement.

The land sector is projected to play a significant role in achieving net zero emissions by 2050. Land-based ACCUs will be an important and necessary contributor to this goal. With the emergence of the Nature Repair Market, there are opportunities for improvements to the ACCU market – in particular, for the Nature Repair Market to work alongside the ACCU market to drive nature-positive outcomes.

Given its experience, capacity and capability across nature and carbon projects, the private land conservation sector is well positioned to deliver high-quality and high-integrity projects that produce positive outcomes for nature and climate.

## **Opportunity 6 – Put in place the foundations to increase nature finance flows.**

There are a number of foundational and/or enabling factors that can be put in place to increase flows of nature finance. These are described below.

### [Environmental Law Reform](#)

One of Australia's most critical opportunities is to get the foundations right by reforming its environmental law. Australia's environmental laws are fundamentally deficient, with the Samuel Review of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) finding that '[t]he EPBC Act is out dated and requires fundamental reform'.<sup>18</sup>

While welcoming the introduction of the Nature Positive Bills to Parliament, ALCA strongly supports the need for holistic EPBC Act reforms, to be progressed as a matter of urgency commensurate with the seriousness and urgency of Australia's nature crisis. These holistic reforms are a key opportunity to provide investor confidence in Australia's environmental protection regime.

### [Biodiversity Investment Strategy](#)

Government must deliver a biodiversity investment strategy to send clear signals and provide guidance outlining national and state priorities for investing in nature. The private land conservation sector can play a role in supporting the development and implementation of such a strategy.

A biodiversity investment strategy would provide a means to articulate policy clearly and translate it into opportunities to increase investment in conservation, especially through market-based approaches such as the [Nature Repair Market](#).

### [Conservation Finance Network](#)

New approaches to conservation finance are needed for Australia to achieve its nature commitments. Networks such as ALCA's Conservation Finance Network could be enhanced and scaled to promote and support research, pilots and nature-based solutions that adopt high-quality conservation finance models and emerging market-based mechanisms. The opportunity for the private land conservation sector, through ALCA, is to work with the government, private and philanthropic sector to develop and enhance the Conservation Finance Network to increase its capability and capacity – and thereby increase the amount of finance deployed for conservation.

# Why we need conservation finance

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## Nature in crisis

*The state and trend of the environment of Australia is poor and deteriorating because of increasing pressures from climate change, habitat loss, invasive species, pollution and resource extraction – State of the Environment report 2021*

The world is in the midst of a nature crisis.<sup>19</sup>

- We are using the equivalent of 1.6 Earths to maintain our current way of life and ecosystems cannot keep up with our demands.
- One million of the world's estimated 8 million species of plants and animals are threatened with extinction.
- 75% of the earth's land surface has been significantly altered by human actions, including 85% of wetland areas.
- 66% of ocean area is impacted by human activities, including by fisheries and pollution.
- Close to 90% of the world's marine fish stocks are fully exploited, overexploited or depleted.
- Our global food system is the primary driver of biodiversity loss, with agriculture alone an identified threat to 24,000 of the 28,000 species at risk of extinction.
- Agricultural expansion is said to account for 70% of the projected loss of terrestrial biodiversity.

Australia is not immune to this crisis. It is a megadiverse country but holds the title of world leader in mammal extinctions. The most recent *State of the Environment* report<sup>20</sup> notes:

- There were 1,385 plant species, 533 animal species and 88 ecological communities listed as threatened under the EPBC Act in June 2021, including 21% of all Australian mammals. Around 200 plant and animal species and 15 ecological communities have been added to lists since 2016.
- Habitat loss and degradation are the main threat to species in Australia, with nearly 70% of Australian threatened taxa impacted and 60% of listed threatened species seriously affected. More than 100 Australian species listed under national, state or territory legislation are known to have become extinct since European colonisation.

- At least 19 Australian ecosystems have shown signs of collapse or near collapse; these ecosystems span the entire Australian continent and include Antarctic and sub-Antarctic ecosystems.

## The twin challenges of nature loss and climate change

In recognition of the urgency of these interconnected challenges, global agreements have been established.

The 2015 Paris Agreement, adopted by 196 parties, has set a global goal of keeping the increase in global average temperature to less than 2°C above pre-industrial levels and pursuing efforts to limit it to 1.5°C above pre-industrial levels.

In 2022 leaders from around the world attended the United Nations Biodiversity Conference, at which 195 countries signed up to the Kunming-Montreal Global Biodiversity Framework. This landmark agreement contained 23 targets to be achieved by 2030, including restoring 30% of all degraded ecosystems and conserving 30% of land, water and seas.

While these agreements were made separately, the fact that nature loss and climate change are inextricably linked means a failure in addressing one will impact the other.

*“Delivering on the (global biodiversity) framework will contribute to the climate agenda, while full delivery of the Paris Agreement is needed to allow the framework to succeed.” – Inger Andersen, Head of the UN Environment Programme*

*“Climate change is a primary driver of biodiversity loss. And climate change depends on biodiversity as part of the solution. So clearly the two are linked and cannot be separated.” – Elizabeth Mrema, Executive Secretary, United Nations Convention on Biological Diversity*

Global actors are increasingly recognising and responding to nature as both a risk and an opportunity, in much the same way they have approached climate change, as illustrated in the table and figure below.

Table 1: Comparison of Climate and Nature Initiatives

Climate Change	Nature
Paris Agreement	Kunming- Montreal Global Biodiversity Framework
Taskforce on Climate-related Financial Disclosures	Taskforce on Nature-related Financial Disclosures
Science Based Targets Initiative	Science Based Targets Network
We Mean Business Coalition	Business for Nature

### The Climate Crisis

The latest IPCC report shows that emissions of greenhouse gases from human activities are responsible for approximately 1.1°C of warming since 1850-1900.

Unless there are immediate, rapid and large scale reductions in greenhouse gas emissions, limiting warming to close to 1.5°C or even 2°C will be beyond reach.



### CLIMATE AND NATURE - RELATED FINANCIAL RISKS

Climate and nature-related risks are systemic risks to the global financial system, and companies are coming under increased pressure from regulators, financiers and shareholders to disclose on their exposure and management of these risks



### The Nature Crisis

Nature loss is currently occurring at an unprecedented rate. Humanity has caused the loss of 83% of wild mammals by mass, and 1 million species of plants and animals are at risk of extinction.

At the same time, biodiversity loss and ecosystem collapse has been identified as one of the top 5 global risks to the global economy in 2020 and 2021.

Nature loss is rapidly emerging as a global priority alongside climate change. Transitioning the economy to address climate change and nature loss will require transformative change.

SOURCE: Pollination 2024

Figure 2: Climate and nature-related financial risks (source Pollination)

## Nature positive

The term 'nature positive' is gaining currency in the same way that 'net zero' has for climate change. Nature positive means 'more nature in the world in 2030 than in 2020 and continued recovery after that'.<sup>21</sup> The term is increasingly being used by governments and businesses, with the Australian Government launching its [Nature Positive Plan](#) in 2022 and a number of corporations publicising their nature-positive aspirations. For example, Westpac Bank has outlined its ambition to become a nature-positive bank in its [Natural Capital Position Statement](#). A global coalition of institutions, organisations and companies working under the banner of the Nature Positive Initiative is working to promote the integrity and implementation of nature-positive policies by 2030.

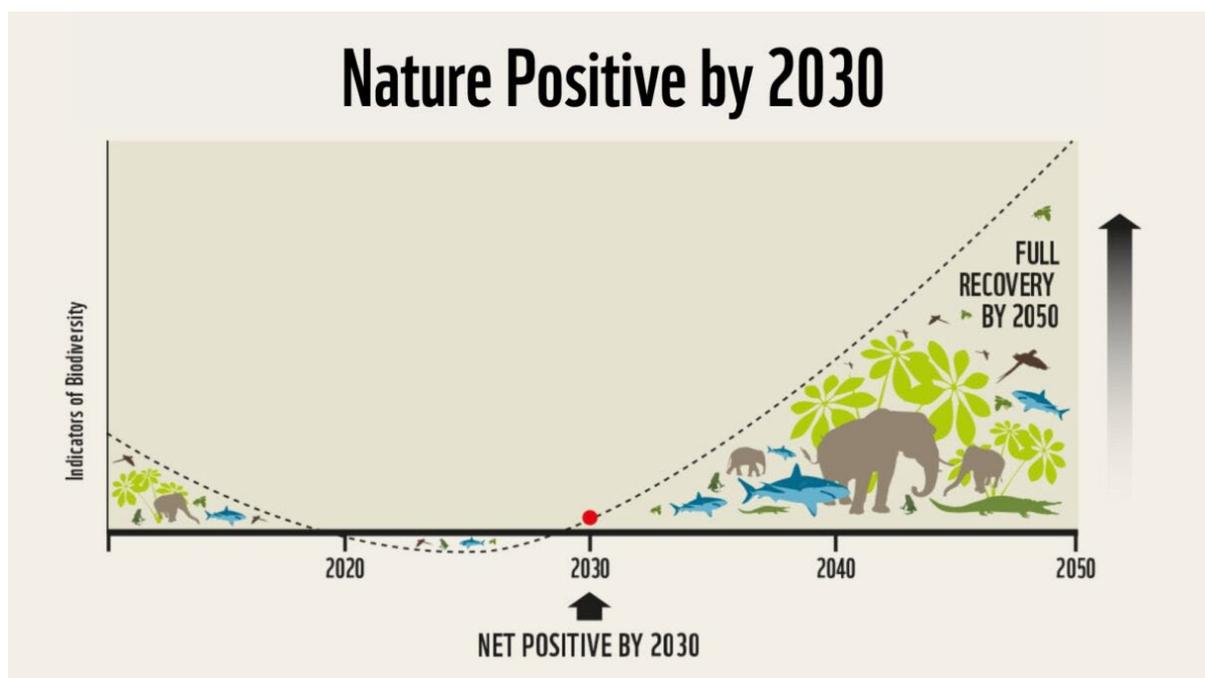


Figure 3: Nature positive by 2030 (Source: [Nature Positive Initiative](#)).

While the emergence of Nature Positive and various commitments to achieve it are welcomed, the current levels of funding for nature at the global and national levels are inadequate to address the scale of the crisis.

## The conservation finance gap

The global commitment and momentum to address nature loss is a positive development, but a significant gap in funding to achieve these aspirations remains. The Global Biodiversity Framework recognises this gap and has set a specific target of mobilise at least US\$200 billion per year by 2030.<sup>22</sup>

There have been a number of studies estimating the global conservation finance gap. BloombergNEF estimate that US\$1.15 trillion is needed between now and 2030 to close the conservation finance gap,<sup>23</sup> while other estimates range from US\$598 to US\$824 billion per year<sup>24</sup> (see Figure 4).

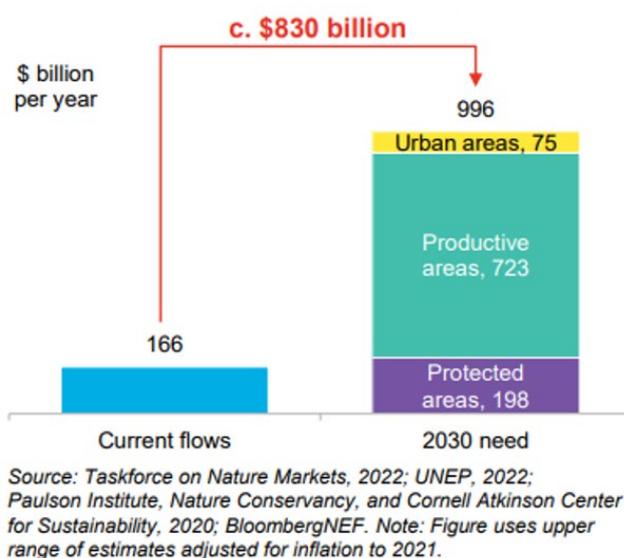
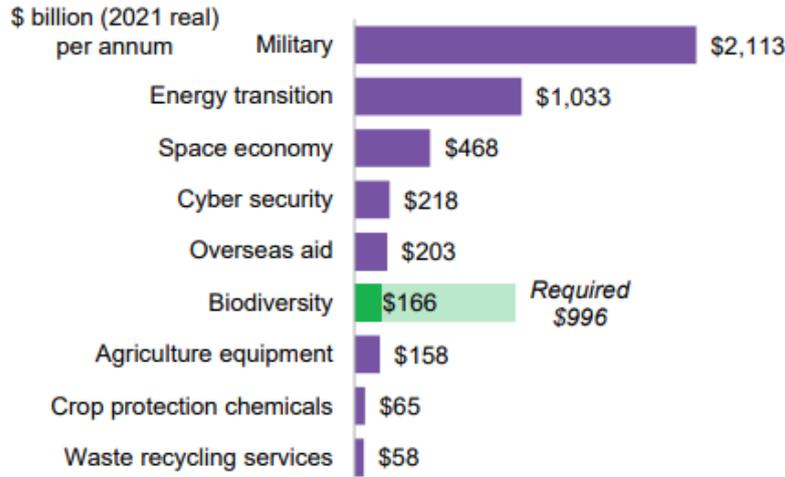


Figure 4: Current annual biodiversity finance flow vs biodiversity conservation funding needs by 2030  
Source: [Financing Nature: Closing the Global Biodiversity Financing Gap - Paulson Institute](#).

Although the funding needed to close the conservation finance gap is significant, the global cost of restoring biodiversity is estimated to be only one-seventh of the cost of building the net zero emissions energy system. In other words, the required funding is roughly equal to what is currently being spent on the energy transition and about half of global military spending (Figure 5).

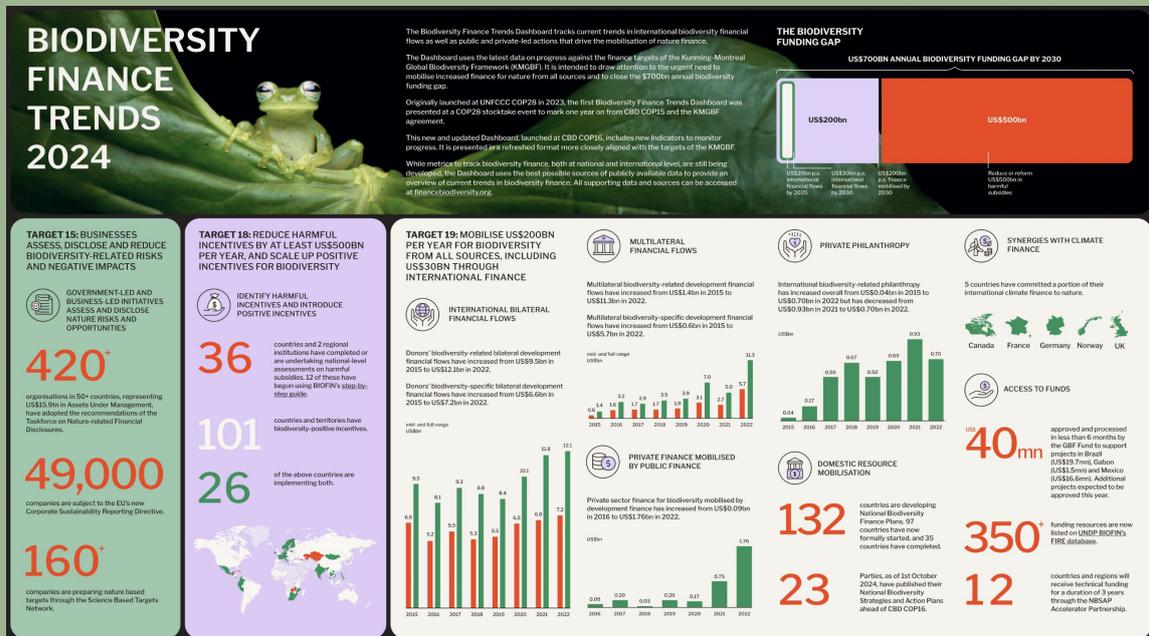


Source (with expenditure year in parentheses): SIPRI (2021), BloombergNEF (2022), Space Foundation (2020), IEA (2021), Vantage Market Research (2021), World Bank (2020), Paulson Institute (2019), Fortune Business Insights (2021), S&P Global (2021), Statista (2020)

Figure 5: Current global expenditure by sector or category.

## Biodiversity Finance Trends

The dashboard below presents the latest data on progress towards meeting the finance targets of the Kunming-Montreal Global Biodiversity Framework (KMGBF). It highlights the urgent need to mobilise increased finance for nature from all sources and close the \$700bn annual biodiversity funding gap.



Source: 2024 Trends — Biodiversity Finance Trends

In Australia, the story of conservation funding mirrors the global trend, with significant underfunding in conservation efforts. The 2021 State of the Environment Report not only

confirmed that our environment is in a poor condition and continuing to deteriorate, it also recognised that ‘Australia’s strategies and investment in biodiversity conservation do not match the scale of the challenge’.<sup>25</sup>

The Wentworth Group of Concerned Scientists estimates that at least \$7 billion per year<sup>26</sup> is required over 30 years to repair Australia’s landscapes, while others have put the figure close to \$11 billion per year.<sup>27</sup>

Australia is a wealthy country and allocating just 1% of the federal government’s current annual expenditure would go a long way to closing the nature finance gap. The actual average annual spend over the last decade is \$475 million a year.<sup>28</sup>

### Trends in conservation finance flows

The bulk of conservation finance worldwide predominantly comes from governments and this trend is expected to continue. Figure 6 provides a summary of financial flows into conservation.

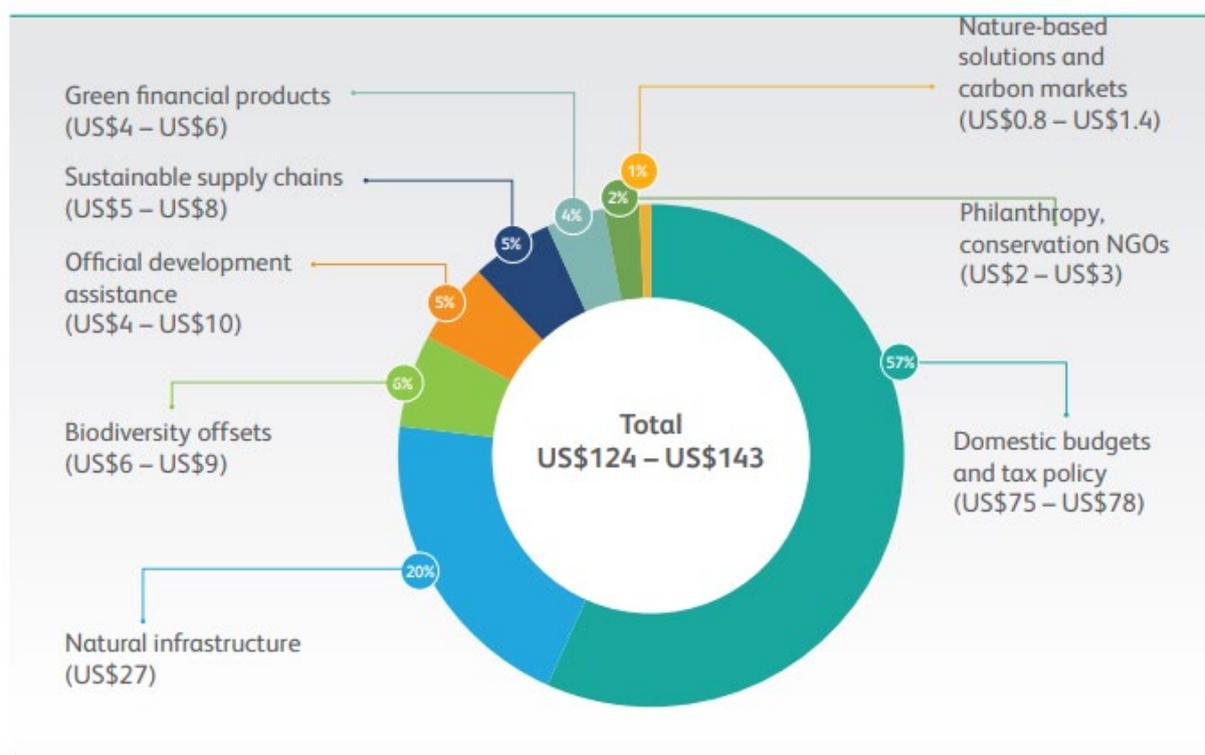


Figure 6: Summary of financial flows into biodiversity conservation. Source: [Financing Nature: Closing the Global Biodiversity Financing Gap - Paulson Institute.](#)

As in many other countries, finance flows benefiting conservation in Australia are difficult to quantify and track. Conservation finance can come from numerous sources (Commonwealth, state and local government; philanthropic donations from individuals and organisations; voluntary land management for conservation by landowners; and business investments), and

may contribute to conservation outcomes directly or indirectly through many different programs/projects – from biosecurity controls to weed management, native vegetation restoration grants to funding to incentivise emissions reductions, and subsidies for sustainable agricultural and fisheries. Tracking the finance flows that benefit conservation in Australia is a function that should be performed by Environment Information Australia.

We do know, however, that conservation funding in Australia is consistent with the global trend. That is the conservation funding in Australia is significant underfunding. The *2021 State of the Environment Report* not only confirmed that our environment is in poor condition and continuing to deteriorate, it also recognised that ‘Australia’s strategies and investment in biodiversity conservation do not match the scale of the challenge’.<sup>29</sup>

To close the conservation finance gap in Australia, the Commonwealth should commit to increase funding for nature to no less than 1% of federal expenditure.

### Closing the nature finance gap

There is no simple or single solution to closing the nature finance gap. A range of approaches is required. As the *2021 State of the Environment Report* notes, ‘new sources of innovative financing and commitment from government and industry are required to fund the level of change needed’.<sup>30</sup>

One of the most comprehensive analyses of action needed to close the conservation finance gap was provided in the report [Financing Nature: Closing the Global Biodiversity Financing Gap](#). This report identifies 10 financial and policy mechanisms that can reduce the conservation finance gap, with mechanisms categorised into 2 groups: those that decrease the need for capital and those that increase capital flows to conservation (see Figure 7 below).

Financial and Policy Mechanisms	2019 US\$ billion / year	2030 US\$ billion / year
<b>A. Mechanisms that decrease the overall need for funding to be spent on biodiversity conservation</b>		
Harmful subsidy reform (agriculture, fisheries, and forestry sectors)	(542.0) – (273.9)	(268.1) – 0*
Investment risk management	N/A	
<b>B. Mechanisms that increase capital flows into biodiversity conservation</b>		
Biodiversity offsets	6.3 – 9.2	162.0 – 168.0
Domestic budgets and tax policy	74.6 – 77.7	102.9 – 155.4
Natural infrastructure	26.9	104.7 – 138.6
Green financial products	3.8 – 6.3	30.9 – 92.5
Nature-based solutions and carbon markets	0.8 – 1.4	24.9 – 39.9
Official development assistance (ODA)	4.0 – 9.7	8.0 – 19.4
Sustainable supply chains	5.5 – 8.2	12.3 – 18.7
Philanthropy and conservation NGOs	1.7 – 3.5	Not Estimated**
<b>Total Positive Financial Flows</b>	<b>123.6 – 142.9</b>	<b>445.7 – 632.5</b>

Note: All figures in this table are reported in 2019 US\$.

\* Assumes a global subsidies reform scenario that phases out by 2030 the most harmful subsidies as described by OECD (2020).

\*\* While future flows for philanthropy and conservation NGOs are seen as highly catalytic for mobilizing private sector financial flows, it was determined that they did not pass the threshold for inclusion in this report as a main mechanism for scaling up to close the biodiversity financing gap.

Figure 7: Financial and policy mechanism for addressing the conservation finance gap. Source [Financing Nature: Closing the Global Biodiversity Financing Gap - Paulson Institute](#).

This global approach is informative for what is required in the Australian context, including approaches that are best suited to the private land conservation sector. Table 2 provides a high-level analysis of the relevance of these financial and policy mechanisms to the Australian context.

Table 2: Financial and policy mechanism in the Australian context

Financial and Policy Mechanism*	Relevance to Australian context
Harmful subsidy reform	Relevant. Australian Government subsidies that are likely to have a medium to high adverse impact on biodiversity are estimated at \$26.3 billion per year, based on 2022–23 figures. <sup>31</sup> This funding could be transitioned to nature improvements.
Investment risk management	Relevant. There is increasing opportunities for investment and business to understand nature risk and respond accordingly.
Biodiversity offsets	Relevant. While reviews of biodiversity offset schemes have demonstrated significant areas for improvement, they will continue to play a role in providing conservation finance in Australia for the foreseeable future.
Domestic budgets and tax policy	Relevant. Australian governments' overall spend on biodiversity is quite low <sup>32</sup> and there

Financial and Policy Mechanism*	Relevance to Australian context
	are opportunities to significantly increase this investment.
Natural infrastructure	Relevant. This includes the significant opportunities for Australia's water authorities to invest capital expenditure in natural infrastructure rather than just 'grey' infrastructure.
Green financial products	Relevant. Green financial products are covered in this document in several places, in particular the role of green bonds and special investment vehicles.
Nature-based solutions and carbon markets	Relevant. With a well-established carbon market and an emerging Nature Repair Market, this is an area that has potential to increase conservation finance flows for the private land conservation sector.
Official Development Assistance	Not relevant. This broadly refers to foreign aid and is not relevant in the Australian context.
Sustainable supply chains	Relevant. As more and more Australian businesses understand their impacts on nature, they are looking at their supply chains for where improvements can be made. For example, supermarkets are looking at the impact of beef production on nature, particularly deforestation. Local and international sustainable supply requirements are also influencing suppliers' operations.

\* Source: [Financing Nature: Closing the Global Biodiversity Financing Gap](#)

Informed by the framework in Table 2, this Handbook describes a range of mechanisms that can increase investment in nature. These mechanisms, which rely on the activation of a variety of enablers (such as policy and legislation), fall into 3 broad categories:

1. Direct financial contributions (such as grants and donations).
2. Government-led mechanisms (such as levies and taxation).
3. Market-based mechanisms (such as the carbon market and emerging Nature Repair Market).

# The landscape of conservation finance

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## What is ‘conservation finance’?

This paper uses a broad definition under which conservation finance

*encompasses the many tools and strategies for securing the funds needed to implement and sustain a given conservation objective. Conservation finance includes both traditional fundraising involving grants from government, foundations, corporate or individual sources as well as strategies that go beyond traditional grants to tap market-based approaches . . . The crux of conservation finance is that someone must pay for an environmental good or service (or, for avoided costs).<sup>33</sup>*

For private land conservation, the various categories, sources and approaches to conservation finance represent a portfolio of options to achieve conservation outcomes. It is also important to note that conservation finance is not just about supporting ‘conservation’ – it extends to supporting Country outcomes for First Nations people and communities and to the on-ground sustainable management of agricultural and forestry lands. Notably, conservation outcomes can be achieved even where they may not be the primary objective. For example, while the primary objective of the carbon market is to deliver carbon abatement, there are often positive benefits from land sector carbon projects beyond carbon, including benefits to nature.

In addition, credit enhancement tools, third-party certification, metrics, conservation covenants and environmental accounting frameworks are important complementary tools that can enable greater nature finance flows.

The definition of conservation finance can also encompass supply-chain commitments, such as where companies make commitments to reduce or eliminate deforestation in their supply chains.

## Major stakeholder groups and their role in conservation finance

Conservation finance involves a multitude of stakeholders from a myriad of geographical, business, investment, financial, social and cultural backgrounds. The traditional stakeholders in Australia’s conservation finance landscape have been the federal and state governments, NGOs (including members of the ALCA), individual philanthropists and philanthropic organisations, and First Nations organisations and communities. The maturing of conservation finance has seen a range of other players involved, among them the private

sector, including corporate advisors, impact investors, institutional investors, the finance sector and major corporates.

When considering the sources of conservation finance, the major players are government, philanthropy and the private sector. They are driven by different motivations and constraints, which brings advantages and challenges associated with their involvement and the tools they use, as shown in Table 3 below.

Table 3: Conservation finance stakeholders and their associated considerations

Stakeholder	Funding source	Drivers	Advantages	Challenges
Government	Budgetary allocations, favourable tax concessions, environmental levies, intergovernmental allocations, special investment vehicles.	Public and industry pressure, international agreements, responsibility for public land.	Largest direct contributor to conservation worldwide.  May provide tax relief and concessional funding alongside private investment capital, or technical assistance.  Can support financial derisking mechanisms.  Well placed to lead market development and capacity building effort.	May have complex approval processes and reporting requirements.  Scope might be thematically or geographically limited.  Often highly political.
Philanthropy	Individual and family wealth.  Private or corporate contributions through foundations or similar.	Aligned values.  Ethical mindset.  Frustration with lack of government conservation support.  Tax incentives (where available).	Often nimble source of finance.  May be flexible in the type of funding that can be provided.  Can support financial derisking mechanisms.  Can be used to test new models.	Traditionally, limited scalability (although this may be changing).  Scope may be thematically or geographically limited, reducing ability to support conservation.  Administrative burden of application process and reporting can be high relative to

Stakeholder	Funding source	Drivers	Advantages	Challenges
				the amount funded.
Private Sector	Operational budget is channelled into conservation programs or initiatives often aligned to environmental, social, and governance (ESG) or corporate social responsibility (CSR) agendas.  Investment also directly or through asset managers.	Reducing nature-related risk (including through creating opportunities).  Maintaining social licence to operate.  Complying with law.  Financial returns.	Has a commercial interest.  Association with well-respected conservation organisations brings high visibility and credibility and enhances reputation.  Can leverage operational & technical know-how.  Can de-risk projects.  Incentive to transform 'unprofitable' corporate engagement into 'profitable' business case.  Relatively quick decision making (compared with government).	Decision making may be complex.  Conservation-orientated projects may have low margins.  Budgets subject to satisfactory performance of overall business and internal capital allocation strategies.  Variable degree / depth of engagement in nature as a risk/opportunity.  Financial return expected.  Typically, low familiarity with conservation objectives and methods.

Source: Adapted from Baumann et al., 2017<sup>34</sup>

## Relationship between project types and funding types

This paper addresses conservation finance models that can fund a wide range of nature projects. While there is no set formula as to which types of model can fund which types of projects, some common themes emerge.

Nature projects can be seen as sitting on a spectrum ranging from 'pure' conservation right through to sustainably managed farms or forestry land and mitigation of industrial and urban uses. Along the same spectrum, the type of finance available to support such projects generally ranges from governmental and philanthropic finance, through blended finance to purely private finance. The movement along the spectrum essentially reflects projects' ability to provide a financial return, starting from zero (for example, for threatened species conservation). Figure 8 illustrates this concept.

Notably, the word ‘investment’ can be used to represent a spectrum of support, from the supply of funding with no expectation of financial return (such as a grant or donation), to a more traditional type of investment in which funding is provided with the expectation of a financial return.

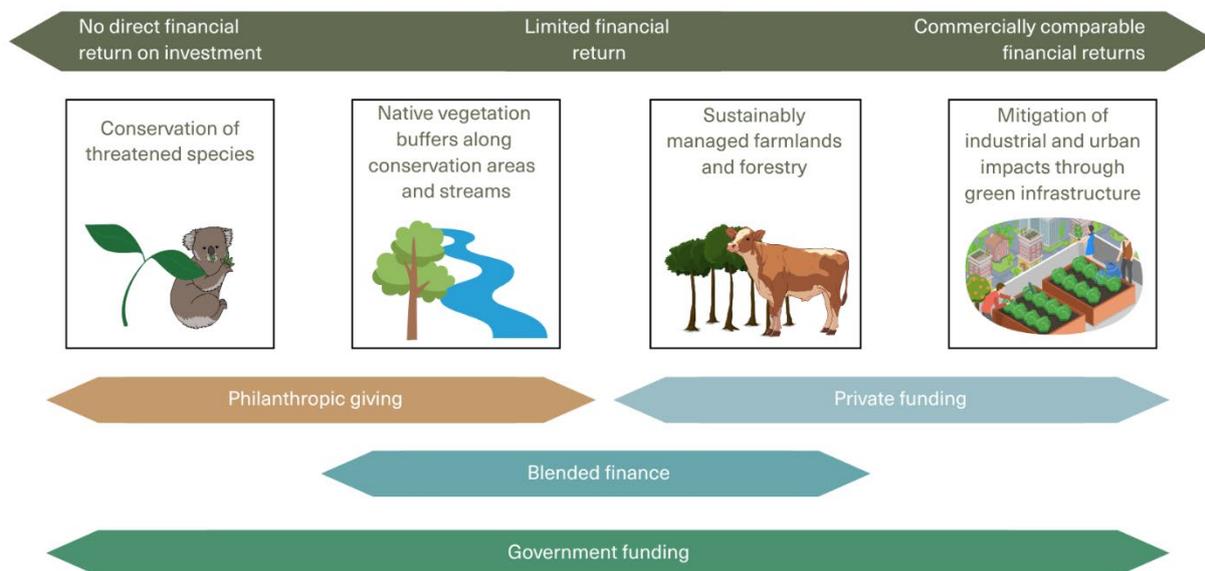


Figure 8. Spectrum of project types with spectrum of funding available to support them.

While this spectrum does not apply universally, it makes the important point that certain types of finance are a better fit for certain types of projects. Some types of projects may never be able to generate a financial return to attract private investment, so funding that requires no financial return will need to play a key role in conservation finance. An important point to note here is that blended finance – which usually contains a mix of government, philanthropic and private funding – can be adapted to span a range of project types. Within projects funded by blended finance, the balance between the different types of finance may differ depending on the market and the available returns.

## Conservation finance mechanisms

This section provides an overview of the various approaches to conservation finance, including how each mechanism works and the extent to which each has been used to finance conservation. In addition, this section provides a high-level assessment of the potential of each conservation finance approach to be **scaled-up** and contribute towards the conservation finance gap, and its relative **deployment complexity**.

Table 4 provides a summary of the main conservation finance approaches discussed in this section. They are grouped by:

- Enablers – foundational tools or processes that are required or can make conservation finance happen.
- Direct contributions – investment in conservation projects where a financial return is generally not expected.
- Government-led – describes the various ways government supports conservation finance, including taxation and use of special investment vehicles.
- Market-led – investment in conservation finance that uses a market-based approach (e.g. carbon markets, investments in conservation that expect/require a return on investment).

While each approach is presented separately here, in practice many of these approaches can be and are used concurrently. Indeed, it is often the presence of multiple funding approaches working together in one conservation project that make it a success. Different funding approaches can be leveraged against each other to bring together a conservation ‘deal’. As such, when considering the approaches outlined in individual sections it is important to also view these approaches as potentially part of a package of options which can, where suitable, complement each other and serve to increase conservation finance flows.

Table 4: Conservation finance mechanisms

Mechanism type	Conservation Financing Approach and Description
<b>Enablers</b>	<a href="#">Indigenous knowledge and leadership</a>
	<a href="#">Policy and legislation</a>
	<a href="#">Private sector drivers</a>

	<a href="#">Measuring nature</a>
	<a href="#">Blended finance</a>
	<a href="#">Public-private partnerships</a>
	<a href="#">Credit enhancement tools</a>
	<a href="#">Market development assistance</a>
	<a href="#">Technical assistance</a>
	<a href="#">Intermediaries</a>
	<a href="#">Networks</a>
	<a href="#">Communication and language</a>
	<a href="#">Technology</a>
<b>Direct Contributions</b>	<a href="#">Government grants or funding</a>
	<a href="#">Philanthropic grants and donations</a>
	<a href="#">Corporate partnerships</a>
<b>Government-led</b>	<a href="#">Environmental levies</a>
	<a href="#">Favourable tax incentives</a>
	<a href="#">Special investment vehicles and environmental trust funds</a>
	<a href="#">Flagship initiatives</a>
	<a href="#">Water sector investments</a>
<b>Market-led</b>	<a href="#">Carbon markets</a>
	<a href="#">Biodiversity Credit Markets (including Nature Repair Market)</a>
	<a href="#">Biodiversity offsets</a>
	<a href="#">Revolving land funds</a>
	<a href="#">Loans (including green bonds)</a>
	<a href="#">Impact investments</a>
	<a href="#">Consumer and supply chain tools</a>
	<a href="#">Agriculture</a>
	<a href="#">Insurance</a>

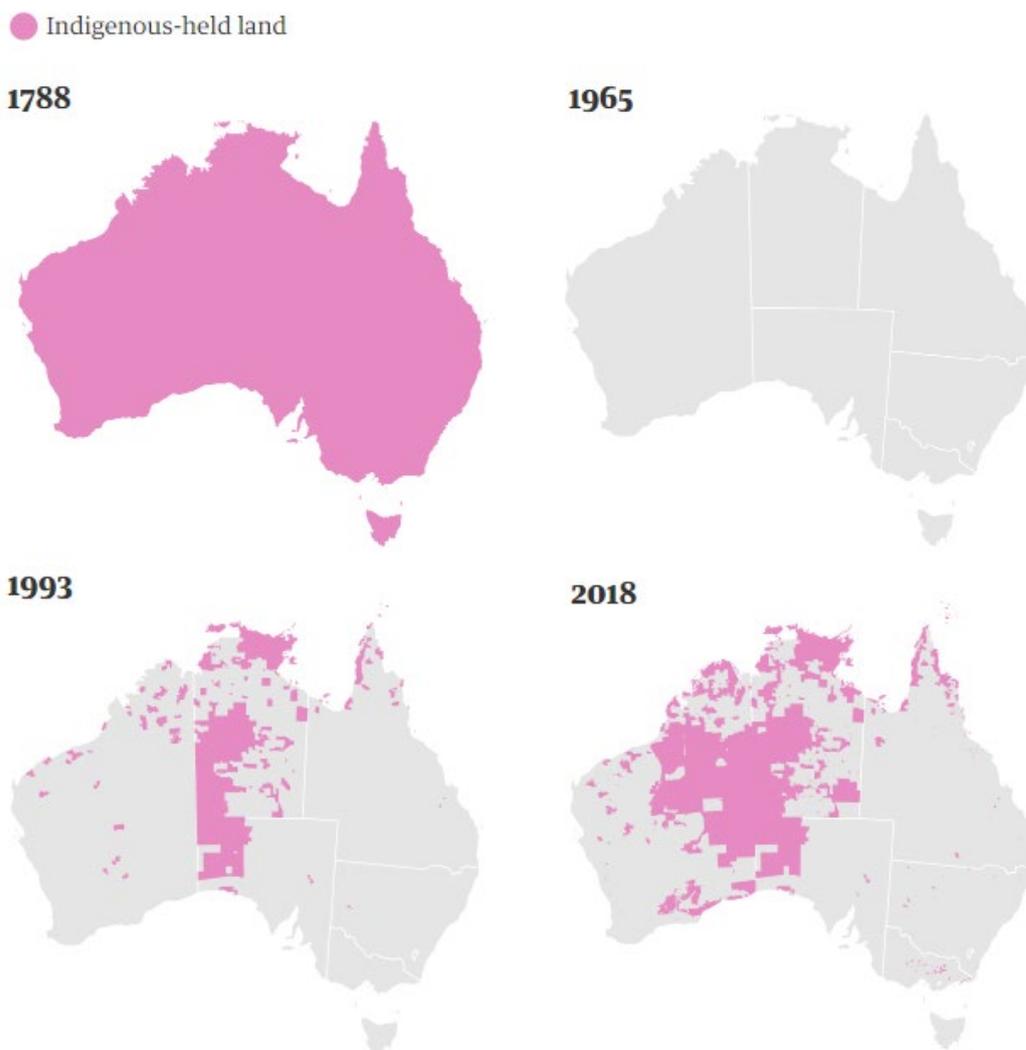
## Enablers

Conservation finance can benefit from several critical enabling factors and tools that can reduce project complexity and investment risk, and, ultimately, aid in scaling up. In fact, in some cases the need is so strong that without these enabling factors in place, conservation finance cannot be scaled up.

## Indigenous knowledge and leadership

Aboriginal and Torres Strait Islander peoples live on and have cared for Country for more than 60,000 years, them the world's oldest continuous living culture. The 200 plus years since colonisation represent less than 0.4% of that 60,000 years.

While Aboriginal and Torres Strait Islanders are culturally connected to 100% of Australia's land and waters, only between 27% and 54% of Australia is Indigenous owned or covered by exclusive or non-exclusive native title. The first figure is exclusive title area and the second included non-exclusive native title.



Guardian graphic, adapted from Altman and Markham 2015, Geoscience Australia

Figure 9: Changes in Indigenous-held land over time. Source: [Who owns Australia? | Rural Australia | The Guardian](#)

With that much time connected to and caring for the lands and waters of Australia, Indigenous knowledge and leadership must be central to achieving a Nature Positive Australia. In relation

to conservation finance, this includes obtaining an equitable share of monetary and non-monetary benefits from increased flows of conservation finance.

**Nature Positive may sound like a new concept, but First Peoples have been nature-positive for millennia.** <sup>35</sup>

One of the key takeaways from the Global Nature Positive Summit held by the Australian Government in Sydney in October 2024 was the recognition of Traditional Owner leadership. At the summit the below statement was co-written by First Nations advisers and signed by more than 40 groups and individuals, calling on government and business representatives to engage Indigenous peoples on all 'nature positive' decision-making processes and outcomes.

### **Global Nature Positive Summit 2024 First Nations Statement**

**We acknowledge the Traditional Owners of Country and their continuing connection to land, waters and community. We pay respect to their Elders past and present and to the pivotal role that First Nations Peoples continue to play in caring for Country across Australia.**

It is very fitting that the first-ever Global Nature Positive Summit is being held in this incredible place now known to the world as Sydney, Australia. I/We stand here on Gadigal land as one/a few of many First Peoples, united by our extensive Knowledge of our respective traditional lands - what we call Country. Our nature lore is set in stone with many stories still inscribed on rocks and in the ground all across Country. They intertwine with the natural systems of Mother Earth. The water flow, sun, moon and stars - all these things assist in the connectiveness of everything. We know how to care for Mother Earth because we listen to her - especially when she tells us things are not in balance.

Nature Positive may sound like a new concept, but First Peoples have been nature-positive for millennia. We call it caring for Country. Whether it's land, sea or sky, caring for Country has been part of our stories and songlines for generations. It's driven by one simple principle: leaving Country better than you found it. On countless occasions, the world has seen the social and economic good that comes when indigenous peoples are supported to care for Country. To have Healthy Country, we must invest in it. We must provide First Peoples the resources and cultural authority they need to revitalise their Knowledge and practices on Country.

Indigenous voices are vital to the success of nature-positive initiatives in Australia and globally. We must all commit to First Peoples being engaged in the nature-positive agenda and nature law reforms right from the start. The right decisions about nature-positive and Country are made when we are part of the process. This is evident in how nature is when First Peoples are rightfully

The newly established Indigenous-owned and controlled [Indigenous Country and Biodiversity Alliance](#) is a prime example of Indigenous Australians asserting their right to be at the centre of discussions and action on Australia's biodiversity. This Alliance, whose founding members include The North Australian Indigenous Land and Sea Management

Alliance, Indigenous Desert Alliance, Kimberley Land Council and Aboriginal Carbon Foundation, aims

*to change the mainstream paradigm of how biodiversity is managed as the new Nature Repair Market comes into being, and ensure Indigenous people are involved in every step of its development, implementation and accessibility to maximise the biodiversity, cultural and financial core benefits of the market.*<sup>36</sup>

A range of examples demonstrating Indigenous knowledge and leadership are provided below.

### **Toogimbie Indigenous Protected Area**

Indigenous Protected Areas (IPAs) are

*areas of land and sea Country managed by First Nations groups in accordance with Traditional Owners' objectives. IPAs deliver biodiversity conservation outcomes for the benefit of all Australians, through voluntary agreements with the Australian Government.*<sup>37</sup>

IPAs are formed through an agreement between the Commonwealth Government and Traditional Owners and form part of the National Reserve System – Australia's network of protected areas. They represent over 50% of Australia's National Reserve System and are an important mechanism for Australia to meet its 30 × 30 commitments under the Global Biodiversity Framework.

The Toogimbie IPA covers 4,600 hectares and includes former pasture lands and contrasting eucalypt-lined creeks, waterways and a floodplain. It was dedicated as an IPA in 2004. Toogimbie's Murrumbidgee River wetlands belong to the region's first lignum floodplains to be set aside for conservation purposes, to support endangered or vulnerable plant and animal species.

The traditional life of the Nari Nari people revolved around Toogimbie's wetlands, which are home to totem animals and traditional medicines. The Hay area was once part of a major Indigenous trade route which supported a vast social and cultural network; however, much of the cultural history of local Indigenous people was lost following colonisation.

The local ecosystem and wildlife habitats have been affected by former farming practices, and by timber cutting along waterways. As a result, the Toogimbie wetlands are environmentally degraded and fragile, and are the main focus of land management activities. Managed intervention by the Tribal Council supports the recovery of the land, and is helping to ensure a sustainable future for both the Nari Nari and their environment.

IPA activities are protecting the scarred trees, campsites and burial mounds found on Toogimbie, as well as helping reconnect the people to their land. Toogimbie IPA represents both a visual and spiritual link between the health of the land, its water systems and its people.

Source: [www.narinari.org/projects/](http://www.narinari.org/projects/)

### **Bush Heritage and Dja Dja Wurrung (Djaara)**

As a place of exceptional cultural significance for the Kulin Nation, Buckrabanyule was purchased in 2021 to protect it from subdivision and development, address serious regional biosecurity issues from a wheel cactus infestation, and create the space for Dja Dja Wurrung people (Djaara) to return to and heal Djandak (Country).

The acquisition allowed Djaara to access the site for the first time in over 170 years. Bush Heritage is developing a plan to manage the property with the Dja Dja Wurrung Clans Aboriginal Corporation, now trading as [DJAARA](#) with a view to supporting Dja Dja Wurrung to eventually acquire it.

Having worked in partnership for several years, Djaara and Bush Heritage came together in 2024 to launch a shared plan, [Wurreka Galkangu](#), to guide landscape management across nearly 3,000 hectares of Bush Heritage-managed reserves in north-west Victoria, including Buckrabanyule. This plan includes the goal of increasing funding to support shared capacity and resourcing to implement Wurreka Galkangu.

Source: [www.bushheritage.org.au/places/buckrabanyule](http://www.bushheritage.org.au/places/buckrabanyule)

## **Policy and legislation**

One of the biggest enablers of conservation finance is the policy and legislative environment created by governments. These settings at multiple levels of government can achieve a range of outcomes for nature by creating strong legal protections coupled with robust enforcement against those who contravene those laws, prioritising budgetary allocations for the environment, removing subsidies that result in harm to the environment and creating incentives to protect it.

### *Australia's Nature Positive Plan*

The Australian Government's nature reform agenda calls for significant changes to Australia's current environmental policy and legislative settings. Releasing its [Nature Positive Plan](#) in December 2022, the government outlined its agenda to improve the policy and legislative regime as it relates to the environment. The reforms are important given the most recent State of the Environment report and the findings of the Independent Review of the Environmental Protection and Biodiversity Conservation Act, which found the current Act 'does not enable

the Commonwealth to effectively fulfil its environmental management responsibilities to protect nationally important matters'.<sup>38</sup>

The reforms are proposed to be released in 3 stages as outlined below:

- Stage 1 includes the creation of the Nature Repair Market. The Nature Repair Market is a voluntary biodiversity market that establishes a marketplace to facilitate investment in nature repair projects. It is expected that this market will increase flows of funding to conservation finance.
- Stage 2 includes the creation of a new federal Environment Protection Agency (EPA) to administer and enforce environmental laws, and the creation of Environment Information Australia to enable better decision making through the provision of better and more transparent environmental information and data.
- Stage 3 includes a revamp of the EPBC Act to address multiple failings identified with the current Act in the Independent Review.

At the time of writing only Stage 1 of these reforms has been delivered, with Stage 2 held up in parliament and Stage 3 delayed.

Specific conservation finance mechanisms that require legislative enablement (such as taxes) are discussed in a number of the following sections.

## Private sector drivers

There are a range of drivers that are causing the private sector to look more closely at nature. These include drivers associated with risk and opportunity, compliance, reputation, and the expectations of investors and shareholders. The private sector is beginning to understand nature loss as both a material risk and an opportunity and is responding to this risk in similar ways to the risks associated with climate change. Nature is increasingly emerging as an issue for boards to consider as part of decision making.<sup>39</sup>

Businesses around the world and in Australia are starting to move beyond compliance to understand the relationship between their business and nature using frameworks such as the Taskforce on Nature-related Financial Disclosures (TNFD) and Science Based Targets Network.

Modelled on the climate-focused Taskforce for Climate-related Financial Disclosures, the [TNFD](#) has developed a set of disclosure recommendations and guidance that encourages and enables business and finance to assess, report and act on their nature-related dependencies, impacts, risks and opportunities. To date, 23 Australian businesses have

publicly committed to making TNFD disclosures and there are likely a greater number who are utilising the framework internally, without a public commitment. Separately, and building on the TCFD, the International Sustainability Standards Board (ISSB) has published global standards relating to sustainability and climate, with the Australian Accounting Standards Board recently approving voluntary corresponding standards for Australian corporations.

From 2025 through 2027 the Australian Government is introducing mandatory climate-related disclosures for certain large emitters and corporations. While the nature-related disclosure frameworks currently remain voluntary, the Australian Government has indicated it is continuing to monitor the development of these disclosure frameworks:

*Expanded sustainability disclosure requirements in Australia will be considered as international standards emerge, consistent with the commitments Australia has made to support global efforts to strengthen nature and biodiversity related reporting. In the meantime, ASIC will consider updating guidance in relation to voluntary nature-related disclosures, as it did for climate disclosures in 2019. ([Sustainable Finance Strategy - Consultation paper \(treasury.gov.au\)](#))*

The voluntary nature of the TNFD does not mean that businesses don't need to be aware of nature-related risks, with recent legal opinion making it 'clear that Australian company directors have a duty under corporations law to consider their company's exposure to nature-related risks'.<sup>40</sup>

Reputation is about the perceptions, beliefs or opinions that people have. A reputation can be positive or negative, with a more positive reputation likely to deliver better business results. The increasing focus on nature is causing business to be more aware of nature as a reputational opportunity and risk. Investments in Australia's nature by businesses such as [Bank Australia](#), [L'Oreal](#) and [Country Road](#) are all likely made with an eye on enhancing their reputation.

The impact of supply chains on nature is also being put under the spotlight, with the European Union enacting new rules related to deforestation. From the end of 2025 it is proposed that exporters into Europe will need to ensure land has not been subject to deforestation or forest degradation since 31 December 2020,<sup>41</sup> with cattle a targeted commodity. In Australia we are also seeing companies make commitments related to their supply chains, with large supermarket chains ALDI and Woolworths making deforestation commitments.

Nature is also an increasing focus of civil society groups. The Australian Conservation Foundation has conducted an analysis linking [land clearing to beef production](#) and has also released a report, [The Future of Food: Are Australian Food Companies Failing Nature?](#), which found that the companies it reviewed had not assessed nature risks in their value chains.

Shareholders are also becoming more interested in the nature impacts of companies. Shareholder activist SIX in September 2024 published an [open letter](#) with signatures from investors, NGOs and philanthropic organisations calling on Coles and Woolworths to stop procuring salmon and ocean trout from Macquarie Harbour in Tasmania, to support efforts to save the endangered Maugean skate.

It is not just shareholder activists who are taking note of companies' nature risks. A 2024 article in the *Australian Financial Review*, headlined 'Welcome to the nature positive investing movement', pointed out that mainstream investors are 'determining strategies to hold companies accountable to the commitments they have made to protect the natural environment amid concerns supply chains are too opaque'.<sup>42</sup>

A further related issue is that of 'greenhushing', whereby companies do not release or report on their environmental goals or achievements often because of a fear of criticism or of greenwashing.<sup>43</sup>

Whether it be compliance based, reputationally based or driven by shareholders and investors it is clear that the drivers for business to understand, mitigate and respond to nature-based risks is not going away. This should both drive business to reduce its impacts on nature and create opportunities for increased funding to flow to conservation.

### **Nature Positive Matters**

Launched at the 2024 Global Nature Positive Summit, Nature Positive Matters is a public-private initiative to accelerate Australia's transition to a nature positive future. Its key priorities as:

- promoting the uptake of nature-related reporting
- encouraging nature-related data collection and sharing
- establishing pilot programs to inform emerging frameworks, policy and regulatory approaches and ensuring their design supports nature positive business.

It includes leading Australian businesses and organisations who are taking action for nature, including Blackmores Group, Bega Group, Bank Australia, Australian Agricultural Company, Qantas Group, Brambles, Forico, The GPT Group, Iberdrola, Lion, New Forests, Rest Super, Landscape Finance Lab, Australian Sustainable Finance Institute, Accounting

## Measuring nature

There is a growing view that if we are to stop global biodiversity loss we need to ensure it is valued in all economies. This is often identified as a barrier to increasing financial flows to nature.

In establishing [Environment Information Australia](#), the Australian Government has recognised the need for improvement in environmental data. Once established, Environment Information Australia will bring together data and information from multiple sources into a platform to support better decision making.

The private land conservation sector has a huge depth of knowledge that can be drawn upon to support developments in this area, as do Australia's First Nations scientists and knowledge holders.

A number of approaches and initiatives are emerging and building momentum around this issue.

### *Nature Positive Initiative*

The [Nature Positive Initiative](#) is working with a large number of stakeholders to document a universal set of metrics to measure nature. Their mission is

*to build consensus on a set of measurable indicators and metrics that capture the effectiveness of our efforts to halt nature loss and set it on a path to recovery, thereby delivering nature positive outcomes. We do not aim to develop new metrics or replace those already in use. Instead, we aim to identify the most robust and credible metrics that are also practical and accessible for users to measure and track changes in the state of nature. These metrics can then be integrated into existing and emerging nature standards and applied widely.*<sup>44</sup>

The Nature Positive Initiative's approach to building these universal metrics is outlined in Figure 10 below.

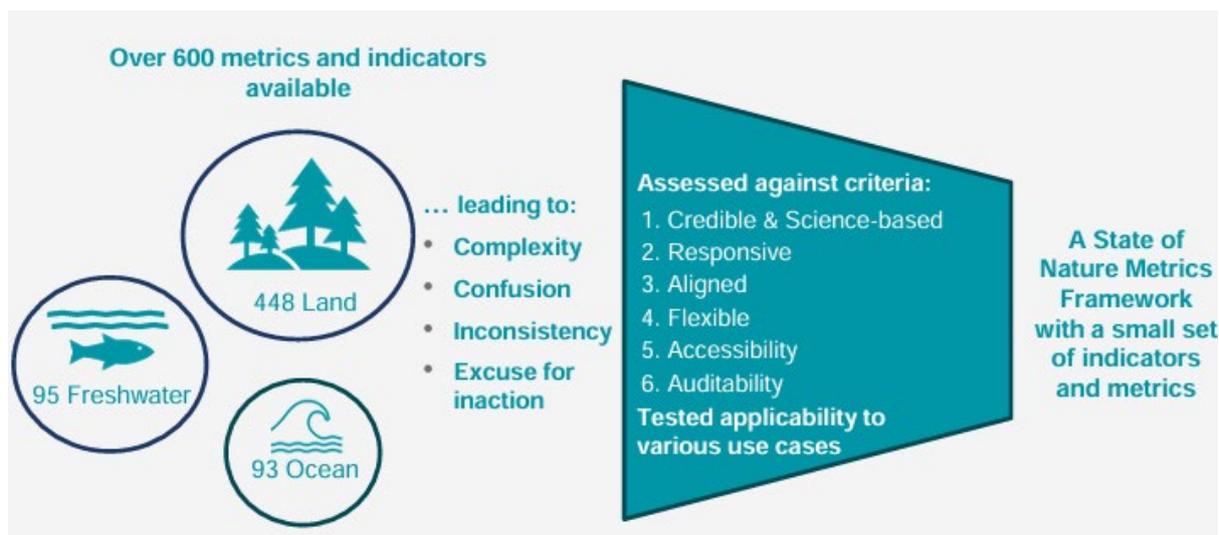


Figure 10: Metrics and indicators for measuring/valuing nature (Source: [Consultation Brief: State of Nature Metrics](#)).

At the time of writing this approach was open for consultation, with final recommendations for universal metrics to be published in early 2025.

### *Environmental and environmental–economic accounting*

Environmental accounting and environmental–economic accounting are gaining momentum as a way to value nature. Environmental accounting typically focuses on the biophysical condition of a particular environmental asset (e.g. a river), while environmental–economic accounting takes this a step further to quantify the benefits that these assets provide to society.<sup>45</sup> The latter can help us understand the relationship between the condition of the environment and economic activity, such as increased water quality and lower water treatment costs caused by, for example, planting riparian vegetation throughout a catchment.<sup>46</sup>

The information produced through environmental and environmental–economic accounting can be an effective way to convey complex information to relevant managers and stakeholders and support decision making. Businesses, conservation managers, Indigenous land managers, farmers and developers alike are starting to use environmental and environmental–economic accounting to improve the cost-effectiveness of their management practices and demonstrate the value of sustainability to shareholders, government agencies or finance institutions. These accounting processes may also assist in conducting environmental valuations and cost–benefit analyses, especially for finance institutions aiming to understand and limit their nature risks and, potentially, to increase their investment in environmental and conservation-related activities.

In Australia the [Accounting for Nature](#) framework<sup>47</sup> has been gaining traction over recent years. This framework seeks to build biophysical accounts using a common unit of measure (an *Econd*) that describes the condition of any environmental asset (native vegetation, soil, rivers, fauna, estuaries, etc.), at any scale. This approach also prescribes a set of standards for determining which indicators are suitable for measuring environmental assets at specific scales and landscapes. Accounting for Nature also utilises Pcond units to quantify the productive condition of an environmental asset in terms of its potential to produce a defined set of goods or services. The Pcond is most commonly applied to agricultural soils and grazing land. Accounting for Nature has now delivered over 60 environmental accounts covering 8.4 million hectares of land.

A significant example of the *Accounting for Nature* approach has been the Burnett Mary Environmental Account. The Burnett Mary Region covers an area greater than the size of the Netherlands (5.6 million hectares). To understand the value of the natural assets in the region the Burnett Mary Region Group (BMRG) developed the Burnett Mary Region Environmental Account in 2022 as a stocktake of the health of the region's natural assets, utilising the Accounting for Nature framework. Developing this account will allow the

Environmental condition accounting shows the potential benefits to land managers of tracking the effectiveness of their management actions and identifying and prioritising which locations or assets need more attention.

Together, environmental and environmental-economic accounting represent a critical enabling factor for conservation finance, which could serve to collect meaningful data that can be used to support return-on-investment metrics.

### *Australia's natural capital accounts*

Australia has signed agreements with both the United States and Canada to work together on natural capital accounts, and in 2025 the National Ecosystem Accounting Project will deliver Australia's first set of national ecosystem accounts.

The accounts will cover Australia's land, freshwater and marine environments and describe:

- where different ecosystems are
- the health of different ecosystems
- the variety of species and ecosystems
- different services the environment provides for people – for example, forests removing carbon from the atmosphere.

The development of accounting frameworks to measure the change in nature is an initiative that will hopefully will increase the flow of conservation finance. As an ABC article put it in 2022, [Economics has helped to destroy the environment. Can it be used to save it?](#)

## Blended finance

Blended finance, which uses a mix of public, philanthropic and/or private investment, can occur at both the fund and project levels and can be used to mobilise private capital and increase finance for private sector activities.<sup>48</sup>

Blended finance can be an effective solution for accelerating the conservation finance market and correcting existing market failures.<sup>49</sup> A significant issue of conservation finance is that the risk to return ratio is often not seen as favourable by mainstream investors. Critically, blended finance can aid in derisking conservation finance projects through public funding and philanthropic giving, supporting early-stage ventures.

As identified by the Australian Sustainable Finance Institute in their submission to the Nature Repair Market:

*Blended finance can catalyse investment in high-integrity nature projects with ongoing revenue generation from ecosystem services such as carbon sequestration, coastal resilience against storm surges, biodiversity and water quality. Government backed blended finance mechanisms can aggregate key projects to an investible level, lower transaction costs and reduce risk to a point where institutional investors are able to participate.*<sup>50</sup>

Below-market debt and equity grants allow project developers to carve out investment tranches with lower risk-return profiles, which can then be funded by capital from public or philanthropic sources. This separation allows other tranches to have risk-return profiles that fit private investors' expectations, making it possible to raise funding for projects whose overall risk-return profiles might otherwise hold little appeal. Philanthropic funding can be in the form of a donation or grant or in the form of a recoverable grant where the donor recovers the funding, or a percentage of, from the recipient within an agreed time period or through an agreed trigger, eg the deal being financed by private capital.

Figures 11 and 12 demonstrate how blended finance can work in practice. It should be noted that in Figure 11 where philanthropic funding is indicated as catalytic funding that this could be any other fund source that isn't seeking a market rate return. Figure 12 demonstrates how different sources of capital can be used in a blended finance approach.

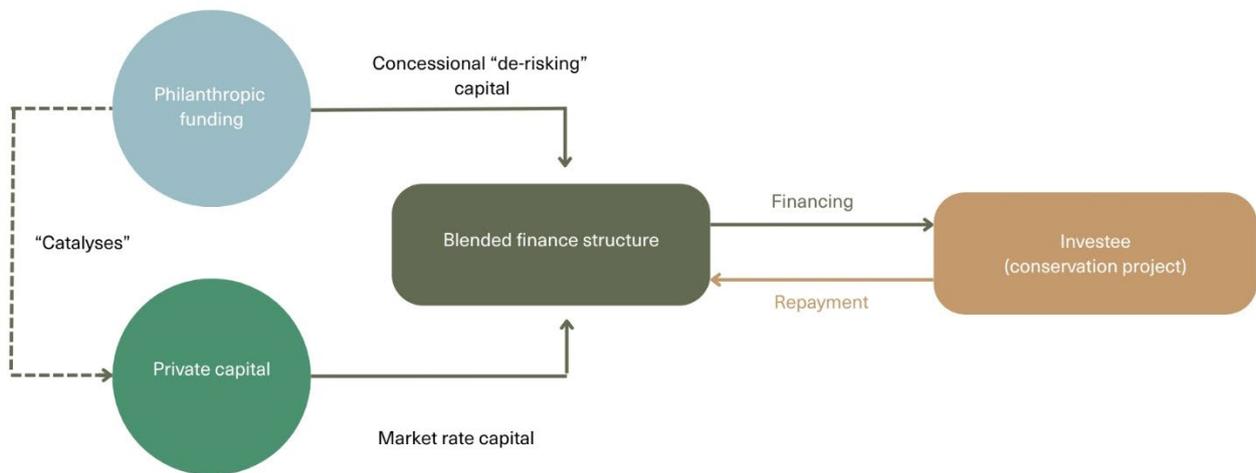


Figure 11: Adapted from how blended finance works (Source: [Blended Finance: An Overview — Impact Investing Hub](#)).

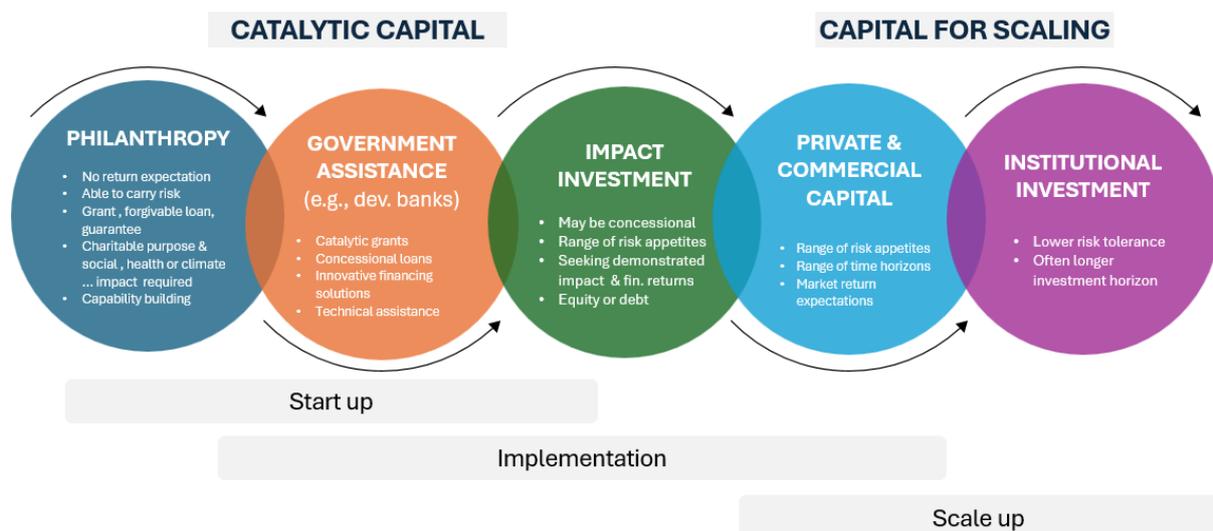


Figure 12: Sources of Finance (Source: [Blended Finance for Climate Initiative | Centre for Sustainability and Business | Melbourne Business School](#))

## CASE STUDY – The Rejuvenation Trust

The Rejuvenation Trust is a new model that facilitates First Nations-led land ownership and stewardship, so that Traditional Custodians can heal Country together and create sustainable livelihoods. Land ownership is central to genuine First Nations self-determination. This is the premise through which the Rejuvenation Trust was born.

The Rejuvenation Trust (The Trust) is the mechanism through which money is loaned to First Nations groups, enabling land to be purchased within the short timeframe required for sale. The Trust is comprised of impact investors and philanthropists who prioritise supporting

programs with significant environmental and social outcomes. The Trust was established to support projects with a higher risk profile or lower return, that may not qualify for traditional financing.

The Kardutjaanup property (previously known as Sardi Farm) was purchased by Rejuvenation Trust founding partner, the Esperance Tjaltjraak Native Title Aboriginal Corporation (ETNTAC) in early 2022 working with Odonata and Carbon Neutral to develop a project model that supported economic, environmental and social returns. Along with loan funding provided by the Trust, the project has also been supported by philanthropic contributions from One Tree Planted, L'Oreal and Will and Bear, demonstrating the unique blended finance approach of the project.

Kardutjaanup is located in the south-eastern mallee wheatbelt region of Western Australia approximately 102km north-west of the town of Esperance and 21 km west of Salmon Gums. The property is adjacent to the Southern Greater Western Woodlands Wilderness area, Northern Macro Corridor, and a significant Kardutjaanup- Benwenerup Cultural Corridor and cultural sites. The long term cleared farmland and cropping history of the property resulted in soil compaction, loss of organic soil carbon, and increased water retention in clays preventing plant root access, thus requiring significant rejuvenation activities to support local ecosystems and communities. The total area of the property is 4,000ha, with the aim being to revegetate 2,000ha of the property with local native species for the purposes of biodiversity and carbon storage. The remaining arable land will be used for regenerative agricultural purposes.

Beyond the contributions to land restoration, the Esperance First Nations community has benefited from increased employment and capabilities that support complex land rehabilitation programs such as these. There is also the mental health, physical and spiritual benefits gained from connecting to Country as a community.

## Public-private partnerships

Public-private partnerships (PPPs) are long-term agreements or contracts established between a government agency and private-sector entity that can be used to finance, build and operate projects, including nature projects, noting that their application to conservation remains limited in Australia. PPPs range from simple to complex management or outcome-based contracts. Typically, it is the private partner(s) that finance and deliver the public services, and are compensated through payments by the public sector or user charges.<sup>51</sup> A well known example of a PPP is a private construction company partnering with a government agency to construct a new road, with the private company being compensated through road toll charges.<sup>52</sup>

For PPPs to be used in a conservation context, the inclusion of non-government and non-profit organisations focused on conservation and sustainability is vital to ensure successful outcomes are produced by the partnership.<sup>53</sup> PPPs can be used by conservation groups and land trusts to harness both public and private investment in conservation finance, noting that these partnerships will generally be premised on a project generating an income stream.

Project Finance for Permanence (PFP) is an emerging area of PPPs. PFP is defined as

*an approach or single initiative that secures important policy changes and all funding necessary to meet specific conservation goals of a program over a defined, long-term timeframe with the ultimate aim of achieving the ecological, social, political, organizational, and financial sustainability of that program.*<sup>54</sup>

While currently this model is generally applied in the developing world, it has potential to be utilised in countries like Australia.

While not technically a private–public partnership, the Victorian Government [BushBank program](#) is an example of long-term agreement between a government and a private provider to deliver conservation outcomes. The Victorian Government has invested \$31 million in the program and is working with delivery partner Cassinia Environmental, which will secure co-investment of more than \$50 million to achieve the outcome of 20,000 hectares of restoration and revegetation on private land.<sup>55</sup>

## Credit enhancement tools

Pilot conservation finance projects are considered experimental, and therefore likely to carry greater risk than more established transactional structures; their potential financial returns have not been validated, or are likely to be too small to justify private investment. Projects at this stage are typically funded by government grants, philanthropic grants, impact investors, or a mix of all 3 (i.e. blended finance). During the pilot phase, any tool that reduces risk and uncertainty helps to mobilise investment. Described below are several credit enhancement tools that can help leverage capital that might not otherwise be accessible:

- **Catalytic first-loss capital** – A range of tools that help improve the recipient’s risk-return profile by identifying a provider who will bear the first loss. The provider is often motivated by social and/or environmental outcomes or wants to demonstrate the commercial viability of investing in a new market. The capital is catalytic in that it enables the participation of investors who would otherwise not be able to participate. It includes instruments such as grants, equity and subordinated debt.
- **Letter of credit** – A letter from a bank, foundation or other entity that guarantees payment on behalf of a borrower up to a stated amount for a specific time.

- **Loan guarantee** – An agreement under which a guarantor takes responsibility for paying back a loan if the borrower cannot.
- **Over-collateralisation** – A process wherein a borrower puts up more collateral than is necessary to secure financing. These assets are used to absorb losses if cash repayment falls through.
- **Insurance mechanisms** – Any approach where the cost of potential loss is transferred to another entity in exchange for monetary compensation, or the premium (discussed in further detail under Market-based approaches).
- **Buyer-of-last-resort mechanisms** – An approach whereby an entity agrees to purchase the credits or benefits of a project, often at a minimum price, if no other buyer can be identified.
- **Reserve accounts** - Similar to a savings accounts. They are often provided in the form of grants and serve as a first-stop for any losses incurred.

## Market development assistance

There is a crucial role for government, NGOs and the private sector to continue to support and mainstream the growth of nature-based investment in Australia.

This can be achieved through the development of synthesis reports, guides and toolkits – such as this Handbook, The Nature Conservancy's [Financing Nature Report](#), the Responsible Investment Association Australasia's [Nature Investment Toolkit](#), Pollination's [Nature Positive Strategy: Practical Guidance for Corporates](#), the Taskforce for Nature-related Finance Disclosures' [guidance](#) and [tools](#), the World Wildlife Fund's [Biodiversity and Infrastructure Investing report](#), EY's [Creating a Nature-Positive Advantage report](#), and the Australian Sustainable Finance Institute's [Sustainable Finance Taxonomy project](#). These publications can include tools to streamline the deal-making process – for example, standardised checklists of factors in making a deal, regulator frameworks, metrics, securitisation elements, legal frameworks and contract templates, decision-making trees and industry codes of conduct (e.g. the Carbon Market Institute's [Code of Conduct](#)).

Financial incentives and capacity assistance can also stimulate market development – for example, Impact Investing Australia has compiled a comprehensive [list of grants, intermediaries and impact incubators and accelerators](#) to help social enterprises and purpose-driven startups grow and scale their impact.

## Technical assistance

Technical assistance is critically important for scaling up conservation finance, particularly in informing private investors of the opportunities and business models associated with nature

projects. Technical assistance for conservation initiatives can be provided by public and private entities as well as NGOs to support private landholders or conservation/environment groups undertaking sustainable practices. For example, the Australian Government's [Carbon Farming Outreach Program](#) is providing grants to deliver training and advice to support farmers and land managers. The New South Wales Government has appointed [Natural Capital Advisors](#) to 'provide independent information and advice on natural capital and environmental markets', while the Queensland Government's [Land Restoration Fund \(LRF\)](#) is 'creating a network of experienced Advisers . . . to assist landholders with carbon farming and LRF advice'.

Financial funding does not guarantee a conservation project's success; hence, technical assistance can be a great asset to conservation finance, as it can support conservation project developers in improving the environmental outcomes of their project while simultaneously ensuring the effective use of finances.<sup>56</sup>

## Intermediaries

Structuring conservation finance deals can be complicated. Financial intermediaries and fund managers can play a critical role in structuring and brokering deals for specific conservation projects, and as part of a larger portfolio of managed funds. This includes blended approaches that may interest investors seeking financial returns in addition to conservation outcomes. Trained financial professionals can also connect project developers with investors who are qualified to evaluate the risks and returns of the complicated investment structures often associated with conservation finance projects.

Intermediaries can help build capacity to identify and source bankable projects so that smaller value projects can be aggregated into commercial/feasible investments. For example intermediaries have successfully aggregated carbon market projects, making it possible for landholders to access finance from the Australian Government's ACCU scheme. In a similar way, intermediaries could play a critical role in building scale in the broader nature finance sector.

In Australia the intermediary sector has grown over the past 5–10 years, with large consulting firms filling this niche for larger corporate clients and companies such as Pollination emerging as both advisors and investors in their own right. On the agricultural side, organisations such as [Regen Farmers Mutual](#) are aiming to help farmers access environmental markets. Given the current relatively rapid emergence of new players, programs and mechanisms relating to nature-based investments, there is a need to increase the availability of intermediaries to provide independent and tailored advice and connections across the various sectors.

## Networks

ALCA has an established role as a conservation finance leader. It published a conservation finance scoping paper in 2018 and regularly hosts conservation finance intensives to unlock more investment and support the growing network of conservation finance practitioners across the non-profit, private and public sectors.

ALCA's Conservation Finance Network has built on learnings from the United States, where a diverse network of individuals and organisations from across the private sector, NGOs, government institutions and academia come together through the [US Conservation Finance Network](#). Based in the Yale Centre for Business and Environment, this network aims to advance 'land and resource conservation by expanding the use of innovative and effective funding and financing strategies'. It supports a growing network of public, private and non-profit professionals through practitioner convenings, intensive trainings, and information dissemination, to ultimately increase the financial resources deployed for conservation. Each year the Conservation Finance Network hosts a 5-day intensive [Conservation Finance Boot Camp](#), offering in-depth information on conservation funding and financing trends and innovations, including public funding, private investment capital, bridge financing and loans, gifts and grants, income from the land, and monetised ecosystem services. The model has proven very effective in supporting the development of the conservation finance sector in the USA, and the Boot Camp regularly attracts international participants (see also the Conservation Finance Network's [Guide to Conservation Finance Convenings](#)).

Cross-sector networks addressing conservation finance have proliferated over the last 5–10 years; they include the Responsible Investment Association Australasia's [Nature Working Group](#), the US [Conservation Finance Network](#), the [Coalition for Private Investment in Conservation](#), the [Sustainable Finance Coalition](#), the [Women in Sustainable Finance Network](#), and the Australian Government's newly launched [Nature Positive Matters](#) group of over 20 Australian businesses, which aims to help businesses understand and measure their impacts and dependence on nature.

Peak bodies may also serve as networks to build member capacity and facilitate investments in nature. For example the Australian Environmental Grantmakers Network has a platform for members to identify and seek additional funding for projects of interest.

## Communication and language

The use of sector-specific language in both the conservation and finance sectors can create barriers to connection and collaboration. Bridging this is crucial to demonstrate the financial viability of conservation and sustainable land management, while also highlighting its broader economic, sociocultural and environmental benefits. Government, NGOs and the private

sector can play a key role in building shared language and literacy between conservation and finance sectors by offering support and resources. This includes initiatives such as online guides, training courses, workshops, conferences and networking opportunities.

There is great opportunity in the nature movement, including nature finance communities, to elevate the 'why' of nature action – which is critical to gain traction, get audience cut-through and achieve the specific audience support needed to give decision makers a mandate. However, while elevating understanding of the nature crisis is important, we cannot talk about it in isolation. Problems aren't compelling in and of themselves: audiences must be empowered with solutions, and the best solutions lead with shared values. Narratives that first link to shared values have proven much more effective in shifting opinions towards progressive policy solutions.

People discount issues they see as far away in time and space. The further away something seems, the easier it is to ignore (temporal discounting). Whether it's a refugee crisis, or the climate and biodiversity crises, if it seems remote and doesn't appear to affect someone's daily life, they may not engage. If we want to draw attention to something, we need to bring it closer: we need to show the immediate impact on the person or their work, and make it relevant to their specific circumstances rather than an abstract concept. For example, tying biodiversity conservation to controlling healthcare costs may be more effective for some audiences than tying it more broadly to potential loss to GDP.

Changing the way people understand and value nature means knowing your audience and meeting them where they are at. What is their existing knowledge and beliefs, what are their specific needs and characteristics? You can then tailor your message, your messenger and your channel to increase relevance, impact and likelihood of a shift in mindset. The more specific you can get, the better. Spend time crafting influential messages and shared advice, determine who your audience will trust the most and is best placed to influence the conversation, and deliver the message through channels or in places that will reach your audience, with language and framing that will resonate.

## Technology

There are a range of technological solutions currently available and others will continue to emerge to enable increased finance to flow to nature. Technology can enable more efficient and effective data collection and analysis, support project and implementation including the measurement of impact. This, in turn, can increase confidence and certainty that projects will deliver, key elements needed to secure increased investment.

Technological solutions can include:

- **Satellite imagery:** Can be used to monitor changes in landscape – for example, changes in canopy cover of a forest.
- **Digital twins:** By representing a landscape virtually and combining this with data and machine learning, digital twin technology can assist land managers make decisions.
- **Drones:** Can be used for a range of purposes including mapping, monitoring, weed spraying and seeding.
- **Environmental DNA (eDNA):** Can be utilised to tell if a species lives in a particular area.
- **Camera Traps:** Use infrared technology to ‘sense’ when an animal moves past and takes a picture.

A range of companies are now providing specialist solutions utilising technology. Examples include:

- [Flintpro](#): Uses nature analytics combining high-quality data sources with their own proprietary models to assess impact, identify operational opportunities and achieve nature-positive outcomes.
- [Agronomeye](#): Uses Lidar mapping to map a landscape in detail and then utilises AgTwin, a digital twin platform, to provide a holistic view of a landscape. This provides land managers with a comprehensive view of the land that can be used for a range of applications including land adaptation, agronomy, natural capital, sustainability, banking and insurance.
- [Firetail Environmental](#): Utilises drone technology to bring together natural environment and sustainable agriculture techniques benefit landscapes, biodiversity, farming operations and communities.

## Direct contributions

The simplest way to fund conservation is to pay money directly to an organisation or project creating positive outcomes for nature. In Australia, government grants have traditionally been the most common mechanism for funding conservation and they continue to be an important mechanism today. Philanthropic grants and donations are an important supplement to government grants and a vital support for the work of Australia’s private land conservation sector. In the face of the proliferation of new frameworks and mechanisms to fund conservation, the simplicity and effectiveness of direct financial contributions for conservation should not be overlooked and should continue to play a critical role in Australia’s conservation finance landscape.

## Government and philanthropic grants

Grants are generally defined as an arrangement for the provision of non-repayable financial assistance gifted by one party to another, usually with the purpose of funding a specific project. The two main sources of grant funding are government and philanthropic organisations. The funders are typically seeking to achieve a public good, often where there is no opportunity for a financial return, and thus no opportunity for private funding that required a financial return.

In Australia, governments at the local, regional, state and federal levels periodically run environmental grant programs. The private land conservation sector has been a vital partner to governments in delivering high-quality conservation projects. Neds Corner, a 30,000 hectare conservation reserve in Victoria's north-west, was purchased, protected, managed and restored by Trust for Nature Victoria with support from the Australian Government National Reserve System program and philanthropic donors.

The main philanthropic grantmakers are:

- public philanthropic trusts and foundations (such as the Ian Potter Foundation)
- corporate foundations (such as the BHP Foundation)
- private trusts and endowments, including family foundations (where grant programs may be administered by the funders themselves or via intermediaries such as the Foundation for Rural and Regional Renewal or Perpetual Group)
- conservation organisations with funding available for distribution to other organisations (such as WIRES).

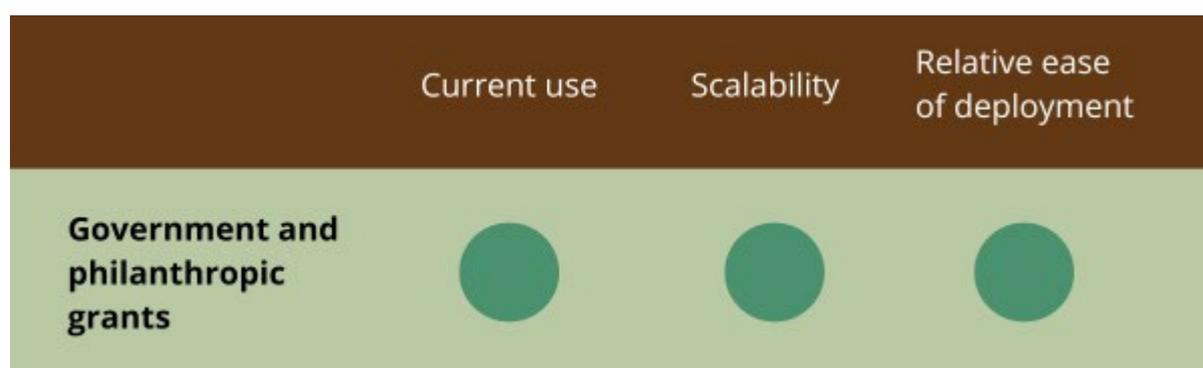
The funder generally outlines the funding objectives, the funding pool available and eligibility to apply. A specific proposal is outlined in a grant application and the funder then reviews all grant applications and determines the successful candidates. Upon issuance of this funding, the receiving party must ensure the money is used effectively to fulfil the goals of the specified project.

Grant programs can be designed in a variety of ways. The simplest involve applicants submitting applications for costed projects, with the funding allocated to the set of applicants best able to show how they will meet the grant criteria, up to the collective total of funding available. More complex designs can involve mechanisms such as 'reverse auctions', where applicants nominate the price they are willing to be paid for a given project, with the grant funder allocating funding according to the projects offering the best value for money, based upon the grant allocation criteria.

Grants can also be used to encourage innovation, skills training, business startups, private investment, project planning and other actions that benefit society and the economy – enabling factors that are all critical to leveraging private sector finance.<sup>57,58</sup> For example, the Australian Government’s Saving Native Species Threat Innovations program provided innovation funding to researchers and ecologists to support the roll-out of new approaches.

Past experiences in scaling-up climate finance have shown how important government grant making (among other public finance approaches) has been in catalysing private sector finance into climate change mitigation and adaptation projects (i.e. where managing the initial financial risk associated with complex projects is taken on board by government). This same strategy can apply to nature projects; government may, for instance, provide a grant on the condition that it be used to attract further investment as a condition of issuances, or at a later stage of a project’s development. From 1996 to 2013 the Australian Government’s previous National Reserve System program funded conservation property acquisitions at up to a 2:1 funding ratio, and remains a shining example of leveraging government funding to achieve major conservation outcomes. The Australian Government provided ~\$200 million in funding to assist the purchase of 371 properties (~10 million hectares) for addition to the National Reserve System. An independent review of the program found it ‘to be an important and cost-effective component of the Australian Government’s efforts to conserve Australia’s unique biodiversity’.<sup>59</sup> Another example is the [Victorian Government Nature Fund](#), which was designed to leverage private and philanthropic investment in conservation projects. Applicants were required to secure at minimum matched co-funding as a condition of receiving funding.

### Snapshot assessment



### CASE STUDY - Gayini – Nari Nari Tribal Council, The Nature Conservancy and Biodiversity Conservation Trust NSW

The Nari Nari people lived on Gayini for more than 50,000 years. Signs of their presence are everywhere – ancient clay ovens, stone-tool sites, carved trees and burial grounds, each a reminder that Australia is home to the oldest continuous human culture on earth.

European settlers took this land from the Nari Nari more than 150 years ago. They developed the land for agriculture and livestock: erecting fences, removing native vegetation and channelling floodwaters into culverts and dams.

In 2013, the New South Wales and Australian governments purchased and amalgamated 19 properties and their water rights as part of a larger conservation effort in the Murray-Darling Basin.

In 2017, the NSW Government called on interested parties to submit proposals for the ongoing management of Gayini, and in 2018 a consortium led by The Nature Conservancy (TNC) was announced as the successful proponent and took over management of Gayini.

In late 2019, TNC facilitated the legal transfer of ownership of Gayini to the Nari Nari Tribal Council thanks to funding from the Indigenous Land and Sea Corporation, the Wyss Campaign for Nature and others.

*Our people managed this area for 50,000 years and left their footprints on the Country. Now it's our turn to protect, maintain and enhance our culture and Country and leave our footprints once again.*

In 2023, the NSW Government signed a historic agreement that secured the permanent protection and sustainable management of more than 55,000 hectares of land at Gayini under the ownership and stewardship of its Traditional Custodians. This is the largest parcel of land ever protection through a funded conservation agreement with the NSW Biodiversity Conservation Trust.

Nari Nari are managing country alongside sustainable agriculture demonstrating exemplary food production in balance with nature, through responsible low-impact grazing and, when appropriate, opportunistic cropping.

Nari Nari are also pursuing further economic opportunities to restore culture and country. They have recently struck an agreement paving the way for them to become an equity partner in a wind farm proposed on their land.

*It makes us independent, and that's what we've strived to do for many moons. –*  
Nari Nari land manager Jamie Woods

### **Further guidance**

Before applying for any grants read the guidelines and funding conditions carefully to make sure you are able to receive the funds and deliver to the grant objectives.

Consider a range of resources that provide advice on how to write a good grant application – the Grants Hub has practical advice to consider when writing a grant at [How to Write a Grant Application: Our Top 10 Tips for Success — The Grants Hub](#)

Information on what government grants are available can be found at [Grants and programs finder | business.gov.au](#)

Philanthropy Australia has produced information to support charities and not-for-profit organisations seek funding including links to philanthropic grant opportunities. [How to seek funding - Philanthropy Australia](#)

The Australian Environmental Grantmaker Network has developed a Nature Funding Framework that present priorities and opportunities to protect, restore and manage nature. [Nature Funding Framework - AEGN](#)

## Philanthropic donations

Philanthropic donations are a long-standing form of support for conservation and can be instrumental in funding projects that do not generate a commercial financial return, or funding early-stage projects and concepts that may generate a financial return in the future. Philanthropic donations can take a range of forms and will often, though not always, be made in anticipation of a tax deduction. For a donation to be tax deductible the recipient organisation must be a [deductible gift recipient](#) (see also Favourable tax incentives below).

Donations may be solicited by an organisation for a specific purpose or be provided by donors unsolicited. Donations can be provided to the organisation to help it deliver on its objectives or for specific projects such as the purchase of a property or towards the recovery of a specific species. For example, The Nature Conservancy recently secured a \$21 million donation to support the Queensland Government to purchase more than 300,000 hectares to become a new national park. This is the single largest donation to buy land for conservation in Australian history.

Philanthropic donors in Australia include the entities also listed as philanthropic grantmakers listed above, namely:

- public philanthropic trusts and foundations
- corporate foundations
- private trusts and endowments, including family foundations
- conservation organisations with funding available for distribution to other organisations.

Philanthropic donors also include:

- individuals
- corporations – see the Corporate partnerships below.

As shown in Figure 13 below, there is a significant opportunity to increase philanthropic giving to conservation and environment, with funding for conservation and the environment representing only 3% of the total funding.<sup>60</sup> There is also further opportunity to enhance the amount of funding going to Aboriginal organisations, with analysis undertaken in 2019 estimating that only 0.5% of private philanthropy is directed to Aboriginal organisations.<sup>61</sup> The Australian Environmental Grantmakers Network (AEGN), Australia's largest and most connected network for environmental and climate philanthropy, has a goal of increasing giving to the environment and climate to \$2.5 billion by 2030. Likewise, Philanthropy Australia is targeting a doubling in structured giving from \$2.5 billion to \$5 billion annually by 2030.<sup>62</sup> Achieving these goals would represent a substantial contribution to the Australian conservation finance gap.

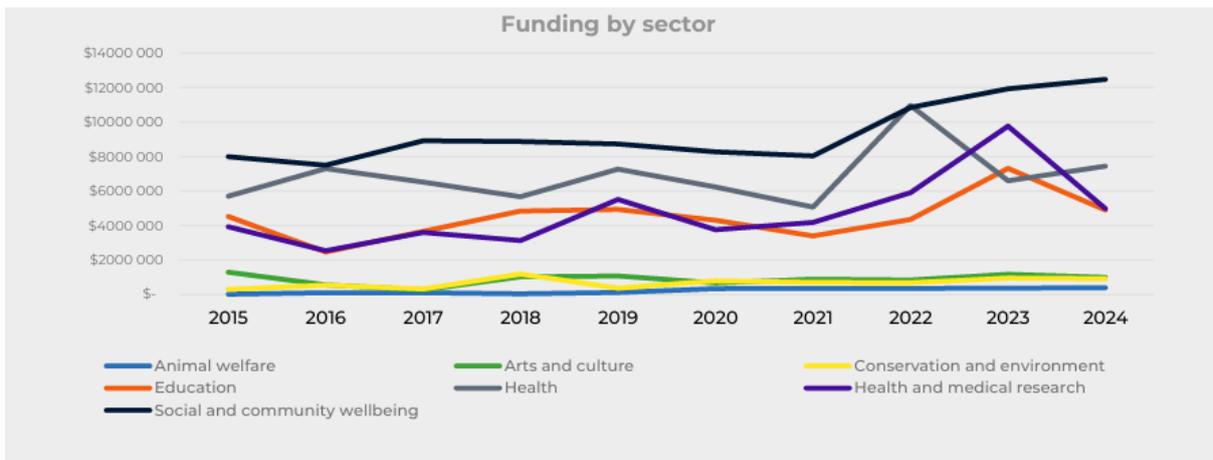


Figure 13: Philanthropic funding by sector Source: [Perpetual Philanthropy Insights report 2024](#)).

### The philanthropic potential in Australia

Philanthropic donations have the potential make an even greater contribution to conservation. The Australian Government has a target to double giving by 2030 and as part of their strategy to achieve this target received advice from the [Productivity Commission on the Future Foundation for Giving](#).

Philanthropic giving in Australia is currently \$13.1 billion. It is estimated that 5% of this giving is going to climate change and the environment. Assuming that the government’s target to double philanthropic giving is achieved alongside increased giving to climate change and the environment, there is a significant opportunity to increase giving from philanthropy to conservation.

### Crowdfunding

One distinct type of philanthropic giving that has gained currency is crowdfunding. The Australian Tax Office defines crowdfunding as ‘the practice of using internet platforms, mail-order subscriptions, benefit event and other method to find supporters and raise funds for a project or venture’.<sup>63</sup>

Crowdfunding usually occurs through digital online websites that act as intermediaries between projects seeking donations and donors. One of the benefits of crowdfunding is that it provides opportunities for projects to raise funds that otherwise may not have a fundraising capacity. Crowdfunding can also be a useful way to obtain large numbers of small donations around a particular campaign. As an example, the [Bonorong Wildlife Hospital & Rescue](#) raised over \$400,000 from over 100,000 supporters. Unlike traditional philanthropic giving, there is

not always an expectation from the donor of tax deductibility for donations provided via crowdfunding.

Crowdfunding is not without risk and it is important to understand these risks before launching a campaign. Comedian Celeste Barber utilised her profile to raise over \$50 million in response to the 2020 bushfires. While she had intended that funds raised would be used in New South Wales, Victoria and South Australia, because the beneficiary of the fundraiser was the Trustee for NSW Rural Fire Service (RFS) and Brigades Donation Fund, the funds could only be used in a way consistent with the trust deed of that fund. This meant that funds ultimately weren't distributed to Victoria or South Australia from this fundraising effort.<sup>64</sup>

Despite the growing interest in crowdfunding there is limited evidence that this approach has emerged as a major source of conservation finance.

### Snapshot assessment



### Further guidance

The Australian Environmental Grantmaker Network has developed a Nature Funding Framework that presents priorities and opportunities for funders to protect, restore and manage nature. [www.aegn.org.au/nature-framework/](http://www.aegn.org.au/nature-framework/)

The Australian Government, through the [Australian Charities and Not-for-profits Commission](#), provides a range of resources, tools and guidance to support charities and not-for-profits.

### CASE STUDY – Midlands Conservation Partnership

Iutruwita/Tasmania's Midlands hosts some of Australia's last remaining patches of temperate grasslands – one of the most threatened ecosystems in the world and a nationally threatened ecological community. This area was once grazed by wallabies and Forester Kangaroos and managed by firestick farming practised by the Traditional Owners for thousands of years. Native grasslands can flourish on sheep farms, but when these farms are replaced by irrigated or fertilised agriculture, as is occurring across large areas of the Midlands, the native grasslands are lost. This is why the Midlands is now a priority area for conservation.

The Midlands Conservation Partnership was formed to ensure the protection and



management of this priority conservation area, with the Tasmanian Land Conservancy and Bush Heritage Australia working with Midlands farmers to protect and manage native grasslands for conservation. Investment to support this activity was secured through the generosity of philanthropic donors, demonstrating the important role philanthropy plays in conservation. A fund was established in 2011 as a stand-alone not-for-profit company jointly owned by the Tasmanian Land Conservancy and Bush Heritage Australia.

The Partnership identifies priority native grasslands on private land and enters into conservation agreements with willing landholders to protect them. The Partnership then advises

Figure 14: Controlled burning of grassland in Tasmania’s Midlands.

landholders on the management of those areas for conservation through methods such as strategic grazing, burning or weed control. When the Partnership’s ecological monitoring shows landholders are meeting their required KPIs, the Partnership pays them an annual stewardship fee per hectare, sourced from an endowment fund which provides funding in perpetuity.

### **CASE STUDY – Rendere Environmental Trust**

Philanthropy doesn’t have to just be about funding.

Rendere is a specialist philanthropic organisation dedicated to transformational change for the environment and future generations. Its core strategy involves supporting both established and emerging organisations through core funding and strategic advice, to strengthen organisational structures and launch pioneering initiatives.

Rendered is part of a strong collaborative network of funders enabling significant collective impact. This has included:

- supporting the Australian Land Conservation Alliance to grow its core team, thereby increasing the impact and effectiveness of the organisation
- establishing Land Covenantors Victoria to bring land covenantors together to share knowledge and lobby for better incentives
- committing to the Biodiversity Council from its inception 3 years ago, strengthening its capacity to achieve its environmental mission
- providing catalytic funding and ongoing support to BioDiversity Legacy to enhance its strategy, integrity and organisational capability.

To explore how Rendered Environmental Trust is driving positive environmental change, see [Rendered Impact Stories](#).

## Corporate partnerships

Corporate partnerships or giving programs, often part of corporate social responsibility (CSR) strategies, reflect the fact that companies have a responsibility for the social and environmental impacts of their work, as well as economic outcomes. Corporate giving can take a variety of forms:

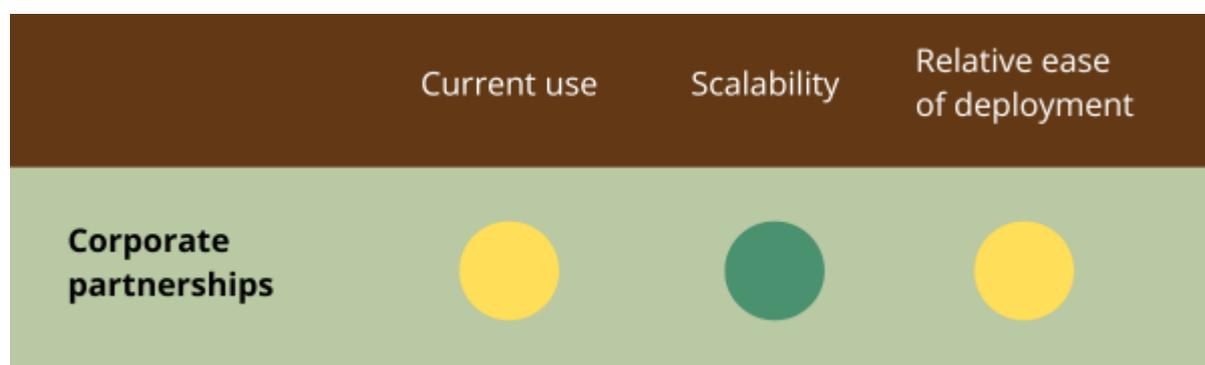
- Social licence/CSR partnerships – where corporates support not-for-profit organisations financially or with in-kind services, such as meeting corporate commitments around sustainability.
- Philanthropic foundations established by corporations to manage their philanthropic giving, often seed funded by the corporation and with a focus aligned to the corporation's work or footprint.
- Workplace giving matching schemes, where employee donations are matched by their employer – this can encourage employee engagement and a philanthropic spirit.

The nature of corporate giving is evolving, as consumer, shareholder and government expectations of the private sector shift. Increasingly, corporates are being more strategic about corporate giving and linking it to aspects of their business. Some large global corporates have established significant funds specifically dedicated to social or environmental purposes, such as L'Oreal's \$50 million Euro Fund for Nature [Regeneration](#). These large funds are still the exception rather than the rule, however.

A further example is the Mirvac Greenstar nature stewardship project, which has contributed to enhancing the riparian buffer through dedicated replanting on the Queensland Trust for Nature’s Aroona property with the projects total plantings totalling over 4,500 trees across 5.5 hectares. The project has also invested in critical measures such as fencing and the management of invasive species, not only helping control erosion and promote hydration of the landscape but also supporting the quality of surrounding habitat.

Corporations may provide funding for community, environmental and/or sustainability initiatives through a legally established corporate foundation or through an internally funded budget. While there can be a number of benefits to partnerships with corporations, they are not without risk and organisations should assess the risk before entering into a partnership.

### Snapshot assessment



### Further Guidance

The Australian Charities and Not-for-profits Commission provides [advice for not-for-profits](#) on entering into partnerships with corporates.

Social Ventures Australia [explores the benefits from the corporate side](#) and highlights 6 key factors that help corporates develop more effective partnerships.

### CASE STUDY – Landcare and Country Road

Since 2020, Landcare Australia has delivered biodiversity restoration projects in riparian areas on 5 farms in the Namoi Valley in New South Wales. Weed control, site preparation and planting will see improvements in biodiversity and habitat connectivity, and support threatened, vulnerable and iconic faun species while also providing benefits for sustainable farming.

In 4 years, 18,300 seedlings have been planted along 14.4 km of river frontage, rehabilitating a total of 102.6 hectares of native vegetation.

A Cotton Research and Development Corporation (CRDC) report mapped biodiversity in Australian cotton landscapes, identifying threatened and endangered species and

recommending ways to protect them. This was achieved with support from the Australian Government's National Landcare Program Smart Farming Partnership Initiative Round 1.

Country Road partnered with Landcare Australia to support the restoration of Australian farmlands, with a focus on increasing biodiversity in cotton-growing areas, as part of its commitment to supporting local communities and the environment.

Country Road funds the partnership via a corporate contribution and funds raised through the sales of its Verified Australian Cotton Heritage Sweats, committing at least \$600,000 in the first 3 years, and extending that commitment for a further 3 years.

### **CASE STUDY – Bank Australia Conservation Reserve**

Bank Australia is the only bank in Australia with a conservation reserve, which spans 2,117 hectares in western Victoria. Bank Australia works with Greening Australia and Trust for Nature to assist with scientific monitoring and conservation work on the reserve, as well as working closely with Traditional Owners the Wotjobaluk Nations, represented by the Barengi Gadjin Land Council, to assess and protect the cultural values of the land.

The reserve is a group of 4 properties outside Horsham in western Victoria that are under a conservation covenant with Trust for Nature, which means they're protected from development forever.

### **CASE STUDY – Arid Recovery and BHP**

Arid Recovery is a medium-sized conservation research NGO dedicated to arid ecosystems and threatened species recovery. centred on a large predator-proofed reserve in outback South Australia. Arid Recovery's funding model has its foundation in a significant and long-running corporate partnership with BHP that is complemented by income from state government sponsorship, a partnership with large NGO Bush Heritage Australia, in-kind support from a university partner, and grants, donations and fees for service income. The 4 formal partners are listed in Arid Recovery's constitution, with each organisation appointing a representative to the Arid Recovery Board. The Arid Recovery Reserve was established on Kokatha Country in 1997 on mining and pastoral leasehold land predominantly held by the Western Mining Corporation for the nearby Olympic Dam copper mine. The mining company sponsored Arid Recovery from the outset, providing funds for construction of the first cat- and rabbit-proof fences. The mine has continued to sponsor Arid Recovery every year since, even after BHP took ownership.

Importantly, BHP's support for Arid Recovery is not through environmental offsetting arrangements but through social value investments. BHP recognises and invests in the value of Arid Recovery's work for the environment and for the communities in which the company

operates. Arid Recovery's community work includes nature outreach in regional South Australia and joint projects with Traditional Owners, partnering with the Kokatha and Arabana Aboriginal Corporations to care for Country.

The strength of the partnership with BHP can be attributed to several design factors. First, the partnership is embedded in Arid Recovery's governance so that productive relationships are practised at Board level. Second, Arid Recovery is a very active community organisation within the mining town of Roxby Downs, connecting with BHP employees at many levels. Finally, the partnership is aligned to common goals for biodiversity conservation on BHP's footprint, collaboration with First Peoples and community thriving in the rangelands. With the Olympic Dam mine estimated to have a 100+ year life and global demand for copper holding steady, the partnership between BHP and Arid Recovery has a long and bright future.

## Government-led

Government has historically been, and remains, a significant partner for conservation finance. Beyond directly financing conservation through grants (see above), government has a wide range of tools at its disposal that can both facilitate investment in nature, and remove barriers to investment. There are many variations on these tools, but they can broadly be categorised into:

- environmental levies
- favourable tax incentives
- special investment vehicles and environmental trust funds
- flagship initiatives
- water sector investments

## Environmental levies

Environmental levies are a government tax or charge imposed on various businesses, landowners or other entities to create revenue for environmental protection and conservation programs.<sup>65, 66, 67</sup> Another term for these types of levies is 'hypothecated funding', namely earmarking or dedicating a specific tax for a particular expenditure purpose.

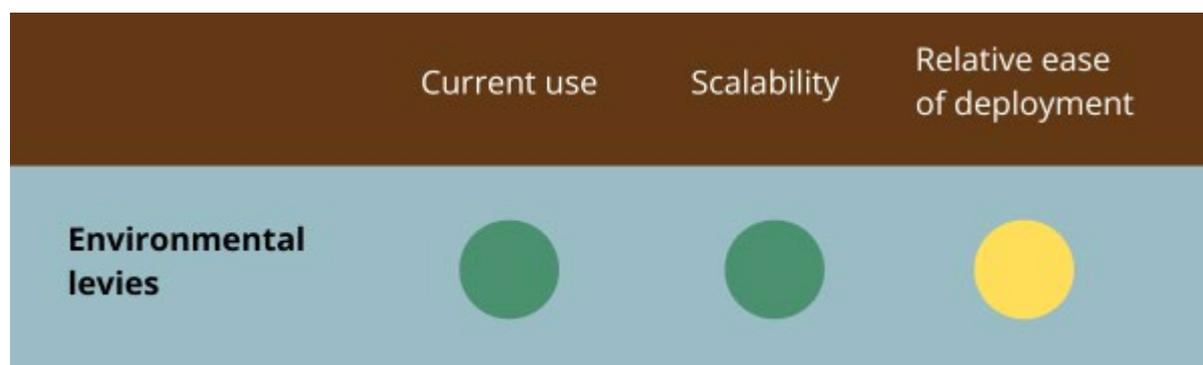
The aim of levies is to create positive change in behaviour or values or to raise revenue relating to a specific cause, such as environmental protection and conservation.<sup>68</sup> Environmental levies are versatile; they can be applied to a variety of entities by different levels of government, have different monetary payment requirements and timelines and raise revenue for different environmental issues. Grants, fund matching, sponsorship, fees and donations can all be supplied or supported by government through the revenue created by environmental levies.<sup>69</sup>

Victoria provides an interesting case study, with a range of levies used to support the environment.

- [Metropolitan Improvement Rate](#) – This charge is an annual levy on commercial, industrial and residential properties in the metropolitan Melbourne area. In 2022–23 \$206 million was collected through this charge, with \$195 million distributed in the same year. Funding supports core operation funding of entities such as Parks Victoria, Zoos Victoria, Royal Botanic Gardens Victoria and the Shrine of Remembrance, as well as projects aligned to the fund objectives which are:
  - management and control of open space, parks and waterways, within the metropolitan area, for the purposes of conservation, recreation, leisure, tourism and navigation
  - acquisition of land by the Crown in the metropolitan area for the purpose of conservation, recreation, leisure or tourism.
- [Municipal and Industrial Waste Levy](#) – This levy is based on each tonne of waste deposited at a licensed landfill in Victoria. In 2022–23 this levy generated \$457 million, with \$293 million provided to Victoria's Sustainability Fund and \$164 million directly to agencies. The Sustainability Fund is a hypothecated fund with its requirements set out in the *Environment Protection Act 2017*. Funding from the Sustainability Fund provides \$19 million per year on an ongoing basis to support *Protecting Victoria's Environment – Biodiversity 2037*; this includes funding to support Trust for Nature's Iconic Estates program, covenanting private land with high biodiversity values across Victoria.
- [Environmental Contributions Levy](#) – A levy paid through water bills, linked to the revenue of water businesses. This funding source raised \$693.9 million over a 4-year period from 1 July 2020. It supports the delivery of the Water for Victoria plan, which includes supporting landscape-scale stewardship projects delivered by Catchment Management Authorities.
- [Melbourne Strategic Assessment \(Environment Mitigation Levy\)](#) – A levy paid by developers when construction or other works are undertaken within the geographically designated levy area. Funds collected by this levy are then used to fund conservation reserves and species management programs. This levy collected \$54.7 million in the 2022–23 financial year.

A further example of environmental levies is the [Queensland Sunshine Coast Council's annual environmental levy](#) of \$80 charged to each property within the region, which has allowed the Council to allocate \$12.8 million to environmental activities during 2024–25. This includes the allocation of \$3.28 million to identify and purchase priority lands throughout the Council area.<sup>70</sup>

### Snapshot assessment



### Favourable tax incentives

A favourable tax incentive is

*a provision of the tax law that provides a benefit to a specified activity or class of taxpayer that is concessional when compared to the standard tax treatment that would apply ... [and] can be provided in many forms, including tax exemptions, tax deductions, tax offsets, concessional tax rates or deferrals of tax liability.*<sup>71</sup>

Generally, favourable tax incentives use some form of tax relief to increase the flow of capital to projects or transactions that deliver outcomes which serve the public interest. Favourable tax incentives can be used to encourage conservation practices by reducing the tax burden on those generating conservation outcomes, or raising the costs of producing or consuming items that contribute to environmental degradation. They have proven an effective incentive to encourage sustainable/conservation practices.<sup>72,73</sup>

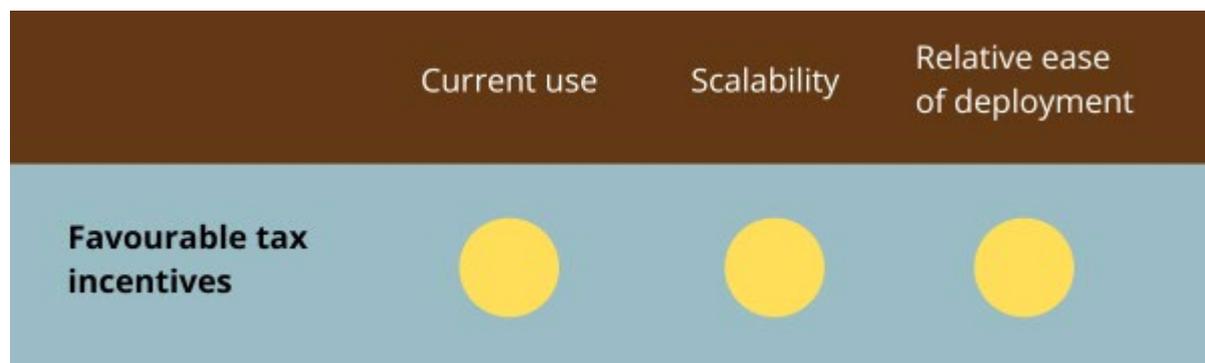
Although both favourable taxation incentives and government grants are considered subsidies, the major difference between them is the process for obtaining the benefits. The benefits of taxation incentives, by their very nature, are obtained through the tax system. For a tax incentive to be attractive and potentially change the behaviour of the targeted audience, the transaction costs of obtaining the benefit should be low. There are several types of favourable tax incentives, used in Australia and internationally, as described below. Importantly, taxation incentives can be used with a combination of other finance mechanisms to catalyse investment in conservation.

The use of favourable taxation incentives to increase conservation finance flows in Australia has been the subject of numerous reports.<sup>74,75</sup> In summary, these reports have all come to the same conclusions: current tax arrangements at the federal, state and local levels generally favour agricultural production while providing a disincentive for landholders to invest in managing land for conservation, including permanently protecting their land via a conservation covenant; and, tax incentives could be given to landowners of covenanted land as a way to incentivise and increase the rate of private land conservation. For example, there are several tax incentives for agricultural land use that could also be applied where the land use is conservation. These include deductions for [Landcare operations](#), where currently primary producers can claim deductions for expenses related to weed control, fencing, water facilities and riparian maintenance.

Any changes to Australia’s tax system to incentivise conservation outcomes will likely require some level of government to forgo tax revenue (at least in the short term) as a policy response that recognises the valuable public benefits such changes may generate.

Any efforts in this area will likely involve cross-sectoral support for conservation outcomes that such legislative changes could be expected to generate. While challenging, those efforts are well worth it. Years-long engagement by ALCA and others was instrumental in achieving an exemption from 2024 from land tax for land protected by a Trust for Nature conservation covenant.

### Snapshot assessment



### Transitioning harmful subsidies

One way to increase flows of funding to conservation is to reduce or eliminate environmentally harmful tax subsidies. This is recognised in the Global Biodiversity Framework, Target 18:

*Identify by 2025, and eliminate, phase out or reform incentives, including subsidies, harmful for biodiversity, in a proportionate, just, fair, effective and equitable way, while substantially and progressively reducing them by at least*

*\$500 billion per year by 2030, starting with the most harmful incentives, and scale up positive incentives for the conservation and sustainable use of biodiversity.*

The landmark [Financing Nature](#) report identifies 9 mechanisms to close the biodiversity finance gap. Number one on this list of mechanisms is harmful subsidy reform, with the report providing pathways to reform subsidies to deliver a net positive effect on biodiversity.<sup>76</sup>

The Biodiversity Council estimates the total monetary value of Australian Government subsidies that are likely to have a medium to high adverse impact on biodiversity at \$26.3 billion per year, based on 2022–23 figures.<sup>77</sup> To date, this approach to financing conservation in Australia appears to have received scant attention from both government and civil society. Any changes to the status quo are likely to be highly political.

### *Charitable tax deductions*

A charitable donation is a gift made by an individual or an organisation to a non-profit organisation, charity or private foundation. The gift is tax deductible if the gift meets the following conditions:<sup>78</sup>

1. It must be made to a Deductible Gift Recipient (DGR).
2. It must truly be a gift or donation – that is, the donor voluntarily transfers money or property without receiving, or expecting to receive, any material benefit or advantage in return. A material benefit is something that has a monetary value.
3. It must be money or property – this can include financial assets such as shares.
4. It must comply with any relevant gift conditions – for some DGRs, the income tax law adds conditions affecting the types of deductible gifts they can receive.

Tax-deductible charitable donations can take many forms and represent a current and future opportunity to increase conservation finance.

### **Further guidance**

The Australian Charities and Not-for-profits Commission has further information regarding donations and tax deductibility. See [www.acnc.gov.au/for-public/my-donation-tax-deductible](http://www.acnc.gov.au/for-public/my-donation-tax-deductible)

### *Income tax deductions for covenanted land*

Australian taxation laws currently incentivise permanent protection of private land by allowing the landowner, if conditions outlined by the Australian Tax Office are met, to deduct from their taxable income an amount equal to the decrease in their land value as a result of placing a conservation covenant on title.

In the USA, this is known as ‘donating an easement’ (covenant) to a land trust, because the landowner has effectively donated the development rights lost by placing a covenant on the land’s title. This positive tax treatment of covenanting land has significantly increased private land conservation in the USA. The US version of this tax benefit was first enacted temporarily in 2006 and made permanent in 2015. This valuable benefit allows a donor to deduct up to 50% of their annual income each year, which can be carried forward for up to 15 years. Farmers and ranchers can deduct up to 100% of their income for permanently protecting their farmland or ranch.<sup>79</sup> This approach supports farmers to ensure the viability of their enterprise for future generations.

The establishment of ‘split-receipting’ for ecological services/gifts in jurisdictions such as Canada (via its [Ecological Gifts Program](#)) is one method of formally recognising the public interest of private conservation. Under this approach, a landowner can receive a payment for permanently protecting environmentally sensitive land (receipt 1) and at the same time receive a tax deduction spread over 5 years for any unremunerated value of the ‘land use and development rights’ effectively given up (gifted) in establishing permanent protection (receipt 2). The Canadian approach incentivises the establishment of covenants and their transfer to charities at below the regular market value of the land. This enables a landowner selling a conservation property at less than the market value to have the remaining balance deemed an ‘ecological gift’, claimable as a tax deduction. Using this mechanism, Canadian land is secured for strategic conservation/ ecosystem services and the properties on-sold to conservation-minded individuals or organisations that may need to acquire them (e.g. water authorities or local governments).

The US version of split-receipting is the ‘bargain sale’. In the context of conservation financing, a bargain sale refers to the sale of land for less than its fair market value to a NGO or land trust to serve the public good through outcomes/benefits such as conservation, water provision, recreation and amenity. A bargain sale, like split-receipting, allows for a portion of the land value to be sold and a portion donated. The landowner is then able to take a charitable deduction determined by the difference between the sales price and the appraised fair market value against his or her income tax return – the so called ‘bargain sale’.<sup>80</sup>

### *State-based land tax concessions & exemptions*

State-based land tax concessions and exemptions are another tool used commonly to incentivise private land conservation. States may, for example, designate a special tax or other revenue source expressly for the purpose of open space conservation and/or stewardship. Examples include sales tax, deed recording fees, real estate transfer tax and state lotteries. Many fund conservation directly or through repayment of bonds.

## *Rebates*

Rebates are a partial refund to someone who has paid an amount for tax, rent or a utility that as a matter of public policy and in recognition of the public contribution is reduced or refunded. Rebates can achieve nature outcomes in several ways: differential rating based on different land use zones; remission or exemption from rates; refunding or discount of a proportion of the rate payable on land; and the alteration of land values through the valuation system. For example, around one third of all regional and rural councils in Victoria provide some form of rate [rebate or concession](#) to people who have a conservation covenant on their land. These rebates support owners by recognising the ongoing cost of stewarding the land.

### **Further guidance**

The Department of Climate Change, Energy, the Environment and Water provides [information on tax concessions](#) for landowners who enter into conservation covenants.

Trust for Nature has an [information sheet](#) that provides high-level information and guidance around key issues. It is not intended as legal advice, or an alternative to obtaining independent taxation advice.

## **Special investment vehicles and environmental trusts**

A special investment vehicle is a separate legal entity set up by government to deliver a government priority. These are usually set up to work between the government and the private sector. Examples of special purpose vehicles include the Clean Energy Finance Corporation, Australian Renewable Energy Agency and Queensland's Land Restoration Fund (see below).

Similarly, government-run environmental trusts can also be utilised help mobilise, blend and oversee the collection and allocation of financial resources for environmental purposes. There are at least 80 environmental trust funds – also called conservation trust funds – with a biodiversity conservation focus around the globe. Environmental trust funds are internationally recognised for their role in channelling global funds to support national conservation priorities. The Reef Trust and Biodiversity Conservation Trust are examples of environmental trust funds.

### *Clean Energy Finance Corporation (CEFC)*

The Australian Government established the CEFC in 2012 as a corporate Commonwealth entity to facilitate increased cash flows of finance in the clean energy sector and to achieve Australia's greenhouse gas emissions reduction targets.<sup>81</sup>

The CEFC currently has access to \$30.5 billion in investment capital from the Australian Government ([About our finance - Clean Energy Finance Corporation](#)) and in its first 10 years

made \$11 billion in investment commitments, driving a total transaction value of around \$37 billion in 265 large-scale and more than 36,750 smaller-scale projects ([CEFC Towards ZERO - Clean Energy Finance Corporation](#)).

It must make a return on its investments, with the government setting an investment mandate return for its General Portfolio at an average of 2–3% above the 5-year Australian Government bond rate per year, over the medium to long term.

More recently the CEFC has started to focus on natural capital, stating that:

*Increasingly, our capital is also focusing on soil carbon opportunities and innovative regenerative farming models, tailored to Australia's diverse land use conditions and highly variable climate.*

In January 2025 the CEFC announced a [partnership](#) with Rabobank to provide discount finance to farmers and landholders to support the uptake of Environmental Plantings.

#### [Australian Renewable Energy Agency \(ARENA\)](#)

This agency was established in 2012 as a corporate Commonwealth entity to increase the supply of renewable energy in Australia ([Australian Renewable Energy Agency](#)).

ARENA provides grants to advance technologies; it may do so in the form of recoupable options, whereby depending on the success of the investment, all or some funding is provided back to ARENA. Since 2012 ARENA has supported 663 projects with \$2.25 billion in grant funding, unlocking a total investment of almost \$9.75 billion in Australia's renewable energy industry ([About ARENA](#)).

#### [Land Restoration Fund](#)

The Queensland Government set up the Land Restoration Fund (LRF) in 2017 with a \$500 million investment. Its purpose is to support carbon farming in Queensland in a way that provides socioeconomic, environmental and First Nations co-benefits. In this way it seeks to use the carbon market to provide benefits beyond those purely related to climate.

Funding is provided to applicants via grant rounds and applications must align to the [Priority Investment Plan \(PIP\)](#). Applications are evaluated and then recommended for funding by an independent [Investment Panel](#).

The LRF is an example of a state government investing in carbon farming to ensure that co-benefits are delivered. It can also provide investment in early-stage initiatives (such as developing new methodologies) that may then be used more broadly.

### *The Reef Trust*

In response to the numerous and growing stressors being placed on the Great Barrier Reef, and as part of the [Reef 2050 Plan](#), the Australian Government committed \$1.6 billion to the Reef Trust. The objective of the Reef Trust is to provide cost-effective, strategic investment in the protection and conservation of the Reef ([The Reef Trust](#)). An investment strategy sets out the key investment principles which include seeking co-investment to leverage government investment with other revenue sources.

### *Biodiversity Conservation Trust*

The Biodiversity Conservation Trust (BCT) was set up in 2017 to partner with landholders to enhance and conserve biodiversity across NSW. The NSW Government has committed \$350 million over 5 years from 2019–20 to support the BCT to deliver its land conservation programs.

Under the *Biodiversity Conservation Act 2016* (NSW), the BCT manages the Biodiversity Conservation Fund and the Biodiversity Stewardship Payments Fund, which, in addition to general operational resources, are used to hold the funds set aside and invested to make annual conservation payments to holders of funded conservation agreements (which are either in-perpetuity or long-term agreements) and annual stewardship payments to holders of biodiversity stewardship agreements (which are all in-perpetuity) respectively.

The Act requires the BCT to 'act as trustee of money or other property vested in the Trust', establishing a fiduciary duty to ensure that funds are managed prudentially, particularly the large sums of money held in the BSPF and BCF to meet future stewardship or conservation management payment obligations to agreement holders.

### **Snapshot Assessment**

	Current use	Scalability	Relative ease of deployment
<b>Special investment vehicles and environmental trusts</b>			

## CASE STUDY – Conservation Management

### Payments

NSW Biodiversity Conservation Trust koala conservation agreements in the state's New England region are permanently protecting 4,148 hectares of koala habitat on privately owned land.

Peter Lloyd, of Armidale, applied for the NSW Biodiversity Conservation Trust's Northern Inland Koala conservation tender, which invited landholders in the Armidale and Uralla Local Government Areas to set a price to protect significant habitat on their land. His bid was successful, and the resulting agreement covers 1,600 hectares of land on Wallamara, a property Peter purchased with friends 26 years ago.

'This is an agreement in perpetuity, which means not only are we preserving the land for our own time but also dedicating the land to conservation for all who may come after us', Peter said. 'It's basically what a small group of people can do privately for the benefit of everyone.'

Under the terms of the tender, payments are made to landholders to manage their conservation areas. Agreed management actions may include activities such as pest animal and weed control, fencing and revegetation.

Loss of habitat is the greatest threat to koala survival and protection of areas known to support high quality patches of koala habitat is critical to support remaining koala populations.



Figure 15: NSW Biodiversity Conservation Trust regional manager, Leith Hawkins, walks with Peter Lloyd on his koala habitat conservation agreement property, Wallamara, in the Northern Tablelands (Credit: Suzannah Cowley, nviromedia).

## Flagship initiatives

Flagship initiatives are signature government policies that cut across several government portfolios and usually include significant government investment. While these initiatives may not be solely focused on conservation, they can have an environmental benefit and increase conservation finance flows by including conservation as a focus area.

### *Future Made in Australia*

[Future Made in Australia](#) is a \$22.7 billion signature Australian Government program that seeks to maximise ‘the economic and industrial benefits of the move to net zero and securing Australia’s place in a changing global economic and strategic landscape’.<sup>82</sup> The proposed *Future Made in Australia Act* will include a national interest framework focusing on 2 areas:

- net zero transformation stream
- economic security and resilience stream.

As currently proposed, the Future Made in Australia plan does not contain a specific mandate to direct investment to nature. It is largely focused on clean energy technology investments.

### *Sustainable Finance Strategy*

The Australian Government is pursuing a sustainable finance strategy to unlock private capital flows needed for Australia’s net zero transformation. This has included the development of a draft [Sustainable Finance Strategy](#), the development of a [Sustainable Finance Roadmap](#) and developing a [sustainable finance taxonomy](#).

While the initial focus of this work is targeted towards ‘net zero’, nature is becoming an increased focus, which is likely to increase finance flows to nature.

### *National Reconstruction Fund*

The \$15 billion National Reconstruction Fund was recently set up by the Australian Government to ‘diversify and transform Australian industry’.<sup>83</sup> The fund will invest in identified priority areas including:

- renewables and low emissions technologies
- medical science
- transport
- value-add in agriculture, forestry and fisheries
- value-add in resources
- defence capability

- enabling capabilities.

Like the Future Made in Australia initiative, nature has not been specified as a priority focus.

### *US Inflation Reduction Act*

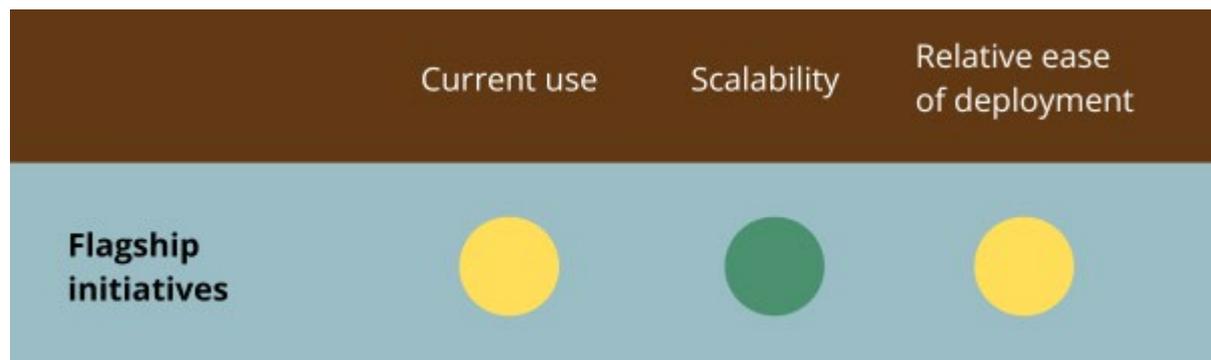
The United States' *Inflation Reduction Act* came into effect in August 2022. The most significant action the US Government has taken to date on clean energy and climate change, the legislation recognises the nature's critical role as a climate solution and provides around US\$26 billion for nature-based solutions, in addition to \$US6.2 billion directly for land conservation. Recognising the many ways that government can facilitate investment into nature, the Act creates tax incentives, grant programs, and loan programs.

#### **Flagship initiatives – an opportunity for nature**

Given its cornerstone role in underpinning our economy, the protection, management, and restoration of Australian biodiversity should be adopted as a focus area in flagship initiatives. This aligns with Australia's international commitments under the Kunming-Montreal Global Biodiversity Framework at the United Nations Biodiversity Conference (COP15) in December 2022, including the restoration of 30% of degraded lands by 2030.

The US Inflation Reduction Act provides an example of how this can be done to increase finance flows to nature.

#### **Snapshot Assessment**

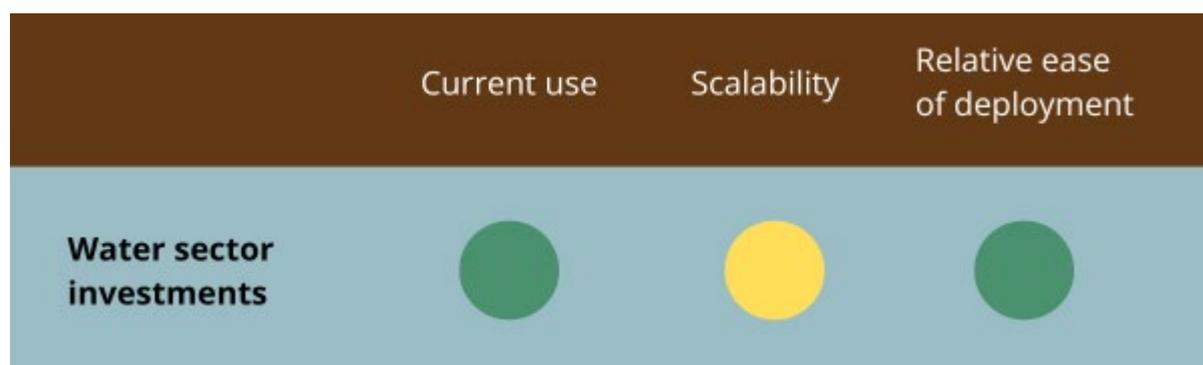


### Water sector investments

Agencies responsible for the world's water supplies have a vested interest in ensuring that their catchments are well managed and healthy. For this reason, water sector investments often result in positive conservation outcomes. This is increasingly the case as governments and the public at large recognise the multiple benefits of investing in green infrastructure – i.e. nature-based solutions – rather than building new 'grey' infrastructure.

The Australian water sector has been an established leader in responding to climate change and promoting the circular economy and is now looking to nature as a next focus area. In August 2024 the Water Services Association of Australasia, the peak body representing the water sector, published its [Nature Positive Water](#) report, which recognises the role the water sector can play to repair and regenerate nature. Importantly the report also highlights the ways several water utilities are already making a difference to nature (see below), with opportunities for partnerships between the water and private land conservation sectors.

### Snapshot Assessment



### CASE STUDY – Yarra Valley Water, Victoria

Yarra Valley Water is undertaking the restoration of 35 ha of native vegetation at the Upper Yarra Sewage Treatment Plant. This initiative aims to establish new habitats for the critically endangered helmeted honeyeater and lowland Leadbeater’s possum, as well as restoring culturally significant environmental values. Currently, fewer than 40 lowland Leadbeater’s possums and 200 helmeted honeyeaters remain in the wild (Harley, 2023)<sup>84</sup>. The primary obstacle to their recovery is the scarcity of high-quality swamp forest, due to historical clearing for agriculture (Greet et al., 2021)<sup>85</sup>. The project involves partnerships with Zoos Victoria, Greening Australia, Wurundjeri Woi Wurrung Traditional Owners, Melbourne Water, Jacobs, and Spiire. The restoration effort supports habitats for critically endangered species by restoring floodplain hydrology and high-quality swamp forest. By partnering with Traditional Custodians, the project aims to re-establish Aboriginal cultural values, protect the Birrarung (Yarra River) and restore manna um within the habitat restoration area.

### CASE STUDY – Oyster reef restoration

Unitywater’s oyster reef restoration pilot project involves installing a series of 400 one-square-metre triangular ‘reef’ baskets filled with 18 kg of recycled oyster shells sourced from Brisbane restaurants and commercial shucking operations. Pre-seeded baskets are soaked in Moreton Bay for about a year before being placed in the Pine River. The project aims to quantify nitrogen sequestration by oysters and establish oyster reefs as a valid nutrient offset method, providing an additional pathway to meet Unitywater’s goal of net zero discharges by

2040. Monitoring by the University of the Sunshine Coast will provide data to develop models for optimal restoration and nutrient abatement

Source: [Nature Positive Water | Water Services Association of Australia](#)

## Market-based approaches

The use of market-based approaches is seen as a key opportunity to bring private sector investment into the conservation finance landscape. When designed well, markets can create demand for a product or service and hence attract funding to purchase or fund them. Of course, this is premised on the notion that there is indeed a buyer for that product or service. That said, robust markets and market drivers already exist worldwide and in Australia that are channelling funding into conservation, and more are likely to emerge as climate change and nature-based considerations are mainstreamed into businesses' operations.

This category of conservation finance mechanisms includes stand-alone environmental markets such as carbon markets, as well as broader markets – such as agricultural supply chains and insurance markets – that can be shaped to provide outcomes for nature.

### Environmental credit markets

The concepts and principles related to 'ecosystem services' underpin the function of environmental credit markets. These markets allocate economic value to the benefits of ecosystem services by placing a monetary or market value on environmental services and benefits, with the specific amount of environmental benefits being created referred to as a credit. Credits represent quantified outcomes.

For example in the Australian Government ACCU scheme one ACCU equals 'one tonne of carbon dioxide equivalent (tCO<sub>2</sub>-e) that would have otherwise been released into the atmosphere'.<sup>86</sup> This creates a marginal financial value for the benefits of ecosystems services.

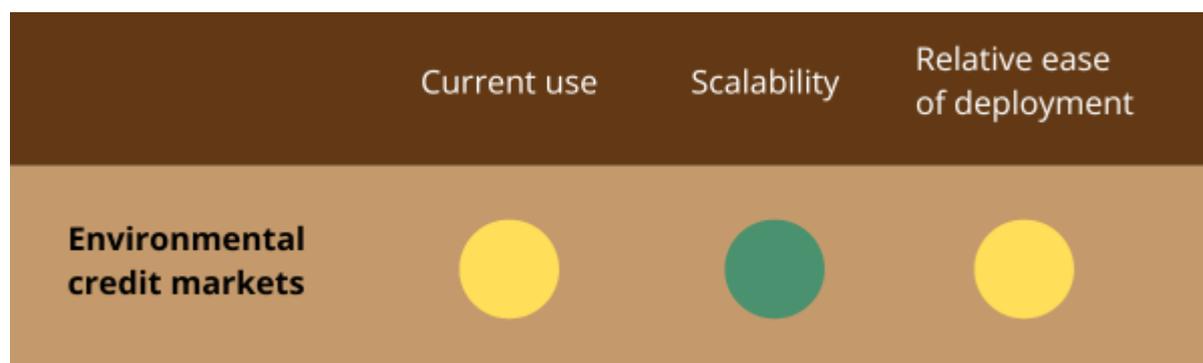
Through the protection and restoration of land and waterways, many nature projects may be eligible to create a specific volume of environmental credits (amounting to the additional ecosystem service benefits created) under a relevant environmental credit market accounting and verification standard and approved technical methodology, which may then be sold/traded on either a voluntary or compliance (required by regulation) environmental credit market.<sup>87</sup>

Market-based approaches offer a highly scalable source of conservation finance; however, they are often complex to design, implement and enforce and have been highly politicised. A wide range of environmental credit market types currently exist around the world, and each

type of environmental credit market has specific advantages, challenges and potential scalability. They include:

- carbon markets (see below)
- biodiversity credit markets (see below)
- species-specific credits (such as [Cassowary Credits](#))
- ecosystem-specific credits (such as [Reef Credits](#))
- water quantity markets (such as operates in the [Murray Darling Basin](#))
- water temperature credit markets (used in the USA, but not in Australia, to regulate facilities that discharge warm water into waterways)
- wetland mitigation banking (common in the USA but largely incorporated into biodiversity credit markets in Australia)
- 'in lieu fees' paid to others to implement regulatory offsetting obligations (e.g. the [Biodiversity Conservation Fund Charge System](#) administered by the Biodiversity Conservation Trust).

### Snapshot Assessment



#### *Carbon markets*

Carbon markets facilitate the trade of carbon credits, which can be created through a broad range of projects. This includes land-based projects involving activities such as revegetation and the improvement of soil health, which can create outcomes for both carbon and nature.

In Australia, the Australian Government promotes emission reductions through the Australian Carbon Credit Unit (ACCU) scheme. This initiative supports projects that either remove carbon from the atmosphere or prevent greenhouse gas emissions. Each ACCU corresponds to one tonne of carbon dioxide equivalent (CO<sub>2</sub>e) that has been removed or avoided.

The ACCU scheme encompasses a variety of methods across sectors such as agriculture, vegetation, and transport. Farmers and landholders can earn ACCUs by implementing practices such as reforestation, soil carbon sequestration and improved land management

techniques. When activities adhere to approved methods under the ACCU scheme, they can generate credits that are tradable or sellable, offering financial incentives for sustainable land management and aiding Australia's climate objectives.

The ACCU scheme is governed by *the Carbon Credits (Carbon Farming Initiative) Act 2011*, which outlines several key components:

- The Australian Government oversees the development and management of ACCU methods.
- The Clean Energy Regulator administers compliance and oversight for projects within the ACCU scheme. This independent statutory authority operates under the *Clean Energy Regulator Act 2011*.
- To generate ACCUs, projects must be registered with the Clean Energy Regulator and comply with an approved ACCU method.
- ACCUs can be sold to both government and private sector buyers, providing income for those generating these credits.

The *Carbon Credits (Carbon Farming Initiative) Act 2011* aims to enhance carbon abatement while ensuring that efforts are in line with the protection of Australia's natural environment and improving resilience to climate change.

Currently, there are 33 ACCU methods. These methods include:

- Agriculture: Strategies to increase soil carbon storage and reduce emissions from practices like fertiliser use and beef cattle management.
- Vegetation: Techniques such as reforestation, revegetation and preventing the clearing of native vegetation. This category also includes savanna fire management, which mitigates greenhouse gas emissions by reducing the frequency and intensity of dry season fires.

New methods can be introduced, existing methods are periodically reviewed, and some may be removed from the scheme as necessary. For example, in 2022 a new method was introduced for blue carbon projects. Blue carbon is a 'term commonly used for coastal wetland and marine ecosystems that can sequester and store high amounts of organic carbon, and release very low amounts of greenhouse gases'.<sup>88</sup>

With recent changes to Australia's climate policy, it is anticipated that the price of ACCUs could double by 2035,<sup>89</sup> with the majority of ACCUs predicted to continue to come from the land sector.<sup>90</sup>

However, the Australian carbon credit market has been largely focused on achieving the lowest cost abatement, which fails to capitalise on opportunities to achieve outcomes for nature at the same time as for climate. Given the role the land sector will play in delivering Australia's NetZero by 2050 ambition there is an opportunity to use the carbon market to as a greater source of conservation finance: a new report by NRM Regions Australia and Carbon Market Institute explores this issue in detail and highlights the opportunities to better leverage the carbon market for nature.<sup>91</sup>

A notable exception to this approach has been the opportunity for Indigenous organisations to generate ACCUs using the savanna fire management method – see the following case study.

#### **CASE STUDY – Savanna Burning**

Carbon farming includes a number of approaches aimed at storing carbon in vegetation and soils. One method utilised as part of Australia's ACCU scheme is savanna fire management. In this approach, based on traditional cultural knowledge, early dry season controlled burns are used to reduce the severity and impact of late dry season wildfires.

The savanna burning method is an important part of Australia's carbon farming market and operates across northern Australia (see Figure 16 below). Not only does it contribute to Australia's climate change strategy, it also provides environmental benefits, and cultural and economic benefits to First Nations communities.

*For thousands of years Indigenous Australians expertly managed the tropical savannas of north Australia. Their use of fire shaped the landscape and remains a critical aspect for achieving social, economic and spiritual well-being for country and people. Using this Indigenous Knowledge in contemporary land and fire management practices will protect the biodiversity-rich savannas of north Australia from destructive wildfires late in the dry season and help maintain and re-build cultural values and livelihoods. – North Australian Indigenous Land and Sea Management Alliance*

### Carbon farming activity 2020

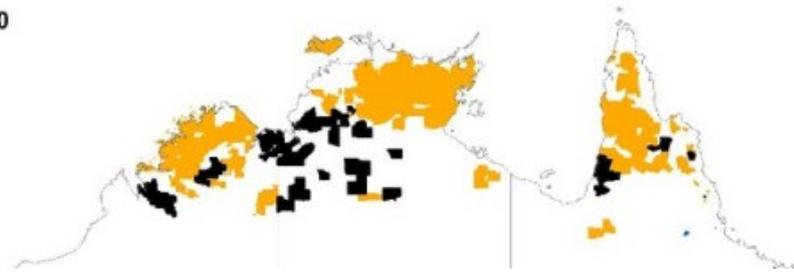


Figure 16: Current distribution of different carbon farming projects in Australia (Source: [researchgate.net](https://www.researchgate.net))

### CASE STUDY – Leveraging carbon markets for in-perpetuity biodiversity outcomes

The [Biodiversity Conservation Trust](#)'s Biodiversity and Carbon pilot tests and confirms the ability for carbon and environmental market schemes to be combined. The Restoring Murray Woodlands Biodiversity and Carbon pilot leverages financial flows to deliver high integrity carbon abatement projects, with in-perpetuity conservation and restoration of woodland ecosystems in the Murray Riverina area of south-western NSW.

Private land conservation is key to increasing the extent, quality and connectivity of these ecosystems and the services they provide. Landholders had the opportunity to protect eligible woodlands via a statutory in-perpetuity conservation covenant with the Biodiversity Conservation Trust and expand woodlands with an environmental planting carbon project registered with the Australian Government's Clean Energy Regulator.

A novel aspect of the pilot is that the environmental planting carbon project is included *within* the in-perpetuity conservation covenant area, providing an opportunity to test market value of ACCUs that have high-integrity biodiversity co-benefits.

The pilot will protect 788 hectares of threatened native habitat under in-perpetuity conservation agreements, with an additional 141 hectares registered to restore, connect and extend habitat through environmental planting carbon projects. Landholders who have taken up the opportunity will earn and sell ACCUs generated by the environmental planting projects, while receiving ongoing management payments in perpetuity to manage conservation areas from the NSW Biodiversity Conservation Trust. All areas will be protected forever under the in-perpetuity conservation agreements. Read more about the pilot [here](#).



Figure 17: Conservation area under the Restoring Murray Woodlands Biodiversity and Carbon pilot.  
Credit: NSW Biodiversity Conservation Trust

### **CASE STUDY – Koala Friendly Carbon Initiative**

The Koala Friendly Carbon Initiative (KFCI) is leading the way in transforming the carbon market to actively rejuvenate nature and restore biodiversity. This initiative includes the creation of high integrity carbon credits, certified by Accounting for Nature and assured by the World Wildlife Fund (WWF) Australia. The KFCI's vision is to restore landscapes to their original condition to prevent the extinction of koalas in the wild, using the ACCU scheme to regenerate over 10,000 hectares of high-abundance koala habitat by 2034.

KFCI goes above and beyond standard environmental planting carbon project requirements. It replicates original ecosystems and creates connectivity to maximise benefits for koalas and other iconic native animals. This is in addition to maximising carbon drawdown.

KFCI quality assures all its projects using the Koala Population and Habitat Condition Method accredited with Accounting for Nature and ensures permanence of the projects through 100-year permanence agreements with landholders.

To achieve scale a revolving planting fund has been created to cover the cost of establishing and maintaining new plantings, allowing landholders across Australia's East Coast to participate. Key project partners include WWF Australia, Climate Friendly, and Accounting for Nature.

For more information see [Koala Friendly Carbon](#).

### **Further guidance**

Detailed information about the Australian Carbon Credit Union Scheme, including information about registered projects and ACCU scheme methods, is available at the Clean Energy Regulators website. See <https://cer.gov.au/schemes/australian-carbon-credit-unit-scheme>

The [Carbon Market Institute](#) provides a ranges of factsheets about the carbon market including [Carbon Markets: An Overview](#).

### *Biodiversity credit markets (including Nature Repair Market)*

Biodiversity credits are a unit that can be bought and sold and which represent a positive biodiversity outcome achieved by a nature-based solutions project registered under a biodiversity credit scheme based on scientifically derived and measurable metrics for biodiversity, and which is not used to offset an equivalent negative impact on biodiversity elsewhere.<sup>92</sup>

While relatively new, with between US\$325,000 and US\$1,870,000 worth of credits sold to date worldwide,<sup>93</sup> there has been increasing interest in voluntary biodiversity credit markets, especially their potential to contribute to global biodiversity and nature positive goals.

Australia is establishing itself in a leader in biodiversity credit markets through the establishment of the Nature Repair Market, which is being created as part of a suite of initiatives under the Australian Government's Nature Positive Plan. The *Nature Repair Act 2023* was passed in December 2023, and the market is expected to be operating in 2025.

The Nature Repair Market will set up a new, voluntary system under which eligible landholders can register and certify biodiversity conservation and restoration projects. Projects would have to use approved methods, and outcomes would need to be verified, resulting in certificates that could be sold to public or private investors and tracked through a national register. It is intended to stimulate investment in biodiversity conservation and restoration.

The private land conservation sector will be critical to delivering the on-ground conservation work under the Nature Repair Market. Alongside increased government investment, a high-integrity Nature Repair Market has the potential to facilitate the financial support needed to maintain and expand the work of the private land conservation sector in reversing nature decline.

Just how much conservation finance will flow as a result of the Nature Repair Market is unknown. The Australian Government expects demand for the market to come from a range of sources including:

- investment driven by reporting and disclosure requirements such as the [Taskforce for Nature Related Financial Disclosures framework](#)
- philanthropic, environmental, and CSR/ESG-motivated investment
- carbon market participants seeking projects which also benefit nature.

### **How the Nature Repair Market will work**

When the market opens in 2025, people who are interested in registering projects must apply to the Clean Energy Regulator. Applicants will need to demonstrate that the project will:

- implement an approved method
- comply with the requirements expected of projects
- likely deliver improved biodiversity outcomes.

Project participants who run successful projects can apply for one biodiversity certificate to be issued for each project. These certificates can then be sold to private buyers to generate income or deposited with the Australian Government. Certificates held by the Australian Government would still be in effect and represent a commitment to the project but could not be further transferred or sold.

As with the Australian Carbon Credit Unit Scheme, the Nature Repair Market will have methodology determinations (methods) that outline the rules for eligible projects.

[Source: Clean Energy Regulator](#)

While the Nature Market is not operating at the time of publication, other voluntary biodiversity credit markets are currently in operation in Australia. They include:

- [Wilderlands](#), which has developed the 'Biological Diversity Unit', representing one square metre with a promise of 20 years of active management and permanent protection. Since inception Wilderlands has protected close to 150,000 m<sup>2</sup> of Australian habitat.
- [NaturePlus™](#), which has been developed by GreenCollar and applies a scientifically robust environmental accounting framework provided by

Accounting for Nature® to benchmark, measure and track environmental condition of native species and ecosystems on a global scale. NaturePlus™ has generated over 60,000 biodiversity credits.

## Further guidance

Pollination published a report in 2024 on the [State of Voluntary Biodiversity Markets](#).

Detailed information about the Nature Repair Market including information about registered projects and Nature Repair Market methods will be available at the Clean Energy Regulators website. See <https://cer.gov.au/schemes/nature-repair-market>

## CASE STUDY – Cassowary Credits

Terrain NRM designed its own biodiversity credit scheme to meet the environmental and community needs of the Wet Tropics in far north-east Queensland.

Tropical North Queensland is home to 2 interconnected World Heritage areas – the Wet Tropics Forests and the Great Barrier Reef. The area is a biodiversity hotspot, but is threatened by development pressure, invasive species and climate change.

### The challenge

Bronwyn Robertson, Project Leader at Terrain NRM, says that science shows repairing and restoring forest areas is one of the most important things for building resilience against threats to the Wet Tropics.

*In our region building a resilient landscape means connecting up some of those fragmented remnants, expanding really critical high altitude upland forest areas for climate refuge, and buffering the protected World Heritage area. If we can do all those things, we can really build resilience to the threats.*

Terrain NRM found that none of the existing market schemes would meet the needs of the landscape, with its diverse tropical ecosystems, or directly deliver social and cultural benefits to the regional communities. Terrain NRM undertook a feasibility study and engaged with the local community, and Cassowary Credits were born. ‘Designing the scheme from scratch gave us that opportunity to build in the critical requirements for benefits to flow to Rainforest Aboriginal People and the broader regional community’, Bronwyn says.

### A fit for purpose scheme

In late 2018, Terrain NRM began investigating environmental market schemes as a way to bring additional investment into the region that would deliver positive outcomes for the environment and communities of the Wet Tropics. The scheme provides a framework to

quantify the biodiversity gain from projects and convert this to biodiversity credits. Projects will also deliver carbon outcomes, and testing is underway to determine if a Cassowary Credit project can be stacked with a carbon project to generate both biodiversity and carbon credits. After nearly 5 years of feasibility studies, community engagement, methodology and scheme design, technical review, testing field methods and establishing independent governance, pilot projects began in 2024.

For more information see [terrain.org.au](https://terrain.org.au)

### **CASE STUDY – Coorong Lakes, Cassinia Environmental**

The Coorong Lakes/Mt Sandy project has used 2 types of voluntary biodiversity credits to enable the purchase and protection of a 200-hectare nature reserve by Cassinia Environmental in collaboration with the Ngarrindjeri First Nations community.

This South Australian property is an extremely rare high-quality remnant patch and plays a critical role in the regional ecosystem, notably complementing the adjacent Lake Alexandrina, Lake Albert and Coorong Lagoon systems where the Murray River meets the sea. The property is one of the last pockets of intact native remnant vegetation in a region that has largely been cleared for agriculture. The reserve hosts the slender smoke-bush, a species listed as endangered on the IUCN Red List of Threatened Species, and boasts a remarkable native orchid diversity, including the largest known private land population of the nationally endangered metallic sun-orchid.

Cassinia Environmental is an Australian company that purchases, protects and restores sites of high biodiversity significance, using a mix of funding from the carbon market, impact investments, the biodiversity offsets market, voluntary biodiversity credits, sustainable agriculture and government grants. Cassinia purchased the Coorong Lakes property about 5 years ago, recognising its important contributions to the functioning of the Coorong Lagoon systems and its potential cultural significance to the Ngarrindjeri.

Cassinia initially worked with South Pole Carbon in 2019 to set up the Mt Sandy project as part of their Eco-Australia projects, which combine carbon and biodiversity projects.

Cassinia also helped to found [Wilderlands](#) in 2021, a team focused exclusively on voluntary biodiversity protection, to enable the private sector to convert their nature-related commitments to on-ground protection through the voluntary purchase of Biological Diversity Units.

The Coorong Lakes/Mt Sandy project utilises a unique financial model, with project revenues initially being used to secure the site, and the freehold then beginning the process of transfer

to the Ngarrindjeri Aboriginal Corporation, with subsequent revenues and management actions to be shared between Cassinia and the Ngarrindjeri and a proportion of revenues put into reserve for the implementation of a 20-year management plan. This enables the Ngarrindjeri to be the long-term owners and stewards of this culturally significant land.

Biodiversity Units are created and registered through the South Australian Government's policy for Significant Environmental Benefit (SEB), and monitoring of management actions is undertaken by the SA Department of Environment and Water, ensuring a robust measurement framework and integrity. Credits created under the SEB framework are then retired and transferred to an independent third-party registry managed by Vegetation Link.

Credits from the project have been sold to companies seeking to recognise and counterbalance their impacts on nature, including personal and homecare brand [al.ive body](#) and the [Adelaide Festival](#). Conservation volunteer [Sally Shaw](#) also provided a contribution to the project to recognise the legacy of her father's passion for nature conservation.

Cassinia Environmental notes that it takes an appetite for risk, and collaboration with the right partners, to pull together a first-of-a-kind project like Coorong Lakes, and it believes that the project demonstrates a model which allows for multiple goals – ecological, cultural and economic – to be realised simultaneously.

### *Biodiversity offsets*

Biodiversity offset markets have been operating in Australia for some time. They usually occur as part of a development approval process whereby a developer, to compensate for environmental damage, is required to offset that damage with an equivalent or greater benefit in another area.

While biodiversity offsets generate conservation finance flows, their use has been contentious. A number of recent reviews have found that in some jurisdictions there is insufficient oversight to ensure that a genuine offset is being provided and that they are not being used, as they should be in practice, as a tool of last resort.

The IUCN recommends that biodiversity offsets only be used for projects that have applied the mitigation hierarchy while asserting that the aim of offsets should be to achieve no net loss and preferably a net gain of biodiversity. The IUCN also states that in some cases offsets shouldn't be used at all.

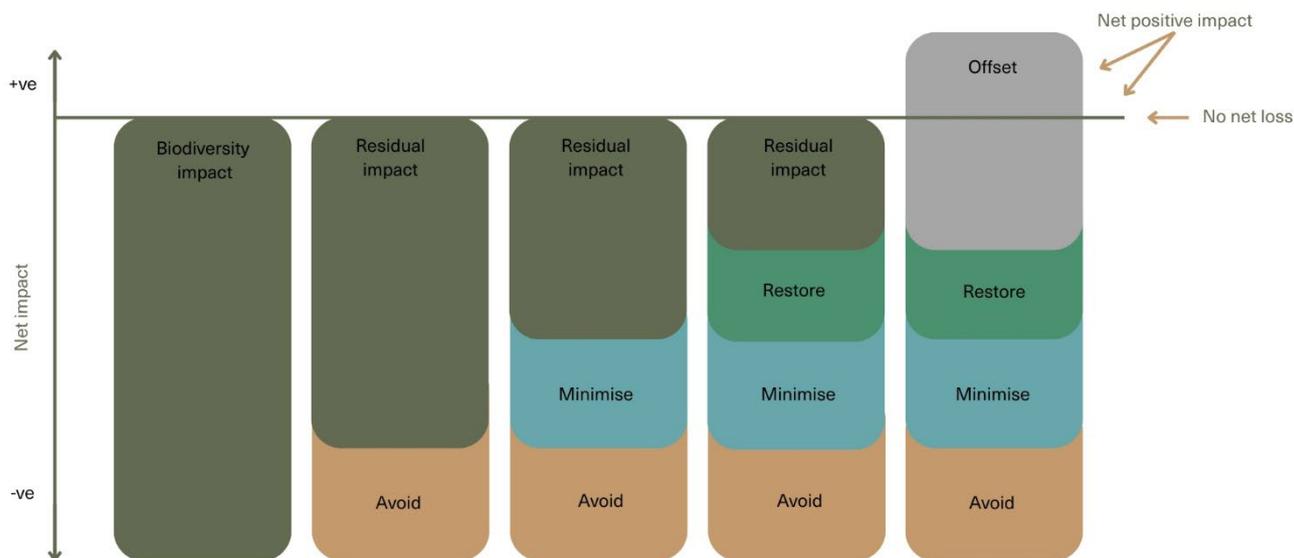


Figure 18: IUCN mitigation hierarchy. Adapted from [The Biodiversity Consultancy](#)

It is for these reasons that ALCA and others were unsupportive of the initial approach to have offsets included as part of the Nature Repair Market. As put by ALCA at the time:

*Environmental offsets are compensatory mechanisms and are used to facilitate land clearance and destruction of native vegetation and habitat. Markets for offsets have failed to deliver on their promise of achieving even a status quo outcome for nature.*

Biodiversity offsets do provide opportunities to increase financial flows to conservation and the private conservation sector can implement these projects to high quality and with high integrity.

### Further guidance

For information about environmental and biodiversity offsets in Australian jurisdictions see:

Commonwealth: <https://www.dcceew.gov.au/environment/epbc/approvals/offsets>

New South Wales: <https://www2.environment.nsw.gov.au/topics/animals-and-plants/biodiversity-offsets-scheme>

Victoria: <https://www.environment.vic.gov.au/native-vegetation/native-vegetation-removal-regulations/offsets-for-the-removal-of-native-vegetation>

Queensland: <https://www.qld.gov.au/environment/management/environmental/offsets>

South Australia: <https://www.environment.sa.gov.au/topics/native-vegetation/offsetting>

Western Australia: <https://www.wa.gov.au/service/environment/environmental-impact-assessment/environmental-offsets>

Northern Territory se: <https://environment.nt.gov.au/environment/northern-territory-offsets-framework/northern-territory-biodiversity-offsets-policy>

Australian Capital Territory: <https://www.environment.act.gov.au/ACT-parks-conservation/environmental-offsets>

## Revolving land funds

A revolving land fund, or simply revolving fund, uses the real estate market to achieve protection of high-value conservation land via an approach known as ‘purchase–protect–resale–repeat’. Often held by land trusts, but also by governments or private sector entities, the fund is a capital sum which is used to purchase, protect (via a conservation covenant) and then sell the land on the open real-estate market. The proceeds of that sale are then used to fund future land purchases. This means that the funding in a revolving fund is used multiple times to fund multiple purchases.

A revolving fund can potentially be self-sustaining if the fund is able to recover its purchase and holding costs when re-selling properties. This will depend upon market conditions, but even if its value diminishes over time a revolving fund can still leverage its funding significantly by making multiple purchases and sales with the same capital sum. Depending on its structure it can potentially use private funding and generate a return, particularly if government or philanthropic funding is available to de-risk it.

While revolving funds use the real estate market to operate, they do need to be established by a large injection of initial funding. In Australia, this has typically come from government and/or philanthropy.

### Snapshot Assessment

	Current use	Scalability	Relative ease of deployment
Revolving land funds			

### Further Guidance

Information about revolving funds operating across Australia can be found at: <https://www.dcceew.gov.au/environment/biodiversity/conservation/revolving-funds>

### CASE STUDY – BushBank revolving fund: Nature Foundation

Nature Foundation’s Bushbank SA program purchases and protects blocks of high biodiversity value by on-selling that land to people who value and care for nature.

Bushbank SA was established in 2003 with equal funding from the SA and Commonwealth governments, with all proceeds going back into a fund to support future land purchases and protect our natural environment. Bushbank SA works to:

- Make a long-lasting contribution to the conservation of significant wildlife and habitat especially for nationally endangered or threatened ecological communities or species.
- Provide a benefit to the community through the preservation of South Australia's beautiful natural landscapes.
- Assist landholders to make an important contribution to protecting our biodiversity.
- Return all proceeds from sales to the fund to support further purchases and to protect our natural environment.

Initial state and Commonwealth investment of \$1.4 million has revolved through just over \$3.6 million of property. Key highlights include:

- 16 properties purchased
- 22 properties sold to landholders committed to conservation
- 12,614 hectares of land with high biodiversity values placed under a Heritage Agreement.



Figure 19: A Bushbank SA property.

## Loans

Simply described, a loan 'is the lending of money to a party (borrower) coupled with the obligation that the loan amount (principal) plus interest will be repaid at a future date'.<sup>94</sup> There are 2 main types of loans in Australia.

- mortgage- or asset-based lending wherein real estate or other assets are used as security
- Cash-flow lending wherein a loan is based on previous and projected future cash flows or earnings.

Because of the various economic tests required to get a loan, cash flows that benefit nature are usually a co-benefit of the loan purpose. For example, this could be through a loan to support a carbon farming project that may benefit nature through environmental tree plantings.

Loans can be a useful tool for conservation organisations looking to secure high-value conservation properties pending raising sufficient funds for the purchase. The loan could be issued by a bank or other financial institution, or by 'friends' of the organisation, and could be paired with credit enhancement tools such as a loan guarantee to provide the lender with sufficient assurance of repayment needed to grant the loan.

Australia's largest banks have shown an increased appetite to lend towards sustainable purposes. The Commonwealth Bank has targeted \$70 billion<sup>95</sup> of funding towards sustainable finance by 2030 and ANZ has a target of \$100 billion by the same date<sup>96</sup>

### **Sustainability-linked loans**

Sustainability-linked loans have economic characteristics that can vary 'depending on whether the borrower achieves ambitious, material and quantifiable predetermined sustainability performance objectives'.<sup>97</sup> Importantly, the use of the loan proceeds is a determinant of the loan's categorisation as a sustainability-linked loan – most proceeds will be used for general corporate purposes. Lenders look to support a borrower in improving its sustainability performance by applying pre-determined sustainability performance targets to predefined key performance indicators.<sup>98</sup>

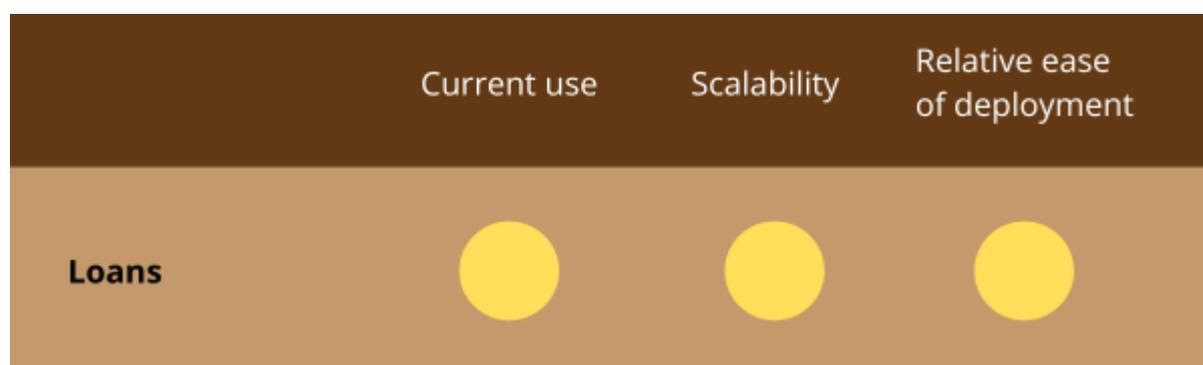
The Sustainability-Linked Loan Principles set out a voluntary framework based on 5 core components:

- selection of key performance indicators

- calibration of sustainability performance targets
- loan characteristics
- reporting
- verification.

Since 2018, interest in sustainability-linked loans has grown steadily in the Australian market. The sustainability targets within sustainability-linked loans can cover a broad range of topics, such as greenhouse gas emissions, use of renewables, recycled content in products and gender pay equity. It appears that only a very small portion of sustainability-linked loans issued to date have targets directly related to nature (see the Case Study below for an example).

### Snapshot Assessment



### Further Guidance

The Australian Government outlines several considerations regarding business loans that are relevant for conservation finance organisations. See

<https://business.gov.au/finance/funding/apply-for-a-business-loan>

### CASE STUDY – Wedgetail investing for ecological outcomes

Since 2021, Wedgetail has deployed over \$17 million into projects across 15 countries using a strategic blend of loans, grants and equity investments.

Wedgetail’s unique ‘Nature-Linked Loans’ tie financial incentives to ecological outcomes. These loans begin with competitive interest rates and co-designed ‘Nature Milestones’. As these milestones are achieved the interest rate reduces, directly rewarding biodiversity-positive practices and demonstrating the power of finance as a tool for ecological progress. For example, a Wedgetail loan supports the world’s first Bird Friendly-certified cacao farm, [Zorzal](#), in its efforts to use cacao production to finance conservation while supporting neighbouring farmers in adopting sustainable practices.

Wedgetail invests in nature-tech startups in exchange for equity, with a focus on measurement, reporting and verification technologies that improve understanding of biodiversity and measure impact. For instance, Wedgetail has invested in [Agronomeye](#), an Australian company that creates interactive digital twins of properties for land stewards. The tool provides detailed terrain, water and vegetation imagery and analysis, informing and accelerating property management decision making.

Through the Wedgetail Foundation, grants are directed towards catalytic projects, scientific research, storytelling and large-scale landscape conservation and restoration. As an example, a Wedgetail grant supports [Pro Eco Azuero](#) in its efforts to reforest sections of an 80-kilometre biological corridor in Panama and protect habitat for the critically endangered Azuero spider monkey.

Wedgetail's blended finance strategy is a recognition that restoring biodiversity and driving regeneration towards a thriving planet for all species requires diverse financial solutions. By leveraging loans, equity investments and grants, Wedgetail is able to strategically invest across ecosystems and value chains to deliver measurable biodiversity outcomes, strengthen livelihoods and foster financial resilience.

#### **CASE STUDY – Cairns Airport's sustainability-linked loan<sup>99</sup>**

The owner of Cairns Airport has a sustainability-linked loan from Westpac, Commonwealth Bank and NAB that is linked to a number of sustainability initiatives. One of those initiatives is a plan to regenerate and protect at least 3 threatened species and their habitats, in partnership with Dawul Wuru Aboriginal Corporation's Yirrganydji Land and Sea Ranger Program. When launched in 2022, the biodiversity target in the loan agreement was believed to be the first of its kind in Australia.

Other initiatives linked to the loan include reduction of greenhouse gas emissions to net zero by 2025, and support of First Nations peoples including by prioritising First Nations procurement.

### **Green bonds**

A bond is a 'fixed income investment' made by an investor to a borrower, where the investor receives income in the form of interest at a fixed rate (the 'coupon rate') over a defined term, with the principal being repaid at the end of the term.

Green bonds have the same financial structure as traditional bonds – namely, they are a way for an entity to raise capital by borrowing money from other entities on the basis that the money will be repaid with a fixed amount of interest. Standardised definitions of green bonds

are still in development in both Australia and internationally.<sup>100</sup> One of the most commonly used guidelines is based on 4 main criteria:<sup>101</sup>

- Use of proceeds – the projects have clear environmental benefits.
- Process for project evaluation and selection – should be disclosed such that investors can clearly assess a project’s environmental criteria and how the issuer determined its ability to meet sustainability criteria.
- Allocation of proceeds – the issuer should provide a transparent easy for these to be tracked.
- Annual reports – should be published that detail the full set of projects funded by green bonds, including their progress, the amounts allocated to them and their expected environmental benefits.

The guidelines also recommend that green bonds are subject to external review to confirm their alignment with these criteria. In practice, this has become an effective requirement for most Australian green bonds to gain acceptance.<sup>102</sup>

The green bond market was established in 2007, with issuances growing to over US\$570 billion in 2023 (a 3% increase on 2022).<sup>103</sup> In Australia, the main issuers of green bonds are state treasury corporations, major Australian banks and ‘kangaroo issuers’ - non-resident organisations that issue AUD bonds into the Australian market. They are mostly used to fund clean transport projects, energy efficiency projects, green construction/buildings and climate change adaptation.<sup>104</sup> Thus, green bonds do not typically fund direct conservation projects. Two exceptions to this are the Saving Koalas Fund and Reef 2050 fund, which are both eligible for investment under the Australian Government’s green bond program (see box).

## Green Bonds and conservation

The Australian Government launched its first Green Treasury Bond in 2024 with a A\$7 billion issuance with the following objectives:

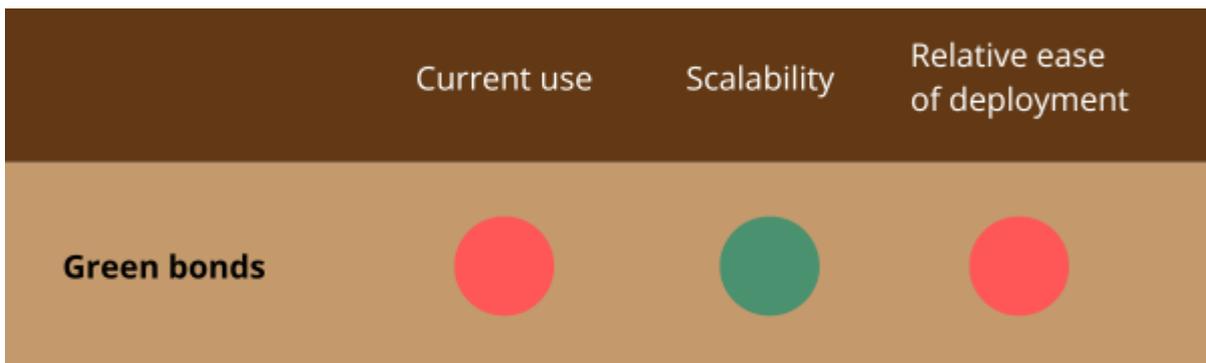
1. Enable investors to back public projects that drive Australia's net zero transformation and support environmental objectives.
2. Help finance high-quality Australian Government projects with targeted environmental outcomes that are monitored on and reported on.
3. Boost the scale and credibility of Australia's green finance market and attract more green capital to Australia by increasing transparency around climate outcomes and the scale of green investments available.

The issuance was oversubscribed, with over A\$22 billion in bids. Indicative eligible nature expenditures this bond covers includes funding to:

4. Support the recovery of Australia's unique plants, animals and ecological communities.
5. Protect and conserve area's of importance for biodiversity.

La Trobe University [recently issued its first green bond offering](#) with a \$175 million bond. The funding 'will be used exclusively to fund a diverse range of eligible eco-friendly projects and initiatives in areas such as renewable energy, green building, sustainable water and waste management and terrestrial and aquatic biodiversity conservation'.

## Snapshot Assessment



## Impact investments

Impact Investment Australia defines impact investing as 'investments made into organisations, projects or funds with the intention of generating measurable social and environmental outcomes, alongside a financial return.'<sup>105</sup>The Global Impact Investment Network estimates that the current size of the impact investing market is US\$1.164 trillion;<sup>106</sup> while the Australian market is comparatively small, it is a growing area with the Responsible

Investment Association of Australasia (RIAA) finding that impact investments nearly doubled from A\$30 billion in 2021 to A\$59 billion in 2022.

The growth in impact investing is bringing with it opportunities to increase environmental finance flows, including in areas such as sustainable timber plantations, agricultural lands, fisheries and water rights.<sup>107,108</sup> The 2023 RIAA Benchmark Report identified that a 'key growth area is investments under conservation, environment and agriculture themes, targeted by 12 funds'.<sup>109</sup>

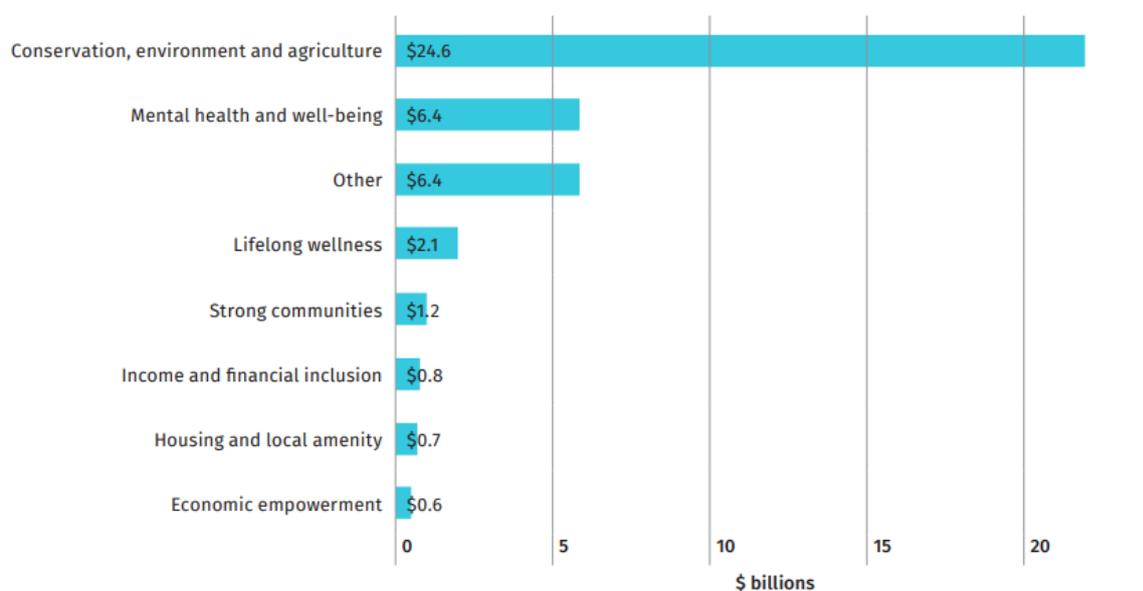


Figure 20: Areas support by impact investment products in 2022 (AUM). Source: [RIAA Benchmark report 2023](#)

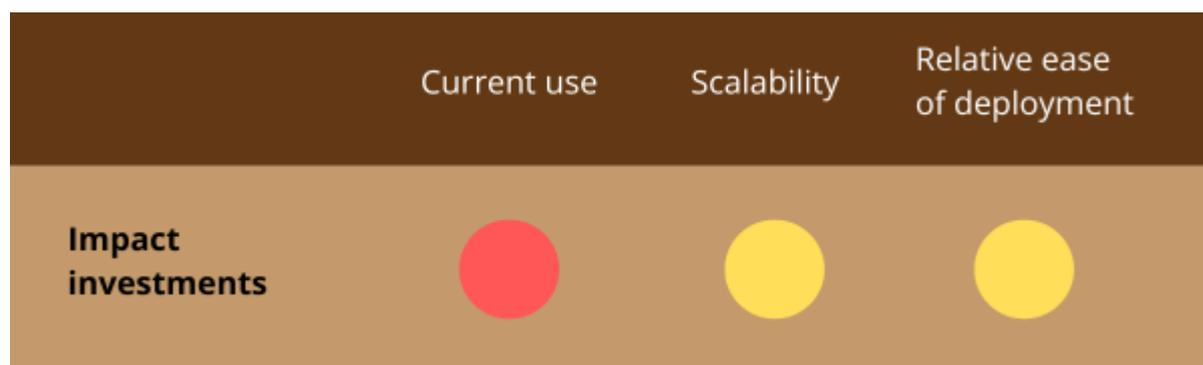
Australian examples of land based impact investing include:

- Kilter Rural launching the Kilter Agriculture Fund (KAF). This fund was developed to provide economic returns through investing in regenerative agriculture, delivering cropping activity alongside aims to 'cover up to 30% of the landscape with native vegetation and deliver carbon-sequestration outcomes' ([KilterRural\\_ESG\\_Report\\_2023.pdf](#)).
- The partnership between Conscious Investment Management, a leading global impact investment manager, and Greening Australia to deliver biodiverse environmental planting projects across Australia backed by an innovative financing model. This included the purchase of a [755-hectare property in Southern New South Wales](#) where 140,000 native trees and shrubs will be planted in 2025 (see Case Study below for further details).

- [The Tiverton Agriculture Impact Fund](#), which has a portfolio of investments across the sustainable farming and regenerative agriculture sector, including investments in farms and a carbon sequestration project originator, Carbon Neutral.

Impact investing brings opportunities to create environmental and social outcomes simultaneously with financial returns. The Rejuvenation Trees project, owned and managed by the Esperance Tjaltjraak Native Title Aboriginal Corporation (ENTAC) is an example of this kind of approach. ENTAC worked with Carbon Neutral and the Odonata Foundation to purchase a 4000-hectare property, Kardutjaanup. A low-interest loan was provided to ENTAC for the Rejuvenation Trees Project, and ‘by seeking corporate sponsors for each tree planted, sequestering carbon through the project, and potentially commercialising some non-timber forest products that will be produced, not only will ENTAC be able to pay the loan off - it will also be able to drive funding towards its own services to its community’.<sup>110</sup>

### Snapshot Assessment



### Further Guidance

In approaching impact investors for conservation projects it should be kept in mind that these investors are seeking a financial return alongside environmental and/or social returns. Make sure you’re able to demonstrate how a project will deliver financial returns alongside these environmental and social returns.

## CASE STUDY – Impact investing for nature at Caddigat Road

### About the project

In 2024, environmental not-for-profit Greening Australia partnered with Conscious Investment Management (CIM) to deliver biodiverse environmental planting projects across Australia. In May 2024 they made their first investment, with the purchase of a 755-hectare property in southern NSW. Approximately 400 native trees and shrubs per hectare will be planted across 435 hectares of the property, with most of these being planted in 2025.

The project has been registered with the Clean Energy Regulator with a 100-year permanence period. Greening Australia acts as landowner and project developer and CIM has provided funding to enable land purchase and restoration of the property. At the end of CIM's loan term (25 years) Greening Australia will remain the unencumbered owner of the property into the future, so that the land is conserved for generations to come.

Restoration of the property is designed to benefit several nationally listed woodland bird species, including the hooded robin, diamond firetail and southern whiteface, and will contribute to the recovery of the critically endangered Monaro Tableland Cool Temperate Grassy Woodland vegetation community. These woodland birds typically require a combination of habitat factors such as shrubs, native grasses and fallen timber to successfully forage.

The property hosts remnant vegetation and key habitat features such as fallen timber, hollows, mature trees, a rich shrub layer (mostly in the inaccessible rocky areas), native grasses and wildflowers. It also borders the Murrumbidgee River, home to platypus and Macquarie perch.

#### Motivations for investment

CIM is an impact investment fund which invests across Australia alongside its impact partners (typically not-for-profits) to deliver positive social or environmental impact alongside sustainable financial returns. CIM recognises the alarming rates of biodiversity collapse and species extinction across Australia and that natural capital is an investible asset class which can support climate and biodiversity outcomes.

CIM partnered with Greening Australia under an investment model which aims to deliver environmental planting projects with a focus on biodiversity and climate resilience while structurally embedding perpetual land custodianship.

#### Barriers to investment (and how they were overcome)

The key barrier for not-for-profit environmental enterprises in delivering outcomes for nature is finding aligned capital providers to fund land purchase and restoration costs. This barrier was overcome through partnering with CIM to develop a novel investment model whereby CIM provides financing for land and carbon project costs under a unique loan structure, with repayments linked to the generation and sale of Australian Carbon Credit Units (ACCUs).

#### Opportunities to scale

Greening Australia and CIM intend to scale up the model across Australia in coming years. The structure is replicable, with key factors that need to remain in place to facilitate this scale-up including property availability, supportive and stable government policy and buyer demand for high-quality credits.

Key to the success of such a partnership is the values alignment between the organisations and the willingness on both sides to work collaboratively through challenges as they arise.

### The role of government

The project is privately financed through CIM's underlying investor base, which includes mission-aligned individuals, foundations and institutional investors.

The project is registered with the Clean Energy Regulator as an Environmental Plantings project which allows ACCUs to be generated and traded to facilitate repayment of the loan, with government thus acting as an enabler for the project.



Figure 21: Remnant vegetation on the Caddigat Road property. Source: Greening Australia

## Sustainable supply chains

The private sector is facing pressure from a variety of sources to improve the sustainability credentials of its supply chains, such as through the European Union's recent deforestation-free mandates for imported products.

Certification programs are also being utilised to enhance the brand of products as they can provide a verified standard – for example, the 'Green Star' building rating system which provides a standard for healthy, resilient, positive buildings and places.<sup>111</sup>

These drivers can convert to indirect funding for nature as the private sector reorients to become more sustainable.

### *Supply chain*

A supply chain is 'the effort and resources that contribute to the delivery of goods and services from a supplier to an end user'.<sup>112</sup> A supply chain can interact with nature in a number of ways.

As an example, a food production company is likely to require clean water and the pollination of crops as inputs into its supply chain. As companies come to understand the reliance on nature in their supply chains, they develop strategies to support supply chain continuity – for example, investing in wetlands to support clean water.

Supply chains can also be impacted by policy changes and sustainability commitments. In 2024 the European Union passed the *Supply Chain Act*, which requires European companies to respect human rights and environmental standards in their supply chains.<sup>113</sup> Further, under the European Union Deforestation Regulation, Australian companies wishing to export to the EU will ‘have to meet new rules relating to the land on which they were produced. Exporters will need to ensure the land has not been subject to deforestation or forest degradation since 31 December 2020’.<sup>114</sup> While this rule has not come into effect at the time of publication, there remains an increased focus on the relationship between beef production and deforestation in Australia, with Woolworths and ALDI both making deforestation-free commitments and increased pressure from advocacy groups for other supermarkets to make similar commitments.<sup>115</sup>

### *Green product and service certification*

Certification provides a standardised framework for quantifying and verifying the environmental and economic outcomes of a good or service. It also attempts to value and incorporate the ecosystem services of a good or service into its market price. Certification can be undertaken internally within an organisation or project, or externally by a third party, can be used across various investment instruments, and can apply differing processes or principles, ensuring the certification standard is appropriate to the context to produce accurate findings.

Third-party green product and service certification programs can be applicable to whole supply chains or to specific procedures or practices and involve assessing, measuring and monitoring procedures, practices or outcomes against the relevant externally set requirements of the certification standard. Non-compliance results in no certificate being issued.<sup>116</sup> Through third-party verification, the reliability, accuracy and credibility of the certification standard and the environmental activity undertaken is guaranteed; this is especially important for consumers and shareholders who use certification standards to determine which businesses, goods or services they wish to support.<sup>117</sup> Certification effectively acts as a guarantee to stakeholders that the business or activity is producing verified environmental benefits.

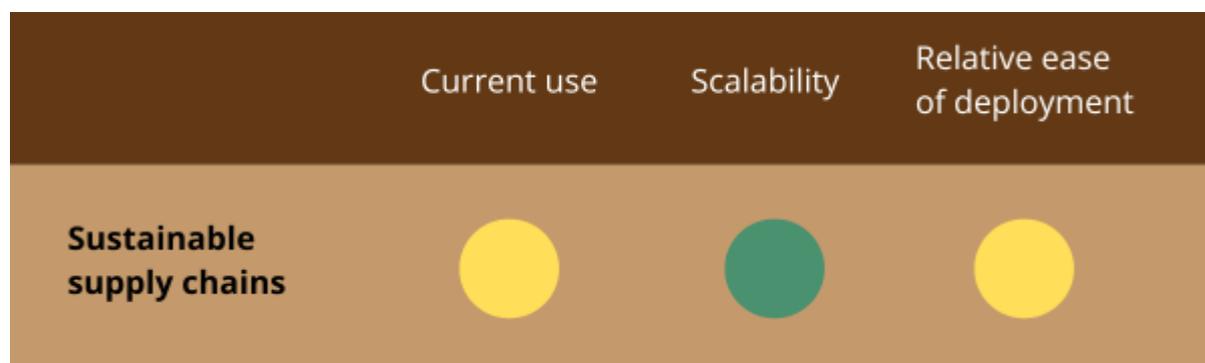
Certification schemes can be used by conservation finance stakeholders to meet regulatory reporting requirements or investor and industry expectations on conservation outcomes. For

example, organic certification may be used in sustainable agriculture to prove conservation outcomes of reduced fertiliser usage (leading to less water pollution) to investors. Certification programs can also help investors increase their economic and environmental returns through price premiums and increasing consumer confidence in certified products.<sup>118</sup> Consumer confidence can result in long-term consumer loyalty and support of goods and services, translating to increased likelihood of economic stability of the goods or services.

Third-party standards and certification schemes that most commonly intersect with conservation investments are in the areas of carbon offsetting and sustainable forestry and agriculture. For example, over 150 million hectares of forests are certified to Forest Stewardship Council (FSC) standards.<sup>119</sup> Organic certification schemes in Australia include Australian Certified Organic and NASAA Certified Organic, with about 2,500 businesses certified as organic. Industry-wide revenue has grown over the past 5 years, with revenue anticipated to reach \$2.8 billion in 2023–24.<sup>120</sup>

Fair Trade and International Organisation for Standardisation and Environmental (ISO) Management Systems Certification are other examples of environmental certification standards.

### Snapshot Assessment



### Agriculture

Agriculture plays a central role in Australia’s economy, with 55% of Australia’s land used for agricultural purposes, contributing 13.6% of goods and services exports in 2022–23.<sup>121</sup>

Figure 22 below highlights the various ways in which Australia’s land is used for agricultural purposes.

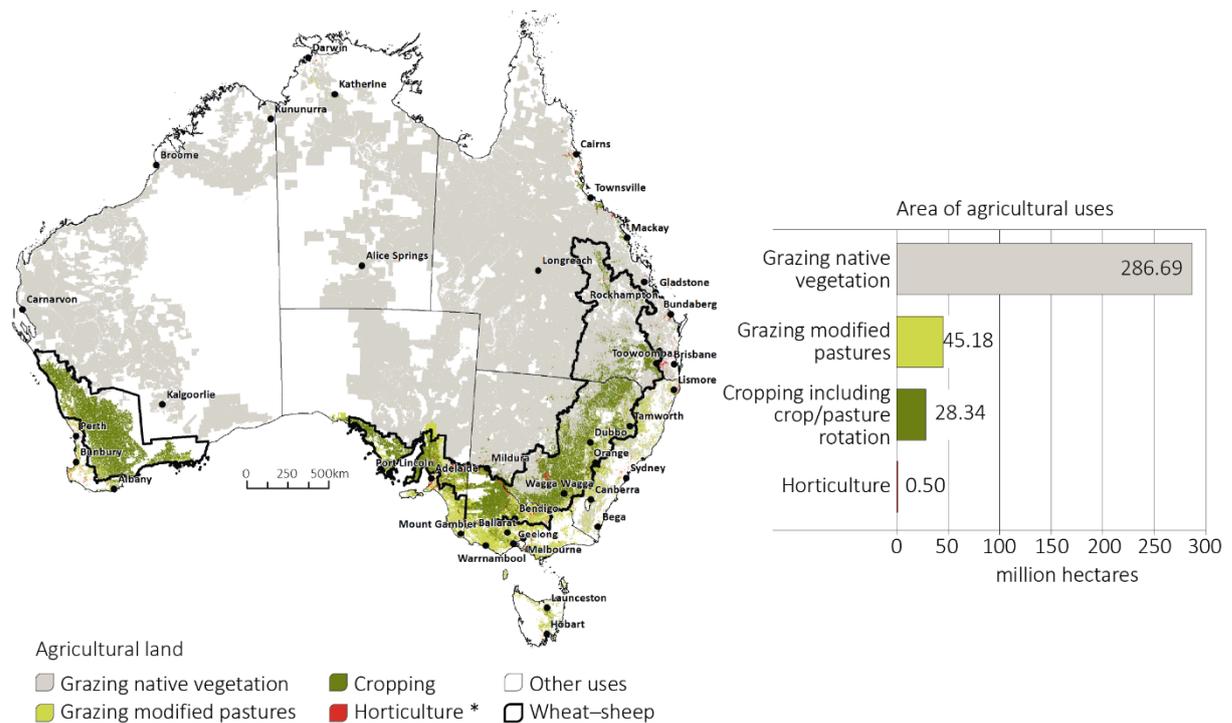


Figure 23: Agricultural production zones.<sup>122</sup>

Sustainable agriculture is receiving increasing attention worldwide, including in Australia. The Australian Agricultural Sustainability Framework,<sup>123</sup> a joint initiative of the National Farmers' Federation and the Australian Government, was developed in response to increasing pressure on the agricultural sector to demonstrate sustainability performance. The Framework is structured across 3 themes, with the first of the themes, Environmental Stewardship, including principles focused on protecting and enhancing biodiverse ecological communities, soil health, landscape degradation and water resources.

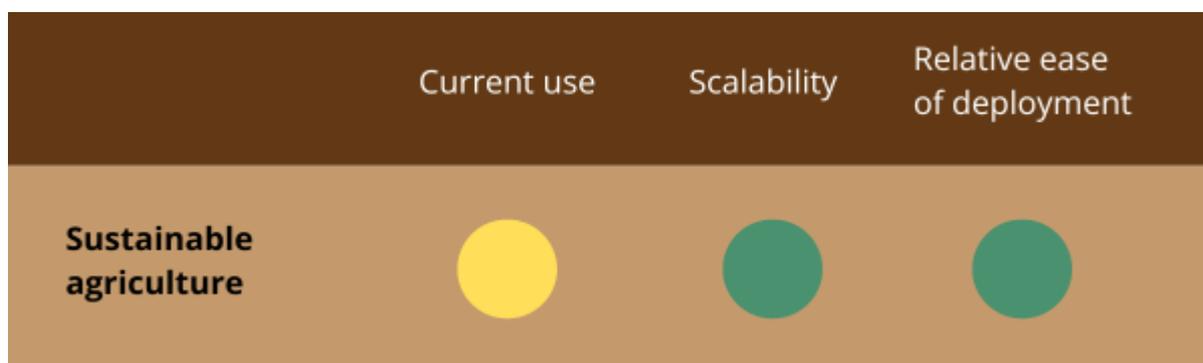
Against this backdrop, a move towards more sustainable agricultural production provides an opportunity for increases in conservation finance. These opportunities can include:

- **Partnerships:** There are increasing examples of partnerships occurring between the private land conservation sector and agriculture (see Case Study below). These partnerships leverage the ecological science expertise of private land conservation organisations to support agricultural businesses understand the environmental value of their land and derive benefit from this value. For example, the Australian Agricultural Company (AACo)'s Rangelands team is working with Bush Heritage Australia to assess the ecological value of natural assets as part of AACO exploring evolving nature and biodiversity markets.<sup>124</sup>
- **Natural capital:** There has been increased focus on understanding the relationship between natural capital and farm production. The [Farming for the](#)

[Future](#) research project notes that ‘[h]igh levels of farm productivity are possible from both intensive livestock enterprises (with low natural capital) and those with higher of natural capital, but high natural capital farms are more profitable in financial terms’ and that ‘the potential for private financial benefits is the most compelling reason for farmers to invest in natural capital improvements’.<sup>125</sup> Investors such as [Queensland Investment Commission](#) and the [Clean Energy Finance Corporation](#) are making significant investments into natural capital; for example, the CEFC has invested \$50 million as part of a \$200 million investment in Wilga Farming.<sup>126</sup>

- Environmental markets: Managing land to maximise carbon production<sup>127</sup> can provide an income for land managers (e.g. through the carbon market) while providing benefits for biodiversity. For Australia to achieve its Net Zero by 2050 commitments, the land sector will play a significant role as a carbon sink.<sup>128</sup> The emergence of the Nature Repair Market and other voluntary biodiversity credit markets could also provide opportunities for landholders to derive alternative income streams.

### Snapshot Assessment



### Further Guidance

Given the amount of Australia’s land that is used for agriculture, working in partnership with agriculture provides a range of opportunities for the private land conservation sector.

The case studies below highlight examples of a range of opportunities across the agriculture sector, from small landholders right through to very large landholders.

### CASE STUDY – AWC and NAPCo

The Australian Wildlife Conservancy (AWC) and North Australian Pastoral Company (NAPCo) are working in partnership to influence positive, measurable outcomes for biodiversity across NAPCo’s 6-million hectare estate.

NAPCo is one of Australia's largest private landholders and oldest cattle producers, operating across 14 properties in the Northern Territory and Queensland, and has been committed to sustainable environmental management for over a century.



Figure 23: Potential night parrot habitat on NAPCo property (Source: Andrew Howe).

Large tracts of NAPCO's properties retain healthy ecosystems, with 395,794 hectares set aside as dedicated nature refuges. Given this commitment and the scale of operations, these vast stations have considerable conservation value and will expand substantially upon AWC's existing conservation efforts.

Tim Allard, AWC's Chief Executive Officer, says that while pastoralism and conservation may have been viewed as unusual bedfellows in the past, pragmatic, unconventional partnerships such as these are crucial for unlocking conservation at scale.

Around 427 million hectares (or approximately 55%) of the Australian continent is used for pastoralism and agriculture. Partnerships such as these offer an exciting pathway for catalysing positive change and deploying large-scale conservation. An integrated approach is expected to generate positive outcomes for conservation as well as for pastoral productivity, providing incentives for all parties.

## CASE STUDY – GreenCollar and Argyle Station

In 2004 the Rosser family purchased Argyle Station at Wanaaring, New South Wales, in the middle of the millennium drought. They thought it would rain soon, but it took another 5 years before the rain came.

When it did, grass came back like they'd never seen before. They became protective of that grass cover and started looking at ways to keep that grass. That is when they started working with GreenCollar on carbon farming.

By partnering with GreenCollar, initially for carbon now for NaturePlus™, the Rossers have accessed an injection of off farm funds that has allowed them to revolutionise their grazing management and mitigate the grazing effects on regenerating native forest.

Their work has involved adapting their land management to improve the health of the red sandy mulga country of Argyle Station with a view to aiding recovery of drought-affected country and enable the growth of multiple species of native vegetation – all while maintaining a healthy grazing enterprise.

For further information see [NSW graziers generate first NaturePlus™ credits. - GreenCollar](#)



Figure 24

## CASE STUDY – Regen Farmers Mutual

Regen Farmers Mutual is tapping into the conservation benefits of aggregating farmers within a landscape. This has several benefits for the environmental, social and economic conditions

of the region. Collaboration among multiple landholders provides each landholder a 'landscape-scale' approach that outperforms what can be achieved at 'farm scale'. Benefits include easier access to environmental projects, and hence markets (which favour big over small), improved supply chain negotiation power as industry moves to mandatory sustainability reporting, better coordinated biosecurity efforts, better connected habitat corridors, and more surface area interventions within a catchment (to genuinely improve landscape rehydration and reduce drought and flood risk). For the farmers involved the increased scale provides economic efficiencies and shares risk. There are also social wellbeing, improved learning outcomes, community resilience and improved mental health for participating farmers.

[Regen Farmers Mutual](#) is a relatively new business (established in 2022) and the process of working with landscape-specific outcomes and with multiple farmers simultaneously takes shape in a structured Landscape Impact Program. Regen Farmers Mutual has completed 7 Landscape Impact Programs as of November 2024 and has ambitions to see 100 conducted by 2030. The increased number of landscapes is possible thanks to the release in 2025 of resources to enable locally-facilitated and self-directed Landscape Impact Plans where regions gather sufficient local interest.

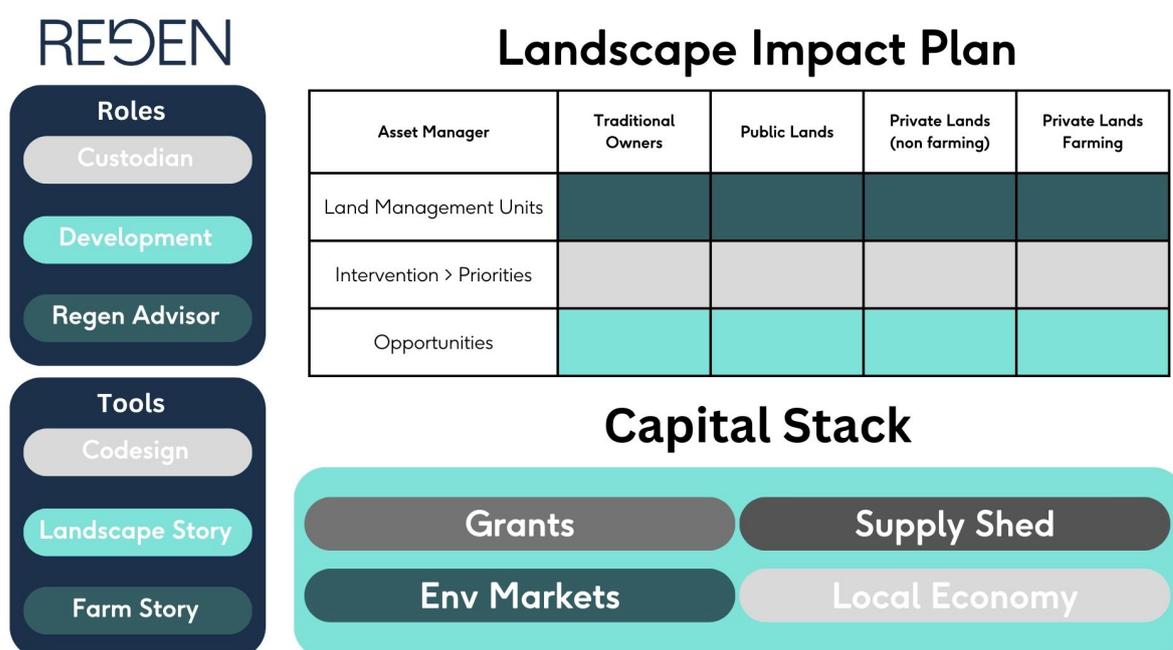


Figure 25: Regen Landscape Impact Plan. Source: Regen Farmers Mutual

## Insurance

Recent reports by the Insurance Council of Australia and Pollination note the role insurance can play in making progress towards nature-positive outcomes, as well as the opportunities for funding to flow from insurance to nature.

Pollination's report, [Through the Wilderness: The Role of Insurance in Unlocking Nature Finance](#), outlines 4 key roles the insurance sector can play (see Figure 26).

Four Key Roles for the Insurance Sector to Unlock Finance for Nature:

### Risk transfer to mobilise capital

- Adapt crop insurance solutions for transition finance for regenerative agriculture
- Scale use of existing insurance products for nature-based debt instruments

### Protecting natural assets

- Scale use of parametric products
- Incentivise habitat restoration through resilience insurance

### Enabling trading in environmental markets

- Expand insurance coverage for carbon markets
- Adapt offerings for other environmental markets

### Governance

- Investigate where traditional insurance incentivises nature and biodiversity loss

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Figure 26: 4 key roles for the insurance sector to unlock finance for nature (Source: [Through the Wilderness: The Role of Insurance in Unlocking Nature Finance](#)).

In its report [Advancing Resilient Nature Positive Insurance in Australia](#), the Insurance Council of Australia highlights that 'restoring waterways and wetlands in flood prone regions such as South-East Queensland and Northern NSW could provide better protections for communities and households'<sup>129</sup> and that the 'Australian Nature Repair Market could facilitate opportunities for insurers to invest in nature-based solutions that mitigate risk exposure and enhance native biodiversity'.<sup>130</sup>

Given the insurance sector's understanding of risk, and the opportunities that flow from this understanding, the sector is an area of potential increased investment in nature in the coming years.

## Snapshot Assessment

	Current use	Scalability	Relative ease of deployment
Insurance			

## Recap

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This Handbook has been designed to provide a comprehensive overview for the private land conservation sector of the range of enablers, mechanisms and approaches available to support conservation finance.

The global and Australia conservation finance gap is significant and no one solution will close this gap, with Australia's governments, the private sector and philanthropy all having unique and complementary investment roles. Only a united effort and the utilisation of a range of approaches and mechanisms, combined with comprehensive support, can address the scale of the challenge.

Governments must continue to deliver reforms to better protect, manage and restore our environment while creating regulatory and policy settings that enhance and enable increased investment and participation by the non-government sector. This must be prioritised alongside investment in developing the capacity and capabilities of the expanding and increasingly important conservation finance sector. Increased investment from governments – significantly higher than the current levels of less than 0.1% of the federal budget – will be critical. This should include a commitment to allocate at least 1% of budget expenditure to nature, including direct investment in and equitable benefit sharing for Aboriginal and Torres Strait Island communities. While the investment required is significant, it could be achieved by transitioning harmful subsidies to nature improvements.

The private sector must continue to engage with existing frameworks and tools such as the Taskforce on Nature-related Financial Disclosures and Science Based Targets Network to understand and respond to the severe risks being created by nature loss. Working with the private land conservation sector will ensure that nature investment is directed to the right places and delivered with integrity.

Philanthropy has a critical role in enhancing the outlook for Australia's natural environment. Some of Australia's most significant private land conservation achievements have been delivered in partnership with philanthropy. While philanthropic giving to the environment has been on the rise, closing the nature finance gap will require philanthropy to further increase its investment in nature.

There are a range of critical enablers that form the building blocks for increasing conservation finance, including the role of networks – such as ALCA's Conservation Finance Network – that

bring together key stakeholder to share knowledge, lessons and opportunities to scale up conservation finance in Australia.

ALCA will continue to play a key role in in advancing conservation finance in Australia. We hope you have found this Handbook a useful resource.

# References

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- <sup>1</sup> This figure represents a breadth of practice and includes the footprint where on-ground conservation outcomes are influenced through land ownership, management or partnership
- <sup>2</sup> See <https://www.acf.org.au/the-nature-based-economy-how-australias-prosperity-depends-on-nature>
- <sup>3</sup> See <https://www.weforum.org/publications/nature-risk-rising-why-the-crisis-engulfing-nature-matters-for-business-and-the-economy/>
- <sup>4</sup> See <https://pollinationgroup.com/wp-content/uploads/2023/11/Pollination-Nature-Finance-Focus.pdf>
- <sup>5</sup> See <https://www.cbd.int/article/cop15-final-text-kunming-montreal-gbf-221222>
- <sup>6</sup> See <https://www.paulsoninstitute.org/conservation/financing-nature-report/>
- <sup>7</sup> See [https://assets.bbhub.io/professional/sites/24/REPORT\\_Biodiversity\\_Finance\\_Factbook\\_master\\_230321.pdf](https://assets.bbhub.io/professional/sites/24/REPORT_Biodiversity_Finance_Factbook_master_230321.pdf)
- <sup>8</sup> As per the text of Target 19: Kunming-Montreal Global Biodiversity Framework, CBD/COP/15/L25, December 2022, <https://www.cbd.int/article/cop15-final-text-kunming-montreal-gbf-221222>
- <sup>9</sup> See <https://wentworthgroup.org/2024/07/blueprint-repair-australias-landscapes/>
- <sup>10</sup> As per the text of Target 3: Kunming-Montreal Global Biodiversity Framework, CBD/COP/15/L25, December 2022, <https://www.cbd.int/article/cop15-final-text-kunming-montreal-gbf-221222>
- <sup>11</sup> As per the text of Target 2: Kunming-Montreal Global Biodiversity Framework, CBD/COP/15/L25, December 2022, <https://www.cbd.int/article/cop15-final-text-kunming-montreal-gbf-221222>
- <sup>12</sup> See [The Price of Nature: Analysis of Government Spending on Biodiversity](#), May 2024.
- <sup>13</sup> See [alca.org.au/wp-content/uploads/2023/12/ALCA-Policy-Note-Enhanced-protection-conservation-covenants\\_November-2023-2.pdf](https://alca.org.au/wp-content/uploads/2023/12/ALCA-Policy-Note-Enhanced-protection-conservation-covenants_November-2023-2.pdf)
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