

National Reconstruction Fund Taskforce
Department of Industry, Science and Resources
Industry House, 10 Binara Street
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Online submission; cc: NRF_Consultations@industry.gov.au

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Dear National Reconstruction Fund Taskforce,

RE: Submission to the National Reconstruction Fund consultation

The Australian Land Conservation Alliance (ALCA) welcomes the opportunity to provide a submission to the Government's consultation on the implementation of the National Reconstruction Fund.

Please note that ALCA is happy for this submission to be published in full.

About the Australian Land Conservation Alliance

The Australian Land Conservation Alliance is the peak national body representing organisations that work to conserve, manage, and restore nature on privately managed land. We represent our members and supporters to grow the impact, capacity, and influence of private land conservation to achieve a healthy and resilient Australia. Our eleven members are:

- Australian Wildlife Conservancy
- Biodiversity Conservation Trust NSW
- Bush Heritage Australia
- Greening Australia
- Landcare Australia
- Nature Foundation
- Queensland Trust for Nature
- South Endeavour Trust
- Tasmanian Land Conservancy
- The Nature Conservancy Australia
- Trust for Nature (Victoria)

ALCA member land conservation efforts have influenced over 3 million square kilometres with more than 4,000 landholders. We have over 70,000 supporters and our combined annual turnover exceeds \$260 million. Together ALCA and its members address some of the most pressing conservation issues across the country, including restoring endangered ecosystems, building the protected area estate, tackling invasive species, expanding private conservation finance, and funding and using nature-based solutions to tackle climate change.

Through their active land management, ALCA member organisations are deeply embedded in rural communities and economies, providing jobs, securing significant regional investment, and safeguarding remaining native habitat, with its many positive spill-over effects for community, wellbeing, and food security. We seek to demonstrate the role and value of private land conservation as a cornerstone of the Australian economy.

Some ALCA members are statutory entities; the views expressed in this submission do not necessarily represent the views of the Government administering those statutory entities.

Summary

The accelerating nature crisis facing our nation must be urgently addressed if we are to prevent a sharp decline in Australia’s social and economic wellbeing. With regards to the National Reconstruction Fund this means – at minimum – adopting a nature positive approach to the Fund’s investment mandate, but preferably adopting Australian biodiversity as a priority area for future investment.

Whilst the nature crisis is less well-known than the parallel, albeit interconnected, climate crisis, it is just as serious for our society and economy. A recent report has confirmed Australia’s trajectory towards the collapse of ecosystems¹ and we have seen the largest documented decline of biodiversity than any other continent in the world².

More broadly, according to the World Economic Forum:

“Humanity has already wiped out 83% of wild mammals and half of all plants and severely altered three-quarters of ice-free land and two-thirds of marine environments. One million species are at risk of extinction in the coming decades – a rate tens to hundreds of times higher than the average over the past 10 million years....

Human societies and economies rely on biodiversity in fundamental ways. ...over half the world’s total GDP – is moderately or highly dependent on nature and its services.”³

Using the same methodology, **approximately half of Australia’s GDP has also been demonstrated as having a moderate to very high dependence on nature**⁴.

The scale and devastation that the unfolding nature crisis will have upon our collective wellbeing will dwarf all but the very biggest issues facing our nation and will rival them in importance. As per the British Government’s Dasgupta Review:

“We are facing a global crisis. We are totally dependent upon the natural world. It supplies us with every oxygen-laden breath we take and every mouthful of food we eat. But we are currently damaging it so profoundly that many of its natural systems are now on the verge of breakdown.”⁵

The key findings of the Federal Government’s 2021 State of Environment Report highlight the seriousness of the nature crisis as specific to Australia:

*“Overall, **the state and trend of the environment of Australia are poor and deteriorating as a result of increasing pressures from climate change, habitat loss, invasive species, pollution and resource extraction. Changing environmental conditions mean that many species and ecosystems are increasingly threatened. Multiple pressures create cumulative impacts that amplify threats to our environment, and abrupt changes in ecological systems have been recorded in the past 5 years.***

*...Our inability to adequately manage pressures will continue to result in species extinctions and deteriorating ecosystem condition, which are reducing the environmental capital on which current and future economies depend. **Social, environmental and economic impacts are already apparent.**”⁶*

¹ See: Bergstrom et. al, ‘Combating ecosystem collapse from the tropics to the Antarctic’, *Global Change Biology*, 2021; <https://onlinelibrary.wiley.com/doi/10.1111/gcb.15539>

² See: DCCEEW; <https://www.dcceew.gov.au/environment/biodiversity/conservation>

³ See: World Economic Forum, *Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy*, January 2020; <https://www.weforum.org/reports/the-global-risks-report-2020>

⁴ See: Australian Conservation Foundation, *The nature-based economy: How Australia’s prosperity depends on nature*, September 2022; <https://www.acf.org.au/how-australias-prosperity-depends-on-nature>

⁵ See: p1, Dasgupta, P. *The Economics of Biodiversity: The Dasgupta Review*, HM Treasury, Government of the United Kingdom; <https://www.gov.uk/government/publications/final-report-the-economics-of-biodiversity-the-dasgupta-review>

⁶ See: 2021 State of Environment Report; <https://soe.dcceew.gov.au/overview/key-findings>

Indeed in 2021, Australian scientists confirmed evidence that already 19 of Australia's ecosystems have either collapsed or are collapsing⁷.

However, despite this clear trajectory towards social, economic and environmental decline, Australia's Federal environmental budgetary response remains low compared to the vast majority of Ministerial portfolios.

In summary: **our economy – and the list of current priorities areas for the Fund – rely heavily upon nature. Any transformation of industry and our economy should consider and invest in nature's protection, management, and restoration. The nature sector is actually an Australian comparative advantage and should therefore also be considered a priority area in its own right.**

Recommendations

1. Given its cornerstone role in underpinning our economy, the protection, management, and restoration of Australian biodiversity should be adopted as an **additional** specific priority area for investment. 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 2030⁸.
2. When defining and measuring 'value add' in relation to priority areas for investment (or indeed any investment by the Fund), positive and negative environmental externalities must be fully and properly accounted for.
3. The scope of the priority area of 'enabling capabilities' should be extended in support of natural and cultural sciences, noting that fintech, artificial intelligence, and robotics – amongst others – are increasingly critical capabilities required to address the nature crisis.
4. The Government should not invest in projects that deliver a net loss to Australian biodiversity. Where necessary, it is only appropriate to utilise high-integrity biodiversity offsets.
5. When considering investment proposals, the National Reconstruction Fund Investment Mandate Direction should require that the Fund prioritise projects that promote 'nature positive' outcomes, namely, "outcomes that help restore and regenerate native Australian species and ecosystems rather than aiding in their decline" (or similar).
6. The Fund's Board should have regard to National Environmental Standards when making investment decisions, particularly Matters of National Environmental Significance.
7. Climate-related risks and nature-related risks should be specifically identified and assessed when setting the level of risk deemed acceptable for the Fund's portfolio in aggregate.
8. The Board of the Fund must review climate-related risk and nature-related risk when periodically reviewing its investments for the purposes of managing the risk of the Fund portfolio over time and must advise the responsible Ministers of specific measures taken in this regard.
9. In seeking additional guidance on climate-related and nature-related risks, the Board should be directed to give regard to the frameworks of the Task Force on Climate-related Financial Disclosures (TCFD) and Taskforce on Nature-related Financial Disclosures (TNFD).

⁷ As above, n1

⁸ See: <https://www.cbd.int/doc/c/e6d3/cd1d/daf663719a03902a9b116c34/cop-15-l-25-en.pdf>

Thank you again for the opportunity to contribute to the Government's consultation on the implementation of Australia's National Reconstruction Fund.

ALCA and its members look forward to ongoing engagement with the Government to ensure that the Fund contributes to a reversal in the escalating decline of Australian biodiversity rather than compounding that decline.

Australian Land Conservation Alliance