

**PRIVATE SECTOR CONSERVATION ENTERPRISES
IN AUSTRALIA**

Defining 'Private Sector Conservation Enterprises'

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PSCE Research Note No. 2

November 2003

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**A Rural Industries Research and Development Corporation
(RIRDC) Funded Research Initiative**

PSCE Research Notes are published by the Asia Pacific School of Economics and Government at The Australian National University, Canberra, ACT, 0200, Australia.

These notes present discussion and preliminary findings of the Rural Industries Research and Development Corporation funded research project 'Private Sector Conservation Enterprises in Australia'.

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About the 'Private Sector Conservation Enterprises' project

The 'Private Sector Conservation Enterprises in Australia' project will explore the current role of the private sector in nature conservation activity. The overarching objective of the research is to achieve an improved understanding of the nature and scale of PSCE operating in Australia.

The initial phase of the research aims to:

1. identify the range of PSCE currently operating in Australia, both profit and non-profit entities;
2. characterise their activities, for example scale, organisational structures, supply capacities, demand sources, competitors, strategies, promotional activities, work force, financial/capital base, location and performance; and
3. identify any barriers to the formation and operation of PSCE including both 'natural' barriers (such as non-excludability and non-rivalry) and policy induced barriers (including regulatory restraints to trade and accounting standards).

A questionnaire of targeted organisations will be the key mechanism for data collection.

The understanding gained through the project will facilitate the development of Commonwealth, State and Local Government policies to generate more efficient and equitable provision of nature conservation in Australia. It will also form a key component of any future assessment of the potential for PSCE to generate viable alternative rural industries.

1. Introduction

The overarching objective of this research is to improve knowledge of the nature and scale of Private Sector Conservation Enterprises (PSCE) in Australia; with the longer term aim of improving nature conservation policy. In order for the research findings to provide a comprehensive understanding of private sector nature conservation activity in Australia, PSCE are broadly defined:

PSCE are commercial or non-profit non-government organisations which undertake nature conservation activities as their primary purpose.

This definition encompasses a wide spectrum of organisations including publicly listed companies such as Earth Sanctuaries, national non-profit conservation organisations such as Australian Bush Heritage Fund and local-level friends groups and land trusts.

In defining PSCE, three factors are taken into account:

- What constitutes the 'private sector'?
- What types of activities constitute 'conservation'?
- Interpretation of the term 'enterprise'.

2. What constitutes the 'private sector'?

The definition of the private sector to be used in this research follows that provided by the Australian Bureau of Statistics (ABS). According to the ABS (2002):

“The private sector comprises all resident units¹ other than those classified to the public sector. It therefore includes:

- All resident households (including unincorporated enterprises that are not treated as quasi-corporations)
- All resident non-profit institutions, other than non-market non-profit institutions controlled and mainly financed by government
- All resident corporations and quasi-corporations that are not controlled by units of the general government sector (p31).”

To clarify this definition, the ABS (2002) identifies the public sector as “resident units that are part of the general government sector or are controlled by units of the general government sector” (p 30). In turn, the definition of control, based on an internationally accepted standard for statistical classification², is ‘the ability to determine general corporate policy by appointing appropriate directors, if necessary’. This may occur when a government owns more than 50% of the shares in a corporation; however it may also occur when a government owns 50% or less of the shares. The latter is possible where special legislation or regulations empower a

¹ “A legal entity that has a centre of economic interest within the economic territory of Australia (ABS, 2002, p53).”

² Commission of the European Communities, International Monetary Fund, Organisation for Economic Co-operation and Development, United Nations & World Bank, 1993.

government to determine corporate policy or to appoint or approve the majority of the directors of a corporation. Such legislation or regulation is usually specific to individual corporations. The inception of an organisation provides evidence of its compliance with the definition of the 'private sector'.

Government 'control' of corporations is not considered to extend to the government's ability to exercise general legislative or regulatory powers over corporations as a group.

Organisations with management structures independent of government or which rely on donations from private entities, private membership subscriptions, and corporate sponsorships can clearly be considered to be private sector organisations, as are publicly listed companies. Organisations with independent management structures that receive a substantial proportion of their funding from government may be perceived to be under the control of government. However, their ability to refuse these funds indicates that they should be considered within the categorisation of the private sector.

3. What types of activities constitute 'conservation'?

Following the Australian Heritage Commission (2002) definition, conservation is "all the processes and actions of looking after a place so as to retain its natural significance..." (p11). Organisations within the scope of this research are those that undertake direct 'conservation' activities as their primary purpose.

Organisations can be classified as either suppliers or facilitators of conservation activity. Activities typically undertaken by conservation suppliers include:

- Ownership of natural areas for the purposes of providing nature conservation benefits³; and
- Management of natural areas including on-ground works for the purposes of providing nature conservation benefits.

In addition, activities undertaken by organisations that facilitate nature conservation activities include:

- Administration of covenants and/or revolving funds that facilitate the provision of nature conservation benefits;
- Administration of devolved grant schemes aimed at provision of nature conservation benefits; and
- Other means of brokering between groups that undertake on-ground works and those seeking to supply nature conservation benefits.

Organisations that principally undertake indirect actions to provide nature conservation benefits, such as lobbying the government for changes to nature conservation policies and programs or community education activities are not included in this definition of nature conservation activities. Organisations that

³ The benefits may include 'direct-use values', such as those enjoyed by recreationists, tourists and passers-by, as well as 'indirect-use values', for instance ecosystem services such as water purification, and 'non-use values' such as existence and bequest values (Wills, 1997, p147).

simultaneously undertake both direct and indirect conservation activities with their primary focus on direct conservation activities are encompassed by this research. In addition, organisations with nature conservation as their primary goal, but that supplement their income from other activities, such as tourism, financial investment, or agriculture, are also included in this research.

4. Interpretation of the term ‘enterprise’

The term ‘enterprise’ is broadly interpreted for the purposes of this research. An ‘enterprise’ is any commercial or non-profit organisation that has an Australian Business Number (ABN).

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