



Australian Government
Land & Water Australia

Encouraging Participation in Market-based Instruments and Incentive Programs

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The project outlines how to improve the design, delivery and communication of Market Based Instruments (MBIs) and incentive programs to increase the participation of landholders.

Outcomes

The objectives of Market Based Instruments (MBIs) and incentive programs differ, and this needs to be considered when interpreting the recommendations. The results suggest that modifying the following features of MBIs and incentives is likely to increase landholder participation:

- how the program is delivered;
- flexibility in required environmental outcomes and management practices;
- amount of paper work required;
- availability of technical assistance;
- clarity about such things as eligibility and how bids will be assessed;
- contract length;
- the approach used for monitoring;
- the chosen payment schedule; and
- the type of program on offer, with landholders having much greater interest in applying for a fixed grant or a variable cost share program rather than a tender.

Designing or delivering MBIs and incentives in the following ways were found to be helpful:

- Use Landcare, local CMAs/regional bodies or industry groups to deliver the programs.
- Provide technical assistance particularly for identifying potential management actions and ongoing technical assistance.
- Provide help writing applications if possible.
- Indicate the probability of success with past grants.
- For payments, landholders prefer to receive a larger upfront payment with the residual paid in equal yearly payments or payment after each stage has been completed rather than equal yearly payments.
- For ongoing projects, contracts of 3-5 years with an optional extension are preferred to projects of fewer years in length.

For monitoring, include site visits half way and at the end of the project rather than just at the end of the project, or sending in photos at key stages.

1. Mix of instruments

Landholders had the highest interest in applying for fixed grants, followed by variable cost-share, with interest in tenders substantially lower than the other two instruments. Consider having a mix of instruments available.

2. Design programs for specific segments

Establish programs aimed at specific segments to improve equity in the distribution of funds or to engage known target groups. For example, programs for properties of specific size eg. focused on hobby farms or mid-sized properties.

3. Develop new instruments to reach segments with low participation

In the USA cross-compliance instruments (eg Sodbusters) have been effective at reaching groups unwilling to participate in NRM programs. These programs may be effective in Australia as a means of promoting behavioural change among particular segments, for example in encouraging the profit-first farmers to participate in NRM programs.

4. Evaluate the efficiency of variable cost-share

Variable cost-share programs may lead to better outcomes than fixed grants and they are preferred to tenders.

5. Preferred program characteristics are as follows:

The following design features of MBIs and incentives are likely to increase participation:

- Use Landcare, local CMAs/regional bodies or industry groups to deliver the programs
- Provide ongoing technical assistance, particularly for identifying potential management actions. Provide help writing applications if possible.
- Indicate the probability of success with past grants.
- Provide payment in the form of a larger upfront payment with the residual paid in equal yearly payments or payment after each stage has been completed rather than equal yearly payments.
- For ongoing projects, provide contracts of 3-5 years with an optional extension rather than shorter contracts.
- For monitoring, include site visits halfway through and at the end of the project.

6. Communication strategy - what channels to use

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In general, use direct contact to encourage participation in MBIs and incentive programs. Use networks and opinion leaders where trust is an issue.

Use workshops, seminars or other community meetings when the program needs to be explained.

Use localised, understandable and relevant advertising to increase the reach of the communication, eg. through the use of case studies.

For difficult to reach segments, such as 'profit first' farmers and hobby farmers, choose channels carefully, eg. Rural Press, industry newsletters, Tv, radio, DPI/DNRW publications and networks as well as direct contact.

7. Communication strategy - what message to use

Develop promotional materials that emphasise the benefits to landholders from participation in terms of improved farm management.

8. The importance of social capital

Trust and connectedness were two of the most important predictors of participation. Further work needs to be undertaken to better understand how trust and connectedness can be developed between landholders and those delivering NRM programs.

9. The need to develop human capital in segments with low participation

There is a need to invest in extension and the development of landholder skills, particularly among landholders in segments with low participation. Methods for developing these skills could include extension, short courses and demonstration workshops.

Who is Most Likely to Participate in MBIs and Incentive Programs?

In terms of who participates in MBIs and incentives, trust, business orientation, information seeking behaviour and connectedness are amongst the best predictors of participation in an MBI or incentive program. Those most likely to participate in MBI and incentive programs are those with the highest socio-demographic status, which raises concern about efficiency and equity. It was found that age was negatively related and education was positively related to participation.

Background

To understand how to increase landholder participation, three main research questions were asked, namely 1) what are the characteristics of MBIs and incentive programs that encourage participation, 2) who participates in MBIs and incentive programs and 3) how can MBIs and incentives be better communicated to increase participation?

A mixed methods research design was used to provide answers to these questions. This included a literature review (two working papers), 25 expert interviews (one working paper), eight focus groups (one working paper) in four regions of NSW and Queensland, and a quantitative survey of about 6,000 landholders from two Catchment Management Authority (CMA) areas in NSW (Central West and Northern Rivers), two regional body areas in Queensland (Condamine Alliance and Mackay-Whitsundays) and one CMA area in South Australia (Mt Lofty Ranges).

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Publications and Resources

Title	Product Type
Encouraging Participation in Market Based Instruments and Incentive Programs	Final Report

None listed

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