

*Is it the Institute's view that funding to address Australia's environmental problems should all come, or overwhelmingly come, from governments? Or does it agree that private funding is becoming increasingly important? If it takes the latter view, how does it believe that private capital for environmental projects should best be raised and encouraged?*

The Australia Institute respectfully suggests that the scope of this question is too broad for a comprehensive reply. Addressing all of Australia's environmental problems and how solutions for them should be funded goes well beyond the scope of this inquiry.

One of our key concerns around the Nature Repair Market proposal is that there is no evidence of significant demand from the private sector for voluntary biodiversity credits. This was noted in numerous submissions to the inquiry. Such a market, therefore, is unlikely to direct significant resources from the private sector to biodiversity conservation.

Offset markets do force private sector developers to spend money on addressing the environmental damage that they are causing. However, various assessments of offset markets (audits in NSW, Queensland and Victoria for example) have shown that they are failing to deliver the environmental benefits they were set up for.

It is the Australia Institute's view that it is not an either-or proposition. Currently there is nothing stopping private capital from investing in environmental projects and yet it is being done so at a level substantially below that which is required.