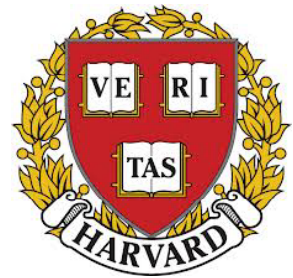
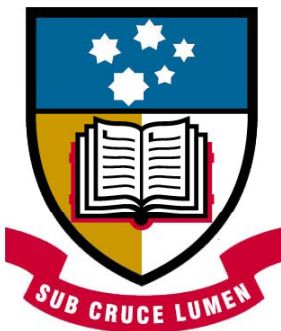




Transformational Environmental Policy Reforms

Prof Mike Young
University of Adelaide



Transformational Policy Reform

- Paradigm shift
 - New instrument
 - New structure
- A suite of changes
- Significant benefits
 - Cake is much bigger
 - Opportunities for win-win outcomes
 - Not a zero sum game

Why should “H20ers” be interested?

- We have lots of experience
- Our model does not transfer easily
- Key elements
 - Unbundled structure
 - Plans
 - Shares and allocations
 - Multiple layers of government = Subsidiarity
- But

Six Transformational Policy Reforms

1. Australian Water Reform
2. Catskills Watershed Payments
3. Phnom Penh Water Supply
4. Fisheries Sharing in New Zealand
5. EU Greenhouse Gas Emissions Trading
6. Australian Landcare

The Transformational Reform Journey

Excellence in

1. Establishing the case for change
2. Instrument design (detail)
3. Communicating the proposition
4. Negotiating agreement to implement
5. Early implementation
6. Locking in the transformational reform
7. Ongoing adaptation and review

Establishing the case for change

- Clear simple message
 - What's wrong (or being missed)
 - What's needed
 - Why life will be better after the reform
- Supported by detailed analysis
 - Multiple sources of credible evidence
 - Visible entrepreneurs
 - Demonstrate superiority for option over other alternatives
- Supported by comprehensive engagement with key stakeholders
 - Allow time and give recognition
- Recognize and use the fact that engagement can shape social norms and expectation

Instrument design (detail)

1. Comprehensive specification of objectives
2. Rigorous set of principles
3. As many instruments as objectives
 - Structured to deliver principles
4. Full cost recovery and/or secure revenue source
5. Quasi-grandfathering of existing regime
6. Lock in private and community benefits
7. Robustness
8. Administrative capacity to vary instrument mix as behavior and conditions change

Communicating the original and final proposition

- Define the problem well in the eyes of the public
- “Catchy” label for the problem & the solution
- Simple headline message => The opportunity
- Underpin with detailed accessible information
- Gain broad-base support and mandate
- Demonstrate that you have “heard” concerns
 - Use “their” language

Negotiating agreement to implement

1. Attend to perceptions and concerns of those who perceive they will lose
2. Don't let the best becoming the enemy of the good.
3. Be prepared to change leaders and style quickly

Early implementation

1. Establish new administrative leadership
2. Build administrative capacity
3. Demonstrate success early with trials, etc
4. Prove the concept not the detail
5. Continue to engage with stakeholders
6. Get it approximately right rather than comprehensively wrong
7. Expect stakeholders to hijack the agenda and budget

Locking in the transformational reform

1. Establish secure broad institutional investment in retention of the new regime
2. Add complexity only as demand for sophistication grows
 - Get stakeholders to
 - call for increased sophistication
 - own the ongoing reform process
3. Unbundle so shares can be issued in perpetuity and transactions remain equitable
4. Make shares mortgagable
 - Lock in fiscal policy support

Ongoing adaptation and review

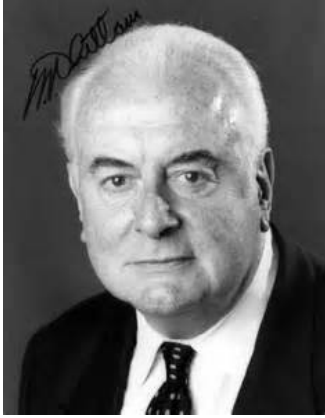
1. Structure a review process that is expected retains confidence and certainty
2. Review the detail not the vision & objectives
3. Collect information so review can confirm benefits

Climate Sharing

- Set an emission limit using a climate planning process
 1. Issue climate shares to existing polluters
 2. Issue permits in proportion to shares held
 3. Annual 1% Return to the Community
- Distribute Community Return among
 - Federal Government
 - State Government
 - Local Government

Where to from here?

- Book on Transformational Environmental Policy Reform
- Earthscan, late 2015



Gough Whitlam and Malcolm Fraser Chair in Australian Studies