



## Revolving funds

### What is a revolving fund?

Revolving funds provide a means of conserving private land with particular natural or cultural heritage features that may not otherwise be protected. Properties are purchased and sold to conservation-orientated buyers, usually with some form of binding agreement attached to the title to ensure protection in perpetuity.

This conservation mechanism provides a good vehicle for those wishing to sell or donate land of high ecological value, knowing that it will be permanently protected and that the proceeds of resale will go towards purchasing and protecting other properties of conservation value.

### What does a revolving fund involve?

Revolving funds are typically initiated by an injection of government funds administered by non-government organisations. Funds are used to purchase private land selected on criteria such as:

- conservation value (e.g. under-reserved ecosystems, habitat for migratory species, wetlands of international significance)
- management factors (e.g. degree of disturbance, weed and feral animal populations and risk from allowable landuse)
- financial viability
- resale potential.

After land is purchased, rehabilitation works may be carried out before the land is sold to conservation-minded individuals. The land is usually sold with some sort of conservation covenant or agreement attached to the land title. In some cases, for example with the South Australian Bush Bank, a management plan is also developed and becomes part of the covenant that is attached to the land title.

Revenue raised by property resale is then returned to the fund and used to purchase more land.

In some instances, individuals purchasing land from the revolving fund receive support and assistance with issues such as fencing, revegetation or weed and feral animal control. This is the case with the New South Wales Nature Conservation Trust.

It is generally intended that revolving funds will be self-sustaining. Donations of money or land from individuals or businesses, plus grants from governments and corporations are critical to offset the costs and losses associated with land purchase and resale.

It is important that potential donors are aware of the range of options available (money, land, bequest, volunteer time etc.) and that the benefits of donations (such as tax deductibility) are promoted. Access to marketing expertise may be beneficial for the purpose of promoting revolving schemes and attracting donations.

## Resource requirements

**Upfront funding:** In order to establish a revolving fund, sufficient finance must be available to meet upfront and administrative costs associated with purchasing, rehabilitating and reselling properties, since no funds are returned until the first property is sold. While funds are often self-sustaining, an initial pool of at least \$1 million is typically required. Many funds are established by joint funding from the Australian and state governments. For example, the Victorian Trust for Nature and the Nature Conservation Trust of New South Wales were established this way.

**Labour and skills:** A significant amount of time and expertise is required to run a revolving fund, particularly for assessing heritage value and economic aspects of properties for potential purchase. Administration associated with the purchase and resale may be substantial, and the labour for rehabilitation work prior to resale may also be high. Many revolving fund schemes rely on volunteers to reduce the effect of staff costs on the total fund size.

Given the variety of tasks involved in running a revolving fund, a broad skills base among administrators is beneficial. For example, the South Australian Nature Foundation, which runs the Bush Bank fund, is governed by a council of experienced conservationists, scientists and business professionals.

## Related information

The Nature Conservation Trust of New South Wales  
[www.naturetrust.org.au](http://www.naturetrust.org.au)

The Queensland Trust for Nature  
[www.epa.qld.gov.au](http://www.epa.qld.gov.au)

The Victorian Trust for Nature  
[www.tfn.org.au](http://www.tfn.org.au)

The Nature Foundation of South Australia's Bush Bank fund  
[www.naturefoundation.org.au/bushbank.html](http://www.naturefoundation.org.au/bushbank.html)  
[www.naturefoundation.org.au](http://www.naturefoundation.org.au)

The Tasmanian Land Conservancy revolving fund  
[www.tasland.org.au/revolving/](http://www.tasland.org.au/revolving/)

Other factsheets in this series include:

- What are Market Based Instruments?
- Auctions or land management tenders
- Conservation agreements
- Tax incentives
- Cap and trade
- Offsets
- Leveraging private investment
- Product differentiation
- Environmental risk management.

### For more information on Market Based Instruments please contact

The Australian Government Department of Agriculture, Fisheries and Forestry  
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Canberra ACT 2601  
Switchboard: +61 2 6272 3933  
[www.daff.gov.au/natural-resources/vegetation/market-based](http://www.daff.gov.au/natural-resources/vegetation/market-based)