

Farm-scale Natural Capital Accounting

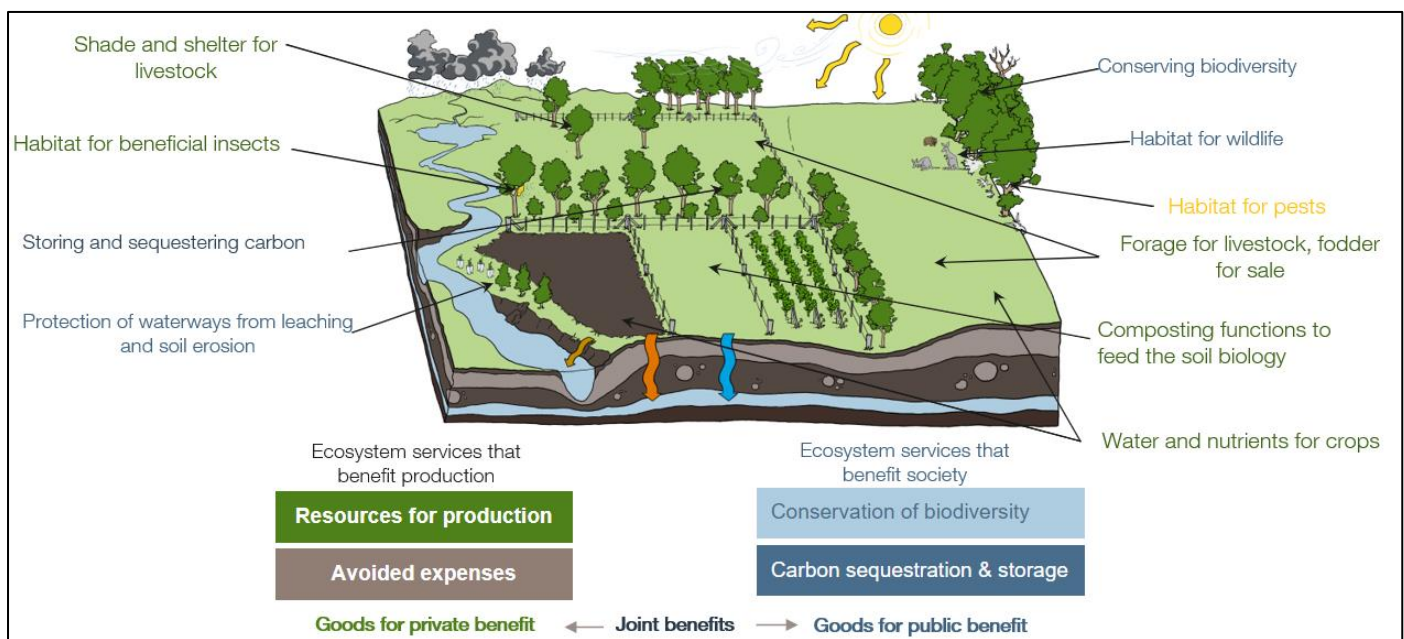
Valuing Natural Capital on your farm

An Overview of Farm-scale Natural Capital Accounting

What is Natural Capital?

Natural capital refers to all living and non-living elements of the natural environment that combine to provide benefits or services to people. In an agricultural context, natural capital includes both naturally occurring ecosystems (e.g., remnant native vegetation, wetlands, grasslands) and 'ecosystems' that have been established and maintained by humans (e.g., cropland, pastures, planted vegetation).

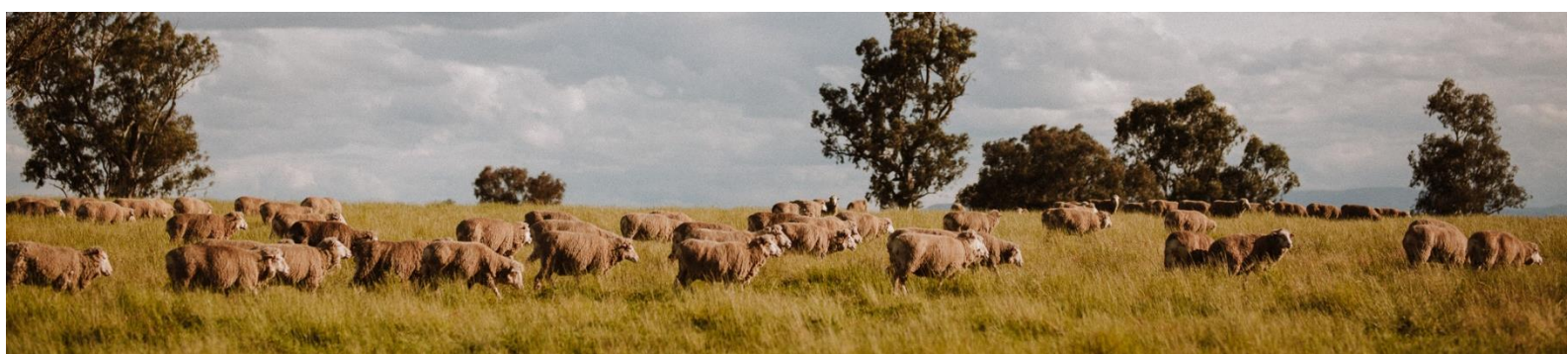
Natural capital forms the foundation of all farming systems: soil and water support crops and pastures, plants provide food and shelter for livestock and regulate the micro-climate for crops, and native animals (e.g., insects, reptiles, birds) provide services such as pollination, pest control and waste decomposition. Many of the services delivered by natural capital provide direct benefits for agricultural production, either through providing resources (e.g., forage) or avoiding expenses (e.g., pest control). Other services provide public benefits, such as carbon sequestration and habitat for wildlife.



What is Farm-scale Natural Capital Accounting?

Natural Capital Accounting is a standardised set of concepts and methods to measure natural capital assets for a given area at a particular point in time to estimate the contributions they make to the economy and society. Farm-scale natural capital accounting is undertaken specifically at the farm-scale, and provides farmers, and their stakeholders, with robust, repeatable, transparent, and verifiable information about the natural capital on their farm.

Natural Capital Accounting goes beyond traditional financial accounting by helping farmers to understand not just the financial profits and losses within their operation but the extent to which their activities or investments are improving or degrading the condition of their land – upon which the whole farming operation relies.



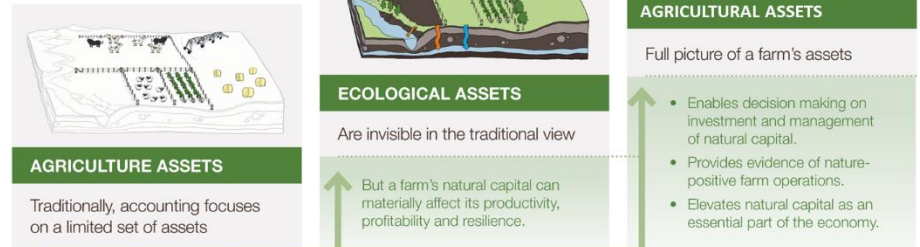
Why is Natural Capital Accounting important?

By accounting for natural capital, it becomes possible to put nature 'on the books' – both in physical and monetary terms. This allows farmers to make more informed decisions around farm management, and to leverage their sustainable farm practices for commercial benefit when engaging with investors, buyers and lenders.

The power of natural capital accounts is to show **change over time**. The accounts produced as part of this project provide a baseline and can be used as a reference point when re-assessments of natural capital are undertaken in the future.

Natural Capital in Agriculture

Natural capital underpins our economy, but is largely invisible in our accounting systems.



About the Project

The Farm-scale Natural Capital Accounting project was led by La Trobe University, with a consortium of nine industry partners, and in close collaboration with 50 farmers across New South Wales, Victoria and Tasmania. Commencing in 2020, the project team developed the structure, methodology and processes to generate the accounts. Researchers collected financial, farm management, environmental and biodiversity data across 50 farms and integrated this into farm-scale natural capital accounts.

Outcomes

The results of the project include:

- A methodology for measuring and communicating farm-scale environmental performance and natural capital management, for use by farmers and their stakeholders. It is the first of its kind in Australia, and indeed the world.
- A user-friendly electronic platform, enabling communication of the information in a format that is coherent with internationally recognised standards for environmental-economic accounting.
- A pathway for farmers to set and achieve their financial, environmental, and social goals and to help communicate their environmental performance to their stakeholders.

More Information

Dr Jim Radford

Associate Professor, Research Centre for Future Landscapes, La Trobe University

J.Radford@latrobe.edu.au; [Natural Capital Accounting website](#)

We acknowledge the Traditional Custodians of Australia and their continuing connection to land and sea, waters, environment, and community. We pay our respects to the Traditional Custodians of the lands on which we live and work, their culture, and their Elders past and present.

The Farm-scale Natural Capital Accounting project funded by the Australian Government's Smart Farming Partnership program with co-investment from La Trobe University and Odonata Foundation.



Research Centre for
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