Appendix 1. Selected policy choice framework decision trees

**Tree 1: Policy and products tree**

1. **Is there an action that is not consistent with the policy outcome that would occur voluntarily?**
   - **Yes**
     - Can the action be described as a business using a resource, product or service as an input?
       - **Yes**
         - The product or service of interest is the input to the business
       - **No**
         - The product or service of interest is the input that the individual consumes
   - **No**

2. **Is there an action that is consistent with the policy outcome that would not voluntarily occur?**
   - **Yes**
     - Can the action be described as supplying a product or service?
       - **Yes**
         - The action is a product or service the business could supply
       - **No**
         - The consumer's action is the product or service of interest
   - **No**
     - No action
Tree 2: Economic justification tree
Tree 3: Primary instrument tree

Is the justification a missing market?
Yes
Public benefits tree
No

Is the justification an incomplete market?
Yes
Is incompleteness due to a nonexclusive cost?
Yes
Public costs tree
No
Public benefits tree

No
Is imperfection due to market power?
Yes
Public costs tree
No
Public costs tree
Tree 4: Public benefits tree
Tree 5: Public costs tree

Does the public cost arise from supplying the product or service?

Yes

Are there economies of scale in production?

Yes

Does the community have priority over the individual?

Yes

Can individual creation of, or actions that create, the public cost be measured?

Yes

Incentives for producing alternatives
Go to I3

No

Incentives for consuming alternatives
Go to I3

No

Incentives for avoiding actions
Go to I3

No

Incentives for reducing consumption
Go to I3

No

Incentives for avoiding production
Go to I3

No

Incentives for avoiding actions
Go to I3

No

Can individual creation of, or actions that create, the public cost be measured?

No

Can individual creation of, or actions that create, the public cost be measured?

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Can individual creation of, or actions that create, the public cost be measured?
Market instruments that compel change include cap and trade schemes, taxes and charges, and compulsory credit or offset schemes.

The specific design of a market instrument or a performance, technology or process standard depends on contextual factors.

Kaine and Lourey (2012)

**Tree 6:** Compulsory change tree