



NSW Biodiversity Offsets Policy for Major Projects

Fact sheet: Managing offset sites – information for landowners

The NSW Government is currently developing the NSW Biodiversity Offsets Policy for Major Projects (the policy). The policy aims to make it easier for landowners to generate income by protecting areas of biodiversity on their land.

What are biodiversity offsets?

Biodiversity offsets are measures that provide benefits to biodiversity (generally plants and animals) to compensate for biodiversity lost due to development. For example, a development such as a mine may require an area of native woodland to be cleared. To offset the clearing, another area of similar woodland can be protected and managed. Over time, the improvement in the condition of the biodiversity in the protected area of woodland will counterbalance the biodiversity lost due to the clearing.

Companies that undertake development projects (proponents) are often required to provide biodiversity offsets as a condition of their development going ahead.

What does the policy mean for landowners?

The policy provides opportunities for landowners to generate money from the protection and management of biodiversity on their land by entering into a biobanking agreement, which is the primary mechanism for securing biodiversity offsets under the policy.

Biobanking agreements do not require proponents to own the land that is the offset site, but allow them to fulfil their offset requirements by paying another landowner to protect and manage biodiversity on their land.

This can lead to better and more efficient biodiversity outcomes, as protecting and managing land is often not a proponent's core business.

Payments received through biobanking agreements

Under the policy, a proponent's offset requirement will be expressed in the form of a number and type of biodiversity credits that represent the biodiversity loss caused by development.

A proponent can then purchase biodiversity credits from a landowner who has a biobank site that contains similar types of biodiversity to the biodiversity which will be impacted on by the development.

A biobanking agreement enables landowners who voluntarily commit to protecting and managing an area of biodiversity on their land (a biobank site) to generate biodiversity credits. In this instance, biodiversity credits represent predicted improvements in biodiversity due to actions undertaken on the site by the landowner.

The proponent pays the landowner for biodiversity credits in two parts:

- 'Part A' is an amount placed in the Biobanking Trust Fund, which is invested to earn interest from which annual payments are made to the landowner to cover the cost of undertaking management actions in perpetuity
- 'Part B' is an additional amount paid immediately to the landowner, which can cover additional costs they incur, including opportunity costs.

Calculating the price of credits

Calculating the price of credits		
Total price of credits	= Part A Total Fund Deposit	+ Part B Return to landholder
	<i>The estimated cost of management and reporting, for the life of the agreement.</i>	<i>Costs that landholders may seek to charge when setting the credit sale price, which may include:</i> <ul style="list-style-type: none">• establishment costs (e.g. application fee)• field assessment• preparation of management plans• land value• opportunity cost• return or risk margin.

Source: Department of Environment and Climate Change, visit www.environment.nsw.gov.au/resources/biobanking/biobankingoverview07528.pdf

Landowners can decide who they will sell their credits to, the price of their credits and the timing of the sale. These decisions will depend on the market and what types of credits are required by proponents.

By encouraging the use of biobanking agreements, the policy is likely to increase opportunities for landowners to sell biodiversity credits.

Establishing a biobank site

Biobank sites can be established by landowners on land that contains native vegetation that includes threatened species, populations, ecological communities or their habitats (as listed under the *Threatened Species Conservation Act 1995*). Landowners will need to engage an ecological consultant to assess the site to determine what type of biodiversity is present, what its value is and how much it can be improved through protection and management actions. The results of the assessment will determine the number and type of biodiversity credits that can be generated from the site and sold.

Management actions that landowners will be required to undertake will be set out in the biobanking agreement and can include management of grazing, fire, weeds and human disturbance, and other actions.

By choosing where biobank sites are established, landowners can generate income for management of areas that may have otherwise been unproductive. For example, a farmer can establish a biobank site on an area of sloped land that is unsuitable for agricultural production but has high biodiversity value. The farmer can farm all other parts of their land while generating useful income from the biobank site. Biobanking agreements can also allow some agricultural activities to take place on biobank sites, such as grazing for conservation purposes where appropriate.

More information on establishing a biobank site is available at www.environment.nsw.gov.au/biobanking/landowners.htm.

Biobank site example

The Mater Dei property at Cobbitty has been owned by the Sisters of the Good Samaritan since 1910 and is recognised for its heritage and environmental values. In May 2012, a biobank site protecting 25 hectares of Cumberland Plain Woodland was established on a portion of the property. Under the agreement, the Sisters of the Good Samaritan and any future landowner can continue to use the bushland for passive recreation but will be unable to develop or use the site for livestock grazing.

The establishment of the Mater Dei biobank site created 232 biodiversity credits, all of which were purchased for \$2,089,592 (excluding GST). Of this, \$1,589,592 was put into the Biobank Trust Fund to cover the cost of managing the biobank site in perpetuity (Part A payment). The Sisters of the Good Samaritan retained \$500,000 as an opportunity cost for not developing the land (Part B payment).

The Mater Dei biobank site ensures that future generations will be able to enjoy the biodiversity of the area, while also providing vital funds for its management.

Note that the above example is for illustrative purposes only. The amount of money generated by a biobanking agreement will depend on the individual circumstances of each site.

Published by:

Office of Environment and Heritage for the NSW Government

59 Goulburn Street, Sydney NSW 2000 (PO Box A290, Sydney South NSW 1232)

Phone: +61 2 9995 5000 (switchboard); 131 555 (environment information and publications requests); 1300 361 967 (national parks, general environmental enquiries, and publications requests)

Fax: +61 2 9995 5999

TTY users: phone 133 677, then ask for 131 555

Speak and listen users: phone 1300 555 727, then ask for 131 555

Email: info@environment.nsw.gov.au

Website: www.environment.nsw.gov.au

ISBN 978 1 74359 411 7

OEH 2014/0097

March 2014