

From: [Peter & Ruby Dykes](#)
To: ["Benjamin"](#)
Subject: Our comments on the Biodiversity Offset Market
Attachments: [Tricketts Arch BB Biodiversity Credits2.xlsx](#)

Hi Ben,

A few day back I spoke to you about how we see the current Biodiversity Offsets Market and promised to send you an excel spreadsheet with our "calculations" so here it is attached.

Some explanation is needed.

1. There are 2 spreadsheets in the file - the first is our listing of what we have to offer via credits; the second is the calculations on how we get to our Total Fund deposit (TFD)
2. To explain the second spreadsheet, the following points need noting:
 - We have made 2 sales over the last 2 years – 48 BBAM, HN590 (PCT 1197) to NorthConnex Project and 46 BBAM HN558 (PCT963) to the BCT. The second spreadsheet examines the consequences and options that flow from these 2 sales.
 - Columns H, I, J record the actual BBAM prices and amounts in the TFD for these sales.
 - Columns K, L, M record the potential BBAM amounts in the TFD if we had sold all the BBAM credits at the sale price for the 48 HN590 and 46 HN558.
 - Columns N, O, P show the amount in the TFD if we sold the equivalent BAM credits to get roughly the same amount in the TFD as we got in Column M
 - The difference between the 2 sets of columns (K, L, M & N, O, P) is \$31
3. Looking at that info so far two things are obvious:
 - Firstly we really sold ourselves short on the 48 BAM HN590 credits to NorthConnex project; probably by much as two thirds; a more realistic price would have been somewhere between \$5,000 and \$6,000.
 - Our major explanation for this huge mistake is that **we had no idea what the credits real value was**; and in short we were easily taken to the "CLEANERS".
 - The major reason we think this occurred is because neither OEH or the BCT had ever run a **WORKSHOP** to give us "**SUCKERS**" an insight into how the credits market was operating and what the potential "price or value" the credits may be worth.
 - With the second sale (46 BAM HN558 to the BCT) we decided to do our own market research and increased the sale price threefold. We were staggered when we sold 46 credits sold for \$6,000 each. Our conclusion was that we have well and truly been treated as "**suckers**". Hence we have become much more involved in how the market operates; the BCT, calculator etc and much more critical about what we see as the shortcomings of the "system".
4. Comparing Column L & O is really interesting because when one compares the same biodiversity credits as BBAM and BAM to get the same sale price as shown in Column M, one get a BAM credit price of \$3,226 for the HN590 and \$17,211 for the HN 558. If one then looks at Columns Q, R, S which show the current BAM prices as per the calculator (Column R) is really obvious as we have note that we sold the HN590 well under their value but with the HN558 the calculator value of \$4,600 is way out of what we sold the credits (\$17,211); in fact it by almost a factor of 4 below what we got for them in the sale to the BCT. If the BCT continues to show this price in the calculator for HN558 than it like us in the first sale is going to be taken as the "**suckers**" and will loose a lot of money on future sales.

5. Column T shows the difference in total credit sale price into the TFD between selling all BBAM credits as per our sale price (Column M) and as selling all credits as per the calculator (Column S). In the first case as previous noted we made a "loss" of \$42,594 or to put it more correctly we could have got \$42,594 more if we had used the calculator price. **However in the second sale if we had used the calculator price to determine our tender price we would have sold ourselves short by \$479,218, almost ½ million dollars.**

6. Column U, V, W show what we get if we sold ALL OUR REMAINING CREDITS at the current BAM Calculator price. It would give us a total sale amount of \$2,130,460. Here a number of points need to be raise and for the BCT to consider:
 - Firstly we have put our TFD amount as \$2m rather than the \$1.74m that it is shown in our agreement. This is because we have now become aware that to preserve the rare orchid on our property we need to have a kangaroo/wombat proof fence around the site (about 1.5 km of fencing); also for a number of reason we now believe we will have to engage a private contractor who has a comprehensive public liability insurance policy indemnifying us to do the hazard reduction burns; all of which costs mean that our TFD will have to be increased to \$2m.
 - Taking this point into consideration and allowing for the \$372,000 already in the TFD we estimate we need to put another \$1,628,000 in the TFD leaving us with \$502,460 as our Part B payment
 - Our property is approx. 145ha or 360 acres and the property next door (110 acres) recently sold for \$750,000 or \$7,500 per acre. Based on this sale our property has a potential value of 360 acres x \$7,500 = \$2,700,000. For a number of reasons not the lease of which is that we have a potentially unfunded conservation agreement over 142.5ha of the property, our property may not be worth \$7,500 acre, who knows?
 - However we have owned the property since November 1982 and have over the last 40 years never made enough money from it to pay one year's local council rates (approx. \$2,000). So we regard the potential Part B payment of approx \$500,000 as a poor return after 40 years paying out bills for rates, fencing, weed spraying etc and a mortgage at 22.5% p/an..
 - But the figures in Column W are much more important for us as we explain in points 7 and 8 below.

7. The above calculators on sale prices and amounts in the TFD is all dependant on selling all our biodiversity ecosystem credits which we now believe is really impossible given a range of reason discussed below.
 - Firstly of our credits we now believe that HN230 (216 BBAM credits); HN572 (206 +58 = 264 BBAM credits) and HN576 (9 BBAM credits) will for a range of reasons never be sold. Together they total 489 credits or 39.3% of our original credit total and as shown in Column W the potential total sale price for these credits would be \$810,260 (\$202,86 + \$418,600 + \$165,600 + \$23,200). **Of the expected amount shown Column Box W9 for the TFD this amount would have to be realistically deducted from the expected total sales amount of \$2,130,460 to a more realistic sale total amount of \$1,320,200 well below what is need to top up the TFD.**
 - Of the remaining credits (HN558 – 38 BBAM credits, and HN590 – 547 + 31 BBAM) we expect it will at the present rate of "sales" to **take us the better part of the next 50 to 60 years to sell all these credits. It will be our great grandchildren who will eventually have enough money in the TFD to begin paying for the environment work need to keep the native vegetation at near pristine condition.**

8. Having done our own set of modelling as per above, what we saw on the Zoom meeting last week I think is pretty much a joke. The BCT and the Government really need to

have a cold hard look at how to adequately fund the management of native vegetation on private lands. I have some “solutions” to these issues but like a lot of us at the “coal face” we are never given the opportunity to express these to parliamentary committees, to government boards, consultant briefs or in public media forums.

These are our thoughts Ben and you are free to circulate them among OEH and BCT staff as well as to outside consultants.

Regards,

Peter & Ruby Dykes