

**INQUIRY INTO INTEGRITY OF THE NSW
BIODIVERSITY OFFSETS SCHEME**

Organisation: Name suppressed

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Partially
Confidential

Integrity of the NSW Biodiversity Offsets Scheme

Submission

August 31, 2021

To the members of Portfolio Committee No. 7

Dear Committee Members,

As a result of a long history of sustainable land practices, our family land includes regionally recognized Box Gum Grassy Woodland and Natural Temperate Grasslands, both Critically Endangered Ecological Communities. In addition the land supports populations of Commonwealth and State listed species.

As a family company, we are committed to protecting and where possible enhancing these biodiversity values. However, if land with high ecological values was to be removed from grazing we needed some alternative revenue sources to cover the cost of its stewardship, allowing us to maintain land ownership, fund biodiversity management actions in perpetuity and enable some financial return from the sale of biobanking credits on the open market. Entering into Biobanking Agreements provided a way to meet these requirements.

We now have four biobanking sites. When these sites were established, it was emphasized that landowners could negotiate a price for the sale of credits direct to a buyer. This ensured that, most critically, credit prices could be set in order to, **at a minimum**, cover the total fund deposit required to undertake the management regime specified for each of the sites. This helped manage the very real risk that a site could be left in a 'credit limbo' where not enough credits are sold (or even exist to be sold) to fulfill the total fund deposit.

Direct negotiations with biobanking credit purchasers has resulted in the sale of credits on two of our biobanking sites sufficient to cover the total fund deposit. These sites are now secure with activation of the prescribed management regime and positive impacts on biodiversity values. There has also been an opportunity via these sales for the landowners to have a financial return, that can be invested in expanding projects with further positive environmental outcomes.

Changes have significantly altered the viability of biobanking/biodiversity stewardship agreements from the perspective of landowners such as ourselves.

- The introduction of the credit calculator has effectively set the price at a low level in a buoyant market. There have been examples of failed transactions when the landowner asking price is greater than the credit calculator.
- The 'determination of equivalence', from BBAM to BAM credits, required by most credit purchasers, nearly halved (or more) the number of most of the credits generated in our four biobanking sites. To ensure the total fund deposit is fulfilled, and projected returns maintained, credit prices are altered accordingly, resulting in further disparity with regards to the credit calculator.
- There is lack of transparency resulting in confusion in the relationship between the original Biobanking (BBAM) credits and the Biodiversity (BAM) credits, and their pricing. The Spot price index lists BBAM credit prices, however the Offsets payment calculator, and all current transactions, are with BAM credits.

- Introduction of Offset Trading Groups, where ecosystem credits for Plant Community Types within the same offset trading group are considered interchangeable, would appear to significantly erode the aim of 'like-for-like', with the inevitable pathway of decline of some critically endangered ecosystems.

Together these represent a major shift for farmers and landowners. There is a reduced business case for biodiversity stewardship on our lands, a source of great frustration and jeopardizing critical on-the-ground biodiversity conservation and restoration work into the future.

Yours sincerely,