

Biodiversity Stewardship Sites

Information for landowners in NSW





What is Biodiversity Offsetting?

Biodiversity offsetting is an innovative way to generate an additional income from the land, while providing positive outcomes for the environment.

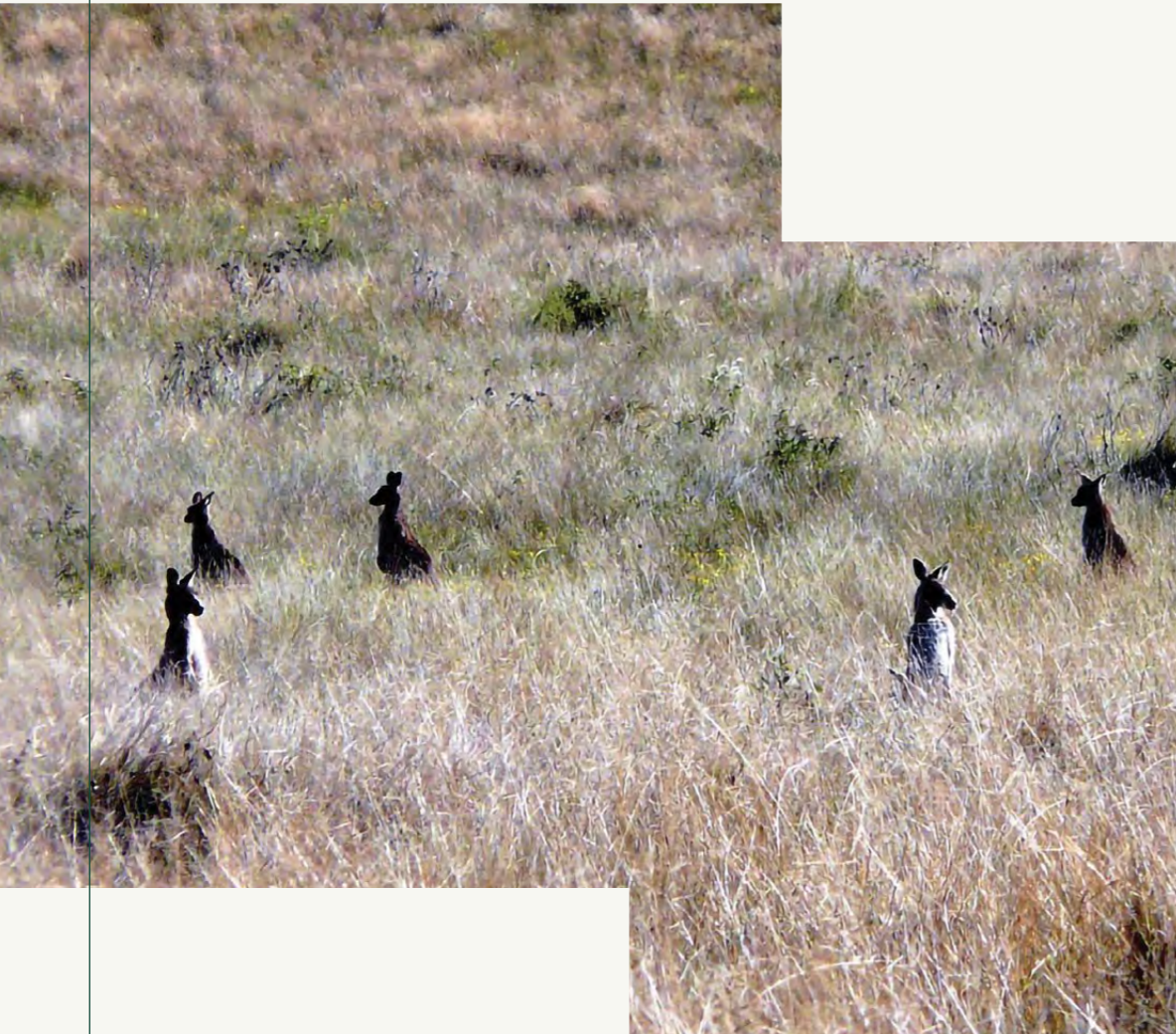
Under the NSW Biodiversity Offset Scheme (BOS) it is necessary for developers who clear native vegetation to provide biodiversity offsets to compensate for the loss of biodiversity values from their development site.

The framework for the scheme was established under the NSW Biodiversity Conservation Act 2016 (BC Act). The result of this legislation is that there is a market for biodiversity “credits” under the scheme. These credits are created by establishing a Biodiversity Stewardship Site on private land, through a Biodiversity Stewardship Agreement between the landowner and the NSW Minister for the Environment, which is administered by the Biodiversity Conservation Trust (BCT).

The agreement is attached to the land title and includes provisions that require current and future landowners to:

- Carry out management actions to improve biodiversity values on the land
- Not undertake activities that would reduce the biodiversity values of the land, including farm activities such as grazing (low level grazing may be allowed in some cases).

Landowners can establish a Biodiversity Stewardship Site under the NSW Biodiversity Offset Scheme (BOS) enabling them to earn income for managing their land to improve its biodiversity.





What are biodiversity credits?

There are two classes of biodiversity credits – ecosystem credits and species credits. Both classes of credits can be created on the same land, on the same Biodiversity Stewardship Site.

Ecosystem credits

Ecosystem credits are associated with native vegetation. The number of ecosystem credits generated is based on the capacity to improve biodiversity on the site, meaning that vegetation that is partly degraded often generates more credits than pristine vegetation. Vegetation plots that follow a set methodology (the Biodiversity Assessment Method; BAM) must be conducted on the land to determine the condition of the vegetation. The data from these plots is then entered into an online credit calculator which determines the number of credits generated from the site.



Species credits

Species credits can be created for all threatened plant species and some threatened animal species. It is necessary to conduct surveys for each species to determine the number of species credits generated on a site, and to specify the management actions required to improve the number or habitat of the threatened species. The number of credits generated is determined by the number of threatened species present or the area of habitat for that species.





What are the benefits of a Biodiversity Stewardship Site?

By establishing a Biodiversity Stewardship Site you can:

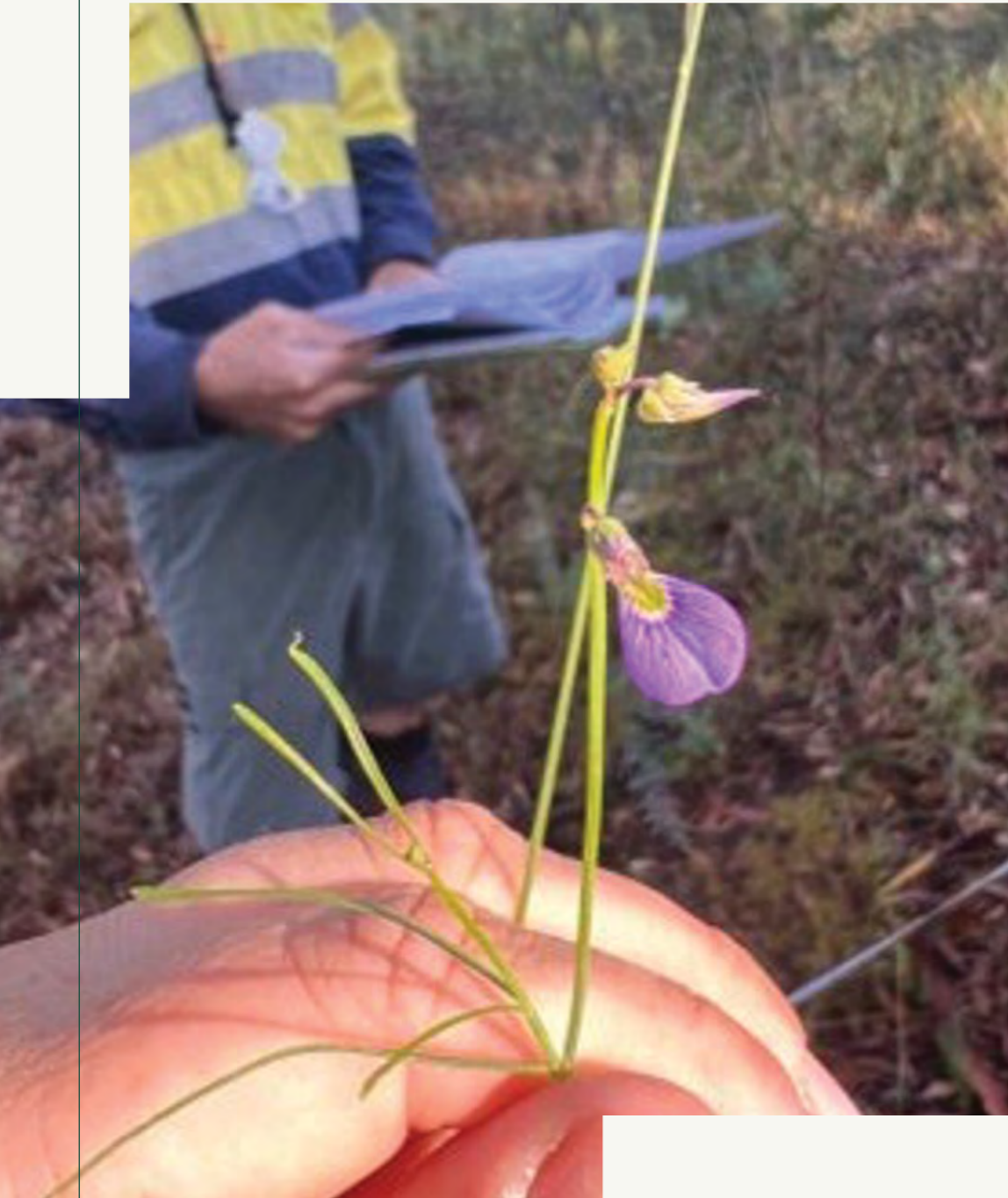
- Conserve the site's biodiversity values into the future
- Retain your land in private management and ownership
- Make a profit from the proceeds of selling your credits
- Earn an income for managing the land for conservation
- Use the Biodiversity Stewardship Site for other compatible purposes such as ecotourism activities or cultural uses
- Be exempt from paying land tax on the proportion of your land designated as a Stewardship Site
- Have rates and insurance costs covered by annual management funding.

Where can I establish a Biodiversity Stewardship Site?

Many private farming properties contain land that has little agricultural value but could contain biodiversity values that can generate profit and a regular income.

You can establish a Biodiversity Stewardship Site on land that comprises separate parcels of land, whether or not the parcels are adjacent to each other, provided all the parcels have the same owner(s). The minimum land size that can be considered is in the order of 200 ha, but may be smaller depending on the value of the biodiversity present. You do not have to include your entire property in the Biodiversity Stewardship Site. You decide which areas are included and excluded.





Who can establish a Stewardship Site?

All individuals, and entities such as corporations, entering into a Biodiversity Stewardship Agreement must pass the ‘fit and proper person’ test. The test includes a good record of compliance with environmental legislation such as the BC Act. The entity must also be deemed competent to manage the conservation work required under the proposed Agreement.

An owner must also obtain written consent for a Biodiversity Stewardship Agreement for land that is:

- Leased
- Subject to a mortgage (i.e. bank loan)
- The subject of a mining lease or petroleum production lease, but not exploration leases or licences – it is unlikely that permission would be granted by a mining leaseholder – see the MinView website to determine whether your land has a mining lease on it.

Management actions

If you decide to establish a Biodiversity Stewardship Site, you must agree to undertake annual management actions forever to improve the site’s biodiversity values. The Biodiversity Stewardship Agreement sets out the management actions the owner of the Biodiversity Stewardship Site is required to undertake.

Management actions typically include fencing, limiting or removing grazing, weed and feral animal control, management of human disturbance and retention of dead timber.

When a landowner sells their credits, a specified minimum amount from the sale (known as the Total Fund Deposit; TFD) is paid into the Biodiversity Stewardship Payments Fund managed by the Biodiversity Conservation Trust. Annual payments are then made to the landowner from the Fund for management of the land, meaning the landowner is never out of pocket for the management actions. This endowment runs with the land in-perpetuity to benefit current and future owners.



Management costs – Total Fund Deposit (TFD)

The costs of managing a Biodiversity Stewardship Site vary according to its size, location, vegetation cover and condition, weeds, feral animals and fencing requirements. The annual costs and frequency of each management action are entered into a spreadsheet to determine the TFD amount, which is the sum of money that must be paid into the Biodiversity Stewardship Payments Fund used to pay for in-perpetuity management of the Site.

The Fund is managed by the Biodiversity Conservation Trust (BCT). Payments are made annually to the landowner so that the landowner is never out of pocket from implementing the management actions. It is important to ensure sufficient funds are secured for the long-term management of your Stewardship Site. Heavily degraded land costs more to manage so may be less profitable.

The initial money from credit sales is paid into the Fund until the TFD is reached. Payments from the TFD for management actions are not paid to the landowner until 100% of the TFD value has been reached (through sale of credits). Likewise, the agreed management of the site is not required to begin until 100% of the TFD is reached so that the owner is never out of pocket.

Following credit sales of 100% of the TFD value, the BCT would pass on the full value of any additional credit sales to the landowner, which are therefore profit. The landowner is in control of the price that they will accept for all credit sales.

Potential revenue

Annual payments from the Fund vary greatly depending on the size of the property and management actions required. These payments are a taxable income, unless contractors are engaged to do the works.

Numerous factors affect the number of ecosystem credits generated from native vegetation, such as its quality and rarity, but as a very general rule three to six credits per hectare are generated.

Sales for ecosystem credits generally vary from \$1k-\$4k per credit, depending on their availability and rarity, although some credits in the Sydney region can be as much as \$20K-\$30k per credit.

It is not possible to give general information on credits per hectare and credit values for species credits.

Please note that when you enter into a Biodiversity Stewardship Agreement the landowner may be subject to capital gains tax on the value of the credits on the site and we advise that you consult an accountant.



Stewardship Site **Assessment**

A Biodiversity Stewardship Site Assessment Report (BSSAR) must be completed by a person specifically accredited under the BOS (an Accredited Assessor).

From the date you decide to proceed, it may take about 12 months to establish a BSA on your land and includes a comprehensive and collaborative process with yourself, your Accredited Assessor and the Credit Supply Taskforce (CST).

Niche currently has 13 Accredited Assessors and has established over 40 offset sites all over NSW.

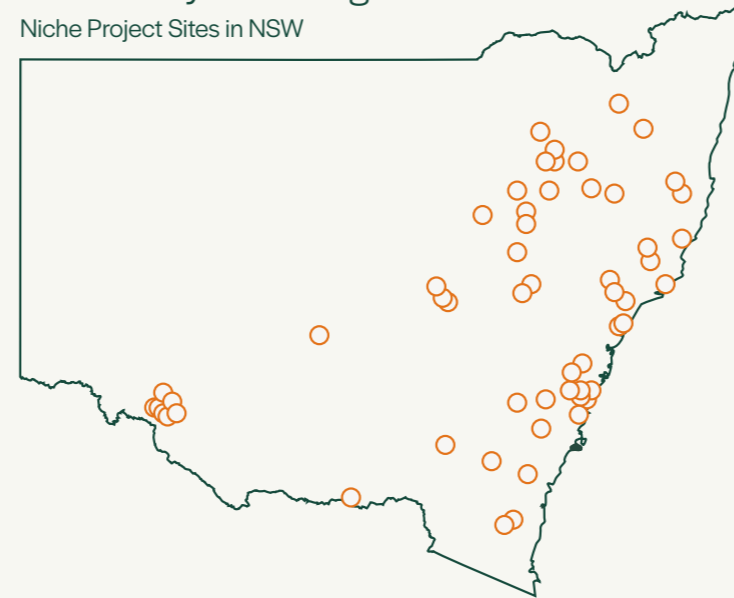
Our experience - a snapshot

Our team has established a strong and valued relationship with the regulators whom we work closely with to achieve timely and successful BSA applications. Our experience in NSW includes:

- the first BSA established under the BOS
- the assessment/establishment of more sites than any other consultancy
- the establishment of almost 33,000 hectares of BSA sites.

Biodiversity Offsetting

Niche Project Sites in NSW





Is my site suitable for a Biodiversity Stewardship Site?



It is possible to get a basic understanding of potential biodiversity values and feasibility of a site from a desktop assessment including review of vegetation mapping (Stage 1). These cost in the order of \$4k-\$10k depending on the size of the site.

To more accurately estimate the credits that may be generated from a site it is necessary to conduct a site visit to ground-truth the vegetation present, determine the condition of the vegetation and understand the management actions required (Stage 2).

Depending on the location and size of the site it would cost approximately \$30k to \$70k to conduct the site visit and prepare a report outlining the credits generated and their potential value.

These costs may be reduced off the overall costs for conducting the full BAM surveys and reporting required for an application for a Biodiversity Stewardship Agreement, which is typically in the order of \$200k depending on the site size, access, and vegetation/habitat present (Stage 3).



Who could I sell my credits to?

Credit buyers will mainly be developers who require credits to offset the biodiversity impact of their projects. However, anyone is able to buy and sell credits on the open market.

Ecosystem credits required for development have geographic restrictions on where they can be purchased. The geographic classification used for these trading rules are known as the Interim Biogeographic Regionalisation for Australia (IBRA).

Ecosystem credits can only be purchased from the same or adjacent IBRA sub- region, or any subregion within 100 kilometres from the development site. This means the location of your property may affect the demand for the ecosystem credits generated on it (i.e. properties located in or adjacent to IBRA subregions with more development will have a bigger market for credit sales).

Species credits have no geographical restriction and can be purchased from any part of the state.

How can I sell my credits?

Once your site is registered as a BSA, your credits will appear on the Government's [Credit Supply Register](#). Developers with a credit obligation may find you there.

There are also open tenders run from time to time by the NSW Government through which you could sell credits. You can sell your credits on the open market yourself or engage the assistance of a credit broker.

Niche has extensive experience in biodiversity credit brokering including over 30 offset sites in its portfolio with over 100,000 biodiversity offset credits, and has facilitated the sale of over \$71m of credits.

As environmental consultants to mining, infrastructure and property developers throughout NSW, Niche is aware of present and future planned projects, and therefore is in a unique position to understand the demand for biodiversity credits.

Given our network of contacts and our diverse client base, Niche is in an excellent position to broker credit sales between landowners and developers.



How can Niche help you?

Niche has the in-house expertise to assist in all stages of the BSA process from preliminary desktop and feasibility assessments through to BSA establishment and brokerage of the credits. We have a dedicated Natural Capital and Offsets team and a large team of 25 ecologists including botanists, fauna ecologists and 13 Accredited Assessors skilled in the application of the Biodiversity Assessment Method (BAM).

Our knowledge of BSA establishment extends to the practical application of formal financial, legal and tax advice to model the return on investment for each BSA. For example, understanding the implications of capital gains tax for a landholder seeking to develop a BSA can mean the difference between successful site establishment and a very significant, out of pocket tax bill.

Unlike most consultancies that focus only on the technical aspects of BSA establishment, our approach is to provide a holistic approach to the process from the preliminary site assessment stage through to BSA execution.

Our team can assist by:

- Conducting Biodiversity Stewardship Site feasibility assessments
- Preparation of the Biodiversity Stewardship Agreements
- Preparation of Biodiversity Stewardship Site Assessment Reports and associated site management and costing plans
- Brokerage of biodiversity credits



Dr Amanda Griffith

Manager, Natural Capital Supply

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Amanda is a skilled ecologist, field biologist, ecological consultant and project manager with over 19 years' experience in ecological consulting. Amanda is an accredited assessor under the NSW Biodiversity Conservation Act 2016 and has a thorough and detailed working knowledge of the NSW and Commonwealth biodiversity offsetting schemes. Amanda works with landholders to assist in establishing Biodiversity Stewardship Sites as well as assisting with the sale of their credits.



Matthew Richardson

Offset Strategist and Founding Director

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In over 25 years of consulting Matt has delivered hundreds of projects across a range of industry sectors including large infrastructure, utility, renewable, mining and other landscape-scale projects. He has expertise in developing biodiversity offset strategies, delivering complex biodiversity offset obligations, and strategic land planning.



Our experience

Biodiversity assessment and site establishment

Niche has more experience in biodiversity offsetting assessment and site establishment than any other consultancy in NSW. Over the past decade, our team has:

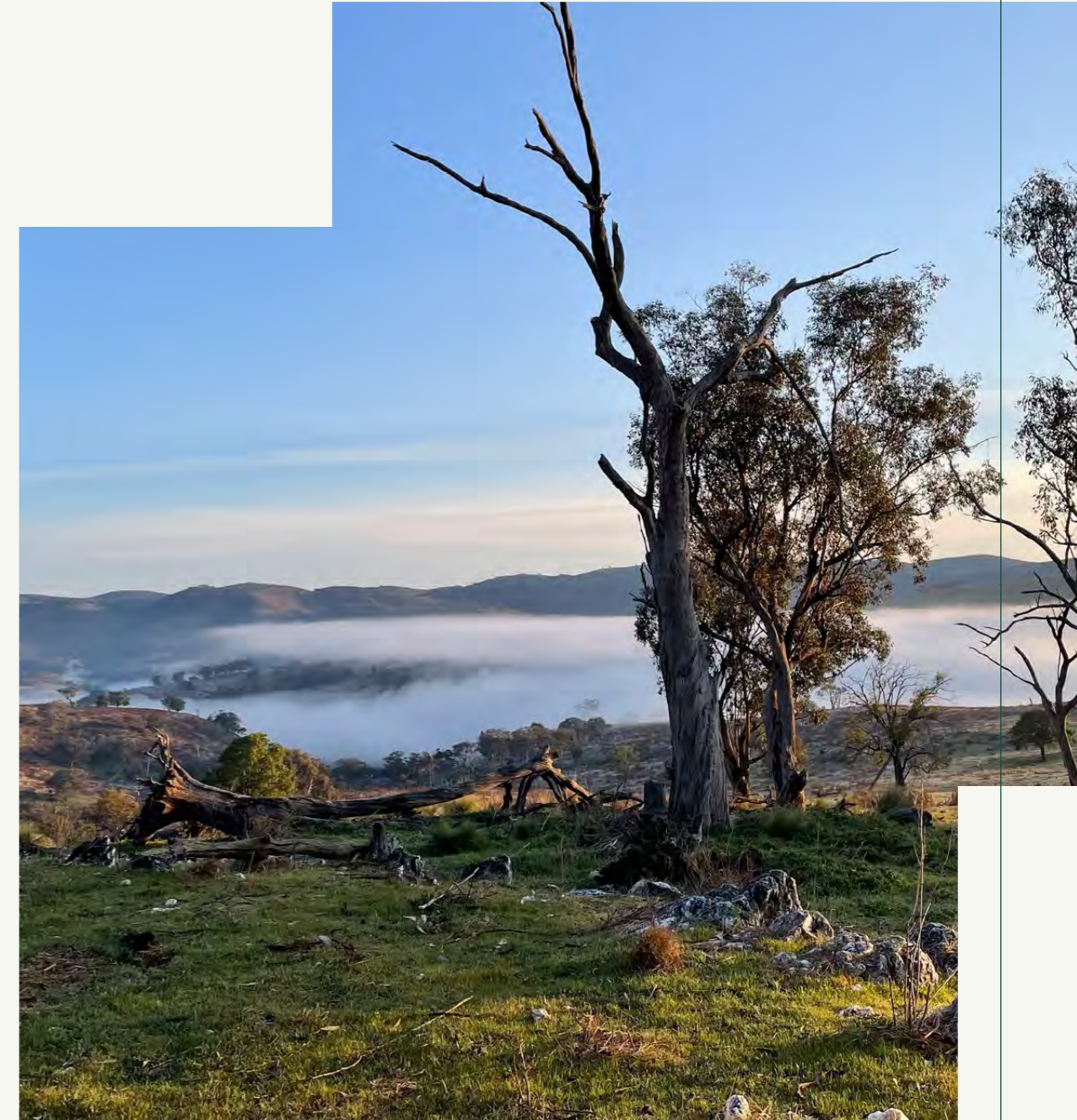
- Assessed more than 330 potential Biobank/BSA sites
- Established over 4,300 ha of Biobank sites
- Established (completed or in process) almost 33,000 ha of BSA sites
- Evaluated over 320,000 ha of land through preliminary BSA assessments
- Established over 40 offset sites, including the first BSA site under the BOS

Credit brokerage

We also have considerable experience brokering the purchase and sales of biodiversity offset credits and have developed our own unique Biodiversity Offset Exchange (BOE) database, allowing our team to match credit demand and supply in an instant. Matching the offset credit needs of our development clients with the biodiversity offsetting resources of our landowner clients provides exceptional commercial and environmental outcomes.

Our brokerage experience includes:

- Over \$71m of credits transacted in the past 5 years
- Currently 13 brokerage clients with 22 established or proposed BSAs
- Managing and tracking all credit sales (including regular Government tenders)
- Market reviews and advice regarding credit demand/supply and pricing
- Targeted marketing of credits to developers
- Assisting in negotiations with buyers
- Assisting with consultation and communications with the Credit Supply Taskforce/Biodiversity Conservation Trust
- Supporting landholders throughout the BSA process.





What our landowner clients say

“As farmers, we feel that this is a great opportunity for us to participate in helping protect a diverse patch of threatened ecological communities and species on private land. We adore the uniqueness of the property and this will allow future generations to enjoy a diverse landscape in a world that’s leaning towards monocultures for mass food production.”

“Initially we naively went down the path of trying to set up our farm for biodiversity credits, only to realise that this is more difficult than first realised. Then we discovered Niche who helped us set out a clear path for our business.

Niche informed us of the upfront and ongoing requirements needed to setup tradable biodiversity credits. It is not a simple process navigating on your own.

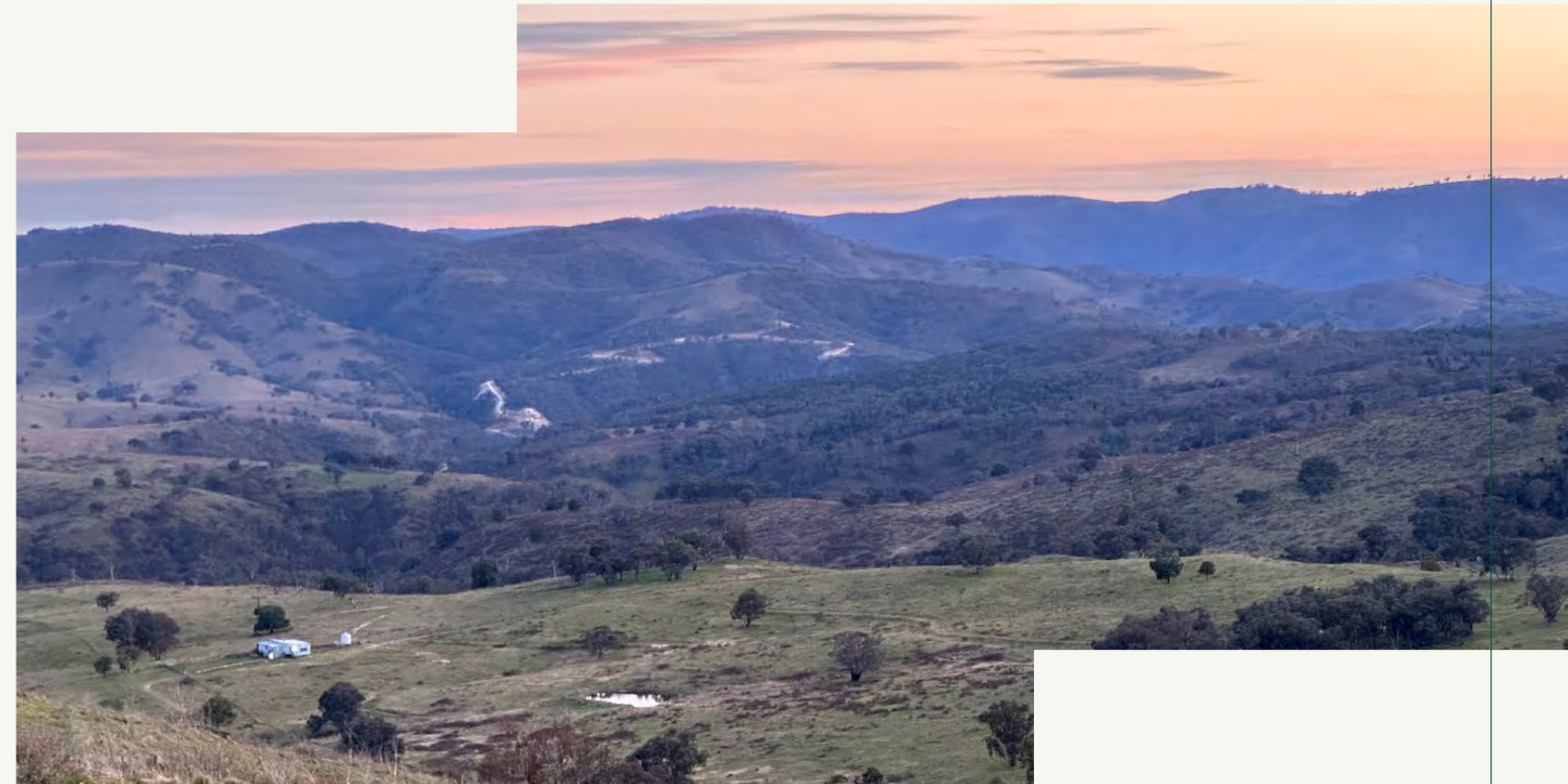
Niche ecologists spent weeks on the ground and were very efficient in creating reports and vegetation maps of the farm for analysis by the BCT. We also found Niche very skilled at communicating with the BCT, making the appropriate management actions that can be followed and completed while also meeting the legal expectations of the BCT.

We would suggest that anyone contemplating going down this path to be aware of the CGT implication that this process will trigger.”

Owners, Journey’s End West Biodiversity Stewardship Site near Hill End, NSW



Find out more about biodiversity stewardship in NSW



More from Niche

[Biodiversity stewardship on the ground: opportunities and realities](#)
by Dr Amanda Griffith

[Natural capital and offsetting - Niche services](#)

[Assessing the BOS](#)
by Matt Richardson and Dr Amanda Griffith

[Biodiversity in the boardroom](#)
by Matt Richardson

Useful links

[Biodiversity Stewardship Agreement Landholder Guide](#)

[Biodiversity Offset Scheme](#)

[Credit Supply Fund and Taskforce](#)

[Biodiversity Offset Scheme Fees](#)

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