



# SEB Credit Guide for Landholders

**Nov 2020**

## **Purpose of this guide**

This guide outlines how South Australian landholders may generate Significant Environmental Benefit (SEB) credit and sell credit to interested parties.

## **What is SEB credit?**

SEB credit is generated when an area of land is managed to protect and significantly improve native vegetation condition or extent.

A points system is used. The Native Vegetation Council (NVC) has developed assessment methods that estimate the expected environmental gain for a site that is managed actively for 10 years, followed by 10 years maintenance. The expected environmental gain is given a point score, with each point being a standard unit of "credit".

Actions to achieve credit may include, for example, permanent stock exclusion to protect native vegetation from damage, controlling weeds and feral animals (beyond what is already required by the

*Landscape Act 2019*) and adding diversity to degraded sites through revegetation.

To secure credit, a Management Plan must be approved by the NVC and the landholder must co-sign a Management Agreement with the Minister for Environment and Water. The Plan outlines what agreed actions will be undertaken in a 10 year period and the Agreement outlines how the area will be protected into the future.

Note that SEB credit is different to the "carbon credits" which may be generated from [carbon farming](#). The site management required for SEB credit may also result in carbon sequestration, but you cannot claim both types of credit for the same site. Landholders are encouraged to consider the costs, benefits and risks of both approaches to determine which might be the most favourable.

## **What is SEB credit used for?**

SEB credits can be sold on the South Australian credit market. The proceeds fund the management of the credit area

and, in some cases, may provide additional income to the landholder.

The NVC approves credit under the *Native Vegetation Act 1991* and the *Native Vegetation (Credit for Environmental Benefit) Regulations 2015*<sup>1</sup>.

### Who buys SEB credit?

Buyers of credit are:

- people or companies who need to offset the impact of native vegetation clearance that they have been approved to undertake in South Australia, e.g. for development purposes (see Box 1) or
- the NVC, who may then on-sell credit to interested parties, creating a revolving fund known as the Biodiversity Credit Exchange (see Box 2) or
- those who want to support biodiversity conservation voluntarily (in this case, credit is purchased and 'retired' without any associated vegetation clearance).

### Native Vegetation Credit Register

Once credit is approved, the details are placed on the [Native Vegetation Credit Register](#), which is found on the Department for Environment and Water (DEW) website.

### BOX 1: USING SEB CREDIT TO OFFSET CLEARANCE

In South Australia, applicants that are approved by the NVC to undertake native vegetation clearance may be required to 'offset' the impact of the clearance by implementing works that create a significant environmental benefit elsewhere (i.e. by conserving and/or restoring native vegetation).

The offset site is known as a Significant Environmental Benefit Area ('SEB Area') and this can be on their own land. If the applicant does not have suitable land, another option available to them is to buy SEB credit. The clearance offset is achieved by the person/body who generated the credit.

To offset a known clearance impact, any credit purchased by the applicant must meet the following criteria:

- the credit must be generated by managing a vegetation type that is the same vegetation type as that being cleared, or of a higher conservation value ('like for like or better')
- the credit must be generated in the same region as the site of clearance impact

If there is no credit available and no other party is willing to undertake the works required on the applicant's behalf, the party may pay into a Native Vegetation Fund held by the NVC.

<sup>1</sup> Refer to [www.legislation.sa.gov.au](http://www.legislation.sa.gov.au)

Those who wish to purchase credit can view the register to find credit suitable for their needs. They can contact credit holders directly or a credit Broker to discuss purchase of credits (see Box 3 for more about Brokers).

The register also contains the details of *potential* credit areas. These are areas which the NVC has deemed as being suitable to generate credit, but the full credit assessment and approval process may not have been conducted yet.

### **Eligibility for SEB credit**

See the NVC's [Significant Environmental Benefit Policy](#) for a full explanation of eligibility criteria.

#### **1. Minimum dimensions**

The area must be at least 30 metres wide for 90 per cent of its length to ensure a core of well-protected vegetation.

#### **2. Minimum size**

The area must be at least:

- 3 ha - if it contains common vegetation types
- 1 ha - if it contains a vegetation type that is listed as rare or threatened<sup>2</sup> or it provides habitat for threatened species.

#### **3. Able to be improved to achieve a significant gain**

An SEB credit area is to be managed to significantly improve the *condition* and/or *extent* of native vegetation.

The greatest environmental gain will be produced by managing vegetation which is currently in *moderate* condition. These areas are the most likely to regenerate or be restored to good condition if managed appropriately, compared to areas that have little or no current native vegetation cover.

Look for areas of native vegetation that are currently degraded or declining due to any or all of the following impacts:

- past clearance of some (but not all) native plants
- grazing by stock or pests
- weed competition/shading
- soil erosion
- bike trails, vehicle tracks, rubbish dumping, camping etc.

Native vegetation in very poor condition (e.g. scattered trees over pasture) may be considered if the landholder is willing to undertake a revegetation program to restore a diverse understorey. Extra credit points may be granted for management that strives to recreate a high proportion of the species that would have been present in the area originally.

Areas of vegetation that are already in very good condition with minimal threats

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<sup>2</sup> According to the *National Parks and Wildlife Act 1972* or the *Environmental Protection and Biodiversity Conservation Act 1999*

will only be considered if the landholder is willing to enter into a [Heritage Agreement](#) over the area.

#### 4. Additional to existing obligations

An SEB credit area must not already be protected for conservation purposes. The following are usually ineligible:

- land for which the landholder has an existing contractual arrangement for biodiversity conservation purposes (e.g. an existing Heritage Agreement or a funding agreement)
- national parks, conservation parks
- Crown land already dedicated to conservation
- land subject to existing State Government funding

#### 5. Long-term considerations

In order to offset permanent clearance impacts, the environmental gains achieved at an SEB credit site must be maintained over the long-term, therefore the site needs to be located where it will not be subject to inappropriate disturbance in the future.

The area remains the property and responsibility of the landholder, but it must not be used in a way that is inconsistent with a conservation dedication, including by future owners of the land.

Any road reserves, mining leases, telecommunications towers or other

### **Box 2: Biodiversity Credit Exchange**

The NVC may stimulate the generation of credit by seeking applications for credit sites in areas where major clearance is likely to occur (e.g. for mining and energy related developments).

The NVC's Biodiversity Credit Exchange (BCE) Program provides eligible landholders in priority areas with an assessment of potential credit areas, then enables them to place a competitive tender bid to sell that credit to the NVC. The NVC uses the Native Vegetation Fund to pay successful bidders directly.

The NVC is assigned the credit. The NVC then on-sells the credit to other buyers, creating a revolving fund.

See [BCE Program](#) on the DEW website.

easements should be excluded from SEB credit sites.

Note that the SEB site and relevant agreements are registered on the property title, so any future owners of the land will be aware of their obligations to maintain the site.

### **How do I apply for credit?**

The Native Vegetation Branch staff of DEW can assist you with the following options:

- Submit an *Application to Register a Potential SEB Credit Area* (if there is no immediate demand for credit) or

- Submit an *Application to Establish and Assign SEB Credit* form to formalise a credit site and enable the use of credit immediately.

Click [here](#) for application forms. There is no fee to register a *potential* site and no obligation to manage the area beyond that required by relevant laws, until you wish to formalise/use credit.

The application form requires basic information about the vegetation types and their condition, photos and an indication of how the site would be managed to achieve a gain.

To obtain credit, the site must be formally assessed and approved using the following procedure:

1. If the area has not been previously registered as a potential site, check the site eligibility requirements (seek advice from the Native Vegetation Branch if required)
2. Engage an NVC [Accredited Consultant](#) to undertake a vegetation assessment of the proposed credit area in accordance with the NVC's vegetation assessment methodology and SEB Guide<sup>3</sup>
3. Draft an SEB Management Plan for the area (use the NVC template; an

NVC Accredited Consultant may complete this step)

4. Fill in the *Application to Establish and Assign SEB Credit* and submit the form to the NVC
5. Pay the prescribed fee
6. If approved, manage the site.

If approved by the NVC, the credit may be sold ('assigned') to interested parties immediately. The credit information for each vegetation type within the SEB credit area, and any transactions, will be recorded on the Native Vegetation Credit Register.

Note: although not obligatory, a full vegetation assessment can be undertaken for potential sites, in which case the Native Vegetation Credit Register will contain more detailed information gained from the assessment.



<sup>3</sup> An NVC Accredited Consultant has undertaken the necessary training by the Native Vegetation Branch and has been certified by the NVC

## Managing the credit area

Once credit is approved, the SEB credit area must be managed fully in accordance with the approved Management Plan (whether credit is sold or not).

You can undertake the works yourself or hire contractors. Alternatively, you may enter into an agreement or contract with an [Accredited Third Party Provider](#) who can manage the credit area for you.

Third Party Providers are non-government organisations, environmental businesses, local councils or similar, accredited by the NVC for the purposes of managing credit sites or brokering credit sales.

See Figure 1 at the end of this guide for a chart of the process to gain credit. For a summary of the roles and responsibilities of NVC Accredited Consultants, Accredited Third Party Providers and Brokers see Figure 2.

## Monitoring the credit area

Standard photo-point monitoring and basic annual progress reporting to the NVC are required so that the NVC can be assured the management is being undertaken.

The NVC may require that the site is visited by its delegates to ensure the management is being carried out effectively.

A condition of credit approval for very large sites is that a full vegetation condition assessment is conducted at

### BOX 3: WHAT DOES A BROKER DO?

Accredited Third Party Providers can play a facilitative role (Broker) and act on behalf of landholders. Brokers may (for a fee):

- assist landholders to arrange assessment of the vegetation
- develop an SEB Management Plan
- submit forms to apply for credit
- submit forms to purchase/sell credit on behalf of a buyer/seller
- negotiate and develop contractual agreements between parties.

Third Party Providers who wish to broker must be registered with the NVC as a Broker on the Accredited Third Party Provider List.

Years 5 and 10, to report about the changes in vegetation condition – these assessments must be carried out by an NVC Accredited Consultant.

Note: SEB Policy does not permit an Accredited Third Party Provider to undertake a vegetation assessment of any SEB Area they are managing, therefore all formal vegetation assessments must be undertaken by an NVC Accredited Consultant *independent* of such a Third Party Provider.

### How do I sell credit?

You can work directly with anyone that wishes to buy your credit.

1. Engage a Broker if you do not wish to be involved with negotiations or administration



2. Ensure your site has been approved as an established SEB Credit area and is listed on the Native Vegetation Credit Register
3. Negotiate a price for your credits (see Box 4)
4. Apply to the NVC to approve the number of credits that are to be assigned to the buyer (submit an *Application to Establish and Assign SEB Credit* form)
5. Provide the NVC's Decision Notification to the buyer as proof that the transaction has been approved
6. Finalise your financial transaction with the buyer

The NVC does not approve financial transfers between parties for brokering or sale of credit. The NVC may however require proof that suitable contractual arrangements have been entered into.

### **Demand for credit**

The NVC cannot guarantee that credit will be purchased. Sale is dependent on:

- demand for credit
- how closely the specific impacts of clearance(s) resemble the values that are provided by the credit site
- whether the price of the credit is attractive to potential buyers

A credit holder or a Broker is able to approach potential credit buyers to promote available credit.

### **BOX 4: PRICING AND RETURN ON CREDIT**

The credit price is negotiated with the buyer by either the credit holder or a Broker. As a minimum, payment for credits should reflect the following costs:

- site management over the 10 year plan period
- monitoring and reporting
- other costs associated with assessing the site and administering credit transactions

You may also wish to factor in insurance, contingencies and additional income (profit).

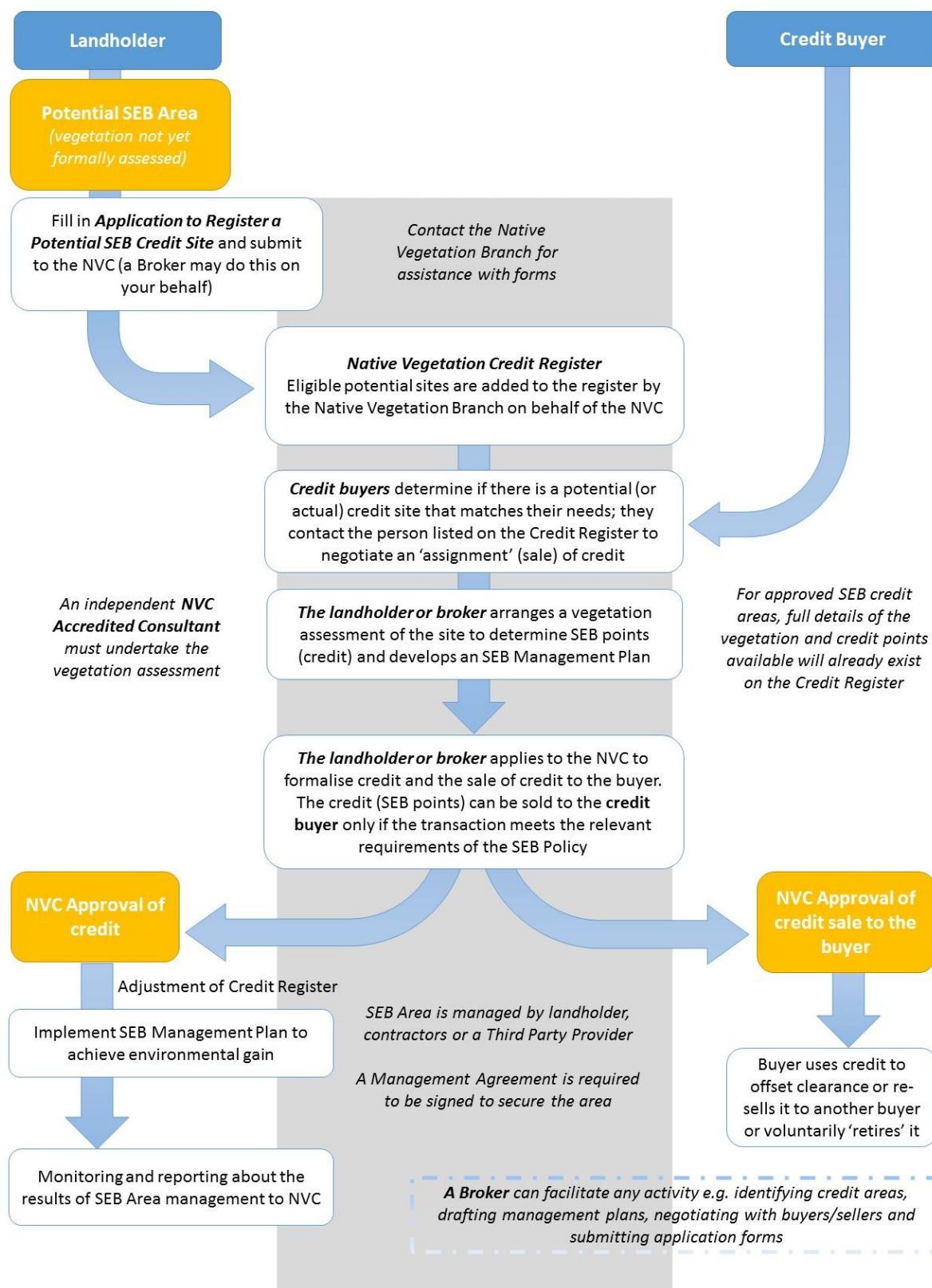
Note that if your price is very high, you risk pricing your credits out of the market. Clearance applicants may seek cheaper credits (if available) or pay into the Native Vegetation Fund (if this is a cheaper option).

A buyer may only be interested in purchasing a portion of the credits you have available, therefore your price should be calculated on a \$/credit point basis.

For more information on land management costs you can seek advice from contractors, NVC Accredited Consultants or the local [Landscape Board](#) office.

For information about approved and pending vegetation clearance applications, see the NVC [Clearance application register](#) or [Open Consultations](#).

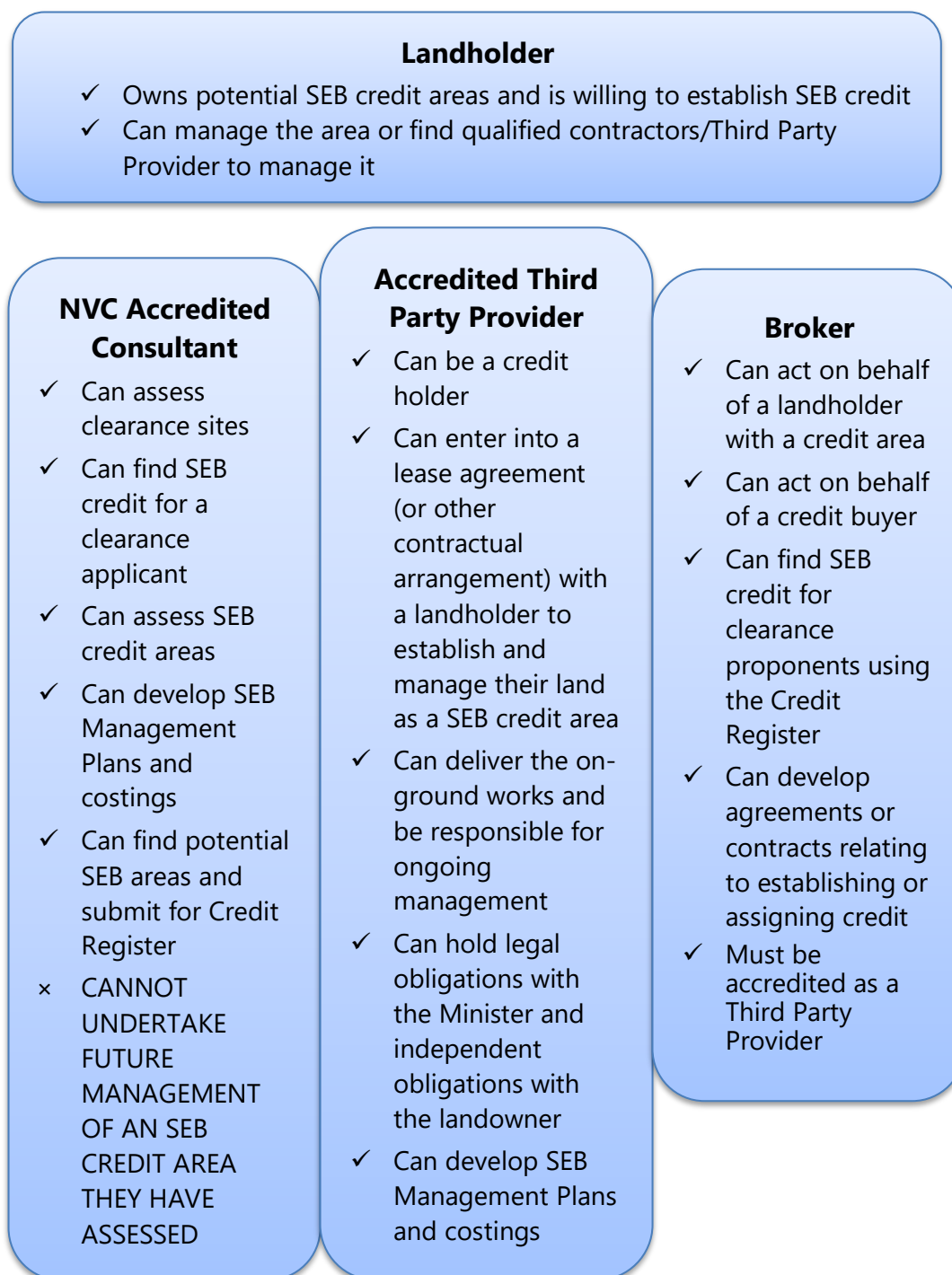
**Figure 1: How SEB credit is approved and sold ('assigned')**



Note: landholders applying through the Biodiversity Credit Exchange program will be assisted by the Native Vegetation Branch and use a different application process. The NVC will buy approved credit.



**Figure 2. Roles and Responsibilities**



**For more information**

Significant Environmental Benefit Program, Native Vegetation Branch  
[nvc@sa.gov.au](mailto:nvc@sa.gov.au) or (08) 8303 9777

[www.environment.sa.gov.au/nativevegetation/offsets](http://www.environment.sa.gov.au/nativevegetation/offsets)