

Biodiversity Credit Exchange FAQs

What is the Biodiversity Credit Exchange?

The Biodiversity Credit Exchange enables South Australian landholders to produce biodiversity credits by committing to protect, manage and restore biodiversity in designated areas on their land. Landholders receive payments to establish and maintain these areas as part of an agreed management plan. The credits generated on their land are listed on the Native Vegetation Credit Register available on the department's website. The biodiversity credits are sold to buyers that are required to offset vegetation clearances in the same region. The Biodiversity Credit Exchange supports sustainable development in our growing regional economies while providing long-term protection for our state's ecosystems.

How is the program funded and delivered?

The program is funded and administered by the Native Vegetation Council, an independent body established by the *Native Vegetation Act 1991*, and is being delivered by the Department for Environment and Water's Native Vegetation Branch with support from Eyre Peninsula Landscapes SA.

Is there a cost to take part in the program?

There is no cost to take part in the program (including the on-ground assessment of your site) and you can withdraw from the process without obligation up until the signing of the funding agreement.

Who can apply?

Applications for the Biodiversity Credit Exchange can only be accepted from land owners, lessees or accredited Third Party Providers.

Do I need to be located within a particular region to be eligible?

The program will be established in select regions where demand for biodiversity credits is predicted to be highest. Rounds will be advertised on the NVC website as required. If your property is outside of the target area, you can seek to establish a significant environmental benefit (SEB) site, or register your interest in participating in future stages by contacting the Native Vegetation Branch at NVC@sa.gov.au

What conditions does my site need to meet to be eligible?

To be eligible for the program your site must:

- be located on land that is owned by you or that you are leasing if you are in the pastoral region or you are an accredited Third Party Provider.
- contain moderate levels of remnant native vegetation (e.g. intact upper storey but degraded understorey)
- be located within the target area and contain targeted vegetation types for the specific BCE round (this will be cross-checked by the Native Vegetation Branch)
- be free from conservation covenants and other management agreements
- not have proposed or future conditions of use that would prohibit it from being used as a biodiversity site (e.g. easement, land use intensification).

What is the application process?

There are four simple steps:

- **Step 1 – Expression of interest.** Go to our website (www.environment.sa.gov.au/bce) and complete the 'Expression of Interest' form. If you meet the eligibility criteria and your site is prioritised for assessment, you will be contacted for a site visit at your property with a field officer from the Eyre Peninsula Landscape Board.
- **Step 2 – Site assessment.** The field officer will visit your property at an agreed time to assess your potential credit site. The officer will determine the amount of credit that can be generated by your site and will discuss management options with you.
- **Step 3 – Submission of bid.** If you wish to continue you will need to submit a bid. The bid will outline the price you are seeking to establish and maintain the credit site. It should aim to cover costs associated with managing the site and any desired income. The bid is non binding at this point in the process.
- **Step 4 – Heritage Agreement and funding agreement.** If your bid is successful you will be invited to enter into a Heritage Agreement (to protect the site into perpetuity) and a funding agreement. The funding agreement will include a ten year management plan prepared by the Native Vegetation Branch. The plan will outline the management actions you will need to implement to ensure that your site achieves the anticipated improvement in biodiversity and any ongoing obligations. Once the funding agreement is in place you will begin to receive payments in line with the amount you specified in your bid submission. The credits that your site will generate will be listed on the Native Vegetation Credit Register. Your credits will eventually be sold to eligible clearance applicants that need to offset their activities.

What are biodiversity credits and how are they calculated?

Biodiversity credits represent the expected improvement in biodiversity that will result from the protection and management of a site. The credits are calculated by comparing:

- An on-ground quantitative assessment of the vegetation to establish its current condition.
- The likely improvement in condition of the vegetation over a 10 year timeframe if the site is managed and protected.

It is this improvement that qualifies as credits.

How many credits will my site generate?

The number of credits your site will generate is dependent on its current condition and the expected improvement in biodiversity that would result from its management and protection. This will be determined by an on-ground assessment conducted by field staff (a member of the Native Vegetation Branch, a consultant engaged by the branch or the Eyre Peninsula Landscape Board).

How much will I be paid?

If your application is successful, you will be paid the amount that you specified in your bid. Your bid is the amount you require to enter into a Heritage Agreement to establish and maintain your credit site. It should incorporate all costs associated with the agreed management actions for your site (discussed at your site assessment) and any income you are seeking. The bids are assessed through competitive tender so you are encouraged to consider what costs are reasonably required. If your bid is successful, you will receive an initial upfront payment upon signing the Agreement, followed by payments at certain time intervals following the satisfactory completion of the agreed actions and/or delivery of outcomes. The schedule and amount will be negotiated with you. Payments will be by Electronic Funds Transfer.

Who assesses landholder bids?

The Native Vegetation Council will assess landholder bids based on:

- The potential for the site to achieve a significant improvement in biodiversity
- Likely demand for credits
- Value for money
 - and other relevant assessment criteria, ref BCE Application Guide

Is there a minimum and maximum size for a site to be eligible?

Priority will be weighted to sites of a minimum of 3 hectares. There is no maximum size as this is influenced by the type of land holding and other factors, however larger sites are preferred.

Can sites that are already protected be considered?

Sites that have existing management obligations under a funding or conservation agreement will not be considered. This includes areas that are already subject to a Heritage Agreement and existing Significant Environmental Benefit (SEB) sites.

Does the program include revegetation?

The program focuses on protection and improvement of remnant vegetation. Supplementary planting of native species into remnant native vegetation is supported, particularly where understorey has been lost due to past disturbance. Buffering or infill planting may also be acceptable if it extends or connects existing areas of remnant vegetation. However, broad scale revegetation can be resource intensive and have varying levels of success, therefore less likely to be supported.

How long will my site need to be set aside for conservation purposes?

A credit site is established in perpetuity and is subject to:

- ten year management plan which stipulates the management actions that need to be undertaken to improve site biodiversity and any ongoing obligations
- a Heritage Agreement which provides ongoing protection of the site to prevent future impacts..

The exception is for pastoral leases under the *Pastoral Land Management and Conservation Act 1989* where the Heritage Agreement may be reviewed after a fixed term.

What commitments and management actions will I need to undertake?

The field officer who conducts your site assessment will assess the quality of your native vegetation and the actions required to achieve an improvement in biodiversity. They will discuss management options with you and this discussion will form the basis of the first ten years of the management plan that will be developed for your site if your application is successful. Common activities include:

- fencing to control grazing by stock and/or pest animals
- excluding stock or adapting grazing practices to maximise native species diversity
- weed and pest animal control above current responsibilities
- retaining trees, understorey, logs, fallen branches and leaf litter
- supplementary planting into areas of degraded native vegetation.

The final management actions listed in the management plan can be varied with the written consent of both parties (i.e. the landholder and the Native Vegetation Council). In general, only actions that lead to an equal or improved outcome will be considered.

How will my site be monitored?

You will be required to undertake monitoring in line with your Native Vegetation Management Plan. The costs of the monitoring should be incorporated in to the overall price you submit as part of your bid. Monitoring is not anticipated to be labour intensive and may be something as simple as annual photo point monitoring and reporting on activities undertaken to the Native Vegetation Branch.

What happens at the end of the ten year management plan period?

If the anticipated improvement in biodiversity has been achieved at the end of the ten year period, then the site should be maintained in that condition inline with ongoing obligations outlined in the Heritage Agreement (e.g. permanent stock exclusion). You will still be expected to maintain the site in line with the Heritage Agreement, however there will be no specific monitoring or management requirements, other than those required by law.

If the anticipated improvement in biodiversity has not been achieved at the end of the ten year period due to climatic conditions, the management plan and associated timeframe will be revised. The Native Vegetation Council will discuss funding options with you if this eventuates.

If the anticipated improvement in biodiversity has not been achieved due to a failure to carry out agreed management actions, the Native Vegetation Council will contact you to discuss compliance options. Continued non-compliance with the management plan may result in you losing your bid payments.

What happens if unforeseen events occur?

Events such as fire, flood, drought or new weeds or pest appearing may require you to undertake additional management actions at your own cost, such as replanting vegetation or reconstructing fences. You are encouraged to purchase insurance as a contingency for such unforeseen events and to include the cost of this in your bid.

What happens if the vegetation doesn't recover to the extent expected?

Compliance with the management plan will be based on your completion of agreed management actions, not on the outcomes of the vegetation recovery. This is in recognition that circumstances outside of your control (such as below average rainfall) may prevent the vegetation from recovering to the extent expected. The Native Vegetation Branch will carry out repeat assessments of the vegetation at year five and ten to quantify the changes in vegetation condition.

Can I get rate relief for my site?

Yes, a BCE site will become Heritage Agreement and eligible for rate relief.

Can I access funds from other sources to cover management costs for the site?

There should be no requirement to seek additional funding as all anticipated costs for managing the site should be included in your bid. There will be no further funding from the Native Vegetation Council beyond the agreed price.

What if I change my mind?

You can withdraw from the process without obligation up until the signing of the funding agreement. If you wish to withdraw from the agreement after signing you will need to contact the Native Vegetation Council to discuss your options

Who needs biodiversity credits?

Industry and landholders that are clearing vegetation are required (in most cases) to produce a significant environmental benefit (SEB) to offset the impacts on biodiversity. There are several ways a clearance applicant can achieve a SEB requirement under legislation. They can:

- establish a new SEB area on land they own or on land under their care and control
- apply to use SEB credit that they have previously established
- apply to have SEB credit (referred to as 'biodiversity credit' for the Biodiversity Credit Exchange) assigned from another person or body
- engage an Accredited Third Party Provider to find and deliver an SEB on their behalf
- pay into the Native Vegetation Fund if the achievement of an on-ground SEB is not possible.

The Biodiversity Credit Exchange provides an efficient and straight forward means for achieving an SEB having credit transferred from another person or body.

How do individuals and groups that need to offset clearance activities purchase biodiversity credits?

A request to purchase biodiversity credits to the Native Vegetation Council as part of their native vegetation clearance and offsetting application. Approved applicants then make a payment into the Native Vegetation Fund and the credits are removed from the Native Vegetation Credit Register.

What happens to the credits once they are purchased by clearance applicants?

Once a clearance applicant has purchased the credits they are extinguished and removed from the Native Vegetation Credit Register.

For more information:

www.environment.sa.gov.au/bce