

Submission to IPART “Monitoring the NSW Biodiversity Credits Markets”



Two of our very pretty inhabitants

DESCRIPTION

The property “Girrahween” has 500 Hectares (Ha) of mainly highly endangered PCT35 (Brigalow/Belah) as part of a 1600Ha holding. We are connected to Crown land and Local Land Services (LLS) remnants, in the northern grain belt of NSW between Moree and Goondiwindi QLD. The total connected area is approximately 900Ha. We meet the Australian Government international criteria of having 30% native vegetation preserved in what is an intensively farmed region.

Biodiversity History

Girrahween biodiversity was fully assessed in 2018, re-confirmed in 2023, and now subject to a new assessment commencing in October 2024.

We have participated in a 2018 biodiversity tender (failed), and we then took our first biodiversity assessment to the BAM process in 2019, up to the point at which it became obvious that the credits we had been allocated, and their indicated price, were insufficient to financially support a biodiversity stewardship.

We submitted an expression of interest application in December 2022 in response to the formation of the Credit Supply Trust. We utilised BCT’s example Credit Pricing Spreadsheet. Their publicity offered hope of a new outlook to stewardship for landowners. We have persisted but have been unable to reach a workable plan. Currently, we are about to commence our third biodiversity assessment at the suggestion of the Credit Supply Trust (CST) and it will be financed by CST. We financed the first assessment ourselves at a 2018 cost of \$20,000. We still hope that a stewardship will result but have no clear outline of how that may occur.

We have breeding sites of many endangered and common species. Most notable is the highly endangered Pale Imperial Hairstreak (*Jalmenus eubulus*) butterfly (Local Land Services). It is listed as the second most likely butterfly to become extinct primarily due to loss of PCT 35 habitat (NESP Threatened Species Recovery Hub, 2021). It would appear that this patch of endangered biodiversity should be close to the top of any list for preservation.

Barrier 1

Girrahween (PCT35) biodiversity preservation is not a financial driver in the stewardship process as evidenced by restrictions on credit values relative to environments on the eastern seaboard, despite the presence of several endangered species. We identified to BCT that if we were paid the average price in

2023, and received average numbers of credits per Hectare, then our proposal would have no financial impediments to stewardship if sales were achieved. Our pricing proposal was reflective of their indicated price per credit, and an average of credit numbers per Ha, not on the credit numbers we had been allocated. No suggestions were forthcoming other than “*We have conditions and processes that need to be met*”. Location and cost to the developer always seemed to override biodiversity. They did comment that it was still “*a work in progress*”. We were given information on price and numbers required for PCT 35 (and others) that indicated to us that our proposal was in the ballpark.

Solution

Credit price and numbers per Hectare should reflect the biodiversity content, regardless of location, and not be dominated by fear of high costs to the developer. A clear outline of why and how our credit number, and their price, is generated is essential to allow land owners to determine their situation. Land owners should be able to independently determine why their numbers and values vary from other NSW state areas. Biodiversity preservation should surely be the priority. BCT should be obliged to supply appropriate accurate credit details they hold, or know of, when requested by potential biodiversity stewards after a project assessment of credit determination has occurred. We are currently fobbed off with incomplete data on the credit supply/demand dashboard. Early stage potential stewardships need more than that to progress. It is difficult to have a conversation with your bank manager when most primary details of the project are not available for them to peruse.

Barrier 2

Landowners such as ourselves currently do not know or understand the process of determining what credits are required by a developer. We have a Newell Highway 20 kilometre re-alignment and an Inland Rail development, Narrabri to North Star and beyond, within a fifteen km radius of Girrahween. CST informs us that no Pale Imperial Hairstreak butterfly (*Jalmenus eubulus*) credits were required, and no sales have occurred, even though this is the only known breeding area in NSW. It is incredulous to consider large developments, such as these, could have an insignificant effect on a species so at risk from habitat loss.

Solution

Publish more data that is easily accessible in a process that landowners can use to their advantage. Make special rules for proven potential stewardships if necessary. Restricting data reduces the market power of credit sellers and thereby the chances of developing a system that can compete financially with agriculture as an alternative land use that can open up the potential for reversing biodiversity decline.

Barrier 3

Achieving continuing financial adequacy for an in-perpetuity stewardship is essential. Those outlining management costs and their determination should acknowledge the insecurity of future pricing. Stewardships need a means of correcting un-anticipated change. Biodiversity values will have to be equitable with other land use values and costs. Corrections based on the published CPI are likely to diverge from actual land management costs over time. At this point we are un-aware of exactly what conditions are likely to be in our stewardship contract.

Solution

A stewardship program as envisaged by the Credit Supply Trust is entirely financed by the sale of our assets (biodiversity credits) created by the retention, expansion and protection of Girrahween's native vegetation. That is, by our past and future management. These asset sales will be financing the preservation of biodiversity in perpetuity as a benefit to the wider environment and community. This will only make financial sense for us if the full land value is realised to cover the opportunity cost of biodiversity land-use, risk and profit are included, and the credit price is sufficient to provide the Total Fund Deposit for ongoing management costs. This is outlined in the example spreadsheet published by BCT. The management fees that are covered by the TFD have to have a continuing element of annual profit to maintain the future farm valuation relative to district values; i.e. a new owner will value the land title restrictions as creating no impediment to purchase. Agriculture and biodiversity must live in the same financial space if biodiversity is to survive. Biodiversity credit values have to be a driver, not an afterthought. BCT credit values should reflect those in their example spreadsheet, not the market minimums that they appear to hope will reduce the cost of development. I would like to be able to request that BCT fill out the spreadsheet for individuals using figures that can be confirmed by local experience and records. We would then have a stewardship valuation that could be subject to negotiation. Their own example spreadsheet demonstrates how too low a credit valuation makes stewardship impossible.

Furthermore, I am unable to find a full 2024 version of this example spreadsheet. Has its publication been discontinued?

Barrier 4

We are endeavouring to present Girrahween as a project that has many aspects that we would like to have considered as a whole, rather than as just a source of individual credits. It seems logical that we be viewed as a significant remnant of the original Mungle Scrub that connects with other remnants and contains most of the species that were in the original. Preservation of this area is imperative if we are to improve the biodiversity of recovering over-cleared PCT's in NSW.

Solution

BCT could look at our position in the landscape and provide us with a summary of what they see as the wider benefits that will accrue if the project goes ahead. This would give us an avenue to present our vision of what the future of our biodiversity might be. I think there is a need for a process to handle what is a complex biodiversity situation when the wider area involves remnants attached to, but outside, our boundaries. This process should allow greater recognition of the beneficial part played by high quality surviving native vegetation that attracts a low number of credits/Ha at the moment when compared to highly damaged vegetation that is in a state of repair. We see maintenance of high quality remnant vegetation as an essential part of the biodiversity repair process that should create more credits than BAM currently allows. It is the major source of surviving species that are needed to flow to recovering areas to restore the populations that once were dominant in the Brigalow belt.

Summary

To date we have encountered great resistance from the Biodiversity Conservation Trust, and lately the Credit Supply Trust, to engage on points such as we have outlined. The response times to our emails

suggest they are under considerable time/work pressure. We find it very difficult to engage in detailed discussion of our situation when they provide little in the way of suggestions that might improve our chances of stewardship. They are very prone to identify credit price restrictions and total costings of our project as things beyond their control, and have little to say when we outline the wider parameters that will have to be met if biodiversity is to be maintained at current or improved levels. We hold a position of disadvantage when it comes to knowledge and application of the rules applying to our stewardship.

There has been little appreciation of what has been achieved by past management. We have something of great biodiversity value by virtue of the preservation practised by grandfathers, fathers and ourselves since 1935. Our older generation beat the Biodiversity Conservation Trust off the mark by about eighty years when they retained large areas of The Mungle Scrub with minimal disturbance. Our cessation of grazing in 1994, and willingness to commit to nil grazing in-perpetuity, appears to have done little for our credit creation.

We have requested that our stewardship project contract be put in place at a single point in time. I am too old to enter into a process of credit sales over an undetermined period that has seen so many stewardships left in limbo due to lack of sales. We believe that Girrahween generates enough in-demand credits at a price that should allow this to occur. We base our belief in this possibility on the fact that;

1. Credit purchase, ahead of need, was a primary reason for the formation of the Credit Supply Trust;
2. BCT is a group that claims to have preservation of over-cleared endangered PCT's such as ours as a priority.
3. NSW audit and the IPART report show that funding from un-retired credit purchase deposits is more than adequate to cover a project like ours.

References

NESP Threatened Species Recovery Hub. (2021). *Butterflies on the brink: identifying the Australian butterflies most at risk of extinction, Research findings factsheet.*

https://www.nespthreatenedspecies.edu.au/media/zha15nur/2-1-butterflies-on-the-brink-findings-factsheet_v9b.pdf

Local Land Services. *Protecting the pale imperial hairstreak butterfly: Landholders offer rare sanctuary for critically endangered butterfly.*

<https://www.lls.nsw.gov.au/regions/north-west/key-projects/natural-resource-management-case-studies/protecting-the-pale-imperial-hairstreak-butterfly>

