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Your submission for this review:

I am the Senior Ecologist with MidCoast Council, and this submission represents my professional views. It does not attempt to reflect the views of the Council. I am not satisfied with the performance of the NSW biodiversity credits market. It does not offset the impacts of local development. A major reason why the scheme does not offset the impacts of developments and clearing is because it allows for participants to satisfy their credit obligations (to offset their impacts) by paying into the Biodiversity Conservation Fund. As a local government authority responsible for planning decisions, MidCoast Council has direct experience with the NSW biodiversity credits scheme. We have approved a considerable number of developments that have included obligations to retire ecosystem and species credits to achieve no net loss (offset) the impacts of the development. These are imposed by conditions of development consents. As far as we are aware, the vast majority of developers have satisfied their credit obligations by way of payment to the Biodiversity Conservation Fund. We are also not aware of any instance where these funds have been utilised by the relevant NSW Government authority (the Trust) to deliver any conservation outcomes (ie. retirement of the credit obligation) anywhere in the MidCoast region. In essence, the MidCoast community and the MidCoast environment are experiencing the biodiversity loss, with the biodiversity gain either not being delivered at all (unmet credit obligations held by the Trust), or being delivered to some other region distant from our area. Local offsets are of interest and importance to the MidCoast community and to my Council, but the system fails this region. I can only speculate on the causes of this situation, where development is impacting local biodiversity, but offsets are not being satisfied or are being delivered in other distant regions. Firstly, the scheme permits payment into the Biodiversity Conservation Fund. Secondly, it is easy (and possibly) cheap for a developer to satisfy their offset obligations in this way rather than find, secure (or establish) their own local offsets. Thirdly, there is an apparent mismatch between the Biodiversity Stewardship Areas that are presently available in the MidCoast and the types of ecosystem (and to a lesser degree, species) credits that need to be retired at development sites. Most of our BSAs are on large, forested hinterlands containing wet sclerophyll forest types. Here, the land is cheaper to acquire, and the developmental pressures are substantially lower. Developments are more focused in coastal areas containing dry sclerophyll forests and swamp sclerophyll forest types. Thus, holders of BSA have reported difficulty in selling their credits, while developers pay into the Fund and the conservation investment leaks from the Council area, and fails to deliver on strategic, local offset outcomes. The scheme does not facilitate the establishment of BSAs in high-demand locations in this Council area because: a) the land costs are too high, b) there are insufficient incentives to participate ie. returns from other potential income-generating schemes (development, agriculture, forestry, etc) for holders of coastal land out-compete the (cost / benefit) returns associated with current biodiversity conservation, c) there are high up-front costs and long-wait times for establishing any BSA and d) payment into the BCF is accepted and there is no scheme to incentivise or tie these payments to local offsets anywhere in the MidCoast. I support a phase out option for the Biodiversity Conservation Fund. The relevant NSW Government agencies should be engaged to work with local Council's to develop advanced local offsets for developments. This should include the preparation of local and regional conservation plans and local offset trading schemes. Communication between the NSW Government and local Councils should be greatly improved so councils can link developers payments to the BCF with on-ground outcomes. Customised offsets delivered strategically should include opportunities for development to fund land purchase and management measures to expand existing council natural area reserves and local national park reserves. More BSA's are required in relevant, strategic areas. BSA returns need to be upgraded and development / clearing opportunities removed to make BSA's in coastal areas more profitable and compelling for landholder participation. This Council has explored ways to elevate local advanced offsets in decision-making and can explain our examples. The Scheme needs to better deliver advanced, strategic, local offsets. In order to become nature positive; these changes are needed. Council's like MidCoast, wish to be engaged in the maturing and refining of the Scheme to meet our needs, the communities' needs and the needs of local biodiversity / environmental outcomes.