

Fact sheet



Purpose

Transport for NSW (TfNSW) seeks to avoid, minimise and mitigate the impacts of its infrastructure on biodiversity during the development and design of its projects.

Where impacts cannot be avoided or mitigated, TfNSW looks to offset these impacts using the NSW Biodiversity Offset Scheme (BOS) administered by the NSW Department of Planning and Environment (DPE), the Biodiversity Conservation Trust (BCT) and the Credit Supply Taskforce (CST). This approach is consistent with NSW and Commonwealth planning and environmental laws.

This fact sheet explains the approach taken by TfNSW when making offers to purchase credits and to negotiate credit value as part of the BOS.

This document is applicable until withdrawn or replaced by TfNSW and does not constitute legal advice.

TfNSW encourages all property owners considering participation in the Biodiversity Offset Scheme to obtain their own legal and financial advice before proceeding.

About the Biodiversity Offset Scheme

The BOS is a market based scheme that provides:

- a consistent biodiversity assessment process for development
- a rigorous and credible offsetting scheme
- an opportunity for rural property owners to generate an income by managing land for conservation.
- upfront and ongoing management payments to landholders managing their land for conservation

Under the scheme, property owners enter a Biodiversity Stewardship Agreement (BSA) with the NSW Minister for the Environment and can then sell the biodiversity credits generated by their properties.



Sugar glider, near Heathcote Road. Photo TfNSW

Frequently asked questions

How does TfNSW find potential sellers?

TfNSW finds potential sellers of biodiversity credits by:

- reviewing the credit supply register on the [BOS public registers](#)
- seeking expressions of interest from property owners who don't currently have a BSA applying on their land but may be interested in entering one. This is done in a variety of ways including:
 - posting our requirements on [BOS public registers](#)
 - placing advertisements in local newspapers seeking expressions of interest (EOIs)
 - contacting property owners directly or via a broker.

What happens if I am contacted about buying my issued credits?

Depending on whether there have been recent sales of your credits, TfNSW may ask you:

- for a copy of the BSA and credit pricing spreadsheet prepared on your behalf by an assessor accredited by DPE
- for any other relevant information, including quotes and land valuations used to estimate credit value

- for permission to access your property for valuation purposes.

As part of the process we will:

- hold the information on your property on a strictly confidential basis
- appoint a primary contact officer to communicate with you
- carry out investigations regarding the value of the credits.

Once investigations are complete and credit value is assessed, we will either make an offer to purchase your credits within a reasonable timeframe (based on our approach to credit pricing) or advise you that at this time we will not be pursuing the credits and will return any confidential information to you.

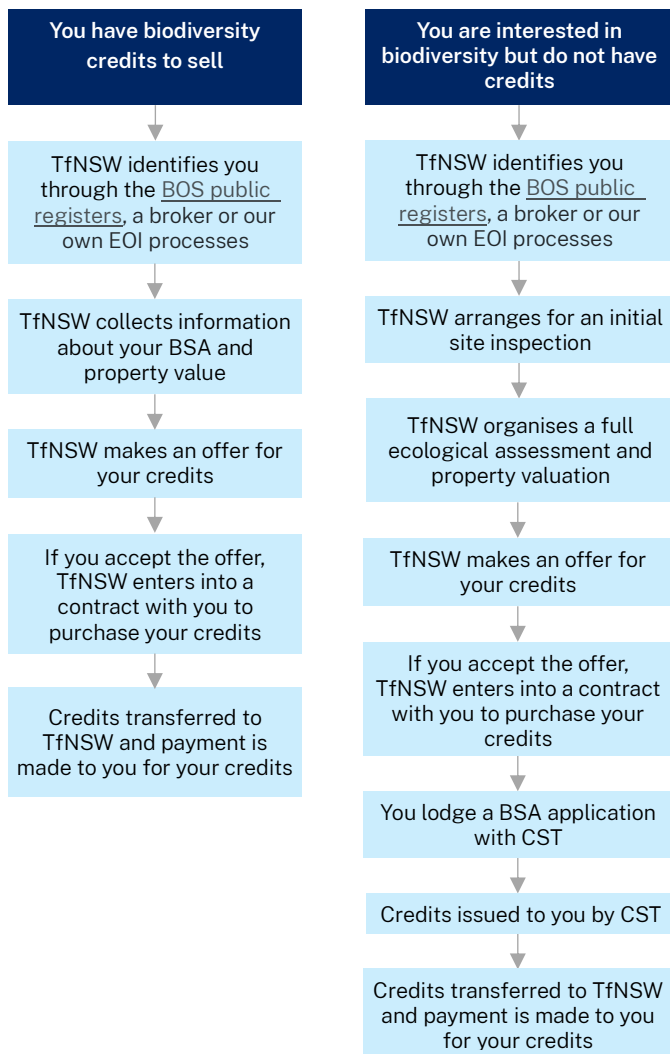


Photo: Waratah, roadside, NSW. Photo TfNSW

What happens if I respond to an EOI?

With your agreement, TfNSW will:

- carry out an initial inspection of your land to confirm that the biodiversity values are potentially present
- help you access the information resources available that explain the benefits and responsibilities of property owners entering BSAs
- arrange a primary point of contact to handle communications with you
- arrange and pay for any necessary detailed ecological and property assessments of your land, the results of which will be the property of TfNSW
- make an offer to purchase credits within a reasonable timeframe based on our approach to credit pricing or advise you that your credits are not required
- assist you lodge the Agreement with the CST.

You will be expected to:

- familiarise yourself with the obligations that come with managing a BSA
- assist the accredited assessor and an appropriately qualified land valuer access your property to conduct the necessary assessments. In some cases, this may involve entering a formal agreement with us
- review the BSA documentation within a reasonable timeframe, noting that once the agreement is lodged with the BCT and the credits sold, you will be responsible for implementing the management actions contained in the BSA
- review the offer from TfNSW
- should you agree to the offer, enter a contract to sell the credits to use for an agreed price
- lodge the BSA with CST and transfer the credits to TfNSW once issued
- treat the ecological and property assessments prepared on your behalf as strictly confidential.

How is the value of biodiversity credits determined?

The value of the biodiversity credits is based on two components:

- Part A or the Total Fund Deposit (TFD) – is the amount of money required to fund ongoing biodiversity management of the land by the property owner. The TFD component is paid to the Biodiversity Stewardship Payments Fund administered by the BCT. TFD payments are determined by assessors accredited by DPE in consultation with property owners.
- Part B – an upfront payment to the property owner to cover foregone development opportunities, administrative fees and a profit or risk margin. Part B payments are negotiated between the seller and buyer of credits.

How does TfNSW determine the Part B costs?

TfNSW is committed to offering property owners a fair price for credits and has adopted a consistent and transparent approach to determining Part B costs.

In addition to examining relevant biodiversity credit sales and asking prices, in determining an offer we may also consider factors such as:

- the **market value of the land** that is proposed to be the subject of a BSA – this is known as the ‘before value of land’
- the **opportunity costs** of entering the BSA given any likely changes in the value of land as a result of entering the BSA given any likely changes in the value of the land as a result of entering the Agreement – this is known as the ‘after value of the land’
- any **establishment costs** that would be incurred in creating the BSA. This would include the cost of the accredited Biodiversity assessor (unless TfNSW has already incurred this cost) and CST fees to lodge the agreement application.
- a **profit and risk factor** which represents a reasonable incentive to the property owner to enter the agreement given regard to the particular circumstances of the agreement, the risks involved in entering the agreement and the existence of competing biodiversity stewardship opportunities which may be in competition with the agreement.

These four factors come together to inform the assessment process to determine an appropriate Part B component, which forms part of the total value of all credits generated from the BSA. The value is then divided by the number of biodiversity credits on the property to determine a price per credit.



Murray's Beach offset site, Central Coast, NSW. Photo TfNSW

What if I disagree with the offer?

TfNSW is committed to offering property owners a fair price for credits. If you do not agree with our offer, we would be happy to meet with you to discuss how we determined our offer price and your expectations.

Following this meeting, we will consider whether there is any justification for putting forward a revised offer and, if so, provide a revised offer to you.



Hardenbergia sp. wrapped around wattle sp. Photo TfNSW

If we cannot reach an agreement the following options are available:

- TfNSW and the credit owner can jointly choose to seek assistance from the Australian Property Institute (API). The API would nominate an appropriately qualified valuer who would act as an independent expert in determining the Part B component. The selected valuer would act as an independent expert and would be commissioned to carry out an assessment of the value of the required credits. This independent review process is subject to the following conditions:
 - the credit owner and TfNSW are each responsible for the payment of 50% of the expert's fee
 - the credit owner or TfNSW may make written submissions to the expert valuer within the first seven days after the expert valuer is instructed
 - any existing offer by TfNSW as to the credit price is deemed to be withdrawn
 - the expert's decision will be binding on both parties if the credit owner wishes to proceed
- no further valuations will be obtained and the offer to acquire at the value determined by the expert will remain open for three months or such other time as may be determined by TfNSW on a case-by-case basis, after which time the offer will lapse.
- We may withdraw the offer and retain intellectual property rights for all assessment collected for the BSA and paid for by TfNSW.

When do I receive payment for my biodiversity credits?

Property owners receive an upfront payment when their credits are transferred to TfNSW and will receive ongoing annual payments to manage their property for conservation from the Biodiversity Stewardship Payments Fund managed by BCT.

Key links and resources

[About the Biodiversity Credits Supply Fund and Taskforce | NSW Environment and Heritage](#)

[Biodiversity Stewardship Agreement Landholder Guide | BCT \(nsw.gov.au\)](#)

[Biodiversity Offsets Scheme public registers | NSW Environment and Heritage](#)

TfNSW contact and further information

Internal: [Environment & Sustainability Management Framework](#)

All users: environmentandsustainability@transport.nsw.gov.au or contact TfNSW Senior Specialist (Biodiversity) on 0419 406324