

Submission
No 15

**INQUIRY INTO BIODIVERSITY CONSERVATION
AMENDMENT (BIODIVERSITY OFFSETS SCHEME) BILL
2024**

Organisation: NSW Farmers
Date Received: 6 September 2024



**Xavier Martin
President**

Ref: 241800C

6 September 2024

The Committee Secretary
Portfolio Committee No. 7 – Planning and Environment
Legislative Council
Parliament House, Macquarie Street
Sydney NSW 2000

Via email: PortfolioCommittee7@parliament.nsw.gov.au

Dear Committee Secretary,

RE: Submission to the Biodiversity Conservation Amendment (Biodiversity Offsets Scheme) Bill 2024

The NSW Farmers Association welcomes the opportunity to submit feedback on the Biodiversity Conservation Amendment (Biodiversity Offsets Scheme) Bill 2024. As an advocate for agricultural producers across the state, the NSW Farmers Association supports policies that enhance farm productivity, uphold landholder rights, and promote environmental sustainability. While the proposed Biodiversity Conservation Amendment Bill 2024 aims to address some of the key criticisms of the Biodiversity Offsets Scheme (BOS) it is likely to de-incentivise landholder participation in the scheme in some critical areas of the state.

Biodiversity Stewardship Agreements (Schedule 1[5]-[8])

The amendments introduce new consultation and approval requirements for biodiversity stewardship agreements. Although these changes seek to improve oversight and ensure effective biodiversity outcomes, they also present challenges for landholders.

A primary concern is the potential increase in bureaucratic demands associated with entering into biodiversity stewardship agreements. The additional requirements for consultation and approval could lead to delays and increased administrative costs, which may deter farmers from participating in the BOS. Many farmers operate on tight margins and have limited resources to navigate complex regulatory processes.

Given these challenges, there is a real risk that the proposed changes could deter landholders from engaging with the BOS. The scheme's success depends on the voluntary participation of landholders who are willing to set aside productive land for biodiversity conservation. There is already a strong perception amongst landholders that the BOS is cumbersome and prohibitively time consuming. Any additional layers of complexity without sufficient support for landholders will further diminish the scheme's effectiveness.

As part of the review of the BOS, provisions should be considered for financial or technical support to assist farmers in meeting the new requirements without imposing undue costs or delays. By offering adequate support, the government can encourage greater participation in the BOS enhancing both conservation outcomes and the sustainability of agricultural operations in NSW.

Modification of "Like-for-Like" Offsetting Rules

The proposed amendments also introduce greater flexibility in how biodiversity impacts can be offset, expanding the range of what can be considered an acceptable offset. This shift away from the strict "like-for-like" offsetting approach where ecological losses must be matched by equivalent gains, raises several concerns for landholders.

This change may devalue the biodiversity credits currently held by landholders. Under the existing system, farmers who have invested in creating or purchasing "like-for-like" offsets have done so with the understanding that these credits would retain their value due to the strict offsetting requirements. Broadening the criteria for acceptable offsets could significantly reduce the market value of these credits in some areas of the state.

International research has clearly indicated that sufficient financial incentives play a crucial role in motivating farmers to participate in natural capital markets.^[1] In both state and federal natural capital markets the financial incentives are not high enough to encourage participation in the scheme for many landholders. Transactional and administrative costs act as a significant barrier, especially for smaller landholders.

Therefore, it is critical that changes proposed under the (Biodiversity Offsets Scheme) Bill 2024 do not further disincentivise participation in the scheme, especially in areas of the state with a high concentration of biodiversity.

The NSW Farmers Association urges the Committee to carefully consider the potential impacts of the proposed bill will have on landholders. It is essential that the legislative framework be designed to support both environmental and agricultural objectives.

Should further information be required, please contact Nick Savage, Policy Director, Environment by email or by phone at

Yours sincerely,

Xavier Martin
President, NSW Farmers

^[1] Kaine, G., Polyakov M. (2024) Restoring wetlands on private lands: farm context, aspirations, incentives, and transaction costs. Proceedings from the 2024 Australasian and Resource Economic Society Conference.
https://www.aares.org.au/files/aares_conference_2024/Abstract_book_2024_01_31.pdf