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NATURE FOUNDATION

Entering the Significant Environmental Benefit (SEB) Offsets market – an Eyre Peninsula case study

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Key message

- Opportunities exist for landowners to diversify their income by enhancing and protecting native vegetation on their property through establishing a Significant Environmental Benefit (SEB) Area.

Introduction

Over the past 200 years, native vegetation on the Eyre Peninsula (EP) has been extensively cleared or altered, resulting in a mosaic of remnant native vegetation amongst grazing and cropping land. Some of the remaining native vegetation is protected through covenants, like Heritage Agreements. A significant proportion is unprotected and, if not managed appropriately, is at risk of being degraded further.

Historically, limited opportunities have existed to derive an income from areas of native vegetation on farm. More recent reforms to the *Native Vegetation Act (1991)* now provide a mechanism through Significant Environmental Benefit (SEB) to generate income from improved native vegetation management practices.

This case study explores a Significant Environmental Benefit (SEB) project which was developed with a landholder on the EP. The study demonstrates a market driven income opportunity which can assist the landholder to fund management activities for the purpose of enhancing and protecting an area of native vegetation on his property. SEB projects are pursuant to the *Native Vegetation Act 1991*.

What is a Significant Environmental Benefit (SEB)?

Landowners who want to modify native vegetation in South Australia are often required to produce a SEB to 'offset' the impacts on biodiversity that would result from any clearance activity. A SEB is usually achieved by protecting an area of land for conservation that provides environmental gains over and above any damage being done to the native vegetation.

This local SEB offset project on the EP, aims to demonstrate the process and costs associated with developing and funding improved natural resource management outcomes, and demonstrate a path for landowners to diversify their income streams through participation in the SEB offset market.

CASE STUDY

A Native Vegetation Council (NVC) approved SEB Area on the Eyre Peninsula

The SEB Area is just over 71 hectares of native vegetation located on a 600-hectare cropping property near Coultas on the EP (shown in Figure 1).

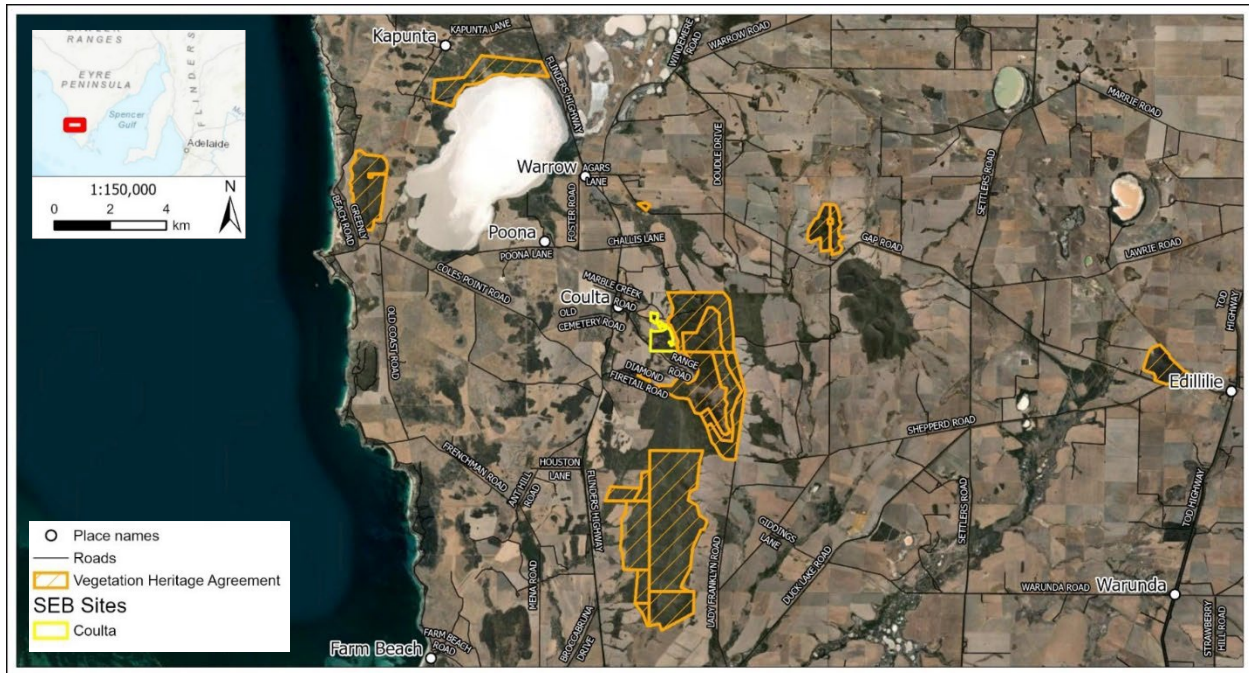


Figure 1. Location of SEB Area.

The SEB Area is located on the traditional lands of the Nauo People on the Lower EP and is amongst areas of land currently used for cropping. This property has been used as a mixed livestock grazing and cropping enterprise, however, all livestock were removed in 2000 and the land surrounding the SEB Area is currently - and will continue to be - used for cereal cropping. The mean annual rainfall is ~520 mm.

Why was the area selected?

This site was identified for the project for several reasons:

1. The site is a good-sized area (71.29 ha) of native vegetation in moderate condition.
2. It contains a patch of Eyre Peninsula Blue Gum (*Eucalyptus petiolaris*) Woodland. This vegetation community is listed as Endangered under the *Environment Protection and Biodiversity Conservation Act 1999*.
3. The area is naturally connected to other native vegetation which is protected.

Naturally connected landscapes and ecosystems are generally healthier, protect a higher diversity of species, and provide pathways for species movement. They can also store carbon more effectively than degraded landscapes.

By protecting and improving this area, 71.29 ha is added to a continuous protected area of more than 1,000 hectares through multiple Heritage Agreements to the east and south (shown in Figure 2). This area is also near an additional 1,300 hectares under multiple Heritage Agreements to the south.



Figure 2. Land parcel (blue), Heritage Agreements (green) and SEB Area (yellow dash).

A desktop assessment of this site resulted in a list of 15 national and state rated fauna species. Of particular interest was *Acacia dodonaeifolia*, which is listed as Rare under the *National Parks and Wildlife Act 1972*, and was observed in substantial numbers throughout the SEB Area during the assessment and may be an important population for regional species resilience in changing climatic conditions. Nine other flora species and 10 fauna species listed as threatened under the *NPW Act* have also been historically observed within 5 km of the SEB Area.

During a field assessment, Eyre Peninsula Blue Gum (*Eucalyptus petiolaris*) Woodland was observed in the southern section of the SEB Area with an additional smaller patch in the north, covering a total area of 13.28 ha.

Considerable diversity of native vegetation associations exists across the SEB Area which provide a broad range of habitat types for native fauna populations (shown in Figure 3).

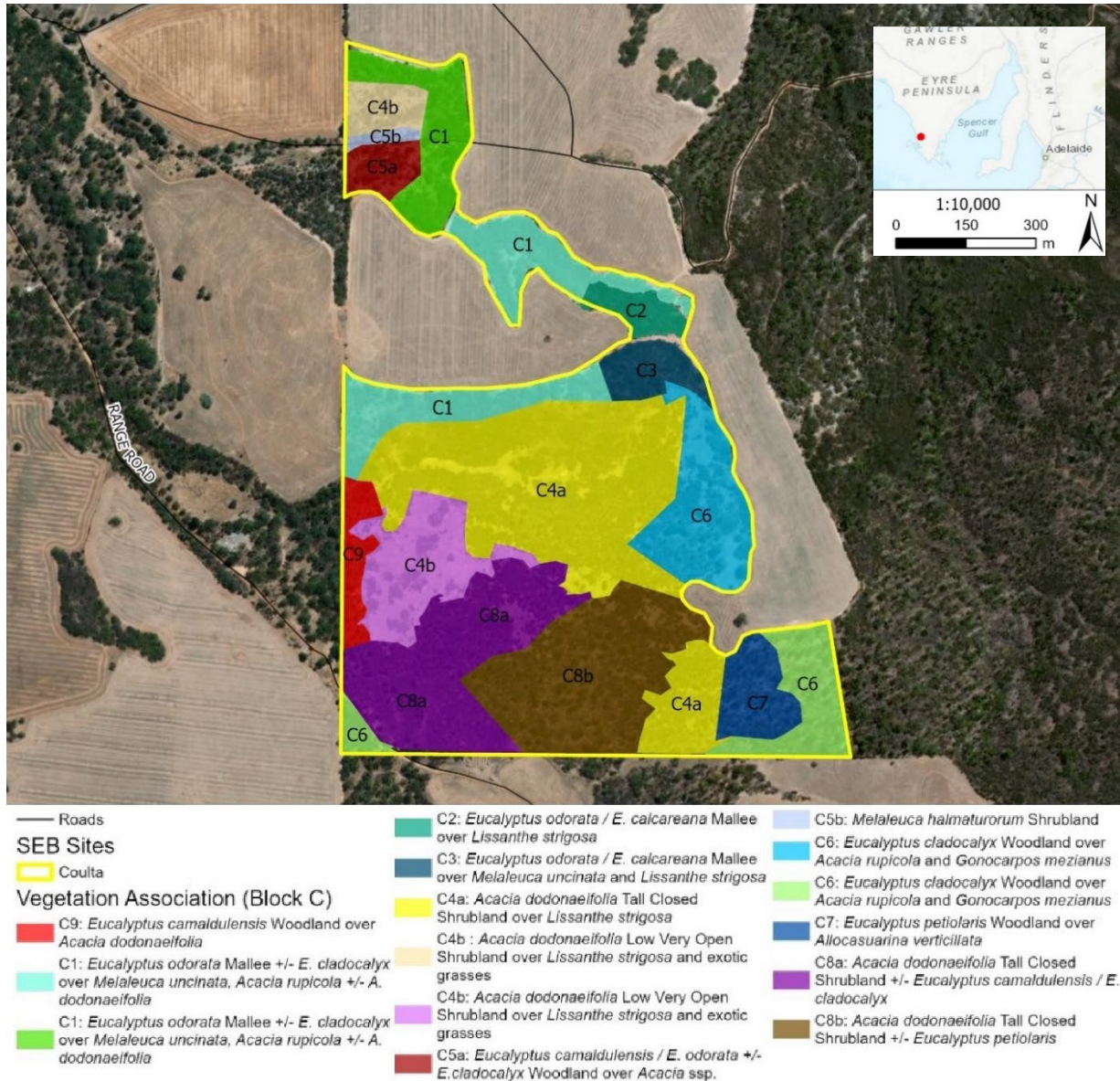


Figure 3. Diverse vegetation associations mapped across the SEB Area.

Does the proposed area fit the SEB Area criteria?

During this project, Nature Foundation and the EP Landscape Board helped to grow the landowner’s understanding of the Native Vegetation Council’s (NVC) requirements to establish a SEB Area, the project’s eligibility and the current market for potential buyers of the resulting SEB credits.

Through multiple conversations with the landowner and representatives from local infrastructure projects likely to impact native vegetation, it was determined that this project met the NVC criteria required for establishment of a SEB Area.

These eligibility criteria are:

- *Like for like, or better*
If the landowner is seeking to sell their SEB credits to a clearance applicant (e.g. infrastructure developer), their site should contain the same vegetation type (or be better) as the potential buyer's site of impact. This SEB project is an example of what could be considered 'better' due to the presence of Eyre Peninsula Blue Gum, an endangered vegetation community.
- *Location*
The SEB Area should be located as close as possible to the potential buyer's site of impact, ideally within the same Interim Biogeographic Regionalisation for Australia (IBRA)¹ association or, if not possible, the same IBRA sub-region.
- *Size*
A SEB Area must be established over a clearly defined area of land of a minimum size (3 hectares for common vegetation types and 1 hectare for an area with threatened species or communities) and dimension (greater than 30 metres wide for 90 per cent of its length).
- *Biodiversity gain*
The SEB Area must improve the condition and/or extent of the native vegetation and ensure there is a net gain above and beyond the biodiversity loss at the potential buyer's site of impact. In general, native vegetation that is in moderate condition will achieve the highest biodiversity gain. By improving the management of the SEB Area (e.g. reducing grazing pressure and managing weeds) the native vegetation is allowed to regenerate over time.
- *Additional to existing obligations*
The SEB Area must not already be protected under an existing conservation covenant or similar (e.g. Heritage Agreement).
- *Protected in perpetuity*
Landholders need to be aware that a SEB Area will be permanently protected via a Management Agreement noted on title, and cannot be subject to future impacts that would negatively impact the condition and/or extent of the native vegetation.

How is a SEB Area established on a property?

Significant Environmental Benefit (SEB) projects are pursuant to the *Native Vegetation Act 1991*. Projects are usually developed as offsets, where the SEB Area will offset the impacts on biodiversity from approved vegetation clearance elsewhere in the same region. SEB Project proposals are made to the *Native Vegetation Branch* (NVB) inside the Department for Environment and Water for assessment, and approved by the *Native Vegetation Council* (NVC).

¹ www.awe.gov.au/agriculture-land/land/nrs/science/ibra - Australia has been divided into 89 IBRA bioregions based on common climate, geology, landform, native vegetation and species information, which are further divided into 419 IBRA sub-regions and further into IBRA associations.

Providing that an area of native vegetation meets the eligibility criteria, landowners can initially register their area as a “potential SEB credit site” on the [Native Vegetation Credit Register](#). Landowners may require some general advice from their Landscape Board or the NVB to gather the information for the register such as a description of the vegetation types present and how the area can be managed to improve the condition of the vegetation.

The Register is publicly available on the Department for Environment and Water website and accessible to project developers, providing specific details (e.g. vegetation type) which they can review as potential offset sites for their project.

The landholder can then either choose to establish a SEB Area before securing a buyer (e.g. project developer) for the resulting credits or wait until they have an in-principle agreement with a buyer. If the landholder proceeds with the first option, they would bear the cost for any on-ground management works until the credit sale is secured.

A landowner has the option to engage an accredited third party SEB credit broker to act on their behalf if they do not want to manage the negotiation and transaction process with buyers.

To progress from a potential SEB Area to an established SEB Credit site, the following steps are required:

- Engage a NVC accredited consultant to undertake a vegetation assessment and calculate the SEB credits generated by the site
- Work with a NVC Accredited Consultant to develop a 10 year Management Plan
- Complete and submit an *Application to Establish a SEB Area* to the NVB for assessment

Note: For this case study, the costs associated with the vegetation assessment, management plan and application are estimated at ~\$15,000.

- Subject to NVC approval of the SEB Area, the landholder will be required to deliver the actions outlined in the 10-year Management Plan
- The landholder will also enter into a Management Agreement which is noted on title to protect the area in perpetuity
- Should the landholder find a buyer and agree on a price for the credits, they can make an *Application to Assign Credit* in order to assign the SEB credits from the landowner to the buyer.

Native Vegetation Council approval

The SEB Area of 71.29 ha has been approved to provide 488.48 SEB points of credit on May 3, 2022 by the NVC. As a minimum, the SEB Area must be managed in accordance with the following requirements:

- a) undertake an effective and ongoing weed control program within SEB Area to ensure the successful regeneration of native vegetation in the area.
- b) exclude stock or other domestic grazing animals from the SEB Area.

- c) maintain and if necessary, upgrade the fence around the SEB Area. Boundaries of the SEB Area may remain unfenced where the adjoining land does not contain stock. Should stock be introduced at any time to the adjoining land, a fence must be constructed to exclude the stock.
- d) access to the SEB Area by any vehicles or machinery must not impact on the health or growth of native vegetation, unless to assist in promoting the growth or regeneration of native vegetation or for Aboriginal cultural purposes.
- e) not cause or permit the construction of any buildings or other structures, other than signs or works required in relation to the approved management plan, on the SEB Area, if it will impact on the health or growth of native vegetation.

How much does it cost?

There are costs involved in establishing a SEB Area and ongoing costs associated with the required management actions outlined in the management plan. The actions and associated costs for different SEB Areas can vary considerably, depending on existing conditions, annual rainfall, neighbouring land use and the landowner's understanding of native vegetation. The landowner will need to factor in these costs when negotiating the sale of credits with the buyer.

The table below outlines the required activities to establish the Couлта SEB Area and deliver the SEB Management Plan, and provides an indication of what may be required for a similar SEB Area on the Eyre Peninsula. The costings below were calculated using average commercial contracting rates, so it is possible that the management and monitoring costs could be lower if landholders undertake some of the activities themselves.

Required activities to establish and deliver SEB over 10 years	Approx. cost
Accredited Consultant SEB establishment activities (Bushland Assessment, Management Plan development, NVC approval process)	\$15,000
Undertake existing fence maintenance in Year 5 (if required) and general annual maintenance (as required).	\$25,000
Monitor impact of kangaroos and reduce numbers if damage to plants is significant	\$20,000
Monitor impact of rabbits and reduce numbers if damage to plants is significant	\$20,000
Eradicate Italian Buckthorn	\$8,000
Control Bridal Creeper	\$2,000
Eradicate Aleppo Pine	\$6,000
Control African Daisy	\$2,000
Control Freesia	\$1,000
Substantially reduce Perennial Veldt Grass	\$3,000
Monitor for new high threat weed species	\$2,000
Monitor the area for foxes and control as required	\$10,000
Monitor the area for feral cats and control as required	\$10,000
Annual Progress Report and Assessment Reports (Year 5 and 10) ²	\$26,000
TOTAL	\$150,000

² Landholders must engage a NVC Accredited Consultant to conduct year 5 and 10 Assessment Reports.

The costs to establish the Coulta SEB Area and deliver the activities in the 10-year Management Plan period are estimated at \$150,000. *Note:* many farmers would see some of costs listed above as standard management and not as additional effort/cost, such as fence maintenance, fox control and rabbit control.

The 71.29 ha SEB Area provides 488.48 points of credit, an average of 6.9 credits per hectare. This can be equated to a per hectare management cost of \$2,104 or per SEB credit management cost of \$307.

With an understanding of the per hectare and per credit management costs, the landholder is better informed for negotiating the sale of credits with a potential buyer, subject to the risk appetite of both parties.

What made this project possible?

This project was part-funded by a \$10,000 Grassroots Grant from the EP Landscape Board. Nature Foundation provided significant additional support to develop this SEB Area during the approvals process with the NVC and developed a Management Plan for the landowner. Nature Foundation acknowledges Electranet for sharing site vegetation data it had collected during a field assessment of the area.



Figure 4. Liam Crook (Nature Foundation) during a visit to the SEB Area.

Do you want to find out more?

If you would like to find out more about how you can diversify the income from your property by enhancing and protecting native vegetation, check out the [Offsetting](#) section of the Department for Environmental and Water website or get in contact with your local [Landscape Board](#) for general advice.