



New South Wales

Biodiversity Offsets Payment Calculator Order 2017

under the

Biodiversity Conservation Act 2016

I, Gabrielle Upton, the Minister for the Environment, in pursuance of section 6.32 of the *Biodiversity Conservation Act 2016*, make the following order establishing the offsets payment calculator for the purpose of determining the amount that may be paid into the Biodiversity Conservation Fund under Division 6 of Part 6 of the *Biodiversity Conservation Act 2016*.

Dated this 25th day of August 2017.

GABRIELLE UPTON
Minister for the Environment

Biodiversity Offsets Payment Calculator Order 2017

1 Name of Order

This Order is the *Biodiversity Offsets Payment Calculator Order 2017*.

2 Commencement

This Order commences on 25 August 2017.

Note. In accordance with section 6.32 of the Act, this Order will continue to have effect unless and until it is varied or replaced by the Minister administering the Act.

3 Interpretation

Calculator means the Biodiversity Offsets Payment Calculator established by this Order.

EAH means the Environment Agency Head as defined in section 1.6 of the Act.

Fund means the Biodiversity Conservation Fund.

the Act means the *Biodiversity Conservation Act 2016*.

Trust means the Biodiversity Conservation Trust established under the Act.

4 Establishment of the calculator

(1) This Order establishes the *Biodiversity Offsets Payment Calculator* with the following operational structure:

$$Fcp = [(Pcp) * (1 + Cprp)] + Fatc \quad (1)$$

Fcp = Final credit price for accepting offset requirements from proponents;

Pcp = Predicted credit price;

Cprp = Credit price risk premium;

Fatc = Fund administration total costs

$$Pcp = f(\text{Econometric model}) \quad (2)$$

$$Cprp = f(\text{Probabilistic model for the risk premium}) \quad (3)$$

$$Fatc = f(fafc, favc) \quad (4)$$

fafc = Fund administration fixed cost;

favc = Fund administration variable cost;

$$fafc = g(\text{A measure of the costs of running the Fund each year}) \quad (5)$$

$$favc = g(\text{A measure of the cost of securing the biodiversity credits}) \quad (6)$$

Note. Equation (1) describes the relation among the operational modules for predicting the final credit price to accept offsets requirements from proponents. The final credit price is equal to the total cost that will be incurred by the Fund when securing the necessary offset credits. Equation (2) states that an econometric model is to be used to predict credit prices. Equation (3) indicates that the risk premium is estimated based on a probabilistic model. Equations (4), (5) and (6) represent how the Fund administrative total cost is composed.

- (2) The Calculator having the above operational structure consists of three modules:
- (a) The biodiversity predicted credit price module which is expressed as the “predicted credit price” at equation (2), and
 - (b) The biodiversity credit price risk premium module which is expressed as the “credit price risk premium” at equation (3), and
 - (c) The fund administration total cost module which is expressed as the “fund administration total cost” at equation (4).
- (3) For the purposes of applying the modules which comprise the Calculator, the Calculator may adopt or incorporate:
- (a) Information or data available on any public register maintained under Part 9 of the Act from time to time, and
 - (b) Information or data held by the Trust in relation to its costs or operations from
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time to time.

- (4) The EAH may publish a technical report that describes how the Calculator and its modules as well as any information or data adopted or incorporated are to be applied for the purposes of satisfying a requirement to retire biodiversity credits by paying an amount of money into the Fund determined in accordance with the Calculator.
- (5) The EAH may publish a website or computer program which includes or gives effect to:
 - (a) The Calculator, and
 - (b) Any modules that comprise the Calculator under subclause (2), and
 - (c) Any information adopted or incorporated from time to time under subclause (3), and
 - (d) Any relevant material in the technical report under subclause (4).
- (6) The application of the website or computer program published under subclause (5) is taken to be a determination of the amount to be paid in accordance with section 6.30 of the Act.

Note. Section 6.33 of the Act allows the Trust to issue a statement confirming that the required amount has been paid into the Fund.