New South Wales

Biodiversity Offsets Payment Calculator Order 2019

under the

Biodiversity Conservation Act 2016

I, Anissa Levy, Coordinator-General Environment, Energy and Science, Department of Planning, Industry and Environment, in pursuance of section 6.32 of the *Biodiversity Conservation Act 2016*:

(a) revoke the Biodiversity Offsets Payment Calculator Order dated 24 August 2017 and published on the NSW legislation website; and

(b) replace it with 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*.

This Order commences on 31 October 2019.

Dated this 29 day of October 2019.

Anissa Levy

Anissa Levy

Coordinator-General Environment, Energy and Science

(as delegate for the Minister administering the *Biodiversity Conservation Act 2016*)

Biodiversity Offsets Payment Calculator Order 2019

1   Name of Order

This Order is the *Biodiversity Offsets Payment Calculator Order 2019.*

2   Commencement

This Order commences on 31 October 2019.

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:

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

$Fcp = Final\ charge\ per\ credit\ for\ accepting\ an\ offset\ requirements\ from\ proponents;$

$Pcp = Predicted\ credit\ price;$

$Cprp = Credit\ price\ risk\ premium\ (percentage);$

$Fatc = Fund\ administration\ total\ costs$

$$Pcp = f(Econometric\ model) \qquad (2)$$

$$Cprp = f(Probabilistic\ model\ for\ the\ risk\ premium) \qquad (3)$$

$$Fatc = f(facs) \qquad (4)$$

$facs = Fund\ administration\ costs;$

Note. Equation (1) describes the relation among the operational modules for predicting the final charge per credit to accept offsets requirements from proponents. The final charge per credit is equal to the total costs 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. Equation (4) represents 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,

    (b) Information or data held by the Trust in relation to its costs or operations from time to time

    (c) Market information or data held by the Department of Planning, Industry and

Environment or the Trust from time to time, and

(d) Information or data held by the Department of Planning, Industry and Environment relating to the reasonable equivalence of biodiversity credits under the Act and the *Threatened Species Conservation Act 1995* from time to time.

(e) Other information or data held by the Australian Bureau of Statistics relating the economic activity in New South Wales.

(4) The EAH must publish a technical report from time to time that describes how the Calculator and its modules as well as any information or data adopted or incorporated by the EAH are to be applied for the purposes of determining the amount that may be paid into the Fund to satisfy a requirement to retire biodiversity credits.

(5) General-purpose statistical software packages, and electronic spreadsheet programs used for storing, organizing, and manipulating data, may be used for determining the amount to be paid by the application of:

(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 computer programs 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.