

# Landholder engagement with biodiversity offsets in Greater Metropolitan Sydney

Institute for Sustainable Futures, June 2021

## What was our project about?

This research was about landholders' perspectives on biodiversity offsets in New South Wales. While landholders play a critical role in biodiversity offsetting in NSW – as sellers of credits – little is known about their perspectives on it. Knowing the degree to which their perspectives align with the policy objectives of the biodiversity offsets scheme in New South Wales (the Biodiversity Banking and Offsets Scheme or the Biodiversity Offsets Scheme) can help to ensure biodiversity offsetting meets the needs and expectations of landholders.

We tackled this issue by asking two questions:

**1** Can landholders in Greater Metropolitan Sydney participate in biodiversity offsetting? This question looks at landholders' ability to participate.

**2** Do they want to participate in biodiversity offsetting? This question is about their interest in, and willingness to participate.

The geographical focus of our research was on the Greater Metropolitan Sydney area because its pace of development prompts the highest demand for biodiversity offsets in New South Wales.

We more specifically focused on the following local government areas: Camden Council, the City of Campbelltown, City of Hawkesbury, The Hills Shire, City of Penrith and Wollondilly Shire.

# Who made this project possible?

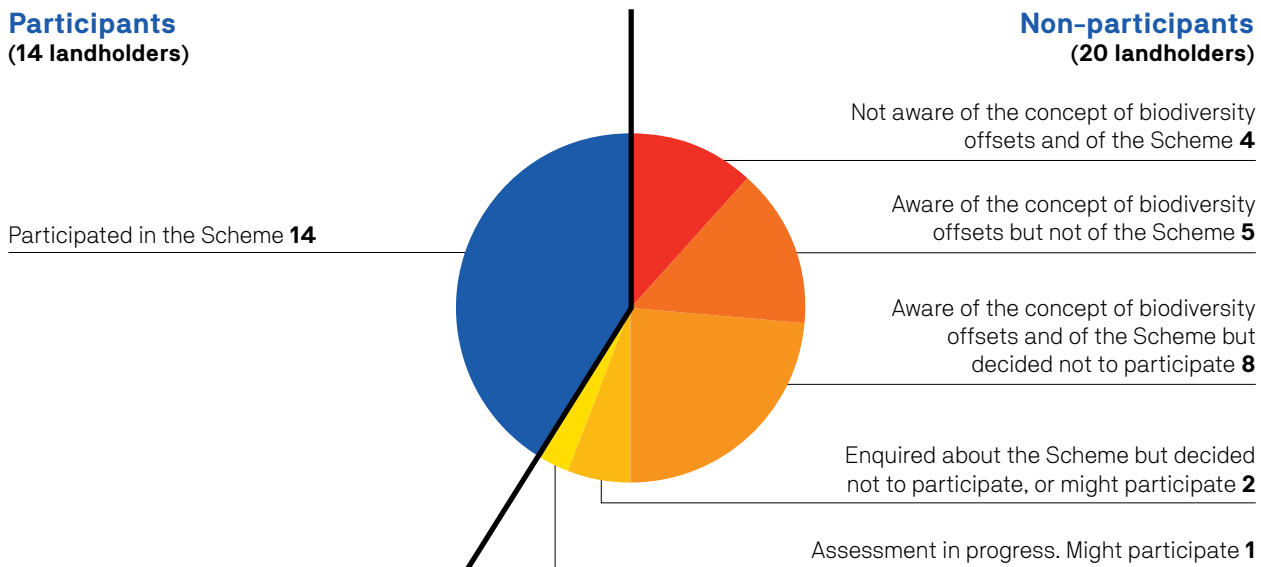
This project has been assisted by the New South Wales Government through its Environmental Trust. It has been conducted in collaboration with staff from several government agencies:

- Environment, Energy and Science (previously the NSW Office of Environment and Heritage)
- NSW Department of Planning Industry and Environment (previously the NSW Department of Planning and Environment)
- Greater Sydney Local Land Services
- Wollondilly Shire Council.

# How did we do it?

We conducted 24 interviews with 34 landholders\* or land managers, both participants and non-participants in the biodiversity offsets scheme in NSW. Non-participants' awareness of the Scheme varied as illustrated in Diagram 1.

Diagram 1: Participants and non-participants



The interviews were semi-structured, and organised around three main themes:

- characteristics of the landholder/institution and the land
- landholders' experiences with, and perspectives on, the Scheme
- factors influencing decision-making regarding private land conservation.

We also conducted six complementary interviews with staff from local and state governments, a representative of an environmental association (Landcare) and consultants working with suppliers and buyers of offsets.

We engaged with our collaborators in government agencies at various predetermined stages in the project. We organised two focus groups designed to develop a deep understanding of the Scheme, and to gather expert feedback on our findings and policy recommendations.

We also held a reference group meeting with all collaborators to present intermediary results, as well as several individual meetings with selected collaborators, to discuss specific aspects of the research.

#### Notes:

Our case study research was conducted against the background of a changing legislative context, which led to a reform of the biodiversity offset scheme and a change in name (from Biodiversity Banking and Offsets Scheme to Biodiversity Offsets Scheme). This change affected the profitability of the Scheme for landholders – the number of credits generated per hectare dropped under the new scheme. As this challenge could be overcome by recalculating credit prices, we did not make the one-off effects of legislative change our object of analysis. Instead, we addressed the many other factors that may directly or indirectly influence landholder willingness to participate in and access to the Scheme.

Most of our interviewees engaged with the Biodiversity Banking and Offsets Scheme rather than the Biodiversity Offsets Scheme. At the time of study, no significant changes had been made – between the Biodiversity Banking and Offsets Scheme and the Biodiversity Offsets Scheme – regarding the process landholders had to follow to participate. As a result, we could interview landholders who engaged with either, without that impacting our findings.

\*14 interviews were conducted individually, while 10 were conducted in pairs (nine interviews were conducted with a pair owning and/or working on the same property, and one interview was conducted with two individuals owning and/or working on different properties).

# What did we find?

## Can landholders participate in biodiversity offsetting?

Landholders who were able to participate often benefited from one or several of the factors below:

- previous experience in offsets or business endeavours
- access to financial and staff resources
- access to individualised support (i.e. information sharing, technical/financial support, brokering) through formal and informal networks
- relatively large landholdings.

This allowed them to navigate the five-step process for enrolment in the Scheme. While some of those factors are linked to the individual resources of landholders (i.e. previous experience, financial and staff resources and large landholdings), others are related to external support they received throughout the process, as illustrated in Diagram 2.

## Diagram 2: The landholder...



In contrast, landholders who were unable to participate did not have any of the external support presented in Diagram 2. Instead, they relied mostly on online information made available by the governmental agencies managing the Scheme, which they often described as confusing. In addition, they often did not have the individual resources participant landholders had. As a result, these landholders remained 'blocked' at the first step of the five-step process of enrolment.

## Do landholders want to participate?

We analysed whether the 'working rules' of the Scheme matched landholders' perceptions of their rights and responsibilities with regard to offsetting, and more broadly with regard to nature and society's right to biodiversity.

Many landholders did not participate for various reasons.

- They do not consider nature 'substitutable' – they disagree with the idea of clearing vegetation in one place and compensating by nurturing a similar type of vegetation somewhere else.
- They consider that the working rules of the Scheme are too loose to achieve ecological outcomes.

- They are only seeking funding that would compensate for the conservation work, rather than to make a profit, or on the contrary are seeking funding that would recoup the full opportunity cost of residential development.
- They have reservations about their technical ability to do the work required of them, as well as the likelihood of nature complying with the Scheme's stated ecological outcomes.
- They perceive participation in the Scheme (which is in perpetuity) as potentially interfering with their right to transfer the land, by potentially diminishing the land value or putting unnecessary burden on the next landowner.

As a result, landholders who participate in the Scheme are landholders who: i) take a more pragmatic and instrumental approach to conservation (by accepting the substitutability of nature and expecting to make a profit from conservation), and ii) often do not expect to recoup the full opportunity costs of residential development. In contrast, landholders who feel a duty of care for nature or expect to recoup the full, or at least a substantial proportion, of the opportunity cost of residential development do not participate. In addition, more technical aspects of the Scheme (i.e. technical abilities, meeting expected ecological outcomes and potential interference of the Scheme with right to transfer the land) also discourage some landholders from participating.

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# What did we find? continued

## Does the current level of landholder participation matter?

Arguably the main objective of biodiversity offsetting is to protect biodiversity. As such, who does it, and whether a scheme is equitable (the ‘can’ question) or appeals to stakeholders with a diversity of worldviews, motivations and attitudes towards the Scheme and conservation more generally (the ‘want’ question) should not matter.

Another view is that which landholders participate, and why, does matter, for two types of reasons: pragmatic (or consequentialist) reasons, and normative (or deontological) reasons.

On the pragmatic side, having a broader range of participants – particularly having more landholders motivated by a duty of care for nature – might lead to better environmental outcomes.

For these landholders, improving biodiversity is an end, as opposed to a means to an end. Encouraging and enabling the participation of a broader diversity of landholders could also improve public perception of the Scheme as being fair and equitable. In order to be long-lasting, conservation schemes must be perceived positively – they require a ‘social license to operate’.

On the normative side, even if inclusion of a greater diversity of landholder motivations does not lead to improved biodiversity outcomes or better public perception, their participation would reflect a more equitable basis of access to the Scheme.

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# What do we recommend?

## Can landholders participate in biodiversity offsets?

We suggest five ways to increase the number of landholders who can participate in the Scheme (Diagram 3):

- Fee-free visual pre-assessment of the property in the form of the visit of a qualified liaison officer.
- Establishment of landholders groups which enable non-participants to visit the properties of participants and gain a tangible understanding of the Scheme in action.
- Provision of financial support for ecological assessment of the land (e.g. payment or loan from developers or the government).
- Development of a more formalised brokering system that would be available to all. This is already in train as the Biodiversity Conservation Trust (BCT) is increasingly using biodiversity credit tenders and fixed-price offers to sell biodiversity credits, effectively acting as a broker.
- Lowering financial barriers for small landholders by making administration costs proportional to land size and enabling the collective management of lands to allow economies of scale.

## Diagram 3: Enhancing landholders' ability to participate in the Scheme



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# What do we recommend? continued

## Do landholders want to participate?

Two types of actions could be considered to encourage landholders who currently choose not to engage in biodiversity offsetting:

- actions resolving practical barriers
- actions resolving institutional barriers.

## Resolving practical barriers

Landholders with (exclusively) conservation-oriented values do not seem to be drawn to participate in the Scheme. This might be due to moral reservations for some (i.e. the question of substitutability of nature). For others, it may be due to the fact that they seek compensation for their conservation work rather than seeking a profit. As a result, providing them with information and communication focusing specifically on how biobanking would compensate them for carrying out various conservation works that will enhance the ecological and environmental values of their land and landscape may resonate with their own objectives.

Other practical barriers include landholders' lack of confidence in their ability to undertake the work. Some also question their ability to sell the land with a biodiversity offset agreement attached to it. This could be addressed by: i) making available technical guidelines for undertaking on-property conservation work, ii) having landholders groups that enable non-participants to visit the properties of participants and gain an understanding of the practical requirements and iii) having documented records of selling prices of biobanked land.

However useful, such minor changes will not resolve the moral objectives of more conservation-oriented landholders. More successfully aligning the biodiversity offset scheme with all landholder visions of human-nature relationships and biodiversity rights of society at large would require radical institutional reform.

## Resolving institutional barriers

We identified three types of institutional changes that may encourage the participation of landholders:

- A stabilised planning environment, particularly zoning: Some landholders anticipate that their land may be rezoned 'residential' in the future. As a result, they do not consider participating in the Scheme unless it enables them to recoup the full opportunity cost of residential development. A more stable zoning system, where land zoned non-residential is sure to remain non-residential, may make the Scheme more attractive to landholders from a financial stand point.
- A more transparent application of biodiversity offsetting following the mitigation hierarchy: In our interviews, landholders often expressed reservations with regard to the necessity of developments occurring on the Sydney area. If the necessity and legitimacy of developments and their associated destruction of (native) vegetation become more apparent to potential participants, we may expect broader endorsement of, and participation in, the Scheme.
- Reframing the working rules of the Scheme for enhanced ecological outcomes: As mentioned earlier, some landholders interviewed considered the working rules of the Scheme to be too loose to achieve positive ecological outcomes. A renegotiation of some of the most important rules of the Scheme, such as 'like-for-like' or 'in perpetuity' would need to occur for some landholders to consider participation.

However, for a certain category of landholders, even such institutional changes would not reconcile fundamental differences in values.



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## Further reading:

Ruoso, L.-E. & Plant, R. 2021, 'Distributive and contextual equity in biodiversity offsetting. A case study of landholder access to biodiversity offsets in New South Wales', *Ecosystems & People*. <https://www.tandfonline.com/doi/full/10.1080/26395916.2020.1862914>