



Guidelines for Expenditure of the Kingborough Environmental Fund

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Version/Date: **ver 1 | 09/01/2017**

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Contents

1.0	Offsets - A tool for addressing biodiversity loss in Kingborough.....	2
2.0	Kingborough Environmental Fund	3
3.0	Operation of Fund	3
4.0	Reporting and monitoring	4
5.0	Criteria for the expenditure of financial offsets	4
6.0	Offset Delivery Streams	6
7.0	Review of the Guidelines	7
8.0	Conclusion.....	8

1.0 Offsets - A tool for addressing biodiversity loss in Kingborough

The conservation of endangered animals, plants and ecosystems is one of the greatest environmental challenges facing Australia. One of the key reasons for the high extinction rates is habitat degradation and loss, initially from over-grazing and clearing for agriculture but more recently from clearing associated with urban development. Since 2004, Council has approved the loss of approximately 52 hectares of high priority vegetation (threatened vegetation communities and threatened species habitat) with 40 hectares of this being from within the urban growth boundary.

Kingborough is recognised as containing a very high proportion of significant biodiversity values relative to many other local government areas, particularly threatened vegetation communities and threatened species habitat. Of these communities and species, many are listed under State legislation, obligating Council to ensure their conservation wherever possible. In particular, the Chaostola skipper, forty-spotted pardalote and the swift parrot are in recorded decline and are under threat from incremental habitat loss. Spatial analysis of urban vegetation indicates that all of the native vegetation within Kingborough's urban growth area is a very high priority for protection and management.

In response to this issue, Kingborough Council developed a biodiversity offset scheme in 2004 as an innovative approach to tackling the challenge of balancing development needs whilst conserving biodiversity for the future. Offsets are one mechanism used by Council to account for the loss of biodiversity value as a consequence of development, when options to avoid or mitigate impacts have been exhausted. Offsets contribute to the conservation of natural values outside the development footprint. This may be on the same site or at another site within the municipality.

Offsets come in a variety of forms and can be categorised into direct and indirect offset actions. Direct offsets are aimed at on-ground maintenance and improvement of habitat or landscape values, and often occur at the development site. Indirect offsets include the implementation of management plans, research, mapping, monitoring and financial contributions to Fund funds that can deliver direct offsets.

For example, if a proponent requires an area of forest to be cleared for a development to proceed, an area of similar forest can be protected and managed for conservation in perpetuity. Over time, the gain in biodiversity achieved by improving the similar area of forest will counterbalance the biodiversity lost due to the clearing.

The use of biodiversity offsets by Kingborough Council is guided by the Biodiversity Offset Policy (6.10). Both direct and indirect offsets are available under the policy. Due to the time lag in achieving a net gain for the biodiversity impacted when using financial offsets rather than direct actions, they are only an option where the losses are small and it can be demonstrated that there will be a more significant and strategic conservation outcome. The policy outlines the triggers for requiring an offset and determines the requirements for the offset. The policy does not provide guidelines on the expenditure of financial offsets.

Financial offsets are held and administered through the Kingborough Environmental Fund. The aim of these guidelines is to ensure that financial offsets are spent in a strategic, transparent and ecologically robust manner, whilst being financially efficient.

These guidelines:

- Provide a transparent and consistent framework for the expenditure of funds from the Kingborough Environmental Fund in a manner consistent with the Biodiversity Offset Policy.

- Create new tree planting areas on public land where the public can view the application of financial offset contributions related to the removal of individual trees.
- Create new opportunities for conservation activities on private land.
- Provide permanent security and management of biodiversity offsets.
- Set up mechanisms for monitoring and reporting of the Fund to ensure offset actions result in conservation gains relevant to the level of values lost on the site of impact.

2.0 Kingborough Environmental Fund

Financial contributions have been held in a Tree Preservation Fund by Council since 2004. These offset contributions are generally related to the loss of threatened native vegetation communities and the loss of threatened species habitat through planning permits issued under the Kingborough Planning Scheme 2000 or Kingborough Interim Planning Scheme 2015. More recently financial offsets have also been required for the removal of trees of high conservation significance through the Health and Environmental Services By-law 2011.

The Tree Preservation Fund established in 2004 has been re-named the Kingborough Environmental Fund (the Fund). The Fund allows proponents to satisfy their offset requirement through a monetary contribution which is outlined in Council's Biodiversity Offset Policy (6.10). The Fund is administered by Kingborough Council.

2.1 Key benefits of the Fund

- Proponents contribute the required financial offset to the Fund and Council delivers offset actions on their behalf, increasing certainty and saving time for proponents. The offset can often be calculated, if required, prior to submission of an application requiring clearing of native vegetation or scattered trees to Council allowing an informed decision regarding the financial implications of the proposed clearing.
- Pooling contributions in the Fund allows a strategic approach to securing offsets, leading to targeted protection and improvement of biodiversity.
- Assisting landowners to establish offset sites on bushland areas of their land may result in an additional income stream in the form of stewardship payments. There is also capacity for Council to actively engage with landowners to source offsets and assist with the establishment of offset sites.

3.0 Operation of Fund

The Fund is administered by Kingborough Council for the delivery of biodiversity offsets to achieve a prescribed conservation outcome. There are two main functional areas associated with the administering the Fund. These are:

- Managing money that goes into and out of the Fund, including stewardship payments to landowners and reporting on the Fund's performance.
- Designing and delivering relevant offsets, developing partnerships to assist in securing offsets and working with landowners to manage offset sites.
- Stewardship payments to private landowners who, through the Fund, have secured a permanent conservation reserve on their land are an important component. Achievement of the public good outcomes associated with the Fund can require significant, long term changes in land use and management, which can come at a

financial and social cost to landowners. Stewardship payments are a financial incentive to landowners to engage in conservation activities.

4.0 Reporting and monitoring

Good governance is essential for the Fund to be transparent, accountable, stable, commercially viable and credible. All offset actions funded through the Fund must be able to be readily measured, monitored, audited, and enforced.

Council is responsible for tracking the performance of the Fund and ensuring that reporting on the implementation of the Fund delivery is undertaken on an annual basis.

An annual report will report the Fund's performance in protecting and improving the condition of biodiversity values in relation to the loss of values as accounted for through financial contributions. It must include; the funding provided, amounts expended and a summary of the conservation outcomes achieved by that expenditure.

A register of Fund projects must be developed by Council and updated on a six monthly basis. This register will be publically available.

Private landowners who have received funding are required to provide Council with an annual report that summarises progress towards implementation of agreed management activities and condition of the offset site. A template for this report is provided for landowners. Where applicable, stewardship payments will be linked to the provision of the annual report for a specific offset site.

A stewardship and compliance program is an essential component of the Kingborough Environmental Fund. This is to ensure private reserves and offset sites and actions are managed as per an agreed plan and adaptive management will be actively supported. Stewardship payments to landowners (where part of a formal agreement), monitoring and compliance aspects of the program are able to be financed by the Fund.

5.0 Criteria for the expenditure of financial offsets

A set of overarching criteria provide an agreed strategic direction for the expenditure of funds. All contributions must be spent in accordance with the following:

No net loss

1. Offset actions must be implemented to achieve a measurable conservation outcome that can reasonably be expected to result in no net loss and preferably a net gain in biodiversity.
2. Offsets must provide additional protection to environmental values at risk, or additional management actions to improve environmental values.

Like for like

3. The offset must benefit the same values as were impacted by the original development. For example:
 - In relation to threatened vegetation communities, the offset site must be of the same broad vegetation community type as the impacted community and of the same threatened status; and within the same bioregion.
 - In relation to threatened flora species and habitat of threatened flora and/or fauna, the offset site must contain, or be capable of containing, a self-sustaining population of that same impacted species.

- Only where the offset will provide a net gain for a biodiversity value of equal or greater conservation significance in the bioregion, should the impacts of one value be offset by a net benefit for another value. The appropriateness of a non 'like for like' offset is to be determined on merits by Council on a case-by-case basis.
- Multiple offset values may be co-located on the offset site, provided the site meets the offset requirements for each value.

New and Permanent

4. An offset action must aim to be permanent, this means it must be secure and maintained in perpetuity. This may involve a conservation covenant or Part 5 Agreement being placed over the land, a change in reservation status or transfer to public ownership.
5. The action must not be one that is required by existing obligation, funding, policies or legislation.
6. The area of land to be used as a biodiversity offset must not be:
 - An existing natural area reserve managed by Council or land which is part of the Tasmanian Reserve Estate.
 - Already protected from development impacts through a Part 5 Agreement or Conservation Covenant under the *Nature Conservation Act 2002*.
 - Vegetation that is required to be retained under conditions of a current development application.
 - Used previously to acquit an offset requirement.
7. An offset can be established on any land tenure. The land manager must have the ability to manage the offset site as secure conservation land.
8. The landowner, and any other entity that owns land on which the environmental offset will be undertaken, must agree to the offset being undertaken. A formal agreement (e.g. Part 5 Agreement, conservation covenant etc.) or contract will be required for all offset expenditure on private land.
9. Offsets involving protection, restoration or revegetation must be accompanied by an Offset Plan that outlines all management actions that are required to ensure the offset is of a quality to achieve the required environmental outcome. The cost of producing this plan is to be covered by the Fund. Management actions must be undertaken over a timeframe that ensures the long term viability of the values being protected.
10. An offset site must be monitored and audited over time to ensure the conservation values are still present and the condition of the value has been managed as per the agreed Offset Plan.

Location of offset actions

11. All offset actions must be implemented within the Kingborough municipality.
12. Where feasible, offset actions should aim to be located within the same bioregion as the loss.

Administration of funds

13. It may be cost effective for individual financial contributions to be held in the Fund and combined to achieve a more strategic outcome as long as all other criteria have been

met. However, this approach must be balanced against the need to realise offset actions as soon as practical in relation to the time of the loss.

14. A percentage of contributions may be used for administration of the Fund, including project delivery. As per the Biodiversity Offset Policy (6.10), this administrative contribution is built into the offset contribution at the time of the impact. This reflects the costs the Environmental Fund incurs in securing and maintaining offsets (for example legal security, strategic targeting of sites, contract negotiations, auditing).
15. The administrative and legal costs of creating a site specific Offset Plan (this may be in the form of a conservation management plan, or revegetation plan) and the Conservation Covenant of Part 5 Agreement are to be covered by the Fund.

6.0 Offset Delivery Streams

Expenditure from the Fund must align with one of following program areas:

Protection and management of high conservation land in permanent reserves predominantly on private land

- This involves securing conservation reserves on private land and providing financial support for monitoring, management and stewardship of the site by the landowner.
- The mechanism to achieve permanent protection of the reserves and their biodiversity values is a Conservation Covenant under the *Nature Conservation Act 2002* or Part 5 Agreement (LUPAA) registered on title.
- A Conservation Management Plan must be developed for all new reserves. Funding may be provided for up to five years (if required) following the establishment of new reserves in order to manage threats to biodiversity values identified in the plan. Costs may include preparing and implementing the management plan, fencing, fire management, managing weeds, monitoring and removing rubbish.
- Stewardship payments for ongoing management of an offset site may be negotiated with private landowners.
- Investment will be strategically targeted to secure reserves in areas where the greatest environmental gains can be achieved in relation to the values requiring protection through the Fund. The following criteria are important in selecting reserves:
 - Target intact native vegetation with the greatest potential for retaining biodiversity values over time.
 - Areas of equivalent or better conservation value to those which have been lost.
 - Areas that contain a range of values being targeted by the Fund.
 - Areas that can be cost effectively managed for biodiversity conservation.
 - Conservation reserve design principles (relevant to the specific values being targeted), such as size, boundary configuration and landscape context.
 - Assessment of likely threats such as existing or future adjoining land uses. For example native vegetation and habitat that are at risk in the absence of formal protection and management due to existing or future zoning.
 - Willingness of landowners to place it under a conservation agreement.

- This program stream will be best suited to offsets that relate to loss of a threatened vegetation community, habitat of threatened fauna or, securing a population of a threatened plant.

Developing and maintaining revegetation areas, predominantly on public land, for offsets taken for the loss of individual or scattered trees

- This program stream will be best suited to offsets that relate to replacement of individual or scattered high conservation trees (hollow dwelling or foraging values) and the restoration of vegetation adjacent to a waterway or the coast.
- Existing planning tools (including Kingborough Council's Regional Ecosystem Model) should be used to identify strategic locations to establish habitat corridors.
- The replacement ratio to be applied is 5:1 or higher ie for every one high conservation tree lost, five must be planted.
- Much of the loss of individual trees has been large, potentially hollow-bearing trees which are critical habitat for a range of threatened species. As there are long time lags in establishment to replacement of lost values, combining offset actions such as the installation of nest boxes in existing forest areas with revegetation may provide greater benefits.

Recovery actions for threatened species

- This program stream will be best suited to offsets that relate to replacement of a population of a threatened plant and protection of habitat of threatened wildlife.
- Offset actions from this stream are limited to being a component (up to 10%) of an offset package unless justified that the action is critical for the threatened species.
- Recovery actions may include:
 - Actions listed in statutory recovery plans for threatened species.
 - Actions that continue threat abatement programs
 - Biodiversity research and survey programs
 - Local management strategies and community education.
- The Prioritisation of flora and fauna recovery actions for Tasmanian NRM regions (DPIPWE 2010) will be a useful tool for developing offset actions in this stream.

An example of a recovery action is investment in the construction and installation of nest boxes for threatened woodland birds or survey of a species where there is very poor knowledge of its distribution in Kingborough.

7.0 Review of the Guidelines

A comprehensive review on the operation of the guidelines must be undertaken within five years of implementation. This review is to include an audit of outcomes including a range of offset actions across the three delivery streams to assess the level of compliance of individual offsets with their offset plans.

The key test for the guidelines is that Fund funds have delivered actions that achieve a secure, permanent conservation outcome for the nature, size and scale of the impact on the lost biodiversity value that is the subject of the financial offset.

8.0 Conclusion

The principles outlined in this document are recommended to guide the expenditure of financial offsets held in Fund by Council. The use of the criteria will allow expenditure from the Kingborough Environmental Fund to occur in a timely and transparent manner and will lead to an improvement in the long term viability of the municipality's biodiversity.