

Presentation given at the Southeast Asia Katoomba meeting

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Katoomba South East Asia Conference

Biodiversity offsetting and the offset market in Victoria, Australia

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Presentation outline



1. Policy approaches for biodiversity offsets



2. Implementing biodiversity offsets

- Offset markets
- Conservation banks



3. Biodiversity offsets in Victoria

4. Ideas for South East Asia





Principles of biodiversity offsets

- **10 BBOP Principles**
 - **No net loss**
 - **Additional conservation outcomes**
 - **Avoid, minimise and offset**
 - **Limits to offsetting**
 - **Landscape context**
 - **Stakeholder participation**
 - **Equity**
 - **Long-term outcomes**
 - **Transparency**
 - **Science and traditional knowledge**



Policy approaches

1. No intervention

- **voluntary offsetting based on business case**

2. Policy and incentives

- **policy framework**
- **biodiversity information**
- **technical standards**
- **arrangements for secure and ongoing**
- **incentives**

3. Regulation

- **mandatory offsets for defined impacts**
- **integrated into development approval process**
- **avoid, minimise, offset**



Implementing biodiversity offsets

Offset market design basics

- Identify and deal with risks for buyers, sellers and the environment
- Create property rights – credits
- Develop standards and apply through a register
- Establish a marketplace
- Incorporate efficiency (competition, information, transaction costs)
- Conservation banks and bespoke trades



Conservation banks

A relatively large offset area established in advance of credit sales

Benefits:

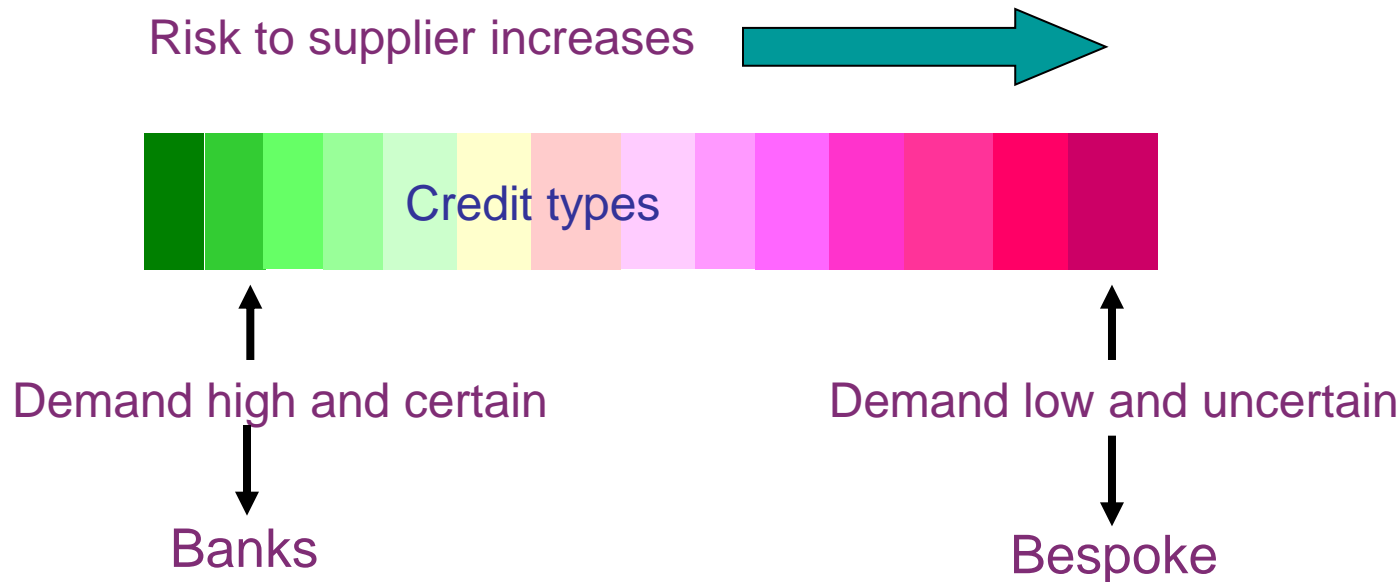
- Habitat and security advantages of larger areas
- Landscape benefits – connectivity, pre-empt fragmentation
- Economies of scale, transaction costs
- Immediate access to biodiversity credits
- Opportunity for specialist management

Risks

- Vulnerable to natural disaster and other failure
- Pressure on policy makers

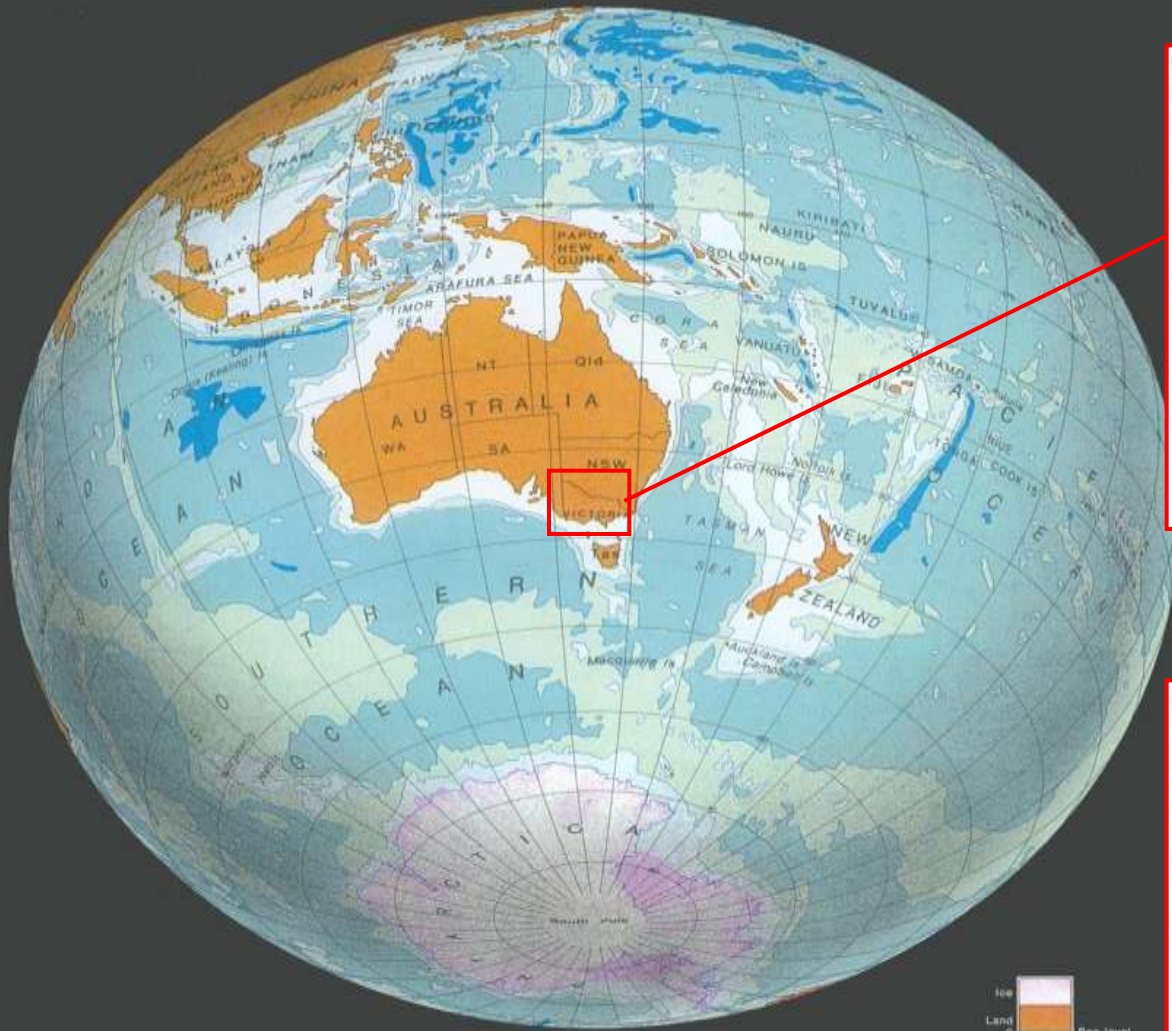


Conservation banks



- Like-for-like rules (including trading up) determine market segmentation
- Low segmentation & high demand → banks and landscape solutions
- High segmentation & low demand → bespoke and individual site solutions

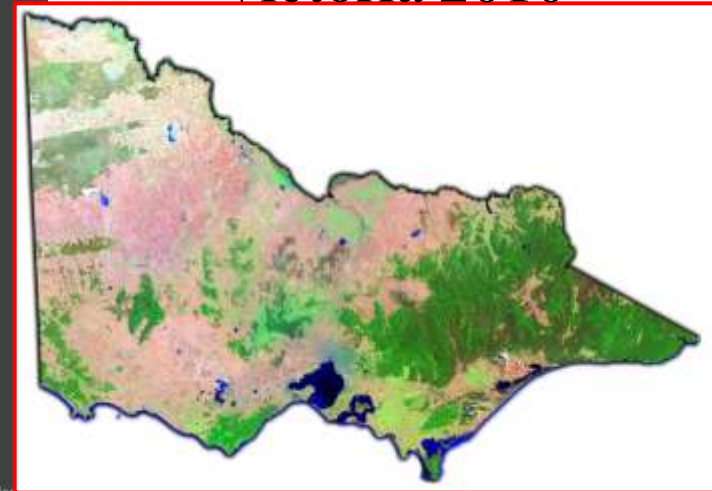
Victoria and its biodiversity



Victoria 1788



Victoria 2010



Hemisphere centred on Melbourne

Distances from Melbourne
0 1000 2000 3000 4000 5000 6000 7000 8000 9000
Kilometres

Ice
Land
0
2000
4000
6000
Sea level
Metres
Bathymetric tints
Orthographic projection



Remnant vegetation - patch





Native Grassland





Offsetting in Victoria

1989 - Regulation of native vegetation clearing

- a planning permit is required to clear native vegetation
- an end to large scale clearing

However offsetting was sporadic and unquantified

2002 - Policy - the Native Vegetation Management Framework

- based on native vegetation
- avoid, minimise and offset
- no net loss
- like for like rules (with trading up)
- secure and ongoing
- metrics for loss and gain (habitat hectare, large trees, plants)

However developers found it hard to find their offsets

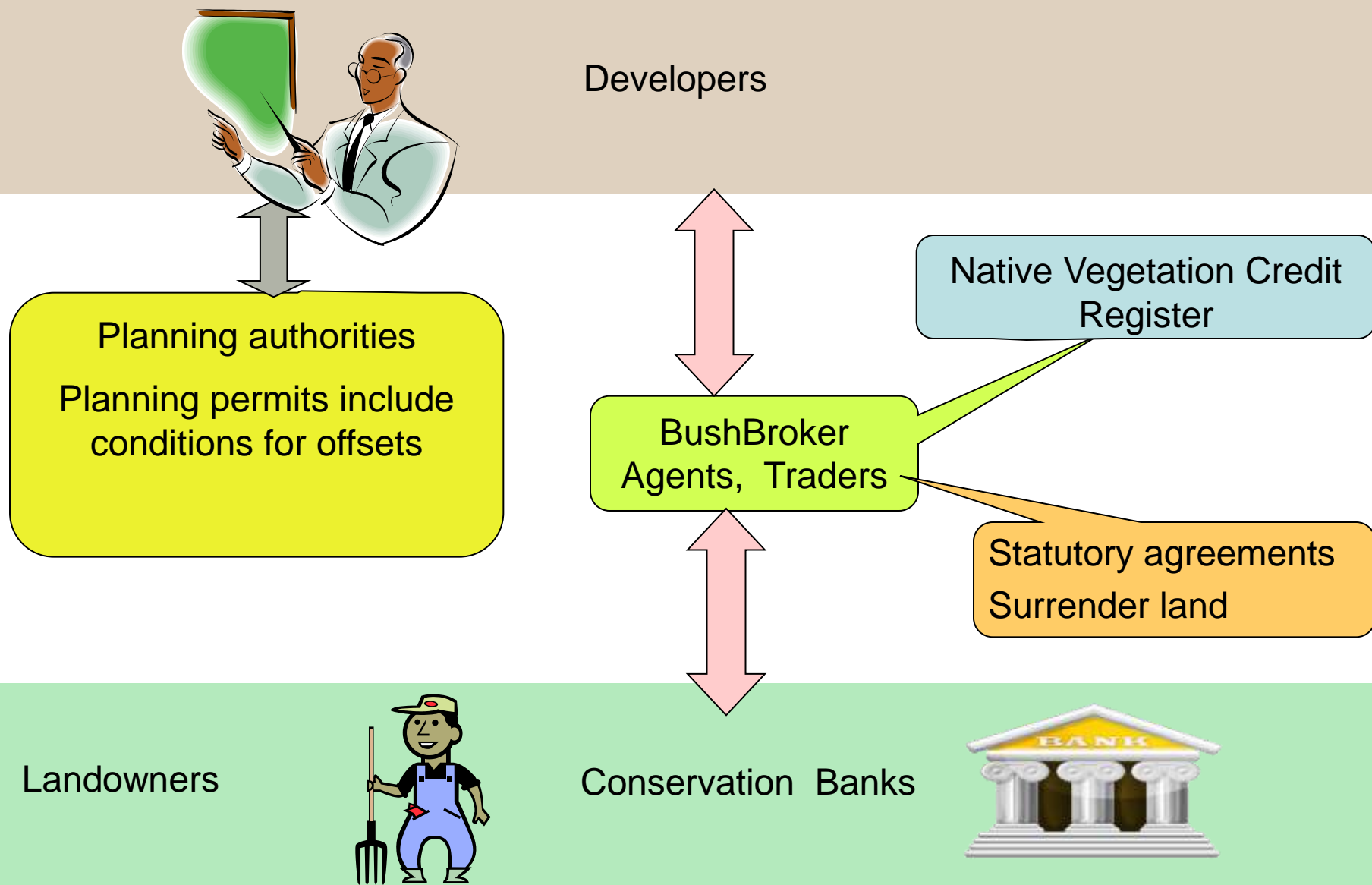
2006 – offset market based on credits

2010 – credits as personal property – new legislation





Offset market in Victoria - overview





BushBroker

BushBroker – a government program for trading credits for third party offsets

- Program announced in 2006
- initial government funding, now cost recovery
- first trade in May 2007
- 200 trades to date
- total value over A\$8 million





Lessons from Victoria

- Start with the basic principles
- Regulation for a functioning program
- Make offsets accessible for developers
- Establish an offset market
 - Understand the needs of buyers and sellers
 - Divisible credits to match losses and gains
- Consider the balance between like for like and market segmentation
- Compliance for landowners
 - Progress payments
 - Legal remedies



Ideas for south east Asia

In developing biodiversity offsets policy and an offset market consider the natural landscape and the type of development.

- Fragmented landscapes and incremental development:
 - Opportunities for avoid and minimise
 - Larger number of small offsets
 - Decentralised (local) offset marketplace
- Intact landscapes and large developments
 - Integrate offsetting with development decisions
 - Smaller number of large offsets
 - Central offset market

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Thank you

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