

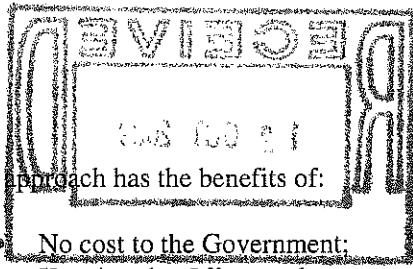
Re: *Inquiry into the Impact of the State Government's decision to change the Urban Growth Boundary*

My expertise is based upon almost a decade of experience in working with native vegetation, in particular grassy ecosystems within Victoria. As such, I will keep the details of this submission to the matters of which I am able to provide the greatest, most informed, insight. I will also put forward how this insight relates to the financial implications of the current approach, and provide an alternative which is capable of reducing the cost to the government by an estimated \$3 billion. This approach will also ensure that the environmental and social benefits are maximised, whilst minimising costs to the Government.

The main areas of interest to the Committee, on which I am qualified to comment, are those concerning the *Native Vegetation Management Framework (NVMF)*. On the matters relevant to the committee, the main areas that I am able to provide insight into are matters relating to the clearing of native vegetation and offsets under the *Native Vegetation Management Framework (NVMF)*. Currently, landowners within the proposed grassland reserves are facing the prospect of having their land compulsorily acquired to allow for the creation of a large grassland reserve. This acquisition will lead to the displacement of a large number of people and a large increase in the burden on tax payers to acquire these areas and fund Parks Victoria to effectively manage these areas. The only reason that I can see this approach is being undertaken is to reduce the burden for proponents, who wish to clear native vegetation, in finding and acquiring native vegetation credits at the current market rate.

Under the current implementation of the *NVMF*, the framework requires proponents to follow a three step approach: *Avoid*, *Minimise* and *Offset*. This is often enforced by the market, where it is often more cost effective to *Avoid* and *Minimise* than *Offset*. With the acquisition of the Grassland Reserves, and the use of Government money to compulsorily acquire and manage this *Offset* area, the cost to proponents of clearing critically endangered ecosystems will be greatly reduced. This will make it more cost effective to *Offset* than *Avoid* or *Minimise*, thus encouraging the clearing of critically endangered ecosystems. In addition to being detrimental to these critically endangered ecosystems, the capacity of people who own areas of native vegetation to sell native vegetation credits within or outside the UGB will be greatly reduced. The *NVMF* has lead to an increase in areas conserved within the National Reserve System through the use of conservation covenants and agreements. The process which is currently being proposed for establishing the grassland reserve will greatly reduce the effectiveness of the *NVMF* and severally devalue native vegetation on private land which is not within the grassland reserve area.

The first way to reduce this impact would be to allow the Offset Market to remain open (ie credits can come from anywhere which satisfy the *NVMF like-for-like* requirements), with the price of offsets regulated at the upper end of the market ie. between \$250 000 and \$500 000 per habitat hectare (Data from DSE Bush Broker online information). An alternative approach to compulsory acquisition is to use conservation agreements (ie *section 69*) or conservation covenants, which allow private landholders to remain on their land if they enter into an agreement to manage the native vegetation that they own for conservation purposes. This then allows them to, at a later date, sell the native vegetation credits to a proponent in line with the *NVMF*. I am aware that a potential argument against this proposal is that there is insufficient area to *Offset* the proposed clearing, therefore transferring to public conservation areas would be required to generate the required vegetation gains. Firstly, if there is insufficient area to *Offset* then clearing shouldn't occur, and secondly there is a sufficient area of very high conservation value grassland that conservation bodies such as the Department of Sustainability and Environment, Trust for Nature and Greening Australia are aware of within the Victorian Volcanic Plains that would be suitable to *Offset* the proposed clearing of grassland and grassy woodlands within the UGB. As such, the lack of provision and availability of these *Offsets* is not a valid argument against this proposal.



This approach has the benefits of:

- No cost to the Government;
- Keeping the *Offset* market operating;
- Ensuring the financial imperative remains to conserve critically endangered ecosystems;
- Allowing landholders to remain on their land;
- Not having the cost of restoring degraded house sites (>\$500 000 per hectare); and
- Having local people involved in management of these important areas.

Thus, the *NVMF* will continue to work effectively, and *Avoid* and *Minimise* will remain a financially viable alternative to *Offset*. If this is not done, then *Avoidable* clearing will occur and the financial burden on the public will be between \$500 000 000 (\$33 000 per hectare) & \$300 000 000 (\$20 000 per hectare) for compulsory land acquisition, and a minimum of \$60 000 000 for management every decade (current quotes by private companies to manage grasslands are in the order of \$10 000 per hectare per year, or \$150 000 000 for the grassland reserve per year). This is not including planned restoration works which are proposed to encompass around 5 000 hectares and total (on current estimates of \$500 000 per hectare) to \$2 500 000 000.

The saving to the Tax Payer of using this approach of conservation agreements and or conservation covenants, whilst allowing landowners to sell the native vegetation credits, is in the order of \$3 billion. The cost of clearing will then be paid for by proponents at the time of clearing. This will assist in reducing the level of clearing, as proponents generally chose to *Avoid* clearing where it is not financially viable or essential to development of an area.

I thank you for allowing me to provide my insights into your inquiry and I wish you all the best in your efforts. If you require further information or clarification please contact me, my details are listed below.

Yours Sincerely,