

BushBroker[®]

Developing a price

Information sheet No. 17

Landowners need to develop a price that increases their chance of reaching agreement with the permit holder and if successful, ensures that the agreed commitments can be met with the money received.

Because of the 'like-for-like' requirements for offsets, the need is segmented in terms of Ecological Vegetation Classes and bioregions. The demand for particular Native Vegetation Credit types depends mainly upon the amount, type and location of approved clearing that requires offsetting.

To assist landowners with developing a price, information provided to each landowner includes the Habitat Score and the estimated gain in Habitat Hectares.

All price negotiations take place one-on-one between the landowner and the permit holder, independent of BushBroker.

Landowners should bear in mind that the price they agree with a permit holder to allow the Secretary of the Department of Sustainability and Environment (DSE) to change the record of Native Vegetation Credits (per Habitat Hectare, Large Old Tree or New Recruit) in the Native Vegetation Credit Register is up to each individual.

Once an agreement on the price has been reached, BushBroker will prepare the necessary documents.

For further guidance on how much the permit holder may be willing to pay, landowners are advised to go to the BushBroker website on the Department of Sustainability and Environment (DSE) web page (www.dse.vic.gov.au) and click on 'Price history'. This website provides a summary of average total prices of previous BushBroker Credit Agreements across common bioregions. However, this information should be used with caution as negotiations are conducted one-on-one between permit holders and landowners and reflect those individual circumstances.

Estimating costs

Landowners will need to determine the amount of money they wish to receive to enable them to undertake the proposed management actions and

to fulfil the long-term protection commitments in their BushBroker Landowner Agreement (Landowner Agreement).

When considering the cost of implementing the Landowner Agreement in perpetuity, the landowner should think about factors such as:

- Labour costs for implementing the management actions in the ten-year Management Plan and management commitments in perpetuity.
- Cost of materials associated with each activity, such as fencing materials, farm supplies, herbicides, plants or seed supplies, tree guards and baits.
- Any loss of income which may result from having less land dedicated to other production.
- Costs associated with stock exclusion such as watering points, stock shelter or supplementary feeding.
- Purchase or hire of equipment to undertake activities such as weed spraying or fencing.
- Hire of contractors to undertake activities or provide advice on matters such as pest animal or weed control, fencing, supplementary planting and/or horticultural services.
- The cost of alternative supplies of firewood if currently collected from the site.
- The risks of a major event such as drought, flood or fire over the period of the agreement, and the implications of these on your ability to meet the commitments under the Landowner Agreement.
- The risk of new and emerging threats and possible required management to address these. In particular, landowners should think about the potential 'flush of weeds' that may arise in response to climatic events (e.g. rainfall) or from changed management (e.g. stock exclusion).
- Costs associated with permanently protecting the site, including future opportunity costs.
- Insurance for the site (such as fence replacement).
- Inflation.

A Victorian Government initiative

- Any council rates and other taxes associated with the site. (DSE will not recommend rate relief for BushBroker sites.)
- Benefits the permit holder gains as a result of the landowner's management actions, and
- Costs associated with developing the price, site assessment and management agreements.

Private benefits

The landowner may consider any personal benefits or contributions the commitments and management actions in the Landowner Agreement will benefit themselves and their property.

- Improved general condition of the property such as improved biodiversity, soil health or water quality.
- Increased wildlife such as birds and native animals as well as native flowers.
- Improved stock management through fencing.
- Better erosion control.
- Increased aesthetic value of the property.
- Personal satisfaction having made a positive impact to the natural environment and sense of place.
- Personal enjoyment of living with native vegetation and wildlife.
- Improved knowledge and skills of native vegetation management and other natural resources activities.
- On-going access to native vegetation and natural resource management advice through DSE.
- Protection of native vegetation in perpetuity.

Establishing the final price

Once the landowner has considered the costs of implementing the Landowner Agreement, they should consider if and how much of these costs to absorb themselves. This may be influenced in part by any private benefits gained through the proposed commitments, as well as the in perpetuity commitments.

Finally the landowner should consider the best price that meets their proposed management actions, and if successful will allow them to meet all of the

commitments. It is important that landowners do not underestimate their needs. For an outcome to be successful, not only does the landowner have to reach an agreement with a permit holder, but they must also be able to meet their obligations for the price they agree to be paid.

Negotiations (i.e. agreement of a price) are between the landowner and permit holder. BushBroker is not involved in these negotiations. Remember that by agreeing on a price with a permit holder, a landowner agrees that this is final and that there will be no further opportunities to renegotiate the price once the BushBroker Credit Agreements are signed. Once an agreement has been reached, BushBroker will prepare the necessary documents.

Whole site/partial site

Some permit holders require only a small amount of Native Vegetation Credits (Habitat Hectares, Large Old Trees or New Recruits) recorded in their name to satisfy their offset requirements. Therefore a permit holder may choose to reach an agreement for all of the Native Vegetation Credits from a site, or only some of the Native Vegetation Credits from a site.

Once the landowner signs a Landowner Agreement for a site, actions outlined in the Landowner Agreement must be carried out for that entire site (regardless of whether only some of the Native Vegetation Credits have been included in the BushBroker Credit Agreement).

The remainder of the Native Vegetation Credits can then be included in other BushBroker Credit Agreements, should a permit holder seek these Native Vegetation Credits in the future. However, when developing a price for the initial Landowner Agreement, landowners should consider the potential for future agreements from the site.

Further information

For further information on BushBroker, please contact the DSE Customer Service Centre on **136 186** or visit the DSE website at: www.dse.vic.gov.au/nativevegetation. All BushBroker Information Sheets are available on the website.

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