

Roles and Responsibilities: Native Vegetation Credit Register – Credit Owners

Native vegetation credit owners can sell native vegetation credits with or without the help of a broker to anyone who has a requirement to secure a native vegetation offset.

What is a native vegetation credit?

A native vegetation credit “credits” is a unit of gain generated by protecting and managing land within a third-party offset site.

What is a credit owner?

There are two types of native vegetation credit owners:

- credit owners who are also the landowners of the offset site that generates the credits
- credit owners who are not the landowners of the offset site that generates the credits. These credit owners have either purchased the credits from a third party and are then on-selling them to others, or they have transferred their land to the Crown for reservation into the Crown land parks and reserve system to generate gains and receive native vegetation credits.

Obligations of establishing a native vegetation offset site

To establish a native vegetation offset site, landowners must enter into a security agreement which secures the site generating gains in native vegetation. This is then registered on the Native Vegetation Credit Register (NVCR).

The first step is to engage an accredited NVCR site assessor. A list of accredited site assessors can be found on the DEECA native vegetation website. NVCR site assessors have entered into a site assessor agreement with DEECA which requires them to provide the relevant services to a minimum standard.

A security agreement entered into can either be a section 69 agreement under the *Conservation, Forests and Lands Acts 1987* with the Secretary to DEECA or

an offset covenant agreement under the *Victorian Conservation Trust Act 1972* with Trust for Nature (TfN).

The security agreement must be registered on the land title and runs with the land in perpetuity.

These credit owners must comply with their obligations and commitments detailed in the security agreement, actively manage the site to generate gains, and report progress of this management to the relevant body (DEECA or TfN).

Selling native vegetation credits

A credit owner can sell their credits (with or without the help of a NVCR broker) or use them themselves to offset their own permitted removal. The credits must be recorded on the NVCR and traded or allocated in accordance with the Rules of the Register using the correct credit trading agreement or allocation form.

Use a Native Vegetation Credit Register broker

Credit owners can choose to enter into an agreement with a NVCR broker who manages the sale of their credits. The broker will facilitate the trade of credits on behalf of the credit owner. The credit owner must inform the NVCR if they choose to use a broker, and the NVCR will direct all correspondence about their credits, including the trade and balance of credits to the broker. The broker is responsible for passing this information onto the credit owner and ensuring the correct credit trade agreements and forms are used and completed to a minimum standard.

Credit owners can negotiate a price for each trade using a NVCR *Three-party Credit Trade Agreement*. This agreement is between the credit owner, the broker and the purchaser.

Credit owners can also choose to enter into the NVCR *Credit Owner Agreement for Fixed-Price Trading* with a broker. This agreement specifies the number of credits and the price of credits that the broker can trade on behalf of the credit owner. The broker will then sell specified credits at the fixed price using NVCR *Fixed-*

Price Credit Trade Agreement. This agreement is only between by the purchaser and the broker.

Self-manage your native vegetation credits

Credit owners can sell their credits to third parties using the NVCR *Two-party Credit Trade Agreement*. This is an agreement that the credit owner and purchaser sign and then submit to the NVCR. It details the nature of the trade, including the number and type of credits and the price to be paid. The NVCR will provide an updated native vegetation credit statement to the credit owner after the completion of a trade.

Credit owners who chose to use the Two-party Credit Trading Agreement will have the NVCR listed as the contact instead of a broker. The credit owner will receive details of potential purchasers via the NVCR. There are fees associated with this service, which can be found on the DEECA website.

How do I set a price for native vegetation credits?

All trades must have a price associated with them. Credits are sold to raise funds for the ongoing security and management of the offset site from which the credits were generated. The minimum price for a credit must be reflective of the current market value. This ensures:

- the landowner is receiving adequate remuneration to fulfill their obligations
- the market is not skewed by over/under valued trades (as credit owners/purchasers review market history to determine appropriate pricing)

Sufficient funds are held in trust as a compliance mechanism in accordance with the landowner agreement, ensuring landowners' obligations are fulfilled.

DEECA has prepared the information sheet *Pricing Native Vegetation Credits* which explains how to price native vegetation credits and can be found on the DEECA website.

<https://www.environment.vic.gov.au/native-vegetation/native-vegetation-removal-regulations/offsets-for-the-removal-of-native-vegetation/i-need-to-secure-an-offset>

How do purchasers find my available native vegetation credits?

DEECA has an online tool "*Search the native vegetation credit register*" that purchasers can use to search for credits when they have a requirement to

secure a native vegetation offset. Any matching native vegetation credit listed as "for sale" on the NVCR will appear in the search results. The search tool will list the relevant broker(s) to contact (if any have been nominated). If no broker is nominated, the purchaser will be directed to contact the NVCR. The NVCR will inform the credit owner of the interest and provide the potential purchaser's details. The credit owner can then contact the potential purchaser should they wish to provide a quote.

The NVCR does not enter any discussion regarding trade prices or recommendation of brokers or properties to purchase from.

Rights of the credit owner

A native vegetation credit owner can:

- allocate their own native vegetation credits if they have not already been traded or allocated
- enter into an agreement with an NVCR broker or sell their credits themselves, processing the sale through the NVCR
- update their contact details, broker details, status of their credits from 'not for sale' to 'for sale' or *vice versa* by submitting a signed *Credit trading and broker details collection form* to the NVCR
- determine the price of the native vegetation credits to be sold which must at a minimum consider the ongoing management costs at the site, and be in line with current market value

More information

The DEECA native vegetation website has useful information for credit owners, including:

- information on the steps required to establish an offset site
- a list of accredited NVCR site assessors and brokers
- information on the management standards that must be complied with when managing the offset site.
- details of the NVCR fees
- information on how to set a price for native vegetation credits, including all past trade prices

Go to: <https://www.environment.vic.gov.au/native-vegetation/native-vegetation/offsets-for-the-removal-of-native-vegetation/i-want-to-establish-a-native-vegetation-credit-site>.

You can also email nativevegetation.offsetregister@deeca.vic.gov.au for

queries about trading and allocating native vegetation credits or nativevegetation.offsetmanagement@deeca.vic.gov.au for queries about setting up a new offset site or managing an existing offset site.

We acknowledge Victorian Traditional Owners and their Elders past and present as the original custodians of Victoria's land and waters and commit to genuinely partnering with them and Victoria's Aboriginal community to progress their aspirations.



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