

3 July 2023

ARTC REF# 0-0000-250-EBO-00-LT-0001

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Dear Alex,

CSSI 9487 Narromine to Narrabri Project – Request to use Biodiversity Variation Rules Minister’s Condition of Approval E27

I refer to the Minister’s Conditions of Approval (**MCoA**) issued for the Critical State Significant Infrastructure (**CSSI**) Project No. 9487 Narromine to Narrabri (**N2N**), on 21 February 2023, and specifically Condition E27 which allows ARTC Inland Rail to apply the variation rules, subject to evidence of compliance with the *Ancillary rules: Reasonable steps to seek like-for-like biodiversity credits*. ARTC IR seeks the Planning Secretary’s approval to vary the rules to certain ecosystem species credits.

ARTC IR is delivering the biodiversity offsets for the Inland Rail Program with **N2N** comprising the largest offset obligation of all NSW Projects, being 50,852 ecosystem credits and 268,400 species credits. To date, ARTC IR has secured 75,000 biodiversity credits and more in the process of being generated through establishing new Biodiversity Stewardship Sites (**BSS**) and a commitment to purchase credits from the Credit Supply Taskforce.

To meet the ecosystem credit obligation for **N2N**, there are several offset trading groups (**OTGs**) that ARTC IR has been unable to secure despite extensive efforts to locate the requisite Plant Community Types (**PCTs**) within the relevant subregions. Condition E27 of the **N2N** approval allows ARTC IR to apply the variation rules, with the Planning Secretary’s approval, to certain ecosystem and species credits. Evidence demonstrating how ARTC IR has complied with E27 and taken reasonable steps to meet the like-for-like rules is provided as Attachment 1.

If you wish to discuss any of the above further, please contact Jasmine Walden, Principal Environment Advisor on JWalden@artc.com.au or 0456 661 257 or myself on RHamilton3@artc.com.au or 0419 799 699.

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Yours sincerely

Richard Hamilton

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Richard Hamilton (Jul 5, 2023 07:40 GMT+10)

AI Delivery Director – Southern

Enclosed:

Attachment 1 – Evidence of Compliance with MCoA E27

Attachment 2 – Biodiversity Credits Purchase Agreement

Attachment 3 – Biodiversity Credit Reports (Variations)

1 Attachment 1

1.1 Introduction

To meet an offset obligation through retirement of biodiversity credits, the applicant must source credits that meet the like-for-like rules. Where an applicant cannot meet a like-for-like credit retirement, the variation rules may be used, with approval from the Planning Secretary. The Biodiversity Conservation Regulation 2017 enables Ancillary Rules to be enacted that provide applicants additional information to interpret and apply the trading rules under the Biodiversity Offset Scheme (BOS). The *Ancillary rules: Reasonable steps to seek like-for-like biodiversity credits for the purpose of applying the variation rules*, provides applicants with the minimum requirements to apply the variation rules to a proposed retirement of biodiversity credits against a project offset obligation.

The reasonable steps include:

1. Contact credit holders on the biodiversity credits public register who own the relevant credits.
2. Contact landholders on the biodiversity stewardship site expressions of interest public register who may be able to generate the relevant credits.
3. Place an entry in the biodiversity credits wanted public register.

ARTC Inland Rail has been seeking two particular PCTs, as shown in Table 1. Due to the size and scale of the N2N Project, it has been segmented to allow for credit retirement and therefore commencement of construction on individual segments. Condition E29 identifies each segment and the relevant segments to this request are provided in Table 1.

Table 1 Details of PCT148 and 1384 Credit Obligation

N2N PROJECT SEGMENT	PCT ID (BBAM EQUIV.)	OFFSET TRADING GROUP (OTG)	OTHER PCTS WITHIN OTG	IMPACTED SUBREGION	CREDIT OBLIGATION	AREA IMPACTED
Segment 3 – Narrabri MFC	148 (BR136, NA135)	Pilliga Outwash Dry Sclerophyll Forest; Moderate Threat Status	None	Pilliga Outwash	1,521 credits, including 164 HBT credits	141.6 ha total
Segment 11 – Pilliga to Narrabri					1,159 credits including 1,021 HBT credits	
Segment 10 – Pilliga Forest	1384 (CW175)	Pilliga Outwash Dry Sclerophyll Forest; High Threat Status	1090 (NA227)	Pilliga	644, including 290 prescribed credits	8.85 ha

1.2 Contact credit holders on the biodiversity credits public register who own the relevant credits

The Biobank public registers and Biodiversity Credit Supply Register were searched on 14 February 2023 for all impacted credit types and possible OTGs. None of the PCTs have been generated or transacted under the Biobanking Offset Scheme and none have been generated under the Biodiversity Offset Scheme (BOS).

1.3 Contact landholders on the biodiversity stewardship site expressions of interest public register who may be able to generate the relevant credits

The Biodiversity Credit Supply Register has been regularly searched by ARTC Inland Rail since 2020 for the credits required for the Inland Rail Program. No expressions of interest have appeared on the register during this time for the OTGs in question.

1.4 Place an entry in the biodiversity credits wanted public register

In November 2021, the credit obligation for all Inland Rail projects in NSW, including the N2N Project was uploaded to the DPE Credit Demand public register to advertise the full extent of the obligation and gather further interest into the program with landholders. To date, no landowners have expressed an interest in generating credits in the relevant OTGs.

The Inland Rail credit demand has also been provided to the Credit Supply Taskforce to inform their first and second Reverse Auctions, completed in late 2022 and early 2023, respectively. The Credit Supply Agreement is provided as Attachment 2 identifying the relevant OTGs as being in demand. No respondents to the reverse auction were able to supply the required OTGs.

1.5 Proposed Use of the Variation Rules

Attachment 3 provides an extract of the Biodiversity Credit Reports (Variations) for PCT148 and 1384. The report identifies that the PCTs belong to the Dry Sclerophyll Forests (Shrub/grass sub-formation) Vegetation Formation and Pilliga Outwash Dry Sclerophyll Forest Vegetation Class. PCTs within the formation are provided in Table 2 below.

Table 2 Vegetation classes and PCTs contained within the Dry Sclerophyll Forests (Shrub/grass sub-formation) Vegetation Formation

VEGETATION CLASS	MODERATE THREAT STATUS (≥50-<70% CLEARED)	HIGH THREAT STATUS (≥70-<90%)
North-west Slopes Dry Sclerophyll Woodlands	228, 429, 435, 527, 588, 594, 595, 597, 598, 1165, 1306, 1308, 1317, 1387, 1607	564, 4149, 3523, 856, 517, 1586, 3530, 529
Pilliga Outwash Dry Sclerophyll Forests	148	1909, 1384
Central Gorge Dry Sclerophyll Forests	840, 3486	
Clarence Dry Sclerophyll Forests	1211, 3420, 3427, 852	857, 3425, 3428, 1062, 1091
Cumberland Dry Sclerophyll Forests		724, 3448
Hunter-Macleay Dry Sclerophyll Forests	1608, 3436, 1602, 1588, 3439, 3437, 922, 3444, 3433	1589, 1600, 1601, 3446, 1178, 3442, 3431
New England Dry Sclerophyll Forests	608, 542, 524, 3501, 997, 526, 540, 970, 3503, 568, 3507, 3502, 740, 3506, 541, 1394, 1396,	1164, 738, 965, 996, 559, 632, 949
Northern Gorge Dry Sclerophyll Forests	841	

VEGETATION CLASS	MODERATE THREAT STATUS (≥50-<70% CLEARED)	HIGH THREAT STATUS (≥70-<90%)
Upper Riverina Dry Sclerophyll Forests	302, 314, 340, 1088, 342, 289, 3536, 3537, 3533, 3534, 290, 3541, 3542	3535, 285, 4152, 269, 1094, 1095, 298, 3540

ARTC Inland Rail would seek to acquire relevant PCTs within the impacted bioregion and any subregion within 100km of the impacted site. As per Condition E27, the impacted site is taken to be the subject land as described in the Biodiversity Development Assessment Report (BDAR). Table 3 identifies the relevant bioregions and subregions from which credits would be sourced for each segment.

Table 3 Relevant Bioregion and Subregions under the Variation Rules

N2N PROJECT SEGMENT	PCT	IMPACTED BIOREGION	APPLICABLE SUBREGIONS WITHIN 100KM OF THE IMPACTED SITE
Segment 3 – Narrabri MFC	148	Brigalow Belt South	All subregions within the Brigalow Belt South Bioregion and Castlereagh-Barwon, Peel and Kaputar subregions
Segment 11 – Pilliga to Narrabri alignment	148	Brigalow Belt South and Darling Riverine Plains	All subregions within the Brigalow Belt South and Darling Riverine Plains Bioregions and Nymagee, Canbelego Downs, Inland Slopes, Lower Slopes, Peel and Kaputar subregions
Segment 10 – Pilliga Forest alignment	1384	Brigalow Belt South and Darling Riverine Plains	All subregions within the Brigalow Belt South and Darling Riverine Plains Bioregions and Nymagee, Canbelego Downs, Inland Slopes, Lower Slopes, Peel and Kaputar subregions

1.6 Additional Credit Sourcing Activities Performed

ARTC has been actively engaging with the credit market since 2019. Table 4 identifies the efforts that ARTC Inland Rail has made to secure the credits required for N2N. None of the below activities have returned any results for the required credits.

Table 4 Summary of Reasonable Efforts made by ARTC to Secure Credits for N2N

EFFORTS MADE BY ARTC	DATE	RELEVANCE TO N2N
Regularly checking the Credit Supply Register for suitable credits and Expressions of Interest	Ongoing since 2019	Identifying when new credits are available that may be relevant for N2N. Table 5 includes recent register entries relevant to N2N.
Releasing an informal Expression of Interest (EOI) that resulted in over 140 responses from interested landowners. As word of mouth has spread, ARTC is approaching 200 EOI responses.	November 2019	83 EOIs were received from landowners within the Northern Basalts, Northern Outwash, Castlereagh-Barwon, Liverpool Plains, Pilliga, Pilliga Outwash and Bogan-Macquarie subregions.

EFFORTS MADE BY ARTC	DATE	RELEVANCE TO N2N
Establishing a presence on the Inland Rail public website and preparation of fact sheets to support landowner interest (Figure 3).	Early 2022	Directly relevant to N2N as Inland Rail is specifically targeting landowners within northern NSW.
Placed the Inland Rail offset obligations on the Credits Demand Register for 3 months. The obligations on the register were not renewed due to the significant effort required by ARTC and the BOS Credits Team to maintain the currency of the obligations on the register. Inland Rail's Credit Demand Register is now available upon request and a statement provided on the Inland Rail website. Furthermore, the Register has also been supplied to the Credit Supply Taskforce and is being used to firm credit demand across other major projects and inform responses to landowner expressions of interest.	Late 2021 - Early 2022	Directly relevant to N2N as Inland Rail is specifically targeting landowners within northern NSW.

Additionally, ARTC Inland Rail has established 10 Biodiversity Stewardship Sites (BSS) to generate credits for the Inland Rail projects. New BSS have been progressed based on the presence of required PCTs and willing landowners and this process has been extended to search for Pilliga Outwash Dry Sclerophyll Forests. This section details the results of the search.

A search in existing vegetation maps was conducted for:

- PCTs 148, 1090 and 1384 and/or
- Pilliga Outwash Dry Sclerophyll Forest

1.7 Results of initial desktop search

The results of the desktop search identified the following:

- NBRG_SVM_v2p0_4467 189 ha of PCT 148
- CentWestLachSVM_v1p4_PCT_E_4468 577 ha of PCT 148 and 33 ha of PCT 1384
- RiverinaSVM_v1p2_PCT_E_4469 Outside target subregions
- WesternSVM_v1_0_PCT_E_4492 None of the 3 PCTs exist
- CentTableSVM_v1p0_PCT_E_4778 None of the 3 PCTs exist
- HunterUpperSVM_v1_0_PCT_E_4894 None of the 3 PCTs exist
- Narromine HCV Vegetation Type Mapping layer not available
- Lower Macquarie Existing VIS Map 816 Outside target subregions

1.8 GIS Method

The following steps were performed in ArcGIS to identify lots with potential target vegetation:

- 1 Extract and combine vegetation mapping from existing vegetation maps (from section 1.7). Keep overlapping layers and vegetation codes/description from original mapping layers.
- 2 Calculate lot sizes in cadastral layer.
- 3 Intersect target vegetation with cadastral layer.
- 4 Create attributes for the following constraints where applicable:
 - 4.1 NSW Dedicated State Forest (as at 16/04/2021).
 - 4.2 NPWS Estate – All Managed Land (as at 01/11/2021).
 - 4.3 Mine Subsidence (N/A).
 - 4.4 Mining Titles and Applications (downloaded from MinView on 26/02/2022).
 - 4.5 NC properties (Master List as at 20220226).
 - 4.6 Travelling Stock Routes.
- 5 Add address attributes.

1.9 Results of Search for PCT148 in existing vegetation map

The most recent state vegetation type maps (SVTMs) result in small areas of target vegetation, mostly comprised within State Forest. Within the SVTMs:

- Total area for the 3 PCTs is 800 ha, mostly within State Forest.
- Of this within Lot/DP (i.e. private land) are 124 ha over 40 lots, with the three largest areas comprising:
 - 28 ha within Travelling Stock Reserve and therefore not available for establishing a BSA.
 - 21 ha within Lot 71/DP750294.
 - 11 ha within Lot 2/DP1152245.

Inland Rail's experience is that it is not feasible to establish a BSA over an area of land not less than 200 ha therefore on the sites identified above, there would be a significant number of credits generated that would not be required for the Inland Rail Program. Regardless, approximately 600 hectares of PCT148 would be required to generate sufficient credits to meet the project obligation.



Figure 1 Example - Mapped area of PCT148 (18.53 ha) within north-east corner of the property at Stumpy Lane, Kenebri

Attachment 2 – Biodiversity Credits Purchase Agreement

Attachment 3 – Biodiversity Credit Report (Variations)

148-Dirty Gum - Buloke - White Cypress Pine - ironbark shrubby woodland on deep sandy soils in the Liverpool Plains region of the Brigalow Belt South Bioregion	Like-for-like credit retirement options					
	Class	Trading group	Zone	HBT	Credits	IBRA region
	Pilliga Outwash Dry Sclerophyll Forests This includes PCT's: 148, 1090, 1384	Pilliga Outwash Dry Sclerophyll Forests >=50% and <70%	148_Good	Yes	1185	Pilliga Outwash,Castlereagh-Barwon, Liverpool Plains and Pilliga. or Any IBRA subregion that is within 100 kilometers of the outer edge of the impacted site.
	Pilliga Outwash Dry Sclerophyll Forests This includes PCT's: 148, 1090, 1384	Pilliga Outwash Dry Sclerophyll Forests >=50% and <70%	148_DNG	No	1493	Pilliga Outwash,Castlereagh-Barwon, Liverpool Plains and Pilliga. or Any IBRA subregion that is within 100 kilometers of the outer edge of the impacted site.
	Variation options					
	Formation	Trading group	Zone	HBT	Credits	IBRA region
	Dry Sclerophyll Forests (Shrub/grass sub-formation)	Tier 3 or higher threat status	148_Good	Yes (including artificial)	1185	IBRA Region: Brigalow Belt South, or Any IBRA subregion that is within 100 kilometers of the outer edge of the impacted site.
	Dry Sclerophyll Forests (Shrub/grass sub-formation)	Tier 3 or higher threat status	148_DNG	No	1493	IBRA Region: Brigalow Belt South, or Any IBRA subregion that is within 100 kilometers of the outer edge of the impacted site.

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1384-White Cypress Pine - Bulloak - ironbark woodland of the Pilliga area of the Brigalow Belt South Bioregion	Like-for-like credit retirement options					
	Class	Trading group	Zone	HBT	Credits	IBRA region
	Pilliga Outwash Dry Sclerophyll Forests This includes PCT's: 1090, 1384	Pilliga Outwash Dry Sclerophyll Forests >=70% and <90%	1384_Good	No	352	Pilliga,Bogan-Macquarie, Castlereagh-Barwon, Inland Slopes, Kerrabee, Liverpool Plains, Liverpool Range, Pilliga Outwash and Talbragar Valley. or Any IBRA subregion that is within 100 kilometers of the outer edge of the impacted site.
	Variation options					
	Formation	Trading group	Zone	HBT	Credits	IBRA region
	Dry Sclerophyll Forests (Shrub/grass sub-formation)	Tier 2 or higher threat status	1384_Good	No	352	IBRA Region: Brigalow Belt South, or Any IBRA subregion that is within 100 kilometers of the outer edge of the impacted site.