

4 October 2024

Independent Pricing and Regulatory Tribunal | NSW
2 – 24 Rawson Place
SYDNEY NSW 2000

RE: MONITORING THE NSW BIODIVERSITY CREDITS MARKET – SUBMISSION

The Institution of Surveyors NSW appreciates the opportunity of providing a submission to IPART’s review of the Biodiversity Credits Market. The Biodiversity Credits Market is within the Biodiversity Offsets Scheme (Scheme). IPART’s terms of reference include IPART considering the purpose and structure of the scheme, the incentives and impacts of the scheme on existing and potential marketing participants including developers, land holders and biodiversity stewardship agreement holders, as well as any other matter that IPART considers relevant.

The Institution would like IPART to consider the adverse impact that the scheme is having on the supply of housing lots in NSW.

ADVERSE IMPACT OF THE SCHEME ON HOUSING SUPPLY IN NSW

Registered surveyors are intrinsically involved in the creation of housing lots in NSW due to the fact that every land subdivision plan and strata plan must be prepared and signed by a Registered Land Surveyor. All of these subdivision plans are then lodged and registered at NSW Land Registry Services and are put on public record. In 2019, 75,000 housing lots were created. However, in 2023 this figure had dropped to 35,000 lots and 2024 figures appear to be tracking to be less than 35,000 lots. It is noted that the National Housing Accord requires NSW to deliver 62,800 housing lots per year. Further, the Minns Government has stated its aim is to create 75,600 new homes each year over the next five years. This is an ambitious objective however it is what is needed to alleviate the current housing crisis.

In stating this objective, the Minns Government is complying with the requirements of the Office of United Nations High Commissioner for Human Rights who in its publication the Right to Adequate Housing states that:

“The right to adequate housing covers measures that are needed to prevent homelessness, prohibited forced evictions, address discrimination, focus on the most vulnerable and marginalised groups, ensure security of tenure to all and guarantee that everyone’s housing is adequate.

*These measures can require intervention from the government at various levels including legislative, administrative, policy or spending priorities. **It can be implemented through enabling approach to shelter where the government, rather than playing the role of housing provider, becomes a facilitator of the actions of all participants in the production and improvement of shelter.**”*

The actions of successive governments have seen them hinder of the provision of housing and not facilitate, leading to demand without supply. These actions include the emphasis on biodiversity and associated costs, interest rate increases and the extended time it takes to rezone land for urban purposes as well as the subsequent time it takes to determine a development application.

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A survey carried out by the Department of Communities and Justice reveals that this year there has been a 26% increase in homelessness compared to 2023. There is a direct correlation between the increase in homelessness and the housing crisis. Unfortunately, the Biodiversity Offsets Scheme is the most significant impediment to the production of new housing.

Research by the Urban Development Institute of Australia, NSW has revealed that there are over 25,000 housing lots in the Sydney Basin which have been delayed due to biodiversity credit issues and in growth areas of the Hunter, Central Coast and Illawarra between 41% and 62% of the potential housing lots have been significantly delayed due to biodiversity issues.

Further evidence of the adverse impact of the biodiversity credit system is contained in the table below. This table is part of the Housing Industry Association’s submission to the Ken Henry Review and shows the devastating affect that biodiversity offset issues have had on the housing and commercial development in regional NSW. The table lists \$221 million of non-government projects and these projects have attracted \$229 million in the costs of the Biodiversity Offsets Scheme. The loss of these projects is adding to the cost of living and housing crisis within NSW. Make no mistake the Scheme is not working.

Table 1: Impact of Biodiversity Offsets Scheme in NSW Regional Areas

	Project / Location	Description of Development	Estimated Value of Project	Additional BOS Cost	Status of Project
1	Inland Rail	Driver of investment, growth, and job creation.	\$14.5BN	\$1.375BN	Project ongoing at significant increased cost.
2	Transgrid	Hume Link Transmission Line between Wagga Wagga and South Australia.	\$3.3BN	\$1.2BN	Increasing power costs.
3	Bourke Shire	60 hectares of 6 and 12-hectare blocks for industrial, commercial, employment development.	\$336K	\$3.4M	Project lost.
4	Moree Plains Shire	300 student agricultural college.	N/A	\$3 - \$5.5M	Project lost.
5	Moree Plains Shire	600 housing block project, to capitalise on the new Inland Rail project.	\$90M	\$120M	Project lost.
6	Wyangala Dam	Raise the Wyangala Dam wall (located 320km west of Sydney), to drought-proof the area.	\$815M	\$500M	Project still under assessment.
7	Parkes Shire	Develop 40 house blocks for housing in the town.	\$8M	\$2M	Project lost.
8	North West Council	35 hectare - \$40 M construction of large glass houses to grow vegetables.	\$40M	\$6 – 10M	Project lost.

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	Project / Location	Description of Development	Estimated Value of Project	Additional BOS Cost	Status of Project
9	Tamworth	46 small lot rural residential estate on the edge of the town.	\$11.5M	\$16.2M	Project lost.
10	Armidale	40 lot residential subdivision.	\$5M	\$3M	Project reduced to 10 lots. Lost 30 houses.
11	North West Region	Large grain receival and storage facility.	N/A	\$324K	Paid by NSW Government.
12	Gilgandra	Commercial development.	\$4M	\$1.4M	Being reviewed to reduce scale.
13	Tamworth	96 lot rural residential subdivision.	\$30M	\$19M	Project lost.
14	Tamworth	24 lot rural residential subdivision.	\$5.4M	\$3M	Project lost.
15	North of Tamworth	50 lot rural residential subdivision.	\$4M	\$6M	Project lost.
16	Narromine Shire	Gold found at Tomingley requiring company to build a small part of a new road under the Newell Highway disturbing a minimal 36 hectares.	N/A	Reduced from \$20M to \$10M	Project now proceeding.
17	Wentworth Shire	New Gypsum quarry involving 61 hectares.	\$24M	\$8 – 9M	Project lost.
18	Murrumbidgee Shire	Complete the building of the small Coleambally town.	N/A	\$24M	Project lost.
19	North West Region	3 lot large rural residential subdivision.	\$580K	\$720K	Project lost.

The first matter in IPART’S Terms of Reference is “the purpose and structure of the scheme”. The purpose of the scheme is to have a framework to offset the impacts on biodiversity from development. With respect to housing and more generally, urban development, it is worth noting the amount of such development that exists in NSW.

It is widely known that surveyors’ expertise is in the measurement and subsequent calculations of land. The Institution of Surveyors NSW has called upon its members who have determined the following statistics:

- The footprint of metropolitan area of Sydney is an approximate rectangle measuring 40km by 50km which has an area of 2,000 square kilometres.
- NSW has a total area of 800,000 square kilometres.
- Therefore, Sydney occupies 0.25% of the State of NSW with its population of 5.3 million people.
- NSW total population is 8.2 million people so extrapolating the abovementioned figures, the total footprint of urban development in NSW occupies 0.4% of the State’s area.

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It is difficult to comprehend that urban development which only occupies 0.4% of the State's area has had or is having a significant impact on the biodiversity of NSW. Accordingly, the Biodiversity Offsets Scheme should be structured to cater for this relatively minor effect on the biodiversity of NSW.

The current Biodiversity Offset Credit System together with the Biodiversity Conservation Fund and the Biodiversity Conservation Trust is a very convoluted complex system with significant uncertainty, all of which is making a significant contribution to the housing and affordability crisis in NSW. The Institution of Surveyors NSW believes that there is a practical and affordable solution to the problem.

In 2022 the NSW Environment and Heritage Minister approved the Cumberland Plain Conservation Plan which sets out a regime for Biodiversity Offset Contributions. It is understood that the current contributions are:

- **Residential Subdivision** - \$10,000.00 per new dwelling lot.
- **Residential Strata Subdivision** - \$10,000.00 per new strata dwelling lot.
- **Commercial Development** - \$60.00 per square metre of new gross floor area of a building.
- **Industrial Development** - \$30.00 per square metre of new gross floor area of a building.

The unit rate for biodiversity contributions is similar to the current Environmental Planning & Assessment Act's Section 7.11 contributions for community infrastructure and other State Infrastructure Contributions. Such a regime, which needs to be expeditiously applied to the rest of NSW, would eliminate the uncertainty of the current regime, and the time consumed in determining and finding the appropriate number of offsets. A unit price cost system would definitely provide certainty to developers and accelerate the process of developing housing lots.

Any unit cost scheme applied other areas of NSW must be affordable so that affordable housing lots can be developed in the applicable area.

The contributions can be paid into the Biodiversity Conservation Fund and these funds can be used by the government to acquire biodiversity offset lands.

Over many decades the government has acquired National Park lands within NSW. According to the National Parks and Wildlife website, just over 10% of the State is contained within National Parks. NSW has one of the highest percentages of its State in National Parks compared to any jurisdiction in the world. Funds from the Biodiversity Conservation Fund can be used to acquire further biodiversity lands and help maintain the biodiversity lands that the government already owns.

Please feel free to contact our Head of Advocacy and Stakeholder Engagement Melanie Gibbons on [REDACTED] should you have any questions or wish to discuss this submission further.

Yours sincerely,

[REDACTED]

Rachel Greenwood
Chief Executive Officer

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