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- We will start shortly



**IPART** Independent  
Pricing and Regulatory  
Tribunal | NSW

# Monitoring the NSW Biodiversity Credits Market

Workshop for third-parties

26 September 2024





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# Welcome and Acknowledgement of Country

Dr Darryl Biggar  
Tribunal Member

# Agenda

- 1 Overview of IPART's role and this review

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- 2 Overview of the market in 2023-24

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- 3 Key issues for this year's review

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- 4 Discussion and questions

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# Introductions

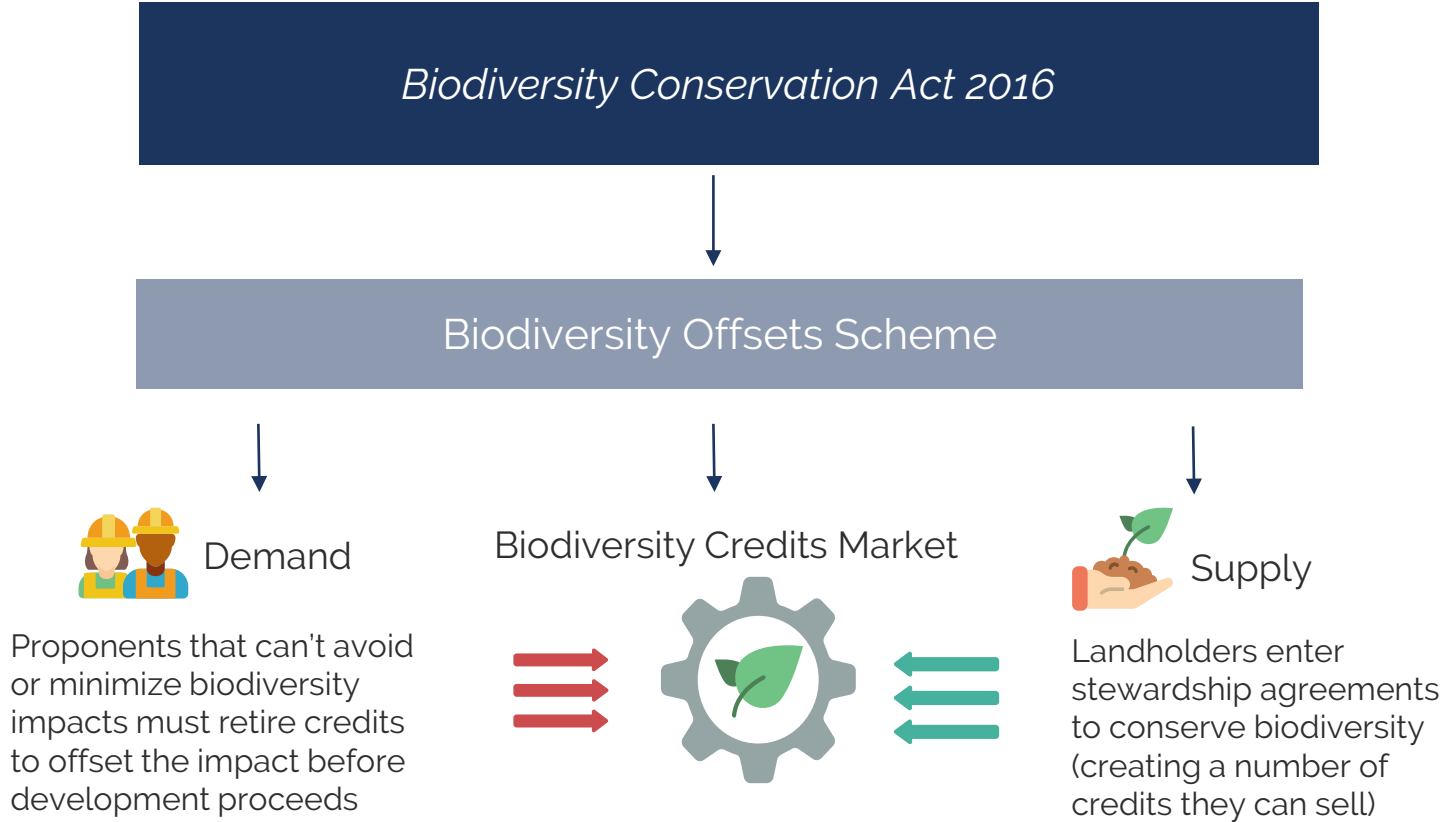


Stakeholder workshop



## Overview of IPART's role and this review

# What is the credits market's role in protecting biodiversity?





## Our role

Monitor the performance of, and competition in, the NSW Biodiversity Credits Market over a 3-year period.

A well-functioning credits market brings together credit buyers and sellers to effectively and efficiently trade the credits needed to offset unavoidable impacts on biodiversity.



# 2022-23 Annual Review: Key findings

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Our analysis of the biodiversity credits market over 2022-23 revealed it is not operating effectively in 5 key areas:

- 01 The option for development proponents to pay into the Biodiversity Conservation Fund prevents the market from developing.
- 02 High up-front costs and long credit generation times create a lag between credit demand and supply. The Credits Supply Taskforce work program is making a difference.
- 03 Market participants lack accurate and timely information.
- 04 High transaction costs and market complexity discourage participation.
- 05 Stakeholders lack confidence in market oversight and governance, which hinders their participation.



# 2022-23 Annual Review: Our recommendations

There are fundamental issues that, if unaddressed, will continue to prevent the market from functioning effectively. We have therefore recommended priority actions.



Phase out the option to pay into the Biodiversity Conservation Fund



Establish interim measures to reduce proponents' reliance on the Fund pay-in option



Continue to intervene in the market to reduce entry costs, make trading more efficient and instil confidence in the market

Other actions may improve participants' experience in the market but won't improve performance and competition if the priority actions are not realised.

## Objectives of this workshop

Share and discuss our initial analysis of the market in 2023-24

Provide an opportunity to raise issues we may have missed and ask questions of the Tribunal and IPART Secretariat

Identify the most important issues to consider in depth for our 2023-24 Annual Report

Assist us to understand issues where the data doesn't tell the full story

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Our review in 2023-24

# Credits market growth in 2023-24



101,000

Credits transferred between  
proponents and landholders

↑ **26%** from last year



\$226m

Value of credits transferred  
between participants

↑ **106%** from last year



54

New Biodiversity  
Stewardship Agreements  
signed

↑ **29%** from last year

# Use of the Biodiversity Conservation Fund



10,865

Credit obligations transferred by payment to the Biodiversity Conservation Fund

↓ 46% from last year



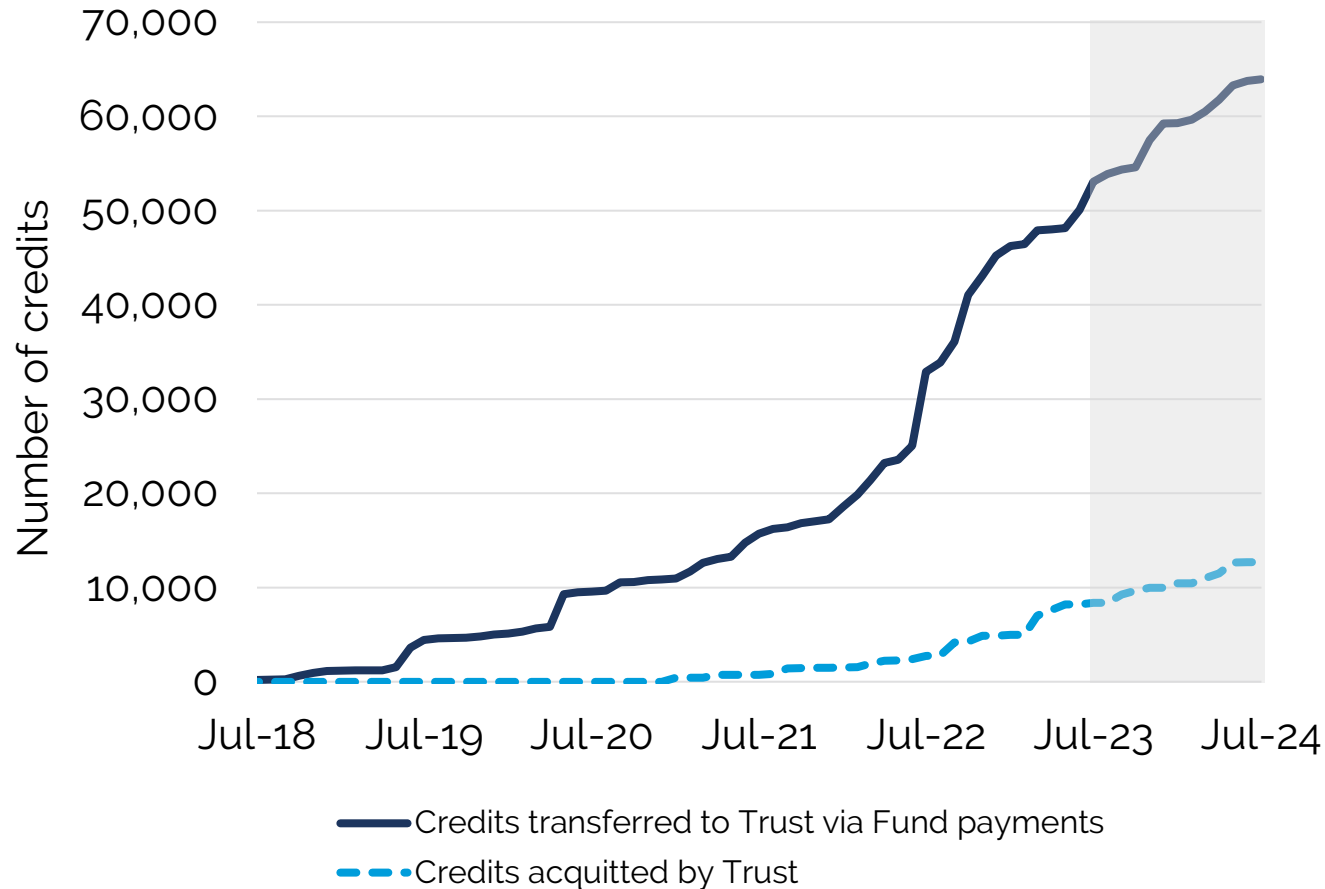
\$64m

Value of payments made into the Biodiversity Conservation Fund

↓ 21% from last year



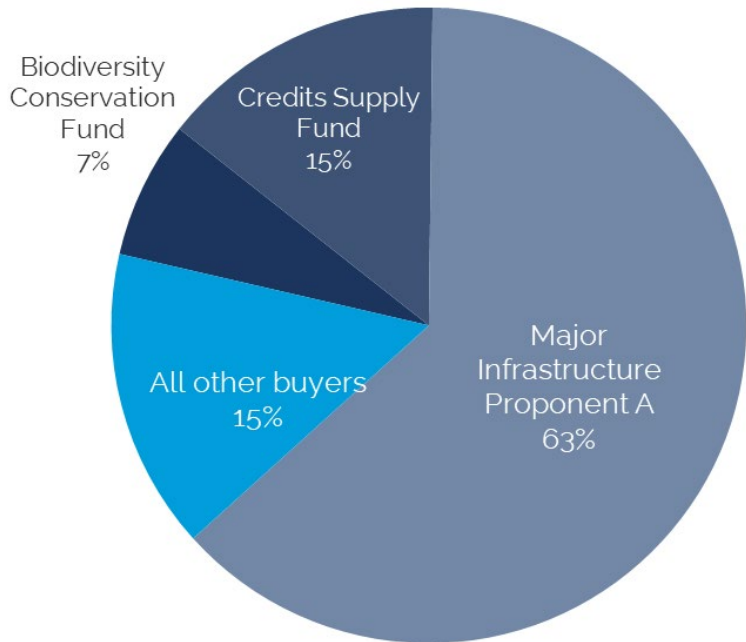
# Biodiversity Conservation Fund obligations acquired and acquitted



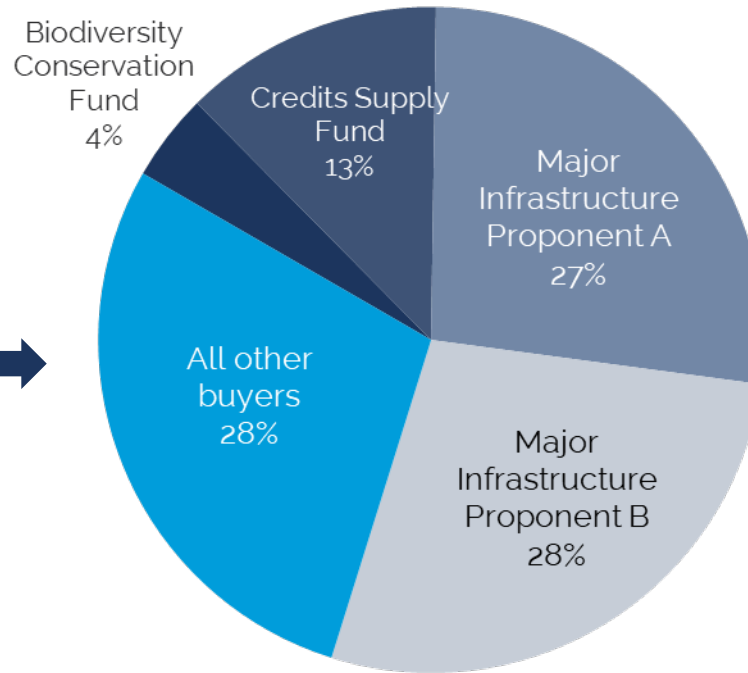
We understand that the BCT will acquit a significant number of credits that were contracted for purchase in the 2023-24 financial year.

Those acquittals are not reflected in the data shown in this chart.

**2022-23**  
Total credits traded - 80,370



**2023-24**  
Total credits traded - 101,006



Buyers in the  
credits market

# Key focus areas for this year



The role of government organisations in the market



Confidence in the market



Quality of information



The need for continued market oversight



Barriers to entry for Aboriginal landholders



Impact of price changes in the Biodiversity Conservation Fund

# Discussion and Q&A

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1. Does our data analysis match what you've seen in the market? Are there any other notable changes you've seen?
2. How often do you observe market data that appears misleading?
3. How would you describe the difference between the role of accredited assessors and brokers? Are there situations where you take on both roles (at the same time)?
4. What do you see as the benefits of increased regulation of third parties? What are the drawbacks?

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Closing remarks



# Next steps



## Contact us

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### **Visit our website**

[Monitoring the NSW Biodiversity Credits Market](#)