Department of Climate Change, Energy, the Environment and Water

Our ref: [redacted]

Mr Andrew Nicholls PSM
Chief Executive Officer
Independent Pricing and Regulatory Tribunal

By email: [redacted]

Dear Mr Nicholls

I am writing to thank the Independent Pricing and Regulatory Tribunal (IPART) for its third and final biodiversity credits market report on the biodiversity credits market.

IPART's reports have helped inform policy and operational reforms to improve the biodiversity credits market. Information about these and other improvements to the biodiversity credits market is on the department's website.

A response to the recommendations in this third report, on behalf of the Department and the NSW Biodiversity Conservation Trust, is attached to this letter. I would appreciate if this could be published on IPART's website.

If you have any further questions, please contact Dr Louisa Mamouney, Executive Director, Conservation Planning and Offsets, on [redacted] or at [redacted].

Yours sincerely

[redacted]

Anthony Lean
Secretary
Department of Climate Change, Energy, Environment and Water

27 August 2026

DCCEEW and BCT response to IPART's third biodiversity credits market report

Recommendation	Response	Comment
1. In setting Fund charges, the Biodiversity Conservation Trust should be allowed to take into account the risk that it cannot secure like-for-like credits, for example, based on the natural scarcity and/or supply of a particular credit in the market. This could be achieved via an amendment to the Biodiversity Offsets Payments Calculator (BOPC) Order.	Noted	The Biodiversity Offsets Payment Calculator already calculates charges based on the estimated costs of like-for-like offsetting and includes a risk premium. Natural scarcity is a component of the cost-structure model. In acquitting offset obligations, the BCT applies the statutory hierarchy of offset rules, which requires it to prioritise like for like offsets.
2. The Department should undertake and assess the business case for introducing a centralised trading platform that would enhance transparency and price discovery and improve the efficiency of trading in the market.	Support in principle	The Department is investing in digital systems to support the biodiversity credits market and the scheme, focusing on better quality information, improved security and better transaction experiences. On 1 June 2026, the Department launched the new BOS Portal which is used by scheme participants to manage information and data throughout the various steps in the scheme. The BOS Portal has introduced new self-service features, including verification of identity and account management with better data security and user experience. This portal is providing the foundation for further work in improving the scheme's systems that is underway. The Department is also working with the Department of Planning, Housing and Infrastructure to build a new public register to track when and how biodiversity offset obligations are met. The register will integrate the new BOS Portal with the Planning Portal and support automated reporting.
3. The Department should update the transactions register to identify all related entity, option deed and bulk trade negotiations, in order to give sufficient context to historical prices for participants to interpret them and understand their implications.	Support in principle	
4. The Department should make demand, supply and transaction information simpler and more accessible for market participants to navigate.	Support in principle	
5. The Department should publish information on bid stacks and clearing prices of credits in each auction transparently and	Support in principle	The Department does not support publishing bid stacks. All Supply Fund transactions are published on the transactions register (as a

equally to all participants, in order to address information asymmetries and provide more transparency into prices. This data should include appropriate disclosures and labels where it includes bids for credits that are not yet generated.		way of providing clearing prices of credits), and the Department is committed to equitably and transparently providing market information where this information is robust and reliable. The Department will continue to consider opportunities to improve the quality and accessibility biodiversity credits market information.
6. The Department should explore ways to simplify and shorten the transaction process, including by: a. automating certain parts of the process b. determining the appropriate level of delegation for transaction authorisation c. providing more upfront information and support to minimise follow up information requests d. providing greater transparency around credit ownership.	Support in principle	The new BOS Portal has introduced self-service features, including verification of identity and account management with better data security and user experience. This portal is providing the foundation for further work in improving the scheme's systems that is underway. This includes work on a new credit registry, which will assist to simplify and shorten credit transactions.
7. The NSW Government should set clear definitions and objectives for each of its functions within the credits market, and report on progress against their objectives. Operational, regulatory and policy setting roles should be clearly separated to minimise the risks outlined in ICAC's August 2023 submission to IPART.	Support in principle	The Department and the BCT undertake functions in accordance with the *Biodiversity Conservation Act 2016*. Consent authorities set offset obligations separately from the Department. Regulatory, policy and market support and offset delivery functions are delivered separately within the Department. The Department delivers programs that help to bring forward the supply of in-demand credits to ensure offsets can be delivered and support market functioning, without diminishing potential for independent activities by market participants. These programs are administered separately from other scheme functions and are delivered in line with published guidelines and operating protocols, and have independent probity oversight, as well as being subject to NSW government procurement requirements.
8. The NSW Government should maintain ongoing independent performance monitoring of the biodiversity credits market. This monitoring should report on indicators relating to competition, efficiency and biodiversity outcomes.	Support in principle	The Department is committed to providing ongoing transparency about the performance of the biodiversity credits market.
9. The Department should accredit Biodiversity Offsets Scheme Advisors (including brokers and other advisors)	Support	From 4 June to 17 July 2026, the Department undertook public consultation on draft amendments to the Biodiversity Conservation

through a process similar to the accreditation of assessors, in order to support confidence in third-parties and their oversight.		Regulation 2017, including a proposal to establish a mandatory broker accreditation scheme. The Department will consider this recommendation as part of finalising the draft regulation.
10. The Biodiversity Conservation Trust should annually publish a point-in-time list of 'high offset risk entities', comprising of: a. credits obligations that it has held for longer than three years b. credits obligations that it has previously offset using non like-for-like rules.	Support in principle	The Department does not support publishing a list of high offset risk entities based on obligations the BCT has met using non like for like options. The scheme's Serious and Irreversible Impacts framework provides the appropriate mechanism to consider impacts that may be high risk to offset. The BCT already reports on credit obligations it has held, or is likely to have held, for longer than three years via the *Agreement to acquit Biodiversity Conservation Fund credits held for more than three years*. The pathways used to acquit offset obligations, including non-like-for-like options are reported in the BCT Annual Report.
11. The Department should require Accredited Assessors, as part of a Biodiversity Assessment Development Report or Biodiversity Certification Assessment Report, to note any offset requirements of a proposed development that are on the Trust's list of 'high offset risk entities'.	Noted	See recommendation 10. There is an existing requirement for Biodiversity Assessment Reports to identify impacts that may not be capable of being offset, in line with the scheme's Serious and Irreversible Impact framework.
12. The Department should annually report on the impacts to biodiversity from development and the outcomes delivered by corresponding offsets. The reporting should include a. The number, location and type of biodiversity cleared under the original offset obligation b. The location and type of biodiversity of the delivered offset c. Whether the offset was delivered under like-for-like rules, variation rules or conservation actions, including the outcomes delivered by any conservation actions.	Support in principle	The Department is developing new and improved statutory registers of offset obligations and credit ownership that will provide timely, transparent and traceable information about offsetting obligations and outcomes. From 4 June to 17 July 2026, the Department undertook public consultation on draft amendments to the Biodiversity Conservation Regulation 2017, including proposed additional information requirements for the register.