



File no: F18/582

26 July 2023

Carmel Donnelly
Chair of IPART
PO Box K33
Haymarket NSW 1240

Dear Carmel,

Submission on the Monitoring the Biodiversity Credits Market by IPART

The Independent Pricing and Regulatory Tribunal (IPART) have published an [Issues Paper](#) outlining their proposed approach to monitoring the NSW biodiversity credits market over a 3 year period from 2022-23.

IPART are seeking feedback on:

1. what a well-functioning credits market would look like and what outcomes it would deliver
2. what we will report on to measure market performance and competition
3. factors affecting supply, demand and market function and governance that may prevent the market from functioning as intended.

Further information is available on [IPART's website](#). Comments to IPART close on 4 August 2023.

We appreciate the opportunity of providing a submission.

If you would like to discuss this matter further, please contact our [REDACTED]

Yours faithfully

[REDACTED]

Connect - Create - Celebrate

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Blacktown City Council submission on the Monitoring the Biodiversity Credits Market

- 1.1 Under the NSW Biodiversity Offsets Scheme, biodiversity credits created at a stewardship site are used to offset the loss of biodiversity values on a development site. These offsets are traded through the NSW biodiversity offsets market.
- 1.2 In Blacktown City, where large areas of land are under development, the native Cumberland Plain Woodland, Freshwater Wetlands, Scribbly Gum Woodlands, River-Flat Eucalypt Forests and many of the native flora and fauna species these vegetation types support are threatened with extinction.
- 1.3 Credits for these non-renewable entities can be difficult to source and we see little evidence of credits sourced locally for local losses.
- 1.4 It is apparent that credit prices are too low to incentivise local credit generation for the establishment and ongoing management of stewardship sites locally.
- 1.5 Credit prices are evidently also too low to disincentivise clearing and our experience is that 'avoid and minimise' per the Biodiversity Conservation Act hierarchy of control is skipped over in favour of offsetting, with developers moving straight to paying credits for land clearing as a more economically attractive option.
- 1.6 We are however aware, that a too high credit value to be paid by developers clearing land will also flow on to affect housing affordability. A balance must be found.
- 1.7 The following suggestions may help address this inherent challenge and see the credit market operating more effectively to deliver local conservation outcomes, as well as more liveable urban areas for residents who consistently rate local natural areas as valued assets:
 - 1.7.1 Ensure price fluidity (remove price setting by the NSW government which holds the lion's share of credits for sale) such that, as specific credits become more scarce they also become more expensive;
 - 1.7.2 Ensure credit prices are high enough or scaled such that more degraded areas could enter the stewardship market to achieve gain in conservation value via a range of funded active restoration works
 - 1.7.3 Reduce the current minimum 30 hectare land area size requirement for stewardship sites to enable councils and other land managers to enter the market, and gain income to extend and manage their natural areas. This would also assist in achieving like-for-like offsetting for local biodiversity loss.
 - 1.7.4 Place a higher value rating for credit types and stewardship areas that provide habitat connectivity to existing good quality habitat or riparian corridors that will reduce genetic isolation and assist fauna movements
 - 1.7.5 Provide a clearer definition of 'like for like' to assist in ensuring that further loss of specific endangered communities is properly offset.

- 1.7.6 To increase transparency, the Credit Supply Taskforce or NSW Biodiversity Conservation Trust could produce an annual report on loss and gain in biodiversity credits covering where credits have been generated, which entities have seen credit losses and gains, geographic areas covered, and what they cost.