CEMENT CONCRETE & AGGREGATES AUSTRALIA

27 November 2025

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Independent Pricing and Regulatory Tribunal (IPART)
Review of the NSW Biodiversity Credits Market – Discussion Paper

Dear Mr Nicholls

Cement Concrete & Aggregates Australia (CCAA) appreciates the opportunity to provide a submission to IPART's Review of the NSW Biodiversity Credits Market.

CCAA is the peak industry body for Australia's heavy construction materials sector, representing the cement, premixed concrete, quarrying and extractive industries. Our members supply the essential materials that underpin housing, public infrastructure, transport networks, renewable energy development and the construction of community facilities across New South Wales.

A functional, transparent and predictable biodiversity offsets system is critical to delivering these essential materials. However, our members consistently report structural issues within the NSW biodiversity credit market that are undermining project feasibility, distorting price signals, and suppressing participation in biodiversity stewardship. These issues must be addressed to support a market that can deliver genuine ecological outcomes alongside economic productivity.

This submission outlines several systemic market failures, supported by a detailed example of CCAA member companies, and provides recommendations for reform.

The Importance of a Predictable and Transparent Credit Market

The construction materials sector relies on long-term investment certainty. Quarries, cement plants and related operations often require State Significant Development approvals, long lead times, and substantial capital expenditure. The current biodiversity credit market settings introduce a level of volatility and unpredictability that is incompatible with these investment requirements.

A healthy offsets market should:

- allow proponents to plan reliably for offset liabilities.
- provide transparent, competitive credit pricing;
- incentivise landholders to generate credits; and
- avoid distortions or speculative behaviours that inflate costs or restrict supply.

Unfortunately, the current framework falls short on all four fronts.

Market Issue 1: Offset Liability Calculations Are Volatile, Opaque and Financially Destabilising

CCAA members report that estimating offset liabilities is extremely complex, requiring specialist consultants even at the earliest stages of project design. This complexity alone creates barriers to feasibility assessments and early-stage investment decisions.

More concerning, however, is the **volatility of offset calculations over time**, particularly during lengthy SSDA assessment periods.

Example from a CCAA Member Company

A member company reported the following experience:

- In 2023, the estimated offset liability for a proposed site was **approximately $500,000**.
- In 2024, without any change to the project footprint or underlying ecological impacts, the estimated liability increased to **over $2.4 million**.

This represents a **fivefold increase within 12 months**—a level of cost volatility that renders business planning extremely difficult. No commercial operator can maintain investment certainty in an environment where biodiversity obligations vary so dramatically within short timeframes.

This volatility cannot be attributed to supply constraints alone. It reflects fundamental issues in how offset requirements are calculated, priced and communicated to proponents.

CCAA recommends that IPART investigate the drivers of this volatility and provide recommendations to:

- improve predictability of liability estimates over SSDA timeframes;
- introduce clearer methodologies for applying multipliers and uplift factors;
- increase transparency in how price escalations occur; and
- consider mechanisms to lock in offset estimates once an application reaches a defined stage.

Market Issue 2: Lack of Transparency and Opaque Pricing in the Biodiversity Credits Market

A functional market relies on transparent price discovery. The current NSW market does not provide this.

CCAA members report that purchasing credits on the open market is characterised by:

- no accessible or authoritative source of credit pricing;
- wide price variability for similar credits;
- limited visibility of supply, demand and transaction history;
- heavy involvement of intermediaries rather than direct landholder engagement; and
- an increasing concentration of credits being acquired by brokers, who then control access and set inflated prices.

This dynamic has led to a market where proponents cannot reasonably forecast credit availability or cost. For industries with long project horizons such as quarrying and construction materials, this opacity severely impairs feasibility modelling and long-term planning.

The lack of transparent pricing also undermines confidence among potential credit suppliers, who cannot gauge whether participation will be financially viable.

CCAA recommends that IPART consider:

- publishing aggregated, anonymised transaction data to reveal real market prices;
- establishing a transparent digital marketplace or exchange platform;
- discouraging speculative hoarding of credits; and
- enabling direct landholder–proponent transactions to reduce distortionary brokerage influence.

Stewardship Site Pathways Are Overly Burdensome and Actively Deter Participation

The biodiversity stewardship pathway is intended to be a major source of credit supply. However, member feedback indicates that the model is economically uncompetitive and administratively prohibitive.

One CCAA member company that has operated a stewardship site for more than a decade reported:

- **high annual reporting costs** to the Biodiversity Conservation Trust (BCT);
- **regular BCT inspections requiring significant staff involvement;**
- **ongoing maintenance obligations** that exceed the value of credit revenue; and
- **multi-season ecological assessment requirements** for establishing new sites, creating long delays before a site is even considered for acceptance.

Despite having ecologically suitable land available, this company has concluded that establishing additional stewardship sites is not commercially viable under current settings.

This is a critical market failure: if experienced operators with available land, internal capacity and long-term landholdings cannot justify entering the market, then the market cannot deliver sufficient credit supply. It is critical for industry that an administratively easy, relatively fast, and financially viable method is maintained to acquit offset obligations.

We would also suggest that smaller extractive industry sites should have special provisions provided to allow the use of bush regeneration and restoration works to reduce a credit obligation.

Quarries that produce washed sands have large parcels of land tied up as storage for tailings, these areas can be rehabilitated to natural bushland however most operators elect to rehabilitate to agricultural land to avoid this.

If a concession could be granted for future offsetting obligations, operators would have an incentive to regenerate vast areas of land creating more biodiversity, rather than simply paying into the BCF.

The offset trading groups need to be much broader to allow more options for developers in the market for credits.

Applicants should have the option to translocate certain species as an alternative to buying credits.

For example, one of our members has translocated the threatened species *tetratheca glandulosa* into a bush regeneration area.

Nature positive actions such as this should be recognised.

Quarries differ markedly from traditional mining and infrastructure projects in both scale and environmental legacy. They are generally:

- smaller in footprint;
- of short operational duration; and
- capable of full or near-full site rehabilitation, including restoration of native vegetation, ecological corridors, and water features.

Unlike more permanent developments, quarries have a unique capacity to be returned to ecological function.

CCAA believes that progressive and final rehabilitation of quarry sites can deliver meaningful and measurable biodiversity outcomes – especially when supported by management plans and post-closure compliance mechanisms.

Recognising regeneration of quarrying sites and recognising previous proactive action

As referred to above, CCAA's members have reported numerous examples of projects becoming unviable because of the cost of credits and or nearby land to offset - especially the Sydney basin where we have a critical shortage of sand.

As an example, one of our members submitted an application requiring the clearing of four hectares of native vegetation to allow for the extraction of five million tonnes of sand.

The cost of biodiversity credits to allow for the removal of this vegetation makes the project unviable.

If the option to enter into some form of agreement, to regenerate existing land to compensate for some of the credits, this application could be feasible.

CCAA strongly recommends reforms to:

- streamline site assessment and approval processes;

- reduce ongoing administrative burden on stewardship site operators;
- ensure long-term economic viability through fairer payment structures; and
- introduce incentives for industry-led stewardship where appropriate.

Summary of Key Structural Problems Identified by CCAA Members

Across the three issues above, the following themes emerge:

A. Extreme volatility and unpredictability

Cost changes of 300–500% within a year make project feasibility unmanageable.

B. Lack of transparency

Proponents cannot access clear price signals or reliable data.

C. Market distortion caused by intermediaries

Broker-dominated credit acquisition creates artificial scarcity and inflated prices.

D. Disincentives to generate new credits

Stewardship obligations are disproportionately burdensome compared with the incentives.

E. A system unable to support long-term development

Quarrying, cement and concrete investments require predictable regulatory settings that the current market does not provide.

These are not isolated incidents; they represent consistent feedback from multiple CCAA member companies.

Recommendations

CCAA recommends that IPART's final report pursue the following reforms:

1. **Introduce mechanisms to stabilise offset liability estimates during assessment periods.**
2. **Implement a transparent pricing and transaction reporting system** for biodiversity credits.
3. **Establish rules to prevent speculative credit hoarding** and to maintain competitive access.
4. **Streamline and reduce the administrative burden** associated with stewardship site establishment and ongoing compliance.
5. **Improve availability of market information**, including regional supply and demand data.
6. **Ensure that any reforms align with broader NSW and Commonwealth biodiversity policy frameworks** to avoid duplication or inconsistency.

7. **Engage industry in co-design processes** to ensure reforms are workable and grounded in operational reality.

CCAA and its members support a biodiversity offsets system that delivers genuine conservation outcomes and enables critical infrastructure, housing, and industry development. However, the current NSW biodiversity credit market is not functioning as intended. Without significant reform, the system will continue to deliver unpredictable, inflated and administratively burdensome outcomes that undermine both ecological and economic objectives.

We urge IPART to consider the issues highlighted in this submission — including real-world examples from member companies — and to deliver recommendations that promote transparency, competition, stability and participation in the biodiversity credit market.

CCAA would welcome the opportunity to engage further with IPART as the review progresses. Please contact Melinda Pavey, State Director on [redacted] or email [redacted]

Your sincerely

[redacted]

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