

23 November 2022

The Hon. Victor Dominello MP
Minister for Customer Service and Digital Government
Monitoring the NSW Biodiversity Credits Markets Review
Independent Pricing and Regulatory Tribunal NSW
PO Box K35
HAYMARKET POST SHOP NSW 1240

Email: ipart@ipart.nsw.gov.au

Dear Minister Dominello,

MONITORING THE NSW BIODIVERSITY CREDITS MARKET REVIEW

We're grateful for the opportunity to comment upon your proposal, under section 12A of the *Independent Pricing and Regulatory Tribunal Act 1992*, requesting the Independent Pricing and Regulatory Tribunal NSW (IPART) monitor and report on the operation of the biodiversity credits market within the NSW Biodiversity Offsets Scheme over the next three years.

We note the review's draft terms of reference and IPART's proposed task to:

- 1. Monitor the performance of and competition within the biodiversity credit market, and make findings and recommendations with the aim of:
 - a. maintaining and promoting competition;*
 - b. addressing the interests of biodiversity market participants, and support fair trading; and*
 - c. identifying opportunities to improve market efficiency and address market failure**
- 2. Report annually on the performance of and competition within the biodiversity market for a period of three years (annual market monitoring report).*

Cement Concrete & Aggregates Australia (CCAA) is the peak industry body for cement manufacturers, concrete suppliers and extractive operators throughout New South Wales. Collectively known as the heavy construction materials industry, our members are engaged in the quarrying of sand, stone and gravel, the manufacture of cement and the supply of pre-mixed concrete to meet New South Wales's building and construction needs.

Our industry is committed to the protection and improvement of environmental values and minimising environmental impacts when they arise and we strongly believe that we have an obligation to supply construction materials in an environmentally responsible and sustainable manner.

Given its broad range of challenges and complexities, CCAA and its members maintain a significant interest in the NSW Biodiversity Offsets Scheme and we have previously submitted comments and thoughts on the Biodiversity Conservation Fund Charge (BCF) Charge System in addition to the NSW Legislative Council's Inquiry into the Integrity of the NSW Biodiversity Offsets Scheme.

As quarries are typically long-term operations that operate for decades and are progressively rehabilitated once quarrying resources are extracted and exhausted. Given the unique nature of our sector, our concerns with the present Biodiversity Credit Market are highlighted below:

- **Lack of a strong enough market** – lack of credits to deliver quarry rehabilitation projects;
- **Inflexibility** – former calculator was many times more expensive than the costs of buying and managing land offsets;
- **Significant upfront costs** – deters the incentive to be involved and participate;
- **Purchase uncertainty** – lack of certainty that credits will be purchased once created; and
- **Credits must be fully retired** – lag time between completing the Biodiversity Stewardship Agreement (BSA) and finding developers to purchase and retire all individual credits means landholders continue to fund all management actions.

Our submission to the [NSW Legislative Council Inquiry](#) called for a significant level of independent oversight of the scheme to ensure that prices are efficient and equitable. CCAA is therefore supportive of your proposal that would see IPART monitor and annually report on the performance of the credits market and its competition.

CCAA believes that the scope of the Draft Terms of Reference is appropriate and that it will enable the IPART to adequately monitor and annually report on market performance while addressing concerns related to the lack of competition for credits, incentivising market participants and to identify opportunities to promote market efficiency and to learn from its failings.

Once again, thank you for the opportunity to comment upon your proposal to enable IPART to monitor and report upon the Biodiversity Credit Market over the next three years. CCAA hopes that through enhanced independent monitoring and reporting of the market will enable the NSW Government to obtain a broader understanding of the challenges that presently exist and to look for opportunities and incentives that would enable our sector, with its unique set of operations, to participate in the scheme.

We would appreciate the opportunity to discuss this matter with you in further detail. Accordingly, I can be contacted on [REDACTED]

Yours sincerely,

[REDACTED]
JASON KUCHEL
State Director, New South Wales & South Australia