

4 August 2023

Ms Carmel Donnelly PSM
Chair
Biodiversity Market Monitoring Review
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop
SYDNEY NSW 1240

E: ipart@ipart.nsw.gov.au

Dear Ms Donnelly PSM,

CCAA RESPONSE TO THE BIODIVERSITY MARKET MONITORING REVIEW – IPART ISSUES PAPER

We thank the Independent Pricing and Regulatory Tribunal NSW (IPART) for the chance to comment upon the Monitoring the Biodiversity Credits Market in NSW Issues Paper and the proposal for IPART to monitor the performance of, and competition within our state's biodiversity credits market over a 3-year period. We note the Review's final terms of reference as outlined by former Minister Dominello, requesting that an annual market monitoring report is published within 6 months of the end of each financial year.

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 has always been strongly 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.

CCAA members retain a significant interest in the NSW Biodiversity Credits Market given the decades-long operational nature of quarries and their progressive rehabilitation once resources are extracted. We have previously commented upon the Biodiversity Conservation Fund Charge (BCF) Charge System, the NSW Legislative Council's Inquiry into the Integrity of the NSW Biodiversity Offsets Scheme and last November's consultation on the scope of this review's draft terms of reference.

We strongly believe that our members understand the importance of maintaining and delivering healthy biodiversity outcomes, the need to minimise biodiversity loss and they express an interest and desire to participate in the credits market more routinely. However, the challenges with the practicality and functioning of the market are numerous as we noted in our submission last year¹:

¹ [NSW - Biodiversity Credits Market Review \(cca.com.au\)](https://www.ccaa.com.au)

- **Market Strength** – a lack of credits to deliver quarry rehabilitation projects;
- **Inflexibility** – the former calculator quoted amounts many times more expensive than the costs of buying and managing land offsets;
- **Upfront costs** – were so significant that there is little to no incentive to be involved and participate;
- **Uncertainty** – the lack of certainty that credits will be purchased once created; and
- **Full retirement of credits** – the lag time between completing the Biodiversity Stewardship Agreement (BSA) and finding a developer to purchase and retire all individual credits means landholders continue to fund all management actions.

Ultimately, CCAA members wish to see a better functioning market with a more genuine supply pipeline matching demand for credits, the reduction of barriers to create more efficient credits and greater incentives to enter into a BSA.

We believe that a significant level of independent oversight of the credits market will help to create more efficient and equitable outcomes that minimise biodiversity loss and CCAA is therefore supportive of IPART's role to review and report on the performance of the credits market annually, over the next three years. Our submission to the scope of this review last year, made the following comments:

“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.”

Thank you again for the further chance to comment upon IPART's monitoring of the NSW Biodiversity Credits Market. We do believe in the intrinsic value of the market as a price signal of the true cost of biodiversity loss provided the market is not prejudiced by bureaucracy or an overly high bar to entry. We genuinely hope that IPART, as per the terms of reference of this review, through its monitoring of the credit market, will be in a strong position to make further recommendations that aim to promote further competition within the market, enhance fair trading opportunities and seek to address the market's efficiencies and failures which would enable greater participation within the scheme as a whole.

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