1. **What contribution should the biodiversity credits market make to achieving the Biodiversity Offsets Scheme's purpose?**

   The credits market should make up most (80 to 90%) of the contribution. If the market is allowed to run without government intervention, it can achieve this.

2. **Do the outcomes in Table 3.1 accurately depict a well-functioning biodiversity credits market? What other factors should we consider?**

   Yes in theory this is how it should work, but it does not. There is no transparency as to what the Government do when they allow developers to pay into the fund instead of having to create their own credits or purchase from the market, like ours. It is also almost impossible to find your way through the approvals and conditions and government agencies to see if the developers ever actually achieve what they are required to, in the required timeframes.

   The review should also consider the issue of Capital Gains Tax (CGT), and when it is triggered. We understand CGT is payable upon signing the stewardship agreement, before you even sell any credits, and based on the estimate of the credits sales, from the calculator. This also affects your ability to sell them over time, i.e some may be easier to sell then others, and you may take a while to sell the whole lot. We understand the CGT will still kick in on signing the agreement, and it is only based on a possible sales price and assumes you have reaped the capital gain, but you have not until you have sold all.

   Also active management of the site commences upon reaching the Total Fund Deposit (TFD) amount. What if you can never sell all your credits? You are left managing a site into perpetuity for very little reward.

3. **What are the main challenges facing the credits market? What evidence is there that might suggest the market is not working as effectively as it should be?**

   Developers are not forced to look at what is available first, before being allowed to create their own or pay into the fund. A perfect example is the Transgrid Energy Connect project (Eastern Section). This project was a perfect match for our credits, located within 40km's of our site and yet the company doesn't look at the register. We followed this project for years informing the company of our credits available which were exact matches for the project and even approached the company with contracts of sale with varying options to buy. The Government agency staff also agreed this was an ideal project for our credits.

   Our prices are only around what the original calculator stated the credits are worth (and correspond to the liability amounts listed in TransGrid's offset package). Not once did the company attempt to negotiate. Why? Why was this company able to bypass the market by developing its own post approval offset package without going to the register first. The offset package developed by the company stated that little to no credits were available on the register. We know this is not the case. This was raised with the Planning Department that approved the document but to no avail.

   You won't find a more obvious failure of the market and I think to go further, potential illegal or at least unethical, government involvement in this process, than this.

   The introduction of the reverse auctions under the taskforce also further distorts the market. Quite conveniently, the new charge system (replacing the original calculator) came out before these auctions. Not surprising the new charge system almost halved the value of one of our credit types and significantly lowered the other PCT price in comparison to the original calculator. When queried on this – we were told that the charge system was the result of significant review by stakeholders. Let's not forget this is for perpetuity and the new charge system does not reflect this. I imagine the only stakeholders that have been listened to, or at least were able to influence this price, downwards, were developers and government themselves. Credit suppliers like us are stakeholders too.

Also in the issues paper, it only talks about the TFD being met, so the landowner can undertake the active management, but we need more than this, to sell the credits. We need to make a reasonable profit to reflect that you are basically selling your farm to the environment, as in your right to farm, and make money off that part of the farm from farming, year on year for perpetuity.

So there also needs to be an opportunity cost (profit/margin) for that, which we think was reasonable based on the original calculator prices but is in no way reasonable now with the new prices. The outcomes of the review need to make this clear, that it is acceptable that developers should not only have to pay for the active management costs, but for the profit a landowner should be able to generate, for selling their farm to the environment, for good reasons.

The intent of the scheme is great, and we are all for the environment and doing that active management work, and our farm and our skills, are perfect for this, but at the moment it is favouring developers who just want to get as much as they can for as little as possible, and the Government at the moment are sitting back letting it happen. The new charge system is an example of that.

The evidence that the market is not working as effectively as it should be, is in the number of credits on the market, number of agreements in place or ready to be in place like ours, who have not been able to sell their credits because the Government allows alternatives.

4. **What published information would help you buy or sell credits in the market more efficiently?**
Stop interfering with the market and letting developers avoid buying from the register first. Don't worry about published information until you get this right.

5. **Have you used a broker to buy or sell credits? Tell us about your experience.**
Yes and it hasn't helped, they have done a great job, but again the Government are not forcing the developers to use what is available first. We have put very reasonable and well structured (by legal advisors) options to Transgrid and not one reply to investigate further.

6. **How clear are the biodiversity credits market rules and objectives? Is there appropriate oversight of brokers and other intermediaries?**
What rules? Companies like Transgrid just hire ecologist companies to pull the wool over planning's eyes. No-one is checking on who follows the rules.

7. **What other information should we consider to tell us how the market is performing?**
Our agreement has been ready to sign since December 2020. We can't sell the credits so we won't sign the agreement because CGT kicks in within 2 years. I think that's an indication of how well the market is performing, it's not performing.

8. **What affects your decision to enter a Biodiversity Stewardship Agreement? If you have inquired or applied, but not proceeded with an agreement, tell us why.**
Two CGT events occur in the process.

1 – upon signing the agreement. As mentioned, – ours has been ready to sign since December 2020.
2. When the credits are sold.

So without a credit sale you would be mad to sign the agreement and trigger CGT liability only to find you cant sell your credits.

The new charge system is not reflective of the cost of managing the site and giving up the use of your land. Our agreement was drafted upon the assumption of prices reflected in the original BCT calculator. We are not willing to sell for the price the new charge system says our credits are worth because it is not reflective of managing the site into perpetuity, giving up farming that land and the tax liability resulting from entering into the agreement.

9. Have you wanted to terminate or vary an Agreement, or sell land under a Biodiversity Stewardship Agreement? What were the reasons?

We are considering abandoning the agreement (wasting $60,000 on consultant fees to develop the agreement) due to the inability to sell the credits, the government interfering with the market and prices of credits.

10. Have you found you could not sell credits at the price you need to manage your land under your Biodiversity Stewardship Agreement?

It's not just managing the land into perpetuity. There must also be a price paid for giving up your farming land. There is an opportunity cost here – no stock or crop. Abiding by the strict management rules. The new charge system is beyond a joke, it's an insult, and it's certainly not reflective of the true cost.

11. Do you have unsold credits under your Biodiversity Stewardship Agreement? Are you confident you will have adequate funding to carry out management actions under your agreement?

Yes – we haven't sold any yet as we really need to sell them all at once or very close together, ie within one year, to avoid being stuck managing a site into perpetuity with little to no reward.

12. Have you found it difficult to find credits in the market? What were the reasons?

N/A

13. Have you decided not to proceed with a development because credits were too

expensive or not available?

N/A